

Issued by M&G Securities Limited

1 August 2019



# Prospectus

## M&G Feeder of Property Portfolio

# Prospectus

## M&G Feeder of Property Portfolio

This document constitutes the Prospectus for the M&G Feeder of Property Portfolio (the "Trust").

This Prospectus has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the "COLL") published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the "Act").

This Prospectus is dated and is valid as at 1 August 2019.

Copies of this Prospectus have been sent to the FCA and the Trustee.

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

This Prospectus is based on information, law and practice at the date hereof. The Trust is not bound by any out of date prospectuses when a new prospectus (es) has been issued and potential investors should check that they have the most recently published prospectus.

M&G Securities Limited, the Manager of the Trust, 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 COLL to be included in it.

The distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Trust 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 Trust 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 interests in the Trust 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 Trust 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 Securities and Futures Ordinance, as amended from time to time.

# Contents

## M&G Feeder of Property Portfolio

Definitions	
1 The Trust .....	4
2 Investment objectives and policies .....	4
3 Units .....	4
4 Management and Administration .....	4
5 The Trustee .....	4
6 The Investment Manager.....	5
7 The Administrator, the Register of Unitholders, Fund Accounting and Pricing .....	5
8 The Auditors .....	5
9 Conflicts of Interest .....	5
10 Buying, Selling and Switching Units.....	5
11 Selling Units.....	6
12 Converting Units and switching .....	7
13 Direct Issue or Cancellation of units by the Trustee through the Manager .....	7
14 Switching to the M&G PAIF .....	7
15 Dealing Charges .....	7
16 Other Dealing Information .....	8
17 Suspension of Dealings in the Trust .....	9
18 Money Laundering .....	9
19 Governing Law.....	9
20 Valuation of the Trust .....	10
21 Calculation of the Net Asset Value .....	10
22 Price per Unit per Class .....	10
23 Pricing basis .....	11
24 Publication of Prices.....	11
25 Risk factors .....	11
26 Charges and Expenses .....	11
27 Unitholder Meetings and Voting Rights.....	13
28 Class Meetings .....	13
29 Gifts and Hospitality .....	13
30 Taxation.....	14
31 Income equalisation .....	14
32 Winding up of the Trust .....	15
33 General Information .....	15
34 Fair Treatment of Investors .....	17
35 Preferential Treatment.....	17
36 Complaints.....	17
37 Marketing outside the UK .....	17
38 Professional Liability .....	17
39 Changes to the Funds .....	17
40 Rights against service providers.....	17
41 Remuneration policy .....	17
42 Risk Factors.....	19
Appendix 1 – Investment objective and policy and other details of the Trust .....	23
Appendix 2 – Details of the M&G PAIF.....	24
Appendix 3 – Investment and borrowing powers of the Trust.....	26
Appendix 4 – Eligible markets.....	28
Appendix 5 – Performance bar charts and graphs.....	29
Appendix 6 – Other collective investment schemes of the Manager.....	30
Appendix 7 – List of Sub-Custodians.....	31
Directory.....	34

Customer Helpline 0800 390 390

# Definitions

## M&G Feeder of Property Portfolio

**Accumulation Unit:** a unit, denominated in base currency, in the property of a Trust in respect of which income allocated thereto is credited periodically to capital pursuant to COLL net of any tax deducted or accounted for by the Trust

**Act:** Financial Services and Markets Act 2000

**AIF:** AIF refers to an alternative investment fund and has the same meaning as listed in the glossary to the FCA Rules

**AIFM:** refers to an alternative investment fund manager and has the same meaning as listed in the glossary to the FCA Rules

**AIFMD:** refers to the Alternative Investment Fund Managers Directive (2011/61/EU) and has the same meaning as listed in the glossary to the FCA Rules

**Annual Charge:** is the fee paid to the Manager as payment for carrying out its duties and responsibilities in managing the Trust and to pay for third party services

**Approved Bank in relation to a bank account opened by the Trustee:**

- a) if the account is opened at a branch in the United Kingdom;
  - the Bank of England; or
  - the central bank of a member state of the OECD; or
  - a bank or a building society; or
  - a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
- b) if the account is opened elsewhere:
  - a bank in (a); or
  - a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant home state regulator; or
  - a bank which is regulated in the Isle of Man or the Channel Islands; or
- c) a bank supervised by the South African Reserve Bank;
- d) any other bank that:
  - is subject to regulation by a national banking regulator;
  - is required to provide audited accounts;
  - 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
  - has an annual audit report which is not materially qualified

**Associate:** an associate in accordance with the FCA Rules

**Base Currency:** the base currency of the Trust is Sterling

**Class or Classes:** in relation to Units, means according to the context all of the Units related to the Trust or particular class or classes of Unit related to the Trust

**Client Account:** a bank account held by us in accordance with FCA Rules

**COLL:** the FCA's Collective Investment Scheme Sourcebook forming part of the FCA's Handbook of Rules and Guidance

**Dealing Day:** Monday to Friday excluding UK public and bank holidays, and other days at the Manager's discretion

**Dealing Price:** each price at which an instruction to purchase or redeem Units is carried out being the offer and bid prices respectively

**Fraction:** a smaller denomination Unit (on the basis that one thousand smaller denomination Units make one larger denomination Unit)

**FCA:** the Financial Conduct Authority

**FCA Rules:** the FCA handbook of rules made under the Act

**Income Unit:** a unit, denominated in base currency, in the property of a Trust in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to COLL net of any tax deducted or accounted for by the Trust

**Intermediate Unitholder:** a firm whose name is entered in the register of the Trust, or which holds Units indirectly through a third party acting as a nominee, and which:

- a) is not the beneficial owner of the relevant Unit; and
- b) does not manage investments on behalf of the relevant beneficial owner of the Unit; or
- 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

**Investment Manager:** the investment manager or managers (as appropriate) appointed by the Manager as set out at section 6

**Manager:** M&G Securities Limited, the Manager of the Trusts

**M&G PAIF:** M&G Property Portfolio, an open-ended investment company and a PAIF established in the UK, details of which are set out in Appendix 2

**Net Asset Value or NAV:** the value of the Scheme Property of a Trust less the liabilities of the Trust

**Ongoing Charge(s) Figure:** a percentage figure representing the actual cost of running the fund, see also Section 26

**PAIF:** an open-ended investment company which is a Property Authorised Investment Fund, as defined in Part 4A of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/64), as amended from time to time

**Property Investment Business:** property investment business as defined in the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/64), as amended from time to time

**the Regulations:** the rules contained in COLL as part of the FCA Rules as amended or re-enacted from time to time

**Scheme Property:** the property of a Trust to be given to the Trustee for safe-keeping, as required by COLL

**Trust Deed:** the trust deed (as supplemented and amended from time to time) constituting the Trust

**Trustee:** NatWest Trustee and Depositary Services Limited, the trustee of the Trust

**Units:** Income Units or Accumulation Units (or both), as the context may require

**Unitholder:** a holder of Units

**XD date:** the date on which the income is removed from the price of an Income Unit pending the payment of a distribution

# Prospectus

## M&G Feeder of Property Portfolio

<b>1</b>	<b>The Trust</b>	4.2.1	The Manager acts as such by virtue of the Trust Deed between the Trustee and the Manager.
1.1	The Trust to which this Prospectus applies is an authorised unit trust. It was authorised by the FCA on 16 October 2012.	4.2.2	The Manager is entitled to be paid the Annual Charge for its services in managing the Trust as described in Section 26.
1.2	The base currency of the Trust is pounds sterling. If sterling ceases to exist, the Manager may convert the base currency of the Trust from sterling to such other currency as may be the lawful currency of the United Kingdom. The Manager, in consultation with the Trustee, shall determine the best means to effect this conversion.		The Manager is entitled to its pro rata fees and expenses to the date of winding up of the Trust and any additional expenses necessarily incurred in settling or realising any outstanding obligations.
1.3	Unitholders in the Trust are not liable for the debts of the Trust.	4.2.3	The Manager may deal as principal in the units of its own funds. This is often known as “book management”. The Manager’s reason for doing this is to reduce the unit price volatility by reducing the frequency of pricing basis changes (from offer to bid or vice versa) which impact the unit price materially (see section on fees set out later in this document). The Manager believes that reducing unit price volatility in this way is in the best interests of Unitholders. To facilitate this, the Manager may deal as principal and either a profit or loss may arise that the Manager benefits from or is subject to. Please note that making a profit from book management is not the primary reason for dealing as principal. Where the Manager has risked its own money, it will retain any profit, and absorb any loss, made from book management. However, where the Manager has made a net profit on a Dealing Day without risking its own money, it will pass the profit made back to the fund for the benefit of all investors, no later than two weeks after the Dealing Day. The Manager is under no obligation to account to the Depositary or the unitholders for any profit it may make from book management activity.
1.4	The Trust has been established as a non-UCITS Retail Scheme (“NURS”) as defined in COLL. The Trust also qualifies as an AIF under AIFMD.		
<b>2</b>	<b>Investment objectives and policies</b>		
	The investment objectives and policies of the Trust are set out in Appendix 1.		
<b>3</b>	<b>Units</b>		
	The classes of units presently available in the Trust are set out in Appendix 1 together with details of their criteria for subscription and their minimum initial investment and minimum ongoing holding requirements.		
	The nature of the right represented by units is that of a beneficial interest under a trust.		
<b>4</b>	<b>Management and Administration</b>	4.2.4	The main business activity of the Manager is acting as an operator of collective investment schemes.
	<b>4.1 Manager</b>	<b>5</b>	<b>The Trustee</b>
	The Manager of the Trust 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 Manager is Prudential plc, a company incorporated in England and Wales. M&G Securities Limited is authorised by the FCA as a full scope AIFM. The FCA reference number for M&G Securities Limited is 122057.		NatWest Trustee and Depositary Services Limited is the Trustee of the Trust. The Trustee is a private limited company incorporated in England and Wales. Subject to the FCA Rules, the Trustee is responsible for the safekeeping of the property of the Trust entrusted to it and has a duty to take reasonable care to ensure that the Trust is managed in accordance with the provisions of the FCA Rules relating to the pricing of, and dealing in, Units of the Trust and to the income of the Trust. The Trustee acts as such by virtue of trust deeds between the Manager and the Trustee.
4.1.1	<b>Registered office and head office</b>	5.1.1	<b>Registered Office</b>
	10 Fenchurch Avenue, London, EC3M 5AG		250 Bishopsgate, London, EC2M 4AA
	<b>Share Capital:</b>	5.1.2	<b>Head Office</b>
	▪ Authorised: £100,000		250 Bishopsgate, London, EC2M 4AA
	▪ Issued and paid-up: £100,000	5.1.3	<b>Ultimate holding company</b>
	<b>Directors:</b>		The Royal Bank of Scotland Group plc
	▪ Ms Margaret Ammon,	5.1.4	<b>Principal Business Activity</b>
	▪ Mr Gary Cotton,		The provision of trustee and depositary services.
	▪ Mr Neil Donnelly,	5.2	<b>Terms of Appointment</b>
	▪ Mr Philip Jelfs,	5.2.1	Subject to the FCA Rules, the Trustee has full power to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as Trustee. The Trustee has appointed State Street Bank and Trust Company to act as custodian of the Scheme Property.
	▪ Mr Laurence Mumford,		
	All of the above directors have significant business activities which are not connected to those of the Manager but of other companies within the M&G Group.		
	▪ Ms Carolan Dobson (non-executive director)		
	▪ Ms Michelle McGrade (non-executive director)		
4.1.2	The Manager is responsible for managing and administering the Trust’s affairs in compliance with the FCA Rules.		
4.2	<b>Terms of Appointment</b>		

# Prospectus

## M&G Feeder of Property Portfolio

The Trustee is entitled to receive remuneration out of the scheme property of the Trust for its services, though such remuneration is normally paid by the Manager out of the Manager's Annual Charge as described in Section 26.

### 6 The Investment Manager

The Manager has appointed M&G Investment Management Limited ("MAGIM") to provide investment management and advisory services in respect of the Trust. The Investment Manager has authority to make decisions on behalf of the Trust and the Manager in respect of the acquisition and disposal of property 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 Manager and the Investment Manager whereby the Manager accepts responsibility for all these services provided by the Investment Manager to the Trust. The investment management agreement may be terminated on six months written notice by the Investment Manager or the Manager, or immediately if the Manager believes this is in the best interests of Unitholders.

The fees paid to the Investment Manager for the services it provides to the Trust are paid by the Manager out of the Annual Charge, as described in Section 26.

The Investment Manager's principal activity is acting as an investment manager and it is an Associate of the Manager by being a subsidiary of Prudential plc.

### 7 The Administrator, the Register of Unitholders, Fund Accounting and Pricing

7.1 The Manager has appointed DST Financial Services Europe Limited ("DST") to provide certain administration services and act as registrar to the Trust. The Register of Unitholders is maintained by DST at its office DST House, St Nicholas Lane, Basildon, Essex SS15 5FS and may be inspected at that address during normal business hours by any Unitholder or any Unitholder's duly authorised agent.

7.2 The Manager has appointed State Street Bank and Trust Company to undertake fund accounting and pricing functions on behalf of the Trust.

### 8 The Auditors

8.1 The auditor of the Company are :

Ernst & Young LLP Atria One144 Morrison Street Edinburgh, EH3 8EX United Kingdom

8.2 The Auditors shall, with respect to the assets of the Trust, carry out their duties in accordance with all applicable laws, rules and regulations, including the audit of the accounting information contained in the annual report of the Trust.

### 9 Conflicts of Interest

The Manager and the Trustee are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest in the management of the Trust. In addition, the Trust may enter into transactions at arm's length with companies in the same group as the Manager.

The Trustee may, from time to time, act as trustee of other funds.

Each of the parties will, to the extent of their ability and in compliance with the FCA Rules, ensure that the performance of their respective duties will not be impaired by any such involvement.

### 10 Buying, Selling and Switching Units

The dealing office of the Manager is open from 8.00 am until 6.00 p.m. on each Dealing Day, and other days at the Manager's discretion, to receive requests for the issue, redemption and switching of Units, which, if received prior to 12.00 noon UK time on a Dealing Day, and subject to paragraph 11.2, will be effected at prices determined at the next valuation point following receipt of such request. Requests received after 12.00 noon will, subject to paragraph 11.2, be dealt with at the valuation point on the following Dealing Day.

Cash will only be held for the purposes of purchasing Units in a timely manner. It will be held for you in a Client Account. Interest is not paid on such balances.

The Manager does not currently permit the transfer of Units by electronic means but may do so in the future at its discretion. For further details please contact the Manager.

#### 10.1 Buying Units

10.1.1 On any given Dealing Day the Manager will be willing to sell Units of at least one Class in the Trust. Units can be bought as a lump sum investment.

10.1.2 Postal applications must be made on application forms obtained from the Manager. Alternatively, lump sum investment can be made under approved circumstances by telephoning M&G's Customer Dealing Line 0800 328 3196 between 8.00am and 6.00pm UK time on Dealing Days or by visiting the Manager's website: [www.mandg.co.uk](http://www.mandg.co.uk).

10.1.3 The Manager has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Units in whole or part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant. The Manager may also cancel any previously accepted request for the issue of Units 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.

10.1.4 The Manager also has the right to reject an application for Units of any amount if, with the agreement of the Trustee, it deems the transaction not to be in the best interests of the Unitholders.

10.1.5 Any subscription monies remaining after a whole number of Units 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 Unit.

10.1.6 Where Accumulation Units are not issued, a Unitholder may choose to have their distributions automatically reinvested to purchase further Units. Units purchased with reinvested distributions are bought at the price calculated on the re-investment day, which falls fourteen days before the date on which the distribution is paid.

10.1.7 Units may be registered in the joint names of up to four individuals. Units bought for a minor's benefit are registered in an adult's name and may also be

# Prospectus

## M&G Feeder of Property Portfolio

	designated by the addition of the minor's initials after the adult's name.		
10.1.8	Sterling Class R Units are available only to Intermediate Unitholders or where the deal has been arranged by a financial adviser.		any Dealing Day unless the value of Units which a Unitholder wishes to redeem will mean that the Unitholder will hold Units with a value less than the required minimum holding for the Class, in which case the Unitholder may be required to redeem his entire holding.
10.2	<b>Documentation</b>	11.1.2	Requests to redeem Units may be made in writing to the Manager at the Administration address set out at the end of this Prospectus, or by such other written, telephonic, or electronic means as the Manager may from time to time determine, either directly or via an authorised intermediary. The Manager may require telephonic or electronic requests to be confirmed in writing.
10.2.1	A contract note giving details of the Units 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.	11.2	<b>Limited Redemption Arrangements</b>
10.2.2	Payment for Units purchased by post must accompany the application; until 20 November 2015 payment for Units purchased by other means must be made by no later than four business days, and thereafter three business days, after the valuation point following receipt of the instructions to purchase.	11.2.1	In order to protect the liquidity of the Trust and the liquidity of the M&G PAIF, requests for redemptions of Sterling Class D Units are subject to a notice period. Redemption requests received by the 12:00 noon on a particular business day will be redeemed at the price calculated at the valuation point on the first business day after 90 days from the date of receipt of the redemption request.
10.2.3	Certificates will not be issued in respect of Units. Ownership of Units will be evidenced by an entry on the Trust's Register of Unitholders. Statements in respect of periodic distributions of income in respect of the Trust will show the number of Units held by the recipient in the Trust in respect of which the distribution is made. Individual statements of a Unitholder's (or, when Units are jointly held, the first named holder's) Units will also be issued at any time on request by the registered holder.	11.2.2	At its absolute discretion, the Manager may waive the relevant notice period (in whole or in part) provided that there is sufficient liquidity in the Trust via the M&G PAIF and provided that it ensures that all redemption requests for Sterling Class D Units are completed in the order in which they are received.
10.3	Minimum subscriptions, redemptions and holdings~	11.2.3	Once a redemption request is submitted it cannot be withdrawn or cancelled unless the Manager agrees to such withdrawal or cancellation.
10.3.1	The minimum initial and subsequent subscription levels, minimum one-off redemption levels, and minimum holdings, in respect of each Class in the Trust are set out in Appendix 1. The Manager may at its discretion accept subscriptions or redemption instructions for lower than the minimum amounts.	11.3	<b>Documents the Seller will receive</b>
10.3.2	If a holding is below the minimum holding the Manager reserves the right to sell the Units and send the proceeds to the Unitholder or at its absolute discretion convert the Units to another Unit Class.	11.3.1	A contract note giving details of the Units sold and the price used will be sent to the selling Unitholder (the first named, in the case of joint Unitholders) 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. Payment of proceeds will be made three business days, after the later of: <ul style="list-style-type: none"><li>▪ receipt by the Manager, when required, of sufficient written instructions duly signed by all the relevant Unitholders and completed as to the appropriate number of Units, together with any other appropriate evidence of title; and</li><li>▪ the valuation point following receipt by the Manager of the request to sell.</li></ul>
10.4	<b>Limited issue arrangements</b>	11.3.2	The requirement for sufficient written instructions is normally waived if all the following conditions are met: <ul style="list-style-type: none"><li>▪ dealing instructions are given by the registered holder in person;</li><li>▪ the holding is registered in a sole name;</li><li>▪ 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</li><li>▪ the total amount payable in respect of sales by that holder on one business day does not exceed £20,000.</li></ul>
10.4.1	The Manager reserves the right to limit the issue of any Units in circumstances where the shares in the M&G PAIF in which the Trust invests are subject to limited issue arrangements. The authorised corporate director of the M&G PAIF has discretion to limit the issue of shares in the M&G PAIF in circumstances where the liquidity within the M&G PAIF is deemed to be detrimental to the performance of the M&G PAIF.	11.4	<b>Minimum redemption</b>
10.4.2	In such circumstances, the Manager may still issue Units where the proceeds of that issue can be invested without compromising the Trust's objective or materially prejudicing existing Unitholders, such as on the reinvestment of distribution income, or the investment of regular contributions received by the Manager or an Associate.		Part of a Unitholder's holding may be sold but the Manager reserves the right to refuse a redemption request if the value of the Units to be redeemed is
10.4.3	The Manager will return any cheques and application forms received whilst the limited issue provision is in force.		
11	<b>Selling Units</b>		
	11.1 <b>Procedure for investors</b>		
11.1.1	Subject to 11.2 and 11.4, every Unitholder has the right to require that the Trust redeems his Units on		

# Prospectus

## M&G Feeder of Property Portfolio

less than any minimum redemption amount set out in Appendix 1 or would result in a Unitholder holding less than the minimum holding as detailed in Appendix 1. The Manager may at its discretion accept redemption instructions for lower than the minimum amounts.

### 12 Converting Units and switching

12.1 Conversions of Income Units to Accumulation Units and of Accumulation Units to Income Units of the same Class are undertaken by reference to the respective Units prices. For persons subject to UK taxation, under current HM Revenue & Customs practice, this will not be a realisation for the purposes of capital gains taxation.

12.2 Holders are entitled (subject to the restrictions described in paragraphs 10 and 11, but excluding paragraph 11.2.2) to convert all or part of their Units in a Class for Units in another Class in the Trust provided they are eligible to hold Units in that Class.

Requests to convert between Unit Classes must be submitted using the appropriate form available from the Manager. Instructions to convert between Unit Classes will be executed within three Dealing Days of receipt of a valid instruction, except where a Unitholder is requesting to convert out of Sterling Class D Units into another Unit Class (for example, Sterling Class I Units). In this case, instructions to convert to another Unit Class will be executed no sooner than 90 days after receipt of a valid instruction.

The number of new Units issued will be determined by reference to the respective prices of new Units and old Units. Such conversions may be subject to a fee (see paragraph 15.3). For persons subject to UK taxation, under current HM Revenue & Customs practice this will not be a realisation for the purposes of capital gains taxation.

### 13 Direct Issue or Cancellation of units by the Trustee through the Manager

The Trustee may not directly issue or cancel Units. All Units are issued or cancelled by the Manager making a record of the issue or cancellation and of the number of Units concerned.

### 14 Switching to the M&G PAIF

14.1 Where available, and at the discretion of the Manager, holders are entitled (subject to the restrictions described in paragraphs 10 and 11) to switch all or part of their Units for shares in the M&G PAIF provided they are eligible to hold those shares. The number of new shares issued will be determined by reference to the respective prices of new shares and old Units at the valuation point applicable at the time the old Units are repurchased and the new shares are issued. Such switches may be subject to a fee (see paragraph 15.3). For persons subject to UK taxation, under current HM Revenue & Customs rules this will not be a realisation for the purposes of capital gains taxation.

### 15 Dealing Charges

Unitholders should note that the Trust invests solely in shares of the M&G PAIF. The M&G PAIF may also impose charges on the buying or selling of its shares but these will not apply or will be waived for investments made by the Trust.

#### 15.1 Initial charge

The Manager may impose a charge on the buying of Units. This charge is included in the price of units purchased. The current level in relation to each Class is set out in Appendix 1 and is expressed as a percentage of the subscription amount. The charge is subject to discounts that the Manager 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 Manager has revised the prospectus to reflect the increased rate.

#### 15.2 Redemption charge

15.2.1 The Manager may make a charge on the cancellation and redemption (including transfer) of Units. Other Units issued and bought, and persons known to the Manager to have made arrangements for the regular purchase of other Units while this prospectus is in force, will not be subject to any redemption charge introduced in the future in respect of those Units. Currently, those Units deemed to carry a redemption charge will carry a reducing redemption charge calculated in accordance with the table below. With Accumulation Units, where any income is reinvested back into the Unit 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 Units of the Class in question have been purchased at different times by a redeeming Unitholder, the Units to be redeemed shall be deemed to be the Unit which incur the least cost to the Unitholder and thereafter the Units purchased first in time by that Unitholder.

#### Redemption charge table

The deduction from the sale value for redemption before the following anniversaries on the Sterling Class X Income and Accumulation Units would be:

1st year	4.5%
2nd year	4.0%
3rd year	3.0%
4th year	2.0%
5th year	1.0%
Thereafter	Nil

15.2.2 The Manager may not introduce or increase a redemption charge on Units unless:

15.2.2.1 the Manager has complied with the FCA Rules in relation to that introduction or change; and

15.2.2.2 the Manager has revised the prospectus to reflect the introduction or change and the date of its commencement and has made the revised prospectus available.

15.2.3 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 Manager.

#### 15.3 Conversion and Switching fee

15.3.1 On the conversion or switching of Units the Manager reserves the right to impose a fee. The fee will not exceed an amount equal to the aggregate of the then prevailing redemption charge (if any) in respect of Units sold and the initial charge (if any) in respect of new Units (or shares) and is payable to the Manager.

# Prospectus

## M&G Feeder of Property Portfolio

### 16 Other Dealing Information

#### 16.1 Large Deal Provisions

16.1.1 Where a person places a deal or series of deals that total in excess of £50,000 for the same valuation point, the Dealing Price may be calculated on a different basis from the usual Dealing Price. The Manager seeks to apply this pricing mechanism (the Large Deal Provision or "LDP") to the minimum number of deals possible to reduce the volatility of prices. The process for deciding whether or not to apply the LDP (and how this is communicated to customers) depends on how and when dealing instructions are received.

16.1.2 Instructions received electronically are subject to the LDP at the discretion of the Manager based on information available at the valuation point. As a result, the Manager will not advise a person dealing electronically that the LDP has been applied to their instruction in advance of the valuation point.

16.1.3 Instructions received by telephone will be assessed by the Manager at the time the instruction is received based upon the dealing information available to the Manager at the time. Persons placing large deals by telephone will be advised immediately whether the Manager will apply the LDP.

16.1.4 Instructions received by fax will be subject to the LDP at the discretion of the Manager based on information available to the Manager at the time the instruction becomes known to it. Where the Manager intends to apply the LDP to an instruction placed by fax, the Manager will attempt to contact the person placing the deal prior to the valuation point on a reasonable endeavours basis to let them now that the LDP will be applied.

16.1.5 Instructions received by post will be subject to the LDP at the discretion of the Manager based on information available at the time the instruction becomes known to it. Where the Manager intends to apply the LDP to an instruction placed by post, the Manager will attempt to contact the person placing the deal prior to the valuation point on a reasonable endeavours basis to let them now that the LDP will be applied.

16.1.6 Persons contacted by the Manager prior to the valuation point will be given the option of cancelling their instruction or amending it.

#### 16.2 In specie issues and redemptions

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

16.2.2 The Manager may also offer to sell an investor's property and invest the proceeds by purchasing Units in the Trust, subject to detailed terms and conditions available upon request.

#### 16.3 Client account

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

#### 16.4 Manager dealing as principal

Where the Manager deals as principal in the Units of the Trust, any profits or losses arising from such transactions will accrue to the Manager and not to the Trust. The Manager is under no obligation to account to the Trustee, or to Unitholders for any profit it makes on the issue or re-issue of Units or cancellation of Units which it has redeemed.

#### 16.5 Restrictions and Compulsory Transfer and Redemption

The Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Units 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 Manager may, inter alia, reject in its discretion any application for the purchase, sale or transfer of Units.

The distribution of this Prospectus and the offering of Units 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 Unitholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Unitholder 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 Unitholder will be responsible for any such issue, transfer or other taxes or payments by whomsoever payable and the Trust (and any person acting on behalf of it) shall be fully indemnified and held harmless by such Unitholder for any such issue, transfer or other taxes or duties as the Trust (and any person acting on behalf of it) may be required to pay.

If it comes to the notice of the Manager that any Units ("affected Units") 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 Units were acquired or held in like circumstances) result in the Trust incurring any liability to taxation which the Trust 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 Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case, the Manager may give notice to the Unitholder(s) of the affected Units requiring the transfer of such Units to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Units. If any Unitholder upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Units to a person qualified to own them or submit a written request for their redemption to the Manager or establish to the satisfaction of the Manager (whose

judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Units, he 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 Manager) of all the affected Units pursuant to the Regulations.

A Unitholder who becomes aware that he is holding or owns affected Units shall forthwith, unless he has already received a notice as aforesaid, either transfer all his affected Units to a person qualified to own them or submit a request in writing to the Manager for the redemption of all his affected Units.

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

### 16.6 Excessive Trading

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

16.6.1.1 refusing an application for Units (see paragraphs 10.1.3 and 10.1.4);

16.6.1.2 fair value pricing (see paragraph 21); and,

16.6.1.3 the pricing policy (see paragraph 22).

16.6.2 The Manager monitors Unitholder dealing activity and if it identifies any behaviour that, in its view, constitutes inappropriate or excessive trading, the Manager may take any of the following steps with the Unitholders it believes are responsible:

16.6.2.1 issue warnings which if ignored may lead to further applications for Units being refused;

16.6.2.2 restrict methods of dealing available to particular Unitholders; and/or,

16.6.2.3 impose a switching fee (see paragraph 15.3).

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

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

### 17 Suspension of Dealings in the Trust

17.1 The Manager may, with the agreement of the Trustee, or must if the Trustee so requires, or if dealing in the M&G PAIF is suspended, temporarily suspend for a period the issue, cancellation, sale and redemption of Units or any Class of Units, if the Manager or the Trustee is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Unitholders or potential Unitholders.

17.2 The Manager or the Trustee (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and

the regulator in each EEA state (if any) where the Trust is offered for sale.

17.3 The Manager will notify Unitholders 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 Unitholders details of how to find further information about the suspensions.

17.4 Where such suspension takes place, the Manager will publish, on its website or other general means, sufficient details to keep Unitholders appropriately informed about the suspension, including, if known, its possible duration.

17.5 During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the Manager 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.

17.6 Re-calculation of the Unit price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

17.7 The exceptional circumstances in which the Manager or the Trustee may require the temporary suspension of the issue, sale, cancellation and redemption of Shares, or any class of Shares in the Fund include, but are not limited to the following:

17.7.1 during any period when, in the opinion of the Manager or the Trustee, an accurate valuation of the Fund cannot occur, including:

17.7.1.1 where one or more markets is unexpectedly closed or where dealing is suspended or restricted;

17.7.1.2 during a political, economic, military or other emergency; or

17.7.1.3 during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the Fund or any Classes of Shares;

17.7.2 upon the decision of the Manager, having given sufficient notice to Shareholders, to wind up the Fund.

### 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. In certain circumstances investors may be asked to provide proof of identity when buying Units. Normally this will not result in any delay in carrying out instructions but, should the manager request additional information this may mean that instructions will not be carried out until the information is received. In these circumstances the Manager may refuse to issue or redeem Units, release the proceeds of redemption or carry out such instructions. The Manager reserves the right to reverse the transaction if it is not satisfied as to the identity of the applicant.

### 19 Governing Law

The Manager treats a Unitholder's participation in the Trust as governed by the law of England and Wales. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Unitholder's participation in the Trust. A number of

# Prospectus

## M&G Feeder of Property Portfolio

European laws provide for the recognition and enforcement in England and Wales of judgements given in other European Union States. This means that an investor based in any European Union country can enforce a judgement obtained in England in their country of residence, or vice versa.

### 20 Valuation of the Trust

20.1 The Trust has been established as a dual-priced authorised unit trust, meaning that its Units may have different buying (offer) and selling (bid) prices

The Trust will invest solely in shares of the M&G PAIF. The M&G PAIF has been established as a dual-priced OEIC, meaning that its shares may have different buying (offer) and selling (bid) prices. Each day the assets of the M&G PAIF are valued on both an 'offer' basis (how much they would cost to buy) and a 'bid' basis (how much the M&G PAIF would receive if they were sold), as detailed in its prospectus. The difference between the two reflects the costs of buying and selling properties, in particular Stamp Duty Land Tax paid on purchases which can account for up to 5% of the property value. The published dealing prices of the M&G PAIF are based on either the offer or bid valuation, depending on whether investors (including the Trust) are generally buying the M&G PAIF's shares (the M&G PAIF is in 'net inflow') or selling them (the M&G PAIF is in 'net outflow'). The difference between the two prices is significant; in the past 12 months it has ranged between 6.08% and 6.79%. Therefore, a change in the pricing basis from bid to offer, or vice versa, will lead to a significant decrease or increase on what investors will receive or pay when they sell or buy shares. The pricing basis has not changed frequently; it last changed in July 2016.

20.2 The Scheme Property will normally be valued at 12:00pm UK time on each Dealing Day for the purpose of the re-calculation of issue and cancellation prices and for determining the prices at which Units in the Trust may be purchased from or redeemed by the Manager.

20.3 The Manager may at any time during a Dealing Day carry out an additional valuation if the Manager considers it desirable to do so.

### 21 Calculation of the Net Asset Value

21.1 The valuation of the property of the Trust takes place as at a valuation point fixed by the Manager and set out in the Prospectus. The value of the property of the Trust shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

21.2 All the property of the Trust (including receivables) is to be included, subject to the following provisions.

21.3 The valuation of the property of the Trust shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.

21.4 The valuation of Scheme Property for that part of the valuation which is on an issue basis for shares in the M&G PAIF (that is, a collective investment scheme) shall be valued as follows and the prices used shall (subject as follows) be the most recent offer price which it is practicable to obtain or if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the Manager's best estimate of the value, at a

value which, in the opinion of the Manager, is fair and reasonable.

21.5 The valuation of Scheme Property for that part of the valuation which is on a cancellation basis for shares in the M&G PAIF (that is, a collective investment scheme) shall be valued as follows and the prices used shall (subject as follows) be the most recent bid price which it is practicable to obtain or if, in the opinion of the Manager, the price obtained is unreliable or if no recent price exists or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable.

21.6 Cash and amounts held in current, deposit and margin accounts and in other time related deposits shall be valued at their nominal values.

21.7 In determining the value of the scheme property, all instructions given to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any payment made or received and any consequential action required by the Regulations shall be assumed (unless the contrary has been shown) to have been taken.

21.8 Deduct 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 Trust: on realised capital gains in respect of previously completed and current accounting periods and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax and stamp duty.

21.9 Deduct an estimated amount for any liabilities payable out of the Scheme Property of the Trust and any tax thereon treating periodic items as accruing from day to day.

21.10 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

21.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

21.12 Add any other credits or amounts due to be paid into the Scheme Property of the Trust.

21.13 Where the Manager has reasonable grounds to believe that no reliable price exists for the shares in the M&G PAIF at a Valuation Point or the most recent price available does not reflect the Manager's best estimate of the value of the shares in the M&G PAIF at a Valuation Point, it can value the shares at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

### 22 Price per Unit per Class

22.1 The 'offer' price and the 'bid' price are calculated every Dealing Day under rules laid down by statutory regulations.

22.2 The offer price cannot be more than the cost of creating a Unit by buying Scheme Property (the 'issue' price) plus any initial charge. The total of the issue price plus the initial charge is the 'maximum permitted offer' price.

22.3 The bid price cannot be less than the proceeds of cancelling a Unit by selling Scheme Property, called the 'cancellation' price.

# Prospectus

## M&G Feeder of Property Portfolio

22.4 When buying or redeeming Units, you receive the relevant Dealing Price which can lie in a range between a price calculated on the basis of the offer (buying) prices of the Scheme Property, and a price calculated on the basis of the bid (selling) prices of the Scheme Property. The Manager may change the pricing basis at its discretion.

### 23 Pricing basis

The Trust deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the sale or redemption is agreed.

### 24 Publication of Prices

The most recent prices of Units are available on the Manager's website, [www.mandg.co.uk](http://www.mandg.co.uk), on each day the Trust is valued. Unitholders can also obtain the price of their Units by calling M&G Customer Relations on 0800 390 390.

### 25 Risk factors

25.1 Potential investors should consider the risk factors that apply to the Trust and the M&G PAIF referenced in Section 45 before investing in the Trust.

### 26 Charges and Expenses

#### Introduction

This section describes the charges and expenses that a Unitholder bears on their investment and how they work. It details the payments that may be made out of the Trust as expenses and as charges for services in relation to the management, operation and administration of the Trust.

#### 26.1 The Manager's Annual Charge

26.1.1 The Manager is permitted to take a charge from each Unit Class of the Trust as payment for carrying out its duties and responsibilities and to pay for certain third parties' services. This is known as the Manager's "Annual Charge".

26.1.2 The Annual Charge covers, among other things, the following:

- (1) Manager fees and expenses,
- (2) Service providers' (including the Investment Manager and the Trustee) fees and expenses,
- (3) Fees for the provision of hedging services incurred by the offering of hedged Unit Classes,
- (4) All the costs, charges, fees and expenses payable in relation to the operation and management of the Trust which may be taken from scheme property under the FCA rules, excluding those set out in section 26.4. Other payments from the scheme property of the Trust not included in the Annual Charge. These permitted costs, charges, fees and expenses include:
  - (a) The Trustee's fees and expenses for acting as trustee, 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 Unitholders and any sub-register of Unitholders
  - (c) Costs and expenses relating to the formation, authorisation and registration of a new Trust and the offer of Units

- (d) Documentation costs and expenses, such as preparing, printing and distributing the Prospectus and the KIIDs, as well as the annual reports of the Trust and any other documents made available to Shareholders
- (e) Costs of registration, publication of Unit prices, listing on a Stock Exchange, creation, conversion and cancellation of Units Classes
- (f) Costs of production and dispatch of payments made by the Company
- (g) Costs of arranging and convening meetings of Unitholders
- (h) Legal fees and expenses other than the extraordinary expenses as referenced in Section 26.4.1
- (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 Trust in consideration for the issue of Units 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.

26.1.3 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.

#### 26.2 Calculation and operation of the Annual Charge

26.2.1 The Annual Charge is set as a rate which is a percentage of the Net Asset Value of each Unit Class of the Trust. The annual rate of this charge is set out for the Trust in Appendix 1.

26.2.2 The Annual Charge is calculated as follows:

Each day the Manager 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 Manager will take the charge into account on the next Dealing Day. The Manager calculates this charge using the Net Asset Value of each Unit Class on the previous Dealing Day.

26.2.3 Though the Annual Charge is calculated and taken into account daily in each Unit Class's price, it is actually paid to the Manager quarterly in arrears.

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

#### 26.3 Changes to the Annual Charge

26.3.1 The Manager reserves the right to increase or decrease the Annual Charge. In the event of any changes to the Annual Charge the Manager will notify Unitholders 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 26.6) arising as a result of a change in the Net Asset Value of the Trust.

# Prospectus

## M&G Feeder of Property Portfolio

- 26.4 Other payments from the scheme property of the Trust not included in the Annual Charge.
- 26.4.1 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 the Trust, where they arise.
- 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 Trust.
  - Extraordinary expenses including, without limitation, litigation expenses and the fees and expenses of legal and other professional advisers ("Extraordinary Expenses").
  - 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 Trust.
  - Taxation and duties payable in respect of the property of the Trust or of the issue or redemption of Units;
  - Any value added or similar tax relating to any charge or expense set out in this section.
- 26.5 **Costs incurred indirectly through its investment in the M&G Property Portfolio**
- 26.5.1 The Trust will indirectly incur other charges, which are not included in the Annual Charge, through its investment in the M&G Property Portfolio. These relate specifically to portfolio transaction costs and the property expense ratio. The property expense ratio is intended to assist investors to ascertain and understand the impact of property operating expenses related to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. For more information please refer to the prospectus of the M&G Property Portfolio.
- 26.6 **Discounts to the Annual Charge**
- 26.6.1 The Manager will pass to Unitholders some of the benefit of potential savings, achieved from economies of scale generated by a significant growth of assets under management in the M&G Property Portfolio, by applying a discount to the Annual Charge of the Trust. The applicable discount to the Annual Charge will be determined by the size of the M&G Property Portfolio as shown in the table below.
- 26.6.2 The Manager 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 26.6.4. In the event of any such changes, the Manager will notify Unitholders.
- 26.6.3 The Manager will review the Net Asset Value of the M&G Property Portfolio 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 the M&G Property Portfolio has experienced a decline in its Net Asset Value, the Manager 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.
- 26.6.4 The discounted Annual Charge will be calculated as follows: Annual Charge (as per Appendix 1) – Discount (as per the table below)

M&G PAIF 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	M&G PAIF AUM	Discounted annual charge for a Unit Class A Annual Charge: 1.35%
Quarter 1	£1.67bn	1.33% (1.35% - 0.02%) A 0.02% discount is applied to the Annual Charge as the M&G PAIF's Net Asset Value is in the £1-2bn range
Quarter 2	£958m	1.33% No change as the M&G PAIF's Net Asset Value falls within the £100m buffer and has not reduced below the £900m threshold.
Quarter 3	£882m	1.35% The 0.02% discount is removed as the M&G PAIF's Net Asset Value is below the £100m buffer.
Quarter 4	£1.05bn	1.33% (1.35% - 0.02%) A 0.02% discount is applied as the M&G PAIF's Net Asset Value is in the £1-2bn range.
Quarter 5	£2.15bn	1.31% (1.35% - 0.04%) A 0.04% discount is applied to the Annual Charge as the M&G PAIF's Net Asset Value is in the £2-3bn range.

Information regarding the Annual Charge, including any discount currently applicable to each Unit Class of the Trust can be found at [\[www.manadg.co.uk\]](http://www.manadg.co.uk)

### 26.7 The Ongoing Charge(s) Figure

26.7.1 Each Class of units has an Ongoing Charge(s) Figure and this is shown in the relevant Key Investor Information Document.

26.7.2 The Ongoing Charge(s) Figure is intended to assist Unitholders to ascertain and understand the impact of charges on their investment each year and to compare the level of those charges with the level of charges in other funds. It will normally equal the Manager's Annual Charge, except where extraordinary expenses (as described in paragraph 26.4) have been incurred or a discount to the Manager's Annual Charge has been applied or removed.

26.7.3 The Ongoing Charge(s) Figure excludes portfolio transaction costs and any initial charge or redemption charge and interest on borrowing but will capture the effect of the various charges and expenses referred to in this section. The annual and half-yearly reports of the Trust provide further

# Prospectus

## M&G Feeder of Property Portfolio

information on portfolio transaction costs incurred in the relevant reporting period. For the avoidance of doubt, the Ongoing Charge(s) Figure also excludes costs incurred indirectly through its investment in the M&G Property Portfolio.

### 26.8 Allocation of charges and expenses

- 26.6.1 For each Unit Class, the charges and expenses described in this section are either charged to capital or income (or both) depending upon whether they are Income Units or Accumulation Units.
- For Income Units, 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 Unitholders in the Unit Class concerned, but it may constrain capital growth.
- For Accumulation Units, most charges and expenses are paid from income. If there is insufficient income to fully pay those charges and expenses, the residual amount is taken from capital.

Allocation of Charges		
	Accumulation Units	Income Units
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
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 Sub-funds	100% to Income	100% to Income

## 27 Unitholder Meetings and Voting Rights

### 27.1 Requisitions of Meetings

- 27.1.1 The Manager and Trustee may requisition a general meeting at any time.
- 27.1.2 Unitholders may also requisition a general meeting of the Trust. A requisition by Unitholders must state the objects of the meeting, be dated, be signed by Unitholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Units then in issue and the requisition must be deposited at the registered office of the Manager. The Manager must convene a general meeting no later than eight weeks after receipt of such requisition.

### 27.2 Notice of Quorum

Unitholders will receive at least 14 days' notice of a Unitholders' 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 Unitholders, present in person or by proxy. The quorum for an Adjourned Meeting is also two Unitholders present in

person or by proxy. If after a reasonable time from the time set for an adjourned meeting there are not two Unitholders 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 be sent to Unitholders at their registered addresses (or, at the discretion of the Manager, such other address which we may hold for the purpose of correspondence).

### 27.3 Voting Rights

- 27.3.1 At a meeting of Unitholders, on a show of hands every Unitholder 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.
- 27.3.2 On a poll vote, a Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all the Units in issue that the price of the Unit bears to the aggregate price(s) of all the Units in issue at the date seven days before the notice of meeting is deemed to have been served.
- 27.3.3 A Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- 27.3.4 Except where COLL or the Trust Deed require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.
- 27.3.5 The Manager may not be counted in the quorum for a meeting and neither the Manager nor any associate (as defined in the FCA Rules) of the Manager is entitled to vote at any meeting except in respect of Units which the Manager or associate holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions. Where every Unitholder is prohibited under COLL 4.4.8R (4) from voting, a resolution may, with the prior written agreement of the Trustee, instead be passed with the written consent of Unitholders representing 75% of the Units in issue.
- 27.3.6 In this context "Unitholders" means Unitholders on the date seven days before the notice of the relevant meeting was deemed to have been served.

## 28 Class Meetings

The above provisions, unless the context otherwise requires, apply to Unit class meetings as they apply to general meetings of Unitholders of the Trust.

## 29 Gifts and Hospitality

The Manager 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 attendance at a social engagement where the opportunity exists for participants to discuss business issues such as market developments or the Manager's and the Investment Manager's products. The Manager 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 Manager'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 are £200 for hospitality and £100 for gifts per individual concerned.

### 30 Taxation

#### 30.1 General

The information below is a general guide based on current United Kingdom law and HM Revenue and Customs practice which are subject to change. It summarises the tax position of the Trust and of investors who are United Kingdom resident (except where indicated) and hold Units as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

#### 30.2 Taxation of the M&G PAIF

The M&G PAIF is not liable to tax on capital gains realised on the disposal of its investments. The income generated by its underlying property investment business is exempt from tax, as are any dividends received on underlying equity investments. Its other income (which will mainly comprise interest) although technically taxable will be distributed as a tax-deductible payment so no tax should in practice be payable by the M&G PAIF. The M&G PAIF will generally be liable to pay stamp duty land tax on purchases of property, and may incur other property-specific taxes.

#### 30.3 The Trust

The Trust is exempt from United Kingdom tax on capital gains realised on the disposal of their investment in the M&G PAIF.

The Trust will receive income (or be deemed to do so in the case of accumulation Units) from the M&G PAIF. This will be streamed for tax purposes into up to three parts depending on the nature of the income generated by the M&G PAIF:

- property income distributions (representing property income received by the M&G PAIF) will be received gross and corporation tax at a basic income tax rate of 20% will be payable by the Trust on them;
- PAIF dividend distributions (representing any dividends received by the M&G PAIF) will be exempt from corporation tax; and
- PAIF interest distributions (representing the net amount of all other income received by the M&G PAIF) will be received gross and corporation tax at basic income tax rate of 20% will be payable by the Trust on them.

The Trust will pay all distributable income as dividend distributions (or accumulate it within the Trust in the case of accumulation Units).

#### 30.4 Unitholders

##### 30.4.1 Income

*Corporate Unitholders:* Corporation tax payers which receive dividend distributions (or are deemed to do so in the case of accumulation Units) will have to divide them into two for tax purposes if the Trust

received any property authorised investment fund dividend distributions, in which case the division will be indicated on the tax voucher. Any part representing dividends received from a company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate Unitholders may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of the 20% income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

*Individual Unitholders:* Any Unitholders who are United Kingdom resident individuals liable to income tax on investment income at the basic rate will have no further liability to tax. Higher rate taxpayers will have to pay an additional amount of income tax, as will additional rate taxpayers.

*Income equalisation:* The first income allocation received by an investor after buying Units may include an amount of income equalisation. This is effectively a repayment of the income that the investor acquired as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Units for capital gains tax purposes.

#### 30.4.2 Capital gains

Unitholders who are resident in the United Kingdom for tax purposes may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Unitholder, corporation tax on gains arising from the redemption, transfer or other disposal of Units.

Part of any increase in value of accumulation Units represents the accumulation of income (including income equalisation). These amounts may be added to the acquisition cost when calculating the capital gain realised on their disposal.

#### 30.5 Tax Reporting

As a result of UK legislation, the Manager may be required to obtain confirmation of certain information, such as where a Unitholder 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 Unitholder does not supply the Manager with the information it requests), the Manager will be obliged to report a Unitholder'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.

### 31 Income equalisation

31.1 Income equalisation, as explained below, may apply in relation to Units in the Trust.

31.2 Part of the purchase price of a Unit reflects the relevant amount of accrued income received or to be received by the Trust. This capital sum is returned to a Unitholder with the first allocation of income in respect of a Unit issued during an accounting period.

31.3 The amount of income equalisation is either the actual amount of income included in the issue price of that Unit or is calculated by dividing the aggregate of the amounts of income included in the price of Units issued or sold to Unitholders in an annual or interim accounting period by the number of those

# Prospectus

## M&G Feeder of Property Portfolio

- Units and applying the resultant average to each of the Units in question.
- 31.4 Equalisation is a repayment of capital and as such does not carry a tax credit or have income tax deducted. Any equalisation received should be treated as a reduction in the purchase cost of units for capital gains tax purposes.
- 32 Winding up of the Trust**
- 32.1 The Trust may only be wound up in accordance with COLL.
- 32.2 Where the Trust is to be wound up under COLL, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the Manager provides a statement (following an investigation into the affairs of the Trust) either that the Trust will be able to meet its liabilities within 12 months of the date of the statement or that the Trust will be unable to do so. The Trust may not be wound up under COLL if there is a vacancy in the position of Manager at the relevant time.
- 32.3 The Trust may be wound up under COLL:
- 32.3.1 if an extraordinary resolution to that effect is passed by Unitholders; or
- 32.3.2 the period (if any) fixed for the duration of the Trust by the Trust Deed expires or if a change in the laws or regulations of any country means that, in the Manager's opinion, it is desirable to wind up the Trust); or
- 32.3.3 on the date of effect stated in any agreement by the FCA to a request by the Manager for the revocation of the authorisation order in respect of the Trust; or
- 32.3.4 on the effective date of a duly approved scheme of arrangement, which is to result in the Trust being left with no property.
- 32.4 On the occurrence of any of the above in relation to the Trust:
- 32.4.1 The parts of COLL and the Trust Deed relating to Pricing and Dealing and Investment and Borrowing will cease to apply to the Trust;
- 32.4.2 The Trust will cease to issue and cancel Units in the Trust and the Manager shall cease to sell or redeem Units or arrange for the Trust to issue or cancel them for the Trust;
- 32.4.3 No transfer of a Unit shall be registered and no other change to the register shall be made without the sanction of the Manager;
- 32.4.4 Where the Trust is being wound up, the Trust shall cease to carry on its business except in so far as it is beneficial for the winding up;
- 32.4.5 The corporate status and powers of the Trust and, subject to the provisions of paragraphs 35.4.1 and 35.4.4 above, the powers of the Manager shall remain until the Trust is dissolved.
- 32.5 The Manager shall, as soon as practicable after the Trust falls to be wound up, realise the assets and meet the liabilities of the Trust 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 Trustee to make one or more interim distributions out of the proceeds remaining (if any) to Unitholders proportionately to their rights to participate in the Scheme Property of the Trust. When the Manager has caused all of the Scheme Property to be realised and all of the liabilities of the Trust to be realised, the Manager shall arrange for the Trustee to also make a final distribution to Unitholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to Unitholders of any balance remaining in proportion to their holdings in the Trust.
- 32.6 As soon as reasonably practicable after completion of the winding up of the Trust, the Manager or the Trustee shall notify the FCA.
- 32.7 Following the completion of the winding up of the Trust, the Manager must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Trust 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 auditors' report must be sent to the FCA, to each Unitholder within two months of the termination of the winding up.
- 33 General Information**
- 33.1 Accounting Periods**
- 33.1.1 The annual accounting period of the Trust ends each year on the relevant date specified within Appendix 1 (the annual accounting date). The interim accounting period(s) of the Trust ends each year on the relevant date specified within Appendix 1.
- 33.2 Income Allocations**
- 33.2.1 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).
- 33.2.2 Distributions of income are paid on or before the annual and interim income allocation dates as set out in Appendix 1.
- 33.2.3 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 Trust.
- 33.2.4 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 Trust in respect of that period, and deducting the charges and expenses of the Trust paid or payable out of income in respect of that accounting period. The Manager 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 Manager considers appropriate after consulting the auditor.
- 33.2.5 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.
- 33.2.6 Distributions made to the first named joint Unitholder are as effective a discharge to the Trust and the Manager as if the first named Unitholder had been a sole Unitholder.

# Prospectus

## M&G Feeder of Property Portfolio

- 33.2.7 Income produced by the Trust's investments accumulates during each accounting period. If, at the end of the accounting year, income exceeds expenses, the net income of the Trust is available to be distributed to Unitholders. In order to conduct a controlled dividend flow to Unitholders, 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 COLL.
- 33.2.8 Where Accumulation Units are not issued, a Unitholder may choose to have their income reinvested to purchase additional Units of that Class. The Manager waives any initial charge due on such re-investment. Re-investment of allocations of income is made 14 days before the relevant income allocation date.
- 33.3 **Annual Reports**
- Annual reports of the Trust are published within four months of each annual accounting period and half-yearly reports are published within two months of each half-yearly accounting period and are available to Unitholders on request. Unitholders will receive copies of the annual and half-yearly short reports on publication.
- In addition to the accounting information contained in the annual short report of the Trust, pursuant to the AIFMD the Manager will disclose the following information in each annual long report:
- 33.3.1 the percentage of the Trust's assets which are subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to the assets which are subject to such arrangements and how management and performance fees, if any, apply to these assets;
- 33.3.2 if risk limits set for the Trust by the Manager have been or are likely to be exceeded and, where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken;
- 33.3.3 the total amount of Leverage employed by the Trust; and
- 33.3.4 any material changes to the following information:
- 33.3.4.1 the arrangements for managing the liquidity of the Trust;
- 33.3.4.2 the risk management systems employed by the Manager to manage the risks to which the Trust is or may be exposed;
- 33.3.4.3 the current risk profile of the Trust and the maximum level of Leverage that may be employed by the Trust; and
- 33.3.4.4 where applicable, any right for re-use of collateral or any guarantee under the Trust's leveraging arrangements as well as the nature of such rights or guarantees.
- 33.4 **Documents of the Trust**
- 33.4.1 The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every business day at the offices of the Manager at Fenchurch Avenue, London EC3M 5AG:
- 33.4.1.1 the most recent annual and half-yearly reports of the Trust; and
- 33.4.1.2 the Trust Deed (and any amending trust deeds).
- 33.4.2 The Manager may make a reasonable charge at its discretion for copies of the trust deed.
- 33.5 **Risk Management and other information**
- 33.5.1 The Manager employs a risk management process which enables it to identify, measure, manage and monitor at any time the relevant risks of the positions to which the Trust is or may be exposed and their contribution to the overall risk profile of the Trust and which includes the use of appropriate stress testing procedures.
- The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Trust and to ensure the liquidity profile of the investments of the Trust will facilitate compliance with its underlying obligations. The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of the Trust. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Trust. In summary, the liquidity management policy monitors the profile of investments held by the Trust and ensures that such investments are appropriate to the redemption policy as set out in this Prospectus. Further, the liquidity management policy includes details of measures taken by the Manager to manage the liquidity risk of the Trust in exceptional and extraordinary circumstances.
- The liquidity management systems and procedures allow the Manager to apply various tools and arrangements necessary to ensure that the Trust is sufficiently liquid to respond appropriately to redemption requests normally. In normal circumstances, redemption requests will be processed as set out in paragraph 11.
- Other arrangements may also be used in response to redemption requests, including, in exceptional circumstances, the temporary suspension of the sale and redemption of Units or any class of Units. This would restrict the redemption rights Unitholders benefit from in normal circumstances as set out above under paragraph 17.
- The following information is available from the Manager on request:
- 33.5.1.1 **Risk Management**
- Information on the risk management methods used in relation to the Trust, the quantitative limits which apply to that risk management and any developments in the risk and yields of the main categories of investment.
- 33.5.1.2 **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 Trust whilst complying with its obligations under the FCA Rules to obtain the best possible result for the Manager on behalf of the Trust.
- 33.5.1.3 **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 the Trust. Details of action taken in respect of voting rights are also available.
- 33.6 **Notices**
- Notices and Documents will be sent to the Unitholder's registered address or, at the discretion of the Manager, such other address which we may hold for the purpose of correspondence.

# Prospectus

## M&G Feeder of Property Portfolio

### 33.7 European Savings Directive

In order to fulfil our legal obligations, we are required to obtain confirmation of the tax residency of Unitholders, and may ask for evidence of the tax identification number, and country and date of birth of individual unitholders, or for the Global Intermediary Identification Number (GIIN) of corporate Unitholders. If certain conditions apply, information about your unitholding may be passed to HM Revenue & Customs in order to be passed on to other tax authorities. For the purposes of the European Savings Directives, such information will be passed to HM Revenue & Customs where you sell Units in the Trust where it has invested more than 25% of its assets directly or indirectly in money debts, or where distributions are paid out by the Trust which has invested more than 15% of its assets in money debts.

### 34 Fair Treatment of Investors

34.1 The Manager has procedures, arrangements and policies in place to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- 34.1.1 acting in the best interests of the Trust and of the investors;
- 34.1.2 executing the investment decisions taken for the account of the Trust in accordance with the objectives, the investment policy and the risk profile of the Trust;
- 34.1.3 ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- 34.1.4 ensuring that fair, correct and transparent pricing models and valuation systems are used for the Trust;
- 34.1.5 preventing undue costs being charged to the Trust and investors;
- 34.1.6 taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Unitholders; and
- 34.1.7 recognising and dealing with complaints fairly.

### 35 Preferential Treatment

35.1 From time to time the Manager may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the Manager will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the Trust and its investors. In particular, the Manager may typically exercise its discretion to waive the initial 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 Manager may also have agreements in place with such groups of investors which result in them paying a reduced Annual Charge. Additionally, the Manager may grant similar preferential terms to the employees of companies within the Prudential Group of companies or their associates.

### 36 Complaints

Complaints concerning the operation or marketing of the Trust should be referred to Customer Relations, M&G Securities Limited, PO Box 10866, Chelmsford CM99 2BX in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR.

### 37 Marketing outside the UK

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

### 38 Professional Liability

The Manager holds sufficient own funds to cover professional liability risk.

### 39 Changes to the Funds

Where any changes are proposed to be made to the Trust, including changes to the investment objective, policy or strategy, the Manager will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. If the change is regarded as fundamental, unitholder approval will be required. If the change is regarded as significant, not less than 60 days' prior written notice will be given to unitholders. If the change is regarded as notifiable, unitholders will receive suitable notice of the change.

### 40 Rights against service providers

Investors will only be able to exercise their rights directly against the Trust and the Manager and will not have any direct rights against the service providers of the Trust appointed from time to time.

### 41 Remuneration policy

The Manager applies a staff remuneration policy consistent with the principles outlined 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 Manager or the Funds;
- ensuring that the remuneration of those staff is in line with the risk profiles of the Manager and

# Prospectus

## M&G Feeder of Property Portfolio

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 Manager's employees, including the terms of annual bonus and long-term incentive plans and individual remuneration packages for Directors and other senior employees.

Please visit the following website:

<http://www.mandg.com/en/corporate/about-mg/our-people/> 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.

# Risk Factors

## M&G Feeder of Property Portfolio

42 Risk Factors		M&G Feeder of Property Portfolio
General Risks for the Trust Risk Warning		
<b>Risk to capital &amp; Income will vary</b>	<p>The Trust will normally be solely invested in shares of the M&amp;G PAIF and accordingly where the value of its investment in the M&amp;G PAIF declines, or is otherwise adversely affected, this will have an adverse effect on the value of the Trust.</p> <p>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.</p>	✓
<b>Long terms investments - Performance</b>	<p>Units in the Trust should generally be regarded as long term investments. The Trust is therefore suitable for persons who have capital which may be committed on a long term basis.</p> <p>Past performance is not a guide to future performance. The level of income is not fixed and may vary.</p>	✓
<b>Suspension of dealing in shares/units</b>	<p>Investors are reminded that in exceptional circumstances their right to sell or redeem Units may be temporarily suspended, including in particular where redemption of shares in the M&amp;G PAIF has been suspended.</p>	✓
<b>Cancellation Risks</b>	<p>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.</p>	✓
<b>Inflation</b>	<p>A change in the rate of inflation may affect the real value of your investment.</p>	✓
<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 the 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 the imposition of withholding tax in that foreign jurisdiction). Accordingly, any such withholding tax may impinge upon the return to the Trust and investors.</p> <p>In specific treaties which contain 'limitation of benefits' provisions (e.g US), the tax treatment of the Sub-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 Trust.</p>	✓
<b>Tax developments</b>	<p>The tax regulations which M&amp;G Funds are subject to constantly change as a result of</p> <ul style="list-style-type: none"> <li>(i) technical developments – changes in law regulations;</li> <li>(ii) interpretative developments – changes in the way tax authorities apply law and</li> <li>(iii) market practice – whilst tax law is in place, there may be difficulties applying the law in practice (e.g. due to operational constraints).</li> </ul> <p>Any changes to the tax regimes applicable to M&amp;G Funds and investors in their country of residence or domicile may impact negatively on the returns received by investors.</p>	✓
<b>Cyber Event Risk</b>	<p>Like other business enterprises, the use of the internet and other electronic media and technology exposes M&amp;G Funds, its service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact a fund and its Shareholders. A cyber-event may cause a fund, or its service providers to lose proprietary information, suffer data</p>	✓

# Risk Factors

## M&G Feeder of Property Portfolio

	corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Net Asset Value of a fund or allow Shareholders to transact business) and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support a fund and its service providers. In addition, cyber-events affecting issuers in which a fund invests could cause the fund's investments to lose value.	
<b>Liability of Unitholders</b>	Unitholders are not liable for the debts of the Trust. A Unitholder is not liable to make any further payment to the Trust after paying the purchase price of Units.	✓
<b>Fund specific Risks for the Trust</b>	<b>Risk Warning</b>	
<b>PAIF expenses</b>	The Trust will invest solely in the M&G PAIF. As with any investor in a collective investment, the Trust will bear, along with the other investors, its portion of the expenses of the M&G PAIF.	✓
<b>Performance divergence</b>	Investors should note that because of the impact of operational cash balances held by the Trust, there may not be an exact match between the investment return from Units in the Trust and the investment return of their corresponding shares in the M&G PAIF.	✓
<b>90 day notice Redemption Sterling D share class</b>	Redemptions in Sterling Class D Units are subject to a 90 day notice period to protect the interests of other Unitholders. Any such redemption will receive the price calculated at the Valuation Point on the day of the redemption, not the price calculated at the Valuation Point following receipt of the redemption instruction. The proceeds of any such redemption will be subject to our usual requirements.	✓
<b>Purchase of units may be limited</b>	It may not always be possible to invest in the Trust as the issue of Units may be limited in certain circumstances, including in particular where the issue of shares in the M&G PAIF is limited.	✓
<b>Specialised Sector</b>	Property investment is a specialist sector. You should contact a financial adviser if you have any doubts about the suitability of the Trust for your needs.	✓
<b>Bid-offer Price Spread</b>	As mentioned below in the risks of the M&G PAIF, the price of shares in M&G PAIF may be subject to significant price movements. As the price of units in the Trust is largely based on the price of shares in M&G PAIF, a change in the pricing basis of shares in M&G PAIF will therefore result in a similar change in the price of units of the Trust.	✓
<b>Impact on the prices of Units of changes in the pricing basis of M&amp;G PAIF</b>	As explained below in the risk for the M&G PAIF called "Spread on property valuations", the price of shares in the M&G PAIF may be subject to significant "swings" in value. As the price of Units is largely determined by the price of shares in the M&G PAIF, a swing in the price of the M&G PAIF's shares will result in a similar swing in the price of Units.	✓
<b>Large Deals and Divergence in relative performances PAIF Feeder (II)</b>	For deals in excess of £50,000, the dealing price investors receive may be different from the published price. If investors are buying Units, they may receive a price that is higher than the quoted offer price. If investors are selling Units, they may receive a price that is lower than the quoted bid price.  This too may give rise to a temporary difference in the relative performance of the two funds.	✓
<b>General Risks for M&amp;G PAIF</b>	<b>Risk Warning</b>	
<b>Liquidity Risk</b>	There may be constraints when the Trust is redeeming Shares in M&G PAIF as Property Assets can be relatively illiquid compared to bonds and equities and selling property investments can be a long and uncertain process.  Normally liquid investments may be subject to periods of significantly lower liquidity in difficult market conditions. As a result, changes in the value of the M&G PAIF's investments may be more unpredictable and, in certain cases, it may be difficult to deal an investment at the last market price quoted or at a value considered to be fair.	✓
<b>Suspension of dealing in shares</b>	In exceptional circumstances the right of investors to sell or redeem shares in the M&G PAIF may be temporarily suspended.	✓
<b>Taxation</b>	The current tax regime applicable to investors in collective investment schemes in their country of residence or domicile and the UK schemes themselves, including the regime applicable to PAIFs, is not guaranteed and may be subject to change. Any changes may have a negative impact on returns received by investors.	✓

# Risk Factors

## M&G Feeder of Property Portfolio

	If the M&G PAIF should breach any of the statutory conditions required for PAIF status, then depending upon the nature of the breach and the number of breaches that have occurred, this may result in a corporation tax liability arising or HM Revenue & Customs terminating the Fund's PAIF status. Termination of the Fund's PAIF status would result in the distributions paid by the Fund having a different tax treatment.	
<b>Tax developments</b>	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.	✓
<b>Counterparty Risk</b>	Whilst the Investment Manager of the M&G PAIF will place transactions, hold positions (including OTC derivatives) 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 M&G PAIF capital at risk.	✓
<b>Fund specific Risks for M&amp;G PAIF</b>	<b>Risk Warning</b>	
<b>Rental growth not guaranteed</b>	Although it is anticipated that rental growth will take place, this is not guaranteed. Rent default could have an adverse impact on the performance of the Fund.	✓
<b>Investment opportunities may be limited</b>	The supply of new investment opportunities may be limited from time to time. There is therefore the possibility that a portion of the Scheme Property remains uninvested in Property Assets. If this situation persists, it may serve to constrain the performance of the M&G PAIF.	✓
<b>Purchase of shares may be limited</b>	It may not always be possible to invest in the M&G PAIF as the issue of Shares may be limited in certain circumstances.	✓
<b>Valuation Risk</b>	The value of property assets held by the M&G PAIF is generally determined by the opinion of the standing independent valuer and is therefore subjective.	✓
<b>Funds investing in specific countries, regions, sectors and assets classes</b>	Funds investing in specific sectors, such as those investing primarily in a geographic region or specific asset class or sector, such as property, will have more concentrated portfolios and will therefore be more volatile and carry a higher risk to capital than a more diversified portfolio. This is because these funds are more vulnerable to general market sentiment concerning the region or asset class in which they invest than those which invest across several regions or asset classes.	✓
<b>Forced disposals</b>	If the M&G PAIF suffers significant redemptions the authorised corporate director may be forced to dispose of property assets. Sales of this nature may result in a less than favourable price being obtained in the market.	✓
<b>Diversification risk</b>	If the size of the M&G PAIF falls significantly, diversification of risk may be compromised as the M&G PAIF may hold fewer property assets.	✓
<b>Exchange rate risk</b>	The values, in pounds sterling terms, of any scheme property in the M&G PAIF that is not denominated in pounds sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of shares.	✓
<b>Bid-offer Price Spread</b>	Each day we value the assets of the Fund on both an 'offer' basis (how much they would cost to buy) and a 'bid' basis (how much the fund would receive if they were sold). The difference between the two prices reflects the costs of buying and selling properties, in particular Stamp Duty Land Tax paid on purchases which can account for up to 5% of the property value. The published dealing prices are on either the 'offer' basis or 'bid' basis, depending on whether people are generally buying fund shares (the fund is in 'net inflow') or selling shares (the fund is in 'net outflow'). The difference between the two prices is significant; in the past 12 months it has ranged between 6.08% and 6.79%. Therefore, a change in the pricing basis from bid to offer, or vice versa, will lead to a significant decrease or increase on what investors will receive or pay when they sell or buy shares. The pricing basis has not changed frequently; it last changed in July 2016.	✓
<b>Derivatives Risks for M&amp;G PAIF</b>	<b>Risk Warning</b>	

# Risk Factors

## M&G Feeder of Property Portfolio

<b>Derivatives used for investment purposes (unsophisticated funds, non-complex use of derivatives)</b>	The M&G PAIF may undertake transactions in derivatives and forward transactions, both on exchange and over the counter (OTC), for the purposes of meeting the investment objective, protecting the risk to capital, currency, duration and credit management, as well as for hedging. The Risk Management Process document sets out the approved derivative strategies. Derivative positions are fully covered by liquid assets or cash held in the M&G PAIF.	✓
<b>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>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>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. over the counter) may be less liquid and therefore not readily adjusted or closed out. Where it is possible to buy or sell, this may be at a price that differs from the price of the position as reflected in the valuation.	✓
<b>"Daylight Risk" to Counterparty</b>	Certain derivative types may require the establishment of a long term exposure to a single counterparty, which increases risk of counterparty default or insolvency.	✓
<b>Delivery</b>	The M&G PAIF's ability to settle derivative contracts on their maturity may be affected by the illiquidity of the underlying asset. In such circumstances, there is a risk of loss to the M&G PAIF.	✓
<b>Volatility</b>	It is not intended nor anticipated that the use of these derivative instruments will not have a material impact on the risk profile or volatility of the M&G PAIF. Extreme market events, counterparty default or insolvency may, however, result in loss to M&G PAIF.	✓
<b>Legal risk</b>	New Derivative transactions are typically undertaken under separate legal arrangements. In the case of over the counter ("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. As a result, there is a risk of loss to M&G PAIF where liabilities in those agreements are challenged in a court of law.	✓

# Appendix 1

## Details of the M&G Property Portfolio

### 1.1 Investment objective and policy and other details of the Trust

#### Investment Objective

The Trust aims to maximise long term total return (the combination of income and growth of capital) solely through investment in the M&G Property Portfolio.

#### Investment policy

The Trust will invest solely in the M&G Property Portfolio.

#### Investment and borrowing restrictions

A detailed statement of the general investment and borrowing restrictions relevant to the Trust is set out in Appendix 3.

#### Benchmark: IA UK Direct Property sector

The M&G Property Portfolio, in which the Trust solely invests, is actively managed. The benchmark is a comparator against which the Trust's performance can be measured. The sector has been chosen as the Trust's comparator benchmark as it is the M&G Property Portfolio's comparator benchmark. Both the M&G Property Portfolio and the Trust are constituents of the sector. The comparator benchmark does not constrain the portfolio construction of the M&G Property Portfolio or the Trust.

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

**Accounting reference date:** 30 September

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

Investment Minima					
Available Unit Classes/types	Currency	Lump sum initial Investment	Lump sum subsequent investment	Lump sum holding	Redemption
Sterling Class A Units (Income and Accumulation)	GBP	500	100	500	100
Sterling Class D Units (Income and Accumulation)	GBP	500,000	10,000	500,000	10,000
Sterling Class I Units (Income and Accumulation)	GBP	500,000	10,000	500,000	10,000
Sterling Class R Units (Income and Accumulation)	GBP	500	100	500	100
Sterling Class X Units (Income)	GBP	500	100	500	100

Information on share classes which 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 Units (Income and Accumulation)	N/A	N/A	1.35
Sterling Class D Units (Income and Accumulation)	N/A	N/A	0.60
Sterling Class I Units (Income and Accumulation)	N/A	N/A	0.85
Sterling Class R Units (Income and Accumulation)	N/A	N/A	0.85
Sterling Class X Units (Income)	N/A	N/A	1.35

See section 26. 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)

# Appendix 2

## Details of the M&G PAIF

### 1.2 M&G PAIF

The below is a summary description only of some aspects of the M&G PAIF in which the Trust will be solely invested. For full details regarding the M&G PAIF, Unitholders should refer to the M&G PAIF prospectus, a copy of which may be obtained on request from the Manager.

#### Investment Objective

The investment objective of the Fund is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In so doing, the Fund aims to maximise long term total return (the combination of income and growth of capital) through investment mainly in commercial property.

#### Investment Policy

The Fund invests in a diversified portfolio of commercial property mainly in the UK, seeking to add value through strategic asset allocation, stock selection and asset management. The Fund may also invest in other property related assets, including collective investment schemes, transferable securities, derivatives and debt instruments, as well as government debt, money market instruments and cash. Derivatives may be used for investment purposes as well as for efficient portfolio management.

#### Strategy for achieving the Objective

The M&G Property Portfolio aims to maximise long-term total return through direct investment in commercial property. The fund is diversified across different property sectors (such as retail, offices and industrial). This is done by reviewing the structural and portfolio risk implications of holding various assets within the fund and when acquiring new assets for the fund. In researching properties and therefore the associated risk, the manager considers location, property type, rent review and lease expiry pattern, tenant, industry sector, tenure, lease covenants and physical and environmental factors.

#### Benchmark: IA UK Direct Property sector

The Fund is actively managed. The benchmark is a comparator against which the Fund's performance can be measured. The sector has been chosen as the Fund's comparator benchmark as the Fund is a constituent of the sector. The comparator benchmark does not constrain the Fund's portfolio construction.

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

**Accounting reference date:** 30 September

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

Investment Minima					
Share Classes/types in issue or available for issue	Currency	Lump sum initial investment	Lump sum subsequent investment	Lump sum holding	Redemption
Sterling Class A Shares (Income and Accumulation)	GBP	500	100	500	100
Sterling Class D Shares (Income and Accumulation)	GBP	500,000	10,000	500,000	10,000
Sterling Class F* Shares (Income)	GBP	nil	nil	nil	nil
Sterling Class I Shares (Income and Accumulation)	GBP	500,000	10,000	500,000	10,000
Sterling Class R Shares (Income and Accumulation)	GBP	500	100	500	100
Sterling Class X Shares (Income)	GBP	500	100	500	100

Information on share classes which 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 Shares (Income and Accumulation)	N/A	N/A	1.35
Sterling Class D Shares (Income and Accumulation)	N/A	N/A	0.60
Sterling Class F* Shares (Income)	N/A	N/A	0.00
Sterling Class I Shares (Income and Accumulation)	N/A	N/A	0.85
Sterling Class R Shares (Income and Accumulation)	N/A	N/A	1.10
Sterling Class X Shares (Income)	N/A	N/A	1.35

\* Sterling Class F Shares are available only to the Feeder Fund.

See section 26. 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)

## Appendix 2

### Details of the M&G PAIF

#### 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

Investment Manager	M&G Investment Management Limited
Valuation point	12.00 noon UK time
Launch date	18 January 2013
Product Reference Number	581211

<b>1</b>	<b>Investment restrictions</b>		
	The Scheme Property of the Trust will be invested with the aim of achieving the investment objective of Trust, but subject to the limits set out in its investment policy set out in Appendix I, this Prospectus and Chapter 5 of the COLL Sourcebook (“COLL”) as it applies to non-UCITS retail schemes.	3.2	Where the Trust invests in or disposes of shares in another collective investment scheme which is managed or operated by the Manager or an associate of the Manager, the Manager must pay to the Trust by the close of business on the fourth business day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
1.1	<b>Prudent spread of risk</b>		
	The Trust is a “feeder fund” and is permitted to invest solely in M&G PAIF pursuant to COLL 5.6.7. M&G PAIF is managed with the aim of providing its investment objective and policy which includes a prudent spread of risk.	3.3	A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Trust but, in the event of a consequent breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Unitholders.
<b>2</b>	<b>Investment in collective investment schemes</b>		
2.1	All of the value of the Scheme Property of the Trust will be invested in shares in M&G PAIF (for this paragraph, “the Second Scheme”) provided that the Second Scheme satisfies all of the following conditions.	<b>4</b>	<b>General power to borrow</b>
2.1.1	The Second Scheme must:	4.1	The Manager may, on the instructions of the Trustee and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Trust on terms that the borrowing is to be repayable out of the Scheme Property.
2.1.1.1	satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or	4.2	The Manager must ensure that borrowing does not, on any business day, exceed 10% of the value of the Trust.
2.1.1.2	be authorised as a non-UCITS retail scheme; or	<b>5</b>	<b>Restrictions on lending of money</b>
2.1.1.3	be recognised under the provisions of s.264, s.270 or s.272 of the Financial Services and Markets Act 2000; or		None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Trustee if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
2.1.1.4	be constituted outside the United Kingdom and have investment and borrowing powers which are the same or more restrictive than those of a non-UCITS retail scheme; or	<b>6</b>	<b>Restrictions on lending of property other than money</b>
2.1.1.5	be a scheme not falling within paragraphs 2.1.1.1 to 2.1.1.4 and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.	6.1	Scheme Property other than money must not be lent by way of deposit or otherwise.
2.1.2	The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.	6.2	Scheme Property must not be mortgaged.
2.1.3	The Second Scheme is prohibited from having more than 15% in value of the scheme property consisting of units or shares in collective investment schemes.	<b>7</b>	<b>Guarantees and indemnities</b>
2.1.4	The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the scheme.	7.1	The Trustee may not provide a guarantee or indemnity in respect of the obligation of any person.
2.1.5	Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if that part of the prospectus of the Trust clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.	7.2	None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
2.2	The Trust may, subject to the limit set out in 2.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the Manager or one of its Associates.	<b>8</b>	<b>Leverage</b>
<b>3</b>	<b>General</b>	8.1	Alternative Investment Fund Managers (AIFMs) are required to calculate leverage in accordance with the AIFMD, which defines leverage as any method by which an Alternative Investment Fund (AIF) increases its exposure through borrowing or the use of derivatives.
3.1	Cash will not be retained in the Scheme Property except to the extent that this may reasonably be	8.2	Leverage when used in this prospectus means the following source of leverage can be used when managing the Trust:
		8.2.1	cash borrowing, subject to the restrictions set out in paragraph 4.
		8.3	The Manager is required to calculate and monitor the level of leverage of the Trust, expressed as a ratio between the exposure of the Trust and its Net Asset Value (exposure/NAV), under both the gross method and the commitment method.
		8.4	Under the gross method, the exposure of the Trust is calculated as follows:

## Appendix 3

# Investment and Borrowing Powers of the Trust

- 8.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;
- 8.4.2 exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Trust, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- 8.4.3 derivative instruments are converted into the equivalent position in their underlying assets;
- 8.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- 8.4.5 include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- 8.4.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.
- 8.5 Under the commitment method, the exposure of the Trust is calculated in the same way as under the gross method; however, where "hedging" offsets risk and "netting" eliminates risk, these values are not included.
- 8.6 Further information regarding these different leverage calculation methods can be obtained from the Manager upon request.
- 8.7 The maximum level of leverage for the Trust under both the gross and commitment methods is disclosed in the Risk Management Process document, which is available on request from the Manager.
- 8.8 In addition, the total amount of leverage employed by the Trust will be disclosed in the Trust's annual report

## Appendix 4

### Eligible Markets

As the Trust invests solely in the M&G PAIF, it does not invest directly on any eligible securities or derivatives markets.  
The M&G PAIF invests in immovable property and also through the eligible securities and derivatives markets described in its prospectus.

# Appendix 5

## Performance Table

Past performance is not a guide to future performance.

M&G Feeder of Property Portfolio

**Sterling Class A** The cumulative performance over the last 10 years ending December 2018 is 58.4%

---

The M&G Feeder of Property Portfolio launched on 18 January 2013. The past performance prior to this date is based upon the performance of M&G Property Portfolio.

## Appendix 6

### Other collective investment schemes of the Manager

- M&G Investment Funds (1)
- M&G Investment Funds (1)
- M&G Investment Funds (3)
- M&G Investment Funds (4)
- M&G Investment Funds (5)
- M&G Investment Funds (7)
- M&G Investment Funds (10)
- 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
- Equities Investment Fund for Charities
- Charibond Charities Fixed Interest Common Investment Fund
- National Association of Almshouses Common Investment Fund

# Appendix 7

## List of Sub-custodians

<b>Albania</b>	Raiffeisen Bank sh.a., Tirana		
<b>Argentina</b>	Citibank N.A., Buenos Aires		2) UniCredit Bank Czech Republic and Slovakia, a.s., Praha
<b>Australia</b>	Hong Kong and Shanghai Banking Corporation Limited, Parramatta		
<b>Austria</b>	1) UniCredit Bank Austria AG, Vienna 2) Deutsche Bank AG, Eschborn		<b>Denmark</b> 1) Skandinaviska Enskilda Banken AB (SEB), Copenhagen 2) Nordea Bank Danmark A/S, Copenhagen
<b>Bahamas</b>	n/a		<b>Ecuador</b> N/A
<b>Bahrain</b>	HSBC Bank Middle East, Al Seef		<b>Egypt</b> Citibank N.A., Cairo
<b>Bangladesh</b>	Standard Chartered Bank, Dhaka		<b>Estonia</b> AS SEB Pank, Tallinn
<b>Belgium</b>	Deutsche Bank AG, Amsterdam branch (operating through the Amsterdam branch with support from its Brussels branch)		<b>Eswatini</b> Standard Bank Eswatini Limited, Eswatini
<b>Benin</b>	Standard Chartered Bank Côte d'Ivoire, Abidjan		<b>Ethiopia</b> N/A
<b>Bermuda</b>	HSBC Bank Bermuda Limited, Hamilton		<b>Euroclear</b> Since State Street is a direct participant in Euroclear Bank, State Street does not use a subcustodian bank.
<b>Bosnia-Herzegovina The Federation of Bosnia and Herzegovina</b>	UniCredit Bank d.d., Sarajevo		<b>Finland</b> 1) Skandinaviska Enskilda Banken AB (publ) (SEB), Helsinki 2) Nordea Bank Finland Plc, Helsinki
<b>Botswana</b>	Standard Chartered Bank of Botswana Limited, Gaborone		<b>France</b> Deutsche Bank AG, Amsterdam branch (operating through the Amsterdam branch with support from its Paris branch)
<b>Brazil</b>	Citibank N.A. São Paulo Branch, São Paulo		<b>Georgia</b> JSC Bank of Georgia, Tbilisi
<b>Bulgaria</b>	1) Citibank Europe plc, Sofia 2) UniCredit Bulbank AD, Sofia		<b>Germany</b> 1) State Street Bank International GmbH, Munich 2) Deutsche Bank AG, Eschborn
<b>Burkina Faso</b>	Standard Chartered Bank Côte d'Ivoire, Abidjan		<b>Ghana</b> Standard Chartered Bank Ghana Limited, Accra
<b>Canada</b>	1) State Street Trust Company Canada, Toronto (Depositary transactions) 2) RBC Investor Services, Toronto (Physical transaction)		<b>Greece</b> BNP Paribas Securities Services, S.C.A., Athens
<b>Cayman Islands</b>	N/A		<b>Guernsey</b> N/A
<b>Channel Islands</b>	N/A		<b>Guinea Bissau</b> Standard Chartered Bank Côte d'Ivoire, Abidjan
<b>Chile</b>	Itau CorpBanca S.A., Santiago de Chile		<b>Hong Kong</b> Standard Chartered Bank (Hong Kong) Limited, Hong Kong
<b>China A-Shares</b>	1) China Construction Bank (A), Beijing 2) HSBC Bank (China) Company Limited, Shanghai		<b>Hungary</b> 1) Citibank Europe plc, Hungarian Branch, Budapest 2) UniCredit Bank Hungary Zrt., Budapest
<b>China B-Shares</b>	HSBC Bank (China) Company Limited, Shanghai		<b>Iceland</b> Landsbankinn hf, Reykjavik
<b>China Connect (Stock Connect)</b>	1) Standard Chartered Bank (Hong Kong) Limited, Hong Kong 2) The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong 3) Citibank N.A., Hong Kong		<b>India</b> Citibank, N.A., Mumbai
<b>Clearstream</b>	State Street is a direct participant in Clearstream Banking Luxembourg. State Street does not use a subcustodian bank.		<b>Indonesia</b> Deutsche Bank A.G., Jakarta
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria, Bogota		<b>Ireland</b> State Street Bank and Trust Company, Edinburgh
<b>Costa Rica</b>	Banco BCT S.A., San Jose		<b>Isle of Man</b> N/A
<b>Croatia</b>	1) Privredna Banka Zagreb d.d, Zagreb 2) Zagrebacka banka d.d., Zagreb		<b>Israel</b> Bank Hapoalim B.M., Tel Aviv
<b>Curaçao</b>	N/A		<b>Italy</b> 1) Deutsche Bank S.p.A., Milan 2) Intesa Sanpaolo (ISP), Milan
<b>Cyprus</b>	BNP Paribas Securities Services, S.C.A., Athens (operating remotely to service the Cyprus market)		<b>Ivory Coast</b> Standard Chartered Bank Côte d'Ivoire, Abidjan
<b>Czech Republic</b>	1) Ceskoslovenská Obchodní Banka A.S., Prague		<b>Jamaica</b> N/A
			<b>Japan</b> 1) Mizuho Bank, Ltd, Tokyo 2) The Hong Kong and Shanghai Banking Corporation, Japan branch (HSBC), Tokyo
			<b>Jersey</b> N/A
			<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 Bankas, Riga
			<b>Lebanon</b> N/A
			<b>Liechtenstein</b> N/A
			<b>Lithuania</b> SEB Bankas, Vilnius

# Appendix 7

## List of Sub-custodians

<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>Slovak Republic</b>	UniCredit Bank Czech Republic and Slovakia, a.s., Bratislava
<b>Macedonia (Republic of Macedonia)</b>	N/A	<b>Slovakia</b>	N/A
<b>Malawi</b>	Standard Bank Limited, Blantyre	<b>Slovenia</b>	UniCredit Banka Slovenija d.d., Ljubljana
<b>Malaysia</b>	1) Standard Chartered Bank Malaysia Berhad Menara Standard Chartered, Kuala Lumpur 2) Deutsche Bank (Malaysia) Berhad Investor Services, Kuala Lumpur	<b>South Africa</b>	1) Standard Bank of South Africa Limited, Johannesburg 2) FirstRand Bank Limited, Johannesburg
<b>Mali</b>	Standard Chartered Bank Côte d'Ivoire, Abidjan	<b>South Korea</b>	1) Deutsche Bank AG, Seoul 2) Hong Kong and Shanghai Banking Corp. Limited, Seoul
<b>Malta</b>	N/A	<b>Spain</b>	Deutsche Bank SAE Investor Services, Madrid
<b>Marshall Islands</b>	N/A	<b>Sri Lanka</b>	The Hong Kong and Shanghai Banking Corporation Limited, Colombo
<b>Mauritius</b>	Hong Kong and Shanghai Banking Corp. Limited, Ebene	<b>Swaziland</b>	Standard Bank Swaziland Limited, Mbabane
<b>Mexico</b>	Banco Nacional de México S.A. (Banamex) Global Securities Services, Mexico City	<b>Sweden</b>	1) Nordea Bank AB (publ), Stockholm 2) Skandinaviska Enskilda Banken, Stockholm
<b>Morocco</b>	Citibank Maghreb, Casablanca	<b>Switzerland</b>	1) UBS Switzerland AG, Zurich 2) Credit Suisse AG, Zurich
<b>Mozambique</b>	N/A	<b>Taiwan</b>	1) Deutsche Bank AG, Taipei 2) Standard Chartered Bank (Taiwan) Limited, Taipei
<b>Namibia</b>	Standard Bank Namibia Limited, Windhoek	<b>Tanzania</b>	Standard Chartered Bank Tanzania Limited, Dar es Salaam
<b>Netherlands</b>	Deutsche Bank AG, Amsterdam branch	<b>Thailand</b>	Standard Chartered Bank (Thai) Public Company Limited, Bangkok
<b>New Zealand</b>	The Hong Kong and Shanghai Banking Corp. Limited, Auckland	<b>Togo</b>	Standard Chartered Bank Côte d'Ivoire, Abidjan
<b>Niger</b>	Standard Chartered Bank Côte d'Ivoire, Abidjan	<b>Transnational</b>	N/A
<b>Nigeria</b>	Stanbic IBTC Bank Plc., Lagos	<b>Trinidad &amp; Tobago</b>	N/A
<b>Norway</b>	1) Skandinaviska Enskilda Banken, Oslo (operating through its Oslo branch) 2) Nordea Bank Norge ASA, Oslo	<b>Tunisia</b>	Union Internationale de Banques (UIB) Tunis
<b>Oman</b>	HSBC Bank Oman S.A.O.G, Seeb	<b>Turkey</b>	1) Citibank A.S., Istanbul 2) Deutsche Bank A.S., Istanbul
<b>Pakistan</b>	Deutsche Bank AG, Karachi	<b>Uganda</b>	Standard Chartered Bank Uganda Limited, Kampala
<b>Palestine</b>	N/A	<b>Ukraine</b>	JSC Citibank, Kyiv
<b>Panama</b>	Citibank, N.A., Panama City	<b>United Arab Emirates Abu Dhabi Securities Exchange (ADX)</b>	HSBC Bank Middle East Limited Global Banking and Markets, Dubai
<b>Peru</b>	Citibank del Perú S.A., Lima	<b>United Arab Emirates DFM</b>	HSBC Bank Middle East Limited Global Banking and Markets, Dubai
<b>Philippines</b>	Deutsche Bank AG, Taguig City	<b>United Arab Emirates - Dubai International Financial Center (DIFC)</b>	HSBC Bank Middle East Limited Global Banking and Markets, Dubai
<b>Poland</b>	Bank Handlowy w Warszawie S.A., Warsaw	<b>United Kingdom</b>	State Street Bank and Trust Company, Edinburgh
<b>Portugal</b>	Deutsche Bank AG, Amsterdam Branch (operating through the Amsterdam branch with support from its Lisbon branch)	<b>United States</b>	1) State Street Bank and Trust Company, Boston 2) DTCC Newport Office Center, Jersey City
<b>Puerto Rico</b>	N/A	<b>Uruguay</b>	Banco Itau Uruguay S.A., Montevideo
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha	<b>Venezuela</b>	N/A
<b>Republic of Srpska</b>	UniCredit Bank d.d, Sarajevo	<b>Vietnam</b>	Hong Kong & Shanghai Banking Corp. Ltd. Centre Point, Ho Chi Minh City
<b>Romania</b>	Citibank Europe plc, Dublin – Romania Branch, Bucharest	<b>WAEMU (West African Economic and Monetary Union)</b>	N/A
<b>Russia</b>	AO Citibank, Moscow	<b>Zambia</b>	Standard Chartered Bank Zambia Plc, Lusaka
<b>Rwanda</b>	N/A		
<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited, 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		

# Appendix 7

## List of Sub-custodians

---

Zimbabwe	Stanbic Bank Zimbabwe Limited, Harare
----------	---------------------------------------

---

# Directory

## M&G Feeder of Property Portfolio

### Manager

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

### Trustee

NatWest Trustee and Depositary Services Limited

Drummond House

1 Redheughs Avenue

Edinburgh EH12 9RH

United Kingdom

### Custodian

State Street Bank and Trust Company

1 Canada Square

London E14 5AF

United Kingdom

### Registrar

DST 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

# M&G Feeder of Property Portfolio