

# M&G Investment Funds (10)

## Prospectus

28 April 2025

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# Important information for investors

This document constitutes the Prospectus for M&G Investment Funds (10) (the 'Company') which has been prepared in accordance with the Open-Ended Investment Companies Regulations 2001 and the rules contained in the Collective Investment Schemes Sourcebook published by the FCA as part of its Handbook of Rules and Guidance.

The Prospectus is dated and is valid as at 28 April 2025.

Copies of this Prospectus have been sent to the Financial Conduct Authority and NatWest Trustee and Depositary Services Limited as Depositary.

The Prospectus is based on information, law and practice at the date hereof but where it refers to any statutory provision or regulation this includes any modification or re-enactment that has been made. The Company is not bound by any out of date Prospectus when it has issued a new Prospectus and potential investors should check that they have the most recently published Prospectus.

M&G Securities Limited, the Authorised Corporate Director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by The Regulations to be included in it. M&G Securities Limited accepts responsibility accordingly. No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. 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.

**Warning: the contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offer. If you are in any doubt about the contents of this document you should obtain independent professional advice.** In particular, no interest in the Company will be issued to any person other than the person to whom this document is addressed. In addition, (a) no offer or invitation to subscribe for Shares in the Company may be made to the public in Hong Kong; and (b) this document has not been approved by the Securities and Futures Commission in Hong Kong or any other regulatory authority in Hong Kong and accordingly interests in the Company may not be offered or sold in Hong Kong by means of this document, other than in circumstances which do not constitute an offer to the public for the purposes of the Hong Kong Companies Ordinance and the Hong Kong Securities and Futures Ordinance, as amended from time to time.

Shares in the Company are not listed on any investment exchange.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been approved for the purpose of Section 21(1) of the Financial Services and Markets Act 2000 by M&G Securities Limited.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under The Regulations or otherwise.

Investors should note that the United Kingdom has left the European Union.

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

# Directory

## The Company and Head Office

M&G Investment Funds (10)  
10 Fenchurch Avenue  
London EC3M 5AG  
United Kingdom

## Authorised Corporate Director

M&G Securities Limited  
10 Fenchurch Avenue  
London EC3M 5AG  
United Kingdom

## Investment Manager

M&G Investment Management Limited  
10 Fenchurch Avenue  
London EC3M 5AG  
United Kingdom

## Custodian

State Street Bank and Trust Company  
20 Churchill Place  
Canary Wharf  
London E14 5HJ  
United Kingdom

## Depository

NatWest Trustee and Depositary Services Limited  
House A, Floor 0  
175 Glasgow Road  
Gogarburn  
Edinburgh  
EH12 1HQ  
United Kingdom

## Registrar

SS&C Financial Services Europe Limited  
PO Box 9039  
Chelmsford CM99 2XG  
United Kingdom

## Auditor

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX  
United Kingdom

# Definitions

## Defined terms

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

|                                     |  |
|-------------------------------------|--|
| <b>Accumulation Share</b>           | A Share in the Company in respect of which income allocated thereto is credited periodically to capital pursuant to The Regulations  |
| <b>ACD</b>                          | M&G Securities Limited, the Authorised Corporate Director of the Company   |
| <b>ACD Agreement</b>                | The agreement entered into between the Company and the ACD authorising the ACD to manage the affairs of the Company  |
| <b>Approved Bank</b>                | <p>In relation to a bank account opened by the Company:</p> <p><b>A</b> if the account is opened at a branch in the United Kingdom;</p> <ul style="list-style-type: none"> <li>(i) the Bank of England; or</li> <li>(ii) the central bank of a member state of the OECD; or</li> <li>(iii) a bank or a building society; or</li> <li>(iv) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li> </ul> <p><b>B</b> if the account is opened elsewhere:</p> <ul style="list-style-type: none"> <li>(i) a bank in (A); or</li> <li>(ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant home state regulator; or</li> <li>(iii) a bank which is regulated in the Isle of Man or the Channel Islands; or</li> </ul> <p><b>C</b> a bank supervised by the South African Reserve Bank</p> <p><b>D</b> any other bank that:</p> <ul style="list-style-type: none"> <li>(iv) is subject to regulation by a national banking regulator;</li> <li>(v) is required to provide audited accounts;</li> <li>(vi) has minimum net assets of £5 million (or its equivalent in any other currency at the relevant time) and has a surplus revenue over expenditure for the last two financial years; and</li> <li>(vii) has an annual audit report which is not materially qualified.</li> </ul> |
| <b>Annual Charge</b>                | Is the fee paid to the ACD as payment for carrying out its duties and responsibilities in managing the Company and to pay for third party services   |
| <b>Artificial Intelligence (AI)</b> | Is the simulation of human intelligence processes by machines, especially computer systems   |

|   |  |
|---|--|
| <b>Asset-Backed Securities</b>          | Bonds (fixed income securities) backed by assets that produce cashflows, such as mortgage loans, credit card receivables and auto loans  |
| <b>Associate</b>                        | An associate in accordance with the FCA Handbook of Rules and Guidance   |
| <b>Base Currency</b>                    | The base currency of the Company is Pounds Sterling  |
| <b>BCD Credit Institution</b>           | A credit institution under the Banking Consolidation Directive   |
| <b>Class or Classes</b>                 | In relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund  |
| <b>Circular Economy</b>                 | The circular economy is an alternative to the commonly practiced linear economy (take, make, use, dispose) model. The circular economy is regenerative and restorative by design ("reduce, reuse, recycle"). It aims to redefine products and services to design waste out, while minimising negative impacts. The circular economy encourages sustainability and competitiveness in the long term through a model combining environmental and social considerations, as well as economic benefits   |
| <b>Client Account</b>                   | A bank account held by the ACD in accordance with the FCA Handbook of Rules and Guidance   |
| <b>COLL</b>                             | Refers to the appropriate chapter or rule in the COLL Sourcebook issued by the FCA   |
| <b>COLL Sourcebook</b>                  | The Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time  |
| <b>Consumer-Facing Disclosure (CFD)</b> | This is a disclosure produced in accordance with the ESG Sourcebook issued by the FCA. It is a separate document from the Prospectus and seeks to summarise the Sustainability Disclosures for a fund  |
| <b>Company</b>                          | M&G Investment Funds (10)  |
| <b>Credible Transition</b>              | <p>Where a company has demonstrated the intent and evidence of a credible plan and/or progress to transition away from thermal coal in its activities and operations, with the ambition to have phased out by:</p> <ul style="list-style-type: none"> <li>• 2030 for companies in, or conducting thermal coal activities in, a Member State of the OECD and/or the EU; and</li> <li>• 2040 for companies in, or conducting thermal coal activities in, other countries.</li> </ul> <p>The transition away from coal must be assessed as credible in the opinion of the fund manager.</p> |
| <b>Dealing Day</b>                      | Monday to Friday except for bank holidays in England and Wales and other days at the ACD's discretion  |
| <b>Depository</b>                       | NatWest Trustee and Depository Services Limited, the depository of the Company   |
| <b>Developed Markets:</b>               | <p>Countries with more established financial markets and investor protections. Typically, developed countries are those defined as high-income or advanced economies by the World Bank or the International Monetary Fund.</p> <p>The list of developed countries is subject to continuous change. Examples include most of Western Europe, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, and the United States.</p>  |



|   |  |
|---|--|
| <b>Efficient Portfolio Management</b>             | <p>Means the use of techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <p><b>A</b> they are economically appropriate in that they are realised in a cost effective way; and</p> <p><b>B</b> they are entered into for one or more of the following specific aims:</p> <ul style="list-style-type: none"> <li>– reduction of risk;</li> <li>– reduction of cost;</li> <li>– generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL</li> </ul>  |
| <b>Eligible Counterparty</b>                      | A client that is either a per se eligible counterparty or an elective eligible counterparty as defined by the FCA Handbook of Rules and Guidance   |
| <b>Eligible Institution</b>                       | One of certain eligible institutions being a BCD credit institution authorised by its home state regulator or an Investment Firm authorised by its home state regulator as defined in the glossary of definitions in the FCA Handbook  |
| <b>Emerging Markets</b>                           | Countries with less established financial markets and investor protections. Typically, emerging and developing countries are those defined as such by the International Monetary Fund, the MSCI Emerging Markets Index, the World bank or those who have low or middle income economies according to the World Bank. The list of emerging and less developed markets is subject to continuous change. Examples include most countries in Asia, Latin America, Eastern Europe, the Middle East and Africa   |
| <b>Environmental Themed Bonds</b>                 | An ESG Themed Bond with environmental characteristics, ie a bond where the issuer makes commitments about environmental characteristics, with good governance standards. This may for example include restrictions on how the issuer uses the proceeds, or different payment obligations dependent on the issuer meeting environmental targets   |
| <b>Environmental, Social and Governance (ESG)</b> | 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  |
| <b>ESG Criteria and Impact Criteria</b>           | Means the ESG and impact criteria including the exclusions approach applied to investments and referred to in the ESG Information section in Appendix 1 for the relevant Funds   |
| <b>ESG Criteria and Sustainability Criteria</b>   | Means the ESG and sustainability criteria including the exclusions approach applied to investments and referred to in the ESG Information section in Appendix 1 for the relevant Funds   |
| <b>ESG Factors</b>                                | <p>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"> <li>• Environmental covers themes such as climate risks, natural resources scarcity, pollution, waste and environmental opportunities;</li> <li>• Social covers themes such as data security, health and safety, working conditions and other social and employee matters, and human rights;</li> <li>• Governance covers themes such as diversity amongst directors and workforce, business ethics, accounting practices, board independence, and anti-corruption and anti-bribery matters.</li> </ul> |

|                                    |   |
|------------------------------------|---|
|                                    | In certain contexts ESG factors may be referred to as Sustainability Factors  |
| <b>ESG Score</b>                   | A numerical measure of how a company performs on a wide range of ESG factors. It is how a company's behaviour relating to ESG issues impacting the society and the planet is reported   |
| <b>ESG Themed Bonds</b>            | Means a bond where the issuer makes commitments about environmental or social characteristics, with good governance standards. This may for example include restrictions on how the issuer uses the proceeds, or different payment obligations dependent on the issuer meeting environmental or social targets  |
| <b>EU Benchmark Regulations</b>    | Refers to Regulation (EU) 2016/1011 issued by the European Parliament and the Council of 8 June 2016 (and adopted by the UK as the "UK version of the Regulation EU 2016/1011") on indices used as benchmarks in financial instrument and financial contracts or to measure the performance of investment funds   |
| <b>FCA</b>                         | The Financial Conduct Authority   |
| <b>Fraction</b>                    | A smaller denomination Share (on the basis that one thousand smaller denomination Shares make one larger denomination Share)  |
| <b>Fund</b>                        | A sub-fund of the Company (bearing part of the scheme property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to that sub-fund  |
| <b>Group Plan</b>                  | One or more of The M&G ISA, The M&G Junior ISA and The M&G Savings Plan, as the context may require   |
| <b>Income Share</b>                | A Share in the Company in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to The Regulations  |
| <b>Instrument of Incorporation</b> | The instrument of incorporation of the Company as amended from time to time   |
| <b>Intermediate Unitholder</b>     | A firm whose name is entered in the register of the Company, or which holds Shares indirectly through a third party acting as a nominee, and which: <ul style="list-style-type: none"> <li>A is not the beneficial owner of the relevant Share; and</li> <li>B does not manage investments on behalf of the relevant beneficial owner of the Share; or</li> <li>C does not act as a depositary of a collective investment scheme or on behalf of such a depositary in connection with its role in holding property subject to the scheme</li> </ul> |
| <b>Investment Firm</b>             | An investment firm that provides investment services as defined in the glossary of definitions in the FCA handbook  |
| <b>Investment Manager</b>          | M&G Investment Management Limited   |
| <b>KIID</b>                        | Key Investor Information Document   |
| <b>Mainly</b>                      | Within an investment objective, an amount greater than 70%  |
| <b>Member State</b>                | Those countries which are members of the European Union or the European Economic Area at any given time, excluding the UK   |
| <b>M&amp;G Group</b>               | M&G plc and each of its subsidiaries  |

|   |   |
|---|---|
| <b>MSCI ESG Score</b>                           | A numerical measure of how a company performs on a wide range of ESG factors. It is how a company's behaviour relating to ESG issues impacting the society and the planet is reported   |
| <b>Net Asset Value or NAV</b>                   | the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Company's Instrument of Incorporation  |
| <b>Ongoing Charge(s) Figure</b>                 | A percentage figure representing the actual cost of running the fund, see also Section 28   |
| <b>People's Republic of China (PRC)</b>         | People's Republic of China including Hong Kong and Macau Special Administrative Regions and excluding Taiwan for the purpose of this Prospectus   |
| <b>Scheme Property</b>                          | The property of the Company to be given to the Depositary for safekeeping, as required by The Regulations   |
| <b>Scope 1 Emissions</b>                        | Carbon Emissions Equivalent from sources a company owns or controls directly. For example, burning fuel in its fleet of vehicles  |
| <b>Scope 2 Emissions</b>                        | Carbon Emissions Equivalent that a company causes indirectly and come from where the energy it purchases and uses is produced. For example, the emissions from generating the electricity to power its buildings  |
| <b>Scope 3 Emissions</b>                        | Carbon Emissions Equivalent that are not directly caused by the company or by its energy use but are nonetheless associated with the company through its "value chain". For example, Carbon Emissions Equivalent caused by buying, using or disposing of products from a supplier. Because of the variety of sources of Scope 3 Emissions and the reliance on disclosures from third parties, calculating Scope 3 Emissions can be complex. As a result, some companies may focus on "material Scope 3 Emissions" which from a company's perspective means it is aiming to cover those sectors in the supply chain that are more likely to be a material source of CO <sub>2</sub> e. Investors on the other hand may consider "material Scope 3 Emissions" by considering which sector the company operates in and whether or not Scope 3 Emissions are a material contributor to the CO <sub>2</sub> e from that sector |
| <b>Scope 4 Emissions</b>                        | Carbon Emissions Equivalent that occur outside a product's life cycle or value chain but as a result of the use of that product. Examples of such products include low-temperature detergents and fuel-saving tyres   |
| <b>Share or Shares</b>                          | A share or shares in the Company (including larger denomination Shares and Fractions)   |
| <b>Shareholder</b>                              | A holder of a registered Share in the Company   |
| <b>Sterling Overnight Index Average (SONIA)</b> | SONIA is the risk-free rate for sterling markets, administered by the Bank of England. It is an index which is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors  |
| <b>Sustainability Disclosures</b>               | This is a disclosure produced in accordance with the ESG Sourcebook issued by the FCA, which provides information about the sustainability characteristics of a Fund. It is found in the section for the relevant Fund in "Appendix 1 – Details of the Funds of M&G Investments (10)"   |

|   |   |
|---|---|
| <b>Sustainability Focus Label</b>                   | A Sustainability Label for a Fund which invests mainly in assets that focus on sustainability for people or the planet  |
| <b>Sustainability Improvers Label</b>               | A Sustainability Label for a Fund which invests mainly in assets that may not be sustainable now, with an aim to improve their sustainability for people or the planet over time  |
| <b>Sustainability Impact Label</b>                  | A Sustainability Label for a Fund which invests mainly in solutions to sustainability problems, with an aim to achieve a positive impact for people or the planet   |
| <b>Sustainability Label</b>                         | These are labels which are designed to help investors find products that have a specific sustainability goal  |
| <b>Sustainability Mixed Goals</b>                   | A Sustainability Label for a fund which invests mainly in a mix of assets that either focus on sustainability, aim to improve their sustainability over time, or aim to achieve a positive impact for people or the planet                                  |
| <b>Switch</b>                                       | The exchange of Shares of one Class or Fund for Shares of another Class or Fund of any M&G OEIC   |
| <b>The M&amp;G ISA</b>                              | An Individual Savings Account the manager of which is the ACD   |
| <b>The M&amp;G Junior ISA</b>                       | A Junior Individual Savings Account the manager of which is the ACD   |
| <b>The M&amp;G Savings Plan</b>                     | A group plan offered by the ACD designed to facilitate regular savings by Direct Debit in the UK  |
| <b>The Regulations</b>                              | The Open-Ended Investment Companies Regulations 2001 and the rules contained in the COLL Sourcebook published by the FCA as part of its Handbook of Rules and Guidance  |
| <b>UK UCITS</b>                                     | A type of collective investment scheme which is authorised by the FCA as meeting the requirements under the UK provisions which implemented the UCITS Directive   |
| <b>United Nations Global Compact</b>                | A UN initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation   |
| <b>United Nations Sustainable Development Goals</b> | A collection of 17 global goals set by the United Nations, covering a broad range of social and economic development issues. These include poverty, education, climate change, gender equality, water, energy, urbanization, environment and social justice |
| <b>Valuation Currency</b>                           | The currency in which a Fund is valued, being the currency noted for each fund in Appendix 1  |
| <b>Weighted Average Carbon Intensity (WACI)</b>     | Carbon intensity is the measure of a company's carbon emissions produced in relation to its product sales. A Fund's WACI is calculated by aggregating the carbon intensity of the portfolio holdings using their percentage weight within the Fund          |
| <b>XD date</b>                                      | The XD (or Ex-Dividend) date is the date on which the income is removed from the price of an Income Share pending the payment of a distribution   |

# Operating structure and details

## 1 The Company

- 1.1 M&G Investment Funds (10) is an Open-Ended Investment Company with variable capital, incorporated in England and Wales under registered number IC000841 and authorised by the Financial Conduct Authority with effect from 26 August 2010. The Company has been established for unlimited duration. The FCA reference number for M&G Investment Funds (10) is 527339.
- 1.2 The Company has been certified by the FCA as complying with the conditions necessary for it to enjoy the rights conferred by the EC Directive on undertakings for collective investment in transferable securities ('UCITS'). With effect from 1 January 2021 the Company became a "UK UCITS" (a type of collective investment scheme which is authorised by the FCA as meeting the requirements under the UK provisions which implemented the UCITS Directive).
- 1.3 The Head Office of the Company is at 10 Fenchurch Avenue, London EC3M 5AG and is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it. The Company does not have any direct interest in immovable property or any tangible moveable property.
- 1.4 The Base currency of the Company is Pounds Sterling.
- 1.5 The maximum share capital of the Company is currently £250,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current Net Asset Value.
- 1.6 Shareholders in the Company are not liable for the debts of the Company (see also Section 43 - Risk Factors).
- 1.7 The Company has been established as an 'umbrella company' (as defined in The Regulations) and therefore different Funds may be formed by the ACD, subject to approval from the FCA. On the establishment of a new Fund or Share Class an updated Prospectus will be prepared setting out the relevant information concerning the new Fund or Share Class.

## 2 Company structure

- 2.1 The Company is an umbrella company within the meaning of The Regulations. The assets of each Fund are treated as separate from those of every other Fund and will be invested in accordance with that Fund's own investment objective and policy.
- 2.2 At present, there are eight Funds available for investment:
- M&G UK Inflation Linked Corporate Bond Fund
  - M&G Absolute Return Bond Fund\*
  - M&G Global Listed Infrastructure Fund
  - M&G Positive Impact Fund
  - M&G Global Enhanced Equity Premia Fund\*\*
  - M&G ESG Screened Global High Yield Bond Fund
  - M&G ESG Screened Global Corporate Bond Fund
  - M&G Climate Solutions Fund\*\*\*
  - M&G Better Health Solutions Fund\*\*\*

- M&G Global AI Themes Fund
- M&G China Fund
- M&G India Fund

The Funds are all UCITS schemes and UK UCITS within the meaning of The Regulations.

\*As of 13 July 2023, this Fund is terminating and is closed to investment.

\*\* As of 8 August 2023, this Fund is terminating and is closed to investment.

\*\*\* As of 18 November 2024, this Fund is terminating and is closed to investment.

- 2.3 The investment objective, investment policy and other details of each Fund are set out in Appendix 1. The investment and borrowing powers under the COLL Sourcebook applicable to the Funds are set out in Appendix 2 and the eligible markets on which the Funds can invest are set out in Appendix 3.
- 2.4 When there is more than one Fund in issue, each Fund has a specific portfolio of assets and investments to which each Fund's assets and liabilities are attributable and investors should view each Fund as a separate investment entity.
- 2.5 The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company or any other Fund and shall not be available for any such purpose (see also Section 43 Risk Factors).
- 2.6 Shareholders in the Company are not liable for the debts of the Company or any Fund in the Company.
- 2.7 Subject to the above, each Fund will be charged with the liabilities, charges, expenses and costs of the Company attributable to that Fund and within the Funds charges will be allocated between Share Classes in accordance with the terms of the issue of those Share Classes.
- 2.8 Any assets, liabilities, charges, expenses, costs and income not attributable to a particular Fund may be allocated by the ACD in a manner which is fair to Shareholders as a whole but they will normally be allocated to all Funds pro rata to the value of the net assets of the relevant Funds.

### 3 Classes of Share within the Funds

- 3.1 Several Share Classes may be issued in respect of the Funds. The Share Classes in issue are shown in Appendix 1.
- 3.2 Any Fund may make available such further Classes of Share as the ACD may decide.
- 3.3 Shareholders should note that the ACD issues hedged Share Classes. All costs associated with operating hedging transactions for the hedged Share Classes will be borne by Shareholders in those Share Classes. Share Class hedging activity does not form part of the investment strategy of the Fund but is designed to reduce exchange rate fluctuations between either the currency of the hedged Share Class and the material currency exposures within a Fund's portfolio, or the currency of the hedged Share Class and the Valuation Currency of the Fund.

Forward currency contracts, or other instruments that may achieve a similar result, will be used to hedge the total return (capital and revenue) of the material currencies to which the portfolio is exposed.

The hedging position will be reviewed each day and adjusted when there is a material change, for example, to the dealing volume of Shares in hedged Share Classes and/or following asset allocation decisions by the Investment Manager.

- 3.4 Holders of Income Shares are entitled to be paid the income attributed to such Shares on the relevant interim and annual allocation dates, where appropriate. The price of such Shares immediately after the end of an accounting period reduces to reflect these allocations of income.
- 3.5 Holders of Accumulation Shares are not entitled to be paid the income attributable to such Shares but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund immediately after the relevant interim and / or annual accounting dates. The price of such Shares continues to reflect this retention of the income entitlement.
- 3.6 Where a Fund has different Classes of Share available, each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. For this and like reasons, the proportionate interests of the Classes within a Fund will vary from time to time.
- 3.7 Where there is more than one Fund in the Company, Shareholders will be entitled (subject to certain restrictions) to switch all or some of their Shares in the Fund for Shares in another Fund (subject to certain restrictions). Details of the switching facility and the restrictions are set out in paragraph 15.1 of this document.
- 3.8 Holders of Income Shares may convert all or some of their Shares to Accumulation Shares of the same Class in the same Fund, and holders of Accumulation Shares may convert all or some of their Shares to Income Shares of the same Class in the same Fund. Details of this conversion facility are set out in paragraph 15.2 of this document.
- 3.9 Sterling Class R Shares are available only to Intermediate Unitholders or where the deal has been arranged by a financial adviser.
- 3.10 Sterling Class L Shares will not be issued by the ACD unless the following conditions are met, in addition to any minimum investment amount specified in Appendix 1.
- 3.10.1 The purchase of Sterling Class L Shares is by prior written agreement with the ACD. The acceptance of any such purchase is at the ACD's sole discretion.
- 3.10.2 The request to purchase Sterling Class L Shares must be received by the ACD when the Fund is smaller than £250m in size; and,
- 3.10.3 At its absolute discretion, the ACD may increase the fund size stated in 3.10.2 below which Sterling Class L Shares may be purchased or waive the minimum investment amount stated in 3.10. In order to obtain current information regarding the sale of Sterling Class L Shares, a potential investor should contact the ACD on 0800 390 390 (the Prospectus will not be immediately updated to reflect any increase to fund size stated in 3.10.2). Any investors who have acquired access to this share class can continue investing in this share class even after the restricted offer period has passed.
- 3.10.4 Sterling Class PP and PP-H (hedged) Shares are only available to a company which is an Associate company or to investors at the ACD's discretion where there is a specific written agreement with the ACD.
- 3.10.5 Effective to new shareholders from 10 March 2022, where an investor's holding in the Class PP Shares and Class PP-H (hedged) Shares falls below the Minimum Investment level stated within the Prospectus, then the ACD reserves the right at its absolute discretion to:
- i) reject any new subscriptions in the Class PP Shares and Class PP-H (hedged) Shares; and
  - ii) switch any remaining Class PP Shares and Class PP-H (hedged) Shares to Sterling Class I Shares and Class I-H (hedged) Shares, as appropriate within the fund.

However, this provision does not apply to investors holding Class PP Shares and/or Class PP-H (hedged) Shares where such holdings fall below the Minimum Investment level as stated within the Prospectus solely due to market movements.



## 4 Management and administration

### 4.1 Authorised Corporate Director

The Authorised Corporate Director of the Company is M&G Securities Limited which is a private company limited by shares incorporated in England and Wales under the Companies Acts 1862 to 1900 on 12 November 1906. The ultimate holding company of the ACD is M&G plc, a company incorporated in England and Wales. The FCA reference number for M&G Securities Limited is 122057.

Registered office and head office:

10 Fenchurch Avenue, London, EC3M 5AG

Share capital:

|                           |          |
|---------------------------|----------|
| <b>Authorised</b>         | £100,000 |
| <b>Issued and paid-up</b> | £100,000 |

Directors:

- Mr Marcello Arona,
- Mr Neal Brooks,
- Mr Philip Jelfs,
- Mr Laurence Mumford.

All of the directors above have significant business activities which are not connected to those of the ACD but of other companies within the M&G Group.

- Mr Simon Ellis (non executive chair),
- Ms Carolan Dobson (non executive director),
- Ms Michelle McGrade (non executive director).

- 4.1.1 The ACD is responsible for managing and administering the Company's affairs in compliance with The Regulations. Other collective investment schemes for which the ACD has these responsibilities are set out in Appendix 4.

### 4.2 Terms of appointment

- 4.2.1 The ACD Agreement provides that the appointment of the ACD is for an initial period of three years and thereafter may be terminated upon 12 months' written notice by either the ACD or the Company although in certain circumstances the agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. The ACD cannot be replaced until the FCA has approved the appointment of another director in place of the retiring ACD. The ACD Agreement may be inspected at the offices of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent. Alternatively, a copy of the ACD Agreement may be sent to any Shareholder at his request within 10 days of the Company's receipt of such request.

- 4.2.2 The ACD is entitled to be paid the Annual Charge for its services in managing the Funds as described in Section 28. In case of termination of the ACD Agreement it is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. The ACD Agreement provides indemnities by the Company to the ACD other than for matters arising by reason of the ACD's negligence, default, breach of duty or breach of trust in the performance of the ACD's duties and obligations.



## 5 The Depositary

NatWest Trustee and Depositary Services Limited is the Depositary of the Company.

The Depositary is incorporated in England as a private limited company. Its registered and head office is at 250 Bishopsgate, London, EC2M 4AA. The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services.

### 5.1 Duties of the Depositary

The Depositary is responsible for the safekeeping of scheme property, monitoring the cash flows of the Funds and must ensure that certain processes carried out by the ACD are performed in accordance with the applicable rules and scheme documents.

### 5.2 Conflicts of interest

The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes.

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities, which may on occasion have potential conflicts of interest with the Fund or a particular Fund and/or other funds managed by the ACD, or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and The Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

Nevertheless, as the Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

Up to date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Company, the Shareholders or the ACD and the Depositary, and (iii) the description of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Shareholders on request.

### 5.3 Delegation of Safekeeping Functions

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

The Depositary has delegated safekeeping of the Scheme Property to State Street Bank and Trust Company ("the Custodian"). In turn, the Custodian has delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("Sub-Custodians"). A list of Sub-Custodians is given in Appendix 6. Investors should note that the list of Sub-Custodians is updated only at each Prospectus review.

### 5.4 Updated Information

Up-to-date information regarding the Depositary, its duties, its conflicts of interest, and the delegation of its safekeeping functions will be made available to shareholders on request.

## 5.5 Terms of Appointment

The Depositary was appointed under a Depositary Agreement dated 28 September 2018 between the ACD, the Company and the Depositary (the “Depositary Agreement”).

5.5.1 Under the Depositary Agreement, the Depositary is free to render similar services to others, and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

5.5.2 The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

5.5.3 Under the Depositary Agreement, the Depositary will be liable to the Company for any loss of Financial Instruments held in Custody or for any liabilities incurred by the Company as a result of the Depositary’s negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Depositary from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.

It also provides that the Company will indemnify the Depositary for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

5.5.4 The Depositary Agreement may be terminated on 90 days’ notice by the Company or the Depositary or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary.

5.5.5 The Depositary is entitled to receive remuneration out of the scheme property of each Fund for its services, though such remuneration is normally paid by the ACD out of the ACD’s Annual Charge as described in Section 28.

5.5.6 The Depositary has appointed State Street Bank and Trust Company to assist the Depositary in performing its functions of custodian of the documents of title or documents evidencing title to the property of the Company. The relevant arrangements prohibit State Street Bank and Trust Company as such custodian from releasing the documents into the possession of a third party without the consent of the Depositary.

## 6 The Investment Manager

6.1 The ACD has appointed M&G Investment Management Limited (“MAGIM”) to provide investment management and advisory services in respect of the Funds identified in Appendix 1. The Investment Manager has authority to make decisions on behalf of the Company and the ACD in respect of the acquisition and disposal of property at any time comprising the relevant Fund and to advise in respect of the rights associated with the holding of such property. The Investment Manager has been appointed under an agreement between the ACD and the Investment Manager whereby the ACD accepts responsibility for all these services provided by the Investment Manager to the Company. The investment management agreement may be terminated on six months’ written notice by the Investment Manager or the ACD, or immediately by the ACD if it decides that it is in the best interests of Shareholders to do so.

The fees paid to the Investment Manager for the services it provides to the Company are paid by the ACD out of the Annual Charge, as described in Section 28.

The Investment Manager’s principal activity is acting as an investment manager and it is an Associate of the ACD by being a subsidiary of M&G plc.

6.2 The Investment Manager may delegate its investment management functions to one or more sub-investment managers to provide discretionary investment management services in respect of a Fund or

part of a Fund's portfolio. The Investment Manager or sub-investment manager of a Fund may also appoint an investment adviser to provide investment advice in respect of a Fund or part of a Fund's portfolio.

M&G Investments (Singapore) PTE LTD, 138 Market Street #35-01 Capita Green, Singapore 048946 has been appointed as sub-investment manager to provide discretionary investment management for the M&G Global Listed Infrastructure Fund, M&G China Fund and M&G India Fund.

M&G Investments (USA) Inc., whose registered office is at 30 S. Wacker Drive, Suite 3750, Chicago IL 60606 USA, has been appointed as sub-investment manager to provide full discretionary investment management for the M&G Global AI Themes Fund.

- 6.3 The Investment Manager may also appoint one or more affiliates of the M&G Group to provide dealing services in respect of a Fund or part of a Fund's portfolio.

## 7 Administrator and Registrar

The ACD employs SS&C Financial Services Europe Limited to provide certain administration services and act as registrar to the Company.

## 8 The Auditor

The auditor of the Company is Ernst & Young LLP Atria One, 144 Morrison Street, Edinburgh, EH3 8EX, United Kingdom.

## 9 Register of Shareholders

The Register of Shareholders is maintained by SS&C at its office at DST House, St Nicholas Lane, Basildon, Essex SS15 5FS and may be inspected at that address during normal UK business hours by any Shareholder or any Shareholder's duly authorised agent.

## 10 Fund Accounting and Pricing

The ACD has appointed State Street Bank and Trust Company to undertake the fund accounting and pricing functions on behalf of the M&G UK Inflation Linked Corporate Bond Fund.

## 11 Collateral Management

- 11.1 Where the Company enters into OTC derivative transactions, JPMorgan Chase Bank, N.A. will provide administrative services in connection with the collateral management functions.
- 11.2 Any collateral posted in favour of a Fund under an OTC derivative transaction will be held by the Depositary or by one of its sub-custodians.

## 12 Buying Shares and Selling Shares – General Information

- 12.1 On any given Dealing Day the ACD will be willing to sell Shares of at least one Class in each Fund.
- 12.2 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. The ACD may also cancel any previously accepted request for the issue of Shares in the event of either non-payment of the amount due or undue delay in

payment by the applicant, including the non-clearance of cheques or other documents presented in payment.

12.3 Any subscription monies remaining after a whole number of Shares has been issued may not be returned to the applicant. Instead, fractions may be issued in such circumstances. A fraction is equivalent to one thousandth of a larger denomination Share.

12.4 The minimum initial lump sum, subsequent lump sum and regular savings plan subscriptions for Shares and the minimum redemption and minimum holding amounts in the Funds are set out for each Fund in Appendix 1. At its discretion, the ACD may reject any request to buy Shares for less than the minimum initial lump sum or subsequent lump sum value (as appropriate). If at any time a Shareholder's holding is below the specified holding minimum, the ACD reserves the right to sell the Shares and send the proceeds to the Shareholder, or at its absolute discretion convert the shares to another Share Class within the same Fund.

12.5 Please note that:

- Sterling Class R Shares are available only to Intermediate Unitholders or where the deal has been arranged by a financial adviser. Where a purchase by a Shareholder of Sterling Class R Shares has been arranged by a financial adviser the ACD will maintain a record of that financial adviser linked to their account with the ACD. If a Shareholder of Class R Shares has their financial adviser removed from their account (whether at the request of the Shareholder or the financial adviser, or as a result of the financial adviser no longer being authorised by the FCA), the ACD reserves the right at its absolute discretion to switch those Shares to Class A Shares within the same Fund. Shareholders should note that the ongoing charge of Class A Shares is greater than that of Class R Shares.
- Sterling Class I and I-H (hedged) Shares are available to:
  - Eligible Counterparties, investing for their own account; and
  - other collective investment schemes; and
  - distributors, platforms and other forms of intermediary 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 ACD. For these clients, minimum subscription limits will not be applied.
  - companies which the ACD deems to be associate companies of such companies and with other investors in accordance with the terms of their agreements with the ACD.

Existing Shareholders in the Class I Shares, who held such Shares as at 9 February 2018 but no longer comply with the foregoing, can continue to hold such Shares and will be able to apply for additional subscriptions in Class I Shares which they hold. Changes to such arrangements will revert to the terms detailed above.

- Class Z Shares are only available at the ACD's discretion. Class Z Shares would then be available for investors who are eligible for the Sterling Class I Shares, but only once the investor has entered into a prior written fee paying arrangement with the ACD.

These shares are designed to accommodate an alternative charging structure whereby the ACD's Annual Charge, normally charged to the class and then passed on in the share price, is instead administratively levied and collected directly from the investor.

- Sterling Class PP and PP-H (hedged) Shares are only available to a company which is an Associate company or to investors at the ACD's discretion where there is a specific written agreement with the ACD.
- Effective to new shareholders from 10 March 2022, where an investor's holding in the Class PP Shares and Class PP-H (hedged) Shares falls below the Minimum Investment level stated within the Prospectus, then the ACD reserves the right at its absolute discretion to:

- i) reject any new subscriptions in the Class PP Shares and Class PP-H (hedged) Shares; and
- ii) switch any remaining Class PP Shares and Class PP-H (hedged) Shares to Sterling Class I Shares and Class I-H (hedged) Shares, as appropriate within the fund.

However, this provision does not apply to investors holding Class PP Shares and/or Class PP-H (hedged) Shares where such holdings fall below the Minimum Investment level as stated within the Prospectus solely due to market movements.

- 12.6 Shareholders have the right to sell Shares back to the ACD or require that the ACD arranges for the Company to buy their Shares on any Dealing Day unless the value of Shares which a Shareholder wishes to sell will mean that the Shareholder will hold Shares with a value less than the required minimum holding for the Fund concerned, in which case the Shareholder may be required to sell the entire holding.

Subject to the Shareholder maintaining the minimum holding stated in this Prospectus, part of a Shareholder's holding may be sold but the ACD reserves the right to refuse a request to sell Shares if the value of the class of Shares of any Fund to be sold is less than the sum specified in Appendix 1.

## 13 Buying and selling Shares on the main register of Shareholders

- 13.1 Shares can be bought as a lump sum investment only. Investors wishing to make regular monthly contributions should invest via The M&G Savings Plan (please see 14.1 below).
- 13.2 Postal applications may be made on application forms obtained from the ACD. The address for postal dealing is PO Box 9039, Chelmsford, CM99 2XG. Alternatively, lump sum investments can be made under approved circumstances by telephoning M&G's Customer Dealing Line 0800 328 3196. Telephone deals can be placed between 8.00 am and 6.00 pm UK time on each Dealing Day (except for Christmas Eve and New Year's Eve when the office closes early). Deals may also be placed by visiting the ACD's website: [www.mandg.co.uk](http://www.mandg.co.uk)
- 13.3 Payment for Shares purchased by post must accompany the application. Payment for Shares purchased by other means must be made by no later than three business days after the valuation point following receipt of the instructions to purchase.
- 13.4 Requests to sell Shares may be made by post, telephone, or any electronic or other means which the ACD may from time to time determine either directly or via an authorised intermediary; the ACD may require telephone or electronic requests to be confirmed in writing.
- 13.5 Requests to buy and sell Shares received before 12:00 noon (UK time) on a Dealing Day will be executed at the price valid on that Dealing Day. Requests received after 12:00 noon (UK time) will be executed using the price valid on the following Dealing Day.
- 13.6 Payment of proceeds will be made no more than three business days after the later of:
- receipt by the ACD, when required, of sufficient written instructions duly signed by all the relevant Shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title; and
  - the valuation point following receipt by the ACD of the request to sell.
- 13.7 The requirement for sufficient written sale instructions is normally waived for Shareholders of Sterling Classes of Shares if all the following conditions are met:
- Dealing instructions are given by the registered holder in person;
  - The holding is registered in a sole name;
  - The sale proceeds are to be made payable to the registered holder at their registered address, which has not changed within the previous 30 days; and

- The total amount payable in respect of sales by that holder on one business day does not exceed £50,000.

**13.8** A contract note giving details of the Shares purchased or sold, and the price used will be sent to the Shareholder (the first named, in the case of joint Shareholders) or to an authorised agent, not later than the end of the business day following the valuation point by reference to which the price is determined. Where appropriate, this may be accompanied by a notice of the applicant's right to cancel a purchase.

**13.9** Currently share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's Register of Shareholders. Statements in respect of periodic allocations of income of each Fund will show the number of Shares held by the recipient in the Fund in respect of which the allocation is made. Individual statements of a Shareholder's Shares will also be issued at any time on request by the registered holder (or, when Shares are jointly held, the first named holder).

## **14 Buying and selling Shares via a Group Plan**

### **14.1 The M&G Savings Plan, The M&G ISA, The M&G Junior ISA**

**14.1.1** The ACD offers The M&G Savings Plan, designed primarily to facilitate making regular savings by Direct Debit to a range of M&G Funds, and The M&G ISA and The M&G Junior ISA, designed to allow UK individuals to save tax efficiently in a range of M&G Funds. This is a summary of the buying and selling process of The M&G Savings Plan, The M&G ISA and The M&G Junior ISA. Please see our "Important Information for Investors" document for full information including the Terms & Conditions.

**14.1.2** Shares can be bought as a lump sum investment or monthly by Direct Debit.

**14.1.3** Postal applications may be made on application forms obtained from the ACD. The address for postal dealing is the same as in Section 13.2. Alternatively, lump sum investments can be made under approved circumstances by telephoning M&G's Customer Dealing Line (please see Section 13.2).

**14.1.4** Payment for Shares purchased must accompany the application.

**14.1.5** Requests to sell Shares may be sent in writing to the address in Section 13.2. Alternatively, requests to sell Shares can be made under approved circumstances by telephoning M&G's Customer Dealing Line (please see Section 13.2). Payment of proceeds will be made no more than three business days after the valuation point following receipt by the ACD of the request to sell, provided we know the proceeds from all subscriptions, including Direct Debits, have cleared. We may delay paying the sale proceeds from any uncleared subscriptions, until we are satisfied that we have received all amounts which are due to us. Please note that Shares held in The M&G Junior ISA may not be sold without the permission of HMRC.

**14.1.6** For lump sum investments, a contract note giving details of the Shares purchased and the price used will be issued by the end of the business day following the valuation point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel. A contract note giving details of the Shares sold and the price used will be issued by the end of the business day following the valuation point by reference to which the price is determined.

**14.1.7** Requests to buy and sell Shares received before 12:00 noon (UK time) on a Dealing Day will be executed at the price valid on that Dealing Day. Requests received after 12:00 noon (UK time) will be executed using the price valid on the following Dealing Day.

**14.1.8** Investors' share ownership will be evidenced by an entry in the name of M&G Nominees Limited, 10 Fenchurch Avenue, London EC3M 5AG on the Company's register of shareholders.

**14.1.9** Statements will be issued twice each year. A summary of transactions will also be issued at any time on request by the holder.

## 15 Switching between Funds and converting Shares

### 15.1 Switching between Funds

- 15.1.1 Holders of Shares in a Fund may at any time switch all or some of their Shares in one Fund ('Original Shares') for Shares of another Fund ('New Shares'), provided they are eligible to hold Shares in that Class or Fund and are in the same currency. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the valuation point applicable at the time the Original Shares are redeemed and the New Shares are issued.
- 15.1.2 Switching may be effected by giving instructions to the ACD and the Shareholder may be required to provide sufficient written instructions (which, if required in the case of joint Shareholders must be signed by all the joint holders).
- 15.1.3 The ACD may at its discretion charge a fee on the switching of Shares between Funds (see paragraph 16.6). Where a fee is charged it will not exceed the aggregate of the relevant redemption and initial charges in respect of the Original Shares and the New Shares.
- 15.1.4 If the switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Fund concerned the ACD may, if it thinks fit, switch the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any switch of the Original Shares. No switches will be effected during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provision on procedures relating to redemption will apply equally to a switch. Switch instructions must be received by the ACD before the valuation point on a Dealing Day in the Fund or Funds concerned to be dealt with at the prices at those valuation points on that Dealing Day, or at such other date as may be approved by the ACD. Switch requests received after a valuation point will be held over until the valuation point on the next Dealing Day in the relevant Fund or Funds.
- 15.1.5 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Original Shares as may be permitted pursuant to The Regulations.
- 15.1.6 Please note that a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption and sale and will, for persons subject to UK taxation, be a realisation for the purposes of capital gains taxation.
- 15.1.7 A Shareholder who switches Shares in one Fund for Shares in any other Fund has no right by law to withdraw from or cancel the transaction.
- 15.1.8 Terms and current charges for the switching of Shares of any Class of any Fund, including for the Shares issued by another M&G OEIC or for the switching of units in a regulated scheme operated by the ACD, may be obtained from the ACD.

### 15.2 Conversions

- 15.2.1 Conversions of Income Shares to Accumulation Shares and of Accumulation Shares to Income Shares of the same Class in the same Fund are undertaken by reference to the respective Share prices. For persons subject to UK taxation, this will not be a realisation for the purposes of capital gains taxation.
- 15.2.2 Where a Fund issues multiple Share Classes, a Shareholder may convert Shares of one Class for Shares in another Class where they are eligible to hold the other Class. Requests to convert between Share Classes must be submitted using the appropriate form available from the ACD. Such conversions will be executed within three Dealing Days of receipt of a valid instruction. Requests to convert between Share Classes are undertaken by reference to the respective Share prices of each Class. Where the ACD determines at its absolute discretion that Share Class conversions are materially prejudicial to the Shareholders of a Share Class, instructions to convert between Share Classes will only be executed on the Dealing Day following



the relevant Fund's XD date. In such circumstances, instructions to convert between Share Classes must be received by the ACD no sooner than ten business days before the Fund's relevant XD date.

**15.2.3** Please note that conversions may be subject to a fee. The fee will not exceed an amount equal to the aggregate of the then prevailing redemption charge (if any) in respect of Original Shares and the initial charge (if any) in respect of New Shares and is payable to the ACD.

**15.2.4** On providing 60 days' notice to Shareholders, the ACD may in its absolute discretion convert Shares of one Share Class for Shares in another Class where it considers that such conversion will be in the best interests of Shareholders.

## **16 Dealing charges**

### **16.1 Initial charge**

The ACD may impose a charge on the buying of Shares. This charge is a percentage of the total amount of your investment and is deducted from your investment before Shares are purchased. The current level in relation to each Fund is set out in Appendix 1 and is subject to discounts that the ACD at its absolute discretion may apply from time to time. Increases from the current rates of charge can only be made in accordance with the COLL Sourcebook and after the ACD has revised the Prospectus to reflect the increased rate.

### **16.2 Redemption charge**

**16.2.1** The ACD may make a charge on the cancellation and redemption (including transfer) of Shares. Other Shares issued and bought, and persons known to the ACD to have made arrangements for the regular purchase of other Shares while this Prospectus is in force, will not be subject to any redemption charge introduced in the future in respect of those Shares. Currently, those Shares deemed to carry a redemption charge will carry a reducing redemption charge calculated in accordance with the table below. With Accumulation Shares, where any income is reinvested back into the share price, the valuation when calculating a redemption will include the capital increment associated with this reinvested income. In relation to the imposition of a redemption charge as set out above, where Shares of the Class in question have been purchased at different times by a redeeming Shareholder, the Shares to be redeemed shall be deemed to be the Shares which incur the least cost to the Shareholder and thereafter the Shares purchased first in time by that Shareholder.

As at the date of this Prospectus there are no Share Classes with redemption charges.

**16.2.2** The ACD may not introduce or increase a redemption charge on Shares unless:

**16.2.2.1** the ACD has complied with The Regulations in relation to that introduction or change; and

**16.2.2.2** the ACD has revised the Prospectus to reflect the introduction or change and the date of its commencement and has made the revised Prospectus available.

**16.2.3** In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

### **16.3 Switching fee**

On the switch of Shares of a Fund for Shares of another Class or another Fund, the Instrument of Incorporation authorises the Company to impose a switching fee at the discretion of the ACD. The fee will not exceed an amount equal to the aggregate of the then prevailing redemption charge (if any) in respect of Original Shares and the initial charge (if any) in respect of New Shares and is payable to the ACD.

There is currently no fee payable on a switch between Classes of Shares of a Fund unless the Classes are issued in a different currency or have a different charging structure.



## 17 Other dealing information

### 17.1 Dilution

17.1.1 The basis on which each Fund's investments are valued for the purpose of calculating the single price of Shares as stipulated in The Regulations and the Company's Instrument of Incorporation is summarised in Section 23.

However, the amount received or paid for investments sold or purchased may deviate from the values used to calculate the price of the Shares. This is due to portfolio transaction costs such as broker's commission, taxes, duties and any dealing spread between the buying and selling prices of the investments.

17.1.2 When a Fund buys or sells investments in response to investors buying (subscribing) or selling (redeeming) Shares in that Fund, the portfolio transaction costs as described in paragraph 17.1.1 can have an adverse effect on the value of a Fund, known as "dilution".

17.1.3 The Regulations allow the cost of dilution to be met directly from a Fund's assets or to be recovered from investors on the purchase or sale of Shares in each Fund inter alia by means of a dilution adjustment to the net asset value to arrive at the Share price.

17.1.4 As dilution is related to inflows and outflows of monies and the purchase and sale of investments, it is not possible to predict accurately if and when dilution will occur and to what extent. However, it is the ACD's policy to apply a dilution adjustment to the net asset value in certain circumstances to materially reduce the potential impact of dilution on any Fund. The ACD shall comply with COLL 6.3.8 in its application of any such dilution adjustment.

17.1.5 The dilution adjustment for each Fund will be calculated by reference to the estimated portfolio transaction costs of dealing in the underlying investments of that Fund.

17.1.6 The decision to apply a dilution adjustment will depend on the relative volume of the Fund's shares being subscribed or redeemed. The ACD may apply a dilution adjustment in the circumstances described in paragraph 17.2.7, if, in its opinion, the existing shareholders (for subscriptions) or remaining shareholders (for redemptions) might be adversely affected, and if in applying a dilution adjustment, so far as practicable, it is fair to all shareholders. In specie transfers will not be taken into account when determining any dilution adjustment and any incoming portfolio will be valued on the same basis as the Fund is priced (i.e. offer plus notional dealing charges, mid, or bid less notional dealing charges). When a dilution adjustment is not applied there may be a dilution of the assets of the Fund which may constrain the future growth of that Fund.

17.1.7 The ACD would typically expect to make a dilution adjustment in the event that the daily net subscriptions or net redemptions exceed a predetermined threshold set by the ACD, in its sole discretion, from time to time. A dilution adjustment may also be applied in any other case where the ACD is of the opinion that it is in the interests of existing Shareholders (for subscriptions) and remaining Shareholders (for redemptions) that a dilution adjustment be applied.

17.1.8 Dilution adjustments would ordinarily be of the frequency and magnitude shown in the table below. The ACD reserves the right to adjust the price by a lesser amount but will always make such an adjustment in a fair manner solely to reduce dilution. Positive dilution adjustment figures indicate a typical increase from mid-price when the Fund is experiencing net subscriptions. Negative dilution adjustment figures indicate a typical decrease from mid-price when the Fund is experiencing net redemptions. Figures for the frequency of dilution adjustments are based on client dealing volumes per Fund for the twelve months to 31 December 2024. Figures for the amount of the dilution adjustment are based on the historic costs of dealing in the underlying investments of the relevant Funds for the twelve months to 31 December 2024, including any spreads, commissions and transfer taxes.

## Dilution adjustment table

Typical dilution adjustments for the following Funds are expected to be:

| Fund   | Dilution Adjustment Frequency | Dilution Adjustment Magnitude |
|--|-------------------------------|-------------------------------|
| M&G UK Inflation Linked Corporate Bond Fund  | 1                             | +0.15% / -0.15%               |
| M&G Global Listed Infrastructure Fund        | 2                             | +0.22% / -0.13%               |
| M&G Positive Impact Fund                     | 1                             | +0.17% / -0.11%               |
| M&G Absolute Return Bond Fund*               | N/A                           | N/A                           |
| M&G Global Enhanced Equity Premia Fund**     | N/A                           | N/A                           |
| M&G ESG Screened Global High Yield Bond Fund | 11                            | +0.43% / -0.43%               |
| M&G Climate Solutions Fund***                | N/A                           | N/A                           |
| M&G Better Health Solutions Fund***          | N/A                           | N/A                           |
| M&G ESG Screened Global Corporate Bond Fund  | 1                             | +0.20% / -0.20%               |
| M&G Global AI Themes Fund                    | 0                             | +0.08% / -0.07%               |

\*As of 13 July 2023, this Fund is terminating and is closed to investment.

\*\* As of 8 August 2023, this Fund is terminating and is closed to investment.

\*\*\* As of 18 November 2024, this Fund is terminating and is closed to investment.

Figures for the below Funds are based on the ACD's best estimates as the Funds have not been in existence for twelve months.

| Fund                      | Dilution Adjustment Frequency | Dilution Adjustment Magnitude |
|---------------------------|-------------------------------|-------------------------------|
| M&G Global AI Themes Fund | 0                             | +0.08% / -0.07%               |
| M&G China Fund            | 82                            | +0.26% / -0.26%               |
| M&G India Fund            | 24                            | +0.28% / -0.28%               |

**17.1.9** The ACD may alter its current dilution policy by amending the Prospectus and giving Shareholders notice in accordance with The Regulations.

## **17.2 In specie issues and redemptions**

At its absolute discretion the ACD may agree or determine that instead of payment in cash to, or from, the Shareholder for Shares in the Company, the settlement of an issue or redemption transaction may be effected by the transfer of property into or out of the assets of a Fund on such terms as the ACD shall decide in consultation with the Investment Manager and the Depositary. In the case of redemptions, the ACD shall give notice to the Shareholder prior to the redemption proceeds becoming payable of its intention to transfer property to the Shareholder and, if required by the Shareholder, may agree to transfer to the Shareholder the net proceeds of the sale of such property.

The ACD may also offer to sell an investor's property and invest the proceeds by purchasing Shares in a Fund, subject to detailed terms and conditions available upon request.

### 17.3 Client Account

Cash may be held for investors in a Client Account in certain circumstances. Interest is not paid on any such balances.

### 17.4 Excessive Trading

17.4.1 The ACD generally encourages Shareholders to invest in Funds as part of a medium to long-term investment strategy and discourages excessive, short term, or abusive trading practices. Such activities may have a detrimental effect on the Funds and other Shareholders. The ACD has several powers to help ensure that Shareholder interests are protected from such practices. These include:

17.4.1.1 Refusing an application for Shares (see paragraph 12.2);

17.4.1.2 Fair Value Pricing (see Section 23); and,

17.4.1.3 Applying the Dilution Adjustment (see paragraph 17.1).

17.4.2 We monitor shareholder dealing activity and if we identify any behaviour that, in our view, constitutes inappropriate or excessive trading, we may take any of the following steps with the shareholders we believe are responsible:

17.4.2.1 Issue warnings which if ignored may lead to further applications for Shares being refused;

17.4.2.2 Restrict methods of dealing available to particular Shareholders; and/or,

17.4.2.3 Impose a switching fee (see paragraph 16.3).

17.4.3 We may take these steps at any time, without any obligation to provide prior notice and without any liability for any consequence that may arise.

17.4.4 Inappropriate or excessive trading can sometimes be difficult to detect particularly where transactions are placed via a nominee account. The ACD therefore cannot guarantee that its efforts will be successful in eliminating such activities and their detrimental effects.

### 17.5 ACD dealing as principal

Where the ACD deals as principal in the Shares of a Fund, any profits or losses arising from such transactions shall accrue to the ACD and not to the relevant Fund of the Company. The ACD is under no obligation to account to the Depositary, or to Shareholders for any profit it makes on the issue or re-issue of Shares or cancellation of Shares which it has redeemed.

## 18 Money laundering

As a result of legislation in force in the United Kingdom to prevent money laundering, firms conducting investment business are responsible for compliance with money laundering regulations. The ACD may verify your identity electronically when you undertake certain transactions. In certain circumstances investors may be asked to provide proof of identity when buying or selling Shares. Normally this will not result in any delay in carrying out instructions but, should the ACD request additional information, this may mean that instructions will not be carried out until the information is received. In these circumstances, the ACD may refuse to sell or, redeem Shares, release the proceeds of redemption or carry out such instructions.

## 19 Restrictions on dealing

19.1 The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or

territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the issue, sale, redemption, cancellation or switch of Shares or require the mandatory redemption of Shares or transfer of Shares to a person qualified to hold them.

19.2 The distribution of this Prospectus and the offering of Shares in or to persons resident in or nationals of or citizens of jurisdictions outside the UK or who are nominees of, custodians or trustees for, citizens or nationals of other countries may be affected by the laws of the relevant jurisdictions. Such Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Shareholder to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any such Shareholder will be responsible for any such issue, transfer or other taxes or payments by whomsoever payable and the Company (and any person acting on behalf of it) shall be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes or duties as the Company (and any person acting on behalf of it) may be required to pay.

19.3 If it comes to the notice of the ACD that any Shares (“affected Shares”) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, which would (or would if other Shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulations of any country or territory) or by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case, the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares. If any Shareholder upon whom such a notice is served does not within thirty days after the date of such notice transfer their affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that they or the beneficial owner are qualified and entitled to own the affected Shares, they shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares pursuant to The Regulations.

19.4 A Shareholder who becomes aware that they are holding or own affected Shares shall forthwith, unless they have already received a notice as aforesaid, either transfer all their affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all their affected Shares.

19.5 Where a request in writing is given or deemed to be given for the redemption of affected Shares, such redemption will be effected in the same manner as provided for under The Regulations, if effected at all.

## 20 Suspension of dealings in the Company

20.1 The ACD may with the agreement of the Depositary, or must if the Depositary so requires, temporarily suspend for a period the issue, sale, cancellation and redemption of Shares or any Class of Shares in a Fund if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders.

20.2 The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.

- 20.3 Where such suspension takes place, the ACD will publish, on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.
- 20.4 During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.
- 20.5 Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.
- 20.6 Re-calculation of the Share price for the purpose of sales and purchases will commence at the time the suspension is ended or at the next relevant valuation point following the ending of the suspension.
- 20.7 The exceptional circumstances in which the ACD or the Depositary may require the temporary suspension of the issue, sale, cancellation and redemption of Shares, or any class of Shares in any or all the Funds includes, but is not limited to the following:
  - 20.7.1 during any period when, in the opinion of the ACD or the Depositary, an accurate valuation of a Fund cannot occur, including:
    - 20.7.1.1 where one or more markets is unexpectedly closed or where dealing is suspended or restricted;
    - 20.7.1.2 during a political, economic, military or other emergency; or
    - 20.7.1.3 during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of a Fund or any Classes of Shares;
  - 20.7.2 upon the decision of the ACD, having given sufficient notice to Shareholders, to wind up a Fund (see Section 34).

## 21 Governing law

All deals in Shares are governed by English law.

## 22 Valuation of the Company

- 22.1 The price of a Share of a particular Class in the Company is calculated by reference to the Net Asset Value of that Fund to which it relates and attributable to that Class and adjusted for the effect of charges applicable to that Class and further adjusted to reduce any dilutive effect of dealing in the Fund (for more detail of dilution adjustment see paragraph 17.1). The Net Asset Value per Share of the Fund is currently calculated at 12:00 noon UK time on each Dealing Day.
- 22.2 The ACD may at any time during a Dealing Day carry out an additional valuation if the ACD considers it desirable to do so.

## 23 Calculation of the Net Asset Value

- 23.1 The value of the Scheme Property of the Company or a Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 23.2 All the Scheme Property (including receivables) of the Company (or a Fund) is to be included, subject to the following provisions.

- 23.3 Property which is not cash (or other assets dealt with in paragraph 23.4) or a contingent liability transaction shall be valued as follows and the prices used shall be (subject as follows) the most recent prices which it is practicable to obtain:
- 23.3.1 units or shares in a collective investment scheme:
- 23.3.1.1 if, a single price for buying and selling units or shares is quoted, at the most recent such price; or
- 23.3.1.2 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
- 23.3.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
- 23.3.2 exchange-traded derivative contracts:
- 23.3.2.1 if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
- 23.3.2.2 if separate buying and selling prices are quoted, at the average of the two prices; or
- 23.3.3 over-the-counter derivative products shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
- 23.3.4 any other investment;
- 23.3.4.1 if, a single price for buying and selling the security is quoted, at that price; or
- 23.3.4.2 if, separate buying and selling prices are quoted, the average of those two prices; or
- 23.3.4.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exist or if the most recent price available does not reflect the ACD's best estimate of the value of the securities, at a value which in the opinion of the ACD is fair and reasonable;
- 23.3.5 property other than that described in paragraphs 23.3.1, 23.3.2, 23.3.3 and 23.3.4 above: at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 23.4 Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall normally be valued at their nominal values.
- 23.5 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares 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 Regulations or the Instrument shall be assumed (unless the contrary is shown) to have been taken.
- 23.6 Subject to paragraphs 23.7 and 23.8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted 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 ACD, their omission will not materially affect the final Net Asset Value amount.
- 23.7 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 23.6.
- 23.8 All agreements are to be included under paragraph 23.6 which are, or ought reasonably to have been, known to the person valuing the property.
- 23.9 An estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; 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 including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and any foreign taxes and duties will be deducted.

- 23.10 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 23.11 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 23.12 An estimated amount for accrued claims for repayments of tax of whatever nature to the Company which may be recoverable will be added.
- 23.13 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 23.14 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 23.15 The amount of any adjustment deemed necessary by the ACD to ensure that the Net Asset Value is based on the most recent information and is fair to all Shareholders will be added or deducted as appropriate.
- 23.16 Currencies or values in currencies other than pounds sterling 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 Shareholders or potential Shareholders.

## 24 Price per Share in a Fund and each Class

The price per Share at which Shares are bought by investors is the sum of the Net Asset Value of a Share adjusted to reduce any dilutive effect of dealing in a Fund (for more detail of dilution adjustment see paragraph 17.1) before any initial charge. The price per Share at which Shares are sold by investors is the Net Asset Value per Share adjusted to reduce any dilutive effect of dealing in a Fund (for more detail of dilution adjustment see 17.1) before any applicable redemption charge.

## 25 Pricing basis

There shall be a single price for a Share in any Class. The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the purchase or sale is agreed.

## 26 Publication of prices

The most recent price of Shares appear daily on our website at [www.mandg.co.uk](http://www.mandg.co.uk) or can be obtained from our Customer Relations Department free on 0800 390 390.

## 27 Risk factors

Potential investors should consider the risk factors referenced in Section 43 before investing in the Company.

## 28 Charges and Expenses

Introduction

This section describes the charges and expenses that a Shareholder bears on their investment and how they work. It details the payments that may be made out of the Company and its Funds as expenses and



as charges for services in relation to the management, operation and administration of the Company and its Funds.

## **28.1 The ACD's Annual Charge**

**28.1.1** The ACD is permitted to take a charge from each Share Class of each Fund as payment for carrying out its duties and responsibilities and to pay for certain third parties' services. This is known as the ACD's "Annual Charge".

**28.1.2** The Annual Charge covers, among other things, the following:

- (1) ACD fees and expenses,
- (2) Service providers' (including the Investment Manager and the Depositary) fees and expenses,
- (3) Fees for the provision of hedging services incurred by the offering of hedged Share Classes,
- (4) All the costs, charges, fees and expenses payable in relation to the operation and management of each Fund which may be taken from scheme property under the FCA rules, excluding those set out in Section 28.4. Other payments from the scheme property of the Funds not included in the Annual Charge. These permitted costs, charges, fees and expenses include:
  - (a) The Depositary's fees and expenses for acting as depositary, its custody charges in relation to the safekeeping of scheme property and its custody transaction charges
  - (b) Registrar fees and expenses covering the establishment and maintenance of the Register of Shareholders and any sub-register of Shareholders
  - (c) Costs and expenses relating to the formation, authorisation and registration of a new Fund and the offer of Shares
  - (d) Documentation costs and expenses, such as preparing, printing and distributing the Prospectus and the KIIDs, as well as the annual reports of the Company and any other documents made available to Shareholders
  - (e) Costs of registration, publication of Share prices, listing on a Stock Exchange, creation, conversion and cancellation of Shares Classes
  - (f) Costs of production and dispatch of payments made by the Company
  - (g) Costs of arranging and convening meetings of Shareholders
  - (h) Legal fees and expenses other than the extraordinary expenses as referenced in Section 28.4
  - (i) Audit fees and expenses
  - (j) Liabilities that are charges, costs and expenses arising on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Funds in consideration for the issue of Shares as more fully detailed in The Regulations
  - (k) VAT where applicable in relation to the Annual Charge or each of the costs, charges, fees and expenses included in the Annual Charge.

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

**28.1.4** The costs of a Fund relating to investments in collective investment schemes will generally be borne by the ACD out of the Annual Charge to ensure Shareholders are not charged for those in addition to the Annual Charge. However, the ACD will not bear the costs related to investment trusts or real estate investment trusts held directly or indirectly by a Fund, out of the annual charge.

## **28.2 Calculation and operation of the Annual Charge**

**28.2.1** The Annual Charge is set as a rate which is a percentage of the Net Asset Value of each Share Class in each Fund. The annual rate of this charge is set out for each Fund in Appendix 1.

**28.2.2** The Annual Charge is calculated as follows:



Each day the ACD charges one-365th of the Annual Charge (or one-366th if it is a leap year). If the day is not a Dealing Day, the ACD will take the charge into account on the next Dealing Day. The ACD calculates this charge using the Net Asset Value of each Share Class on the previous Dealing Day.

**28.2.3** Though the Annual Charge is calculated and taken into account daily in each Share Class's price, it is actually paid to the ACD every fortnight in arrears.

**28.2.4** In setting the Annual Charge, the ACD is taking upon itself the risk that the Net Asset Value of a Fund will fall to the extent that the Annual Charge will not fully recompense it for the charges and expenses that the ACD would otherwise be entitled to charge to each Fund. Conversely, the ACD is not accountable to Shareholders should the aggregate fees generated by the Annual Charge in any period exceed the charges and expenses that it incurs and the ACD will retain the surplus.

### **28.3 Changes to the Annual Charge**

**28.3.1** The ACD reserves the right to increase or decrease the Annual Charge. In the event of any changes to the Annual Charge the ACD will notify Shareholders in accordance with the FCA's requirements under the COLL Sourcebook. This does not include changes to the level of the discount to the Annual Charge (as described in Section 28.5) arising as a result of a change in the Net Asset Value of a Fund.

### **28.4 Other payments from the scheme property of the Funds not included in the Annual Charge**

**28.4.1** In addition to the Annual Charge, and in accordance with the COLL Sourcebook, the following payments, and any VAT payable on them, will be made out of the scheme property of each Fund, where they arise.

- (a) Portfolio transaction costs including broker's commission, taxes and duties (including stamp duty), and other disbursements which are necessarily incurred in effecting transactions for the Funds.
- (b) Extraordinary expenses including, without limitation, litigation expenses and the fees and expenses of legal and other professional advisers ("Extraordinary Expenses").
- (c) 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 Funds.
- (d) Taxation and duties payable in respect of the property of the Funds or of the issue or redemption of Shares;
- (e) Any value added or similar tax relating to any charge or expense set out in this Section 28.4.1.

### **28.5 Discounts to the Annual Charge**

**28.5.1** The ACD will pass to Shareholders some of the benefit of potential savings, achieved from economies of scale generated by a significant growth of assets under management in a Fund, by applying a discount to the Annual Charge of the Fund. The applicable discount to the Annual Charge will be determined by the size of the Fund as shown in the table below.

**28.5.2** The ACD reserves the right to change the Net Asset Value range or change the discount associated with each band of the Net Asset Value range as shown in the table in Section 28.5.4.

In the event of any such changes, the ACD will notify Shareholders.

**28.5.3** The ACD will review the Net Asset Value of Funds on at least a quarterly basis and will implement the applicable discount on a forward basis, as soon as possible but no later than 13 business days after quarter end. Where a Fund has experienced a decline in its Net Asset Value, the ACD will only remove or reduce a discount when the Net Asset Value is lower than the relevant threshold after the application of a buffer as shown in the table below.

**28.5.4** The discounted Annual Charge will be calculated as follows: Annual Charge (as per Appendix 1) – Discount (as per the table below)

| Fund Net Asset Value | Annual Charge discount | Buffer applied in case of reducing Net Asset Value |
|----------------------|------------------------|--|
| £0-1bn               | Nil                    | Not applicable                                     |
| £1-2bn               | 0.02%                  | £100m  |
| £2-3bn               | 0.04%                  | £100m  |
| £3-4bn               | 0.06%                  | £100m  |
| £4-5bn               | 0.08%                  | £200m  |
| £5-6bn               | 0.10%                  | £200m  |
| More than £6bn       | 0.12%                  | £200m  |

See below a numerical example:

| Time      | Fund AUM | Discounted Annual Charge for a Share Class A<br>Annual Charge: 1.40%  |
|-----------|----------|---|
| Quarter 1 | £1.67bn  | 1.38% (1.40% - 0.02%)<br>A 0.02% discount is applied to the Annual Charge as the Fund's Net Asset Value is in the £1-2bn range. |
| Quarter 2 | £958m    | 1.38%<br>No change as the Fund's Net Asset Value falls within the £100m buffer and has not reduced below the £900m threshold.   |
| Quarter 3 | £882m    | 1.40%<br>The 0.02% discount is removed as the Fund's Net Asset Value is below the £100m buffer.                                 |
| Quarter 4 | £1.05bn  | 1.38% (1.40% - 0.02%)<br>A 0.02% discount is applied as the Fund's Net Asset Value is in the £1-2bn range.                      |
| Quarter 5 | £2.15bn  | 1.36% (1.40% - 0.04%)<br>A 0.04% discount is applied to the Annual Charge as the Fund's Net Asset Value is in the £2-3bn range. |

Information regarding the Annual Charge, including any discount currently applicable to each Share Class per Fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

## 28.6 Allocation of charges and expenses

28.6.1 For each Share Class, the charges and expenses described in this section are either charged to capital or income (or both) depending upon whether they are Income Shares or Accumulation Shares.

- For Income Shares, most charges and expenses are charged to capital. This treatment of the charges and expenses may increase the amount of income available for distribution to Shareholders in the Share Class concerned, but it may constrain capital growth.
- For Accumulation Shares, 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.

### Allocation of Charges

|                             | Accumulation Shares | Income Shares   |
|-----------------------------|---------------------|-----------------|
| Annual Charge               | 100% to Income      | 100% to Capital |
| Portfolio transaction costs | 100% to Capital     | 100% to Capital |
| Extraordinary Expenses      | 100% to Income      | 100% to Income  |

|   | Accumulation Shares | Income Shares  |
|---|---------------------|----------------|
| Interest on borrowing   | 100% to Income      | 100% to Income |
| Charges incurred in effecting or terminating borrowing or in negotiating or varying the terms of borrowing on behalf of the Funds | 100% to Income      | 100% to Income |

## 28.7 The Ongoing Charge(s) Figure

28.7.1 Each Class of shares in a Fund has an Ongoing Charges Figure and this is shown in the relevant Key Investor Information Document.

28.7.2 The Ongoing Charge(s) Figure is intended to assist Shareholders 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. It will normally equal the ACD's Annual Charge, except where extraordinary expenses (as described in paragraph 28.4) have been incurred, or where a Fund holds directly or indirectly an investment trust or real estate investment trust, or a discount to the ACD's Annual Charge has been applied or removed.

28.7.3 The Ongoing Charge(s) Figure excludes portfolio transaction costs and any initial charge or redemption charge but will capture the effect of the various charges and expenses referred to in this section. In common with other types of investors in financial markets, the Funds incur costs when buying and selling underlying investments in pursuit of their investment objective. These portfolio transaction costs include dealing spread, broker commissions, transfer taxes and stamp duty incurred by the Fund on transactions. The annual report of each Fund provide further information on portfolio transaction costs incurred in the relevant reporting period.

28.7.4 The Ongoing Charge(s) Figure also excludes interest on borrowing.

## 29 Stock lending

29.1 The Company or the Depositary at the request of the Company, may enter into repo contracts or certain stock lending arrangements in respect of the Company or a Fund. The Company or the Depositary delivers securities which are the subject of the stock lending arrangement in return for an agreement that securities of the same kind and amount should be redelivered to the Company or the Depositary at a later date. The Company or the Depositary at the time of delivery receives collateral to cover the risk of the future redelivery not being completed. There is no limit on the value of the property of the Company which may be the subject of repo contracts or stock lending arrangements.

29.2 Stock lending arrangements must be an arrangement of the kind described in Section 263B of the Taxation of Chargeable Gains Act 1992. The arrangements must also comply with the requirements of The Regulations.

## 30 Shareholder meetings and voting rights

### 30.1 Annual general meeting

In accordance with the provisions of the Open-Ended Investment Companies (Amendment) Regulations 2005, the Company has elected not to hold annual general meetings.

### 30.2 Requisitions of meetings

30.2.1 The ACD or the Depositary may requisition a general meeting at any time.

30.2.2 Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares then in issue and the requisition

must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

### 30.3 Notice and quorum

Shareholders will receive at least 14 days' notice of a Shareholders' meeting (other than an adjourned meeting where a shorter period of notice can apply) and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. If after a reasonable time from the time set for an adjourned meeting there are not two Shareholders present in person or by proxy, the quorum for the adjourned meeting shall be one person entitled to be counted in a quorum and present at the meeting. Notices of meetings and adjourned meetings will normally be given in writing to the Shareholder's registered address (or, at the discretion of the ACD, such other address which we may hold for the purposes of correspondence).

### 30.4 Voting rights

- 30.4.1 At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.
- 30.4.2 On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attaching to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue as at a cut-off date selected by the ACD which is a reasonable time before the notice of meeting is deemed to have been served.
- 30.4.3 A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way.
- 30.4.4 Except where The Regulations or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs at least 75% of the votes validly cast at the meeting to be in favour for the resolution to be passed) any resolution required will be passed by a simple majority of the votes validly cast for and against the resolution.
- 30.4.5 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any Associate of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or Associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or Associate has received voting instructions.
- 30.4.6 'Shareholders' in this context means Shareholders on a cut-off date selected by the ACD which is a reasonable time before the notice of the relevant meeting was deemed to have been served but excludes holders of shares who are known to the ACD not to be Shareholders at the time of the meeting.
- 30.4.7 Where an extraordinary resolution is required to conduct business at a meeting of Shareholders and every Shareholder is prohibited under COLL 4.4.8R(4) from voting, with the written agreement of the Depositary to the process, the resolution may instead be passed with the written consent of Shareholders representing at least 75% of the Shares in issue.

### 30.5 Classes and Fund meetings

The above provisions, unless the context otherwise requires, apply to Class meetings and meetings of a Fund as they apply to general meetings of Shareholders.

### 30.6 Variation of Class rights

The rights attached to a Class may not be varied unless done so pursuant to the notification requirements of COLL 4.3R.

## 31 Taxation

### 31.1 General

The information given under this heading does not constitute legal or tax advice and prospective investors should consult their own professional advisers about the implications of subscribing for, buying, holding, exchanging, selling or otherwise disposing of Shares under the laws of the jurisdiction in which they may be subject to tax.

The statements below are only intended as a general summary of UK tax law and practice as at the date of this Prospectus and may change in the future. Any investor who is in any doubt as to their UK tax position in relation to a Sub-fund should consult a UK professional adviser.

### 31.2 Taxation of the Company

#### 31.2.1 Income

Each Sub-fund will be liable to corporation tax on its taxable income less expenses at the basic rate of income tax (currently 20%).

#### 31.2.2 Capital gains

Capital gains accruing to a Sub-fund will be exempt from UK tax.

### 31.3 Distributions

Sub-funds with over 60% invested in qualifying assets (broadly interest paying) throughout the relevant distribution period can elect to make interest distributions. In all other cases they will pay dividend distributions.

It is the ACD's current intention that the following Funds will be managed in such a way that they will be able to make interest distributions:

M&G UK Inflation Linked Corporate Bond Fund

M&G Absolute Return Bond Fund\*

M&G ESG Screened Global High Yield Bond Fund

M&G ESG Screened Global Corporate Bond Fund

\*As of 13 July 2023, this Fund is terminating and is closed to investment.

### 31.4 Taxation of the investor

The following notes are primarily for the information of UK Shareholders. Information relating generally to non-resident Shareholders is also given.

#### 31.4.1 Dividend distributions – UK resident individual Shareholders

UK dividends are subject to a £500 (from 6th April 2024) tax-free dividend allowance for all taxpayers. For dividend income in excess of this allowance, the applicable tax rate for basic rate taxpayers is 8.75%, the rate for higher rate taxpayers is 33.75%, and the rate for additional taxpayers is 39.35%.

#### 31.4.2 Dividend distributions – UK resident corporate Shareholders

For UK resident corporate Shareholders, any dividend distributions will be divided into that part which relates to UK dividend income of the relevant Sub-fund, and that part which relates to other income.

The part relating to dividend income is generally not taxable. The other part is taxable as if it were an annual payment and is subject to corporation tax. The taxable part of the distribution is deemed to have

been paid net of an income tax deduction of 20% which can be offset against a shareholder's liability to corporation tax and may be recoverable. The tax voucher will show the ratio between the part relating to UK dividend income (franked investment income) and the part relating to taxable annual payments and also shows, in terms of a pence per Share rate, the tax which can be recovered. The maximum amount of income tax if any, that may be reclaimed from HM Revenue & Customs is the corporate Shareholder's proportion of the Shareholder's non-foreign deemed income tax.

#### 31.4.3 Interest distributions

Currently, interest distributions are paid without deduction of income tax.

Personal Savings Allowance is available whereby the first £1,000 of savings income is exempt from tax for basic rate tax payers and the first £500 for higher rate taxpayers.

UK resident corporate Shareholders should note that where they hold a fund which makes interest distributions, gains will be subject to loan relationship rules.

#### 31.4.4 Capital gains

Profits arising on disposal of Shares are subject to capital gains tax. However, if the total gains from all sources realised by an individual Shareholder in a tax year, after deducting allowable losses, are less than the annual exemption, there is no capital gains tax to apply. Where income equalisation applies (see below), the buying price of Shares includes accrued income which is repaid to the investor with the first allocation of income following the purchase. This repayment is deemed to be a repayment of capital and is therefore made without deduction of tax but must be deducted from the investor's base cost of the relevant Shares for purposes of calculating any liability to capital gains tax.

Where over 60% of the investments of a Fund are interest-bearing or economically equivalent investments, the Shareholdings of UK resident corporate Shareholders will generally be subject to the loan relationships regime.

## 32 Income equalisation

32.1 Income equalisation will be applied to Shares issued by the Company.

32.2 Part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a Shareholder with the first allocation of income in respect of a Share issued during the relevant accounting period.

32.3 The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued to or bought by Shareholders in a particular Share Class in an annual or interim accounting period (see paragraph 35.1) by the number of those Shares and applying the resultant average to each of the Shares in question.

## 33 Winding up of the Company or a Fund of the Company

33.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under The Regulations. Each Fund may only be wound up under The Regulations.

33.2 Where the Company or a Fund is to be wound up under The Regulations, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so.

33.3 The Company or a Fund may be wound up under The Regulations if:

- 33.3.1 an extraordinary resolution to that effect is passed by Shareholders; or
- 33.3.2 the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the Share capital of the Company is below its prescribed minimum or (in relation to any Fund) the Net Asset Value of the Fund is less than £10,000,000 or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
- 33.3.3 on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or a Fund.
- 33.4 On the occurrence of any of the above:
  - 33.4.1 Regulations 6.2, 6.3 and 5 relating to Dealing, Valuation and Pricing and Investment and Borrowing will cease to apply to the Company or a Fund;
  - 33.4.2 the Company will cease to issue and cancel Shares and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or a Fund;
  - 33.4.3 no transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD;
  - 33.4.4 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
  - 33.4.5 the corporate status and powers of the Company and, subject to the provisions of paragraphs 34.4.1 and 34.4.2 above, the powers of the ACD shall remain until the Company is dissolved.
- 33.5 The ACD shall, as soon as practicable after the Company or a Fund falls to be wound up, realise the assets and meet the liabilities of the Company or a Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property of the Company or a Fund. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or a Fund to be realised, the ACD shall arrange for the Depositary also to make a final distribution to Shareholders as at (or prior to) the date on which the final account is sent to Shareholders of any balance remaining, if applicable, in proportion to their holdings in the Company or a Fund.
- 33.6 On completion of a winding up of the Company, the Company will be dissolved and any money which is legitimately the property of the Company (including unclaimed distributions) and standing to the account of the Company, will be paid into court within one month of dissolution.
- 33.7 Following the completion of the winding up of the Company or a Fund, the ACD shall provide written confirmation to the Registrar of Companies and shall notify the FCA that it has done so.
- 33.8 Following the completion of a winding up of either the Company or a Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditor of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditor's report must be sent to the FCA, to each Shareholder and, in the case of the winding up of the Company, to the Registrar of Companies within two months of the termination of the winding up.
- 33.9 As the Company is an umbrella company, any liabilities attributable or allocated to a Fund under The Regulations shall be met first out of the Scheme Property attributable or allocated to that Fund.



- 33.10 Any assets and liabilities, expenses, costs and charges not attributable to a particular Fund may be allocated by the Manager in a manner which it believes is fair to the Shareholders generally. This will normally be pro-rata to the Net Asset Value of the relevant Funds.
- 33.11 Shareholders in a particular Fund are not liable for the debts of the Company or any Fund in the Company.

## 34 General information

### 34.1 Accounting periods

The annual accounting period of the Company ends each year on 31 March (the accounting reference date). The half-yearly accounting period ends each year on 30 September.

### 34.2 Income allocations

- 34.2.1 Allocations of income are made in respect of the income available for allocation in each annual accounting period and, each interim accounting period (see Appendix 1).
- 34.2.2 Distributions of income are paid on or before the annual and interim income allocation dates as set out in Appendix 1.
- 34.2.3 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.
- 34.2.4 The amount available for allocation in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Fund in respect of that period, and deducting the charges and expenses of the relevant Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditor as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditor.
- The amount initially deemed available in respect of any one Class of Share may be reduced if the income attributed to another Class of Share in the same Fund is less than the charges applicable to that Class of Share.
- 34.2.5 Income from debt securities is recognised on an effective yield basis. Effective yield is an income calculation that takes account of amortisation of any discount or premium on the purchase price of the debt security over the remaining life of the security.
- 34.2.6 Distributions made to the first named joint Shareholder are as effective a discharge to the Company and the ACD as if the first named Shareholder had been a sole Shareholder.
- 34.2.7 Income produced by a Fund's investments accumulates during each accounting period. If, at the end of the accounting year, income exceeds expenses, the net income of the Fund is available to be distributed to Shareholders. In order to conduct a controlled dividend flow to Shareholders, interim distributions will be, at the Investment Manager's discretion, up to a maximum of the distributable income available for the period. All remaining income is distributed in accordance with The Regulations.
- 34.2.8 Where a Fund does not issue Accumulation Shares, a Shareholder may choose to have their income reinvested to purchase further shares of that Fund. Where the reinvestment of income has been permitted, the ACD will waive any initial charge due on such re-investment. Re-investment of allocations of income is made fourteen days before the relevant income allocation date.



### 34.3 Annual Reports

- 34.3.1 Annual reports of the Company are published on our website within four months of each annual accounting period and half-yearly reports are published on our website within two months of each half-yearly accounting period and are available to Shareholders on request.

### 34.4 Documents of the Company

- 34.4.1 The following documents may be inspected free of charge between 9.00am and 5.00pm UK time every Dealing Day at the offices of the ACD at 10 Fenchurch Avenue, London EC3M 5AG:
- 34.4.1.1 the most recent annual and half-yearly reports of the Company;
  - 34.4.1.2 the Instrument of Incorporation (and any amending instrument of incorporation);
  - 34.4.1.3 Shareholders may obtain copies of the above documents as well as the Prospectus from the above addresses. The ACD may make a charge at its discretion for copies of certain documents, however the most recent annual and half-yearly reports of the Company, the Instrument of Incorporation and the Prospectus are available to any person free of charge.

### 34.5 Risk Management and other information

The following information is available from the ACD on request;

#### 34.5.1 Risk Management

Information on the risk management methods used in relation to each Fund, the quantitative limits which apply to that risk management and any developments in the risk and yields of the main categories of investment.

#### 34.5.2 Execution Policy

The Investment Manager's execution policy sets out the basis upon which the Investment Manager will effect transactions and place orders in relation to the Company whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the ACD on behalf of the Company.

#### 34.5.3 Exercise of voting rights

A description of the Investment Manager's strategy for determining how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund. Details of action taken in respect of voting rights are also available.

#### 34.5.4 Gifts and Hospitality

The ACD and the Investment Manager may provide or receive hospitality or small business gifts from intermediaries who sell their products, operators of other collective investment schemes in which they invest, or other counterparties with whom we deal. The hospitality is typically a meal or other engagement where the opportunity exists for participants to discuss business issues such as market developments or the ACD's and the Investment Manager's products. The ACD and the Investment Manager may also provide assistance, such as providing a speaker, or paying towards materials used at a business training event or a conference organised by or for such firms. Such gifts and hospitality are in no way predicated on past, current, or future business activity. The ACD's and the Investment Manager's procedures place controls on such arrangements to ensure that there is no Shareholder disadvantage. Our normal limits per individual events/items is £150 for hospitality and £30 for gifts per individual concerned.

### 34.6 Management of collateral

In the context of OTC financial derivatives transactions and Efficient Portfolio Management techniques, each Fund may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral management applied by the Fund in such cases.

#### 34.6.1 Eligible collateral

Collateral received by the Fund may be used to reduce their counterparty risk exposure if it complies with the criteria set out in regulation notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability.

In particular, collateral should comply with the following conditions:

- 34.6.1.1 Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- 34.6.1.2 It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- 34.6.1.3 It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- 34.6.1.4 It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Fund' net asset value to any single issuer on an aggregate basis, taking into account all collateral received;
- 34.6.1.5 It should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

Subject to the abovementioned conditions, collateral received by the Fund may consist of:

- 34.6.1.6 liquid assets such as cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- 34.6.1.7 bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, UK, regional or worldwide scope;
- 34.6.1.8 shares or units issued by money market Collective investment Schemes calculating a daily NAV and being assigned a rating of AAA or its equivalent;
- 34.6.1.9 shares or units by UCITS/"UK UCITS" investing mainly in bonds/shares mentioned in 35.6.1.10 and 35.6.1.11 below;
- 34.6.1.10 bonds issued or guaranteed by first class issuers offering an adequate liquidity; and
- 34.6.1.11 shares admitted to or dealt in on a regulated market of UK, an EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

A reinvestment of cash provided as collateral may only be effected where in compliance with the respective regulations.

#### 34.6.2 Level of collateral

Each Fund will determine the required level of collateral for OTC financial derivatives transactions and Efficient Portfolio Management techniques by reference to the applicable counterparty risk limits and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

#### 34.6.3 OTC financial derivative transactions

The Investment Manager will generally require the counterparty to an OTC derivative to post collateral in favour of the Fund representing, at any time during the lifetime of the agreement, up to 100% of the Fund's exposure under the transaction.

#### 34.6.4 Haircut policy

Collateral acceptability and haircuts will depend on a number of factors including the asset pool available to the Fund for posting as well as the asset types acceptable to the Fund when receiving collateral, but will as a rule be of high quality, liquid and not display significant correlation with the counterparty under normal market conditions.

The taking of collateral is intended as a hedge against default risk, with haircuts seen as hedging the risk on that collateral. From this point of view, haircuts are an adjustment to the quoted market value of a collateral security to take account of the unexpected loss that may be faced due to the difficulty in realising that security in response to a default by the counterparty. By applying a haircut, the quoted market value of a collateral security is translated into a probable future liquidation or restoration value.

To this end therefore the haircuts that are applied are the result of a view of the credit and liquidity risk of the collateral and will become more "aggressive" depending on the asset type and maturity profile.

As at the date of this Prospectus, the Investment Manager typically accepts the following collateral types and applies the following haircuts in relation thereto:

| Collateral type  | Typical haircut |
|------------------|-----------------|
| Cash             | 0%              |
| Government Bonds | 1% to 20%       |
| Corporate Bonds  | 1% to 20%       |

The Investment Manager reserves the right to depart from the above haircut levels where it would be appropriate to do so, taking into account the assets' characteristics (such as the credit standing of the issuers, the maturity, the currency and the price volatility of the assets). Furthermore, the Investment Manager reserves the right to accept collateral types other than those disclosed above.

No haircut will generally be applied to cash collateral.

#### 34.6.5 Reinvestment of collateral

Non-cash collateral received by the Fund on behalf of a Fund cannot be sold, reinvested or pledged, except where and to the extent permissible under regulations.

Cash collateral received by the Fund can only be:

- 34.6.5.1 placed on deposit with credit institutions which have their registered office in an EU Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the FCA as equivalent to those laid down in EU law;
- 34.6.5.2 invested in high-quality government bonds;
- 34.6.5.3 used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the relevant Fund is able to recall at any time the full amount of cash on accrued basis; and/or
- 34.6.5.4 invested in short-term money market funds as defined in the ESMA Guidelines on a common definition of European Money Market Funds.

Any reinvestment of cash collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure, on an aggregate basis, of 20% of the Fund's Net Asset Value to any single issuer. The 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 Fund to the counterparty at the conclusion of the transaction. The 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 Fund.

#### 34.7 Notices

Notices to Shareholders will normally be given in writing to the Shareholder's registered address (or, at the discretion of the ACD, such other address which we may hold for the purposes of correspondence).

## 35 Tax Reporting

- 35.1 Pursuant to UK tax legislation relating to the Automatic Exchange of Information, the ACD may be required to obtain confirmation of certain information, such as where a Shareholder is resident for tax purposes, their tax identification number, and their place and date of birth, or their tax status classification if they are a corporate body. Under certain circumstances (including where a Shareholder does not supply the ACD with the information it requests), the ACD will be obliged to report a Shareholder's personal details as well as the details of their holding to HM Revenue & Customs. This information may then be passed to other tax authorities.

## 36 Preferential Treatment

- 36.1 From time to time the ACD may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the ACD will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the relevant Fund and its investors. In particular, the ACD may typically exercise its discretion to waive the initial charge, or redemption charge, or investment minima for investment in a Class for investors that are investing sufficiently large amounts, either initially or are anticipated to do so over time, such as platform service providers and institutional investors including fund of fund investors. The ACD may also have agreements in place with such groups of investors which result in them paying a reduced Annual Charge. Additionally, the ACD may grant similar preferential terms to the employees of companies within the M&G Group or their associates.

## 37 Complaints

If you wish to complain about any aspect of the service you have received or to request a copy of M&G's complaints handling procedures, please contact M&G Customer Relations, PO Box 9039, Chelmsford CM99 2XG. If your complaint is not dealt with to your satisfaction, you can then complain to: The Financial Ombudsman Service (FOS), Exchange Tower, London, E14 9SR.

## 38 Marketing outside the UK

- 38.1 The Company's Shares are not marketed outside the UK. Paying agents in countries other than the UK where Shares are registered for retail sale may charge investors for their services.
- 38.2 The Shares in the Funds 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 Shares 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 Shares or the accuracy or adequacy of the Prospectus. The Funds will not be registered under the United States Investment Company Act of 1940, as amended.

## 39 Markets for the Funds

The Funds are marketable to all retail investors.

## 40 Genuine diversity of ownership

40.1 Shares in the Company are and will continue to be widely available. The intended categories of investors are retail and institutional investors.

40.2 Shares in the Company are and will continue to be marketed and made available widely to reach the intended categories of investors and in a manner appropriate to attract those categories of investors.

## 41 Remuneration Policy

The ACD applies a staff remuneration policy consistent with the principles outline in the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) (No. 2009/65/EC), as amended, the Alternative Investment Fund Managers Directive (AIFMD) (No. 2011/61/EU), as amended, and the FCA Handbook of Rules and Guidance. The remuneration policy is overseen by a remuneration committee and is designed to promote sound and effective risk management by, amongst other things:

- identifying staff with the ability to have a material impact on the risk profile of either the ACD or the Funds;
- ensuring that the remuneration of those staff is in line with the risk profiles of the ACD and of the Funds, and that any relevant conflicts of interest are appropriately managed at all times;
- setting out the link between pay and performance for all of the ACD's employees, including the terms of annual bonus and long-term incentive plans and individual remuneration packages for Directors and other senior employees.

With effect from 1 January 2021 the Company became a "UK UCITS" ( a type of collective investment scheme which is authorised by the FCA as meeting the requirements under the UK provisions which implemented the UCITS Directive) Please visit the following website:

<https://global.mandg.com/our-business/mandg-investments/mandg-investments-business-policies>

for up-to-date details of the remuneration policy, including, but not limited to:

- a description of how remuneration and benefits are calculated;
- the identities of persons responsible for awarding the remuneration; and
- the composition of the remuneration committee.

Alternatively, a paper copy can be obtained from our Customer Relations Department free of charge on 0800 390 390.

## 42 EU Benchmark Regulation

The UK version of Regulation (EU) 2016/1011 (also known as the "EU Benchmark Regulation") requires the ACD 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 EU Benchmark Regulation) materially changes or ceases to be provided. The ACD shall comply with this obligation. Further information on the plan is available on request.

The benchmark for the M&G Global Enhanced Equity Premia Fund\*\* is provided by MSCI which has been authorised as a benchmark administrator under article 34 of the EU/UK version of the Benchmark Regulation and included in the FCA register of benchmark administrators.

\*\* As of 8 August 2023, this Fund is terminating and is closed to investment.

## 43 Risk factors

| General                                       | Risk Warning   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Risk to Capital &amp; Income will vary</b> | The investments of the 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. | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Charges to Capital</b>                     | The charges and expenses attributable to the Fund's Income Shares are taken from capital, in whole or in part, and as a result capital growth for that Share Class will be constrained.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Counterparty Risk</b>                      | Whilst the Investment Manager will place transactions, hold positions (including derivatives transactions) and deposit cash with a range of counterparties, there is a risk that a counterparty may default on its obligations or become insolvent, which may put the Fund's capital at risk.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |

| General                                | Risk Warning   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|--|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Liquidity Risk</b>                  | The 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.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Operational Risk</b>                | <p>The M&amp;G Group, including the Company, its Funds and "Relevant Parties" (i.e. the Investment Manager and the rest of the M&amp;G Group, the Depositary, the other service providers, their delegates, and counterparties) 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 or external events, and is present in all of its businesses. The M&amp;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. Therefore, they may go undetected for long periods of time and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible. Where compensation is paid this may be some time after the original loss is experienced.</p> <p>Exposure to such risk could disrupt M&amp;G Group's systems and operations significantly, which may result in financial loss, regulatory censure, adverse investor outcomes and/or reputational damage.</p> | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Suspension of dealing in shares</b> | Investors are reminded that in exceptional circumstances their right to sell or redeem shares may be temporarily suspended.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |

| General                   |   | Risk Warning                   |                                       |   |                          |  |  |                               |                                     |   |                           |                |                |
|---------------------------|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
|                           |   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
| <b>Cancellation Risks</b> | When cancellation rights are applicable and are exercised, the full amount invested may not be returned if the price falls before we are informed of your intention to cancel.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Taxation</b>           | <p>The current tax regime applicable to investors in collective investment schemes in their country of residence or domicile and the UK schemes themselves is not guaranteed and may be subject to change. Any changes may have a negative impact on returns received by investors.</p> <p>The M&amp;G Funds rely 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 United Kingdom has double tax treaties, 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 the Fund and investors.</p> <p>In specific treaties which contain 'limitation of benefits' provisions (e.g. US), the tax treatment of the Fund may be affected by the tax profiles of investors in the Fund as such treaties may require the majority of investors in the Fund to be from the same jurisdiction. Failing to meet the limitation of benefits provision may result in increased withholding tax being suffered by the Fund.</p> | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |



| General          |  | Risk Warning                   |                                       |   |                          |  |  |                               |                                     |   |                           |                |                |
|------------------|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
|                  |  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
| Tax Developments | The tax regulations which M&G Funds are subject to constantly change as a result of:   | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
|                  | (i) technical developments – changes in law regulations;   |                                |                                       |   |                          |  |  |                               |                                     |   |                           |                |                |
|                  | (ii) interpretative developments – changes in the way tax authorities apply law and  |                                |                                       |   |                          |  |  |                               |                                     |   |                           |                |                |
|                  | (iii) 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 M&G Funds and investors in their country of residence or domicile may impact negatively on the returns received by investors. |                                |                                       |   |                          |  |  |                               |                                     |   |                           |                |                |

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| General   | Risk Warning  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Force majeure, including terrorism and pandemic risk</b> | <p>The operations of M&amp;G Funds and counterparties with which the Company on behalf of the M&amp;G Funds may do business 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 a result of governmental or regulatory actions in anticipation of the same.</p> <p>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/or the operation of the M&amp;G Funds and their counterparties. 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 M&amp;G Funds, which might further result in inaccurate valuation of the M&amp;G 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 M&amp;G Funds and their counterparties 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 M&amp;G Funds and materially and adversely affect their operation.</p> | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |

| General                    |   | Risk Warning                   |                                       |   |                          |  |  |                               |                                      |   |                           |                |                |
|----------------------------|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|--------------------------------------|---|---------------------------|----------------|----------------|
|                            |   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund**** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
| 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 Fund. Incomplete, inaccurate or unavailable ESG data may also act as a methodological limitation to a non-financial investment strategy (such as the application of ESG Criteria or similar). Where identified, the Investment Manager (or sub-investment manager where applicable) will seek to mitigate this risk through its own assessment.  |                                | ✓                                     |   | ✓                        |  | ✓  | ✓                             | ✓                                    | ✓   |                           |                |                |
| ESG risk                   | ESG risks can have a financially material impact on assets and investments in a range of ways, such as increased operational costs, reduced or stranded asset values, unforeseen liabilities and penalties, loss of access to markets or customers, and reputational damage.<br><br>Examples of such risks include: <ul style="list-style-type: none"><li>• Environmental - the ability of companies to mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity and the potential for higher water prices, waste management challenges, impact on global and local ecosystems.</li><li>• Social - product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data and privacy concerns, and increasing technological regulation.</li><li>• Governance - board composition and effectiveness, management incentives, management quality, and stakeholder alignment.</li></ul> | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                    | ✓   | ✓                         | ✓              | ✓              |
| Investments exclusion risk | The investment policy for a 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 Fund to perform differently compared to similar funds that are permitted to invest in those investments.   |                                |                                       |   |                          |  | ✓  |                               |                                      | ✓   |                           |                |                |

| General                              | Risk Warning  |  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|--------------------------------------|---|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Derivatives used for EPM only</b> | The Fund may enter into derivative transactions for the purposes of Efficient Portfolio Management ("EPM"), including hedging transactions and temporary short term tactical asset allocation, e.g. for the purposes of preserving the value of an asset or assets of the Fund and liquidity management purposes (i.e. to enable the Fund to be adequately invested). The Risk Management Process document sets out the approved derivative strategies. |  | ✓                              |                                       | ✓   | ✓                        |  | ✓  | ✓                             |                                     | ✓   | ✓                         | ✓              | ✓              |

| Derivatives                              | Risk Warning  |   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|--|---|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Derivatives (Sophisticated Funds)</b> | The Fund undertakes transactions in derivatives and forward transactions, both on exchange and OTC for the purposes of meeting the investment objective, protecting the risk to capital, currency, duration and credit management, as well as for hedging.<br><br>The Risk Management Process document sets out the approved derivative strategies. | ✓ |                                | ✓                                     |   |                          | ✓  |  |                               |                                     | ✓   |                           | ✓              | ✓              |

| Derivatives                                   | Risk Warning  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Derivatives – Correlation (Basis Risk)</b> | 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 contracts which are not the same as (but may be similar to) the underlying position.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Derivatives – Valuation</b>                | Valuation risk is the risk of differing valuations of derivatives arising from different permitted valuation methods. Many derivatives, in particular non-exchange traded (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. | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Derivatives – Liquidity</b>                | 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. OTC), 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.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |

| Derivatives                       | Risk Warning  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|-----------------------------------|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Derivatives – Counterparty</b> | 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. | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Derivatives – Delivery</b>     | The 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 Fund.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Derivatives – Legal Risk</b>   | Derivative transactions are typically undertaken under separate legal arrangements. In the case of OTC derivatives, a standard International Swaps and Derivatives Association ("ISDA") agreement is used to govern the trade between the Fund and the counterparty. The agreement covers situations such as a default of either party and also the delivery and receipt of collateral.<br><br>As a result, there is a risk of loss to the Fund where liabilities in those agreements are challenged in a court of law.   | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Derivatives – Volatility</b>   | Derivatives may be used in a limited way to obtain exposure to investments rather than holding the investments directly. It is anticipated that the use of derivatives will not materially alter the risk profile of the Fund or increase price fluctuations compared to equivalent funds that do not invest in derivatives.  | ✓                              |                                       | ✓   |                          |  |  |                               |                                     |   |                           |                |                |

| Derivatives  | Risk Warning  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|--|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| No material impact on Risk profile or volatility. Derivatives – Volatility | It is not intended nor anticipated that the use of these derivative instruments will have a material impact on the risk profile or the volatility of the Fund. Extreme market events, counterparty default or insolvency may, however, result in a loss to the Fund.  |                                | ✓                                     |   | ✓                        | ✓  |  | ✓                             | ✓                                   |   | ✓                         | ✓              | ✓              |
| Limited Credit leverage  | Derivatives may be used in a limited way to generate credit exposure to investments exceeding the net asset value of the Fund, thereby exposing the 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 Fund. The additional credit exposure will however be limited to such an extent as to not materially increase the overall volatility of the net asset value.  | ✓                              |                                       |   |                          |  |  |                               |                                     |   |                           |                |                |
| Short Sales  | The Fund may take short positions through the use of derivatives 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 Fund’s capital due to the theoretical possibility of an unlimited rise in their market price.<br><br>However, shorting strategies are actively managed by the Investment Manager such that the extent of losses will be limited. | ✓                              |                                       | ✓   |                          |  |  |                               |                                     |   |                           |                |                |
| Currency Strategies  | Funds which use currency management strategies may have substantially altered exposures to currency exchange rates. Should these currencies not perform as the fund Investment Manager expects, the strategy may have a negative effect on performance.   | ✓                              |                                       |   |                          |  |  |                               |                                     |   |                           |                |                |



| Derivatives              | Risk Warning  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|--------------------------|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Negative Duration</b> | The Fund may take a negative duration position if the Investment Manager believes yields are likely to rise strongly. This means the Fund could produce a capital gain if bond yields increase which is not normally achievable by a typical bond fund. However, if the Fund is positioned with negative duration and yields fall, the position will be detrimental to performance. | ✓                              |                                       | ✓   |                          |  | ✓  |                               |                                     | ✓   |                           |                |                |

| Fund Specific                                  | Risk Warning   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|--|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Currency &amp; Exchange Rate Risk</b>       | Currency exchange rate fluctuations will impact the value of a Fund which holds currencies or assets denominated in currencies that differ from the Valuation Currency of the Fund.  |                                | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Currency risk on unhedged Share Classes</b> | Currency exchange rate fluctuations will impact the value of a unhedged Share Classes where the currency of the Share Class differs from that of the Valuation Currency of the Fund. | ✓                              |                                       |   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |

| Fund Specific   | Risk Warning  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Interest Rate Risk</b>                             | Interest rate fluctuations will affect the capital and income value of investments within Funds that invest substantially in fixed income investments. This effect will be more apparent if the Fund holds a significant proportion of its portfolio in long dated securities.  | ✓                              |                                       | ✓   |                          |  | ✓  |                               |                                     | ✓   |                           |                |                |
| <b>Credit Risk</b>                                    | The value of the 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. AAA rated government and corporate bonds have a relatively low risk of default compared to non-investment grade bonds. However, the ratings are subject to change and they may be downgraded. The lower the rating the higher the risk of default. | ✓                              |                                       | ✓   |                          |  | ✓  |                               |                                     | ✓   |                           |                |                |
| <b>Zero or Negative Yield</b>                         | The costs of using derivatives to implement a short position within a 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 Fund may not make any distributions and any shortfall will be met from capital.   | ✓                              |                                       | ✓   |                          |  | ✓  |                               |                                     | ✓   |                           |                |                |
| <b>Ability to meet inflation protection objective</b> | During periods of sudden increases in inflation in which bonds underperform, the Fund's ability to meet its objective may be reduced.   |                                |                                       | ✓   |                          |  |  |                               |                                     |   |                           |                |                |

| Fund Specific  | Risk Warning | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|--|--------------|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Emerging Markets</b> <p>Securities markets in Emerging Market countries are generally not as large as those in more developed economies and have substantially less dealing volume which can result in lack of liquidity.</p> <p>Accordingly, where a 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.</p> <p>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 the Fund.</p> <p>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.</p> <p>Adverse market and political conditions arising in a specific Emerging Market country may spread to other countries within the region.</p> <p>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.</p> <p>These factors may lead to temporary suspension of dealing units in the Fund.</p> |              | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |

| Fund Specific   | Risk Warning  | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|---|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Funds investing in specific countries, regions, sectors and assets classes</b> | Funds investing in specific countries, regions, sectors or asset classes may be more volatile and carry a higher risk to capital than funds investing in a broader investment universe. This is because the former are more vulnerable to market sentiment and risks specific to the country region/sector/asset class in which they invest compared with the latter which may be invested across several regions, sectors and asset classes. | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Investing in China</b>   | Please see below this table for specific risks of investing in China.   |                                |                                       |   |                          |  |  |                               |                                     |   |                           | ✓              |                |
| <b>Concentrated portfolios</b>  | This Fund holds 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   |                                | ✓                                     |   | ✓                        |  |  | ✓                             | ✓                                   |   |                           |                |                |
| <b>Concentrated portfolios –Information Technology sector</b>                     | This Fund has a large exposure to the Information Technology sector. As a result, the fund may be more vulnerable to market sentiment and risks than funds that are well diversified across multiple sectors and may experience greater volatility as a result.   |                                |                                       |   |                          |  |  |                               |                                     |   | ✓                         |                |                |

| Fund Specific   | Risk Warning   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Convertible Bonds</b>  | Convertible bonds (Convertibles) are issued by companies and give the bondholder the option to trade in the bond for shares in the company. Convertibles 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. Convertibles may also be less liquid than the underlying company shares. |                                | ✓                                     |   |                          |  |  |                               |                                     |   | ✓                         |                |                |
| <b>Future launch of Hedged Share Classes</b>  | The ACD intends to issue hedged Share Classes with market conditions largely dictating the timing of the launch.   | ✓                              | ✓                                     | ✓   |                          | ✓  | ✓  |                               |                                     |   |                           |                |                |
| <b>Hedged Share Classes – no segregation of liabilities between Share Classes in a fund</b> | Gains or losses arising from currency hedging transactions are borne by the Shareholders of the respective hedged Share Classes. Given that there is no segregation of liabilities between Share Classes, there is a risk that, under certain circumstances, the settlement of currency hedging transactions or the requirement for collateral (if such activity is collateralised) in relation to one Share Class could have an adverse impact on the net asset value of the other Share Classes in issue.  | ✓                              | ✓                                     | ✓   |                          | ✓  | ✓  |                               |                                     |   |                           |                |                |

| Fund Specific   | Risk Warning   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Hedged Share Class implications for specific Share Class</b> | <p>The Investment Manager will undertake transactions specifically to reduce the exposure of holders of hedged Share Classes to movements in the material currencies within a fund's portfolio (look through) or to movements in the reference currency, base or Valuation Currency of the Fund (replication), as appropriate. The hedging strategy employed will not completely eliminate the exposure of the hedged Share Classes to currency movements and no assurance can be given that the hedging objective will be achieved. Investors should be aware that the hedging strategy may substantially limit Shareholders of the relevant hedged Share Class from benefiting if the hedged Share Class currency falls against the reference currency. Notwithstanding the hedging of the Share Classes described above, Shareholders in those Share Classes may still be exposed to an element of currency exchange rate risk.</p> <p>During periods when interest rates across currency areas are very similar, the Interest Rate Differential ("IRD") is very small, the impact on hedged Share Class returns is low. However, in an environment where interest rates are significantly different between the Fund's exposure currency and the hedged Share Class currency, the IRD will be higher and the performance difference will be greater.</p> | ✓                              | ✓                                     | ✓   |                          | ✓  | ✓  |                               |                                     |   |                           |                |                |

| Fund Specific   | Risk Warning   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Share Class Hedging Methodology – Look through</b> | <p>The Investment Manager undertakes hedging transactions specifically to reduce the exposure of the holders of hedged Share Classes to movements in the material currencies within the Fund's portfolio.</p> <p>Where a Fund invests globally, proxy currencies may be used to hedge certain currency exposures where the cost of hedging the reference 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> |                                | ✓                                     |   |                          |  |  |                               |                                     |   |                           |                |                |
| <b>Share Class hedging methodology – replication</b>  | The Investment Manager undertakes hedging transactions to reduce the effect of exchange rate fluctuations between the currency of the hedged Share Classes and the Valuation Currency of the Fund.   | ✓                              |                                       |   |                          |  | ✓  |                               |                                     |   |                           |                |                |
| <b>Inflation</b>                                      | Although the 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. The Fund will not necessarily track the inflation rate.  | ✓                              |                                       | ✓   |                          |  | ✓  |                               |                                     | ✓   |                           |                |                |
| <b>Liabilities of the Fund</b>                        | Shareholders are not liable for the debts of the Fund. A Shareholder is not liable to make any further payment to the Fund after he has paid in full for the purchase of Shares.   | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         |                |                |

| Fund Specific                           | Risk Warning   | M&G Absolute Return Bond Fund* | M&G Global Listed Infrastructure Fund | M&G UK Inflation Linked Corporate Bond Fund | M&G Positive Impact Fund | M&G Global Enhanced Equity Premia Fund** | M&G ESG Screened Global High Yield Bond Fund | M&G Climate Solutions Fund*** | M&G Better Health Solutions Fund*** | M&G ESG Screened Global Corporate Bond Fund | M&G Global AI Themes Fund | M&G China Fund | M&G India Fund |
|---|--|--------------------------------|---------------------------------------|---|--------------------------|--|--|-------------------------------|-------------------------------------|---|---------------------------|----------------|----------------|
| <b>Protected Cell –Foreign Courts</b>   | Whilst the Instrument of Incorporation provides for segregated liability between the 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 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 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 Instrument of Incorporation. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance. | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Low or Zero Inflation Conditions</b> | In low or zero inflation conditions, the expenses of the Fund may exceed income. In such circumstances, the shortfall will be met from the capital of the Fund and there will be no allocation of income to Shareholders.  |                                |                                       | ✓   |                          |  |  |                               |                                     |   |                           |                |                |
| <b>Negative Interest Rates</b>          | Cash or money market instruments held in the Funds 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 the Fund may have to pay to have money on deposit or hold the money market instrument.  | ✓                              | ✓                                     | ✓   | ✓                        | ✓  | ✓  | ✓                             | ✓                                   | ✓   | ✓                         | ✓              | ✓              |
| <b>Effective Yield Accounting</b>       | The Fund is subject to effective yield accounting requirements which mean that a proportion of the capital inflation protection will be distributed to holders of Income Shares. As a result, Income Shareholders will, in effect, be withdrawing part of the capital protection element.  |                                |                                       | ✓   |                          |  |  |                               |                                     |   |                           |                |                |



\*As of 13 July 2023, this Fund is terminating and is closed to investment.

\*\* As of 8 August 2023, this Fund is terminating and is closed to investment.

\*\*\* As of 18 November 2024, this Fund is terminating and is closed to investment.

## Investing in China

Certain Funds may invest in mainland China to the extent permitted by their investment objective and investment policy. Investments in mainland China may be sensitive to changes in law and regulation together with political, social or economic policy which includes possible government intervention. In exceptional circumstances, the Funds may incur losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to local investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution and settlement of trades. In extreme circumstances, investments may be valued at zero and become non-tradable. Investing in mainland China is subject to the risk of investing in emerging markets.

Access to China A shares may be obtained via a Stock Connect Regime or via the QFI regime.

### Stock Connect Regime and related risks

The Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect are trading and clearing links programmes that link the stock markets in Shanghai or Shenzhen and Hong Kong. The aim of the Stock Connect Regime is to achieve mutual stock market access between mainland China and Hong Kong. Although the Stock Connect Regime has existed for some years, the regulations which govern these programmes in the PRC and Hong Kong are relatively untested. In addition, there is no certainty as to how they will apply and regarding their enforceability.

There can be no assurance that changes in such regulations, their interpretation or their enforcement will not have a material adverse effect on the business operations of companies which may issue securities via these programmes or upon the securities themselves.

Investors in Hong Kong and the PRC can trade and settle shares listed on the other market via the exchange and clearing house in their home market.

Under the Shanghai-Hong Kong Stock Connect (the "Shanghai Connect"), the Funds, through their Hong Kong brokers, may trade certain eligible shares listed on the Shanghai Stock Exchange (the "SSE"). The scope of Shanghai Connect includes all constituent stocks of the SSE 180 Index and the SSE 380 Index and all China A Shares dual-listed on the SSE and the Stock Exchange of Hong Kong Limited (the "SEHK").

Under the Shenzhen-Hong Kong Stock Connect (the "Shenzhen Connect"), the Funds, through their Hong Kong brokers, may trade certain eligible shares listed on the Shenzhen Stock Exchange (the "SZSE"). The scope of Shenzhen Connect includes all constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index and all China A Shares dual-listed on the SZSE and SEHK.

Shanghai Connect and Shenzhen Connect are collectively referred to as "Stock Connect".

Only certain China A Shares are eligible to be accessed through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. Such securities may lose their eligibility at any time and be recalled from the scope of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. When a stock is recalled from the scope of eligible stocks for trading via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the relevant Funds.

Furthermore, investors should note that market rules and disclosures requirements apply to companies issuing China A Shares and changes of such rules and requirements may affect share prices. In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments through Stock Connect are subject to additional risks:

- Trading restrictions

Funds investing in China A Shares will be subject to restrictions on trading (including restriction on retention of proceeds) in China A Shares as a result of its interest in the China A Shares. Under the current PRC rules, once an investor holds up to 5% of the shares of a company listed on the SSE or the SZSE, the investor is required to disclose his interest within three Business Days and during which he cannot trade the shares of that company. The investor is also required to disclose any change in his shareholding and comply with related trading restrictions in accordance with the PRC rules.

- Beneficial owner of the China A Shares

The Funds trade SSE shares and SZSE shares through their brokers affiliated to the Funds' sub-custodian who are SEHK exchange participants. These China A Shares will be held, following settlement by brokers or custodians as clearing participants, in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities and Clearing Corporation Limited ("HKSCC") as central securities depository in Hong Kong and nominee holder. HKSCC in turn holds the China A Shares of all its participants through a "single nominee omnibus securities account" in its name registered with China Securities Depository and Clearing Corporation Limited ("ChinaClear"), the central securities depository in the PRC.

China A Shares in which the Funds will invest will be held on behalf of the Funds (and therefore, in turn, their beneficial owners, where the Funds are tax transparent) by the HKSCC and therefore the chain of beneficial ownership of the China A Shares should extend to the Funds (and in turn to their beneficial owners where the Funds are tax transparent). Therefore, any rights in respect of the China A Shares are exercisable through the nominee only. The law surrounding such rights and the concept of beneficial ownership are at their early stages in China and the mechanisms that may be used to enforce rights are untested and therefore pose uncertain risks.

Investors should note in particular that according to existing PRC practices, it is not possible to appoint proxies to attend shareholders' meetings via Stock Connect.

In the event that HKSCC becomes subject to winding up proceedings in Hong Kong, investors should note that China A Shares will not be regarded as part of the general assets of HKSCC available for distribution to creditors even under PRC law. However, HKSCC will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in China A Shares in the PRC.

The HKSCC is a wholly owned subsidiary of the Hong Kong Exchanges and Clearing Limited and is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors. The China A Shares traded through Stock Connect are issued in scripless form, and investors will not hold any physical China A Shares. Although HKSCC does not claim proprietary interests in the China A Shares held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of China A Shares.

- ChinaClear default risk

ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission.

In the event of a ChinaClear default, HKSCC's liabilities in China A Shares under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will, in good faith, seek recovery of the outstanding Stock Connect securities and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable. HKSCC will in turn distribute the Stock Connect securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant authorities.

The chances of ChinaClear default are considered to be remote.

- HKSCC default risk

A failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement or the loss of China A Shares and/or monies in connection with them and the Funds and their investors may suffer losses as a result.

- Volatility risk

The existence of a liquid trading market for China A Shares may depend on whether there is supply of, and demand for, China A Shares. The price at which securities may be purchased or sold by the Funds and the Net Asset Value of the Funds may be affected if trading markets for China A Shares are limited or absent.

The China A Share markets may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the China A Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Funds investing in China A Shares. The subscription and redemption of Units may also be disrupted.

- Suspension risk

It is contemplated that Stock Connect have the right to suspend or limit trading in any security traded on the relevant exchange if necessary, for ensuring an orderly and fair market and that risks are managed prudently. In particular, trading band limits are imposed by the stock exchanges on China A Shares, where trading in any China A Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit.

A suspension will render it impossible to liquidate positions and could thereby expose the Funds to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Funds to liquidate positions at a favourable price, which could thereby expose the affected Funds to significant losses. Finally, where a suspension is effected, the relevant Funds' ability to access the market will be adversely affected.

- Quota and other limitations risk

The Stock Connect allows non-Chinese investors to trade Chinese equities without a license, purchases of securities through such programmes are subject to market-wide quota limitations issued from time to time which may restrict a Fund's ability to deal via Stock Connect on a timely basis.

Trading under Stock Connect is initially subject to a maximum cross-boundary investment quota together with a daily quota. Quota limitations may prevent the Funds from purchasing China A Shares when it is otherwise advantageous to do so. In particular, once the quota is reached, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). This may impact that Fund's ability to implement its investment strategy effectively.

- Differences in trading day risk

Because Stock Connect trades are routed through Hong Kong brokers and the SEHK, Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it may happen that during a normal trading day for the PRC market, the Funds cannot carry out any China A Shares trading via Stock Connect. As a result, prices of the securities held via Stock Connect may fluctuate at times when the Funds are unable to add to or exit positions.

Additionally, an investor cannot purchase and sell the same security via Stock Connect on the same trading day, which restricts Funds from entering into, or exiting trades where it is advantageous to do so on the same trading day.

- Lack of investor protection risk

Stock Connect transactions are not covered by investor protection programmes of either the Hong Kong SSE or the SZSE. Investment via Stock Connect is conducted through brokers, and is subject to the risks of default by such brokers' in their obligations. Investments via Stock Connect are not covered by the Hong Kong's Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

- Costs risk

In addition to paying trading fees, levies and stamp duties in connection with trading in China A Shares investing via Stock Connect other new fees may be payable which are yet to be determined and announced by the relevant authorities.

#### QFI Regime and related risks

The QFI regime, which allows qualifying foreign investors to invest directly in certain securities in Mainland China, is governed by rules and regulations promulgated by the relevant authorities in Mainland China, including the China Securities Regulatory Commission, the State Administration of Foreign Exchange and the People's Bank of China and/or other relevant authorities. Investments through the QFI regime are required to be made through holders of a QFI licence.

In the event that a Fund invests via the QFI regime, its ability to make such investments or to fully implement or pursue its investment objectives are subject to the applicable laws, rules and regulations (including the then prevailing exchange controls and other prevailing requirements of the PRC including rules on investment restrictions and repatriation and remittance of principal and profits) in the PRC, which are subject to change and any such changes may have potential retrospective effect.

In addition, there can be no assurance that the QFI Regulations will not be abolished, and this may adversely impact a Fund's net asset value.

There is no assurance that QFI Regulations will not change or that repatriation restrictions will not be imposed in the future.

Further, the QFI licence of a QFI licence holder may be revoked or terminated or otherwise invalidated at any time by reason of a change in applicable law, regulations, policy, practice or other circumstances, an act or omission of the QFI licence holder or for any other reasons.

As parties other than a Fund may also invest through the QFI licence holder, investors should be aware that violations of the QFI Regulations on investments arising out of activities of such other parties could result in the revocation of or other regulatory action in respect of the QFI licence holder as a whole. A Fund may therefore be adversely affected by other funds or clients investing through the same QFI licence holder.

#### China tax risk

The ACD reserves the right to provide for appropriate Chinese tax on gains of any Fund that invests in PRC securities thus impacting the valuation of the Fund.

- General

With the uncertainty over whether and how certain gains on PRC securities are to be taxed, coupled with the possibility of the tax laws, regulations and practice in the PRC changing, and/or the current interpretation or understanding and also the possibility of taxes being applied retrospectively, any provision for taxation made by the ACD or its delegate may be excessive or inadequate to meet final PRC tax liabilities on gains derived

from the disposal of PRC securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they subscribed and/or redeemed their Units.

Unitholders may, depending on their own circumstances, be subject to PRC tax or taxes in other jurisdictions. It cannot be guaranteed that taxes paid at the level of the Funds investing in China A Shares will be attributable to any Unitholders for personal tax purposes.

The current tax laws, regulations and practice in China may change in the future with retrospective effect.

- Corporate Income Tax ("CIT")

Under the China CIT Law and the implementation rules, effective from January 1, 2008, an enterprise established under the laws of foreign countries or regions whose "place of effective management" is located within China is considered as a "resident enterprise" for CIT purposes. The "place of effective management" refers to the place where the substantial and overall management and control over the business, personnel, accounts and assets of the enterprise are exercised. A resident enterprise will normally be subject to CIT at the rate of 25% on its worldwide income.

Non-resident enterprises with establishments or places of business in China should be subject to CIT at the rate of 25% on taxable income derived by such establishments or places of business in China, as well as on taxable income earned outside China that is nevertheless effectively connected with the establishments or places of business in China.

The Funds investing in China A Shares will be managed in such a manner that the Company and such Funds should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with a permanent establishment ("PE") in the PRC for CIT law purposes, although this cannot be guaranteed.

To the extent that the Funds are not tax resident enterprises of the PRC or non-tax resident enterprises with a PE in the PRC for CIT law purposes, the Funds would only be subject to be withholding income tax ("WHT") at the rate of 10% on taxable income sourced from China (e.g., dividends, interest, capital gains, etc.), unless otherwise reduced or exempted pursuant to the applicable tax treaties or tax arrangements between China and the jurisdictions where the Funds are tax resident, or applicable PRC tax regulations.

- Withholding Tax ("WHT") on dividends from investment in China A Shares

Unless a specific exemption / reduction is applicable, the income of dividends and other profit distributions derived by the Fund investing in China A Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is sourced from the PRC and subject to PRC WHT. The general WHT rate applicable is 10%, subject to the reduction by the applicable double tax treaty/arrangement. China A Shares issuers have the obligation to withhold the WHT when distributing dividends to Funds. Such WHT may reduce the income from, and/or adversely affect the performance of any Fund investing in China A Shares.

- Withholding Tax ("WHT") on capital gains from investment in China A Shares

According to Circular Caishui [2014] No. 81 - Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect ("Circular 81") and Circular Caishui [2016] No.127 - Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect ("Circular 127") taking effect from 17 November 2014 and 5 December 2016 respectively, capital gains derived by Hong Kong market investors (including the Funds) from the trading of China A Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect are PRC-sourced income but are temporarily exempt from PRC WHT. There is no time limit set for the temporary WHT exemption provided by Circular 81 and Circular 127.

- Value added tax

Dividends do not fall within the taxable scope of VAT. Therefore, dividends derived by the Funds from investment in China A shares are not subject to PRC VAT.

According to Circular Caishui [2016] No. 36 and Circular 127, capital gains derived by Hong Kong market investors (including the Funds) from the trading of China A Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are exempt from VAT.

- Stamp duty

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Hong Kong market investors trading through Stock Connect are required to pay stamp duty arising from the sale and purchase of China A Shares and the transfer of China A Shares by way of succession and gift in accordance with the prevailing PRC regulations (currently, 0.1% of the transfer value imposed on the transferor, withheld by the clearing house for Stock Exchanges, i.e. ChinaClear).

- PRC tax consideration on investment in Chinese onshore bonds traded on the CIBM via Bond Connect

Coupon interest derived by the Funds from the investment in PRC government bonds and local government bonds is exempt from PRC WHT and VAT.

The Ministry of Finance and the State Administration of Taxation ("SAT") of the PRC jointly announced the Circular Caishui [2018] No. 108 ("Circular 108") in November 2018. According to Circular 108, bond coupon interest derived from 7 November 2018 to 6 November 2021 by foreign institutional investors (including the Funds) from investment in onshore PRC bonds through China Interbank Bond Market is temporarily exempt from PRC WHT and VAT. It is not clear whether the exemption will be extended when the 3-year period expires.

Gains derived by the Funds from the trading of PRC onshore bonds in CIBM are exempt from PRC VAT.

Currently, there is no specific PRC tax regulation clarifying the PRC CIT or WHT treatment on gains derived by foreign institutional investors from the transfer of PRC debt securities (including PRC bonds). Based on the general provisions of the PRC CIT Law and the SAT's current verbal interpretation, capital gains derived by the Funds from the disposal of PRC onshore bonds would potentially be regarded as non-PRC sourced income hence not subject to PRC WHT. The People's Bank of China ("PBOC") issued guidance in November 2018 indicated that gains derived by foreign institutional investors (including the Funds) from trading of China bonds in CIBM are not taxable for PRC WHT purpose. While the PBOC guidance has no binding effect, the WHT treatment indicated therein is consistent with the SAT's verbal clarification. In practice, Chinese tax authorities have not enforced the collection of WHT.

# Appendix 1 – Details of the Funds of M&G Investments (10)

## 1.1 M&G Absolute Return Bond Fund\*

### Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) of at least 2.5% per annum above the Sterling Overnight Index Average (SONIA), before any charges are taken, in any market conditions and over any three year period.

The Fund aims to achieve this while seeking to minimise the degree to which the value of the Fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the Fund in this way reduces its ability to achieve returns significantly above SONIA plus 2.5%.

There is no guarantee that the Fund will achieve a positive return over three years, or any other period, and investors may not get back the original amount they invested.

### Investment Policy

The Fund invests at least 70% in fixed and variable rate securities (including, but not limited to, corporate bonds and government and public securities), currencies, cash, near cash and deposits. These may be from anywhere in the world and denominated in any currency.

The Fund's exposure to these investments may also be gained through the use of derivatives, which are financial contracts whose value is derived from an underlying asset. The Fund may take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, and groups of securities. The Fund also has the flexibility to gain exposure to investments exceeding the net asset value of the Fund in order to increase potential returns in both rising and falling markets.

Derivatives may be used to meet the Fund's objective and for Efficient Portfolio Management purposes. The Fund may also invest in other funds.

### Strategy

The fund managers take a flexible approach, investing across a broad range of fixed income and currency markets according to where they identify value. A dynamic investment approach is followed, allowing the fund managers to change the blend of duration, credit and currency exposures based on their outlook. The Fund will typically aim to have a high level of diversification in individual credit selection and across investment themes and sources of return. The managers will aim to achieve the performance objective while managing the fund's volatility and limiting losses during difficult market conditions.

### Benchmark: SONIA + 2.5%

The benchmark is a target which the Fund seeks to achieve. The rate has been chosen as the Fund's benchmark as it is an achievable performance target and best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance objective and does not constrain the Fund's portfolio construction.

The Fund is actively managed. The Fund manager has complete freedom in choosing which assets to buy, hold and sell in the Fund.

For unhedged and hedged share classes, the benchmark is shown in the share class currency.



For unhedged Share Classes, the rate is shown in the Share Class currency.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Calculation of Global Exposure:** The Fund uses the absolute Value-at-Risk (VaR) methodology to monitor and measure its global exposure.

**Leverage:** The Fund's expected level of leverage under normal market conditions will generally not exceed 300% of the Fund's Net Asset Value when calculated in accordance with the sum of notionals approach. The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 January (Interim) and 31 July (Final)

#### Investment Minima

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Accumulation and Income    | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Accumulation and Income    | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class Z – Accumulation and Income    | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 0.80            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.45            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | 0.25            |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.35            |
| Sterling Class Z – Accumulation and Income    | N/A              | N/A                 | 0.00            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

#### Investor Profile

This Fund is suitable for all types of investors, with basic investment knowledge, seeking to invest in an actively managed fund pursuing the objective and investment policy of the Fund as described above.

Investors should be looking to invest for at least three years and should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

#### Other Information

|                    |                                   |
|--------------------|-----------------------------------|
| Investment Manager | M&G Investment Management Limited |
|--------------------|-----------------------------------|



|                                 |                    |
|---------------------------------|--------------------|
| <b>Valuation point</b>          | 12.00 noon UK time |
| <b>Valuation Currency</b>       | Sterling           |
| <b>Launch date</b>              | 13 December 2016   |
| <b>Product Reference Number</b> | 767076             |

\*As of 13 July 2023, this Fund is terminating and is closed to investment.

## 1.2 M&G Global Listed Infrastructure Fund

### Investment objective

The Fund aims to:

- Deliver a higher total return (the combination of income and growth of capital), net of the Ongoing Charges Figure, than that of the MSCI ACWI Index over any five-year period and;
- Deliver an income stream that increases every year in Sterling terms.

### Investment Policy

The Fund invests at least 80% of its Net Asset Value in publicly-listed equity securities issued by infrastructure companies, investment trusts and real estate investment trusts across any market capitalisation that are domiciled in any country. The minimum 80% allocation may include ordinary shares, preference shares and convertible bonds (the Fund may hold up to a maximum of 20% in convertibles bonds). Infrastructure companies include those involved in the following business activities: utilities, energy, transport, health, education, security, communications and transactions. The Fund is expected to exhibit lower volatility and offer a higher dividend yield than the MSCI ACWI Index which is consistent with the characteristics of infrastructure securities. The Fund usually holds fewer than 50 companies.

The fund manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The fund manager believes rising dividends create upward pressure on the value of shares.

The Fund does not pursue an ESG outcome. As part of the investment selection process, the fund manager systematically integrates ESG Factors into the research and investment process as part of assessing sustainability risks. These are risks which, if they occur, could affect the share price or dividend, and as such, integrating ESG Factors into the investment process is relevant to the pursuit of the investment objective. The Fund also uses screens to exclude certain investments as set out below. This should help mitigate some sustainability risks, although as noted above, the Fund does not pursue an ESG outcome.

The Fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities and warrants. Derivatives may be used for hedging and Efficient Portfolio Management.

### Investment Approach

The Fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies. Dividend yield is not the primary consideration for stock selection.

The Fund manager aims to create a portfolio with exposure to a broad range of countries and sectors. Stocks with different drivers of dividend growth are selected to construct a portfolio that has the potential to cope in a variety of market conditions.

### Exclusions, Thresholds and Exceptions

The fund manager uses negative screens set up in monitoring systems to filter the investment universe. These screens typically use third party data vendors such as MSCI and Bloomberg. This system is supplemented by the fund manager's research process, which may result in exceptions against such monitoring, as described below.

| Issue        | Criteria |
|--------------|----------|
| Global Norms |          |

| Issue   | Criteria   |
|---|--|
| Global Norms including the UN Global Compact (UNGC) | The fund manager will exclude companies assessed to be in severe, repeated and/or systemic breach of international global norms, where the fund manager considers engagement to be unlikely to lead to remediation and/or mitigate against the risk of recurrence. Our assessment of global norms is guided by international standards including UN Global Compact, OECD Guidelines for Multinational Enterprises, ILO Declaration on fundamental Principles and Rights at Work and UN Guiding Principles. |
| <b>Environmental issues</b>                         |  |
| Thermal Coal Extraction                             | The Fund applies the M&G Investments Thermal Coal Investment Policy; a copy may be found on our website.   |
| Unconventional Oil and Gas Extraction               | Companies that derive revenues from the unconventional extraction of oil and gas (defined as oil sands and Arctic drilling) are restricted.<br><br>A 10% revenue threshold applies.  |
| <b>Social issues</b>                                |  |
| Adult Entertainment                                 | The Fund excludes companies that derive revenues from producing, directing or publishing adult entertainment.<br><br>A 10% revenue threshold applies.  |
| Gambling  | Companies that derive revenues from the provision of gambling-related services are excluded.<br><br>A 10% revenue threshold for such companies is applied.   |
| Tobacco   | Companies that derive revenues from activities related to the tobacco industry are excluded.<br><br>A 5% revenue threshold for tobacco producers and a 10% revenue threshold for distributors is applied.  |
| Controversial weapons                               | Companies involved in anti-personnel mines, cluster munitions, chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium and incendiary white phosphorous munitions, blinding laser, non-detectable fragment weapons are excluded.<br><br>A 0% revenue threshold for such companies is applied.  |

#### *Approach to Exclusions*

The Exclusions, as negative screening, are intended to assist the fund manager in mitigating the harm that the Fund can do on the environment or society. There may be occasions where systematic application of the Exclusions does not achieve that outcome with sufficient precision. In such circumstances, the fund manager can grant exceptions against the Exclusions. In particular:

1. The fund manager may disagree with data or opinions provided by third parties, and decide to categorise an investment differently. For example, data provided from data vendors can be stale and we may have access to more accurate information from researching the relevant company.
2. As revenue data is backwards-looking (eg it comes from the company's accounts covering their previous year's activities) it can arise from activities the company is no longer undertaking (eg if the relevant business has been sold) or from extraordinary income streams that are not expected to persist. In such cases, the fund manager will consider

how large the exposure is compared to the threshold and how long that exposure is expected to persist, as part of making a reasonable estimation of what the current value for the offending revenue would be. An exception may be granted if the fund manager concludes the company would be within the threshold, if fresher data was available.

**Benchmark:** MSCI ACWI Index

The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.

The Fund is actively managed. The Fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.

**Additional Benchmark:** FTSE Global Core Infrastructure 50/50 Index

The above benchmark is a comparator benchmark for comparison purposes only, for investors who may wish to see a comparison of the Fund's performance against a listed infrastructure index.

The benchmark can be used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.

The Fund is actively managed. The Fund Manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.

For each Share Class the Benchmark and Additional Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark and Additional Benchmark for each Share Class will be shown in its respective KIID.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 October (Interim), 31 January (Interim), 30 April (Interim) and 31 July (Final)

#### Investment Minima

| Share Classes in issue or available for issue                 | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Net Accumulation and Net Income            | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Net Accumulation and Net Income            | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class I-H (hedged) – Net Accumulation and Net Income | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Net Accumulation and Net Income            | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income                   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class PP-H (hedged) – Accumulation and Income        | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |

| Share Classes in issue or available for issue      | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|--|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class Z – Net Accumulation and Net Income | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue                 | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Net Accumulation and Net Income            | N/A              | N/A                 | 1.10            |
| Sterling Class I – Net Accumulation and Net Income            | N/A              | N/A                 | 0.70            |
| Sterling Class I-H (hedged) – Net Accumulation and Net Income | N/A              | N/A                 | 0.73            |
| Sterling Class L – Net Accumulation and Net Income            | N/A              | N/A                 | 0.50            |
| Sterling Class PP – Accumulation and Income                   | N/A              | N/A                 | 0.60            |
| Sterling Class PP-H (hedged) – Accumulation and Income        | N/A              | N/A                 | 0.63            |
| Sterling Class Z – Net Accumulation and Net Income            | N/A              | N/A                 | 0.00            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

## Investor Profile

This Fund is suitable for all types of investors, with basic investment knowledge, seeking to invest in an actively managed fund pursuing the objective and investment policy of the Fund as described above.

Investors should be looking to invest for at least five years and should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

## Other Information

|                                 |                                   |
|---------------------------------|-----------------------------------|
| <b>Investment Manager</b>       | M&G Investment Management Limited |
| <b>Valuation point</b>          | 12.00 noon UK time                |
| <b>Valuation Currency</b>       | Sterling                          |
| <b>Launch date</b>              | 5 October 2017                    |
| <b>Product Reference Number</b> | 791458                            |

## 1.3 M&G UK Inflation Linked Corporate Bond Fund

### Investment Objective

The Fund aims to protect the value of capital and income from inflation by providing a total return (the combination of capital growth and income), net of the Ongoing Charge Figure, that is consistent with or higher than UK inflation (as measured by the UK Consumer Prices Index), over any three-year period. There is no guarantee that the Fund will achieve its objective over this, or any other, period. The income distributions and the value of your investment may rise and fall, and investors may not recoup the original amount they invested.

### Investment Policy

At least 70% of the Fund is invested, directly or indirectly, in investment grade corporate debt securities (typically inflation-linked corporate bonds and floating rate notes), denominated in Sterling or hedged back to Sterling. These securities can be issued by companies from anywhere in the world, including Emerging Markets.

The Fund's indirect exposure to inflation-linked corporate bonds is achieved by investing through a combination of instruments. These include a combination of inflation-linked government bonds with credit derivatives, such as credit default swaps (CDS) to create synthetic positions.

The Fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives are used for investment purposes, Efficient Portfolio Management and hedging.

### Investment Approach

The Fund typically seeks to maintain a low sensitivity to movements in interest rates to help mitigate the negative impact of rising bond yields which are common during periods of rising inflation.

The fund manager believes that "synthetic" inflation-linked corporate bonds can offer a similar return profile to physical inflation-linked corporate bonds while benefiting from enhanced market depth and liquidity.

The Fund's investment style combines top-down and bottom-up analysis, and the fund manager is assisted in the selection of individual bonds by a team of credit analysts.

### Benchmark: UK Consumer Prices Index

The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.

The Fund is actively managed. The Fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund.

For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Calculation of Global Exposure:** The Fund uses the absolute Value-at-Risk (VaR) methodology to monitor and measure its global exposure.

**Leverage:** The Fund's expected level of leverage under normal market conditions will generally not exceed 150% of the Fund's Net Asset Value when calculated in accordance with the sum of notionals approach. The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 January (Interim) and 31 July (Final)

#### Investment Minima

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Accumulation and Income    | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class PP – Accumulation and Income   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class R – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |
| Sterling Class Z – Accumulation and Income    | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 0.85            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.45            |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.35            |
| Sterling Class R – Accumulation and Income    | N/A              | N/A                 | 0.70            |
| Sterling Class Z – Accumulation and Income    | N/A              | N/A                 | 0.00            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

#### Investor Profile

This Fund is suitable for all types of investors, with basic investment knowledge, seeking to invest in an actively managed fund pursuing the objective and investment policy of the Fund as described above.

Investors should be looking to invest for at least three years and should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

#### Other Information

|                                 |                                   |
|---------------------------------|-----------------------------------|
| <b>Investment Manager</b>       | M&G Investment Management Limited |
| <b>Valuation point</b>          | 12.00 noon UK time                |
| <b>Valuation Currency</b>       | Sterling                          |
| <b>Launch date</b>              | 16 September 2010                 |
| <b>Product Reference Number</b> | 633507                            |

## 1.4 M&G Positive Impact Fund

**Sustainability Label:** Sustainability Impact Label

### Investment Objective

The Fund aims to:

- provide a higher total return (capital growth plus income), net of the Ongoing Charges Figure, than the MSCI ACWI Index over any five-year period; and
- make a positive impact by advancing progress towards the following six “Impact Outcomes”:
  - mitigation of climate change by avoiding and/or reducing greenhouse gases (“Climate Action”);
  - enabling and implementing a transition to a more circular economy where waste is reduced, reused and/or recycled (“Circular Economy”);
  - preventing and reducing damage to the natural environment (“Environmental Solutions”);
  - improved health and wellbeing and/or access to quality healthcare (“Better Health”);
  - increased social and economic inclusion for individuals or groups (“Social Inclusion”); and
  - improved access to quality work, better working conditions, and/or education (“Better Work and Education”).

The fund manager intends to achieve this in a positive, measurable way, by:

- investing in companies which contribute to an Impact Outcome; and
- supporting and advancing the Fund’s positive impact on the Impact Outcomes through its other investment activities such as engagement with such companies,

(the “Sustainability Goal”). The impact of investments and the fund manager’s contribution will be assessed and reported on at least annually.

### Investment Policy

The Fund invests at least 80% of its Net Asset Value in the equity securities and equity related instruments of companies across any sector and market capitalisation that are domiciled in any country, including Emerging Markets. The Fund has a concentrated portfolio and usually holds fewer than 40 stocks.

The Fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives may be used for Efficient Portfolio Management and hedging.

### Investment Approach

The Fund is a concentrated portfolio of global stocks, investing over the long term in companies that contribute to the Sustainability Goal alongside a financial return, using a disciplined stock selection process.

Sustainability and impact considerations are fundamental in determining the Fund’s investment universe and assessing business models, as further described in the next section.

The Fund has adopted the Sustainability Impact Label and invests mainly in solutions to sustainability problems, with an aim to achieve a positive impact for people or the planet. “Invests mainly”, means the Fund invests at least 80% of its Net Asset Value in companies which contribute towards the Sustainability Goal, and in normal market conditions is likely to have invested more than that. The fund manager’s investment activities in support of the Sustainability Goal will apply to all such assets. The Fund may hold up to 20% of its Net Asset Value in assets that do not contribute towards the Sustainability Goal This may include cash, near cash, and money market funds for liquidity purposes. Additionally, this may include investments where evidence-based measurement of the contribution to the Sustainability Goal is not



yet possible. These investments will not conflict with the Sustainability Goal. Investments where evidence-based measurement of the contribution is not yet possible will be kept under review and will either transition to the main Impact Investments portion of the Fund or, if such transition is delayed, will be considered under the Escalation Plan. See further details under “*Other Investments*” below.

The Fund is not permitted to hold certain investments as explained below under “*Exclusions, Thresholds and Exceptions*”. These exclusions mitigate the potential negative effect the Fund may have on the environment and society and the potential for governance concerns. Whilst some exclusions are relevant to the same themes as the Impact Outcomes cover, they do not form a central part of the Fund’s approach to tackling sustainability problems.

## Theory of Change

The Fund’s “*Theory of Change*” describes how the fund manager expects its investment activities and the Fund’s investments to contribute to achieving a positive and measurable impact to the Impact Outcomes, in line with the Fund’s Sustainability Goal.

The Fund seeks to contribute to six Impact Outcomes, three social and three environmental, and therefore the Fund is trying to have a positive impact for both people and the planet. For each Impact Outcome, the fund manager has identified types of activities which companies may undertake (Company Impact Activities) which should have an impact on the Impact Outcome. Metrics have been set to measure the outputs from those activities (Company-level KPIs). For each company the Fund invests in, the Fund aims to achieve a pre-defined, positive, measurable impact in relation to those Impact Outcomes, measured using these Company-level KPIs. Each investment made by the Fund will already have a positive impact on an Impact Outcome, measurable using one or more of the Company-level KPIs, and the fund manager will have a target for how that impact can improve following investment by the Fund.

The fund manager believes in taking a purpose-driven approach to investing in companies, looking for intentionality in the companies’ impactful behaviours to determine the company has a positive impact. This intention to achieve a positive impact is part of how the fund manager assesses the companies the Fund invests in, and also informs how the fund manager engages with them. The fund manager will support and advance the Fund’s positive impact by engaging with companies on themes specific to the Impact Outcome. This includes, where relevant, both the company’s intention to achieve the positive impact and the strength of its business model to support such impact.

This approach draws on standards established by organisations including Global Impact Investing Network (GIIN)<sup>1</sup> and Impact Frontiers.<sup>2</sup> In summary, the manager applies the following criteria when selecting investments:

1. At the time of purchase, the company is already providing a positive measurable impact on an Impact Outcome. This is assessed by the fund manager by using the Company-level KPIs.
2. In the fund manager’s opinion, it is possible to deliver an investor contribution by supporting and advancing that positive measurable impact. This opinion will principally be formed based on considering how the company delivers the Company Impact Activities detailed in the table below and considering the potential scope for engagement to help improve the Company-level KPIs. This assessment is validated via our internal independent impact governance processes.
3. The fund manager, after purchase, seeks to support and advance the company’s impact on the Impact Outcome through the Fund’s investment activities such as engagement. The balance between supporting and advancing will depend on external factors affecting the company, such as market conditions.

The tables below set out the Fund’s Theory of Change for each Impact Outcome in more detail.

<sup>1</sup> Please see their website for further information [www.thegiin.org](http://www.thegiin.org) and in particular the explanation of the Impact Toolkit and IRIS <https://impacttoolkit.thegiin.org/irisplus>

<sup>2</sup> Please see their website for further information [www.impactfrontiers.org](http://www.impactfrontiers.org) in particular the links at the bottom which explain the 5 Dimensions of Impact, Investor Contribution and so on.

| Environmental Impact Outcomes   | Climate Action  | Circular Economy   | Environmental Solutions   |
|---|---|--|---|
| <b>Problem</b><br>(the problem that the Fund is seeking to impact)  | Greenhouse gas emissions from energy and industrial processes are contributing to global warming and increasingly common extreme weather events. Without rapid and deep reduction of such emissions, or alternative renewable energy systems, we stand no chance of limiting global warming to well below 2°C and avoiding the worst effects of climate change. <sup>3</sup>  | The traditional linear economic model, where natural resources are extracted to make products that are eventually thrown away, is exceeding what the planet can support. This is causing significant harm to our natural environment through unsustainable levels of consumption, habitat destruction and biodiversity loss, as well as significant waste generation. <sup>4</sup>   | Pollution of land, air and water, overuse of water and natural resources (such as forests), as well as other forms of environmental damage, are causing significant harm to natural ecosystems. This in turn negatively impacts their ability to support human wellbeing and the global economy. <sup>5</sup>   |
| <b>Impact Outcome</b><br>(the environmental outcome the Fund is seeking to achieve as a consequence of the Fund's impact.)  | Mitigation of climate change by avoiding and/or reducing greenhouse gases.  | Enabling and implementing a transition to a more circular economy where waste is reduced, reused and/or recycled.  | Preventing and reducing damage to the natural environment (land, air and water).  |
| <b>SDG Contribution</b><br>(the Fund's approach is informed by the United Nations Sustainable Development Goals – the "SDGs" <sup>6</sup> )   | <ul style="list-style-type: none"> <li>SDG 7 – Clean and Affordable Energy</li> <li>SDG 9 – Industry, Innovation and infrastructure</li> <li>SDG 11 – Sustainable Cities and Communities</li> <li>SDG 13 – Climate Action</li> </ul>  | <ul style="list-style-type: none"> <li>SDG 11 – Sustainable Cities and Communities</li> <li>SDG 12 – Responsible Consumption and Production</li> </ul>   | <ul style="list-style-type: none"> <li>SDG 6 – Clean Water</li> <li>SDG 9 – Industry, Innovation and Infrastructure</li> <li>SDG 11 – Sustainable Cities and Communities</li> <li>SDG 12 – Responsible Consumption and Production</li> </ul>  |
| <b>Beneficiaries</b><br>(the beneficiary of the Impact Outcome)   | Planet  | Planet   | Planet  |
| <b>Company Impact Activities</b><br>(the ongoing, revenue generating business operations that result in the change the Fund is seeking to achieve.<br><br>This is also sometimes termed the "enterprise contribution". <sup>7</sup> ) | <p>The companies will generate or enable products or services that lead to avoided and/or reduced greenhouse gas emissions, namely:</p> <ul style="list-style-type: none"> <li>Generation of renewable and/or low-carbon energy.</li> <li>Enabling infrastructure and/or technology that supports renewable or low carbon energy (e.g. companies developing technology that increases the electricity produced from solar power installations).</li> <li>Solutions that improve energy efficiency and in turn reduce the carbon emissions of industrial processes or buildings (e.g. companies that produce energy efficient lightbulbs or improve the energy efficiency of data centres).</li> </ul> | <p>The companies will generate or enable products or services that lead to waste being reduced, reused or recycled, namely:</p> <ul style="list-style-type: none"> <li>Solutions for increasing the circularity (i.e. reducing waste and/or increasing recycling) of materials in industrial processes (e.g. share and reuse of wooden pallets in global consumer goods logistics).</li> <li>Contributing to the reduction and/or sustainable management of municipal waste (e.g. sustainable waste management companies).</li> <li>Highly circular operational practices that themselves can result in a circular end product, (e.g. companies that produce packaging made predominately from recycled materials).</li> </ul> | <p>The companies will generate or enable products or services that prevent or reduce the damage to the natural environment, namely:</p> <ul style="list-style-type: none"> <li>Solutions for the reduction of pollution generated by industrial processes and/or buildings (e.g. companies producing technology to reduce air pollution).</li> <li>Solutions that support the reduction of freshwater consumption in industrial or municipal use (e.g. companies that produce water-saving pumps).</li> <li>Water treatment solutions that contribute to reduced water pollution</li> <li>Providing technology or manufacturing solutions that facilitate environmental efficiencies or improvements for other companies or industries (e.g. a company producing software to improve</li> </ul> |

<sup>3</sup> United Nations' International Panel on Climate Change, "Climate Change 2023 Synthesis Report", 2023

<sup>4</sup> Ellen Macarthur Foundation, "The Nature Imperative: How the circular economy tackles biodiversity loss", 2021

<sup>5</sup> Dasgupta review on 'The Economics of Biodiversity', 2021

<sup>6</sup> <https://sdgs.un.org/goals> The SDGs are intended as a call to action for how the world's major problems might be addressed.

<sup>7</sup> For example, GIIN uses this term.

| Environmental Impact Outcomes  | Climate Action  | Circular Economy   | Environmental Solutions  |
|--|---|--|--|
|  |   |  | <p>the sustainability of engineering or design processes).</p> <ul style="list-style-type: none"> <li>Solutions to improve the efficiency and sustainability of agricultural processes (e.g. companies producing sustainable farming technologies or efficient irrigation systems).</li> </ul>   |
| <p><b>Company-level KPIs<sup>8</sup></b></p> <p><i>(These KPIs are measures which are sufficiently closely linked to the longer term systemic change the Impact Outcome seeks to achieve that they can be used to measure the positive impact of the companies on the Impact Outcome.)</i></p> | <p>The Company-level key performance indicators (KPIs) are used to measure the impact of companies on the relevant Impact Outcome by measuring the outputs from the companies, ie what is produced or delivered by the Company Impact Activities, or where appropriate, the immediate outcome of such outputs. Each investment made by the Fund will already have a positive contribution measurable using one or more of the Company-level KPIs, and the fund manager will have a target for how that contribution can improve.<sup>9</sup></p> <p>These KPIs are measured annually to show the company's contribution to the relevant Impact Outcome, and the change in the KPIs year on year and over 5 years will also be measured to show how the company's contribution has changed and how this compares to the fund manager's target.</p> <p><b>Climate Action Company-level KPIs</b></p> <p>Each Climate Action investment made by the Fund will have a positive value for at least one of the below Climate Action KPIs:</p> <ol style="list-style-type: none"> <li>CO2e avoided and/or reduced (Metric tonnes CO2e (MtCO2e))</li> <li>Renewable and/or low carbon energy generation (megawatt-hour (MWh))</li> </ol> | <p><b>Circular Economy Company-level KPIs</b></p> <p>Each Circular Economy investment made by the Fund will have a positive value for at least one of the below Circular Economy KPIs:</p> <ol style="list-style-type: none"> <li>Waste handled, avoided or reduced (Metric tonnes (Mt))</li> <li>Waste recycled (Mt)</li> <li>Recycled content used (Mt)</li> </ol> | <p><b>Environmental Solutions Company-level KPIs</b></p> <p>Each Environmental Solutions investment made by the Fund will have a positive value for at least one of the below Environmental Solutions KPIs:</p> <ol style="list-style-type: none"> <li>Water usage avoided or reduced (cubic metres (m3))</li> <li>Waste water treated or re-used (m3)</li> <li>Land Sustainably Managed or improved (hectares (ha))</li> <li>Air pollution avoided or improved (Mt)</li> <li>Products and services supporting environmental solutions R&amp;D (\$)</li> </ol> |
|  | <p>These KPIs are measured annually to show the company's contribution to the Impact Outcome, and the change in the KPIs year on year and over 5 years will also be measured to show how the company's contribution has changed. This change, in conjunction with the "Investor Contribution" section of this table below demonstrates how the Fund's investment activities have supported and/or advanced the company's positive impact.</p>   |  |  |
| <p><b>Investor Contribution</b></p> <p><i>(how the fund manager expects the Fund's investment activities to contribute to achieving a positive and measurable impact.)</i></p>   | <p>The fund manager through its other investment activities seeks to support and advance the Fund's positive impact on the Impact Outcomes.</p> <p>The Fund's principal investment activity providing the Investor Contribution is <b>Engagement</b>. We set engagement objectives for all engagements which can be grouped by the following high-level themes which target a specific outcome or improvement:</p> <ul style="list-style-type: none"> <li>Improved impact purpose/governance, ie the company's intent to deliver the Company-level KPIs and its governance around doing so.</li> <li>Improved impact target-setting, ie the level and the nature of the company's targets as understood against the Company-level KPIs. In some cases, improvement of targets can be part of enabling additional Company-level KPIs to be measured, particularly in combination with the next point.</li> </ul>   |  |  |

<sup>8</sup> Our approach is informed by metrics from credible third parties, particularly the "IRIS" impact metrics developed by GIIN which are intended to provide global standards for measuring impact. This assessment primarily uses information from the company, including annual reports, sustainability reporting or from direct engagements. Where necessary we draw on specialist third-party SDG and impact data and research vendors, e.g. Net Purpose, alongside academic or scientific insights to complete due diligence and research, and we also use data from generalist third-party data vendors such as MSCI or Bloomberg.

<sup>9</sup> The fund manager assesses investments for their Intention, Impact and Investment quality (collectively "Triple I") which enables the fund manager to determine that the company is intentionally contributing to the Impact Outcome and has a net positive impact upon it. As part of the Triple I process, the fund manager will assess the company fundamentals and determine appropriate targets for the Positive Contribution KPIs. This in turn allows the fund manager to better understand how to support and advance the contribution to the Impact Outcome through the Investor Contribution.

| Environmental Impact Outcomes | Climate Action  | Circular Economy   | Environmental Solutions   |
|-------------------------------|---|--|---|
|                               | <ul style="list-style-type: none"> <li>Improved impact measurability/disclosures, ie improving the measurability of the Company-level KPIs potentially through improving data quality or frequency, or by adding new data points enabling additional Company-level KPIs to be measured.</li> <li>Improved Impact Outcome, ie improved delivery of the Company-level KPIs.</li> <li>Compensation alignment with Impact Outcome, ie incentivising management and/or workers to achieve the Company-level KPIs via the company's own impact targets.</li> <li>Improved impact risk management, ie improving the quality of the business operations to support the delivery of the Company-level KPIs and/or reducing the risk of negative environmental or social outcomes.</li> </ul> <p>Engagements can be conducted over several years, with companies that are given clear objectives and milestones they are expected to meet. As a result, to effectively measure the Investor Contribution, in addition to the measurements related to the Company-level KPIs described above, the engagement activities are also measured using milestones that measure progress towards the objective of the Engagement Theme. Each "topic" below relates to an activity to support and/or advance the relevant Impact Outcome:</p> <ul style="list-style-type: none"> <li>Request made - We have raised the topic but the company has not yet responded.</li> <li>Acknowledged - We have raised the topic and the company has acknowledged it is relevant.</li> <li>Commitment to act - The company has agreed to improve disclosures helping us to assess the topic.</li> <li>Strategy set - The company has set a strategy (or similar – e.g. a policy) to address the topic we have raised.</li> <li>Interim/partial progress made - The company has provided evidence that some progress has been made towards the resolution of the issue.</li> <li>Resolution - The company is reporting evidenced success against the topic. This may also be evidenced through positive changes in the Company-level KPIs (or negative changes avoided).</li> </ul> <p>During the engagement process, engagement milestones measure the progress of the investor contribution process and inform whether there is a need for escalation. Once the engagement objective is partially or fully achieved, the impact on the Sustainability Goal is measured using Company-level KPIs. These KPIs are measured before, during and after the engagement and indicate whether the asset's performance has improved. This data, along with consideration of other factors that may have affected the Company-level KPIs, helps to understand and report on the effectiveness of the engagement.</p> |  |   |
|                               | <p><b>Climate Action engagement example and related engagement KPIs</b></p> <p>Engagement example: For a renewable energy company, we set an engagement objective to increase the proportion of energy used in the company's operations that are sourced or generated from renewable energy sources. As operational power mix shifts away from fossil fuels to renewable energy, i the company's scope 1 and 2 carbon emissions are reduced, which improves the overall impact outcome of mitigating climate change. (Engagement theme: Improved Impact Outcome).</p> <p>Related engagement KPIs: Scope 1 and 2 carbon emissions (MtCO<sub>2</sub>e); Scope 1 and 2 carbon emissions reduction (MtCO<sub>2</sub>e), % energy used in company operations sourced from renewable sources</p>  | <p><b>Circular Economy engagement example and related engagement KPIs</b></p> <p>Engagement example: For a company that manufactures sustainable and circular packaging, we set an engagement objective to reduce the amount of water used in the material recycling processes. This reduces operational costs and enhances the environmental credentials of the product which supports potential growth in market share. (Engagement theme: improved impact risk management).</p> <p>Related engagement KPIs: water use avoided (m<sup>3</sup>), operating expenditure reduction (\$)</p> | <p><b>Environmental Solutions engagement example and related engagement KPIs</b></p> <p>Engagement example: For a company that provides environmental technology solutions, we set an engagement objective for them to set a target for increased R&amp;D investment into development of products for improved environmental efficiencies for data centres (an under-penetrated, environmentally inefficient sector;. (Engagement theme: improved impact target setting).</p> <p>Related engagement KPIs: R&amp;D investment (\$), new products launched (number)</p> |
|                               | <p>Whilst engagement is the main Investor Contribution, there may be other circumstances where the fund manager contributes to supporting and/or advancing the Impact Outcome. These circumstances are infrequent, but when they arise, they may result in a measurable positive impact.</p> <p>Engagement may also be supported through <b>voting</b>, which may directly support the engagement or may indirectly support it as a means to support (or to pressure) management towards the desired outcome.</p>   |  |   |

| Environmental Impact Outcomes | Climate Action   | Circular Economy | Environmental Solutions |
|-------------------------------|--|------------------|-------------------------|
|                               | <p>Where Voting directly supports the Impact engagement, the vote addresses matters relevant to the Impact Outcome and is measured with use of a qualitative opinion of the fund manager based on quantitative data points, such as the topic of the resolution, whether the vote related to a shareholder resolution raised by the fund manager, management's reaction to the vote, the performance of the Company-level KPIs and the progress of engagement milestones. For example, if the fund manager was seeking to implement improvements to a Circular Economy company's waste management practices and the vote related to enhancing the waste management policy, the measurement would be changes in 'Waste recycled (Mt)' KPI combined with qualitative analysis. Indirect support is more likely to be measured as part of the progress on the engagement milestones. If the vote was to pressure management, e.g. by voting against management compensation, the Fund would measure changes in the company response, for example from acknowledgement to a commitment to act.</p> <p>In addition to the reporting the Fund provides on its voting activity as part of stewardship, the Fund may also highlight where voting represents an Investor Contribution. This would apply where the fund manager considers the vote has had a sufficiently significant effect to warrant measurement and demonstration of performance towards an Impact Outcome. The Fund will also make clear in its reporting where voting is not considered to have demonstrated a significant effect on the Impact Outcomes.</p> <p><b>Direct Financial Support.</b> Where companies seek financial support from the market, there may be an opportunity for the Fund to directly support the company's pursuit of impactful activities directly, either at the outset, for example by investing a company's Initial Public Offering (IPO) when it is listed on the stock exchange, or by investing further, eg when a company raises money from shareholders by offering additional shares via a rights issue. As the decision to issue rights or conduct an IPO is a decision for company management rather than the Fund as an investor, the fund manager cannot control the frequency this opportunity occurs. Before investing, the fund manager would also review these opportunities for their potential to generate financial returns, and contribute towards the Fund's financial Investment Objective. As a result, whilst Direct Financial Support is a relevant Investor Contribution when it does happen, it is not expected to be a regular source of Investor Contribution.</p> <p>Direct financial support has the potential to generate Investor Contribution in the following scenarios:</p> <ul style="list-style-type: none"> <li>• when it "advances" the company's contribution, because a company is raising funds for purposes aligned with the Impact Outcome, for example to finance the decarbonisation of its buildings. To measure the impact, the fund manager selects a Company-Level KPI relevant to the purpose for which the company is raising funds (in this example, reduction in operational GHG emissions) and monitors the change in that KPI following the activities enabled by the financial support.</li> <li>• when it "supports" the company's contribution, because a company facing financial challenges needs to raise capital to support the resilience of its balance sheet. Provision of financial support, e.g. participation in rights issue, would allow the company to continue its impactful business activities, for example making products that can enable its customers to reduce water use. To measure the impact, the fund manager selects a Company-Level KPI relevant to the business, in this example 'Water usage avoided or reduced (cubic metres (m3))'. The resulting impact would be measured and demonstrated as a qualitative opinion based on quantitative data points, such as the factual existence of financial stress verified through fundamental research, the need for the rights issue to raise capital, the company's rationale for conducting a rights issue, and the performance of associated Company-level KPIs during the period.</li> </ul> <p><b>Patient Capital.</b> The fund manager aims to be a patient and supportive allocator of capital, investing for the long term. This can provide greater stability for the company's strategy and its share price, which in turn can assist the company in achieving better borrowing rates from lenders and bond issuance. It also can be a way to show support for management decisions, such as their intention to pursue a positive impact. The fund manager recognises that Patient Capital only contributes measurably to the positive impact in certain circumstances. Therefore, Patient Capital will only be considered to be an Investor Contribution where certain specific criteria are met:</p> <ul style="list-style-type: none"> <li>• Robust data points, such as a declining share price, which evidence that the company is not receiving sufficient support from the market. These create the circumstances where support from the fund manager by staying invested and supporting management via engagement has the potential to be a differentiator, particularly where the Fund has a more sizeable holding.</li> <li>• The fund manager has a reasonable opinion that supporting the company will help protect the positive impact measured through the Company-level KPI and that the company has a reasonable prospect to recover, both in terms of its share price and its future potential to improve its positive impact.</li> </ul> <p>Patient capital has the potential to "support" the company's contribution in similar scenarios to the second example under direct financial support. This occurs when a company is under stress, and continued financial support protects its ability to continue to contribute to the Impact Outcome. Impact is therefore measured in a similar way, by selecting a Company-Level KPI relevant to impactful activities that are at risk of being reduced or discontinued. This would be measured and demonstrated as a qualitative opinion based on quantitative data points, such as the factual existence of financial stress verified through fundamental research, changes in position size, actions of other investors, and the performance of associated Company-level KPIs during the period.</p> |                  |                         |



| Environmental Impact Outcomes   | Climate Action | Circular Economy | Environmental Solutions |
|---|----------------|------------------|-------------------------|
| Further, the Investor Contribution will be demonstrated with case studies when the fund manager considers this investment activity has resulted in a measurable contribution to an Impact Outcome. This Investor Contribution may be combined with Engagement in support of the company, for example on financial themes to help the businesses' strength, or on other Engagement Themes to demonstrate the fund manager's continuing support for the company's impactful activities. |                |                  |                         |

  

| Social Impact Outcomes   | Better Health  | Social Inclusion   | Better Work & Education   |
|--|--|--|---|
| <b>Problem</b><br><i>(the problem that the Fund is seeking to impact)</i>  | Global population growth changes, including ageing populations, the prevalence of lifestyle diseases and growing healthcare demands place greater burdens on public & private healthcare systems. Innovation, development and scale improvements are crucial to address this challenge, as will ensuring increased access to those that need healthcare. <sup>10</sup> | Poverty and inequality challenges remain across society and are compounded by a lack of equitable access to fundamental services such as technology, housing, financial products and services, social care, transport, or child care. <sup>11</sup>                  | Lack of access to quality work, better working conditions and/or quality education can harm the affected individuals and hampers progress to more equitable societies and sustainable economies. <sup>12</sup>  |
| <b>Impact Outcome</b><br><i>(this is the social outcome the Fund is seeking to achieve as a consequence of the Fund's impact)</i>    | Improved health and wellbeing and/or access to quality healthcare.   | Increased social and economic inclusion for individuals or groups.   | Improved access to quality work, better working conditions, and/or quality education.   |
| <b>SDG Contribution</b><br><i>(the Fund's approach is informed by the United Nations Sustainable Development Goals – the "SDGs")</i> | <ul style="list-style-type: none"> <li>SDG 2 – Zero Hunger</li> <li>SDG 3 – Good Health and Well-being</li> </ul>  | <ul style="list-style-type: none"> <li>SDG 1 – No Poverty</li> <li>SDG 5 – Gender Equality</li> <li>SDG 8 – Decent Work and Economic Growth</li> <li>SDG 9 – Industry, innovation and infrastructure</li> <li>SDG 11 – Sustainable Cities and Communities</li> </ul> | <ul style="list-style-type: none"> <li>SDG 1 – No Poverty</li> <li>SDG 4 – Quality Education</li> <li>SDG 5 – Gender Equality</li> <li>SDG 8 – Decent Work and Economic Growth</li> </ul>   |
| <b>Beneficiaries</b><br><i>(the beneficiaries of the Impact Outcome)</i>   | People living with diseases or illness without effective treatment or those without sufficient access to necessary healthcare interventions or services, including under-served communities  | People with limited access to fundamental services to enable full social and economic participation, including under-served and/or under-represented individuals and groups  | <p>People who work in high-risk industries (e.g. construction) or poor working conditions.</p> <p>People who lack access to education or services required to improve their employment opportunities, including under-served and/or under-represented individuals and groups.</p> |

<sup>10</sup> World Health Organisation (WHO), "World Health Statistics 2024: Monitoring health for the SDGs"

<sup>11</sup> World Bank, "Annual Report 2023"

<sup>12</sup> International Labour Organisation (ILO), "World Employment and Social Outlook: Trends 2024"

| Social Impact Outcomes  | Better Health  | Social Inclusion   | Better Work & Education  |
|---|--|--|--|
| <b>Company Impact Activities</b><br><i>(types of activities (and therefore types of companies) which should have a pre-defined, positive, measurable impact on the Impact Outcome. This is also sometimes termed the “enterprise contribution”).</i>                    | <p>The companies will generate or enable products or services that lead to improved health and wellbeing and/or access to quality healthcare, namely:</p> <ul style="list-style-type: none"> <li>Contributing to the improved diagnosis and treatment of both communicable (e.g. malaria) and non-communicable (e.g. cancer, diabetes) diseases.</li> <li>Conducting Research &amp; Development ('R&amp;D') into under-researched health issues (e.g. rare genetic diseases) to improve health outcomes for patients.</li> <li>Providing high-quality, affordable products and devices to healthcare providers which improve the affordability and therefore access of the health service for patients</li> <li>Technologies designed to enhance the accessibility of healthcare services via digital and data-driven solutions (e.g. online health and diagnosis services).</li> </ul>  | <p>The companies will generate or enable products or services that lead to increased social and economic inclusion for under-served and/or under-represented individuals or groups, namely:</p> <ul style="list-style-type: none"> <li>Providing access to everyday social or economic services (e.g. information, financial services, technology, social care and transportation) which in turn can help to tackle poverty, economic exclusion and empower women and/or marginalised groups.</li> <li>Supporting digital inclusion which enables access to critical services (e.g. telecommunication companies providing affordable connectivity to remote and/or rural regions).</li> <li>Providing social infrastructure such as decent quality and affordable (below market rent rate) housing in an economy which is facing significant social housing shortage.</li> </ul> | <p>The companies will generate or enable products or services that lead to improved access to quality work, better working conditions, and/or quality education for groups or markets that are not well served, namely:</p> <ul style="list-style-type: none"> <li>Protecting workers operating in hazardous industries, enabling a safer working environment (e.g. companies manufacturing innovative protective safety equipment for firefighters).</li> <li>Enabling more secure working conditions via improved access to vital support services (e.g. companies providing workers' compensation insurance for industries that are not well served by mainstream insurers).</li> <li>Improving access to educational services, with a particular focus on under-served and/or under-represented individuals and groups (e.g. affordable education in lower income countries).</li> </ul> |
| <b>Company-level KPIs</b><br><i>(These KPIs are measures which are sufficiently closely linked to the longer term systemic change the Impact Outcome seeks to achieve that they can be used to measure the positive impact of the companies on the Impact Outcome.)</i> | <p>The Company-level KPIs are the pre-defined, positive, key performance indicators used to measure the impact of companies on the Impact Outcome. Each investment made by the Fund will already have a positive contribution measurable using one or more of the Positive Contribution KPIs, and the fund manager will have a target for how that contribution can improve.</p> <p>These KPIs are measured annually to show the company's contribution to the Impact Outcome, and the change in the KPIs year on year and over 5 years will also be measured to show how the company's contribution has changed. This change, in conjunction with the “Investor Contribution” section of this table below demonstrates how the Fund's investment activities have supported and/or advanced the company's positive impact.</p> <p><b>Better Health Company-level KPIs</b></p> <p>Each Better Health investment made by the Fund will have a positive value for at least one of the below KPIs:</p> <ol style="list-style-type: none"> <li>1. Total number of people reached (e.g. patients treated screened, or insured) (number of people)</li> <li>2. Under-served people reached (e.g. low income, historically marginalised) (number of people)</li> <li>3. Units<sup>13</sup> produced, sold or installed (number)</li> <li>4. People provided new access (number of people)</li> <li>5. Products and services supporting health R&amp;D (\$)</li> <li>6. Samples or data processed or tested (number)</li> <li>7. Regulatory approvals or drug pipeline progress (number)</li> </ol> | <p><b>Social Inclusion Company-level KPIs</b></p> <p>Each Social Inclusion investment made by the Fund will have a positive value for at least one of the below KPIs, which must be used in a way that measures the effect on the Beneficiaries:</p> <ol style="list-style-type: none"> <li>1. Total number of people reached (e.g. customers) (number of people), in either an under-served market, or of a product designed to cater to under-served individuals or groups</li> <li>2. Under-served and/or under-represented people reached (e.g. low income, historically marginalised) (number of people)</li> </ol>   | <p><b>Better Work &amp; Education Company-level KPIs</b></p> <p>Each Better Work &amp; Education investment made by the Fund will have a positive value for at least one of the below KPIs:</p> <ol style="list-style-type: none"> <li>1. Total number of people reached (e.g. students, workers protected) (number of people) by companies whose products or services target groups or markets that are not well served</li> <li>2. Under-served and/or under-represented people reached (e.g. low income, historically marginalised) (number of people)</li> <li>3. Total days of education provided (days)</li> </ol>   |

<sup>13</sup> Units is a deliberately broad term reflecting the range of different items this may cover, eg from small items like testing kits and vaccines to large equipment like MRI scanners.

| Social Impact Outcomes  | Better Health  | Social Inclusion  | Better Work & Education  |
|---|--|---|--|
|   | These KPIs are measured annually to show the company's contribution to the Impact Outcome, and the change in the KPIs year on year and over 5 years will also be measured to show how the company's contribution has changed. This change, in conjunction with the "Investor Contribution" section of this table below demonstrates how the Fund's investment activities have supported and/or advanced the company's positive impact.   |   |  |
| <b>Investor Contribution</b><br><i>(how the fund manager expects the Fund's investment activities to contribute to achieving a positive and measurable impact.)</i> | <p>The general approach to the Investor Contribution is the same as summarised above under the Environmental Impact Outcomes – Investor Contribution.</p> <p>As the Social Impact Outcomes have more narrowly defined Beneficiaries, improving the company's intentionality regarding the Beneficiaries may be more relevant. For example, engagement to improve impact-related data and disclosures may be more important for these types of companies as part of improving the company's intention to benefit the Beneficiaries specifically.</p>  |   |  |
|   | <p><b>Better Health engagement example and related engagement KPIs</b></p> <p>Engagement example: For a company that manufactures diabetes and obesity treatments, we have set an engagement objective to increase the % of treatments that are priced at an affordable rate for low incomes groups. This supports better impact outcomes as drugs are available to lower income people, and supports growth of the company (Engagement Theme: Improved Impact Outcome).</p> <p>Related engagement KPIs: % of treatments sold at affordable cost; number of lower income patients reached (number of patients); growth in sales (\$)</p> | <p><b>Social Inclusion engagement example and related engagement KPIs</b></p> <p>Engagement example: For a bank operating in a developing country, which is providing loans to marginalised customers e.g. women or those in rural areas, we set an engagement target to provide more granular reporting on the types of customers to enable greater clarity on number of under-served customers. This supports better reporting against the impact outcomes. (Engagement Theme: improved impact measurement)</p> <p>Related engagement KPIs: number of female customers; number of rural customers</p> | <p><b>Better Work &amp; Education engagement example and related engagement KPIs</b></p> <p>Engagement example: For a company involved in manufacturing worker safety equipment, we set an engagement target to invest in research and development to enable more innovative and advanced safety equipment to protect workers. This R&amp;D investment could also support the expansion of their product range to cover additional high-risk industry sectors that would benefit from advancements in safety equipment. As a result, the company will reach more people in need of safety equipment who are not well currently well served, hence increasing its impact (Engagement Theme: Improved Impact Outcome)</p> <p>Related engagement KPIs: Total number of workers protected (number of people)</p> |

The following example shows how the Theory of Change can work in practice:

1. A power company generates renewable energy, which contributes to the Climate Action Impact Outcome because renewable energy production replaces carbon intensive power generation, thereby reducing carbon emissions. Before investing, the fund manager considers other relevant factors such as the company's own operational Carbon Emissions, and forms a view that the company has a positive impact on the Impact Outcome.
2. In the fund manager's opinion:
  - a. "Advancing" this company's impact could mean (i) growing the renewable power generation by building and developing new renewable power capacity; (ii) reducing the Carbon Emissions caused by its activities in establishing the renewable energy sites by improving the emissions efficiency of its manufacturing and construction processes, or stipulating the need for decarbonisation commitments in its supplier contracts;
  - b. "Supporting" this company in being a successful renewable power operator will produce a positive impact because renewable energy helps to mitigate climate change by providing clean energy.
3. The fund manager seeks to "support and advance" the impact from the company in the following ways:



- a. To “advance” the fund manager engages with the company, encouraging it to increase its renewable energy generation over time via building out its generation capacity by bidding for appropriate contracts and, in turn, developing new offshore windfarms. The engagement objective in this case is to increase offshore wind capacity. The fund manager tracks milestones to assess progress, such as whether the company is actively engaged in seeking, and ideally winning, any new contracts. Winning contracts will then result in wind farms being built, therefore the related Company-level KPI is ‘Renewable and/or low carbon energy generation (MWh)’.
- b. To “advance” the fund manager engages with the company to minimise the Carbon Emissions from operational activities; this can be achieved by engaging with the company to encourage them to reduce Scope 2 Carbon Emissions through accessing more renewable power via Power Purchase Agreements (PPAs). The fund manager tracks milestones to assess progress, such as whether the company has signed any new PPAs. The related Company-level KPI would be ‘CO<sub>2</sub>e avoided and/or reduced (MtCO<sub>2</sub>e)’. After the engagement objective was achieved (i.e. new PPA signed), the fund manager would expect a corresponding improvement in the KPI, i.e. a reduction in Scope 2 Carbon Emissions.
- c. To “support” the renewable energy producer the fund manager provides continued financial support when the company has come under financial pressure, with investors selling the shares, causing the share price to decline, the cost of capital increasing and its ability to borrow at affordable rates becoming more challenging. The fund manager chooses to remain invested, engages with the company to emphasise the Fund’s support of the company management and their strategy, and increases their position in the company. This support could help to support the share price and give management greater confidence to take actions that preserve the continuation of their core business of renewable power generation, such as cutting the dividend. The fund manager also supports the company with financial engagement, making suggestions about how it might reduce its debt burden without prejudicing its core business. Continued delivery on the KPI that measures the company’s core activity, i.e. ‘Renewable and/or low carbon energy generation (MWh)’, combined with qualitative analysis, is a measure of the effect of the Fund’s support.

### **Stewardship**

In addition to the engagement activities in pursuit of the Impact Outcomes summarised under the Investor Contribution above, the fund manager also engages with companies on a wider range of environmental, social and governance themes. The Fund also benefits from the firm-wide stewardship approach and the fund manager benefits from the resources within our central stewardship and sustainability teams. The Investment Manager is a signatory to the UK Stewardship Code 2020, published by the Financial Reporting Council (the “Code”). The Code sets high stewardship standards for those investing money on behalf of UK savers and signatories must report annually on their stewardship policies, processes, activities and outcomes.

### ***Escalation Plan: What happens if the Fund’s assets don’t perform as expected?***

The fund manager has an escalation plan setting out the actions that will be taken if any of the Fund’s assets do not demonstrate sufficient performance against either the Fund’s Sustainability Goal or the KPIs set out above. An annual review of Company-level KPIs, which includes measuring year-on-year and five-year changes and comparing KPIs against the fund manager’s targets, is used to assess whether the assets are delivering sufficient performance. If the Company-level KPIs consistently trend in an unexpected direction or significantly miss their targets, they are subject to an escalation plan. In addition to the annual review, this can also be identified as part of ongoing monitoring.

In summary:

1. The asset may be placed “on watch”, even whilst it is still considered as contributing to the Fund’s Sustainability Goal. This would cause the fund manager to heighten scrutiny.
2. The engagement via the investor stewardship strategy may increase. Escalation steps may include board member engagement, the approach taken to voting, and potentially escalation through public forums or other escalation.
3. The asset may be recategorised into the “Other Investments” section of the Fund. This may ultimately result in the asset being sold as described below under “Other Investments”. The speed with which disposal is contemplated will be influenced by whether the change to the investment’s sustainability characteristics constitutes a breach of the Exclusions or conflicts with the Sustainability Goal, and in such cases the investment

will be sold. If it does not, it may be appropriate to hold it for longer whilst engaging as part of the Fund's investor stewardship strategy.

#### ***Other Investments: what else may the Fund hold?***

The Fund may hold assets that do not contribute towards the Sustainability Goal.

The Fund may invest in cash, near cash and money market funds for liquidity purposes. There are unlikely to be investments of this nature that contribute to the Sustainability Goal. Whilst money market funds may not promise to exclude investments in the way the Fund does, in practice, money market funds tend to invest in debt issued by governments and financial institutions so are unlikely to hold excluded instruments. Liquidity assets are an essential part of managing a Fund and are not considered to conflict with the Sustainability Goal.

The Fund is also permitted to use derivatives, but this use is limited to hedging of currency risks.

The Fund may also invest in investments where evidence based measurement of the contribution to the Sustainability Goal is not yet possible, for example due to lack of data. This is only permitted where the investments do not conflict with the Sustainability Goal. Such investments will be kept under review and will either transition to the main Impact Investments portion of the Fund or if such transition is delayed, will be considered under the Escalation Plan.

It is possible that the Fund may receive investments that are not in line with its Sustainability Goal, e.g. as a result of a merger or other corporate action, or as a result of the characteristics of a previously acquired investment changing. In accordance with the Escalation Plan, we may also recategorise an investment to treat it as an "Other Investment" where we determine it is no longer contributing sufficiently to the Sustainability Goal. Where an investment is not in line with the Sustainability Goal, and the fund manager does not believe engagement will be successful, the Fund will generally seek to dispose of it in the best interests of investors, but may not always do so immediately. If the investment conflicts with the Sustainability Goal, it will be sold as soon as reasonably practicable in the best interests of investors. Such holdings are infrequent and are unlikely to be a material part of the Fund.

The Fund is permitted to invest up to 20% in "Other Investments" but in normal market conditions the actual amount is likely to be considerably less. The product level sustainability report will contain further information on the Fund's "Other Investments".

#### ***Exclusions, Thresholds and Exceptions: what is the Fund not permitted to hold?***

The fund manager uses negative screens set up in monitoring systems to filter the investment universe. These screens typically use third party data vendors such as MSCI and Bloomberg. This system is supplemented by the fund manager's sustainability research process, which may result in exceptions against such monitoring, as described below.

| Issue  | Criteria   |
|--|--|
| <b>Global Norms</b>  |  |
| <b>Sovereign Good Governance</b>   | <p>The Fund will not invest in sovereigns which (i) have been flagged as non-cooperative tax jurisdictions; (ii) are the subject of UN or EU Sanctions; (ii) or score below 25/100 on the indicators for Political Stability, the Rule of Law and Corruption Perception used by the Social Progress Index*.</p> <p>* this is an index prepared by a global nonprofit, The Social Progress Imperative, which evaluates and ranks governments against a rigorous framework. For more information please see <a href="http://www.socialprogress.org">www.socialprogress.org</a></p> |
| <b>Corporate Good Governance and Global Norms including the UN Global Compact (UNGC)</b> | <p>The fund manager will exclude companies assessed to be in severe, repeated and/or systemic breach of international global norms, where the fund manager considers engagement to be unlikely to lead to remediation and/or mitigate against the risk of recurrence. Our assessment of global norms is guided by international standards including UN Global Compact, OECD Guidelines for Multinational Enterprises, ILO Declaration on fundamental Principles and Rights at Work and UN Guiding Principles.</p>  |

| Issue                             | Criteria   |
|-----------------------------------|--|
| <b>Environmental issues</b>       |  |
| Thermal Coal Extraction           | <p>The Fund applies the M&amp;G Investments Thermal Coal Investment Policy which is the Investment Manager's house-wide policy to address its exposure to thermal coal mining, power generation and other coal related operations. This applies to all of its UK retail funds (and some other funds too); a copy may be found on our website: <a href="https://www.mandg.com/sustainability/climate-change#thermal-coal-split">https://www.mandg.com/sustainability/climate-change#thermal-coal-split</a></p> <p>The Fund has a tighter restriction than the above policy for companies which derive revenues from the extraction of thermal coal. A 0% revenue threshold for such companies is applied.</p> |
| Oil and Gas Extraction            | <p>Companies that derive revenues from the extraction of oil and gas (whether conventionally or unconventionally) are restricted.</p> <p>A 0% revenue threshold is applied.</p>  |
| Carbon-intensive power generation | <p>Companies that derive revenues from the following activities are restricted:</p> <ol style="list-style-type: none"> <li>1. coal-fired power generation; and/or</li> <li>2. oil and gas power generation.</li> </ol> <p>A combined revenue threshold of 5% is applied.</p>   |
| Nuclear Power                     | <p>Companies that derive revenues from nuclear-based power generation are excluded.</p> <p>A 0% revenue threshold for nuclear power generators is applied.</p>   |
| <b>Social issues</b>              |  |
| Adult Entertainment               | <p>Companies that derive revenues from producing, directing or publishing adult entertainment materials.</p> <p>A 0% revenue threshold for such companies is applied.</p>  |
| Alcohol                           | <p>Companies that derive revenues from the production of alcohol for consumption are excluded.</p> <p>A 0% revenue threshold for alcohol producers is applied.</p>   |
| Gambling                          | <p>Companies that derive revenues from the provision of gambling-related services are excluded.</p> <p>A 0% revenue threshold for such companies is applied.</p>   |
| Tobacco                           | <p>Companies that derive revenues from activities related to the tobacco industry are excluded.</p> <p>A 0% revenue threshold for tobacco producers and a 10% revenue threshold for distributors is applied.</p>   |

| Issue  | Criteria   |
|--|--|
| <b>Controversial weapons</b>                 | Companies involved in anti-personnel mines, cluster munitions, chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium and incendiary white phosphorous munitions, blinding laser, non-detectable fragment weapons are excluded.<br><br>A 0% revenue threshold for such companies is applied.  |
| <b>Defence and other weapons</b>             | Companies that derive revenues from the production or sale of weapons systems, components, and support systems and services, or the manufacture and retail of civilian firearms and ammunition are excluded. For the avoidance of doubt, this does not include the provision of generic systems and services that are not weapons-specific.<br><br>A 5% revenue threshold for such companies is applied. |
| <b>Animal testing on non-medical grounds</b> | Companies that use animal testing on non-medical grounds are excluded.   |

### ***Exceptions to the Exclusions***

The Exclusions, as negative screening, are intended to assist the fund manager in mitigating the harm that the Fund can do on the environment or society. There may be occasions where systematic application of the Exclusions does not achieve that outcome with sufficient precision. In such circumstances, the fund manager can grant exceptions against the Exclusions. In particular:

1. The fund manager may disagree with data or opinions provided by third parties, and decide to categorise an investment differently. For example, data provided from data vendors can be stale and we may have access to more accurate information from researching the relevant company.
2. As revenue data is backwards-looking (eg it comes from the company's accounts covering their previous year's activities) it can arise from activities the company is no longer undertaking (eg if the relevant business has been sold) or from extraordinary income streams that are not expected to persist. In such cases, the fund manager will consider how large the exposure is compared to the threshold and how long that exposure is expected to persist, as part of making a reasonable estimation of what the current value for the offending revenue would be. An exception may be granted if the fund manager concludes the company would be within the threshold, if fresher data was available.

### ***What might pursuing the Sustainability Goal do to financial risk and returns?***

Pursuing the Sustainability Goal involves choosing investments that contribute towards it and excluding others. That means the Fund's holdings may be considerably different from its benchmark. It may also differ considerably from funds that are not trying to achieve a sustainability goal, or that try to pursue a different sustainability goal, even where those funds have the same benchmark. In strictly financial terms, that results in a different risk profile, which can have a positive or a negative effect on returns depending on what happens with the market.

### ***Is pursuing the Sustainability Goal expected to result in material negative environmental or social outcomes?***

The pursuit of the Sustainability Goal is not expected to result in material negative environmental or social outcomes. The Fund is designed to protect against this risk as follows:

1. The "Exclusions, Thresholds and Exceptions" mitigate potential negative effects on the environment and society.
2. The fund manager is considering ESG Factors when investing, and the Fund's stewardship approach includes seeking to mitigate the risk of material negative environmental or social outcomes.
3. Whilst the Fund may allocate to investments that have some negatives detracting from their positive impact, these investments must have a net positive impact.

### Independent Review

The processes and procedures involved in investing for positive impact are considered to be appropriate for the purposes of determining the investments the Fund will make in pursuit of the Sustainability Goal. This appropriateness is assessed through an independent review conducted by our ESG Risk team.

### Benchmark: MSCI ACWI Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

The fund is actively managed. The fund has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID.

An annual report is published to provide an assessment of the positive, societal and environmental impact of each holding in the fund.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 July

### Investment Minima

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Accumulation and Income    | GBP      | 500,000                     | 100,000                        | 500,000          | N/A                        | 100,000    |
| Sterling Class L – Accumulation and Income    | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class R – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 1.10            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.70            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | 0.50            |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.60            |
| Sterling Class R – Accumulation and Income    | N/A              | N/A                 | 0.95            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

**Investor Profile**

The M&G Positive Impact Fund is designed for retail and professional investors, and eligible counterparties who seek capital growth and income from an investment in a portfolio of publicly-listed equity securities issued by companies globally. No specific financial knowledge is required although investors should understand the fund’s risks and it may be used as a solution, or as a component of a portfolio. The fund will allow investors ready access to their investment although they should intend to invest their money for at least five years. Investors should understand that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

**Other information**

|                                 |                                   |
|---------------------------------|-----------------------------------|
| <b>Investment Manager</b>       | M&G Investment Management Limited |
| <b>Valuation point</b>          | 12.00 noon UK time                |
| <b>Valuation Currency</b>       | U.S. Dollar                       |
| <b>Launch date</b>              | 20 November 2018                  |
| <b>Product Reference Number</b> | 827158                            |

## 1.5 M&G Global Enhanced Equity Premia Fund\*\*

### Investment Objective

The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the MSCI ACWI NUK Index over any five-year period.

### Investment Policy

At least 80% of the Fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are domiciled in any country, including Emerging Markets.

The Fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives may be used for Efficient Portfolio Management and hedging.

### Investment Approach

The Fund applies a systematic investment approach to select stocks the fund manager expects to outperform other companies in the global equity market.

From the Fund's investible universe, each stock is ranked on five key criteria or 'Factors': Value, Quality, Momentum, Volatility and Size. Historically, stocks with exposure to these factors (attractive valuation, high quality, positive momentum, low volatility and small company size) have generated excess returns, or equity premia.

These rankings are then combined to provide a single 'score' for each stock. The weighting of each factor in the single score is determined by the fund manager and reflects prevailing market conditions. Stocks with high scores are candidates for inclusion in the Fund. Consideration is also given to the sector and country breakdown of the Fund's benchmark to ensure a diversified portfolio.

As part of the portfolio construction process, differences between the Fund's characteristics and those of its benchmark (such as sector, country or risk factor weightings) may be constrained. Managing the Fund in this way limits the magnitude by which the Fund is expected to deviate from the benchmark.

### Benchmark: MSCI ACWI NUK Index

The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used to measure the Fund's performance and acts as a constraint on the Fund's portfolio construction, as certain limits, such as constraints on sector or geographic exposure, may apply at any given time.

The Fund is actively managed. Within the given constraints, the Fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.

For unhedged and hedged share classes, the benchmark is shown in the share class currency.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Accounting reference date:** 31 March

**Income allocation date:** On or before 31 July

## Investment Minima

| Share Classes/types in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class I – Accumulation and Income          | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Accumulation and Income          | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income         | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class Z – Accumulation and Income          | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.30            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | Up to 0.30      |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.25            |
| Sterling Class Z – Accumulation and Income    | N/A              | N/A                 | 0.00            |

See section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

## Investor Profile

The Fund is designed for retail and professional investors, and eligible counterparties, seeking exposure to a diversified global equity portfolio with minimal stock specific risk. No specific financial knowledge is required, although investors should understand the Fund's risks and it may be used as a component of a diversified portfolio to meet their investment needs. Investors should be looking to invest for at least five years and should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

## Other information

|                          |  |
|--------------------------|--|
| Investment Manager       | M&G Investment Management Limited                    |
| Initial Offer Period     | 8am to 12 noon UK time on 12 November 2019 (4 hours) |
| Valuation point          | 12.00 noon UK time                                   |
| Valuation currency       | U.S. Dollar  |
| Launch date              | 12 November 2019                                     |
| Product Reference Number | 918220   |

\*\* As of 8 August 2023, this Fund is terminating and is closed to investment.



## 1.6 M&G ESG Screened Global High Yield Bond Fund

### This product does not have a UK sustainable investment label.

Sustainability Labels help investors find products that have a specific sustainability goal. This product does not have a specific sustainability goal and therefore does not use a Sustainability Label.

#### Investment Objective

The Fund aims to provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index (USD Hedged) over any five-year period, while applying ESG Criteria.

#### Investment Policy

The Fund invests at least 80% of its Net Asset Value directly in high yield bonds issued by companies that are domiciled in any country, including Emerging Markets. These bonds may be denominated in any currency and currency exposure is typically hedged back to US Dollar.

The Fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.

#### Investment Approach

The Fund is globally diversified and seeks to provide exposure to a broad range of issuers across a variety of sectors.

The fund manager has the flexibility to adjust the Fund's credit exposure, sector positioning and regional allocations based on the assessment of current market valuations and the macroeconomic environment.

Individual credit selection based on bottom-up analysis of the global high yield bond markets by in-house credit analysts complements the Investment Manager's views.

#### Environmental, Social and Governance Criteria (ESG Criteria)

The Fund's ESG characteristics apply to at least 70% of the Fund's Assets (the "ESG Assets"). Up to 30% of the Fund may be held in Other Assets, which are assets where it is not feasible to apply ESG Criteria, as explained further below. The Fund's ESG characteristics are achieved by applying ESG Criteria to screen investments and by integrating ESG Factors into the Fund's research and investment process. Detailed information is provided in the table below, but in summary:

1. The Fund uses negative screening, which mitigates the effect the Fund has on the environment and society and the potential for governance concerns from the Fund's investments, by preventing it from holding certain types of investments.
2. From that reduced investment universe, the Fund then applies two separate Positive ESG Tilts (Positive ESG Tilt on MSCI ESG Scores and Positive ESG Tilt on Weighted Average Carbon Intensity (WACI)), to its corporate bond holdings (where there is data).
  - a. The first Positive ESG Tilt uses MSCI ESG Scores, which are an independent third party's assessment of resilience to financially material environmental, societal and governance risks. The Weighted Average MSIC ESG Scores must be above that of the ICE BofA Global High Yield Index (USD Hedged), which is used as a proxy for the Fund's investment universe.
  - b. The second Positive ESG Tilt uses Weighted Average Carbon Intensity (WACI – Scope 1 Emissions and Scope 2 Emissions), which is a relevant environmental factor, particularly for climate change. These tilts are designed to cause the portion of the Fund allocated to corporate bonds to exceed a certain standard. As it is an average, it means that the fund manager can hold investments above

and below that standard, as long as the average exceeds it. The Weighted Average Carbon Intensity must be below that of the ICE BofA Global High Yield Index (USD Hedged), which is used as a proxy for the Fund's investment universe. Therefore, the tilts should be understood as operating in conjunction with the exclusions, which mitigate some of the potential risk from holding below the standard, as explained further below.

3. ESG Themed Bonds may be considered for inclusion by fund manager's investment process, but no minimum holding requirement applies.

The fund manager is then permitted to select any investment from the resulting reduced investment universe while integrating a consideration of ESG factors into credit analysis and investment decisions, which in turn influences portfolio construction. In particular, the fund manager considers the MSCI ESG Scores and carbon intensity of the investments made, where this is not detrimental to the pursuit of the investment objective.

These ESG characteristics are capable of being achieved where the Fund holds securities directly, unless the relevant data is not available for those securities. Cash deposits, and indirect exposures such as derivatives and holdings in other funds, are not considered to have ESG characteristics. The effect of this is set out further below under Other Assets.

| ESG Criteria   | Requirement  | Rationale  | What are the main limitations to this approach an investor should know about?   |
|--|--|--|---|
| <p><b>ESG Exclusions</b> (explained more fully under “Exclusions, Thresholds and Exceptions” below)</p> <p>Applies to Corporate Bonds held directly. Some exposure may arise through derivatives and other funds, as explained below.</p>  | <p>Excludes investments that are considered to be more likely to cause significant harm to the environment and society, or which have severe, repeated and/or systemic breach of international global norms, as explained further below.</p> <p>Excludes ESG Laggards (companies with very low ESG scores), as explained further below.</p>                                | <p>Restricting investment in this way mitigates the potential for the Fund to do harm, and should contribute to the Fund having better ESG characteristics than the wider investment universe.</p>   | <p>Whilst the exclusions represent a material reduction of the investment universe, they do not seek to exclude every possible sector that could cause harm. For example, there are other sectors of the economy which generate significant Carbon Emissions which aren’t excluded.</p> <p>Some exposure to the restricted company types may arise through derivatives and other funds, as explained below under “Other Assets”.</p> <p>This restriction does not apply in certain cases. For example, a power company may be caught by the restriction because of its legacy fossil fuel generation, but the Fund may still purchase an ESG Themed Bond it issued to help it increase its renewable or low carbon power generation.</p>  |
| <p><b>Positive ESG Tilt on MSCI ESG Scores</b></p> <p>Applies to Corporate Bonds held directly, where data is available.</p> <p>Where exposure arises through derivatives or investment in other funds, this does not form part of the Positive ESG Tilt as explained below.</p> | <p>The Weighted Average MSCI ESG Scores of directly held securities from corporate issuers must be above that of the ICE BofA Global High Yield Index (USD Hedged), which is used as a proxy for the Fund’s investment universe.</p> <p>This means the Fund can invest in companies that are higher or lower MSCI ESG Scores than this index, but must average higher.</p> | <p>MSCI ESG Scores are an evaluation of Environmental, Social and Governance risk factors applicable to a company, as assessed by MSCI, an independent third party.</p> <p>As a result of this investment restriction, the fund manager is considering the ESG characteristics of the corporate securities purchased for the Fund.</p> | <p>MSCI ESG Scores are designed to measure a company’s resilience to financially material environmental, societal and governance risks. They are not a general measure of corporate “goodness”, a barometer on any single issue or a synonym for sustainable investing. For example, a company can have a high MSCI ESG Score and be within a sector that is seen as damaging to the environment or society. This is why the fund manager uses this approach in conjunction with the other ESG Criteria set out in this table and the integration of ESG Factors into the fund manager’s research and investment process, as it is the combined effect of these ESG Criteria which should deliver a Fund with ESG characteristics.</p> <p>Where exposure arises through derivatives or investment in other funds, this does not form part of the Positive ESG Tilt as explained below under “Other Assets”.</p> |

| ESG Criteria  | Requirement   | Rationale  | What are the main limitations to this approach an investor should know about?  |
|---|---|--|--|
| <p><b>Positive ESG Tilt on Weighted Average Carbon Intensity (WACI)</b></p> <p>Applies to Corporate Bonds held directly, where data is available.</p> <p>Where exposure arises through derivatives or investment in other funds, this does not form part of the Positive ESG Tilt as explained below.</p> | <p>The Weighted Average Carbon Intensity (Scope 1 Emissions and Scope 2 Emissions) of directly held securities from corporate issuers must be below that of the ICE BofA Global High Yield Index (USD Hedged), which is used as a proxy for the Fund's investment universe.</p> <p>This means the Fund can invest in companies that are higher or lower carbon intensity than this index, but must average lower.</p> | <p>Companies will usually disclose their Carbon Intensity, which is a measure of the greenhouse gas emissions they cause per relevant unit of activity. For example, a power company would measure this against kilowatt hours. This allows companies in different sectors to be compared.</p> <p>As a result of this investment restriction, the fund manager is considering the Carbon Intensity of the corporate securities purchased for the Fund.</p> | <p>This Positive ESG Tilt uses Scope 1 Emissions and Scope 2 Emissions Carbon Intensity, but it does not use Scope 3 Emissions Carbon Intensity as this data is not consistently available. Please see the definitions section for full explanations of these terms but in short Scope 1 are emissions the company causes directly, Scope 2 are indirect emissions, eg from its power consumption and Scope 3 are emissions from its value chain, either from its suppliers, or from the use of its products. For some companies, Scope 3 Emissions can represent a major part of their overall emissions profile, potentially as high as 90% in some cases. However, not all companies report Scope 3 Emissions. As a result, a calculation that makes a comparison can be distorted by this inconsistently available data, as it can cause a company that does not report Scope 3 Emissions to look better than a company that does, because the former's total Carbon Emissions is only adding Scope 1 Emissions and Scope 2 Emissions, whereas the latter is adding more. The Fund's current solution to this is to exclude Scope 3 Emissions, which means both the figure for the Fund and the figure for the comparator may be understated, which could make the Fund look either better or worse versus a comparator. The fund manager aspires to include Scope 3 Emissions in time. The same principle applies to Scope 4 Emissions, which can mean this measure does not recognise the carbon avoiding effect of a company's activities, again, because this is not consistently reported.</p> <p>Where exposure arises through derivatives or investment in other funds, this does not form part of the Positive ESG Tilt as explained below under "Other Assets".</p> |
| <b>ESG Themed Bonds</b>   | No minimum requirement, but may be considered for inclusion by fund manager's investment process.   | ESG Themed Bonds use the proceeds raised to achieve specific purposes or have made certain pledges with ESG characteristics.   | As Carbon Intensity is typically measured at issuer level, some ESG Themed Bonds may contribute higher levels of Carbon Intensity to the Positive ESG Tilt above. For example, a power company may have high issuer level Carbon Intensity, but the Fund may still purchase an ESG Themed bond it issued to help it increase its renewable or low carbon power generation.   |

## Other Assets

The Fund may hold up to 30% of its assets as Other Assets which are not ESG Assets. The main reason up to 30% is required is the inclusion of cash and liquidity in this category. These mainly comprise the following:

1. Cash deposits. These are not securities and therefore are not part of the fund manager's intended delivery of ESG characteristics. The fund manager considers cash holdings to be neutral, in that they neither contribute to nor detract from the ESG characteristics.
2. Short dated Government Bonds held for liquidity purposes. As different ESG Factors are relevant to governments from corporates, the ESG Criteria are not relevant to Government Bonds. Governments do not publish a carbon intensity equivalent to that published by companies and therefore government carbon data cannot be combined with corporates for the Positive ESG Tilt on WACI. Similarly, whilst MSCI do rate governments for ESG Factors, the methodology is different. As such MSCI ESG Scores are not interchangeable between corporates and governments and the fund manager does not consider it appropriate to combine these in the same test.
3. Derivatives. Derivatives are a financial contract where the value is determined by reference to the value of an underlying asset. This may be an underlying asset that is not relevant to the ESG Characteristics, such as a foreign exchange rate or a currency rate, or it may, for example, be an index. That index then in turn calculates its value by reference to the value of its constituents, which may or may not be securities. Because the derivative is a financial contract, the fund manager does not consider these derivatives to have ESG characteristics. Such derivatives are usually entered into "flat", ie are zero in their effect on the Fund's Net Asset Value, and then as the price of the underlying asset changes, their value changes. For this reason, they are unlikely to represent a significant part of the Fund's Net Asset Value and accordingly, even if it were feasible to include them in the Positive ESG Tilts, they would be unlikely to have a material effect.
4. Money market funds. Money market funds are typically comprised of cash deposits, short dated government bonds and short dated corporate bonds. The short dated corporate bonds are usually from financial institutions. Money market funds are unlikely to apply the same exclusions, and they are also unlikely to provide the daily data that would be required to verify they have ESG characteristics. If this data can be reliably obtained then the fund manager may choose to "look through" such other fund and treat its assets as though they were the Fund's assets for the purposes of assessing them as ESG Assets or Other Assets. This is unlikely to be the case unless such other fund is also managed by the Investment Manager (or an affiliate).
5. Investments for which there is insufficient data to assess them as ESG Assets.

In addition, it is possible that the Fund may receive investments which do not fit into the above categories or qualify as ESG Assets, e.g. as a result of a merger or other corporate action, or as a result of the characteristics of a previously acquired investment changing. The fund manager will generally seek to dispose of these investments in the best interests of investors, but may not always do so immediately. Such holdings are infrequent and are unlikely to be a material part of the Fund.

## Key Performance Indicators (also known as "KPIs")

The Fund reports on the following KPIs to demonstrate to investors whether it has met the commitments made in respect of the ESG Assets:

**Exclusionary Approach:** Percentage of the Fund's Net Asset Value held in excluded investments. This KPI covers all the Fund's exclusions, not just the ESG Assets. It therefore covers all directly held securities.

The report will explain why any excluded investments are (or were) held.

## Positive ESG Outcome (WACI):

1. Reporting to demonstrate whether the corporate bonds held by the Fund had a lower Weighted Average Carbon Intensity (WACI) (Scope 1 Emissions and Scope 2 Emissions) than the investment universe of global high yield bonds, as represented by the ICE BofA Global High Yield Index (USD Hedged).
2. For information purposes only, Weighted Average Carbon Intensity (WACI) (Scope 1 Emissions and Scope 2 Emissions) of the corporate bonds held by the Fund compared to the investment universe of sustainable

global high yield bonds, as represented by the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index.

**Positive ESG Outcome (ESG Rating):**

1. Reporting to demonstrate whether the corporate bonds held by the Fund had a higher weighted average MSCI ESG Score than the investment universe of global high yield bonds, as represented by the ICE BofA Global High Yield Index (USD Hedged).
2. For information purposes only, weighted average MSCI ESG Score of the corporate bonds held by the Fund, compared to the investment universe of sustainable global high yield bonds, as represented by the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index.

**ESG Themed Bonds:** Percentage of the Fund's Net Asset Value held in ESG Themed Bonds.

The Fund reports on the following KPIs to show the effect of the Other Assets where possible:

**Additional KPIs:** The fund manager will seek to obtain Carbon Intensity data, MSCI ESG Scores and holdings values for indirectly held corporate securities. Indirectly held means those securities held via funds and derivatives. The Fund will then report a second set of figures for the two Positive ESG Tilt KPIs above which includes any additional data obtained and what portion of the Fund's Net Asset Value this covers. However, this will not be 100% of Net Asset Value as such data is not available for cash deposits or Government Bonds.

**Exclusions, Thresholds and Exceptions:** what is the Fund not permitted to hold?

The fund manager uses negative screens set up in monitoring systems to filter the investment universe. These screens typically use third party data vendors such as MSCI and Bloomberg. This system is supplemented by the fund manager's sustainability research process, which may result in exceptions against such monitoring, as described below. Where a bond issue has different characteristics than its issuer, the fund manager assesses the exposure of the bond issue, rather than the bond issuer, to the excluded activities, as described in more detail below.

| Issue  | Criteria   |
|--|--|
| <b>Global Norms</b>  |  |
| <b>Sovereign Good Governance</b>   | The Fund will not invest in sovereigns which (i) have been flagged as non-cooperative tax jurisdictions; (ii) are the subject of UN or EU Sanctions; (ii) or score below 25/100 on the indicators for Political Stability, the Rule of Law and Corruption Perception used by the Social Progress Index*.   |
| <b>Corporate Good Governance and Global Norms including the UN Global Compact (UNGC)</b> | The fund manager will exclude companies assessed to be in severe, repeated and/or systemic breach of international global norms, where the fund manager considers engagement to be unlikely to lead to remediation and/or mitigate against the risk of recurrence. Our assessment of global norms is guided by international standards including UN Global Compact, OECD Guidelines for Multinational Enterprises, ILO Declaration on fundamental Principles and Rights at Work and UN Guiding Principles. |
| <b>ESG Laggards</b>  | The Fund seeks to exclude issuers considered to be ESG laggards based on the analysis of MSCI and M&G's in-house ESG assessment. The Fund Manager excludes any issuer that is classified as an ESG laggard by MSCI (ESG rating of B or CCC) unless M&G's in-house ESG assessment takes a different view, in which case the fund manager may grant an exception as described under Approach to Exclusions below.  |

| <b>Environmental issues</b>              |   |
|--|---|
| <b>Thermal Coal Extraction</b>           | <p>The Fund applies the M&amp;G Investments Thermal Coal Investment Policy, which is the Investment Manager’s house-wide policy to address its exposure to thermal coal mining, power generation and other coal related operations. This applies to all of its UK retail funds (and some other funds too). A copy may be found on our website.</p> <p>The Fund has a tighter restriction than the above policy for companies which derive revenues from the extraction of thermal coal. A 5% revenue threshold for such companies is applied.</p> |
| <b>Oil and Gas Extraction</b>            | <p>Companies that derive revenues from the extraction of oil and gas (whether conventionally or unconventionally) are restricted.</p> <p>A 5% revenue threshold is applied as a control in the fund manager’s monitoring systems. A company which exceeds this revenue threshold may be permitted for investment where it has been assessed and determined not to cause significant environmental or social harm.</p>   |
| <b>Oil and Gas Related Activities</b>    | <p>The Fund excludes companies involved in oil and gas related activities. A 5% revenue threshold for such companies is applied.</p> <p>A company which exceeds this revenue threshold may be permitted for investment where it has been assessed and determined not to cause significant environmental or social harm.</p>   |
| <b>Carbon-intensive power generation</b> | <p>The Fund will not finance electricity utility firms that derive more than 10% power production from coal, more than 30% from oil and gas or more than 30% from nuclear fuel sources.</p> <p>A company which exceeds this revenue threshold may be permitted for investment where it has been assessed and determined not to cause significant environmental or social harm.</p>  |
| <b>Nuclear Power</b>                     | <p>Companies that derive revenues from nuclear-based power generation are excluded.</p> <p>A 5% revenue threshold for nuclear power generators is applied.</p>  |
| <b>Genetically Modified (GM) Crops</b>   | <p>The Fund excludes companies that derive more than 5% of their revenue from the genetic modification of plants/crops intended for agriculture or human consumption.</p>   |
| <b>Social issues</b>                     |   |
| <b>Adult Entertainment</b>               | <p>Companies that derive revenues from producing, directing or publishing (collectively “production”), or distributing adult entertainment materials.</p> <p>A 5% revenue threshold for production and a 10% revenue threshold for distribution is applied.</p>   |
| <b>Alcohol</b>                           | <p>Companies that derive revenues from the production of alcohol and/or distribution of alcohol for consumption are excluded.</p> <p>A 5% revenue threshold for producers and a 10% revenue threshold for distributors is applied.</p>  |
| <b>Gambling</b>                          | <p>Companies that derive revenues from the provision of gambling-related services are excluded.</p> <p>A 5% revenue threshold for such companies is applied.</p>  |

| <b>Environmental issues</b>      |   |
|----------------------------------|---|
| <b>Tobacco</b>                   | <p>Companies that derive revenues from activities related to the tobacco industry are excluded.</p> <p>A 5% revenue threshold for tobacco producers and a 10% revenue threshold for distributors is applied.</p>  |
| <b>Controversial weapons</b>     | <p>Companies involved in anti-personnel mines, cluster munitions, chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium and incendiary white phosphorous munitions, blinding laser, non-detectable fragment weapons are excluded.</p> <p>A 0% revenue threshold for such companies is applied.</p>  |
| <b>Defence and other weapons</b> | <p>Companies that derive revenues from the production or sale of weapons systems, components, and support systems and services, or the manufacture and retail of civilian firearms and ammunition are excluded. For the avoidance of doubt, this does not include the provision of generic systems and services that are not weapons-specific.</p> <p>A 5% revenue threshold for such companies is applied.</p> |

### Approach to Exclusions

The Exclusions, as negative screening, are intended to assist the fund manager in mitigating the harm that the Fund can do on the environment or society. There may be occasions where systematic application of the Exclusions does not achieve that outcome with sufficient precision. In such circumstances, the fund manager can grant exceptions against the Exclusions. In particular:

1. The fund manager may disagree with data or opinions provided by third parties, and decide to categorise an investment differently. For example, data provided from data vendors can be stale and we may have access to more accurate information from researching the relevant company.
2. As revenue data is backwards-looking (eg it comes from the company's accounts covering their previous year's activities) it can arise from activities the company is no longer undertaking (eg if the relevant business has been sold) or from extraordinary income streams that are not expected to persist. In such cases, the fund manager will consider how large the exposure is compared to the threshold and how long that exposure is expected to persist, as part of making a reasonable estimation of what the current value for the offending revenue would be. An exception may be granted if the fund manager concludes the company would be within the threshold, if fresher data was available.
3. Where a bond issue has different characteristics than its issuer, the fund manager may assess the issue's compliance with the exclusions and as a result may take a different view than it would for the issuer. For example, if an issue is not exposed to any of the excluded activities because its proceeds are ring-fenced away from the offending activity, this issue may be permitted. Environmental Themed Bonds are an example of this. The fund manager may determine it would not buy standard bonds from a power company because of its heavy reliance on coal-fired power plants, but might consider investing in an Environmental Themed Bond issued by the same company, where use of the proceeds from that Environmental Themed Bond are restricted to specific activities such as building a solar power plant.

[End of Sustainability Disclosures]



**Benchmark:** Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index (USD Hedged)

The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.

The Fund is actively managed. The Fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.

For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID. Further information on the benchmark can be found here:

<https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Calculation of Global Exposure:** The Fund uses the relative Value-at-Risk (VaR) methodology to monitor and measure its global exposure, using the Fund's benchmark as the reference portfolio.

**Leverage:** The Fund's expected level of leverage under normal market conditions will generally not exceed 250% of the Fund's Net Asset Value when calculated in accordance with the sum of notionals approach. The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.

**Accounting reference date:** 31 March

**Income allocation dates:** 31 October (Interim), 31 January (Interim), 30 April (Interim) and 31 July (Final)

## Investment Minima

| Share Classes/types in issue or available for issue* | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding            | Regular saving (per month)  | Redemption                  |
|--|----------|-----------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Sterling Class A – Accumulation and Income           | GBP      | 500                         | 100                            | 500                         | 10                          | 100                         |
| Sterling Class A (Hedged) – Accumulation and Income  | GBP      | 500                         | 100                            | 500                         | 10                          | 100                         |
| Sterling Class I – Accumulation and Income           | GBP      | 500,000                     | 10,000                         | 500,000                     | N/A                         | 10,000                      |
| Sterling Class I (Hedged) – Accumulation and Income  | GBP      | 500,000                     | 10,000                         | 500,000                     | N/A                         | 10,000                      |
| Sterling Class K – Accumulation                      | GBP      | Upon agreement with the ACD | Upon agreement with the ACD    | Upon agreement with the ACD | Upon agreement with the ACD | Upon agreement with the ACD |
| Sterling Class L – Accumulation and Income           | GBP      | 20,000,000                  | 50,000                         | 20,000,000                  | N/A                         | 50,000                      |
| Sterling Class L (Hedged) – Accumulation and Income  | GBP      | 20,000,000                  | 50,000                         | 20,000,000                  | N/A                         | 50,000                      |
| Sterling Class PP – Accumulation and Income          | GBP      | 50,000,000                  | 10,000                         | 50,000,000                  | N/A                         | 10,000                      |
| Sterling Class PP (Hedged) – Accumulation and Income | GBP      | 50,000,000                  | 10,000                         | 50,000,000                  | N/A                         | 10,000                      |
| Sterling Class R – Accumulation and Income           | GBP      | 500                         | 100                            | 500                         | N/A                         | 100                         |

| Share Classes/types in issue or available for issue* | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|--|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class R (Hedged)– Accumulation and Income   | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |
| Sterling Class Z – Accumulation and Income           | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |
| Sterling Class Z (Hedged) – Accumulation and Income  | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Please see [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue) for details of which share classes are currently being issued.

| Share Classes in issue or available for issue       | Initial Charge %            | Redemption Charge %         | Annual Charge %             |
|---|-----------------------------|-----------------------------|-----------------------------|
| Sterling Class A – Accumulation and Income          | N/A                         | N/A                         | 1.00                        |
| Sterling Class A (Hedged) – Accumulation and Income | N/A                         | N/A                         | 1.03                        |
| Sterling Class I – Accumulation and Income          | N/A                         | N/A                         | 0.60                        |
| Sterling Class I (Hedged) – Accumulation and Income | N/A                         | N/A                         | 0.63                        |
| Sterling Class K – Accumulation                     | Upon agreement with the ACD | Upon agreement with the ACD | Upon agreement with the ACD |
| Sterling Class L – Accumulation and Income          | N/A                         | N/A                         | 0.40                        |
| Sterling Class L (Hedged)– Accumulation and Income  | N/A                         | N/A                         | 0.43                        |
| Sterling Class PP – Accumulation and Income         | N/A                         | N/A                         | 0.50                        |
| Sterling Class PP (Hedged)– Accumulation and Income | N/A                         | N/A                         | 0.53                        |
| Sterling Class R – Accumulation and Income          | N/A                         | N/A                         | 0.85                        |
| Sterling Class R (Hedged) – Accumulation and Income | N/A                         | N/A                         | 0.88                        |
| Sterling Class Z- Accumulation and Income           | N/A                         | N/A                         | 0.00                        |
| Sterling Class Z (Hedged)- Accumulation and Income  | N/A                         | N/A                         | 0.00                        |

See section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

### Investor Profile

The M&G ESG Screened Global High Yield Bond Fund is designed for retail and professional investors, and eligible counterparties who seek capital growth with the option to take an income from an investment in a portfolio which provides exposure to the global high yield bond market whilst pursuing ESG characteristics. No specific financial knowledge is required although investors should understand the Fund's risks and it may be used as a component of a diversified portfolio to meet their investment needs. The Fund will allow investors ready access to their investment although they should intend to invest their money for at least five years. Investors should understand that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

### Other Information

|                    |                                   |
|--------------------|-----------------------------------|
| Investment Manager | M&G Investment Management Limited |
|--------------------|-----------------------------------|

|                          |                                       |
|--------------------------|---------------------------------------|
| Valuation point          | 12.00 noon UK time                    |
| Valuation currency       | U.S. Dollar                           |
| Launch date              | 25 February 2020                      |
| Product Reference Number | To be published after the launch date |

## 1.7 M&G ESG Screened Global Corporate Bond Fund

### This product does not have a UK sustainable investment label.

Sustainability Labels help investors find products that have a specific sustainability goal. This product does not have a specific sustainability goal and therefore does not use a Sustainability Label

#### Investment Objective

The Fund aims to provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index (GBP Hedged) over any five-year period, while applying ESG Criteria.

#### Investment Policy

The Fund invests at least 80% of its Net Asset Value directly in investment grade corporate bonds including investment grade Asset-Backed Securities. These securities may be issued by companies that are domiciled in any country, including Emerging Markets. The investment grade corporate bonds may be denominated in any currency and currency exposure is typically hedged back to GBP.

The Fund may also invest in:

- Below investment grade and unrated corporate bonds;
- Bonds issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies;
- Below investment grade and unrated Asset-Backed Securities; and
- Other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Investments in Asset-Backed Securities are limited to 20% of the Fund.

The Fund invests at least 10% of its assets into ESG Themed Bonds.

Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.

#### Investment Approach

The Fund is globally diversified and seeks to provide exposure to a broad range of issuers across a variety of sectors.

The fund manager has the flexibility to adjust the Fund's credit exposure, sector positioning and regional allocations based on the assessment of current market valuations and the macroeconomic environment.

Individual credit selection based on bottom-up analysis of the global corporate bond market by in-house credit analysts complements the fund manager's views.

#### Environmental, Social and Governance Criteria (ESG Criteria)

The Fund's ESG characteristics apply to at least 70% of the Fund's Assets (the "ESG Assets"). Up to 30% of the Fund may be held in Other Assets, which are assets where it is not feasible to apply ESG Criteria, as explained further below. The Fund's ESG characteristics are achieved by applying ESG Criteria to screen investments and by integrating ESG Factors into the Fund's research and investment process. Detailed information is provided in the table below, but in summary:

1. The Fund uses negative screening, which mitigates the effect the Fund has on the environment and society and the potential for governance concerns from the Fund's investments, by preventing it from holding certain types of investments.
2. From that reduced investment universe, the Fund then applies two separate Positive ESG Tilts (Positive ESG Tilt on MSCI ESG Scores and Positive ESG Tilt on Weighted Average Carbon Intensity (WACI)), to its corporate bond holdings (where there is data).

- a. The first Positive ESG Tilt uses MSCI ESG Scores, which are an independent third party's assessment of resilience to financially material environmental, societal and governance risks. The Weighted Average MSIC ESG Scores must be above that of the Bloomberg Global Aggregate Corporate Index, which is used as a proxy for the Fund's investment universe.
  - b. The second Positive ESG Tilt uses Weighted Average Carbon Intensity (WACI – Scope 1 Emissions and Scope 2 Emissions), which is a relevant environmental factor, particularly for climate change. These tilts are designed to cause the portion of the Fund allocated to corporate bonds to exceed a certain standard. As it is an average, it means that the fund manager can hold investments above and below that standard, as long as the average exceeds it. The Weighted Average Carbon Intensity must be below that of the Bloomberg Global Aggregate Corporate Index, which is used as a proxy for the Fund's investment universe. Therefore the tilts should be understood as operating in conjunction with the exclusions, which mitigate some of the potential risk from holding below the standard, as explained further below.
3. ESG Themed Bonds may be considered for inclusion by fund manager's investment process. A minimum of 10% of the Fund's Net Asset Value will be held in ESG Themed Bonds.

The fund manager is then permitted to select any investment from the resulting reduced investment universe while integrating a consideration of ESG factors into credit analysis and investment decisions, which in turn influences portfolio construction. In particular, the fund manager considers the MSCI ESG Scores and carbon intensity of the investments made, where this is not detrimental to the pursuit of the investment objective.

These ESG characteristics are capable of being achieved where the Fund holds securities directly, unless the relevant data is not available for those securities. Cash deposits, and indirect exposures such as derivatives and holdings in other funds, are not considered to have ESG characteristics. The effect of this is set out further below under Other Assets.

| ESG Criteria   | Requirement   | Rationale  | What are the main limitations to this approach an investor should know about?  |
|--|---|--|--|
| <p><b>ESG Exclusions</b> (explained more fully under “Exclusions, Thresholds and Exceptions” below)</p> <p>Applies to Corporate Bonds held directly. Some exposure may arise through derivatives and other funds, as explained below</p>   | <p>Excludes investments that are considered to be more likely to cause significant harm to the environment and society, or which have severe, repeated and/or systemic breach of international global norms, as explained further below.</p> <p>Excludes ESG Laggards (companies with very low ESG scores), as explained further below.</p>                             | <p>Restricting investment in this way mitigates the potential for the Fund to do harm, and should contribute to the Fund having better ESG characteristics than the wider investment universe.</p>   | <p>Whilst the exclusions represent a material reduction of the investment universe, they do not seek to exclude every possible sector that could cause harm. For example, there are other sectors of the economy which generate significant Carbon Emissions which aren’t excluded.</p> <p>Some exposure to the restricted company types may arise through derivatives and other funds, as explained below under “Other Assets”.</p> <p>This restriction does not apply in certain cases. For example, a power company may be caught by the restriction because of its legacy fossil fuel generation, but the Fund may still purchase an ESG Themed Bond it issued to help it increase its renewable or low carbon power generation.</p>   |
| <p><b>Positive ESG Tilt on MSCI ESG Scores</b></p> <p>Applies to Corporate Bonds held directly, where data is available.</p> <p>Where exposure arises through derivatives or investment in other funds, this does not form part of the Positive ESG Tilt as explained below.</p> | <p>The Weighted Average MSCI ESG Scores of directly held securities from corporate issuers must be above that of the Bloomberg Global Aggregate Corporate Index, which is used as a proxy for the Fund’s investment universe.</p> <p>This means the Fund can invest in companies that are higher or lower MSCI ESG Scores than this index, but must average higher.</p> | <p>MSCI ESG Scores are an evaluation of Environmental, Social and Governance risk factors applicable to a company, as assessed by MSCI, an independent third party.</p> <p>As a result of this investment restriction, the fund manager is considering the ESG characteristics of the corporate securities purchased for the Fund.</p> | <p>MSCI ESG Scores are designed to measure a company’s resilience to financially material environmental, societal and governance risks. They are not a general measure of corporate “goodness”, a barometer on any single issue or a synonym for sustainable investing. For example, a company can have a high MSCI ESG Score and be within a sector that is seen as damaging to the environment or society. This is why the fund manager uses this approach in conjunction with the ESG Exclusions and the Positive ESG Tilt on WACI, and integration of ESG Factors into the fund manager’s research and investment process, as it is the combined effect of these ESG Criteria which should deliver a Fund with ESG characteristics.</p> <p>Where exposure arises through derivatives or investment in other funds, this does not form part of the Positive ESG Tilt as explained below under “Other Assets”.</p> |

| ESG Criteria  | Requirement  | Rationale  | What are the main limitations to this approach an investor should know about?   |
|---|--|--|---|
| <p><b>Positive ESG Tilt on Weighted Average Carbon Intensity (WACI)</b></p> <p>Applies to Corporate Bonds held directly, where data is available.</p> <p>Where exposure arises through derivatives or investment in other funds, this does not form part of the Positive ESG Tilt as explained below.</p> | <p>The Weighted Average Carbon Intensity (Scope 1 Emissions and Scope 2 Emissions) of directly held securities from corporate issuers must be below that of the Bloomberg Global Aggregate Corporate Index, which is used as a proxy for the Fund's investment universe.</p> <p>This means the Fund can invest in companies that are higher or lower carbon intensity than this index, but must average lower.</p> | <p>Companies will usually disclose their Carbon Intensity, which is a measure of the greenhouse gas emissions they cause per relevant unit of activity. For example, a power company would measure this against kilowatt hours. This allows companies in different sectors to be compared.</p> <p>As a result of this investment restriction, the fund manager is considering the Carbon Intensity of the corporate securities purchased for the Fund.</p> | <p>This Positive ESG Tilt uses Scope 1 Emissions and Scope 2 Emissions Carbon Intensity, but it does not use Scope 3 Emissions Carbon Intensity as this data is not consistently available. Please see the definitions section for full explanations of these terms but in short Scope 1 are emissions the company causes directly, Scope 2 are indirect emissions, eg from its power consumption and Scope 3 are emissions from its value chain, either from its suppliers, or from the use of its products. For some companies, Scope 3 Emissions can represent a major part of their overall emissions profile, potentially as high as 90% in some cases. However, not all companies report Scope 3 Emissions. As a result, a calculation that makes a comparison can be distorted by this inconsistently available data, as it can cause a company that does not report Scope 3 Emissions to look better than a company that does, because the former's total Carbon Emissions is only adding Scope 1 Emissions and Scope 2 Emissions, whereas the latter is adding more. The current solution to this is to exclude Scope 3 Emissions, which means both the figure for the Fund and the figure for the comparator may be understated, which could make the Fund look either better or worse versus a comparator. The fund manager aspires to include Scope 3 Emissions in time. The same principle applies to Scope 4 Emissions, which can mean this measure does not recognise the carbon avoiding effect of a company's activities, again, because this is not consistently reported.</p> <p>Where exposure arises through derivatives or investment in other funds, this does not form part of the Positive ESG Tilt as explained below under "Other Assets".</p> |
| <p><b>Minimum holding of ESG Themed Bonds</b></p>   | <p>Minimum 10% Fund Net Asset Value in such holdings</p>   | <p>ESG Themed Bonds use the proceeds raised to achieve specific purposes or have made certain pledges with ESG characteristics.</p>  | <p>As Carbon Intensity is typically measured at issuer level, some ESG Themed Bonds may contribute higher levels of Carbon Intensity to the Positive ESG Tilt above. For example, a power company may have high issuer level Carbon Intensity, but the Fund may still purchase an ESG Themed bond it issued to help it increase its renewable or low carbon power generation.</p>   |

## Other Assets

The Fund may hold up to 30% of its assets as Other Assets which are not ESG Assets. The main reason up to 30% is required is the inclusion of cash and liquidity in this category. These mainly comprise the following:

1. Cash deposits. These are not securities and therefore are not part of the fund manager's intended delivery of ESG characteristics. The fund manager considers cash holdings to be neutral, in that they neither contribute to nor detract from the ESG characteristics.
2. Short dated Government Bonds held for liquidity purposes. As different ESG Factors are relevant to governments from corporates, the ESG Criteria are not relevant to Government Bonds. Governments do not publish a carbon intensity equivalent to that published by companies and therefore government carbon data cannot be combined with corporates for the Positive ESG Tilt on WACI. Similarly, whilst MSCI do rate governments for ESG Factors, the methodology is different. As such MSCI ESG Scores are not interchangeable between corporates and governments and the fund manager does not consider it appropriate to combine these in the same test.
3. Derivatives. Derivatives are a financial contract where the value is determined by reference to the value of an underlying asset. This may be an underlying asset that is not relevant to the ESG Characteristics, such as a foreign exchange rate or a currency rate, or it may, for example, be an index. That index then in turn calculates its value by reference to the value of its constituents, which may or may not be securities. Because the derivative is a financial contract, the fund manager does not consider these derivatives to have ESG characteristics. Such derivatives are usually entered into "flat", ie are zero in their effect on the Fund's Net Asset Value, and then as the price of the underlying asset changes, their value changes. For this reason, they are unlikely to represent a significant part of the Fund's Net Asset Value and accordingly, even if it were feasible to include them in the Positive ESG Tilts, they would be unlikely to have a material effect.
4. Money market funds. Money market funds are typically comprised of cash deposits, short dated government bonds and short dated corporate bonds. The short dated corporate bonds are usually from financial institutions. Money market funds are unlikely to apply the same exclusions, and they are also unlikely to provide the daily data that would be required to verify they have ESG characteristics. If this data can be reliably obtained then the fund manager may choose to "look through" such other fund and treat its assets as though they were the Fund's assets for the purposes of assessing them as ESG Assets or Other Assets. This is unlikely to be the case unless such other fund is also managed by the Investment Manager (or an affiliate).
5. Investments for which there is insufficient data to assess them as ESG Assets.

In addition, it is possible that the Fund may receive investments which do not fit into the above categories or qualify as ESG Assets, e.g. as a result of a merger or other corporate action, or as a result of the characteristics of a previously acquired investment changing. The fund manager will generally seek to dispose of these investments in the best interests of investors, but may not always do so immediately. Such holdings are infrequent and are unlikely to be a material part of the Fund.

## Key Performance Indicators (also known as "KPIs")

The Fund reports on the following KPIs to demonstrate to investors whether it has met the commitments made in respect of the ESG Assets:

**Exclusionary Approach:** Percentage of the Fund's Net Asset Value held in excluded investments. This KPI covers all the Fund's exclusions, not just the ESG Assets. It therefore covers all directly held securities.

The report will explain why any excluded investments are (or were) held.

## Positive ESG Outcome (WACI):

1. Reporting to demonstrate whether the corporate bonds held by the Fund had a lower Weighted Average Carbon Intensity (WACI) (Scope 1 Emissions and Scope 2 Emissions) than the investment universe of global high yield bonds, as represented by the Bloomberg Global Aggregate Corporate Index.
2. For information purposes only, Weighted Average Carbon Intensity (WACI) (Scope 1 Emissions and Scope 2 Emissions) of the corporate bonds held by the Fund compared to the investment universe of sustainable



global high yield bonds, as represented by the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index (GBP Hedged).

#### Positive ESG Outcome (ESG Rating):

1. Reporting to demonstrate whether the corporate bonds held by the Fund had a higher weighted average MSCI ESG Score than the investment universe of global corporate bonds, as represented by the Bloomberg Global Aggregate Corporate Index.
2. For information purposes only, weighted average MSCI ESG Score of the corporate bonds held by the Fund, compared to the investment universe of sustainable global corporate bonds, as represented by the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index (GBP Hedged).

**ESG Themed Bonds:** Percentage of the Fund's Net Asset Value held in ESG Themed Bonds.

The Fund reports on the following KPIs to show the effect of the Other Assets where possible:

**Additional KPIs:** The fund manager will seek to obtain Carbon Intensity data, MSCI ESG Scores and holdings values for indirectly held corporate securities. Indirectly held means those securities held via funds and derivatives. The Fund will then report a second set of figures for the two Positive ESG Tilt KPIs above which includes any additional data obtained and what portion of the Fund's Net Asset Value this covers. However, this will not be 100% of Net Asset Value as such data is not available for cash deposits or Government Bonds.

#### Exclusions, Thresholds and Exceptions

The fund manager uses negative screens set up in monitoring systems to filter the investment universe. These screens typically use third party data vendors such as MSCI and Bloomberg. This system is supplemented by the fund manager's sustainability research process, which may result in exceptions against such monitoring, as described below. Where a bond issue has different characteristics than its issuer, the fund manager assesses the exposure of the bond issue, rather than the bond issuer, to the excluded activities, as described in more detail below.

| Issue  | Criteria   |
|--|--|
| <b>Global Norms</b>  |  |
| <b>Sovereign Good Governance</b>   | The Fund will not invest in sovereigns which (i) have been flagged as non-cooperative tax jurisdictions; (ii) are the subject of UN or EU Sanctions; (ii) or score below 25/100 on the indicators for Political Stability, the Rule of Law and Corruption Perception used by the Social Progress Index*.   |
| <b>Corporate Good Governance and Global Norms including the UN Global Compact (UNGC)</b> | The fund manager will exclude companies assessed to be in severe, repeated and/or systemic breach of international global norms, where the fund manager considers engagement to be unlikely to lead to remediation and/or mitigate against the risk of recurrence. Our assessment of global norms is guided by international standards including UN Global Compact, OECD Guidelines for Multinational Enterprises, ILO Declaration on fundamental Principles and Rights at Work and UN Guiding Principles. |
| <b>ESG Laggards</b>  | The Fund seeks to exclude issuers considered to be ESG laggards based on the analysis of MSCI and M&G's in-house ESG assessment. The Fund Manager excludes any issuer that is classified as an ESG laggard by MSCI (ESG rating of B or CCC) unless M&G's in-house ESG assessment takes a different view, in which case the fund manager may grant an exception as described under Approach to Exclusions below.  |

| <b>Environmental issues</b>              |  |
|--|--|
| <b>Thermal Coal Extraction</b>           | <p>The Fund applies the M&amp;G Investments Thermal Coal Investment Policy which is the Investment Manager's house-wide policy to address its exposure to thermal coal mining, power generation and other coal related operations. This applies to all of its UK retail funds (and some other funds too). A copy may be found on our website.</p> <p>The Fund has a tighter restriction that the above policy for companies which derive revenues from the extraction of thermal coal. A 5% revenue threshold for such companies is applied.</p> |
| <b>Oil and Gas Extraction</b>            | <p>Companies that derive revenues from the extraction of oil and gas (whether conventionally or unconventionally) are restricted.</p> <p>A 5% revenue threshold is applied as a control in the fund manager's monitoring systems. A company which exceeds this revenue threshold may be permitted for investment where it has been assessed and determined not to cause significant environmental or social harm.</p>  |
| <b>Oil and Gas Related Activities</b>    | <p>The Fund excludes companies involved in oil and gas related activities. A 5% revenue threshold for such companies is applied.</p> <p>A company which exceeds this revenue threshold may be permitted for investment where it has been assessed and determined not to cause significant environmental or social harm.</p>  |
| <b>Carbon-intensive power generation</b> | <p>The Fund will not finance electricity utility firms that derive more than 10% power production from coal, more than 30% from oil and gas or more than 30% from nuclear fuel sources.</p> <p>A company which exceeds this revenue threshold may be permitted for investment where it has been assessed and determined not to cause significant environmental or social harm.</p>   |
| <b>Nuclear Power</b>                     | <p>Companies that derive revenues from nuclear-based power generation are excluded.</p> <p>A 5% revenue threshold for nuclear power generators is applied.</p>   |
| <b>Genetically Modified (GM) Crops</b>   | <p>The Fund excludes companies that derive more than 5% of their revenue from the genetic modification of plants/crops intended for agriculture or human consumption.</p>  |
| <b>Social issues</b>                     |  |
| <b>Adult Entertainment</b>               | <p>Companies that derive revenues from producing, directing or publishing (collectively "production"), or distributing adult entertainment materials.</p> <p>A 5% revenue threshold for production and a 10% revenue threshold for distribution is applied.</p>  |
| <b>Alcohol</b>                           | <p>Companies that derive revenues from the production of alcohol and/or distribution of alcohol for consumption are excluded.</p> <p>A 5% revenue threshold for producers and a 10% revenue threshold for distributors is applied.</p>   |
| <b>Gambling</b>                          | <p>Companies that derive revenues from the provision of gambling-related services are excluded.</p> <p>A 5% revenue threshold for such companies is applied.</p>   |

| <b>Environmental issues</b>      |   |
|----------------------------------|---|
| <b>Tobacco</b>                   | <p>Companies that derive revenues from activities related to the tobacco industry are excluded.</p> <p>A 5% revenue threshold for tobacco producers and a 10% revenue threshold for distributors is applied.</p>  |
| <b>Controversial weapons</b>     | <p>Companies involved in anti-personnel mines, cluster munitions, chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium and incendiary white phosphorous munitions, blinding laser, non-detectable fragment weapons are excluded.</p> <p>A 0% revenue threshold for such companies is applied.</p>  |
| <b>Defence and other weapons</b> | <p>Companies that derive revenues from the production or sale of weapons systems, components, and support systems and services, or the manufacture and retail of civilian firearms and ammunition are excluded. For the avoidance of doubt, this does not include the provision of generic systems and services that are not weapons-specific.</p> <p>A 5% revenue threshold for such companies is applied.</p> |

### Approach to Exclusions

The Exclusions, as negative screening, are intended to assist the fund manager in mitigating the harm that the Fund can do on the environment or society. There may be occasions where systematic application of the Exclusions does not achieve that outcome with sufficient precision. In such circumstances, the fund manager can grant exceptions against the Exclusions. In particular:

1. The fund manager may disagree with data or opinions provided by third parties, and decide to categorise an investment differently. For example, data provided from data vendors can be stale and we may have access to more accurate information from researching the relevant company.
2. As revenue data is backwards-looking (eg it comes from the company's accounts covering their previous year's activities) it can arise from activities the company is no longer undertaking (eg if the relevant business has been sold) or from extraordinary income streams that are not expected to persist. In such cases, the fund manager will consider how large the exposure is compared to the threshold and how long that exposure is expected to persist, as part of making a reasonable estimation of what the current value for the offending revenue would be. An exception may be granted if the fund manager concludes the company would be within the threshold, if fresher data was available.
3. Where a bond issue has different characteristics than its issuer, the fund manager may assess the issue's compliance with the exclusions and as a result may take a different view than it would for the issuer. For example, if an issue is not exposed to any of the excluded activities because its proceeds are ring-fenced away from the offending activity, this issue may be permitted. Environmental Themed Bonds are an example of this. The fund manager may determine it would not buy standard bonds from a power company because of its heavy reliance on coal-fired power plants, but might consider investing in an Environmental Themed Bond issued by the same company, where use of the proceeds from that Environmental Themed Bond are restricted to specific activities such as building a solar power plant.

[End of Sustainability Disclosures]

**Benchmark:** Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index (GBP Hedged)

This benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. This benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.

The Fund is actively managed and the fund manager has freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents

For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID.

Further information on the benchmark can be found here:

<https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Calculation of Global Exposure:** The Fund uses the relative Value-at-Risk (VaR) methodology to monitor and measure its global exposure, using the Fund's benchmark as the reference portfolio.

**Leverage:** The Fund's expected level of leverage under normal market conditions will generally not exceed 200% of the Fund's Net Asset Value when calculated in accordance with the sum of notionals approach. The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.

**Accounting reference date:** 31 March

**Income allocation dates:** 31 October (Interim), 31 January (Interim), 30 April (Interim) and 31 July (Final)

**Investment Minima:**

| Share Classes/types in issue or available for issue* | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|--|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income           | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Accumulation and Income           | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Accumulation and Income           | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income          | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class R – Accumulation and Income           | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |

Please see [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue) for details of which share classes are currently being issued.

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 0.85            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.45            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | 0.25            |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.35            |
| Sterling Class R – Accumulation and Income    | N/A              | N/A                 | 0.70            |

See section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

**Investor Profile**

The M&G ESG Screened Global Corporate Bond Fund is designed for retail and professional investors, and eligible counterparties who seek capital growth with the option to take an income from an investment in a portfolio which provides exposure to the global corporate bond market whilst pursuing ESG characteristics.

No specific financial knowledge is required although investors should understand the Fund’s risks and it may be used as a component of a diversified portfolio to meet their investment needs.

The Fund will allow investors ready access to their investment although they should intend to invest their money for at least five years.

Investors should understand that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

**Other Information**

|                          |                                       |
|--------------------------|---------------------------------------|
| Investment Manager       | M&G Investment Management Limited     |
| Valuation point          | 12.00 noon UK time                    |
| Valuation currency       | Pounds Sterling                       |
| Launch date              | 18 May 2022                           |
| Product Reference Number | To be published after the launch date |

## 1.8 M&G Climate Solutions Fund\*\*\*

### Investment Objective

The Fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the Ongoing Charges Figure, than the MSCI World Index over any five-year period; and
- To invest in companies that aim to deliver solutions to the challenge of climate change.

### Investment Policy

At least 80% of the Fund is invested in the equity securities and equity related securities of companies across any sector and market capitalisation that are domiciled, incorporated or listed in Developed Markets. The Fund has a concentrated portfolio and usually holds fewer than 40 stocks.

All equity securities and equity related securities are subject to assessment and measurement of their ability to deliver solutions to the challenge of climate change and generate financial returns, which is conducted at a company level using M&G's proprietary impact assessment methodology. This assessment focuses on three criteria:

- Investment credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate actions and strategy; and
- Impact: the scale of the net climate impact and the company's progress towards addressing the challenge of climate change.

To assist this assessment process, investments which are considered to conflict with the Fund's aim to invest in companies that aim to deliver solutions to climate change are excluded from the investment universe. When considering the extraction of fossil fuels, the Fund excludes companies that are involved in the extraction of thermal coal, oil, and gas and those that use and/or produce hydraulic fracking technologies. When considering power generation, the fund manager has the discretion to invest in companies with limited exposure to power generation from fossil fuels, but which are driving or significantly participating in the transition to a more sustainable economy. To determine whether a company meets this threshold, the fund manager examines the company's revenue from coal, oil, and gas, in addition to assessing their de-carbonisation commitments. To be considered for inclusion these companies must generate:

- Less than 25% of their revenue from oil and gas power generation, and
- Less than 10% of their revenue from coal based power generation.

In addition, the following are excluded:

- Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption;
- Companies involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, nuclear power, the use of animal testing for non-medical purposes, and the provision of gambling services;
- Companies that derive more than 5% of their revenue from the manufacture of weapons or genetically modified crop production; and
- Companies that derive more than 10% of their revenue from the distribution of tobacco.

The impact assessment methodology is then used by the fund manager in determining which investments to make within the remaining investment universe.

Investments that no longer meet the above criteria for investment will be divested as per the ESG Policy and Process Document.

The Fund may also invest in the equity securities and equity related securities of companies that are domiciled, incorporated or listed in Emerging Markets. Such equity securities and equity related securities are also subject to the impact assessment methodology and exclusions above.

The Fund may also invest indirectly via funds (including funds managed by M&G), and may invest in other transferable securities such as short dated bonds and money market instruments for liquidity management, cash, and near cash.

Derivatives may be used for Efficient Portfolio Management and hedging.

### Investment Approach

The Fund is a concentrated portfolio of global stocks, investing over the long term in companies that are delivering solutions to the challenge of climate change alongside a financial return, using a disciplined stock selection process. Sustainability and impact considerations are fundamental in determining the Fund's investment universe and assessing business models.

The Fund invests in three categories of climate solution companies:

- "Pioneers", whose solutions have a transformational effect on the challenge of climate change;
- "Enablers", which provide the tools for others to deliver solutions to the challenge of climate change; and
- "Leaders", which spearhead the development of climate change solutions within their industries.

Investing in these categories provides diversification across industries and maturity of business models. Risk within the Fund's portfolio is further diversified by balancing investment in companies that have relatively predictable and stable earnings regardless of the state of the overall economy, with those more sensitive to the economic cycle.

The Fund embraces the United Nations Sustainable Development Goals framework and invests in companies focused on the following areas: clean energy, green technology and the promotion of a Circular Economy.

The fund manager's engagement with the companies in which the Fund invests is fundamental to the investment approach, with the aim of supporting and influencing their contribution to the development of climate change solutions.

Further information about the Fund's ESG criteria including information on M&G's approach to impact investing can be found on the M&G website.

### Benchmark: MSCI World Index

The benchmark is a target for the Fund's financial objective and is used to measure the Fund's financial performance. The index has been chosen as the Fund's benchmark as it best reflects the financial aspects of the Fund's investment policy. The benchmark does not constrain the Fund's portfolio construction.

The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID. .

An Annual Impact Report to provide an assessment of the Fund's non-financial objective will be made available on the M&G website.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 July

## Investment Minima

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Accumulation and Income    | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Accumulation and Income    | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class R – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |
| Sterling Class Z – Accumulation               | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 1.10            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.70            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | Up to 0.70      |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.60            |
| Sterling Class R – Accumulation and Income    | N/A              | N/A                 | 0.95            |
| Sterling Class Z – Accumulation               | N/A              | N/A                 | 0.00            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Sub-fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

## Investor Profile

The M&G Climate Solutions Fund is designed for retail and professional investors, and eligible counterparties who seek an investment in a portfolio of publicly-listed equity securities issued by companies globally which aim to deliver solutions to the challenge of climate change while achieving a higher total return (the combination of capital growth and income), net of the Ongoing Charges Figure, than the MSCI World Index over any five-year period. No specific financial knowledge is required although investors should understand the Fund's risks and it may be used as a solution, or as a component of a portfolio. The fund will allow investors ready access to their investment although they should intend to invest their money for at least five years. Investors should understand that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

## Other Information

|                          |                                       |
|--------------------------|---------------------------------------|
| Investment Manager       | M&G Investment Management Limited     |
| Valuation point          | 12.00 noon UK time                    |
| Valuation Currency       | U.S. Dollar                           |
| Launch date              | 05 November 2020                      |
| Product Reference Number | To be published after the launch date |

\*\*\* As of 18 November 2024, this Fund is terminating and is closed to investment.



## 1.9 M&G Better Health Solutions Fund\*\*\*

### Investment Objective

The Fund has two aims:

- To provide a higher total return (capital growth plus income), net of the Ongoing Charges Figure, than the MSCI World Index over any five-year period; and
- To invest in companies that deliver solutions to the challenge of better health and well-being.

### Investment Policy

At least 80% of the Fund is invested directly in the equity securities and equity related securities of companies across any sector and market capitalisation that are domiciled, incorporated or listed in Developed Markets. The Fund has a concentrated portfolio of usually fewer than 40 companies.

The Fund may also invest directly in the equity securities and equity related securities of companies that are domiciled, incorporated or listed in Emerging Markets.

The Fund invests in securities that meet the ESG Criteria and Impact Criteria.

The following types of exclusions apply to the Fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the Fund's sector-based and/or values-based criteria.
- Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Impact Criteria.

References to "assessed" above mean assessment in accordance with the ESG Criteria and Impact Criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the Fund can be found in this document.

The Fund may also invest in other transferable securities, money market instruments, cash and near cash for liquidity purposes, directly and via collective investment schemes (including funds managed by M&G).

Derivatives may be used for Efficient Portfolio Management and hedging.

As explained in the ESG Criteria and Impact Criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The fund manager will assess the suitability of such instruments relative to the Fund's investment objective.

### Investment Approach

The Fund is a concentrated portfolio of global stocks, investing over the long term in companies that are delivering solutions to the challenge of better health and well-being alongside a financial return, using a disciplined stock selection process. Sustainability and impact investing considerations are fundamental in determining the Fund's investment universe and assessing business models as further set out in the ESG Criteria and Impact Criteria.

The Fund invests in companies that deliver solutions to the challenge of better health and/or better well-being. As further described in the Impact Criteria, these can be understood by reference to the United Nations Sustainable Development Goals framework as companies such as those which are focused on sustainable development goals such

as health and well-being; zero hunger; clean water and sanitation; sustainable cities and communities; responsible consumption and production; or other companies which the Investment Manager considers appropriate to invest in, in pursuit of the non-financial investment objective.

All equity securities and equity related instruments are subject to assessment and measurement of their ability to deliver solutions to the challenge of better health and well-being and generate financial returns, which is conducted at company level using M&G's impact assessment methodology. This focuses on three criteria:

- Investment Credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate strategy and actions; and
- Impact: the scale of the net positive societal impact and the company's progress towards addressing specified health and well-being challenges.

The Fund invests in three categories of better health and/or well-being companies.

- "Pioneers", whose products or services have or could have a transformational effect on improving global health and/or well-being.
- "Enablers", which provide the tools for others to deliver better health and/or well-being.
- "Leaders", which spearhead and mainstream sustainability in industries promoting better health and/or well-being, but which may have more established profitability than pioneers.

Dialogue with the companies in which the Fund invests is fundamental to the investment approach.

## ESG Information

Additional information is available to investors on the Fund page of the M&G website:

- ESG Criteria and Impact Criteria, which includes the Fund's exclusions approach.
- Annual Impact Report providing an assessment of the Fund's sustainable objective will also be published when available.
- Other periodic reporting on the sustainable objective of the Fund.

## Benchmark: MSCI World Index

The benchmark is the target for the Fund's financial objective and is used to measure the Fund's financial performance. The index has been chosen as the Fund's benchmark as it best reflects the financial aspects of the Fund's investment policy. The benchmark does not constrain the Fund's portfolio construction.

The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents, and as a result the Fund's performance may deviate materially from the benchmark.

For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID. **Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 July

## Investment Minima

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Accumulation and Income    | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Accumulation and Income    | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class R – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |
| Sterling Class Z – Accumulation               | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 1.10            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.70            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | Up to 0.70      |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.60            |
| Sterling Class R – Accumulation and Income    | N/A              | N/A                 | 0.95            |
| Sterling Class Z – Accumulation               | N/A              | N/A                 | 0.00            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Sub-fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

## Investor Profile

The Fund is suitable for retail and Institutional Investors seeking to gain a combination of capital growth and income from a portfolio that invests in a range of companies globally, whilst considering ESG and impact factors but who appreciate that this is not guaranteed and that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.

This Fund may be suitable for investors who have an investment time horizon of at least five years.

## Other Information

|                          |                                       |
|--------------------------|---------------------------------------|
| Investment Manager       | M&G Investment Management Limited     |
| Valuation point          | 12.00 noon UK time                    |
| Valuation Currency       | U.S. Dollar                           |
| Launch date              | 17 June 2021                          |
| Product Reference Number | To be published after the launch date |

\*\*\* As of 18 November 2024, this Fund is terminating and is closed to investment.

## 1.10 M&G Global AI Themes Fund

### Investment Objective

The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charges Figure, than that of the MSCI ACWI Index over any five-year period.

### Investment Policy

The Fund invests at least 80% of its Net Asset Value in the equity securities and equity related instruments of companies across any sector and market capitalisation that are domiciled, incorporated, or listed in any country, including Emerging Markets.

The Fund may also invest in collective investment schemes, other transferable securities and may hold cash and near cash for liquidity purposes.

Derivatives may be used for Efficient Portfolio Management and hedging.

### Investment Approach

The fund manager looks for opportunities where Artificial Intelligence (AI) is emerging as a potential driver to long term revenue growth or profit margin expansion. The fund manager will look for innovations through provision or adoption of Artificial Intelligence which it expects will cause changes in the way existing markets or businesses operate as further categorised below.

From the Fund's investment universe, the fund manager identifies investment opportunities in the following three categories:

- Artificial Intelligence Enablers – companies providing key underlying Artificial Intelligence services and products (including technology) to Artificial Intelligence Providers enabling them to provide Artificial Intelligence services;
- Artificial Intelligence Providers – companies providing Artificial Intelligence services and products to end users such as consumers or Artificial Intelligence Beneficiaries;
- Artificial Intelligence Beneficiaries – companies that are receiving meaningful benefit from their use of Artificial Intelligence that is expected to drive valuations over the long-term.

In each case, this is in the opinion of the fund manager.

The Fund may allocate to these three categories in any proportions but does not typically expect to hold more than 50% of its Net Asset Value in any one category.

In this context, Artificial Intelligence refers to the development or use by a business of computer systems that perform tasks previously requiring human intelligence such as decision-making or audio or visual identification or perception.

The investment approach combines research and financial analysis of individual companies. The fund manager seeks to identify well-managed companies whose long-term prospects are not fully appreciated by the stock market. The fund manager's engagement with technical experts and executive management is a key part of the investment approach. For clarity, given the reference to Artificial Intelligence in the Fund's name, the Fund is actively managed by human decision-takers.

### Benchmark: MSCI ACWI Index

The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.

The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.

For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 July

#### Investment Minima

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Accumulation and Income    | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Accumulation and Income    | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class R – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |
| Sterling Class Z – Accumulation               | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 1.10            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.70            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | 0.50            |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.60            |
| Sterling Class R – Accumulation and Income    | N/A              | N/A                 | 0.95            |
| Sterling Class Z – Accumulation               | N/A              | N/A                 | 0.00            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Sub-fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

#### Investor Profile

The Fund is designed for retail investors, professional investors and eligible counterparties seeking growth from a portfolio of global equities. No specific financial knowledge is required, although investors should understand the Fund's risks and it may be used as a component of a diversified portfolio to meet their investment needs.

The Fund has a recommended holding period of at least five years.

#### Other Information

|                    |                                   |
|--------------------|-----------------------------------|
| Investment Manager | M&G Investment Management Limited |
|--------------------|-----------------------------------|

|                          |                                       |
|--------------------------|---------------------------------------|
| Sub-Investment Manager   | M&G Investments (USA) Inc.            |
| Valuation point          | 12.00 noon UK time                    |
| Valuation Currency       | U.S. Dollar                           |
| Launch date              | 17 October 2023                       |
| Product Reference Number | To be published after the launch date |

## 1.11 M&G China Fund

### Investment Objective

The Fund aims to provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than that of the MSCI China with 100% China A Shares Index, over any five-year period.

### Investment Policy

At least 80% of the Fund's Net Asset Value is invested in equity securities and equity-related instruments of companies that are incorporated, listed, domiciled or do most of their business in the People's Republic of China.

This may include investing via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

The Fund may also invest in other transferable securities (for example, equity securities or equity related instruments of non-Chinese companies), money market instruments, cash and near cash for liquidity purposes, directly and via funds (including funds managed by M&G).

Derivatives may be used for Efficient Portfolio Management and hedging.

### Investment Approach

The fund manager uses a fundamental, bottom-up approach to identify stocks that the fund manager believes are likely to outperform based on their financial characteristics and their markets.

The fund manager performs fundamental analysis on companies assessing their potential in light of their financial condition, economic, political, and regulatory conditions to identify opportunities arising from significant deviation between the price and the estimated value of the stock.

The strategy focuses in particular on those stocks where the fund manager believes it has a strong insight. The fund manager uses independent, proprietary research to identify opportunities from the investment universe of securities and concentrates its research on these companies.

The fund manager expects stock selection to be the main driver of performance.

**Benchmark:** MSCI China with 100% China A Shares Index

The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.

The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.

In case of Currency Hedged Share Classes, the benchmark may be a currency hedged version of the benchmark. For all Share Classes, the relevant benchmark used for comparison purposes will be shown in the KIID.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 July

## Investment Minima

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | 10                         | 100        |
| Sterling Class I – Accumulation and Income    | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Accumulation and Income    | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class R – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |
| Sterling Class Z – Accumulation and Income    | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 1.10            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.70            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | 0.50            |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.60            |
| Sterling Class R – Accumulation and Income    | N/A              | N/A                 | 0.95            |
| Sterling Class Z – Accumulation and Income    | N/A              | N/A                 | 0.00            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Sub-fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

## Investor Profile

The Fund is designed for retail investors, professional investors and eligible counterparties seeking growth from a portfolio of companies with exposure to China. No specific financial knowledge is required, although investors should understand the Fund's risks and it may be used as a component of a diversified portfolio to meet their investment needs.

The Fund has a recommended holding period of at least five years.

## Other Information

|                          |                                     |
|--------------------------|-------------------------------------|
| Investment Manager       | M&G Investment Management Limited   |
| Sub-Investment Manager   | M&G Investments (Singapore) PTE LTD |
| Valuation point          | 12.00 noon UK time                  |
| Valuation Currency       | US Dollar                           |
| Launch date              | 29 July 2024                        |
| Product Reference Number | 1015466                             |



## 1.12 M&G India Fund

### Investment Objective

The Fund aims to provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than that of the MSCI India Index, over any five-year period.

### Investment Policy

At least 80% of the Fund's Net Asset Value is invested in equity securities and equity-related instruments of companies that are incorporated, listed, domiciled or do most of their business in India.

The Fund may also invest in other transferable securities (for example, equity securities or equity related instruments of non-Indian companies), money market instruments, cash and near cash for liquidity purposes, directly and via funds (including funds managed by M&G).

Derivatives may be used for Efficient Portfolio Management and hedging.

### Investment Approach

The fund manager uses a fundamental, bottom-up approach to identify stocks that the fund manager believes are likely to outperform based on their financial characteristics and their markets.

The fund manager performs fundamental analysis on companies assessing their potential in light of their financial condition, economic, political, and regulatory conditions to identify opportunities arising from significant deviation between the price and the estimated value of the stock.

The strategy focuses in particular on those stocks where the fund manager believes it has a strong insight. The fund manager uses independent, proprietary research to identify opportunities from the investment universe of securities and concentrates its research on these companies.

The fund manager expects stock selection to be the main driver of performance.

### Benchmark: MSCI India Index

The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.

The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.

In case of Currency Hedged Share Classes, the benchmark may be a currency hedged version of the benchmark. For all Share Classes, the relevant benchmark used for comparison purposes will be shown in the KIID.

**Other information:** The Fund is not a feeder UK UCITS and will not hold units in a feeder UK UCITS.

**Accounting reference date:** 31 March

**Income allocation dates:** On or before 31 July

### Investment Minima

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class A – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | 10                         | 100        |

| Share Classes in issue or available for issue | Currency | Lump sum initial investment | Lump sum subsequent investment | Lump sum holding | Regular saving (per month) | Redemption |
|---|----------|-----------------------------|--------------------------------|------------------|----------------------------|------------|
| Sterling Class I – Accumulation and Income    | GBP      | 500,000                     | 10,000                         | 500,000          | N/A                        | 10,000     |
| Sterling Class L – Accumulation and Income    | GBP      | 20,000,000                  | 50,000                         | 20,000,000       | N/A                        | 50,000     |
| Sterling Class PP – Accumulation and Income   | GBP      | 50,000,000                  | 10,000                         | 50,000,000       | N/A                        | 10,000     |
| Sterling Class R – Accumulation and Income    | GBP      | 500                         | 100                            | 500              | N/A                        | 100        |
| Sterling Class Z – Accumulation and Income    | GBP      | 20,000,000                  | 500,000                        | 20,000,000       | N/A                        | 500,000    |

Information on which Share Classes are currently being issued can be found on [www.mandg.com/classesinissue](http://www.mandg.com/classesinissue)

| Share Classes in issue or available for issue | Initial Charge % | Redemption Charge % | Annual Charge % |
|---|------------------|---------------------|-----------------|
| Sterling Class A – Accumulation and Income    | N/A              | N/A                 | 1.15            |
| Sterling Class I – Accumulation and Income    | N/A              | N/A                 | 0.75            |
| Sterling Class L – Accumulation and Income    | N/A              | N/A                 | 0.55            |
| Sterling Class PP – Accumulation and Income   | N/A              | N/A                 | 0.65            |
| Sterling Class R – Accumulation and Income    | N/A              | N/A                 | 1.00            |
| Sterling Class Z – Accumulation and Income    | N/A              | N/A                 | 0.00            |

See Section 28. Charges and Expenses above for further detail on the charges, and the potential discount to the Annual Charge. The current Annual Charge including any discounts currently applicable to each Share Class per Sub-fund can be found at [www.mandg.co.uk](http://www.mandg.co.uk)

### Investor Profile

The Fund is designed for retail investors, professional investors and eligible counterparties seeking growth from a portfolio of companies with exposure to India. No specific financial knowledge is required, although investors should understand the Fund's risks and it may be used as a component of a diversified portfolio to meet their investment needs.

The Fund has a recommended holding period of at least five years.

### Other Information

|                                 |                                     |
|---------------------------------|-------------------------------------|
| <b>Investment Manager</b>       | M&G Investment Management Limited   |
| <b>Sub-Investment Manager</b>   | M&G Investments (Singapore) PTE LTD |
| <b>Valuation point</b>          | 12.00 noon UK time                  |
| <b>Valuation Currency</b>       | Indian Rupee                        |
| <b>Launch date</b>              | 28 October 2024                     |
| <b>Product Reference Number</b> | 1015467                             |

# Appendix 2 – Investment management and borrowing powers of the Company

Investors should note the following:

- With effect from 1 January 2021 the Company became a “UK UCITS” (a type of collective investment scheme which is authorised by the FCA as meeting the requirements under the UK provisions which implemented the UCITS Directive).

The property of each Fund will be invested with the aim of achieving the investment objective of that Fund but subject to the limits on investment set out in this section of the Prospectus and Chapter 5 of The Regulations (the Collective Investment Schemes Sourcebook “COLL” 5.2 to 5.5) that are applicable to UCITS Schemes and UK UCITS. These limits apply to each Fund, subject to its investment objective and policy, as summarised below:

## 1.1 General rules of investment

1.2 The Instrument of Incorporation permits the ACD to utilise the investment and borrowing powers permitted by a UCITS scheme and UK UCITS which complies with Chapter 5 of COLL. The ACD manages the Funds in accordance with the investment and borrowing powers set out below.

1.3 The ACD’s investment policy may mean that at times, where it is considered appropriate, the property of each Fund will not be fully invested and that prudent levels of liquidity will be maintained.

## 1.4 Prudential spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of the Fund, the scheme property of the Fund aims to provide a prudent spread of risk.

## 1.5 Treatment of obligations

Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Company under any other of those rules has also to be provided for.

Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

1.5.1 it must be assumed that in applying any of those rules, each Fund must also simultaneously satisfy any other obligation relating to cover; and

1.5.2 no element of cover must be used more than once.

## 1.6 UCITS scheme and UK UCITS: permitted types of Scheme Property

The Scheme Property of a Fund must, subject to its investment objective and policy and except where otherwise provided by COLL 5, consist solely of any or all of:

1.6.1 transferable securities;

1.6.2 approved money-market instruments;

- 1.6.3 units in collective investment schemes;
- 1.6.4 derivatives and forward transactions;
- 1.6.5 deposits; and
- 1.6.6 movable and immovable property that is necessary for the direct pursuit of the Company's business; in accordance with the rules in COLL 5.2.

## 1.7 Transferable Securities

- 1.7.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Regulated Activities Order.
- 1.7.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 1.7.3 In applying paragraph 1.3.2 to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 1.7.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

## 2 Investment in transferable securities

- 2.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
  - 2.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 2.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder (see COLL 6.2.16R(3));
  - 2.1.3 reliable valuation is available for it as follows:
    - 2.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - 2.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - 2.1.4 appropriate information is available for it as follows:
    - 2.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - 2.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 2.1.5 it is negotiable; and
  - 2.1.6 its risks are adequately captured by the risk management process of the ACD.

- 2.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
  - 2.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder; and
  - 2.2.2 to be negotiable.
- 2.3 Not more than 5% in value of a Fund is to consist of warrants.

### **3 Closed end funds constituting transferable securities**

- 3.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in Section 2, and either:
  - 3.1.1 where the closed end fund is constituted as an investment company or a unit trust:
    - 3.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
    - 3.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - 3.1.2 where the closed end fund is constituted under the law of contract:
    - 3.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 3.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

### **4 Transferable securities linked to other assets**

- 4.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:
  - 4.1.1 fulfils the criteria for transferable securities set out in Section 2 above; and
  - 4.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.
- 4.2 Where an investment in 4.1 contains an embedded derivative component (see COLL 5.2.19R(3A)), the requirements of this section with respect to derivatives and forwards will apply to that component.

### **5 Approved Money Market Instruments**

- 5.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- 5.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
  - 5.2.1 has a maturity at issuance of up to and including 397 days;
  - 5.2.2 has a residual maturity of up to and including 397 days;
  - 5.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - 5.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 5.2.1 or 5.2.2 or is subject to yield adjustments as set out in 5.2.3.
- 5.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder (see COLL 6.2.16R(3)).
- 5.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

- 5.4.1 enabling the ACD to calculate a Net Asset Value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- 5.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 5.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

## **6 Transferable securities and money market instruments generally to be admitted or dealt in on an Eligible Market**

- 6.1 Transferable securities and approved money market instruments held within a Fund must be:
- 6.1.1 admitted to or dealt on an eligible market (as described in paragraphs 7.3 or 7.4); or
- 6.1.2 dealt on an eligible market as described (in paragraph 7.3.2).
- 6.1.3 for an approved money market instrument not admitted to or dealt in on an eligible market within 8.1; or
- 6.1.4 recently issued transferable securities provided that:
- 6.1.4.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
- 6.1.4.2 such admission is secured within a year of issue.
- 6.2 However, a Fund may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in 6.1

## **7 Eligible markets regime: purpose**

- 7.1 To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 7.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 7.3 A market is eligible for the purposes of the rules if it is:
- 7.3.1 a regulated market; or
- 7.3.2 a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or
- 7.3.3 any market within 7.4
- 7.4 A market not falling within paragraph 7.3 is eligible for the purposes of COLL 5 if:
- 7.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
- 7.4.2 the market is included in a list in the Prospectus; and
- 7.4.3 the Depositary has taken reasonable care to determine that:
- adequate custody arrangements can be provided for the investment dealt in on that market; and
  - all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 7.5 In paragraph 7.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self regulatory organisation by an overseas regulator, is

open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

7.6 The eligible markets in which a Fund may invest are set out in Appendix 3.

## 8 Money-market instruments with a regulated issuer

8.1 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

8.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

8.1.2 the instrument is issued or guaranteed in accordance with Section 9 below.

8.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

8.2.1 the instrument is an approved money-market instrument;

8.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with Section 10 below; and

8.2.3 the instrument is freely transferable.

## 9 Issuers and guarantors of money-market instruments

9.1 A Fund may invest in an approved money-market instrument if it is:

9.1.1 issued or guaranteed by any one of the following:

9.1.1.1 a central authority of the United Kingdom an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

9.1.1.2 a regional or local authority of the United Kingdom an EEA State;

9.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;

9.1.1.4 the European Union or the European Investment Bank;

9.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

9.1.1.6 a public international body to which one or more EEA States belong; or

9.1.2 issued by a body, any securities of which are dealt in on an eligible market; or

9.1.3 issued or guaranteed by an establishment which is:

9.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or EU law;

9.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

9.2 An establishment shall be considered to satisfy the requirement in 9.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

9.2.1 it is located in the European Economic Area;

9.2.2 it is located in an OECD country belonging to the Group of Ten;

9.2.3 it has at least investment grade rating;

9.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.

## 10 Appropriate information for money-market instruments

- 10.1 In the case of an approved money-market instrument within 9.1.2 or issued by a body of the type referred to in 11 below; or which is issued by an authority within 9.1.1.2 or a public international body within 9.1.1.6 but is not guaranteed by a central authority within 9.1.1.1, the following information must be available:
- 10.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - 10.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 10.1.3 available and reliable statistics on the issue or the issuance programme.
- 10.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 9.1.3, the following information must be available:
- 10.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - 10.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 10.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 10.3 In the case of an approved money-market instrument:
- 10.3.1 within 9.1.1.1, 9.1.1.4 or 9.1.1.5; or
  - 10.3.2 which is issued by an authority within 9.1.1.2 or a public international body within 9.1.1.6 and is guaranteed by a central authority within 9.1.1.1;
- information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## 11 Spread: general

- 11.1 This Section 11 on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.1R (Spread: government and public securities) applies.
- 11.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 11.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- 11.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money-market instruments issued by any single body.
- 11.5 The limit of 5% in paragraph 11.4 is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds need not be taken into account for the purpose of applying the limit of 40%. The limit of 5% in 11.4 is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 11.6 In applying paragraphs 11.4 and 11.5 certificates representing certain securities are treated as equivalent to the underlying security.
- 11.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.



- 11.8 Not more than 20% in value of a Fund is to consist of transferable securities and approved money market instruments issued by the same group (as referred to in paragraph 11.2).
- 11.9 Not more than 10% in value of a Fund is to consist of the units of any one collective investment scheme.
- 11.10 In applying the limits in paragraphs 11.3, 11.4, 11.5, 11.6 and 11.7 and in relation to a single body not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
  - 11.10.1 transferable securities (including covered bonds) or approved money market instruments issued by that body; or
  - 11.10.2 deposits made with that body; or
  - 11.10.3 exposures from OTC derivatives transactions made with that body.
- 11.11 For the purpose of calculating the limits in 11.7 and 11.10, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified in 11.12.
- 11.12 The conditions referred to in 11.11 are that the collateral:
  - 11.12.1 is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 11.12.2 is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 11.12.3 is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 11.12.4 can be fully enforced by a Fund at any time.
- 11.13 For the purpose of calculating the limits in 11.7 and 11.10, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
  - 11.13.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to Directive 2000/12/EC; and
  - 11.13.2 are based on legally binding agreements.
- 11.14 In applying this rule, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
  - 11.14.1 it is backed by an appropriate performance guarantee; and
  - 11.14.2 it is characterised by a daily mark-to-market valuation of the derivative positions and an at least daily margining.

## 12 Spread: Government and public securities

- 12.1 This section applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:
  - 12.1.1 The United Kingdom or an EEA State;
  - 12.1.2 a local authority of the United Kingdom or an EEA State;
  - 12.1.3 a non-EEA State; or
  - 12.1.4 a public international body to which the UK one or more EEA States belong.
- 12.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

- 12.3 Subject to its investment objective and policy, a Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- 12.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of a Fund;
- 12.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
- 12.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues.
- 12.4 In relation to such securities:
- 12.4.1 issue, issuer and issuer include guarantee, guaranteed and guarantor; and
- 12.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- 12.5 Notwithstanding paragraph 11.1 above, and subject to paragraphs 12.2 and 12.3, in applying the 20% limit in 11.10 with respect to a single body, government and public securities issued by that body shall be taken into account.
- 12.6 In relation to M&G UK Inflation Linked Corporate Bond Fund and M&G Absolute Return Bond\* Fund over 35% of the Scheme Property may be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body as listed hereafter:
- 12.6.1 the Government of the United Kingdom;
- 12.6.2 the Government of an EEA member State;
- 12.6.3 the Government of Australia, Canada, Japan, New Zealand, Switzerland, USA;
- 12.6.4 the African Development Bank, Asian Development Bank, Eurofima, European Economic Community, European Bank for Reconstruction and Development, European Investment Bank, International Bank for Reconstruction and Development, International Financial Corporation.

\*As of 13 July 2023, this Fund is terminating and is closed to investment.

## 13 Investment in collective investment schemes

- 13.1 A Fund may invest in units in a collective investment scheme provided that the second scheme complies with the following requirements:
- 13.1.1 it is a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- 13.1.2 is recognised under the provisions of section 272 of the Act (Individually recognised overseas schemes) that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of article 50(1)(e) of the UCITS Directives are met); or
- 13.1.3 is authorised as a non-UCITS retail scheme (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or
- 13.1.4 is authorised in another EEA State (provided the requirements of article 50(1)(e) of the UCITS Directive are met);
- 13.1.5 is authorised by the competent authority of an OECD member country (other than another EEA State) which has:
- 13.1.5.1 signed the IOSCO Multilateral Memorandum of Understanding; and

- 13.1.5.2 approved the scheme's management company, rules and depositary/custody arrangements;
- 13.1.6 it is a scheme which complies where relevant with paragraph 13.4 below; and
- 13.1.7 it is a scheme which has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes.
- 13.1.8 where it is an umbrella scheme, the provisions in paragraphs 13.1.6 and 13.1.7 apply to a Fund as if it were a separate scheme.
- 13.2 Not more than 10% of the Scheme Property of a Fund is to consist of units in collective investment schemes.
- 13.3 For the purposes of paragraphs 13.1 and 13.2 a Fund of an umbrella scheme is to be treated as if it were a separate scheme. A Fund may invest in or dispose of shares in another Fund of the Company (the second Fund) provided that the second Fund does not hold shares in any other Fund in the Company.
- 13.4 In accordance with COLL 5.2.15R a Fund may invest up to 10% of its Scheme property units in collective investment schemes managed or operated by (or, if it is an open-ended investment company has as its authorised corporate director), the ACD or an Associate of the ACD.
- 13.5 A Fund must not invest in or dispose of units in another collective investment scheme (the second scheme), which is managed or operated by (or in the case of an open-ended investment company has as its authorised corporate director), the ACD, or an Associate of the ACD, unless:
- 13.5.1 there is no charge in respect of the investment in or the disposal of units in the second scheme; or
- 13.5.2 the ACD is under a duty to pay to a Fund by the close of business on the fourth business day next after the agreement to buy or to sell the amount referred to in paragraphs 13.5.3 and 13.5.4;
- 13.5.3 on investment, either:
- any amount by which the consideration paid by a Fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or
  - if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme;
- 13.5.4 on disposal, the amount of any charge made for the account of the ACD or operator of the second scheme or an Associate of any of them in respect of the disposal; and
- 13.6 In paragraphs 13.5.1 to 13.5.4 above:
- 13.6.1 any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy, is to be treated as part of the price of the units and not as part of any charge; and
- 13.6.2 any switching charge made in respect of an exchange of units in one Fund or separate part of the second scheme for units in another Fund or separate part of that scheme is to be included as part of the consideration paid for the units.

## **14 Investment in nil and partly paid securities**

- 14.1 A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company, at the time when payment is required, without contravening the rules in COLL 5.

## 15 Derivatives – General

- 15.1 The Company may, in accordance with the COLL Sourcebook, use derivatives for the purposes of Efficient Portfolio Management (including hedging) as well as for investment purposes.
- 15.2 Under the COLL Sourcebook derivatives are permitted for Funds for investment purposes and derivative transactions may be used for the purposes of hedging or meeting the investment objectives or both.
- 15.3 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in Section 16 below (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by Section 28 (Cover for transactions in derivatives and forward transactions).
- 15.4 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in COLL in relation to spread (COLL 5.2.13 R Spread: general and COLL 5.2.14 R Spread : government and public securities) except for index based derivatives where the rules below apply.
- 15.5 Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 15.6 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 15.6.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
- 15.6.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 15.6.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 15.6.4 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 15.7 Where a scheme invests in an index based derivative, provided the relevant index falls within Section 26(Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of the rules on spread in COLL. The relaxation is subject to the ACD continuing to ensure that the Scheme Property provides a prudent spread of risk.
- Please refer to Section 43 above for a description of the risk factors associated with investments in derivatives.

## 16 Permitted transactions (derivatives and forwards)

- 16.1 A transaction in a derivative must be in an approved derivative; or be one which complies with Section 20 (OTC transactions in derivatives).
- 16.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:
- 16.2.1 transferable securities permitted under Section 6 (Transferable securities and approved money market instruments generally to be admitted or dealt in on an Eligible Market);
- 16.2.2 approved money market instruments permitted under Section 5 (approved money market instruments) above;

- 16.2.3 deposits permitted under Section 23 (investment in deposits) below;
- 16.2.4 derivatives permitted under this rule;
- 16.2.5 collective investment scheme units permitted under section 13 (investment collective investment schemes) above;
- 16.2.6 financial indices which satisfy the criteria set out under Section 17 (financial indices underlying derivatives) below;
- 16.2.7 interest rates;
- 16.2.8 foreign exchange rates; and
- 16.2.9 currencies.
- 16.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 16.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.
- 16.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities approved, money market instruments, units in collective investment schemes, or derivatives provided that a sale is not to be considered as uncovered if the conditions in Section 19 (Requirement to cover sales) are satisfied.
- 16.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 16.7 A derivative includes an instrument which fulfils the following criteria:
  - 16.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 16.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 1.2 above (UCITS schemes and UK UCITS: permitted types of Scheme Property) including cash;
  - 16.7.3 in the case of an OTC derivative, it complies with the requirements in Section 20 below (OTC transactions in derivatives);
  - 16.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 16.8 A Fund may not undertake transactions in derivatives on commodities.

## **17 Financial indices underlying derivatives**

- 17.1 The financial indices referred to in 16.2.6 are those which satisfy the following criteria:
  - 17.1.1 the index is sufficiently diversified;
  - 17.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 17.1.3 the index is published in an appropriate manner.
- 17.2 A financial index is sufficiently diversified if:
  - 17.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 17.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

17.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

17.3 A financial index represents an adequate benchmark for the market to which it refers if:

17.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

17.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

17.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

17.4 A financial index is published in an appropriate manner if:

17.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

17.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

17.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 16.2, be regarded as a combination of those underlyings.

## 18 Transactions for the purchase of property

18.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if that property can be held for the account of the Fund, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

## 19 Requirement to cover sales

19.1 No agreement by or on behalf of a Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Fund at the time of the agreement. This requirement does not apply to a deposit.

19.2 Paragraph 19.1 does not apply where:

19.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

19.2.2 the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the Scheme Property which falls within one of the following asset Classes:

- cash;
- liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
- other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

19.3 In the asset classes referred to in 19.2.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## 20 OTC transactions in derivatives

20.1 Any transaction in an OTC derivative under paragraph 16.1 must be:

20.1.1 in a future, option or contract for differences;

20.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

20.1.3 on approved terms; the terms of the transaction in derivatives are approved only if the ACD:

20.1.3.1 carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely on market quotations by the counterparty; and

20.1.3.2 can enter into one or more further transactions to sell, liquidate or close out those transactions at any time, at its fair value; and

20.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or if that value is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

20.1.5 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:

20.1.5.1 an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or

20.1.5.2 a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

## 21 Valuation of OTC derivatives

21.1 For the purposes of paragraph 20.1.2, the ACD must:

21.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and

21.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

21.2 Where the arrangements and procedures referred to in paragraph 21.1.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes and UK UCITS).

21.3 The arrangements and procedures referred to in this rule must be:

21.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

21.3.2 adequately documented.

## 22 Risk management

22.1 The ACD must use a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund.

- 22.2 The following details of the risk management process must be regularly notified by the ACD to the FCA and at least on an annual basis:
- 22.2.1 a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits; and
  - 22.2.2 the methods for estimating risks in derivative and forward transactions.

## 23 Investment in deposits

- 23.1 A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

## 24 Significant influence

- 24.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
- 24.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
  - 24.1.2 the acquisition gives the Company that power.
- 24.2 The Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## 25 Concentration

The Company:

- 25.1 must not acquire transferable securities (other than debt securities) which:
  - 25.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - 25.1.2 represent more than 10% of those securities issued by that body corporate;
- 25.2 must not acquire more than 10% of the debt securities issued by any single body;
- 25.3 must not acquire more than 25% of the units in;
  - a) a collective investment scheme that is not an umbrella or a sub-fund; or
  - b) a sub-fund of an umbrella.
- 25.4 must not acquire more than 10% of the approved money market instruments issued by any single body; and
- 25.5 need not comply with the limits in paragraphs 25.2 to 25.4 if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 26 Schemes replicating an index

- 26.1 Notwithstanding Section 11 a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.
- 26.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of Efficient Portfolio Management.



- 26.3 The 20% limit can be raised up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 26.4 The indices referred to above are those which satisfy the following criteria:
- 26.4.1 The composition is sufficiently diversified;
- 26.4.2 The index represents an adequate benchmark for the market to which it refers; and
- 26.4.3 The index is published in an appropriate manner.
- 26.5 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.
- 26.6 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 26.7 An index is published in an appropriate manner if:
- 26.7.1 it is accessible to the public;
- 26.7.2 the index provider is independent from the index-replicating Fund; this does not preclude index providers and the Fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

## **27 Derivatives exposure**

- 27.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 27.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, the Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Section 28 (Cover for transactions in derivatives and forward transactions) sets out detailed requirements for cover of a Fund.
- 27.3 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## **28 Cover for transactions in derivatives and forward transactions**

- 28.1 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 28.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 28.3 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 28.4 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- 28.5 The total exposure relating to derivatives held in a Fund may not exceed the net value of the Scheme Property.

## 29 Daily calculation of global exposure

- 29.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.

## 30 Calculation of global exposure

- 30.1 The ACD must calculate the global exposure of any Fund it manages either as:
- 30.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in Section 15 (Derivatives: general)), which may not exceed 100% of the Net Asset Value of the scheme property of a Fund, by way of the commitment approach (the “commitment approach”); or
  - 30.1.2 the market risk of the scheme property of a Fund, by way of the value at risk approach (the “VaR approach”).
- 30.2 The ACD must ensure that the method selected above is appropriate, taking into account:
- 30.2.1 the investment strategy pursued by the Fund;
  - 30.2.2 the types and complexities of the derivatives and forward transactions used; and
  - 30.2.3 the proportion of the scheme property comprising derivatives and forward transactions.
- 30.3 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with COLL 5.4 (Stock Lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

## 31 VaR approach

- 31.1 If stated in the relevant Fund details in Appendix 1, the Fund shall employ a VaR model in determining its global exposure and will ensure that the global exposure does not exceed limits specified under applicable regulations.
- 31.2 VaR is a means of measuring the potential loss to a Fund due to market risk and is expressed as the potential loss, under normal market conditions, measured at a 99% confidence level over a one-month time horizon.
- 31.3 When VaR is used, it may be calculated using the “Absolute VaR approach” or the “Relative VaR approach”.
- 31.4 “Absolute VaR” is the VaR expressed as a percentage of the Net Asset Value of a Fund which must not exceed an absolute limit. Under the Absolute VaR approach, the VaR limit is set as a percentage of the Net Asset Value of the relevant Fund. The absolute 20-day VaR based on a 99% confidence interval must not exceed 20% of the Fund’s Net Asset Value.
- 31.5 Under the “Relative VaR” approach, the VaR limit for a Fund is set as a multiple of the VaR of the Fund’s reference portfolio. The 20-day VaR of the Fund based on a 99% confidence interval must not exceed twice the VaR of the Fund’s reference portfolio. The Investment Manager monitors this limit by ensuring that the VaR of the Fund divided by the VaR of the reference portfolio is not greater than 200%.

## 32 Expected level of leverage

- 32.1 Funds using the VaR approach are required to disclose their expected level of leverage which is stated in the relevant Fund details in Appendix 1 of this Prospectus. 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.
- 32.2 The expected level of leverage disclosed for each Fund is an indicative level and is not a regulatory limit. The Fund’s actual level of leverage might significantly exceed the expected level from time to time,

however the use of derivative instruments will remain consistent with the Fund's investment objective and risk profile and comply with its VaR limit.

- 32.3 The market risk of the Fund will be monitored using the VaR approach within the limits of relevant regulations and the VaR approach will be published in the audited annual report. Shareholders' attention is drawn to the fact that the use of such methodology may result in a figure which is higher or lower than the actual level of leverage and accordingly does not necessarily reflect the actual level of risk of the portfolio.
- 32.4 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 the Fund's netting or hedging arrangements. Some of these instruments may actually reduce the risk within the Fund, consequently, the ratio indicated in the Fund details in Appendix 1 does not necessarily indicate increased levels of risk within the relevant Fund. In addition, the ratio disclosed in the Fund details in Appendix 1 is increased when the Fund replaces or 'rolls' its currency positions over a short period and so does not necessarily indicate any increased level of risk within the Fund.
- 32.5 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.

### 33 Commitment approach

- 33.1 Where the ACD uses the commitment approach for the calculation of global exposure, it must:
- 33.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in Section 15 (Derivatives: general)), whether used as part of the Company's general investment policy, for the purposes of risk reduction or for the purposes of Efficient Portfolio Management in accordance with COLL 5.4 (Stock lending); and
- 33.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 33.2 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 33.3 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of the Company, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 33.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Company, the underlying exposure need not be included in the commitment calculation.
- 33.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Company in accordance with Section 34 need not form part of the global exposure calculation.
- 33.6 The ACD uses the commitment approach to calculate the global exposure for M&G Global Listed Infrastructure Fund, M&G Positive Impact Fund, M&G Global Enhanced Equity Premia Fund\*\*, M&G Climate Solutions Fund\*\*\*, M&G Better Health Solutions Fund\*\*\*, and M&G Global AI Themes Fund.

\*\* As of 8 August 2023, this Fund is terminating and is closed to investment.

\*\*\* As of 18 November 2024, this Fund is terminating and is closed to investment.

### 34 Cover and borrowing

- 34.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous Section 28 (Cover for transactions in derivatives and forward transactions) as long as the normal limits on borrowing (see below) are observed.

- 34.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under Section 34 (General power to borrow) do not apply to that borrowing.

## 35 Cash and near cash

- 35.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, this may reasonably be regarded as necessary in order to enable:
- 35.1.1 the pursuit of a Fund's investment objectives; or
  - 35.1.2 redemption of Shares; or
  - 35.1.3 efficient management of a Fund in accordance with its investment objectives; or
  - 35.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.
- 35.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## 36 General power to borrow

- 36.1 A Fund may, in accordance with this paragraph and Section 35, borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Fund to comply with any restriction in the instrument constituting the Fund.
- 36.2 A Fund may borrow under paragraph 34.1 only from an Eligible Institution or an Approved Bank.
- 36.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:
- 36.3.1 the duration of any period of borrowing; and
  - 36.3.2 the number of occasions on which resort is had to borrowing in any period.
- 36.4 The ACD must ensure that no period of borrowing exceeds three months, without the consent of the Depositary.
- 36.5 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes.
- 36.6 A Fund must not issue any debenture unless it acknowledges or creates a borrowing that complies with paragraph 34.1 to 34.5.

## 37 Borrowing limits

- 37.1 The ACD must ensure that a Fund's borrowing does not, on any business day, exceed 10% of the value of the Scheme Property of the Fund.
- 37.2 In this Section 35, "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.
- 37.3 For each Fund, borrowing does not include any arrangement for the Fund to pay to a third party (including the ACD) any set up costs which the Fund is entitled to amortise and which were paid on behalf of the Fund by the third party.

### **38 Restrictions on lending of money**

- 38.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this prohibition, money is lent by a Fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
- 38.2 Acquiring a debenture is not lending for the purposes of paragraph 36.1; nor is the placing of money on deposit or in a current account.
- 38.3 Paragraph 36.1 does not prevent a Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

### **39 Restrictions on lending of property other than money**

- 39.1 The Scheme Property of a Fund other than money must not be lent by way of deposit or otherwise.
- 39.2 The Scheme Property of a Fund must not be mortgaged.

### **40 General power to accept or underwrite issues of stock**

- 40.1 Any power in Chapter 5 of the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation.
- 40.2 This section applies, subject to paragraph 38.3, to any agreement or understanding:
- 40.2.1 which is an underwriting or Sub-underwriting agreement; or
- 40.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.
- 40.3 Paragraph 38.2 does not apply to:
- 40.3.1 an option; or
- 40.3.2 a purchase of a transferable security which confers a right:
- to subscribe for or acquire a transferable security; or
  - to convert one transferable security into another.
- 40.3.3 The exposure of a Fund to agreements and understandings within paragraph 38.2 must, on any business day:
- be covered in accordance with the requirements of rule 5.3.3R of the COLL Sourcebook; and
  - be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the COLL Sourcebook.

### **41 Guarantees and indemnities**

- 41.1 A Fund or the Depositary for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.
- 41.2 None of the Scheme Property of a Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 41.3 Paragraphs 39.1 and 39.2 do not apply in respect of a Fund to:
- 41.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FCA rules;

- 41.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the Treasury Regulations;
- 41.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the Treasury Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- 41.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of a Fund and the holders of units in that scheme become the first Shareholders in the Fund.

## 42 Efficient Portfolio Management

- 42.1 The Company may use its property to enter into transactions for the purposes of Efficient Portfolio Management ('EPM') and may enter into any transaction to hedge (i.e. with the purpose of preserving the value of an asset or assets of a Fund).
- 42.2 Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives (i.e. options, futures or contracts for differences) dealt in or traded on an approved derivatives market; off exchange futures, options or contracts for differences resembling options; or synthetic futures in certain circumstances. The Company may enter into approved derivatives transactions on derivatives markets which are eligible. Eligible derivatives markets are those which the ACD after consultation with the Depositary has decided are appropriate for the purpose of investment of or dealing in the scheme property with regard to the relevant criteria set out in The Regulations and the Guidance on eligible markets issued by the FCA as amended from time to time.
- 42.3 The eligible markets for the Company are set out in Appendix 3.
- 42.4 New eligible markets may be added to a Fund in accordance with The Regulations and only after the ACD has revised the Prospectus accordingly.
- 42.5 Any forward transactions must be with an approved counterparty (eligible institutions, money market institutions etc). A derivatives or forward transaction which would or could lead to delivery of scheme property to the Depositary in respect of the Company may be entered into only if such scheme property can be held by the Company, and the ACD reasonably believes that delivery of the property pursuant to the transactions will not lead to a breach of The Regulations.
- 42.6 There is no limit on the amount of the scheme property which may be used for EPM but the transactions must satisfy three broadly-based requirements:
- 42.6.1 A transaction must reasonably be believed by the ACD to be economically appropriate to the Efficient Portfolio Management of the Company. This means that transactions undertaken to reduce risk or cost (or both) must alone or in combination with other EPM transactions diminish a risk or cost of a kind or level which it is sensible to reduce and transactions undertaken to generate additional capital or income must confer a benefit on the Company or the Fund.
- 42.6.2 EPM may not include speculative transactions.
- 42.6.3 The purpose of an EPM transaction for the Company must be to achieve one of the following aims in respect of the Company or a Fund:
- reduction of risk
  - reduction of cost
  - the generation of additional capital or income
- 42.6.3.1 Reduction of risk allows for the use of the technique of cross-currency hedging in order to switch all or part of the Company's or Fund's exposure away from a currency the ACD considers unduly prone to risk, to another currency. This aim also permits the use of stock index contracts to change the exposure from one market to another, a technique known as 'tactical asset allocation'.

- 42.6.3.2 Reduction of cost allows for the use of futures or options contracts, either on specific stocks or on an index, in order to minimise or eliminate the effect of changing prices of stocks to be bought or sold.
- 42.6.3.3 The aims of reduction of risk or cost, together or separately, allow the ACD on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the ACD to undertake a switch in exposure by use of derivatives, rather than through sale and purchase of the scheme property. If an EPM transaction for the Company relates to the acquisition or potential acquisition of transferable securities, the ACD must intend that the Company should invest in transferable securities within a reasonable time and the ACD shall thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.
- 42.6.3.4 The generation of additional capital or income for the Company or Fund with no or an acceptably low level of risk means the ACD reasonably believes that the Company or Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit.

The generation of additional capital or income may arise out of taking advantage of price imperfections or from the receipt of a premium for writing of covered call or covered put options (even if the benefit is obtained at the expense of the foregoing of yet greater benefit) or pursuant to stock lending as permitted by The Regulations. The relevant purpose must relate to scheme property; scheme property (whether precisely identified or not) which is to be or is proposed to be acquired for the Company; and anticipated cash receipts of the Company, if due to be received at some time and likely to be received within one month.

- 42.7 Each EPM transaction must be fully covered ‘individually’ by scheme property of the right kind (i.e. in the case of exposure in terms of property, appropriate transferable securities or other property; and, in the case of exposure in terms of money, cash, near-cash instruments, borrowed cash or transferable securities which can be sold to realise the appropriate cash). It must also be covered ‘globally’ (i.e. after providing cover for existing EPM transactions there is adequate cover for another EPM transaction within the scheme property – there can be no gearing). Scheme property and cash can be used only once for cover and, generally, scheme property is not available for cover if it is the subject of a stock lending transaction. The EPM lending transaction in a back to back currency borrowing (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates) does not require cover.

## 43 Total return swaps

- 43.1 This paragraph relates to the M&G Absolute Return Bond Fund\* and sets out disclosures required under Regulation EU 2015/2365 on Securities Financing Transactions.
- 43.2 Total return swaps are agreements under which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the total return (including both the income it generates and any capital gains) of an underlying asset (for example, a commodity or stock market index). In this way, a party can gain the economic exposure of the underlying asset without actually owning that asset.
- 43.3 The specific types of total return swaps permitted in this section are swaps on bond indices, baskets of bonds and government bonds.
- 43.4 The total return swaps described in this paragraph may be exercised by the M&G Absolute Return Bond Fund\* to gain exposure to bonds for tactical purposes.
- 43.5 M&G Risk Management Process states that both exchange traded derivatives and over-the-counter derivatives must be traded with approved counterparties.
- 43.5.1 New counterparties are approved after a review that covers the legal status of the proposed counterparty, an assessment of the operational risk and credit risk associated with that counterparty and any other material considerations and it must have the minimum required credit rating.



- 43.5.2 Trading must occur in M&G approved derivative instruments and the arrangements must be governed by appropriate legal documentation.
- 43.6 The maximum proportion of the assets under management of the M&G Absolute Return Bond Fund\* that can be subject to total return swaps is 50%, with a maximum of 5% with any one non-approved counterparty; and a maximum of 10% with any one approved counterparty.
- 43.7 The expected proportion of the assets under management of the M&G Absolute Return Bond Fund\* that can be subject to total return swaps is 10%.
- 43.8 M&G collateral management policy in the context of OTC financial derivatives transactions is detailed in Section 35.6.
- 43.9 All revenues arising from total return swaps will be returned to the M&G Absolute Return Bond Fund\*, and the ACD does not take any fees or costs out of those revenues additional to its periodic charge on the Scheme Property of the Fund or set out in Section 28 above.

\*As of 13 July 2023, this Fund is terminating and is closed to investment.

## 44 M&G plc

The ACD and the Investment Manager are subsidiaries of M&G plc, a listed company. The Funds are not permitted to directly hold securities issued by M&G plc unless the Fund's investment policy is to passively track an index which includes M&G plc. The 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.

## 45 Investment Restrictions Applying under M&G Investments Thermal Coal Investment Policy

All Sub-funds in the Company are subject to the M&G Investments Thermal Coal Investment Policy (the "Coal Policy"), available on the M&G website. The Coal Policy applies to direct investments in publicly listed shares and bonds issued by companies. Where Sub-funds hold other types of assets, these assets do not fall within the scope of the Coal Policy.

The Investment Manager engages with companies involved in thermal coal activities to encourage them to adopt and/or continue to implement a strategy focused on Credible Transition.

As a result of the application of the Coal Policy, the Sub-funds are subject to additional investment restrictions. These investment restrictions are informed by quantitative screening of assets managed by the Investment Manager on behalf of clients to determine potential risks due to thermal coal exposure. Where thermal coal exposure is identified, decisions to exclude are informed by thresholds defined in the Coal Policy and an assessment of the Credible Transition that enable the Investment Manager to assess whether a company is an eligible investment for the relevant Sub-fund.

Excluded companies to be sold by the Sub-funds may be subject to liquidity constraints or lower liquidity in difficult market conditions, which may result in the Investment Manager having to sell investments in excluded companies at an unfavourable time and/or under adverse market conditions. This may have a negative impact on the value of the Sub-funds. The fund managers will, however, seek to sell investment in excluded companies as soon as practicable where this is required.

## 46 Investment Restrictions Applying under M&G Investments Controversial Weapons Policy

All Sub-Funds in the Company are subject to M&G Investments Controversial Weapons Policy, which sets out the approach to the exclusion of companies involved in controversial weapons.



Controversial weapons are those that cause indiscriminate or disproportionate harm. The use of controversial weapons is banned in many jurisdictions under international and national laws, some of which also prohibit investment in certain types of weapons and activities. Exclusion aims to meet legal and regulatory obligations, as well as, is part of the ESG integration.

For more information please refer to M&G Investments Controversial Weapons Policy on M&G website.

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### ESG Integration

Unless explicitly stated in a Sub-fund's investment objective and/or investment policy, the Sub-funds do not have sustainability characteristics or a sustainability objective.

We consider ESG integration to be the explicit and systematic inclusion of financially material ESG factors (both risks and opportunities) into investment analysis and investment decisions.

Financially material ESG risks and opportunities are defined as environmental, social, or governance factors that, if they occur, could cause an actual or potential material negative or positive impact on the value of the investment and/or returns from that asset, respectively.

We seek to integrate ESG across all investments as far as we are able to. For some investment strategies/financial instruments, it is not appropriate or feasible to do so due to factors such as a lack of an agreed methodology to assess sustainability risks, lack of data, or poor data quality.

For more information, please refer to M&G Investments ESG Integration and Sustainable Investing policy on the M&G website.

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### Additional investment restrictions

The ACD 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 Shares are offered or sold.

# Appendix 3 – Eligible markets

Where permitted by their objective and policy, a Fund may deal in any securities, derivatives or money market instruments on any market that is:

- A** a regulated market (as defined for the purposes of COLL); or
- B** a market in the United Kingdom an EEA State which is regulated, operates regularly and is open to the public; or
- C** a market which the ACD, after consultation with the Depositary, decides is appropriate for investment of or dealing in the Scheme Property, is listed below and the Depositary has taken reasonable care to determine that (i) adequate custody arrangements can be provided for the investment dealt in on that market; and (ii) all reasonable steps have been taken by the ACD in deciding whether the market is eligible (see Appendix 2, 10.4 for more detail).

For the purposes of “B” above, the Manager may trade in bonds and other securities issued by non-UK institutions, on the UK OTC Market. Additionally, for “C” above, the markets listed below have been deemed appropriate.

In the event that an eligible market changes its name or merges with another eligible market, the successor market will be an eligible market unless the FCA’s COLL rules require further due diligence by the ACD and Depositary in order for it to be approved. In these circumstances, the Prospectus will be updated with the name of the new market at the next available opportunity.

| Europe (non-EEA States) |  |
|-------------------------|--|
| <b>Switzerland</b>      | SIX Swiss Exchange   |
| <b>Turkey</b>           | Borsa Istanbul   |
| Americas                |  |
| <b>Brazil</b>           | BM&F Bovespa   |
| <b>Canada</b>           | TSX (forms part of the TMX Group)  |
| <b>Colombia</b>         | Bolsa de Valores de Colombia (BVC) exchange  |
| <b>Mexico</b>           | Bolsa Mexicana de Valores (Mexican Stock Exchange)   |
| <b>United States</b>    | New York Stock Exchange<br>NYSE Mkt LLC<br>Boston Stock Exchange (BSE)<br>Chicago Stock Exchange (CHX)<br>The NASDAQ Stock Market(National Association of Securities Dealers Inc)<br>US OTC market regulated by FINRA<br>National Stock Exchange (formerly known as Cincinatti)<br>NASDAQ OMX PHLX<br>The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers |
| Africa                  |  |
| <b>Kenya</b>            | Nairobi Securities Exchange  |
| <b>South Africa</b>     | The JSE Securities Exchange  |

| Far East           |  |
|--------------------|--|
| <b>Australia</b>   | Australian Securities Exchange (ASX)   |
| <b>China</b>       | Shanghai Stock Exchange<br>Shenzhen Stock Exchange<br>China Interbank Bond Market (CIBM) |
| <b>Hong Kong</b>   | Hong Kong Exchanges<br>Growth Global Enterprise Market (GEM)                             |
| <b>India</b>       | Bombay Stock Exchange Ltd<br>The National Stock Exchange of India                        |
| <b>Indonesia</b>   | Indonesia Stock Exchange (IDX)   |
| <b>Japan</b>       | Tokyo Stock Exchange<br>Nagoya Stock Exchange<br>Sapporo Stock Exchange<br>JASDAQ        |
| <b>Korea</b>       | Korea Exchange Incorporated (KRX)  |
| <b>Malaysia</b>    | Bursa Malaysia Berhad  |
| <b>New Zealand</b> | New Zealand Stock Exchange   |
| <b>Philippines</b> | Philippine Stock Exchange (PSE)  |
| <b>Singapore</b>   | Singapore Exchange (SGX)   |
| <b>Sri Lanka</b>   | Colombo Stock Exchange   |
| <b>Taiwan</b>      | Taiwan Stock Exchange<br>Gre Tai (Taiwan OTC)  |
| <b>Thailand</b>    | The Stock Exchange of Thailand (SET)   |

| Middle East   |                                |
|---------------|--------------------------------|
| <b>Israel</b> | Tel Aviv Stock Exchange (TASE) |

For the purposes of “C” above, the derivatives markets listed below have been deemed appropriate.

| Europe (Non-EEA States) |       |
|-------------------------|-------|
| <b>Switzerland</b>      | EUREX |

| Americas             |  |
|----------------------|--|
| <b>Canada</b>        | The Montreal Exchange                                  |
| <b>United States</b> | CME Group Inc<br>Chicago Board Options Exchange (CBOE) |

| Africa              |  |
|---------------------|--|
| <b>South Africa</b> | The South African Futures Exchange (SAFEX) |

| Far East         |                                      |
|------------------|--------------------------------------|
| <b>Australia</b> | Australian Securities Exchange (ASX) |
| <b>Hong Kong</b> | Hong Kong Exchanges                  |

| Far East    |                                   |
|-------------|-----------------------------------|
| Japan       | Osaka Securities Exchange         |
| Korea       | Korea Exchange Incorporated (KRX) |
| New Zealand | New Zealand Futures Exchange      |
| Singapore   | Singapore Exchange (SGX)          |
| Thailand    | Thailand Futures Exchange (TFEX)  |

# Appendix 4 – Other collective investment schemes of the ACD

M&G Investment Funds (1)

M&G Investment Funds (2)

M&G Investment Funds (3)

M&G Investment Funds (4)

M&G Investment Funds (7)

M&G Investment Funds (11)

M&G Investment Funds (12)

M&G Global Dividend Fund

M&G Global Macro Bond Fund

M&G Optimal Income Fund

M&G Property Portfolio

M&G Strategic Corporate Bond Fund

M&G Funds (1)

The ACD is also the Manager of the M&G Feeder of Property Portfolio, the M&G Equities Investment Fund for Charities, the M&G Charibond Charities Fixed Interest Fund, and the M&G Charity Multi-Asset Fund.

The ACD is additionally the ACS Manager of the M&G ACS.

# Appendix 5 – Performance tables

Past performance is not a guide to future performance.

## M&G Absolute Return Bond Fund\*\*

### Sterling Class A

The cumulative performance from launch until 31 December 2022 is +5.44%

The cumulative performance of the target benchmark\* for the same period is +20.49%

\* Prior to 20 July 2021 the benchmark was 3-month GBP LIBOR +2.5%. From 20 July 2021 the benchmark is SONIA +2.5%.

\*\* As of 13 July 2023, this Fund is terminating and is closed to investment.

## M&G Global Listed Infrastructure Fund

### Sterling Class A

The cumulative performance from launch until 31 December 2024 is +58.24%.

The cumulative performance for MSCI ACWI Index for the same period is +110.87%.

## M&G UK Inflation Linked Corporate Bond Fund

### Sterling Class A

The cumulative performance over the past 10 years ending 31 December 2024 is +21.53%.

The cumulative performance for UK Consumer Price Index for the same period is +35.45%\*

\*Please note that the UK Consumer Price Index has been calculated using an estimate for the last month, using the preceding month's annual rate, and the actual figure may be higher or lower than that shown.

## M&G Positive Impact Fund

### Sterling Class A

The cumulative performance from launch until 31 December 2024 is +61.41%.

The cumulative performance for MSCI ACWI Index for the same period is +106.87%.

## M&G Global Enhanced Equity Premia Fund\*

### Sterling Class I

The cumulative performance from launch until 31 December 2022 is 27.12%.

The cumulative performance for MSCI ACWI NUK index for the same period is 25.27%.

\* As of 8 August 2023, this Fund is terminating and is closed to investment.

**M&G ESG Screened Global High Yield Bond Fund**

The cumulative performance from launch until 31 December 2024 is +4.96%.

The cumulative performance for the benchmark\* for the same period is +12.18%.

**Sterling Class A-H**

\* From launch to 9 May 2022 the benchmark was the ICE BofA Global High Yield Index (USD hedged). From 10 May 2022 to 14 February 2024 the benchmark is the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index. From 15 February 2024, the benchmark is the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index (USD Hedged).

**M&G ESG Screened Global Corporate Bond Fund**

The cumulative performance from launch until 31 December 2024 is +5.61%.

The cumulative performance for the benchmark\* for the same period is +5.84%.

**Sterling Class A**

\* From launch to the 14 February 2024, the benchmark was the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index. From 15 February 2024 the benchmark is the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index (GBP Hedged).

**M&G Climate Solutions Fund\***

The cumulative performance from launch until 31 December 2023 is +7.83%.

The cumulative performance for MSCI World Index for the same period is +40.83%.

**Sterling Class A**

\* As of 18 November 2024, this Fund is terminating and is closed to investment.

**M&G Better Health Solutions Fund\***

The cumulative performance from launch until 31 December 2023 is -2.78%.

The cumulative performance for MSCI World Gross Index for the same period is +21.83%.

**Sterling Class A**

\* As of 18 November 2024, this Fund is terminating and is closed to investment.

**M&G Global AI Themes Fund**

The cumulative performance from launch until 31 December 2024 is +33.41%.

**Sterling Class A**

The cumulative performance for MSCI World Gross Index for the same period is +26.14%.

**M&G China Fund**

The M&G China Fund launched on 29 July 2024. Performance data is not available for the M&G China Fund as FCA Regulations mean that we are unable to include performance data on any Fund that has a performance track record of less than 12 months.

**M&G India Fund**

The M&G India Fund launched on 28 October 2024. Performance data is not available for the M&G India Fund as FCA Regulations mean that we are unable to include performance data on any Fund that has a performance track record of less than 12 months.

bal\*As of 13 July 2023, this Fund is terminating and is closed to investment.

\*\* As of 8 August 2023, this Fund is terminating and is closed to investment.

\*\*\* As of 18 November 2024, this Fund is terminating and is closed to investment.



# Appendix 6 – List of sub-custodians

|  |  |
|--|--|
| <b>Albania</b>   | Raiffeisen Bank sh.a., Tirana  |
| <b>Argentina</b>   | Citibank N.A., Buenos Aires  |
| <b>Australia</b>   | Hong Kong and Shanghai Banking Corporation Limited, Parramatta   |
| <b>Austria</b>   | 1) UniCredit Bank Austria AG, Vienna<br>2) Deutsche Bank AG, Eschborn  |
| <b>Bahamas</b>   | N/A  |
| <b>Bahrain</b>   | HSBC Bank Middle East, Al Seef   |
| <b>Bangladesh</b>  | Standard Chartered Bank, Dhaka   |
| <b>Belgium</b>   | Deutsche Bank AG, Netherlands (operating through the Amsterdam branch with support from its Brussels branch)   |
| <b>Benin</b>   | Standard Chartered Bank Côte d'Ivoire, Abidjan   |
| <b>Bermuda</b>   | HSBC Bank Bermuda Limited, Hamilton  |
| <b>Bosnia-Herzegovina<br/>The Federation of Bosnia<br/>and Herzegovina</b> | UniCredit Bank d.d., Sarajevo  |
| <b>Botswana</b>  | Standard Chartered Bank of Botswana Limited, Gaborone  |
| <b>Brazil</b>  | Citibank N.A. São Paulo Branch, São Paulo  |
| <b>Bulgaria</b>  | 1) Citibank Europe plc, Sofia<br>2) UniCredit Bulbank AD, Sofia  |
| <b>Burkina Faso</b>  | Standard Chartered Bank Côte d'Ivoire, Abidjan   |
| <b>Canada</b>  | 1) State Street Trust Company Canada, Toronto (Depository transactions)<br>2) RBC Investor Services, Toronto (Physical transaction)                              |
| <b>Cayman Islands</b>  | N/A  |
| <b>Channel Islands</b>   | N/A  |
| <b>Chile</b>   | Itau CorpBanca S.A., Santiago de Chile   |
| <b>China A-Shares</b>  | 1) China Construction Bank, Beijing<br>2) HSBC Bank (China) Company Limited, Shanghai  |
| <b>China B-Shares</b>  | HSBC Bank (China) Company Limited, Shanghai  |
| <b>China Connect<br/>(Bond Connect)</b>                                    | Standard Chartered Bank (Hong Kong) Limited, Hong Kong   |
| <b>China Connect<br/>(Stock Connect)</b>                                   | 1) Standard Chartered Bank (Hong Kong) Limited, Hong Kong<br>2) The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong<br>3) Citibank N.A., Hong Kong |
| <b>Clearstream</b>   | State Street is a direct participant in Clearstream Banking Luxembourg. State Street does not use a subcustodian bank.   |
| <b>Colombia</b>  | Cititrust Colombia S.A. Sociedad Fiduciaria, Bogota  |
| <b>Costa Rica</b>  | Banco BCT S.A., San Jose   |

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| <b>Croatia</b>        | 1) Privredna Banka Zagreb d.d., Zagreb<br>2) Zagrebacka banka d.d., Zagreb                                   |
| <b>Curacao</b>        | N/A  |
| <b>Cyprus</b>         | BNP Paribas Securities Services, S.C.A., Athens (operating remotely to service the Cyprus market)            |
| <b>Czech Republic</b> | 1) Ceskoslovenská Obchodní Banka A.S., Prague<br>2) UniCredit Bank Czech Republic and Slovakia, a.s., Praha  |
| <b>Denmark</b>        | 1) Skandinaviska Enskilda Banken AB (SEB), Copenhagen<br>2) Nordea Bank Danmark A/S, Copenhagen              |
| <b>Ecuador</b>        | N/A  |
| <b>Egypt</b>          | Citibank N.A., Cairo   |
| <b>Estonia</b>        | AS SEB Pank, Tallinn   |
| <b>Eswatini</b>       | Standard Bank Eswatini Limited, Eswatini   |
| <b>Ethiopia</b>       | N/A  |
| <b>Euroclear</b>      | Since State Street is a direct participant in Euroclear Bank, State Street does not use a subcustodian bank. |
| <b>Finland</b>        | 1) Skandinaviska Enskilda Banken AB (publ) (SEB), Helsinki<br>2) Nordea Bank Finland Plc, Helsinki           |
| <b>France</b>         | Deutsche Bank AG, Netherlands (operating through the Amsterdam branch with support from its Paris branch)    |
| <b>Georgia</b>        | JSC Bank of Georgia, Tbilisi   |
| <b>Germany</b>        | 1) State Street Bank International GmbH, Munich<br>2) Deutsche Bank AG, Eschborn                             |
| <b>Ghana</b>          | Standard Chartered Bank Ghana Limited, Accra   |
| <b>Greece</b>         | BNP Paribas Securities Services, S.C.A., Athens  |
| <b>Guernsey</b>       | N/A  |
| <b>Guinea Bissau</b>  | Standard Chartered Bank Côte d'Ivoire, Abidjan   |
| <b>Hong Kong</b>      | Standard Chartered Bank (Hong Kong) Limited, Hong Kong   |
| <b>Hungary</b>        | 1) Citibank Europe plc, Hungarian Branch, Budapest<br>2) UniCredit Bank Hungary Zrt., Budapest               |
| <b>Iceland</b>        | Landsbankinn hf, Reykjavik   |
| <b>India</b>          | Citibank, N.A., Mumbai   |
| <b>Indonesia</b>      | Deutsche Bank A.G., Jakarta  |
| <b>Ireland</b>        | State Street Bank and Trust Company, Edinburgh   |
| <b>Isle of Man</b>    | N/A  |
| <b>Israel</b>         | Bank Hapoalim B.M., Tel Aviv   |
| <b>Italy</b>          | 1) Deutsche Bank S.p.A., Milan<br>2) Intesa Sanpaolo (ISP), Milan  |
| <b>Ivory Coast</b>    | Standard Chartered Bank Côte d'Ivoire, Abidjan   |
| <b>Jamaica</b>        | N/A  |
| <b>Japan</b>          | 1) Mizuho Bank, Ltd, Tokyo<br>2) The Hong Kong and Shanghai Banking Corporation, Japan branch (HSBC), Tokyo  |
| <b>Jersey</b>         | N/A  |

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| <b>Jordan</b>                                | Standard Chartered Bank, Shmeissani Branch, Amman  |
| <b>Kazakhstan</b>                            | JSC Citibank Kazakhstan, Almaty  |
| <b>Kenya</b>                                 | Standard Chartered Bank Kenya Limited, Nairobi   |
| <b>Kuwait</b>                                | HSBC Bank Middle East Limited, Kuwait  |
| <b>Latvia</b>                                | AS SEB Banka, Riga   |
| <b>Lebanon</b>                               | N/A  |
| <b>Liechtenstein</b>                         | N/A  |
| <b>Lithuania</b>                             | SEB Bankas, Vilnius  |
| <b>Luxembourg</b>                            | Since State Street is a direct participant in Clearstream Banking Luxembourg, State Street does not use a subcustodian bank. Luxembourg domiciled assets may be held in either the Euroclear or Clearstream ICSDs. |
| <b>Macedonia<br/>(Republic of Macedonia)</b> | N/A  |
| <b>Malawi</b>                                | Standard Bank Limited, Blantyre  |
| <b>Malaysia</b>                              | 1) Standard Chartered Bank Malaysia Berhad Menara Standard Chartered, Kuala Lumpur<br>2) Deutsche Bank (Malaysia) Berhad Investor Services, Kuala Lumpur   |
| <b>Mali</b>                                  | Standard Chartered Bank Côte d'Ivoire, Abidjan   |
| <b>Malta</b>                                 | N/A  |
| <b>Marshall Islands</b>                      | N/A  |
| <b>Mauritius</b>                             | Hong Kong and Shanghai Banking Corp. Limited, Ebene  |
| <b>Mexico</b>                                | Banco Nacional de México S.A. (Banamex) Global Securities Services, Mexico City  |
| <b>Morocco</b>                               | Citibank Maghreb, Casablanca   |
| <b>Mozambique</b>                            | N/A  |
| <b>Namibia</b>                               | Standard Bank Namibia Limited, Windhoek  |
| <b>Netherlands</b>                           | Deutsche Bank AG, Amsterdam branch   |
| <b>New Zealand</b>                           | The Hong Kong and Shanghai Banking Corp. Limited, Auckland   |
| <b>Niger</b>                                 | Standard Chartered Bank Côte d'Ivoire, Abidjan   |
| <b>Nigeria</b>                               | Stanbic IBTC Bank Plc., Lagos  |
| <b>Norway</b>                                | 1) Skandinaviska Enskilda Banken, Oslo (operating through its Oslo branch)<br>2) Nordea Bank Norge ASA, Oslo   |
| <b>Oman</b>                                  | HSBC Bank Oman S.A.O.G., Seeb  |
| <b>Pakistan</b>                              | Deutsche Bank AG, Karachi  |
| <b>Palestine</b>                             | N/A  |
| <b>Panama</b>                                | Citibank, N.A., Panama City  |
| <b>Peru</b>                                  | Citibank del Perú S.A., Lima   |
| <b>Philippines</b>                           | Deutsche Bank AG, Taguig City  |
| <b>Poland</b>                                | Bank Handlowy w Warszawie S.A., Warsaw   |
| <b>Portugal</b>                              | Deutsche Bank AG, Netherlands (operating through the Amsterdam branch with support from its Lisbon branch)   |
| <b>Puerto Rico</b>                           | N/A  |
| <b>Qatar</b>                                 | HSBC Bank Middle East Limited, Doha  |

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| <b>Republic of Srpska</b>   | UniCredit Bank d.d., Sarajevo   |
| <b>Romania</b>  | Citibank Europe plc, Dublin – Romania Branch, Bucharest   |
| <b>Russia</b>   | AO Citibank, Moscow   |
| <b>Rwanda</b>   | N/A   |
| <b>Saudi Arabia</b>   | HSBC Saudi Arabia, Riyadh   |
| <b>Senegal</b>  | Standard Chartered Bank Côte d’Ivoire, Abidjan  |
| <b>Serbia</b>   | Unicredit Bank Serbia JSC Belgrade  |
| <b>Singapore</b>  | Citibank N.A., Singapore  |
| <b>Slovak Republic</b>  | UniCredit Bank Czech Republic and Slovakia, a.s., Bratislava                                      |
| <b>Slovakia</b>   | N/A   |
| <b>Slovenia</b>   | UniCredit Banka Slovenija d.d., Ljubljana   |
| <b>South Africa</b>   | 1) Standard Bank of South Africa Limited, Johannesburg<br>2) FirstRand Bank Limited, Johannesburg |
| <b>South Korea</b>  | 1) Deutsche Bank AG, Seoul<br>2) Hong Kong and Shanghai Banking Corp. Limited, Seoul              |
| <b>Spain</b>  | Deutsche Bank SAE Investor Services, Madrid   |
| <b>Sri Lanka</b>  | The Hong Kong and Shanghai Banking Corporation Limited, Colombo                                   |
| <b>Swaziland</b>  | Standard Bank Swaziland Limited, Mbabane  |
| <b>Sweden</b>   | 1) Nordea Bank AB (publ), Stockholm<br>2) Skandinaviska Enskilda Banken, Stockholm                |
| <b>Switzerland</b>  | 1) UBS Switzerland AG, Zurich<br>2) Credit Suisse AG, Zurich                                      |
| <b>Taiwan</b>   | 1) Deutsche Bank AG, Taipei<br>2) Standard Chartered Bank (Taiwan) Limited, Taipei                |
| <b>Tanzania</b>   | Standard Chartered Bank Tanzania Limited, Dar es Salaam   |
| <b>Thailand</b>   | Standard Chartered Bank (Thai) Public Company Limited, Bangkok                                    |
| <b>Togo</b>   | Standard Chartered Bank Côte d’Ivoire, Abidjan  |
| <b>Transnational</b>  | N/A   |
| <b>Trinidad &amp; Tobago</b>  | N/A   |
| <b>Tunisia</b>  | Union Internationale de Banques (UIB), Tunis  |
| <b>Turkey</b>   | 1) Citibank A.S., Istanbul<br>2) Deutsche Bank A.S., Istanbul                                     |
| <b>Uganda</b>   | Standard Chartered Bank Uganda Limited, Kampala   |
| <b>Ukraine</b>  | JSC Citibank, Kyiv  |
| <b>United Arab Emirates - Abu Dhabi Securities Exchange-(ADX)</b>         | HSBC Bank Middle East Limited Global Banking and Markets, Dubai                                   |
| <b>United Arab Emirates - DFM</b>   | HSBC Bank Middle East Limited Global Banking and Markets, Dubai                                   |
| <b>United Arab Emirates - Dubai International Financial Center (DIFC)</b> | HSBC Bank Middle East Limited Global Banking and Markets, Dubai                                   |
| <b>United Kingdom</b>   | State Street Bank and Trust Company, Edinburgh  |

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| <b>United States</b>                                    | 1) State Street Bank and Trust Company, Boston<br>2) DTCC Newport Office Center, Jersey City |
| <b>Uruguay</b>  | Banco Itau Uruguay S.A., Montevideo  |
| <b>Venezuela</b>  | N/A  |
| <b>Vietnam</b>  | Hong Kong & Shanghai Banking Corp. Ltd. Centre Point, Ho Chi Minh City                       |
| <b>WAEMU (West African Economic and Monetary Union)</b> | N/A  |
| <b>Zambia</b>   | Standard Chartered Bank Zambia Plc, Lusaka   |
| <b>Zimbabwe</b>   | Stanbic Bank Zimbabwe Limited, Harare  |