

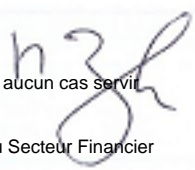
INVESTMENT FUND

European Specialist Investment Funds

Société d'investissement à capital variable (SICAV) under Luxembourg Law

Prospectus
January 2019

VISA 2018/114926-7012-0-PC
L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 2018-12-20
Commission de Surveillance du Secteur Financier



1 Introduction

European Specialist Investment Funds (the “Fund”) is authorised under Part I of the Luxembourg law of December 17, 2010 relating to collective investment undertakings, as amended (*loi concernant les organismes de placement collectif*) (the “Law of 2010”). As a self-managed *société d’investissement à capital variable* (“SICAV”), the Fund complies with the requirements of Article 27 of the Law of 2010. The Fund qualifies as an Undertaking for Collective Investments in Transferable Securities (“UCITS”) under Article 1, paragraph 2, points a) and b) of the Directive 2009/65/EC of 13 July 2009 of the European Parliament and of the Council (the “Directive 2009/65/EC”), and may therefore be offered for sale in European Union (“EU”) Member-States (subject to registration in countries other than Luxembourg). In addition, applications to register the Fund may be made in other countries.

The registration of the Fund pursuant to Part I of the Law of 2010 constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various sub-funds of the Fund (individually, a “Sub-Fund” and collectively, the “Sub-Funds”). Any representations to the contrary are unauthorised and unlawful.

None of the Shares of the Fund have been or will be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or under the securities laws of any state or political subdivision of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the “United States”), and the Shares may be offered, sold or otherwise transferred only in compliance with the 1933 Act or the securities laws of any state and such other securities laws. Certain restrictions also apply to the subsequent transfer of Shares in the United States or to or for the account of any United States Person (as defined in Regulation S under the 1933 Act) which includes any resident of the United States, or any corporation, partnership or other entity created or organised in or under the laws of the United States (including any estate of any such person created or organised in the United States). The attention of investors is drawn to certain compulsory redemption provisions applicable to United States Persons described under “The Shares – Redemption of Shares” below. The Fund has not been and does not intend to be registered under the United States Investment Company Act of 1940, as amended.

None of the Shares of the Fund have been or will be registered for sale or distribution in Canada. The Fund has not, directly or through its agents, directed any promotion of investments in the Fund at, or sold such investments to, persons, corporations or partnerships (other than the investment in Shares of the Fund by M&G Investment Management Limited, or an affiliate of M&G Investment Management Limited, that is required in order to meet minimum capital requirements) that the Fund knew or ought to have known after reasonable enquiry were resident in Canada, and the Fund does not intend to do so in the future.

The distribution of this Prospectus in other jurisdictions may also be restricted; persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer by anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer.

Prospective investors should review this Prospectus carefully and in its entirety, and consult with their legal, tax and financial advisors in relation to (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of Shares; and (iv) any other consequences of such activities. A KIID for each available Share Class of each Sub-Fund of the Fund shall be made available to prospective investors free of charge prior to their subscription for Shares. Prospective investors must consult the KIID for the relevant Share Classes and Sub-Fund in which they intend to invest.

Before consent to distribute this Prospectus is granted, certain jurisdictions require that it be translated into an appropriate language. Unless contrary to local law in the jurisdiction concerned, in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English version shall prevail.

Any information or representation in respect of the Fund given or made by any person which is not contained herein or in any other document which may be available for inspection by the public should be regarded as unauthorized and should accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Fund shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date hereof.

Unless stated to the contrary, all references herein to times and hours refer to Luxembourg local time and all references herein to dollar amounts refer to U.S. dollars.

2 Directory

REGISTERED OFFICE OF THE FUND

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

ADMINISTRATIVE CENTRE OF THE FUND

European Specialist Investment Funds /MDO Services S.A.
19, rue de Bitbourg
L-1273 Luxembourg
Grand Duchy of Luxembourg

BOARD OF DIRECTORS OF THE FUND

Mr Gary Cotton (Chairperson)
Governors House
Laurence Pountney Hill
London EC4R 0HH
United Kingdom

Mrs Jennifer May Williams
Governors House
Laurence Pountney Hill
London EC4R 0HH
United Kingdom

Dr Yves Wagner
19, rue de Bitbourg
L-1273 Luxembourg
Grand Duchy of Luxembourg

CONDUCTING PERSONS

Mr Michael Thomas
Governors House
Laurence Pountney Hill
London EC4R 0HH
United Kingdom

Dr Yves Wagner
19, rue de Bitbourg
L-1273 Luxembourg
Grand Duchy of Luxembourg

INVESTMENT MANAGER

M&G Investment Management Limited
Laurence Pountney Hill
London EC4R 0HH
United Kingdom

GLOBAL DISTRIBUTOR

M&G Investment Management Limited
Laurence Pountney Hill
London EC4R 0HH
United Kingdom

DEPOSITARY AND PAYING AGENT, ADMINISTRATIVE AND DOMICILIARY AND CORPORATE AGENT, REGISTRAR AND TRANSFER AGENT

State Street Bank Luxembourg S.C.A.
49, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

AUDITOR

Deloitte Audit S.à r.l.
560, rue de Neudorf
L - 2220 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISOR

Arendt & Medernach S.A.
41A, Avenue J.F. Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg

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3 Principal Features and Definitions

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

Administrative Agent	State Street Bank Luxembourg S.C.A.
Annual Meeting	The annual meeting of Shareholders of the Fund.
Appendix	The relevant Appendix of the Prospectus.
Articles of Incorporation	The articles of incorporation of the Fund, as may be amended from time to time.
Base Currency	The base currency of the Fund which is the Euro.
Board of Directors or Directors	The directors of the Fund, as may be appointed from time to time.
Business Day	Any day in which banks in Luxembourg and in London are open for normal banking business (excluding Saturdays, Sundays and 24 December).
Classes	Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of Shares (the “Class” or “Classes” or “Share Class(es)”) whose assets will be commonly invested but where a specific initial sales charge structure, fee structure, minimum subscription amount or distribution policy or such other distinctive feature, as decided from time to time by the Board of Directors, may be applied. Further information on the Classes is set out in Section 5.2 “Class Description, Availability of Shares, Minimum Subscription and Holding Amounts” and the relevant Supplement.
Corporate Agent	State Street Bank Luxembourg S.C.A.
Currency Hedged Share Class	means a Share Class which seeks to reduce the effect of exchange rate movements between the Share Class Reference Currency and the Sub-Fund Reference Currency. For Sub-Funds which seek to fully hedge the underlying portfolio currencies back to the Sub-Fund Reference Currency, these will be denoted with the suffix “(Currency Hedged)”. For Sub-Funds which do not seek to fully hedge the underlying portfolio currencies back to the Sub-Fund Reference Currency, these will be denoted with the suffix “(NAV Hedged)”. For the avoidance of doubt, it should be noted that a Sub-Fund can offer either “Currency Hedged” or “NAV Hedged” Share Classes but not both.
Depository	State Street Bank Luxembourg S.C.A.
Domiciliary Agent	State Street Bank Luxembourg S.C.A.
EU	The European Union.
Founder Investor	An Investor which has been specifically authorised by the Board of Directors of the Fund to purchase F Share Classes.
Fund	European Specialist Investment Funds; the Fund is an investment company organized under Luxembourg law as a <i>société anonyme</i> qualifying as a <i>société d’investissement à capital variable</i> (SICAV). The Fund complies with the requirements of Article 27 of the Law of 2010. The Fund is set up as a multi-compartment structure and may therefore comprise several Sub-Funds. Each Sub-Fund may have one or more Classes. The Fund is authorised under Part I of the Law of 2010 as an Undertaking for Collective Investments in Transferable Securities (“UCITS”) under Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC.

GDPR	means (i) the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016) and any consequential data protection legislation applicable in Luxembourg and (ii) any guidance and/or codes of practice issued by the Luxembourg Data Protection Authority (CNPD) or other relevant supervisory authority, including without limitation the European Data Protection Board.
Global Distributor	M&G Investment Management Limited.
Grand-Ducal Regulation	Grand-Ducal Regulation of 8 February 2008 relating to certain definitions of the amended law of 20 December 2002 on undertakings for collective investment and implementing Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions.
Group of Companies	All companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules.
Investment Grade	Means securities which, at the time of investment, are rated at least BBB- by Standard & Poor's or Fitch or Baa3 by Moody's, or in the case of unrated securities, securities which are deemed to be of comparable credit quality by the Investment Manager.
Institutional Investors	As defined from time to time by the Luxembourg supervisory authority within the context of Luxembourg law on undertakings for collective investment.
Investment Manager	M&G Investment Management Limited.
KIIDs	Means Key Investor Information Documents, as defined in the Law of 2010.
Law of 2010	The Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended.
Member State	A member state of the EU.
Money Market Instruments	Financial instruments normally dealt with on the money market which are liquid and have a value which can be accurately determined at any time.
NAV	Means the net asset value.
Other Regulated Market	A market which is not a Regulated Market and which is regulated, operates regularly and is recognized and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency; (iii) which is recognized by a State or by a public authority which has been delegated by that State or by another entity which is recognized by that State or by that public authority, such as a professional association; and (iv) on which the securities dealt are accessible to the public.
Other State	Any state of Europe which is not a Member State, and any state of America, Africa, Asia, Australia and Oceania.
Paying Agent	State Street Bank Luxembourg S.C.A.
Personal Data	Has the same meaning as set out in Article 4(1) of the GDPR.

Prospectus	The Prospectus of the Fund.
Registrar and Transfer Agent	State Street Bank Luxembourg S.C.A. acts as registrar and transfer agent of the Fund and, in that capacity, processes the issue, redemption, transfer and conversion of Shares.
Regulated Market	A market defined in the directive 2004/39/EC of the European Parliament and the European Council of 21 April 2004 on markets in financial instruments.
Regulatory Authority	The Luxembourg authority or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg.
Shares	Shares of each Sub-Fund are offered in registered form and are issued without certificates. Fractions of Shares are rounded down to three decimal places. All Shares must be fully paid for.
Share Class Reference Currency	The reference currency in which a Class is denominated. The details of the reference currency of a relevant Class are described in the relevant Sub-Fund Supplement.
Shareholder	A holder of Shares of the Fund.
Sub-Funds	The Fund offers investors, within the same investment vehicle, a choice of investment in one or more Sub-Funds, which are distinguished mainly by their specific investment objective and policy and/or by the currency in which they are denominated. The specifications of each Sub-Fund are described in the relevant Supplement to this Prospectus. The Board of Directors may, at any time, decide to create additional Sub-Funds and, in such case, this Prospectus will be updated by adding corresponding Supplements.
Sub-Fund Reference Currency	The reference currency in which a Sub-Fund is denominated. The details of the reference currency of a relevant Sub-Fund are described in the relevant Sub-Fund Supplement.
Supplement	The relevant Supplement of the Prospectus.
Transferable Securities	One of the following: <ul style="list-style-type: none"> - shares and other securities equivalent to shares; - bonds and other debt instruments; or - any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchanges, with the exclusion of techniques and instruments.
UCI(s)	Undertaking(s) for collective investment.
UCITS	Undertaking(s) for collective investment in transferable securities, pursuant to Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC.
UCITS V Directive	Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to UCITS as regards depositary functions, remuneration policies and sanctions.
USD or US dollars	Means the currency of the United States of America.
United States Person	Means any natural person resident in the United States of America or a partnership, corporation or other entity organised or existing in any State, territory or possession of the United States except that Shares may be offered, sold or delivered to a US Person who is not deemed to be a US Person under file 902 (o) of Regulation S under the US Securities Act of 1933.

Valuation Day

Means a day, being typically each Business Day where the NAV per Share of each Sub-Fund is determined.

4 Management and Administration

1. Board of Directors
2. Investment Manager
4. Depositary and Paying Agent, Administrative, Domiciliary and Corporate Agent, Registrar and Transfer Agent
5. Global Distributor

4.1 Board of Directors

The Board of Directors has overall responsibility for the management and administration of the Fund, the Sub-Funds and the corresponding Share Classes, for authorizing the creation of new Sub-Funds and Share Classes and for establishing and monitoring their investment policies and restrictions.

Mr Gary Cotton (Chairperson)

Prior to joining M&G in February 1996, Gary worked at Sedgwick Noble Lowndes as an Investment Consultant. In 2001 Gary was promoted to Head of Equities Business Management responsible for the day to day business management and operations of the Equities Fund Management business. He was appointed Chief Executive of Equities for M&G Investment Management Limited in November 2011 and became COO of M&G Investment Management and M&G Alternative Investment Manager in November 2015. In February 2017, Gary was promoted to COO of M&G. Gary is a Director of M&G Securities Limited and sits on a number of Irish and Luxembourg Fund Boards.

Gary has a wide knowledge of fund management and capital markets and holds Non-Executive Directorships in a number of financial entities registered in Ireland and Luxembourg.

Mrs Jennifer May Williams

Jennifer is the Head of Institutional Public Debt Business Department at M&G Investments Management Ltd.

Jennifer has been with the M&G Investments Management Ltd since 2000. She is based in London and holds a BA in Politics, Philosophy and Economics from Oxford University.

Dr Yves Wagner

Dr. Yves Wagner holds a “*Doctorat ès Sciences Economiques*” (PhD) from the University of Aix-Marseille III, France. He started his career as a teacher at the University of Aix-Marseille, and as a “*Professeur-Associé*” at the University of Perpignan.

He started his non-academic career with *Banque Générale du Luxembourg* where he became Director of Asset Management, before becoming the Chief Executive Officer and board member of Fortis Investments, Luxembourg. He finally left the Fortis Group in order to found “The Directors’ Office”, now known as MDO Services. He continued to be active in the academic field, teaching at different Universities and Business Schools, being board member of the “*Centre Universitaire*” (Luxembourg), publishing Research Papers, and teaching in professional institutes (“*Institut de Formation Bancaire*”, “*Agence pour le Transfert de Technologies Financières*” and the “*Académie Bancaire Européenne*” where he became President). He is an advisor to the Luxembourg School of Finance, a business school of the University of Luxembourg. Dr Wagner is the President of the Luxembourg Society of Financial Analysts.

Today he works as an independent director and conducting person of several Luxembourg domiciled investment and management companies.

The Board of Directors of the Fund has appointed the conducting persons, Mr Michael Thomas and Dr Yves Wagner, to conduct the day-to-day business of the Fund. The conducting persons shall have the duty to ensure that the different service providers to which the Fund has delegated certain functions (comprising, inter alia, the Investment Manager, the Administrative Agent, and the Global Distributor) perform their function in compliance with the Law of 2010, the Articles of Incorporation, the Prospectus and the provisions of the contracts that have been entered into between the Fund and each of them. The conducting persons shall also ensure compliance of the Fund with the investment restrictions and oversee the implementation of the Sub-Funds’ investment policies. The conducting persons shall also report to the Directors on a regular basis and inform each Director without delay of any non-compliance of the Fund with the investment restrictions.

4.2 Investment Manager

The Board of Directors is responsible for the oversight of the Fund's investment activities. In order to implement the investment policy of each Sub-Fund, the Board of Directors has delegated, under its permanent supervision and responsibility, the management of the assets of the Sub-Funds to M&G Investment Management Limited.

M&G Investment Management Limited was incorporated in London on 5 August 1968, with the registered number 936683. It is authorised and regulated by the Financial Conduct Authority (FCA) and is registered under FCA number 119328.

The focus of M&G Investment Management Limited Fixed Income division lies in public and private debt, including alternative credit products, leveraged, property and infrastructure finance as well as a complete range of pooled funds which are used to construct solutions for both defined benefit and defined contribution pension schemes and other Institutional clients.

Pursuant to the Investment Management Agreement and this Prospectus, the Investment Manager has discretion, on a day-to-day basis and subject to the oversight and ultimate responsibility of the Board of Directors, to purchase and sell securities and otherwise to manage the Sub-Funds' portfolios. The Investment Manager may appoint sub-investment managers from time to time to provide portfolio management services in respect of the investments of any Sub-Fund. The Investment Manager, in the execution of its duties and the exercise of its powers, shall be responsible for ensuring that each Sub-Fund complies with its investment policy and restrictions.

4.3 Depositary and Paying Agent, Administrative, Domiciliary and Corporate Agent, Registrar and Transfer Agent

4.3.1 General

The Fund has appointed State Street Bank Luxembourg S.C.A. as the depositary of all of the Fund's assets.

State Street Bank Luxembourg S.C.A. is a *société en commandite par actions* incorporated under the laws of Luxembourg on 19 January 1990 having its registered office at 49, avenue J.F. Kennedy, L-1855 Luxembourg. The Depositary is registered in the Luxembourg Commercial and Companies register under number B 32 771. It holds a banking licence in accordance with the Luxembourg law of 5 April 1993 on the financial sector (as amended) and is specialised in custody, fund management and related services, and is regulated by the CSSF.

4.3.2 Appointment

The appointment of the Depositary has been made under an agreement between the Fund and the Depositary effective as from 12 February 2018 (the "Depositary Agreement").

The Depositary is appointed to act as depositary of all of the Fund's assets, including its cash, securities and other assets, which will be held either directly by the Depositary or through other financial institutions such as correspondent banks, subsidiaries or affiliates of the Depositary.

The Depositary is entrusted with the safe-keeping of the Fund's assets including its cash and securities. All financial instruments that can be held in custody are registered in the Depositary's books within segregated accounts, opened in the name of the Fund, in respect of each Sub-Fund. For assets other than financial instruments and cash, the Depositary must verify the ownership of such assets by the Fund in respect of each Sub-Fund. Furthermore, the Depositary shall ensure that the Fund's cash flows are properly monitored.

The Depositary has been entrusted with the following main functions:

- (a) ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Articles of Incorporation of the Fund;
- (b) ensuring that the value of the Shares is calculated in accordance with applicable law and with the Articles of Incorporation of the Fund;
- (c) carrying out the instructions of the Board of Directors, unless they conflict with applicable law and the Articles of Incorporation of the Fund;
- (d) ensuring that in transactions involving the assets of the Fund any consideration is remitted within the usual time limits;
- (e) ensuring that the income of the Fund is applied in accordance with applicable law and the Articles of Incorporation of the Fund;

- (f) monitoring of the Fund's cash and cash flows; and
- (g) safe-keeping of the Fund's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

4.3.3 Depositary's liability

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

In the event of a loss of a financial instrument held in custody, determined in accordance with the Law of 2010, and in particular Article 18 of the Commission Delegated Regulation No 2016/438, the Depositary shall return financial instruments of identical type or the corresponding amount to the Fund without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the Law of 2010.

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

The Depositary will be liable to the Fund and the Shareholders for all other losses suffered by them arising as a result of the Depositary's (or its delegate's or agent's) fraud, negligent or intentional failure to properly fulfil its obligations pursuant to the Law of 2010 or the Depositary Agreement.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

4.3.4 Delegation

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

The Depositary has delegated those safekeeping duties set out in Article 18(4) of the Law of 2010 to State Street Bank and Trust Company with registered office at Copley Place, 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

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

4.3.5 Termination

The Fund and the Depositary may terminate the Depositary Agreement on six (6) months prior written notice provided that no such notice shall take effect until the appointment of a successor to the Depositary. The Depositary Agreement may also be terminated on shorter notice in certain circumstances. The Depositary shall take all necessary steps to ensure the good preservation of the interests of the Shareholders of the Fund and allow the transfer of all assets of the Fund to the succeeding depositary.

4.3.6 Indemnity

To the extent permitted under applicable law, the Fund undertakes to hold harmless and indemnify the Depositary against all liabilities directly suffered or incurred by the Depositary by reason of the proper performance of the Depositary's duties under the terms of the Depositary Agreement save where any such liabilities arise as a result of the Depositary's breach of the Depositary Agreement or the negligence, fraud, bad faith, wilful default or recklessness of the Depositary or its agent and/or delegate or the loss of financial instruments held in custody or in the event such indemnification would be contrary to the mandatory provisions in the Law of 2010 in relation to an agent or delegate that is an affiliate, to the extent the Depositary is liable to the Fund in relation to such agent or delegate under the Depositary Agreement.

Conflicts of interest

The Depository is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depository or its affiliates engage in activities under the Depository Agreement or under separate contractual or other arrangements. Such activity may include:

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

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

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

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

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

The Investment Manager or the Fund may also be a client or counterparty of the Depository or its affiliates.

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

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

The Depository has functionally and hierarchically separated the performance of its depository tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depository issues to be properly identified, managed and monitored. Additionally, in the context of the Depository's use of sub-custodians, the Depository imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depository further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the

Depository internally separates the performance of its custodial tasks from its proprietary activity and follows a standard of conduct that requires employees to act ethically, fairly and transparently with clients.

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

Furthermore, State Street Bank Luxembourg S.C.A. has been appointed as paying agent of the Fund. In such capacity, it has the obligation to pay out distributions, if any, for Shares.

State Street Bank Luxembourg S.C.A. has also been appointed as the administrative agent, domiciliary and corporate agent, and registrar and transfer agent of the Fund. In its capacity as administrative agent, State Street Bank Luxembourg S.C.A. is responsible for the general administrative functions required by law, is in charge of the calculation of the NAV of each Sub-Fund and the maintenance of the accounting records. The Depository has implemented appropriate segregation of activities between the depository and the administration/registrar and transfer agency services, including escalation processes and governance. In addition, the depository function is hierarchically and functionally segregated from the administration and registrar and transfer agency services business unit.

In its capacity as domiciliary and corporate agent, State Street Bank Luxembourg S.C.A. is responsible for the receipt and safekeeping of the correspondence of the Fund, the provision of the registered office and the convening and holding of the meetings of Shareholders.

In its capacity as registrar and transfer agent, State Street Bank Luxembourg S.C.A. is responsible for processing the issue, redemption, conversion and transfer of Shares on behalf of the Fund, as well as for maintaining the register of Shareholders.

4.4 Global Distributor

M&G Investment Management Limited

M&G Investment Management Limited has been appointed as the Global Distributor of the Shares of the Fund. M&G Investment Management Limited is authorised and regulated in the UK by the FCA.

5 The Shares

1. **Subscription for Shares**
2. **Class Description, Availability of Shares, Minimum Subscription and Holding Amounts**
3. **Conversion of Shares**
4. **Redemption of Shares**
5. **Transfer of Shares**
6. **Distribution Policy**
7. **Late Trading and Market Timing**
8. **Data Protection**

Subject to the restrictions described below, Shares of each Class of each Sub-Fund are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to that Class. The rules governing such allocation are set forth below. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights, and each Share entitles its holder to one vote at all general meetings of Shareholders and at all meetings of the Sub-Fund in which Shares are held. Shares redeemed by the Fund become null and void.

The Board of Directors may restrict or prevent the legal or beneficial ownership of Shares or prohibit certain practices as disclosed in this Prospectus (see also 5.7 “Late Trading and Market Timing”) by any person, firm or corporation, if such ownership is against the interests of the Fund or of the majority of Shareholders or of any Sub-Fund or Class therein. Where it appears to the Board of Directors that a person who is precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Fund may proceed to the compulsory redemption of all Shares so owned.

The Shares are available in registered form only and will be issued without certificates.

5.1 Subscription for Shares

Applications for subscriptions for Shares of each Sub-Fund must be submitted by 11.00 (Luxembourg time) on the Valuation Day for the relevant Sub-Fund in order for such applications to be processed, if accepted, on the basis of the NAV per Share for that Valuation Day. Applications for subscriptions received after such time will be dealt with on the next Valuation Day. The NAV per Share for that Valuation Day is unknown to the investors when they place their subscription orders.

Applications for subscriptions for Shares should be sent to the Registrar and Transfer Agent.

The initial offering period as well as the initial price per Share on such day for each newly created or activated Class or Sub-Fund will be determined by the Board of Directors and will be available at the office of the Administrative Agent. The relevant Supplements will be updated as new Classes or Sub-Funds become available.

The Board of Directors may fix minimum initial investment amounts for each Class which, if applicable, are detailed in the relevant Supplements. These minimum initial investment amounts may be waived or decreased as described in more detail in the Sub-Fund Supplements.

Shares of each Class of a Sub-Fund shall be allotted at the NAV per Share of such Class determined on the applicable Valuation Day, plus any applicable initial sales charges. An initial sales charge as disclosed in the relevant Sub-Fund Supplement may be applied to the investment amount or it may be waived in whole or in part at the discretion of the Global Distributor, with the consent of the Board of Directors.

Applications for shares can be made either in cash amount or in number of Shares.

As soon as the price at which the Shares are to be issued has been calculated, the Registrar and Transfer Agent will notify the purchaser of the total amount to be paid, including any applicable initial sales charges, in respect of the Shares subscribed for. Payment for Shares must be received by the Registrar and Transfer Agent, in a currency in which the relevant Class is available, no later than two (2) Business Days following the applicable Valuation Day. The currencies in which a Class of a Sub-Fund is available are indicated in the Supplement of the relevant Sub-Fund.

If the payment has not been received by that date or has been received thereafter, the application for shares may be rejected, and any allocation of Shares made on the basis of the application request may be cancelled. In such case, the Registrar and Transfer Agent will inform the investor that the application has been rejected, that the funds received

(if any) after the relevant date will be returned to the investor and that any loss resulting from a cancellation of an application request will be borne by the relevant investor.

The Board of Directors may, if a prospective investor requests, satisfy any application for subscription of Shares in kind. The nature and type of assets to be accepted in any such case shall be determined by the Board of Directors and must correspond to the investment policy of the Sub-Fund being invested in. In accepting or rejecting such a contribution at any given time, the Board of Directors shall take into account the interest of other investors of the Sub-Fund and the principle of fair treatment. Any contribution in kind will be valued independently in a special report issued by the Auditor or any other independent auditor (*réviseur d'entreprises agréé*) agreed by the Fund. The Fund and the contributing investor will agree on specific settlement procedures. The costs of any such transfer, including the production of any necessary valuation report, shall be borne by the prospective investor requesting the transfer or by such other third party as agreed by the Fund.

The Board of Directors reserves the right to accept or refuse any application in whole or in part at its discretion. The Fund may also limit the distribution of Shares of a Class or Sub-Fund to certain countries. The issue of Shares of a Class shall be suspended whenever the determination of the NAV per Share of such Class is suspended by the Fund (see "General Information - Temporary Suspension of Determination of the Net Asset Value, Issues, Redemptions and Conversions").

The Fund and the Administrative Agent will at all times comply with any obligations imposed by any applicable laws, rules and regulations with respect to anti-money laundering, as such laws, rules and regulations may be amended or replaced from time to time, and will furthermore adopt procedures designed to ensure, to the extent applicable, that the Fund complies with the foregoing laws, rules and regulations.

With respect to anti-money laundering requirements, application forms for Shares must be accompanied by a true copy certified by a competent authority (such as an embassy, consulate, notary or police commissioner) of the subscriber's identity card or passport for individuals, or by a copy of the Articles of Incorporation (or the comparable constituting document) and extract of the trade register for corporate entities, in the following cases:

1. if the application is made directly to the Registrar and Transfer Agent;
2. if the application is made via a professional of the financial sector residing in a country which is not required to follow an identification procedure equivalent to the standards applicable in Luxembourg relating to the prevention of the use of the financial system for money-laundering purposes; or
3. if the application is made via a subsidiary or branch whose parent company is required to follow an identification procedure equivalent to that required by Luxembourg law, if the law governing the parent company does not oblige it to ensure that the said procedure is followed by its subsidiaries and branches.

Moreover, the Fund is legally responsible for identifying the origin of monies transferred to or from the Fund. Subscriptions and payment of redemption proceeds may be temporarily suspended until such monies or the identity of the relevant Shareholder has been correctly identified.

It is generally accepted that financial sector professionals resident (i) in a member state of the European Economic Area or (ii) of the European Union are deemed to have an identification obligation equivalent to that required by Luxembourg law.

In relation to an application for redemption or transfer of Shares, the Fund and/or the Registrar and Transfer Agent may require at any time such documentation as it/they deem appropriate. Failure to provide such information in a form which is satisfactory to the Fund and/or the Registrar and Transfer Agent, as applicable, may result in an application for redemption or transfer not being processed.

Confirmation of completed subscriptions will be mailed at the risk of the investor, to the address indicated in his, her or its application within ten (10) Business Days following the issue of the Shares.

The Fund may enter into agreements with certain distributors pursuant to which the distributors agree to act as or appoint nominees for investors subscribing for Shares through their facilities (distribution and nominee agreements). In such capacity, the distributor may effect subscriptions, conversions and redemptions of Shares in nominee name on behalf of investors, and request the registration of such operations on the register of shareholders of the Fund in such nominee name. Each nominee/distributor maintains its own records and provides the investor with individualized information as to its holdings of Shares in the Fund.

5.2 Class Description, Availability of Shares, Minimum Subscription and Holding Amounts

Currently, Shares including the designation “Class A”, “Class B”, “Class E”, “Class F”, or “Class R”, are available for issue. Each Share Class, where available, may also have different distribution policies as described under Section 5.6 of the Prospectus headed “Distribution Policy”. Where a Share Class is accumulating in nature it will be identified by a suffix to the Share Class name “(Acc)” and where it is distributing in nature it will be identified by a suffix to the Share Class name “(Dist)”.

Each Share Class, where available, may be offered in the relevant Sub-Fund Reference Currency, or may be denominated in any other currency, and such currency denomination will be represented as a suffix to the Share Class name. Share Classes may be available in the following currencies: EUR, GBP, USD, CHF, JPY, SGD or any such other currency as the Board of Directors may decide to issue.

Each Share Class may be currency hedged or unhedged. Where a Share Class is currency hedged the suffix to the Share Class name will depend on the underlying currency profile of the Sub-Fund. For Sub-Funds which seek to fully hedge the underlying portfolio currencies back to the Sub-Fund Reference Currency, these will be denoted with the suffix “(Currency Hedged)”. For Sub-Funds which do not seek to fully hedge the underlying portfolio currencies back to the Sub-Fund Reference Currency, these will be denoted with the suffix “(NAV Hedged)”. Provision is made for the amount of hedging to be between 95% and 105% of the Net Asset Value of the Currency Hedged Share Class, although changes in the market value of the portfolio as well as subscriptions and redemptions in the Currency Hedged Share Class, can result in the hedging temporarily exceeding the aforementioned range. However, in such circumstances the Fund and the Investment Manager will take the necessary steps to bring the hedging back within such limits. Shareholders should refer to Section 11 “Risk Factors” for more information on the risks relating to Currency Hedged Share Classes.

For the Share classes currently being issued for each Sub-Fund, Shareholders may request this information from the Company’s registered office, the Administrative Agent or the Global Distributor.

Availability of Shares

For information on the availability of Shares, please refer to the relevant Sub-Fund Supplement.

Minimum Initial Investment and Subsequent Subscription Amounts, and Minimum Holding Amounts

For information on the Initial Offer Price, Minimum Initial Investment and Minimum Holding Amounts per Share Class please refer to the relevant Sub-Fund Supplement.

Charges

Details of the Annual Charge and any applicable Initial Sales Charge can be found in the relevant Sub-Fund Supplement. Shareholders should also refer to Section 6.6 “Net Asset Value Adjustment (“Swing Pricing”)”.

5.3 Conversion of Shares

Subject to any suspension of the determination of the NAV, Shareholders have the right to convert all or some of their Shares of any Class of a Sub-Fund into Shares of the same Class in another Sub-Fund or into Shares of another existing Class of that same or another Sub-Fund by applying for conversion in the same manner as for the issue of Shares. However, the right to convert Shares is subject to compliance with any conditions (including any minimum initial investment amounts) applicable to the Class into which the conversion is to be effected. Therefore, if, as a result of a conversion, the value of a Shareholder’s holding in the new Class would be less than the minimum initial investment amount specified in the Supplement of the relevant Sub-Fund, where appropriate, the Board of Directors may decide not to accept the request for conversion of the Shares. In addition, if, as a result of a conversion, the value of a Shareholder’s holding in the original Class would become less than the relevant minimum initial investment amount, the Shareholder may be deemed (if the Board of Directors so decides) to have requested the conversion of all of his, her or its Shares.

Conversion requests received in good order by 11.00 (Luxembourg time) on the Valuation Day will be processed on that Valuation Day. Conversion requests received after such time will be deferred to the next Valuation Day in the same manner as for the issue and redemption of Shares. The NAV per Share for that Valuation Day is unknown to the investors when they place their conversion orders.

The number of Shares issued upon a conversion will be based upon the respective NAVs of the two Classes as of the applicable Valuation Day.

The rate at which all or some of the Shares of a Sub-Fund or Class (the “original Sub-Fund/Class”) are converted into Shares of another Sub-Fund or Class (the “new Sub-Fund/Class”) is determined on the basis of the following formula:

$$A = \frac{[B \times C \times D]}{E}$$

- A is the number of Shares to be allocated in the new Sub-Fund/Class
- B is the number of Shares to be converted in the original Sub-Fund/Class
- C is the NAV on the applicable Valuation Day of the Shares to be converted in the original Sub-Fund/Class
- D is the exchange rate applicable on the effective transaction day for the currencies of the two Sub-Funds/Classes
- E is the NAV on the applicable Valuation Day of the Shares to be allocated in the new Sub-Fund/Class

After the conversion, the Registrar and Transfer Agent will inform the Shareholders as to the number of new Shares acquired as a result of the conversion, as well as the NAV of the new Shares.

A conversion charge of up to 1% of the conversion amount may be applied at the discretion of the Board of Directors, provided however that equal treatment of all Shareholders is being observed by applying the same percentage to all conversion orders received for the same Valuation Day. The conversion charge (if any) will be applied for the benefit of the Classes or Sub-Funds between which the conversion is effected, as appropriate, to cover the costs of transactions arising from the conversion.

Additionally, if the Fund receives individual and/or aggregate redemption and/or conversion requests for a withdrawal of more than 10% of the total number of the issued and outstanding Shares for any Sub-Fund on a Valuation Day, the Board of Directors may decide, without Shareholder approval, to (i) postpone the requests for a maximum period of ten (10) Business Days; (ii) defer settlement of the requests for a maximum period of one calendar month; or (iii) postpone the processing of requests for a maximum period of ten (10) Business Days and defer settlement of the requests for a maximum period of one calendar month. In all cases, the maximum period between the receipt of a properly documented redemption or conversion request and the settlement will be for such period as the Board of Directors considers to be in the best interests of the applicable Sub-Fund but shall not exceed one calendar month.

Conversions of Shares of a Sub-Fund shall be suspended whenever the determination of the NAV per Share of such Sub-Fund is suspended by the Board of Directors (see “General Information - Temporary Suspension of Determination of the Net Asset Value, Issues, Redemptions and Conversions”).

5.4 Redemption of Shares

Any Shareholder may apply for redemption of his, her or its Shares in part or in whole on any Valuation Day. Applications for redemptions must include (i) the cash amount the Shareholder wishes to redeem, or (ii) the number of Shares the Shareholder wishes to redeem. In addition, the application must include the Shareholder’s personal details and account number. Failure to provide any of this information may result in a delay whilst verification is being sought. Valid written redemption applications should be received in good order by the Registrar and Transfer Agent by 11.00 (Luxembourg time) on the relevant Valuation Day. The NAV per Share for that Valuation Day is unknown to the Shareholders when they place their redemption orders.

Redemptions shall be effected at the NAV per Share of the relevant Class determined on the applicable Valuation Day.

Each redemption payment in respect of any Shares may be made in the same currency as the subscription payment for such Shares or another currency offered by the Sub-Fund and as specified in the Supplement of the relevant Sub-Fund. The Depositary will issue payment instructions to its correspondent bank for payment, normally no later than two (2) Business Days following the applicable Valuation Day.

Shares of all Classes of Shares of all Sub-Funds may be redeemed without charge.

If, as a result of a redemption, the value of a Shareholder’s holding in a Class of a Sub-Fund falls below the relevant minimum initial investment amount, that Shareholder may be deemed (if the Board of Directors so decides) to have requested redemption of all of his, her or its Shares in that Class.

Shareholders are required to notify the Registrar and Transfer Agent immediately in the event that they (i) are or become United States Persons; (ii) hold Shares for the account or benefit of United States Persons; (iii) otherwise hold

Shares in breach of any law or regulation; or (iv) otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences to the Fund or the Shareholders or otherwise be detrimental to the interests of the Fund. If the Board of Directors becomes aware that a Shareholder (a) is a United States Person or is holding Shares for the account of a United States Person, or (b) is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences to the Fund or the Shareholders or otherwise be detrimental to the interests of the Fund, the Board of Directors may redeem the Shares in accordance with the provisions of the Articles of Incorporation.

The Board of Directors may decide with the agreement of the Shareholder(s) that may be affected that settlement may be deferred for redemption or conversion requests for a period of time to be agreed upon with the affected Shareholder(s).

If the Fund receives individual and/or aggregate redemption and/or conversion requests for a withdrawal of more than 10% of the total number of the issued and outstanding Shares for any Sub-Fund on a Valuation Day, the Board of Directors may decide, without Shareholder approval, to (i) postpone the requests for a maximum period of ten (10) Business Days; (ii) defer settlement of the requests for a maximum period of one calendar month; or (iii) postpone the processing of requests for a maximum period of ten (10) Business Days and defer settlement of the requests for a maximum period of one calendar month. In all cases, the maximum period between the receipt of a properly documented redemption or conversion request and the settlement will be for such period as the Board of Directors considers to be in the best interests of the applicable Sub-Fund but shall not exceed one calendar month.

Redemption and/or conversion requests which have not been dealt with because of a postponement will be given priority on the next Valuation Day following such postponement, but within ten (10) Business Days of the receipt of such requests.

Redemption and/or conversion requests the settlement of which is deferred shall be paid in proportion to the value at the time of the relevant redemption and/or conversion requests. The settlement of these redemption and/or conversion requests will be met in priority to later requests.

The Board of Directors may, at its discretion and with the approval of the affected Shareholder(s), pay all or a portion of the redemption proceeds in investments owned by the relevant Sub-Fund. The nature and type of investments to be transferred in any such case shall be determined by the Board of Directors upon recommendation of the Investment Manager and with the consent of the Board of Directors on a fair and equitable basis, and without material prejudice to the interests of the remaining Shareholders. Any costs of such transfers shall be borne by the Shareholders benefiting from the redemption in kind, and the Shareholder additionally will bear the risks associated with the transfer of the investments.

The procedures relating to a postponement and/or deferral of settlement of redemption requests will not apply to redemption proceeds paid to Shareholders in the form of investments owned by the relevant Sub-Fund.

Redemption of Shares of a given Sub-Fund shall be suspended whenever the determination of the NAV per Share of such Sub-Fund is suspended by the Fund (see "General Information - Temporary Suspension of Determination of the Net Asset Value, Issues, Redemptions and Conversions").

From time to time, it may be necessary for the Fund to borrow, on a temporary basis, to fund redemptions. For restrictions applicable to the Fund's ability to borrow, see "Investment Restrictions" below.

5.5 Transfer of Shares

The transfer of registered Shares may normally be effected by delivery to the Registrar and Transfer Agent of an instrument of transfer in an appropriate form. On receipt of the transfer request, the Registrar and Transfer Agent may, after reviewing the endorsement(s), require that the signature(s) be guaranteed by an approved bank, stockbroker or public notary.

Shareholders are advised to contact the Registrar and Transfer Agent prior to requesting a transfer to ensure that they have all the correct documentation for the transaction.

5.6 Distribution Policy

Whether distribution Shares and/or accumulation Shares will be issued in relation to a particular Sub-Fund and the list of all available Share Classes will be available from the registered office of the Fund, the Administrative Agent or from the Global Distributor.

The Directors reserve the right to introduce a distribution policy that may vary between Sub-Funds and different Classes of Shares in issue. The distribution frequency of a Sub-Fund is indicated in each Supplement.

Accumulation Shares accumulate all earnings pertaining to the relevant Class for the benefit of the accumulation Shareholders, whereas distribution Shares may pay dividends to Shareholders.

The Directors will exercise their discretion to determine whether or not to declare a dividend in respect of Distribution Shares.

Dividends may be paid out of investment income, capital gains or capital at the discretion of the Directors. As dividends may be paid out of the capital of a Sub-Fund, there is a risk that capital will be eroded and “income” will be achieved by forgoing the potential for future capital growth of Shareholders’ investments and the value of future returns may also be diminished. This cycle may continue until all capital is depleted (subject to the minimum Net Asset Value requirement detailed below). Dependent on investor jurisdiction, dividends paid out of capital may have different tax implications to dividends paid out of income and investors are recommended to seek their own advice in this regard.

Dividends will normally be declared and paid within 2 months of the end of the relevant distribution period as described in the relevant Supplement. If the dividend declared is less than 50 Euros (or its equivalent in any other currency), the Directors reserve the right to reinvest the dividend into the same Class of Shares in the relevant Sub-Fund (free of any initial sales charges).

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

Payments will be made in the relevant Share Class Reference Currency. Distributions remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Sub-Fund. In any event, no distribution may be made if, as a result thereof, the Net Asset Value of the Fund would fall below the equivalent of €1,250,000.

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

If the Sub-Fund issues distribution Shares, a reinvestment facility may be available.

Should the Shareholders decide to reinvest the amount to be distributed to them where such facilities exist, these distributions will be reinvested in further Shares within the same Class of the same Sub-Fund and investors will be advised of the details by distribution statements. No initial sales charges, as defined below, will be imposed on reinvestments of distributions.

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

5.7 Late Trading and Market Timing

The Fund and the Registrar and Transfer Agent shall maintain controls to help ensure that the practices of late trading and market-timing are minimized in relation to the distribution of Shares of the Fund. Late trading is a fraudulent practice consisting of accepting subscription and/or redemption orders after the cut-off time, such practice is not allowed by the Board of Directors. The cut-off times indicated in Section 5, “The Shares”, will be observed. In addition, the investors will not know the NAV per Share at the time of their request for subscription, redemption or conversion. Hence the risk of market timing is mitigated by the fact that the subscription and redemption activity will be applied at an unknown NAV, meaning that the cut-off time is prior to the valuation point and therefore investors cannot take advantage of timing differences and/or deficiencies in the NAV calculation.

Subscriptions, redemptions and conversions of Shares should be made for investment purposes only. The Fund does not permit market-timing or other excessive trading practices. Excessive, short-term (market-timing) trading practices may disrupt portfolio management strategies and harm Fund performance. To minimize harm to the Fund and the Shareholders, the Board of Directors or the Registrar and Transfer Agent on its behalf, has the right to reject any subscription or conversion order, or to levy a fee of up to 2% of the value of the order or the amount redeemed for the benefit of the Fund from any investor who, in the opinion of the Board of Directors and in its sole discretion, is engaging in excessive trading or whose trading in Shares has been or may be disruptive to the Fund or any of the Sub-Funds. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control. The Board of Directors also reserves the right to redeem all Shares held by a Shareholder who is or has been engaging in excessive trading. Neither the Board of Directors nor the Fund will be held liable for any loss resulting from rejected orders, the imposition of redemption fees or mandatory redemptions in connection with excessive trading.

5.8 Data Protection

Shareholders should note that by completing the application form they are providing the Fund with information which constitutes Personal Data. Personal Data will be processed in accordance with the data privacy notice attached to the application form, and which is available at any time from the Fund on request.

Shareholders acknowledge and agree that the Fund, which is a controller of the Personal Data of Shareholders, shall always process personal data in accordance with the provisions of the GDPR and the law of 1 August 2018 organizing the National Commission for data protection and of the general system on data protection, as further set out in the privacy notice attached to the application form.

6 General Information

1. Organisation
2. Meetings and Announcements
3. Reports and Accounts
4. Allocation of Assets and Liabilities among the Sub-Funds
5. Determination of the Net Asset Value of Shares
6. Net Asset Value Adjustment (“*Swing Pricing*”)
7. Temporary Suspension of Determination of the Net Asset Value, Issues, Redemptions and Conversions
8. Liquidation of the Fund, Sub-Funds and Share Classes
9. Merger of the Fund - Merger of Sub-Funds – Reorganisation of Share Classes
10. Income Equalisation
11. Material Contracts
12. Documents
13. Potential Conflicts of Interest

6.1 Organisation

The Fund is an investment company organized as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a société d’investissement à capital variable (SICAV). The Fund was incorporated in Luxembourg on 8 March 2011. The Articles of Incorporation of the Fund were published in the *Mémorial, Recueil des Sociétés et Associations* (“Mémorial”) on 22 March 2011. The Articles of Incorporation have been amended on 14 November 2018 and such amendment will be published on the *Recueil Electronique des Sociétés et Associations*. The Fund qualifies as an undertaking for collective investment under Part I of the Law of 2010. The Fund is registered with the Luxembourg Commercial and Companies’ Register under number B 159397.

On the date of incorporation of the Fund, the capital of the Fund was 300,000 Euro represented by 3,000 Shares issued with no par value and fully paid up.

6.2 Meetings and Announcements

Annual Meetings of Shareholders will be held at the registered office of the Fund in Luxembourg on the last Thursday in the month of June at 14:00 or, if any such day is not a Business Day, on the next following Business Day, unless otherwise stated in the notice of convocation. Notices of all general meetings will be sent to the holders of registered Shares by registered mail at least eight days prior to the meeting at their addresses shown on the register of Shareholders or if the addressees have individually agreed to receive the convening notices by another means of communication ensuring access to the information, by such means of communication. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by the Luxembourg law of 10 August 1915 on commercial companies (as amended) and in the Articles of Incorporation of the Fund.

Each whole Share confers the right to one vote. Any change to the Articles of Incorporation must be approved by Shareholders at a general meeting of the Shareholders of the Fund.

The Board of Directors of the Fund draws the investors’ attention to the fact that any investor will only be able to fully exercise his/her/its investor rights directly against the Fund, notably the right to participate in general shareholders’ meetings if the investor is registered himself/herself/itself and in his/her/its own name in the shareholders’ register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his/her/its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

6.3 Reports and Accounts

Audited annual reports of the Fund shall be published within four (4) months following the end of the fiscal year of the Fund, and unaudited semi-annual reports shall be published within two (2) months following the period to which they refer. The annual and semi-annual reports shall be made available at the registered office of the Fund during ordinary office hours. The Fund’s financial year ends on 31 December. Shareholders who wish to receive a physical copy of the Fund’s annual and/or semi-annual reports must request this from the Fund. If such a request is received, the Fund will provide the relevant Shareholder with a physical copy of the Fund’s annual and/or semi-annual reports free of charge.

The Base Currency of the Fund is the Euro. The aforesaid reports will comprise consolidated accounts of the Fund expressed in Euro as well as individual information on each Sub-Fund expressed in the Sub-Fund Reference Currency.

6.4 Allocation of Assets and Liabilities among the Sub-Funds

For the purpose of allocating the assets and liabilities between the Sub-Funds, the Board of Directors has established a pool of assets for each Sub-Fund in the following manner:

- (a) the proceeds from the issue of each Share of each Sub-Fund are to be applied in the books of the Fund to the pool of assets established for that Sub-Fund and the assets and liabilities and income and expenditure attributable;
- (b) where any asset is derived from another asset, such financial derivative asset is applied in the books of the Fund to the same pool as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant pool;
- (c) where the Fund incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool; provided that all liabilities, whatever Sub-Fund they are attributable to, are, unless otherwise agreed upon with the creditors, only binding upon the relevant Sub-Fund;
- (d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools in equal parts or, if the amounts so justify, pro rata to the NAVs of the relevant Sub-Funds.

Under the Articles of Incorporation, the Board of Directors, may decide to create within each Sub-Fund one or more Classes whose assets will be commonly invested pursuant to the specific investment policy of the Sub-Fund but where a specific initial sales charge structure, fee structure, minimum initial investment amount or distribution policy may be applied to each Class. A separate NAV, which will differ as a consequence of these variable factors, will be calculated for each Class. If one or more Classes have been created within the same Sub-Fund, the allocation rules set out above shall apply, as appropriate, to such Classes. The Board of Directors, reserves the right to apply additional criteria as appropriate.

6.5 Determination of the Net Asset Value of Shares

The NAV of the Shares of each Class is determined in the relevant Share Class Reference Currency on each Valuation Day by dividing the net assets attributable to each Class by the number of Shares of such Class then outstanding. The number of decimals for the calculation of the NAV per Share will be rounded up to two decimal places. Fractions of Shares will be calculated by rounding down to three decimal places, and may be allocated as required.

The net assets of each Class are made up of the value of all the assets attributable to such Class less the total liabilities attributable to such Class determined as at the end of each Valuation Day. The actual calculation of the value of the assets will take place on the next Business Day:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash distributions and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as appropriate in such case to reflect the true value thereof;
- (b) the value of Transferable Securities, Money Market Instruments and any other assets which are listed or dealt in on any stock exchange shall be based on the latest available closing price. Transferable Securities, Money Market Instruments and any other assets traded on any other Regulated Market shall be valued in a manner as similar as possible to that provided for listed securities;
- (c) for non-listed assets or assets not dealt in on any stock exchange or other Regulated Market, as well as listed or non-listed assets on such other market for which no valuation price is available or assets for which the listed prices are not representative of the fair market value, the value thereof shall be determined as the appropriate fair value for the asset;
- (d) shares or units in underlying open-ended UCIs shall be valued at their last determined and available NAV or, if such price is not representative of the fair market value of such assets, then the price shall be determined as the appropriate fair value for the asset. Units or shares of a closed-ended UCI will be valued at their last available stock market value;
- (e) Money Market Instruments with a remaining maturity of more than ninety days at the time of purchase shall be valued at their market price. Money Market Instruments with a remaining maturity of less than ninety days at the time of purchase or securities the applicable interest rate or reference interest rate of which is adjusted at least once every

ninety days on the basis of market conditions shall be valued at cost plus accrued interest from its date of acquisition, adjusted by an amount equal to the sum of (i) any accrued interest paid on its acquisition and (ii) any premium or discount from its face amount paid or credited at the time of its acquisition, multiplied by a fraction the numerator of which is the number of days elapsed from its date of acquisition to the relevant Valuation Day and the denominator of which is the number of days between such acquisition date and the maturity date of such instruments;

(f) liquid assets not otherwise described above may be valued using an appropriate valuation basis ensuring that fair value is determined for the asset. All other assets, where practice allows, may be valued in the same manner;

(g) the net liquidating value of futures, forward and options contracts not traded on exchanges or on other Regulated Markets shall be determined pursuant to established policies on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and/or Regulated Markets on which the particular futures, forward or options contracts are traded by the Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as may be deemed fair and reasonable;

(h) all other assets of any kind or nature will be valued at their net realisable value as determined in good faith by or under the responsibility of the Board of Directors in accordance with generally accepted valuation principles and procedures.

The Fund is authorized to apply other appropriate valuation principles for the assets of the Fund and/or the assets of a Class if the aforesaid valuation methods appear impossible or inappropriate in the light of prevailing markets conditions in order to reflect better the probable realisation value established with prudence and good faith.

The value of assets denominated in a currency other than the Sub-Fund Reference Currency shall be determined by taking into account the rate of exchange prevailing at the time of the determination of the NAV.

The value of assets and liabilities of the Fund is generally determined in accordance with Luxembourg generally accepted accounting principles.

The NAV per Share of each Class and the issue and redemption prices thereof are available at the registered office of the Fund.

6.6 Net Asset Value Adjustment (“Swing Pricing”)

The basis on which a Sub-Fund's investments are valued is described in Section 6.5 of this Prospectus. The actual cost of purchasing or selling investments differs from the mid-market value utilised by the Administrative Agent to calculate the NAV per Share due to, but not limited to, transaction costs such as dealing spreads, commissions and taxes.

A Sub-Fund may suffer a reduction in value, known as “dilution” when trading the underlying investments as a result of net inflows or net outflows of the respective Sub-Fund. This is due to transaction charges and other costs that may be incurred by liquidating and purchasing the underlying assets and the spreads between the buying and selling prices. In order to counter this effect and to protect Shareholders' interests the Board of Directors will adopt a swing pricing mechanism as part of its valuation policy.

If on any Valuation Day, the aggregate net investor(s) transactions in a Sub-Fund exceed a pre-determined threshold, the net asset value per Share may be adjusted upwards or downwards to reflect the costs attributable to the net inflows and net outflows respectively. Typically, such adjustments will increase the net asset value per Share when there are net subscriptions into the Sub-Fund and decrease the net asset value per Share when there are net redemptions out of the Sub-Fund. The Board of Directors is responsible for setting the threshold, which will be a percentage of the net assets of the respective Sub-Fund. The threshold is based on objective criteria such as the size of a Sub-Fund and the dealing costs for a Sub-Fund, and may be revised from time to time.

The swing pricing mechanism will be applied across all Sub-Funds of the Fund. The amount of the swing factor will be up to a maximum of 3% of the NAV per Share except in case of the M&G Total Return Credit Investment Fund and the M&G European High Yield Credit Investment Fund for which the swing factor will be up to a maximum of 5% of the NAV per Share.

Investors are advised that the volatility of the Sub-Funds' net asset value might not reflect the true portfolio performance as a consequence of the application of swing pricing.

6.7 Temporary Suspension of Determination of the Net Asset Value, Issues, Redemptions and Conversions

The determination of the NAV of the Shares of one or more Classes of a Sub-Fund may be suspended during: (i) any period during which any of the principal markets or stock exchanges on which a substantial portion of the investments of the Sub-Fund is listed or dealt in, are closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; (ii) the existence of a state of affairs which constitutes an emergency as a result of which disposal or valuation of assets of the Sub-Fund would be impracticable; (iii) any breakdown in the means of communication or computation normally employed in determining the price or value of the assets of the Sub-Fund or the current prices or values on any market or stock exchange; (iv) any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; (v) any other circumstance or circumstances beyond the control and responsibility of the Board of Directors where a failure to effect such suspension might result in the Fund or its Shareholders incurring any tax liability or being affected in an adverse manner (pecuniary or otherwise); (vi) following the suspension of the calculation of the net asset value per share/unit, the issue, redemption and/or the conversion at the level of a master fund in which the Sub-Fund invests as feeder fund of such master fund, to the extent applicable; or (vii) following a possible decision to liquidate or dissolve the Fund or one or several Classes or Sub-Funds.

The Board of Directors reserves the right to suspend the issue, redemption and conversion of Shares in one or more Classes for any period during which the determination of the NAV per Share of the Sub-Fund(s) concerned is suspended by the Fund by virtue of the reasons described above. Any redemption or conversion request made or in abeyance during such a suspension period may be withdrawn by written notice to the Fund before the end of such suspension period. Should such withdrawal not be effected, the Shares in question shall be redeemed or converted, as applicable, on the first Valuation Day following the termination of the suspension period. Investors who have requested the purchase, redemption or conversion of Shares shall be informed of such suspension when such request is made. In the event where such suspension period exceeds the period initially determined by the Board of Directors, all Shareholders of the Class concerned shall be informed.

6.8 Liquidation of the Fund, Sub-Funds and Share Classes

a) The Fund

The Fund is incorporated for an unlimited period, and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders. This meeting will be convened in compliance with Luxembourg law:

- If the net assets of the Fund fall below two-thirds of the minimum capital as required by law (€1,250,000), approval from a simple majority of the Shares represented at the meeting would be required; and
- If the net assets of the Fund fall below one-fourth of the minimum capital as required by law, approval from the Shareholders holding one-quarter of the Shares present at the meeting would be required.

Should the Fund be liquidated, such liquidation shall be carried out in accordance with the provisions of the Law of 2010 which specifies the steps to be taken to enable Shareholders to participate in the liquidation distributions and provides for deposit in escrow at the *Caisse de Consignation* in Luxembourg of any such amounts which it has not been possible to distribute to the Shareholders at the close of the liquidation. Amounts not claimed within the prescribed period would be forfeited in accordance with the provisions of Luxembourg law. The net liquidation proceeds of each Sub-Fund shall be distributed to the Shareholders of each Class of the Sub-Fund in proportion to their respective holdings of such Class.

At the latest nine months after the decision of the Shareholders to terminate the Fund, (i) the liquidation of the Fund will have to be closed and (ii) all assets which have not yet been distributed to their beneficiaries shall be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

The liquidation of the last remaining Sub-Fund will result in the liquidation of the Fund as referred to in Article 145 (1) of the Law of 2010.

b) The Sub-Funds or Share Classes

The Board of Directors may decide to liquidate any Sub-Fund or Share Class (i) if the net assets of such Sub-Fund or Share Class fall below a level considered by the Board of Directors to be too low for that Sub-Fund or Share Class to continue to be managed efficiently; (ii) if an unfavourable change in the economic or political situation relating to the

Sub-Fund or Share Class would justify such liquidation as decided by the Board of Directors; or (iii) in the event of a product rationalisation decided by the Board of Directors.

Shareholders of the relevant Sub-Fund or Share Class will be notified by registered letter of the decision to liquidate prior to the effective date of the liquidation, and the letter will indicate the reasons for, and the procedures of, the liquidation. Actual realisation prices of investments, realisation expenses and liquidation costs will be taken into account in calculating the net asset value applicable to the compulsory redemption. Shareholders in the Sub-Fund or Share Class concerned will generally be authorised to continue requesting the redemption or conversion of their Shares prior to the effective date of the compulsory redemption, unless the Board of Directors determines that it would not be in the best interests of the Shareholders in that Sub-Fund or Share Class or could jeopardise the fair treatment of the Shareholders.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraphs, the Shareholders of any Sub-Fund or Share Class, as applicable, may also decide to terminate such Sub-Fund or Share Class at a general meeting of such Shareholders and have the Fund redeem compulsorily all the Shares of the Sub-Fund or Share Class at the net asset value per Share for the applicable Valuation Day. The convening notice to the general meeting of Shareholders of the Sub-Fund or Share Class will indicate the reasons for and the process of the proposed termination and liquidation.

No later than nine months after a decision of the Board of Directors to terminate a Sub-Fund or Share Class, (i) the liquidation of the Sub-Fund or Share Class will be closed and (ii) such proceeds of the liquidation which the Directors have been unable to distribute to their beneficiaries shall be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

6.9 Merger of the Fund – Merger of Sub-Funds – Reorganisation of Share Classes

A) Mergers decided by the Board of Directors

1) The Fund

The Board of Directors may decide to proceed with a merger (within the meaning of the Law of 2010) of the Fund, either as receiving or absorbed UCITS, with:

- another Luxembourg or foreign UCITS (the “**New UCITS**”); or
- a sub-fund thereof,

and, as appropriate, to redesignate the Shares of the Fund concerned as shares of this New UCITS, or of the relevant sub-fund thereof as applicable.

In case the Fund involved in a merger is the receiving UCITS (within the meaning of the Law of 2010), solely the Board of Directors will decide on the merger and effective date thereof.

In the case the Fund involved in a merger is the absorbed UCITS (within the meaning of the Law of 2010), and hence ceases to exist, the general meeting of the Shareholders, rather than the Board of Directors, has to approve, and decide on the effective date of, such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the Law of 2010, in particular concerning the merger project and the information to be provided to the Shareholders.

2) The Sub-Funds

The Board of Directors may decide to proceed with a merger (within the meaning of the Law of 2010) of any Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- another existing or new Sub-Fund within the Fund or another sub-fund within a New UCITS (the “**New Sub-Fund**”); or
- a New UCITS,

and, as appropriate, to redesignate the Shares of the Sub-Fund concerned as shares of the New UCITS, or of the New Sub-Fund as applicable.

Such a merger shall be subject to the conditions and procedures imposed by the Law of 2010, in particular concerning the merger project and the information to be provided to the Shareholders.

B) Mergers decided by the Shareholders

1) The Fund

Notwithstanding the powers conferred to the Board of Directors by the preceding section, a merger (within the meaning of the Law of 2010) of the Fund, either as receiving or absorbed UCITS, with:

- a New UCITS; or
- a sub-fund thereof,

may be decided by a general meeting of the Shareholders for which there shall be no quorum requirement and which will decide on such a merger and its effective date by a resolution adopted at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the Law of 2010, in particular concerning the merger project and the information to be provided to the Shareholders.

2) The Sub-Funds

The general meeting of the Shareholders of a Sub-Fund may also decide a merger (within the meaning of the Law of 2010) of the relevant Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- any New UCITS; or
- a New Sub-Fund,

by a resolution adopted with no quorum requirement at a simple majority of the votes validly cast at such meeting.

Such a merger shall be subject to the conditions and procedures imposed by the Law of 2010, in particular concerning the merger project and the information to be provided to the Shareholders.

General

Shareholders will in any case be entitled to request, without any charge other than those retained by the Fund or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, in accordance with the provisions of the Law of 2010.

C) Reorganisation of Share Classes

In the event that for any reason the net asset value of a Share Class has decreased to, or has not reached an amount determined by the Board of Directors (in the interests of Shareholders) to be the minimum level for such Class to be operated in an efficient manner, the Board of Directors may decide to re-allocate the assets and liabilities of that Class to those of one or several other Classes within the Fund and to re-designate the shares of the Class(es) concerned as shares of such other share class or share classes (following a split or consolidation, if necessary, and the payment to Shareholders of the amount corresponding to any fractional entitlement). The Shareholder of the Share Class concerned will be informed of the reorganisation by way of a notice and/or in any other way as required or permitted by applicable laws and regulations.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the Shareholders may decide on such reorganisation by resolution taken by the general meeting of Shareholders of the Share Class concerned. The convening notice to the general meeting of Shareholders will indicate the reasons for and the process of the reorganisation.

6.10 Income Equalisation

Income equalisation arrangements will be applied to the Sub-Funds unless otherwise specified in the relevant Supplement. Such income equalisation arrangements are designed to minimise the dilutive effect of subscriptions, conversions and redemptions on the level of income accrued within a Sub-Fund and attributable to each Share during a distribution period.

6.11 Material Contracts

The following material contracts have been entered into:

(a) An investment management agreement effective as from 12 February 2018 between the Fund and the Investment Manager, as amended from time to time, (the "Investment Management Agreement") pursuant to which the latter acts as investment manager of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon ninety (90) days' written notice.

(b) A depositary agreement effective as from 12 February 2018 between the Fund and the Depositary (the "Depositary Agreement") pursuant to which the latter is appointed depositary of the assets of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon six (6) months prior written notice.

(c) An administration agreement effective as from 12 February 2018 between the Fund and the Administrative Agent, as amended from time to time, (the "Administration Agreement") pursuant to which the latter is appointed domiciliary and corporate agent, administrative agent and registrar and transfer agent and paying agent of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon six (6) months written notice.

(d) A global distribution agreement dated 11 April 2011 between the Fund and the Global Distributor, as amended from time to time, pursuant to which the latter is appointed distributor. This Agreement is entered into for an unlimited period and is terminable by a party upon ninety (90) days' written notice.

6.12 Documents

6.12.1 Prospectus, Articles of Incorporation, Periodical Reports and KIIDs

Copies of the Articles of Incorporation of the Fund, the current Prospectus, the KIIDs and the latest financial reports may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg. Such reports form an integral part of this Prospectus. The KIIDs may also be obtained free of charge on M&G Investment Management Limited's website at <http://www.mandg.lu/institutions/product-literature/>.

6.12.2 Complaints Handling

A person having a complaint to make about the operation of the Fund may submit such complaint in writing to State Street Bank Luxembourg S.C.A., at 49, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The details of the Fund's complaint handling procedures may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg.

6.12.3 Best Execution

The Fund's best execution policy sets out the basis upon which the Fund will effect transactions and place orders in relation to the Fund whilst complying with its obligations under the CSSF Regulation No. 10-4 and the CSSF Circular 12/546 as amended to obtain the best possible result for the Fund and its Shareholders. Details of the Fund's best execution policy may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg.

6.12.4 Strategy for the Exercise of Voting Rights

The Fund has a strategy for determining when and how voting rights attached to ownership of the Fund's investments are to be exercised for the exclusive benefit of the Fund. A summary of this strategy as well as the details of the actions taken on the basis of this strategy in relation to each Sub-Fund may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg and is available on M&G Investment Management Limited's website at <http://www.mandg.lu/institutions/product-literature/>.

6.12.5 Remuneration

Effective from 1 January 2017, the Fund 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 and the FCA Handbook of Rules and Guidance. The remuneration policy is overseen by a remuneration committee.

The remuneration policy is consistent with sound and effective risk management and which does not encourage risk taking which is inconsistent with the risk profile of the Sub-Funds. The remuneration policy integrates governance, balanced pay structure between fixed and variable components as well as risk and the link between pay and performance, designed to be consistent with the business strategy, objectives, values and interests of the Fund and the Shareholders and includes measures to avoid conflicts of interest. The remuneration policy ensures that the assessment of the performance is based on the long term performance of the Fund and the delivery of an element of the performance-based remuneration is spread over an appropriate long term period. The Fund has identified (i) its staff members and (ii) the categories of staff of the entities to which the investment management activities have been delegated, whose professional activity have a material impact on the risk profiles of the Sub-Funds, and shall ensure they comply with the remuneration policy.

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;

please visit the following website: <http://www.mandg.com/en/corporate/about-mg/our-people/>.

A paper copy will also be available free of charge upon request to the registered office of the Fund.

6.13 Potential Conflicts of Interest

The Investment Manager, or an affiliate of the Investment Manager, may have an interest that may conflict with the ability of the Investment Manager to act in the best interests of the Fund or a Sub-Fund.

M&G Investment Management Limited and its affiliates may invest in, transact with and provide services for the Fund or a Sub-Fund and charge and receive fees in the ordinary course of business. The Fund or a Sub-Fund may invest in securities issued or underwritten by M&G Investment Management Limited or its affiliates.

The Investment Manager has policies and procedures in place to identify and mitigate any potential conflicts of interest arising from related party transactions, with a view to ensuring that all such transactions will be effected on terms which are not materially less favourable to the Fund or a Sub-Fund than if the potential conflict had not existed.

The Investment Manager will also have policies and procedures requiring it to act in the best interests of the Fund and the Sub-Funds so far as it is practicable having regard to its obligations to other clients, when undertaking any investment where potential conflicts of interest may arise.

7 Sub-Fund Charges

1. Initial Sales Charge
2. Annual Charge
3. Portfolio Transaction Costs
4. Extraordinary Expenses
5. Collective Investment Scheme Costs

Any fees or expenses payable by a Shareholder or out of the assets of the Fund are set out in this section.

Each Class of Shares in the Fund has an “Ongoing Charges Figure” (“**OCF**”), and this is shown in the relevant KIID. The OCF is intended to assist Shareholders to ascertain and understand the impact of charges on their investment each year and to compare the level of those charges with the level of charges in other funds. The OCF excludes any initial charge, portfolio transaction costs and any extraordinary expenses, but will capture the Sub-Fund’s Annual Charge as detailed below.

7.1 Initial Sales Charge

The Fund is permitted to make an initial sales charge on the subscription of Shares by an investor. Where applicable, the percentage rate of any initial sales charge will be disclosed in the relevant Supplement for each Sub-Fund. The maximum amount for such initial sales charge will be 1.50% of the value of the relevant subscription. Any initial sales charge will be passed to the Investment Manager or placement or other introducing agents.

7.2 Annual Charge

The Fund will pay an annual charge calculated as a percentage of the average daily net assets of each Sub-Fund or Share Class under its management (the “**Annual Charge**”). The Annual Charge will accrue daily and be payable quarterly in arrears at the rate specified in the relevant Sub-Fund Supplement and includes:

- (1) formation expenses such as organisation and registration costs;
- (2) fees and charges associated with the portfolio management services, operation, administration and oversight costs associated with the Fund;
- (3) fees and expenses payable to the service providers of the Fund (the “Service Providers”) including their out of pocket expenses as permitted pursuant to any contractual arrangements with such Service Provider;
- (4) fees and expenses of any delegates (including sub-custodians) of such Service Providers;
- (5) costs of preparation and dissemination of the Prospectus, KIIDs and constitution as well as financial statements and other reports and notifications to Shareholders;
- (6) costs, fees and expenses in respect of the distribution of the Shares;
- (7) costs, fees and expenses of any paying agent or representative appointed in compliance with the requirements of another jurisdiction;
- (8) Luxembourg asset-based *taxe d’abonnement*;
- (9) Collateral manager fees;
- (10) costs, fees and expenses relating to the share class currency hedging provider (where relevant); and
- (11) remuneration paid to Directors who are not connected with running the Fund.

Subject to applicable law and regulations, the Investment Manager, at its absolute discretion, may on a negotiated basis enter into a private arrangement with a distributor under which the Investment Manager makes payments to or for the benefit of such distributor which represent a rebate of all or part of the fees paid by the Fund to the Investment Manager.

In addition, the Investment Manager or a distributor at their absolute discretion, subject to applicable law and regulations, may enter into similar arrangements with investors that are investing sufficiently large amounts, either initially or are anticipated to do so over time, such as platform service providers or those who are cornerstone or early investors in a given Sub-Fund. Additionally, the Investment Manager may grant similar preferential terms to the employees of M&G and affiliates.

Consequently, the effective net fees payable by a holder of Shares who is entitled to receive a rebate under the arrangements described above may be lower than the fees payable by a holder of Shares who does not participate in such arrangements.

7.3 Portfolio Transaction Costs

Each Sub-Fund bears all the costs and expenses of buying and selling portfolio securities and financial instruments in pursuit of its investment objective. These costs and expenses may include dealing spreads, brokerage fees and commissions, interest or taxes payable, gains and losses associated with currency hedging transactions (including share class hedging transactions) and other transaction-related expenses ("Transaction Costs").

Shareholders should note that these costs are not included in the Annual Charge, but will impact the Net Asset Value of the Sub-Fund.

7.4 Extraordinary Expenses

In addition, the Fund or any Sub-Fund may bear any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge imposed on the Fund or Sub-Fund that would not be considered as ordinary expenses ("Extraordinary Expenses").

7.5 Collective Investment Scheme Costs

The Sub-Funds may invest in UCITS and other UCIs managed by the Investment Manager or its affiliates and also other investment managers ("Collective Investment Schemes"). Accordingly, the Sub-Fund would indirectly pay its pro rata share of the fees and expenses charged by each Collective Investment Scheme and all such fees and expenses will be reflected in the valuation of the Collective Investment Scheme.

Where the Sub-Fund invests in a Collective Investment Scheme managed by the Investment Manager or its affiliates, the Investment Manager will rebate to the Sub-Fund any management fee charged by the underlying Collective Investment Scheme or alternatively reduce the Annual Charge by the amount of any equivalent management fee that has been charged by the underlying Collective Investment Scheme. The Investment Manager will also waive any initial sales or redemption charge at the level of the underlying Collective Investment Scheme to avoid any double charging. The Sub-Fund would still however bear its pro rata share of any operating and administrative expenses as well as any applicable performance fees.

Where a Sub-Fund invests in a Collective Investment Scheme managed by other investment managers these may not be subject to the above rebate process and they may also be subject to initial sales and redemption charges.

8 Investment Strategies of the Sub-Funds

1. Investment Strategies of the Sub-Funds
2. Securities Financing Transactions Regulation (SFTR)

8.1 Investment Strategies of the Sub-Funds

The Board of Directors has determined the investment objective and investment policy of each of the Sub-Funds as described in the Supplements to this Prospectus. There can be no assurance that the investment objective for any Sub-Fund will be attained. Pursuit of the investment objective and investment policy of any Sub-Fund must be in compliance with the limits and restrictions set out in Appendix 1 “Investment Restrictions and Techniques and Instruments”.

The Sub-Funds may hold such ancillary liquid assets as the Investment Manager considers appropriate in the form of, without limitation, current accounts, fixed term deposits or money market instruments having a residual maturity of less than 12 months.

For the purpose of efficient portfolio management, each Sub-Fund may use derivatives to hedge against market risk, interest rate risk and currency risk. The Sub-Funds may seek to hedge their investments against currency fluctuations which are adverse to the Sub-Funds' Reference Currency by using currency options, futures contracts and forward foreign exchange contracts. The Sub-Funds may also use derivatives such as options, futures, forwards and swaps as a substitute for direct investment. Derivatives may be used for the purposes of hedging and/or efficient portfolio management of each of the Sub-Funds. If derivatives are used for purposes other than hedging and/or efficient portfolio management, this will be stated for the relevant Sub-Funds in the relevant Supplement.

When using the techniques and instruments described in the preceding paragraphs, the Sub-Funds must comply with the limits and restrictions set out in Appendix 1 “Investment Restrictions and Techniques and Instruments”. Also, such techniques and instruments shall be used only to the extent that they do not affect the quality of the investment policies and objectives of the Sub-Funds.

Use of the aforesaid techniques and instruments involves certain risks, and there can be no assurance that the objective sought to be obtained from such use will be achieved.

8.2 Securities Financing Transactions Regulation (SFTR)

SFTR refers to the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

At this time, none of the Sub-Funds will enter into (i) repurchase or reverse repurchase agreements, (ii) securities or commodities lending and securities and commodities borrowings, (iii) buy-sell back transactions or sell-buy back transactions, (iv) margin lending transactions and (v) total return swaps, as referred to under the SFTR. Should the Sub-Funds decide to use any of these techniques, this Prospectus shall be updated in accordance with SFTR.

9 Taxation

1. General
2. The Fund
3. Shareholders
4. Net Wealth Tax
5. Value Added Tax
6. Common Reporting Standard (CRS) - Luxembourg
7. US Foreign Account Tax Compliance Requirements ("FATCA")
8. Other Taxes
9. Reporting Fund Status

9.1 General

The following summary is based on the law and practice applicable in the Grand Duchy of Luxembourg as at the date of this Prospectus and is subject to changes in law (or interpretation) later introduced, whether or not on a retroactive basis. Investors should inform themselves of, and when appropriate, consult their professional advisors with regards to the possible tax consequences of subscription for buying, holding, exchanging, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

It is expected that Shareholders will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the taxation consequences for each investor subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with a Shareholder's personal circumstances. Investors should be aware that the residence concept used under the respective headings applies for Luxembourg tax assessment purposes only. Any reference in this Section 9 to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.

Investors should also note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*). Shareholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply in addition.

9.2 The Fund

Under current law and practice, the Fund is not liable to any Luxembourg income or net wealth tax, nor are dividends paid by the Fund liable to any Luxembourg withholding tax. However, in relation to Class R Shares, the Fund is liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the net asset value of the respective Class at the end of the relevant quarter. A reduced tax rate of 0.01% per annum of the net assets will be applicable to all other Share Classes. Such tax is payable quarterly and calculated on the net assets of such Classes at the end of the relevant quarter.

The aforementioned tax is not applicable for the portion of the assets of the Fund invested in other Luxembourg collective investment undertakings. No stamp duty or other tax is generally payable in Luxembourg on the issue of Shares for cash by the Fund except a fixed registration duty of €75 paid upon incorporation. Any amendments to the Articles of Incorporation are as a rule also subject to a fixed registration duty of €75.

The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. Although the Fund's realised capital gains, whether short term or long term, are not expected to become taxable in another country, Shareholders must be aware and recognise that such a possibility is not totally excluded. The regular income of the Fund from some of its securities as well as interest earned on cash deposits in certain source countries may be liable to withholding taxes at varying rates, which normally cannot be recovered. Withholding and other taxes levied at source, if any, are not recoverable. Whether the Fund may benefit from a double tax treaty concluded by Luxembourg must be determined on a case-by-case basis.

9.3 Shareholders

Luxembourg Tax Residency

A Shareholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of Shares or the execution, performance or enforcement of its rights thereunder.

Income Tax - Luxembourg Residents

Luxembourg resident Shareholders are not liable to any Luxembourg income tax on reimbursement of the book value of the share capital contributed to the Fund.

Luxembourg Resident Individuals

Any dividends and other payments derived from the Shares received by Luxembourg resident individuals, who act in the course of either their private wealth or their professional or business activities are subject to income tax at the progressive ordinary rate.

Capital gains realised upon the sale, disposal or redemption of Shares by Luxembourg resident individual Shareholders acting in the course of the management of their private wealth are generally not subject to Luxembourg income tax, provided this sale, disposal or redemption takes place more than six months after the Shares were acquired and provided the Shares do not represent a substantial shareholding. A shareholding is considered as a substantial shareholding in limited cases, in particular if (i) the Shareholder has held, either alone or together with his/her spouse or partner and/or his/her minor children, either directly or indirectly, at any time within the five years preceding the realisation of the gain, more than 10% of the share capital of the Fund or (ii) the Shareholder acquired free of charge, within the five years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator (or alienators, in case of successive transfers free of charge within the same five year period). Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

Luxembourg Resident Corporations

Luxembourg resident corporate Shareholders (*sociétés de capitaux*) must include any profits derived, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

Luxembourg Residents Benefiting from a Special Tax Regime

Luxembourg resident corporate Shareholders which benefit from a special tax regime, such as (i) UCI governed by the Law of 2010, (ii) specialised investment funds governed by the amended law of 13 February 2007, (iii) family wealth management companies governed by the amended law of 11 May 2007, and (iv) reserved alternative investment funds (treated as specialized investment funds for Luxembourg tax purposes) subject to the law of 23 July 2016, are tax exempt entities in Luxembourg and are thus not subject to any Luxembourg income tax (but subject to the annual subscription tax (*taxe d'abonnement*)).

Income Tax - Luxembourg Non-residents

Shareholders, who are non-residents of Luxembourg and which have neither a permanent establishment nor a permanent representative in Luxembourg to which the Shares are attributable are generally not subject to Luxembourg taxation on any income, withholding, capital gains or other taxes in Luxembourg and the Shares will not be subject to net wealth tax.

Corporate Shareholders which are non-residents of Luxembourg but which have a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares in their taxable income for Luxembourg tax assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in

Luxembourg to which the Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

Investors should consult their professional advisors regarding the possible tax or other consequences of buying, holding, transferring or selling Shares under the laws of their countries of citizenship, residence or domicile.

9.4 Net Wealth Tax

In general, Luxembourg non-resident Shareholders are not subject to net wealth tax. Net wealth tax is only applicable to Luxembourg non-resident Shareholders if their Shares are attributable to a permanent establishment or a permanent representative in Luxembourg.

Luxembourg resident Shareholders, and non-resident Shareholders having a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, would generally be subject to Luxembourg net wealth tax on such Shares, unless the Shareholder is (i) a resident or non-resident individual taxpayer, (ii) a UCI governed by the Law of 2010, (iii) a securitisation company governed by the amended law of 22 March 2004, (iv) a venture capital vehicles governed by the amended law of 15 June 2004, (v) a specialised investment fund governed by the amended law of 13 February 2007, or (vi) a family wealth management company governed by the amended law of 11 May 2007, (vii) a professional pension institution governed by the amended law dated 13 July 2005, or, (viii) a reserved alternative investment fund governed by the law of 23 July 2016.

However, (i) a securitisation company governed by the amended law of 22 March 2004, (ii) a venture capital vehicle governed by the amended law of 15 June 2004, (iii) a professional pension institution governed by the amended law dated 13 July 2005, as well as (iv) a reserved alternative investment fund governed by the law of 23 July 2016 (opting to be treated as a venture capital vehicle for Luxembourg tax purposes) remain subject to minimum net worth tax.

9.5 Value Added Tax

In Luxembourg, a regulated investment fund such as the Fund is considered as a taxable person for VAT purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Fund could potentially trigger VAT and require the VAT registration of the Fund in Luxembourg. As a result of such VAT registration, the Fund will be in a position to fulfil its duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the Fund to its Shareholders, to the extent that such payments are linked to their subscription for Shares and do not constitute the consideration received for any taxable services supplied.

9.6 Common Reporting Standard (CRS) - Luxembourg

Capitalised terms used in this section should have the meaning as set forth in the CRS Law (as defined below), unless provided otherwise herein.

The Fund may be subject to the Common Reporting Standard (the "CRS") as set out in the Luxembourg law dated 18 December 2015 (the "CRS Law") implementing Directive 2014/107/EU which provides for an automatic exchange of financial account information between Member States of the European Union as well as the OECD's multilateral competent authority agreement on automatic exchange of financial account information signed on 29 October 2014 in Berlin, with effect as of 1 January 2016.

Under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution.

As such, since 30 June 2017 and in accordance with Section 5.8 "Data Protection" of the Prospectus, the Fund is required to annually report to the Luxembourg tax authorities personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain Shareholders qualifying as Reportable Persons as per the CRS Law and (ii) Controlling Persons of certain non-financial entities ("NFEs") which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the "Information"), will include Personal Data related to the Reportable Persons.

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the Fund with the Information, along with the required supporting documentary evidence. In this context, the Shareholders are hereby informed that, as data controller, the Fund will process the Information for the purposes as set out in the CRS Law.

Shareholders qualifying as passive NFEs undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Fund.

The Shareholders are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. The Luxembourg tax authorities will, under their own responsibility, eventually exchange the reported information to the competent authority of the Reportable Jurisdiction. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities.

Similarly, the Shareholders undertake to inform the Fund within thirty (30) days of receipt of these statements should any included Personal Data be not accurate. The Shareholders further undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any Shareholder that fails to comply with the Fund's Information or documentation requests may be held liable for penalties imposed on the Fund as a result of such Shareholder's failure to provide the Information or subject to disclosure of the Information by the Fund to the Luxembourg tax authorities and the Fund may, in its sole discretion, redeem the Shares of such Shareholders.

9.7 US Foreign Account Tax Compliance Requirements ("FATCA")

Capitalised terms used in this section should have the meaning as set forth in the FATCA Law (as defined below), unless provided otherwise herein.

The Fund may be subject to the so-called FATCA legislation which generally requires reporting to the US Internal Revenue Service of non-US financial institutions that do not comply with FATCA and direct or indirect ownership by US persons of non-US entities. As part of the process of implementing FATCA, the US government has negotiated intergovernmental agreements with certain foreign jurisdictions which are intended to streamline reporting and compliance requirements for entities established in such foreign jurisdictions and subject to FATCA.

Luxembourg has entered into a Model I Intergovernmental Agreement ("IGA") implemented by the amended Luxembourg law of 24 July 2015 (the "FATCA Law"), which requires Financial Institutions located in Luxembourg to report, when required, information on Financial Accounts held by Specified US Persons, if any, to the Luxembourg tax authorities (*administration des contributions directes*).

Under the terms of the FATCA Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution.

This status imposes on the Fund the obligation to regularly obtain and verify information on all of its Shareholders. Such verification shall be performed in accordance with Section 5.8 "Data Protection" of the Prospectus. On the request of the Fund, each Shareholder shall agree to provide certain information, including, in the case of a passive Non-Financial Foreign Entity ("NFFE"), information on the Controlling Persons of such NFFE, along with the required supporting documentation. Similarly, each Shareholder shall agree to actively provide to the Fund within thirty (30) days any information that would affect its status, as for instance a new mailing address or a new residency address.

FATCA may require the Fund to disclose the names, addresses and taxpayer identification number (if available) of its Shareholders as well as information such as account balances, income and gross proceeds (non-exhaustive list) to the Luxembourg tax authorities for the purposes set out in the FATCA Law. Such information will be relayed by the Luxembourg tax authorities to the US Internal Revenue Service. Such disclosure shall be performed in accordance with Section 5.8 "Data Protection" of the Prospectus.

Although the Fund will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax or penalties as result of the FATCA regime, the value of the Shares held by the Shareholders may suffer material losses. The failure for the Fund to obtain such information from each Shareholder and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income and on proceeds from the sale of property or other assets that could give rise to U.S. source interest and dividends as well as penalties.

Any Shareholder that fails to comply with the Fund's documentation requests may be charged with any taxes and/or penalties imposed on the Fund as a result of such Shareholder's failure to provide the information and the Fund may, in its sole discretion, redeem the Shares of such Shareholder.

Shareholders who invest through intermediaries are reminded to check if and how their intermediaries will comply with this U.S. withholding tax and reporting regime.

Shareholders should consult a U.S. tax advisor or otherwise seek professional advice regarding the above requirements.

9.8 Other Taxes

No estate or inheritance tax is levied on the transfer of Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax may be levied on a gift or donation of Shares if embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg.

9.9 Reporting Fund Status

The Fund is not seeking to receive certification by the HM Revenue & Customs as a reporting fund under the Finance Act 2008.

10 Risk Management Process

In accordance with the Law of 2010 and other applicable regulations, the Fund employs a risk management process which enables it to monitor and measure the exposure of the Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Fund.

In relation to financial derivative instruments the Fund employs a process for accurate and independent assessment of the value of OTC derivatives and the Fund ensures for each of its Sub-Funds that its global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.

The global exposure of the Sub-Fund(s) is measured by using the relative Value-at-Risk (VaR) or the absolute VaR as the case may be. The global exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The expected leverage levels, set out for each Sub-Fund in the relevant Supplement, have been calculated using the specific methodologies prescribed under the ESMA (formerly CESR) Guidelines 10-788 of 28 July 2010 on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS and the document entitled "Questions and Answers: Risk Measurement and Calculation of Global Exposure and Counterparty Risk for UCITS (2012/ESMA/429)" published on 9 July 2012 (namely, the "sum of notionals" and the "commitment approach" methodologies). These methodologies might differ from the methodologies used in other jurisdictions and/or general market practice regarding how leverage is understood. Shareholders should note that under these methodologies, where a Sub-Fund uses derivatives for the purposes of efficient portfolio management, this will in some cases be included in the expected leverage calculation. This will inevitably inflate the expected leverage level for that Sub-Fund. In particular, under the sum of notionals methodology, neither netting, (including duration netting), nor hedging in relation to derivative positions is permitted. This will inevitably inflate the expected leverage levels calculated using this methodology, especially for any Sub-Fund that uses foreign exchange forward contracts as part of its investment strategy.

Each Sub-Fund may invest, according to its investment policy and within the limits laid down Appendix 1 "Investment Restrictions and Techniques and Instruments" in financial derivative instruments provided that the global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Appendix 1 "Investment Restrictions and Techniques and Instruments".

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Appendix 1 "Investment Restrictions and Techniques and Instruments".

When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of this section.

11 Risk factors

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Sub-Fund. Different risks may apply to different Sub-Funds. Prospective investors should review this Prospectus and the relevant Supplement in its entirety and consult with their professional and financial advisers before making an application for Shares.

Prospective investors should consider, among others, the following factors before subscribing for Shares:

General Risks

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

Business Risk

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

Effect of Initial Sales Charge

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

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

Depository – Segregation, Sub-custodians and Insolvency

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

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

Market Crisis and Governmental Intervention

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an “emergency” basis without much or any notice with the consequence that some market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

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

FATCA and Compliance with US Withholding Tax Requirements

Provisions under the US HIRE Act, known as FATCA, generally will impose a 30% withholding tax on (a) certain US source payments (including interest and dividends) after 31 December 2013, (b) gross proceeds from the disposition of US equity or debt investments realised after 31 December 2016 and (c) starting no earlier than 1 January 2017, certain payments made by certain foreign entities to the extent the payments are treated as attributable to withholdable payments, unless the Fund enters into an FFI agreement with the IRS. Luxembourg has entered into an IGA (as defined under Section 9.7) relating to FATCA with the United States. It is the intention of the Directors to comply with FATCA pursuant to the IGA. To comply, the Fund will be required to, amongst other things, report on an annual basis information relating to the identity of certain investors (generally investors who are US taxpayers or who are owned by US taxpayers) and details relating to their holdings to the Luxembourg tax authorities.

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

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

Hedging Risk

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

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

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

Please refer to the risk factors headed “Currency Hedged Share Classes - No Segregation of Liabilities” and “Currency Hedged Share Classes - Implication for Specific Share Class” below for further disclosure in relation to certain risks related to Shares being denominated in different currencies and assets of a Sub-Fund being denominated in a currency other than the Reference Currency of the relevant Sub-Fund.

Market Risk

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

Counterparty Risk

On a day-to-day basis the Fund on behalf of a Sub-Fund may trade with market participants in order to build assets which will give rise to short term counterparty risk. Additionally each Sub-Fund may invest its assets in overnight deposits of credit institutions, money market funds, treasuries or other near-cash securities. Such Ancillary Liquid Assets may be held for longer periods where, due to market circumstances, the Fund on behalf of the Sub-Fund believes that it is in its best interests to do so. Should the Sub-Fund trade OTC Derivatives (which includes forward

foreign exchange) it must do so with approved OTC counterparties with appropriate legal documentation in place, namely ISDA agreements. The ISDA agreement also contains a Credit Support Annex (the "CSA"). If the Fund in respect of a Sub-Fund is subject to the European market infrastructure regulation ("EMIR") clearing requirements and the counterparty is also acting as the clearing broker a clearing addendum must also be appended to the ISDA. Also in the case of cleared OTC a separate cleared derivatives execution agreement (the "CDEA") is also required. These legal documents ensure segregation of liabilities in the event of a default and define the appropriate collateral and acceptable haircuts with each counterparty, clearing broker, clearing house and the Sub-Fund. Additional key controls for both bi-lateral and cleared OTC include; daily valuation of positions, daily collateralisation, zero thresholds and netting. Owing to the settlement cycle of collateral the Sub-Fund may have a mixture of collateralised and uncollateralised risk.

Liquidity Risk

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

Suspension of Dealing In Shares

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

Cancellation Risks

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.

Inflation

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

Taxation

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

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

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 Sub-Fund as such treaties may require the majority of investors in the Sub-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 Sub-Fund.

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

Where a Sub-Fund chooses or is required to pay taxation liabilities and/or account for reserves in respect of taxes that are or may be payable in respect of current or prior periods by that Sub-Fund or the Fund (whether in accordance with current or future accounting standards), this would have an adverse effect on the Net Asset Value of the Shares in that

Sub-Fund. This could cause benefits or detriments to certain Shareholders, depending on the timing of their entry to and exit from the relevant Sub-Fund.

Tax Developments

The tax regulations which the Sub-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 the Sub-Funds and investors in their country of residence or domicile may impact negatively on the returns received by investors.

Cyber Event Risk

Like other business enterprises, the use of the internet and other electronic media and technology exposes the Fund, its service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, “**cyber-events**”). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through “hacking” activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the Fund and its Shareholders. A cyber-event may cause the Fund, or its service providers to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Net Asset Value of the 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 the 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.

Fund Specific Risks

Please review the relevant Sub-Fund Supplement for reference to the key specific risks associated with each particular Sub-Fund.

Currency & Exchange Rate Risk

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

Currency Risk on Unhedged Share Classes

Currency exchange rate fluctuations will impact the value of an unhedged share classes where the currency of the share class differs from that of the valuation currency of the Sub-Fund.

Interest Rate Risk

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

Credit Risk

The value of the Sub-Fund will fall in the event of the default or perceived increased credit risk of an issuer. This is because the capital and income value and liquidity of the investment is likely to decrease. Debt securities, such as AAA rated government and corporate bonds, have a relatively low risk of default compared to non-Investment Grade bonds. However, the ratings are subject to change and they may be downgraded. The lower the rating the higher the risk of default. The risk associated with unrated bonds is similar to the risk associated to a rated debt security with similar features.

Zero or Negative Yield

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

Emerging Markets

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

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

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

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

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

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

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

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

Sub-Funds Investing In A Specific Asset Class, Region or Sector

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

Currency Hedged Share Classes - No Segregation of Liabilities

Gains or losses arising from currency hedging transactions are borne by the Shareholders of the respective hedged Share Classes. Given that there is no segregation of liabilities between Share Classes, there is a risk that, under certain circumstances, the settlement of currency hedging transactions or the requirement for collateral (if such activity is collateralised) in relation to one Share Class could have an adverse impact on the net asset value of the other Share Classes in issue. Although this risk will be mitigated, it cannot be fully eliminated, as there may be circumstances where it is not possible or practical to do so. For example, where the Sub-Fund needs to sell securities to fulfil financial obligations specifically related to the Currency Hedged Share Classes and such actions adversely affect the net asset value of the other Share Classes in the Sub-Fund.

Currency Hedged Share Classes Implications for Specific Share Class

The Investment Manager will undertake transactions specifically to reduce the exposure of holders of Currency Hedged Share Classes to movements in the reference currency of the relevant Sub-Fund. The hedging strategy employed may not completely eliminate the exposure of the Currency Hedged Share Classes to currency movements and no assurance can be given that the hedging objective will be achieved. Investors should also be aware that the

hedging strategy may substantially limit Shareholders of the relevant Currency Hedged Share Class from benefiting if the Share Class Reference Currency falls against the relevant hedging currencies.

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

Hedging Methodology – Currency Hedged

For Sub-Funds which seek to fully hedge the underlying portfolio currencies back to the Sub-Fund Reference Currency, the Investment Manager undertakes hedging transactions to reduce the effect of exchange rate movements between the Share Class Reference Currency and the Sub-Fund Reference Currency. Such Currency Hedged Share Classes will be denoted with the suffix “(Currency Hedged)”.

Hedging Methodology – NAV Hedged

For Sub-Funds which do not seek to fully hedge the underlying portfolio currencies back to the Sub-Fund Reference Currency, the Investment Manager undertakes hedging transactions to reduce the effect of exchange rate movements between the Share Class Reference Currency and the Sub-Fund Reference Currency. Such Currency Hedged Share Classes will be denoted with the suffix “(NAV Hedged)”. Investors should note that when investing in such classes that they will still be exposed to the effect of exchange rate movements between the underlying portfolio currencies and Sub-Fund Reference Currency, which could be volatile and negatively impact returns.

Liabilities of the Sub-Fund

Shareholders are not liable for the debts of the Sub-Fund. A Shareholder is not liable to make any further payment to the Sub-Fund after he has paid in full for the purchase of Shares.

Protected Cell - Foreign Courts

Whilst the Articles of Incorporation provides for segregated liability between the Sub-Fund, the concept of segregated liability may not be recognised and given effect by a court in certain contexts including where relevant contractual documents involving the Sub-Funds are not construed in a manner to provide segregated liability. Where claims are brought by local creditors in foreign courts or under foreign contracts, and the liability relates to one Sub-Fund which is unable to discharge its liability, it is not clear whether a foreign court would give effect to the segregated liability contained in the Articles of Incorporation. Therefore, it is not possible to be certain that the assets of a Sub-Fund will always be completely insulated from the liabilities of another Sub-Fund of the Fund in every circumstance.

Negative Interest Rates

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

Investment in funds

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

European Union and Eurozone Risk

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

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

role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries from 1 July 2013 onward.

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

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

On 23 June 2016 the United Kingdom (the “**UK**”) voted to leave the European Union (the “**EU**”) in a referendum (the “**UK Referendum**”). At the date of this Prospectus both the terms and the timing of the UK’s exit from the EU are unclear. Moreover, the nature of the relationship of the UK with the remaining Member States (the “**EU27**”) has yet to be discussed and negotiations with the EU27 on the terms of the exit have yet to commence.

Following the UK Referendum, the EU has entered into a period of political uncertainty both as to the nature and timing of the negotiations with the UK and how relationships, strategy and direction within the EU27 may progress going forward. Such uncertainty could lead to a high degree of economic and market disruption and uncertainty. It is not possible to ascertain how long this period will last and the impact it will have within the EU markets, including market value and liquidity, for securities similar to the securities in particular. Such conditions could have a material adverse effect on the business, financial condition, results of operations and prospects of the issuer, the Investment Manager and other transaction parties. The issuer cannot predict when political stability will return, or when the market conditions relating to securities similar to the securities will stabilise.

Derivatives

Derivative Instruments

Sub-Funds undertake transactions in derivatives and forward transactions, both on exchange and OTC Derivatives, for the purposes of meeting the investment objective, protecting the risk to capital, currency, duration and credit management, as well as for hedging.

Generally, derivative instruments are financial contracts whose value depend upon, or are derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, leveraged loans, high yield debt securities, interest rates, currencies or currency exchange rates and related indexes.

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

The Risk Management Process document sets out the approved derivative strategies and is available upon request from the Investment Manager.

Derivatives – Correlation (Basis Risk)

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

Derivatives – Valuation

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

Derivatives – Liquidity

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.

Derivatives – Counterparty

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

Derivatives – Delivery

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

Derivatives – Legal Risk

Derivative transactions are typically undertaken under separate legal arrangements. In the case of OTC Derivatives, a standard International Swaps and Derivatives Association ("ISDA") agreement is used to govern the trade between the Fund on behalf of a Sub-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 the relevant Sub-Fund where liabilities in those agreements are challenged in a court of law.

Derivatives – Limited Use

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

Exposure Greater than Net Asset Value

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

Short Sales

The Sub-Fund may take short positions through the use of derivative instruments which are not backed by equivalent physical assets. Short positions reflect an investment view that the price of the underlying asset is expected to fall in value. Accordingly, if this view is incorrect and the asset rises in value, the short position could involve losses of the Sub-Fund's capital due to the theoretical possibility of an unlimited rise in their market price.

However, shorting strategies are actively managed by the Investment Manager such that the extent of the losses will be limited.

Currency Strategies

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

Negative Duration

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

Convertible Bond Transactions

Convertible bonds issued by companies that give the bondholder the option to trade in the bond for shares in the company (the “**Convertible Bond**”).

Convertibles Risk

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

Contingent Convertible Debt Securities

Contingent convertible debt securities (the “Contingent Convertible Debt Securities”) are bonds issued by companies, which convert into shares in the company when certain capital conditions are met and are subject to the following risks:

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

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

Write-down, capital structure inversion and industry concentration risks: the investment in Contingent Convertible Debt Securities may also result in a material loss. In this event, should a Contingent Convertible Debt Security undergo a write-down, the Contingent Convertible Debt Securities’ investors may lose some or all of its original investment. Contrary to classical capital hierarchy, Contingent Convertible Debt Securities’ investors may suffer a loss of capital when equity holders do not. To the extent that the investments are concentrated in a particular industry, the Contingent Convertible Debt Securities’ investors will be susceptible to loss due to adverse occurrences affecting that industry.

Call extension risk: Contingent Convertible Debt Securities are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.

Coupon cancellation risk: for some Contingent Convertible Debt Securities, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.

Liquidity risk: In certain circumstances finding a ready buyer for Contingent Convertible Debt Securities may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

Asset-Backed Securities

Certain Sub-Funds may invest in asset-backed securities which are debt securities originated by corporations or other entities (including public or local authorities) and collateralized (or “backed”) by cashflows from an underlying pool of assets (“**Asset-Backed Securities**”). The underlying assets may include, but are not limited to, commercial and residential mortgages, loans, leases or receivables (such as credit card debt, automobile loans and student loans) but exclude physical assets.

The cashflows of an asset-backed security are dependent on the performance of the underlying pool of assets and where such securities are issued in different classes with varying characteristics (“tranching”) the subordination of these tranches will determine the distribution of losses during the life of the security. Asset-Backed Securities are issued by a special purpose vehicle, which is an entity created and organised for the issuance of such securities and the obligations of the special purpose vehicle are isolated from those of the originator.

Asset-Backed Securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds.

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

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

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

Credit Default Swaps

A credit default swap is a type of credit derivative instrument which allows one party (the “**protection buyer**”) to transfer credit risk of a reference entity (the “**reference entity**”) to one or more other parties (the “**protection seller**”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each, a “**credit event**”) experienced by the reference entity. Credit default swaps carry specific risks including high levels of gearing, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to the Sub-Fund if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Swap Agreements

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

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

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

Securities Lending and Repurchase Contracts

Securities lending and repurchase contracts involve a number of risks, including many of those with respect to derivative instruments (above) and collateral (below). In addition, the following additional risks may be relevant:

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

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

Reverse repurchase contracts involve the risk that the market value of the securities bought by the Sub-Fund falls below the face value of the cash it pays for them. While the Sub-Fund should generally have a right to call for additional collateral, if a counterparty defaults (e.g. becomes insolvent or breaches the contract), and the value of the collateral is less than the value of the cash paid, the Sub-Fund will be an unsecured creditor for the difference and may not recover in full or at all.

The Sub-Funds do not currently engage in Securities Lending and Repurchase Contracts and this Prospectus will be amended before they may do so.

Collateral

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

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

Collateral will not be reused.

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

Below Investment Grade Debt Securities

Below-Investment Grade debt securities, also known as "high-yield" debt securities may carry a greater risk of default than higher rated debt securities. In addition, below-Investment Grade debt securities tend to be more volatile than

higher rated debt securities, so that adverse economic events may have a greater impact on the prices of non-Investment Grade debt securities than on higher rated debt securities. Further, an issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, for example, an economic recession may adversely affect an issuer's financial condition and the market value of high yield debt securities issued by such entity.

Bond Downgrade Risk

A Sub-Fund may invest in highly rated/Investment Grade bonds, however, where a bond is subsequently downgraded it may continue to be held in order to avoid a distressed sale. To the extent that a Sub-Fund does hold such downgraded bonds, there will be an increased risk of default on repayment, which in turn translates into a risk that the capital value of the Sub-Fund will be affected. Investors should be aware that the yield or the capital value of the Sub-Fund (or both) could fluctuate.

Sovereign Debt Securities

Sovereign debt refers to debt obligations issued or guaranteed by governments or their agencies and instrumentalities (each a "governmental entity"). Investments in sovereign debt may involve a degree of risk. The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the international monetary bodies, any constraints placed on it by inclusion in a common monetary policy, or any other constraints to which a governmental entity might be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and other foreign entities to reduce principal and interest arrears on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of sovereign debt, including a Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities.

Sovereign debt holders may also be affected by additional constraints relating to sovereign issuers which may include (i) the restructuring of such debt (including the reduction of outstanding principal and interest and or rescheduling of repayment terms) without the consent of the impacted Sub-Fund(s) (e.g. pursuant to legislative actions unilaterally taken by the sovereign issuer and/or decisions made by a qualified majority of the lenders); and (ii) the limited legal recourses available against the sovereign issuer in case of failure of or delay in repayment (for example there may be no bankruptcy proceedings available by which sovereign debt on which a government entity has defaulted may be recovered).

Credit Linked Note ("CLN")

A CLN is a security with an embedded credit default swap allowing the issuer to transfer a specific credit risk to the Sub-Fund.

CLNs are created through a special purpose company or trust. The Sub-Fund buys securities from the trust that pays a fixed or floating coupon during the life of the note. At maturity, the Sub-Fund will receive the par value unless the referenced credit defaults or declares bankruptcy, in which case it receives an amount equal to the recovery rate. The trust enters into a default swap with a deal arranger. In case of default, the trust pays the dealer par minus the recovery rate in exchange for an annual fee that is passed on to the Sub-Fund in the form of interest on the notes.

Under this structure, the coupon or price of the note is linked to the performance of a reference asset. It offers the Sub-Fund a higher yield on the note for accepting exposure to a specified credit event.

Appendix 1 – Investment Restrictions and Techniques and Instruments

1. Investment Restrictions

2. Investment Techniques and Instruments

1. Investment Restrictions

A. The assets of each Sub-Fund shall comprise only one or more of the following:

- (1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market;
- (2) Transferable Securities and Money Market Instruments listed or dealt in on an Other Regulated Market in a Member State;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a Regulated Market in an Other State or dealt in on an Other Regulated Market in an Other State;
- (4) recently issued Transferable Securities and Money Market Instruments, provided that:
 - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market or on an Other Regulated Market as described under (1)-(3) above;
 - such admission is secured within one year of issue;
- (5) units of UCITS and/or other UCIs within the meaning of the first and second indent of Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC, whether situated in a Member State or in an Other State, provided that:
 - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that set out in Community law, and that cooperation between authorities is sufficiently ensured (currently the United States of America, Canada, Switzerland, Hong Kong, Japan, Norway, the Isle of Man and Guernsey);
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC;
 - the business of the other UCIs is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (6) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those set out in Community law;
- (7) financial derivative instruments, i.e. in particular credit default swaps, interest rate swaps, options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt over-the-counter (“OTC derivatives”), provided that:
 - (i) - the underlying consists of instruments covered by this section A, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the Regulatory Authority; and

- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;
 - (ii) - Under no circumstances shall these operations cause the Fund to diverge from its investment objectives.
- (8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Other State or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
 - issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in (1), (2) or (3) above; or
 - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those set out in Community law; or
 - issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that set out in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 Euro) and which presents and publishes its annual accounts in accordance with directive 78/660/EEC as amended, is an entity which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

B. Each Sub-Fund may however:

- (1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under A (1) through (4) and (8).
- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the Shareholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. For the purpose of this restriction back-to-back loans are not considered to be borrowings.
- (4) Acquire foreign currency by means of a back-to-back loan.

C. In addition, the Fund shall comply in respect of the net assets of each Sub-Fund with the following investment restrictions per issuer:

(a) Risk Diversification rules

For the purpose of calculating the restrictions described under items (1) to (5) and (8) hereunder, companies which are included in the same Group of Companies are regarded as a single issuer.

- **Transferable Securities and Money Market Instruments**

- (1) No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
 - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of one single issuer; or
 - (ii) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- (2) A Sub-Fund may invest, on a cumulative basis, up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.
- (3) The limit of 10% set forth above under item (1) (i) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).
- (4) The limit of 10% set forth above under item (1) (i) is increased to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, “qualifying debt securities” are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.
- (5) The securities specified above under items (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under item (1) (ii).
- (6) **Notwithstanding the ceilings set forth above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any other state which is a member of the Organisation for Economic Cooperation and Development (“OECD”) such as the Group of 20 (G20), by the Republic of Singapore, or by the Hong Kong Special Administrative Region of the People’s Republic of China or by a public international body of which one or more Member State(s) are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-Fund.**
- (7) Without prejudice to the limits set forth under item (b) below, the limits set forth under item (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Regulatory Authority, on the following basis:
 - the composition of the index is sufficiently diversified,
 - the index represents an adequate benchmark for the market to which it refers,
 - it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions, in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

- **Bank Deposits**

- (8) A Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body.

- **Financial Derivative Instruments**

- (9) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in section A item (6) above or 5% of its net assets in other cases.
- (10) Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in items (1) to (5), (8), (9), (13) and (14). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits set forth in items (1) to (5), (8), (9), (13) and (14).
- (11) When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of section (A) item (7) and section (D) item (1), as well as with the risk exposure and information requirements set out in the present Prospectus.

To the extent the Sub-Funds do not use total return swaps (or other financial derivative instruments with the same characteristics) as part of their investment strategy, no information on the underlying strategy and composition of the investment portfolio or index has been disclosed. However, should one or several Sub-Funds contemplate to use primarily such instruments, appropriate disclosures will be added according to the ESMA guidelines 2014/937 on ETFs and other UCITS.

- **Units of Open-Ended Funds**

- (12) Unless specified in the Sub-Fund specific Supplement, no Sub-Fund may invest in aggregate more than 10% of its net assets in the units of other single UCITS or other UCIs.

If specified in the relevant Sub-Fund Supplement, the following applies:

A Sub-Fund may acquire units or shares of UCITS and/or other UCI specified in 9.1 A. (5), provided that it does not invest more than 20% of its assets in a single UCITS or UCI.

For the purpose of the application of this investment limit, each portfolio of a UCI with multiple sub-funds within the meaning of Article 181 of the Law of 2010 is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various sub-funds vis-à-vis third parties is ensured.

Investments in units or shares of UCIs other than UCITS may not in total exceed 30% of the assets of a Sub-Fund. If a Sub-Fund has acquired units or shares in UCITS and/or other UCIs, the assets of these UCITS or other UCIs are not combined for the purposes of the limits stipulated in Article 43 of the Law of 2010.

When a Sub-Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding of more than 10% of the share capital or the voting rights, the Investment Manager or other company may not charge investment management, subscription or redemption fees on account of the Sub-Fund's investment in the units of such other UCITS and/or other UCIs.

A Sub-Fund that invests a substantial proportion of its assets in other UCITS and/or other UCIs will, if applicable, disclose in the relevant Sub-Fund Supplement of this Prospectus the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other UCITS and/or other UCIs in which it intends to invest.

- **Combined limits**

(13) Notwithstanding the individual limits set out in items (1), (8) and (9) above, a Sub-Fund may not combine:

- investments in Transferable Securities or Money Market Instruments issued by,
 - deposits made with, and/or
 - exposures arising from OTC derivative transactions undertaken with
- a single body in excess of 20% of its net assets.

(14) The limits set out in items (1), (3), (4), (8), (9) and (13) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or financial derivative instruments made with this body carried out in accordance with items (1), (3), (4), (8), (9) and (13) above may not exceed a total of 35% of the net assets of the Fund.

- **Limitations on Control**

(15) No Sub-Fund may acquire such amount of shares carrying voting rights which would enable the Fund to exercise a significant influence over the management of the issuer.

(16) A Sub-Fund may not acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCI.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of bonds or of the Money Market Instruments or the net amount of the securities in issue cannot be calculated.

The ceilings set forth above under items (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s); and
- shares in the capital of a company which is incorporated under or organized pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under section C, items (1) to (5), (8), (9) and (12) to (16);
- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of Shareholders.

D. Finally, the Fund shall comply in respect of the assets of each Sub-Fund with the following investment restrictions:

- (1) No Sub-Fund may acquire precious metals or certificates representative thereof.
- (2) No Sub-Fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

- (3) No Sub-Fund may use its assets to underwrite any securities.
- (4) No Sub-Fund may issue warrants or other rights to subscribe for Shares in such Sub-Fund.
- (5) A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent a Sub-Fund from investing in non fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).
- (6) The Fund may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under section A, items (5), (7) and (8).
- (7) Investments from one Sub-Fund into another Sub-Fund:

A Sub-Fund may subscribe, acquire and/or hold Shares to be issued or issued by one or more Sub-Funds of the Fund under the condition that:

- the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
 - no more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated, may be invested in aggregate in units of other UCIs; and
 - voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
 - in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 2010.
- (8) The Fund may not invest in securities where the issuer is an entity which is included in the cluster munitions exclusion lists as adopted by regulatory authorities and or / fund industry associations in The Netherlands and Belgium at the time of purchase of the security. The Board of Directors may, from time to time, consider similar lists adopted by other countries in which the Board of Directors intends to market the Shares.

E. Notwithstanding anything to the contrary herein contained:

- (1) The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to Transferable Securities or Money Market Instruments in such Sub-Fund's portfolio.
- (2) If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Shareholders.
- (3) The risk exposure of the Fund may not be increased by more than 10% by means of temporary borrowing. Taking into account the maximum risk exposure resulting from the use of financial derivative instruments, the overall risk exposure may not exceed 210% of the NAV of the Fund under any circumstances.
- (4) During the first six months following the date of its authorisation, a Sub-Fund may derogate from C. (a) (1) – (9) and (12) – (14), while ensuring the observance of the principle of risk spreading.

The Board of Directors has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the Fund are offered or sold.

2. Investment Techniques and Instruments

A. General

The Fund in respect of each Sub-Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments for the purpose of efficient portfolio management as set forth in detail in Section 8 "Investment Strategies of the Sub-Funds" of the Prospectus and in the Supplements.

When these operations concern the use of financial derivative instruments, the relevant techniques and instruments shall conform to the provisions stipulated in Appendix 1 "Investment Restrictions and Techniques and Instruments". In addition, the provisions stipulated in Section 10 "Risk Management Process" have to be complied with.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment policies and objectives as set out in Section 8 "Investment Strategies of the Sub-Funds" of the Prospectus and in the Supplements.

Furthermore, the Fund may in respect of each Sub-Fund, for efficient portfolio management purposes, enter into securities lending transactions and Repurchase and Reverse Repurchase Agreement Transactions, in accordance with CSSF circular 08/356, provided that the following rules are complied with.

B. Securities Lending

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

The Fund may enter into securities lending transactions provided that they comply with the following rules:

- (i) The Fund may only lend either directly or through a standardised lending system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudent supervision rules considered by the CSSF as equivalent to those prescribed by European Community law and specialised in this type of transaction.
- (ii) The Fund must ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the Fund's assets in accordance with its investment policy.
- (iii) The net exposures (*i.e.* the exposures of the Fund less the collateral received by the Fund) to a counterparty arising from securities lending transactions shall be taken into account in the 20% limit provided for in Article 43 (2) of the Law of 2010.

C. Repurchase Agreement Transactions

The Fund may enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Fund can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions. Its involvement in such transactions is, however, subject to the following rules:

- (i) The Fund may not buy or sell securities using a repurchase agreement transaction unless the counterpart in such transactions is a first class financial institution specialising in this type of transaction and is subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Community law.
- (ii) During the life of a repurchase agreement contract, the Fund cannot sell or pledge or give as security the securities which are the object of the contract except if the Fund has other means of coverage.
- (iii) As the Fund is exposed to redemptions of its own Shares, it must take care to ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations.

- (iv) The following securities may be subject of such transaction: (i) short term bank certificates or money market instruments such as defined by Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to certain UCITS as regards the clarification of certain definitions, (ii) bonds issued or guaranteed by a member state of the OECD or by their local public authorities or by supranational institutions and undertakings of a community, regional or worldwide nature, (iii) shares or units issued by money market UCIs calculating a daily NAV and being assigned a rating of AAA or its equivalent, (iv) bonds issued by non-governmental issuers offering an adequate liquidity, or (v) shares quoted or negotiated on a Regulated Market of an EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

These securities must be in accordance with the Sub-Fund's investment policy and must together with the other securities in the Sub-Fund's portfolio comply with the Sub-Fund's investment restrictions.

- (v) The net exposures (*i.e.* the exposures of the Fund less the collateral received by the Fund) to a counterparty arising from reverse repurchase/repurchase agreement transactions shall be taken into account in the 20% limit provided for in Article 43 (2) of the Law of 2010.

D. Management of collateral

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, each Sub-Fund may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral management applied by the Sub-Fund in such case.

Eligible collateral

Collateral received by the Sub-Funds may be used to reduce their counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability.

In particular, collateral should comply with the following conditions:

- (a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (b) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Sub-Funds' net asset value to any single issuer on an aggregate basis, taking into account all collateral received; By way of derogation to the present point (d), the Sub-Funds may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such Sub-Funds should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-Funds' net asset value;
- (e) It should be capable of being fully enforced by the Sub-Funds at any time without reference to or approval from the counterparty.

Subject to the abovementioned conditions, collateral received by the Sub-Funds may consist of:

- (a) liquid assets such as cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- (b) bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;

- (c) shares or units issued by money market UCIs calculating a daily NAV and being assigned a rating of AAA or its equivalent;
- (d) shares or units by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
- (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity; and
- (f) shares admitted to or dealt in on a regulated market of an EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

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

Level of collateral

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

OTC financial derivative transactions

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

Repurchase / reverse repurchase agreements

Repurchase agreements and reverse repurchase agreements will generally be fully collateralised, at any time during the lifetime of the agreement, but never below 90% of their notional amount.

Haircut policy

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

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

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

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

- *the following haircuts are in place, if applied, in respect of collateral received in the context of OTC derivative transactions*

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

- *the following haircuts are in place, if applied, in respect of collateral received in the context of repurchase agreements and reverse repurchase agreements*

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

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

Reinvestment of collateral

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

Cash collateral received by the Sub-Funds can only be:

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

Any reinvestment of cash collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure, on an aggregate basis, of 20% of the Sub-Fund's Net Asset Value to any single issuer. The Sub-Fund may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty at the conclusion of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

Appendix 2 – Additional Information For Qualified Investors in Switzerland

1. Compliance for Distribution to Qualified Investors

Neither the Fund nor any of its Sub-Funds have been or will be registered with the Swiss Financial Market Supervisory Authority (FINMA). The distribution of Shares in Switzerland will be exclusively made to, and directed at, qualified investors (the “**Qualified Investors**”), as defined in art. 10 para. 3, 3bis and 3ter of the Swiss Collective Investment Schemes Act (“**CISA**”) and art. 6 and 6a of its Ordinance (“**CISO**”). This Prospectus and/or any other offering materials relating to the Shares may be made available in Switzerland solely to Qualified Investors.

2. Representative and Paying Agent in Switzerland

The representative and paying agent in Switzerland is **SOCIETE GENERALE, PARIS, ZURICH BRANCH**, Talacker 50, P.O. Box 5070, 8021 Zurich.

3. Place where the relevant documents may be obtained

The Prospectus, the Key Investor Information Documents, the Articles of Incorporation as well as the annual and semi-annual reports of the Fund, and further information may be obtained free of charge from the Representative.

4. Retrocessions & Rebates

The Fund does not pay any retrocessions or rebates (both as defined in the SFAMA Guidelines on Duties Regarding the Charging and Use of Fees and Costs) to entities providing distribution activities in or from Switzerland, or to Qualified Investors in Switzerland. It is therefore irrelevant whether or not the laws and regulations of Luxembourg provide for stricter rules than the Swiss rules regarding retrocessions and rebates.

5. Place of performance and Place of jurisdiction

In respect of the Shares distributed in or from Switzerland, the place of performance and the place of jurisdiction are at the registered office of the Representative in Switzerland.

Supplement 1 – European Specialist Investment Funds – M&G European Credit Investment Fund

The information contained in this part of this Prospectus in relation to the M&G European Credit Investment Fund should be read in conjunction with the full text of this Prospectus.

Name of Sub-Fund	M&G European Credit Investment Fund
Reference Currency	Euro (EUR)
Benchmark	ICE BofAML Euro Corporate Index (Total Return Gross)
Investment Objective	The Sub-Fund aims to provide a higher total return (the combination of income and capital growth and net of fees) than that of the Benchmark over any five-year period.
Investment Policy	<p>The Sub-Fund invests at least 70% of its Net Asset Value in EUR-denominated Investment Grade corporate and government bonds and Asset-Backed Securities.</p> <p>The Sub-Fund may invest up to a maximum of 20% of its Net Asset Value in Asset-Backed Securities.</p> <p>Issuers of these securities may be located in any country, including emerging markets.</p> <p>The Sub-Fund does not take currency views and aims to hedge any non-EUR assets back to EUR.</p> <p>The Sub-Fund may invest up to 15% of its Net Asset Value in below Investment Grade debt securities.</p> <p>The Sub-Fund may invest in Convertible Bonds including up to 10% of its Net Asset Value in Contingent Convertible Debt Securities.</p> <p>The Sub-Fund may hold up to 5% of its Net Asset Value in equity securities received as a result of debt securities being restructured or converting. This limit does not include investment in preference shares.</p> <p>The Sub-Fund will typically invest directly. The Sub-Fund may also invest indirectly via derivatives instruments to take both long and short positions to meet the Sub-Fund's investment objective, for efficient portfolio management and for the purposes of hedging. These instruments may include, but are not limited to, spot and forward contracts, exchange traded futures, options, credit default swaps, interest rate swaps.</p> <p>The Sub-Fund may also invest in other assets including Collective Investment Schemes, cash and near cash, deposits, and other debt instruments.</p>
Additional Restrictions	<p>Investment The Sub-Fund may only invest into (a) debt or debt-like instruments that, at the time of purchase, have a minimum rating of B- (by Standard & Poor's and Fitch) or B3 (by Moody's) or a comparable internal rating by the Investment Manager and (b) Asset-Backed Securities or credit-linked instruments, which are rated at least Investment Grade. In the event of a downgrade, which causes the security or instrument to be rated below the limits referred to above, such securities or instruments may remain in the Sub-Fund provided in aggregate they do not exceed 3% of the Net Asset Value of the Sub-Fund. To the extent that the aggregate value of such securities or instruments exceeds 3% of the Net Asset Value of the Sub-Fund, any which have not been upgraded within a six-month period, will be sold.</p> <p>In the case of split ratings by recognised rating agencies, the lower of the two highest ratings must be used. Where the lower of the two highest ratings does not meet the requirements stated above, the Investment Manager may replace it with its own internal rating based on quantitative analysis, which may be higher. Similarly, where there is</p>

only one rating by a recognised rating agency and this does not meet the requirements stated above, the Investment Manager may replace it with its own internal rating based on quantitative analysis, which may be higher. The Sub-Fund will under no circumstances rely exclusively on external ratings in determining the credit risk of a financial instrument.

The Sub-Fund will only invest in Collective Investment Schemes which have equivalent restrictions in respect of the above rating requirements.

Investment Approach

The Investment Manager will employ multiple strategies to meet the Sub-Fund's investment objective, including asset allocation, sector and security selection, duration and yield curve. The approach will focus on the risk / return relationship for each strategy and the portfolio as a whole.

Profile of Typical Investor

The Sub-Fund is suitable for retail and institutional investors seeking to gain a combination of income and capital growth from a portfolio primarily invested in EUR-denominated Investment Grade corporate and government bonds and Asset-Backed Securities. Such investors 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.

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

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

Currency Hedged Share Classes

The Sub-Fund may offer Currency Hedged Share Classes which seek to reduce the effect of exchange rate movements between the Share Class Reference Currency and the Sub-Fund Reference Currency ("Currency Hedged").

Calculation of Global Exposure

The Sub-Fund uses the relative Value-at-Risk (VaR) methodology to monitor and measure the global exposure. The Sub-Fund's VaR cannot be greater than twice the VaR of the Sub-Fund's Benchmark.

Leverage

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

Distribution Policy

If declared, unless otherwise specified for a Share Class, the Sub-Fund will pay dividends on a quarterly basis on the first Business Day of January, April, July and October.

Initial Offer Period

The Sub-Fund launched on 12 April 2011.

Risk Warnings

Investors' attention is particularly drawn to the section entitled "**Risk Factors**" of the Prospectus and especially to the risk factors relating to:

- Contingent Convertible Debt Securities Risk
- Counterparty Risk
- Credit Risk
- Derivatives Risk
- Interest Rate Risk

- Liquidity Risk
- Market Risk
- Asset-Backed Securities Risk

Share Classes

Share Class	Reference Currency	Initial Sales Charge	Annual Charge	Initial Offer Price	Minimum Initial Subscription Amount	Minimum Holding Amount
A	EUR	Nil	0.18%	EUR 100	EUR 1,000,000	EUR 1,000,000
B	EUR	Nil	0.13%	EUR 100	EUR 175,000,000	EUR 175,000,000
E	EUR	Nil	0.10%	EUR 100	EUR 1,000,000	EUR 1,000,000
R	EUR	Up to 1.50%	1.50%	EUR 100	EUR 500,000	EUR 500,000

Each Share Class may be offered as accumulation or distribution Shares and denominated or hedged into other currencies.

Where a Share Class is offered in another currency the Benchmark may also be denominated or hedged into the relevant Share Class Reference Currency. For any GBP, USD CHF, JPY or SGD Share Classes offered, the Initial Offer Price, Minimum Initial Investment and Minimum Holding Amount will be same as the stated EUR amounts. The Directors may reduce or waive the Minimum Initial Subscription amount and the Minimum Holding amount in their sole discretion.

Investors should refer to Section 5.2: “Class Description, Availability of Shares, Minimum Subscription and Holding Amounts” for further information on available Share Classes.

Availability of Shares

“Class A” shares are only available to Institutional Investors as defined in the Law of 2010 and by guidelines or recommendations issued by the CSSF from time to time.

“Class B” shares are only available to Institutional Investors as defined in the Law of 2010 and by guidelines or recommendations issued by the CSSF from time to time.

“Class E” shares are available to certain investors, approved by the Fund, who subscribe within a certain period of the launch date of the Sub-Fund and who meet the minimum investment criteria. These shares will be offered for a restricted time only. Any investors who have acquired access to this Share Class can continue investing in this Share Class even after the end of the restricted time period.

“Class R” shares are only available to retail investors, distributors, platforms and other forms of intermediary who meet the eligibility and minimum investment criteria.

Supplement 2 – European Specialist Investment Funds – M&G Total Return Credit Investment Fund

The information contained in this part of this Prospectus in relation to the M&G Total Return Credit Investment Fund should be read in conjunction with the full text of this Prospectus.

Name of Sub-Fund	M&G Total Return Credit Investment Fund
Reference Currency	Euro (EUR)
Benchmark	1-Month EURIBOR
Investment Objective	The Sub-Fund aims to provide a higher total return (the combination of income and capital growth and net of fees) than that of the Benchmark over any five-year period.
Investment Policy	<p>The Sub-Fund invests at least 70% of its Net Asset Value in corporate and government bonds, cash and cash equivalents and Asset-Backed Securities, denominated in any currency.</p> <p>The Sub-Fund may invest a significant portion of its assets in Asset-Backed Securities.</p> <p>Issuers of these securities may be located in any country, including emerging markets.</p> <p>At least 75% of the Sub-Fund's assets will be denominated in EUR or hedged back to EUR.</p> <p>The Sub-Fund may invest in Convertible Bonds including up to 20% of its Net Asset Value in Contingent Convertible Debt Securities.</p> <p>The Sub-Fund may hold up to 5% of its Net Asset Value in equity securities received as a result of debt securities being restructured or converting. This limit does not include investment in preference shares.</p> <p>The Sub-Fund will typically invest directly. The Sub-Fund may also invest indirectly via derivatives instruments to take both long and short positions to meet the Fund's investment objective, for efficient portfolio management and for the purposes of hedging. These instruments may include, but are not limited to, spot and forward contracts, exchange traded futures, options, credit default swaps, and interest rate swaps.</p> <p>The Sub-Fund may also invest in other assets including Collective Investment Schemes and other debt instruments.</p>
Investment Approach	<p>The Sub-Fund is an actively managed, diversified fixed income fund that will typically invest in debt instruments with a fixed, variable or floating rate coupon. The Sub-Fund aims to maximise total return through all stages of the economic and credit cycles, principally by exploiting long term risk premia. During any interest rate and credit cycle, the Investment Manager seeks to identify the optimal allocation amongst Fixed Income asset classes, such as government bonds, Investment Grade or high yield corporate bonds.</p> <p>Further to the asset allocation strategies described above, the Investment Manager will identify opportunities at the market, sector, issuer or security level to enhance returns. Duration, yield curve and currency investment strategies will be used. There is no geographic limitation to the investment universe.</p>
Profile of Typical Investor	The Sub-Fund is suitable for retail and institutional investors seeking to gain a combination of capital growth and income from a portfolio invested primarily in debt and debt like securities, but who appreciate that this is not guaranteed and that their capital will be at risk and that the value of their investment and any derived income may fall as

well as rise.

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

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

Currency Hedged Share Class

The Sub-Fund may offer Currency Hedged Share Classes which seek to reduce the effect of exchange rate movements between the Share Class Reference Currency and the Sub-Fund Reference Currency (“NAV-Hedged”).

Calculation of Global Exposure

The Sub-Fund uses the absolute Value-at-Risk (VaR) methodology to monitor and measure its global exposure. The Sub-Fund’s VaR cannot be greater than 5%.

Leverage

The Sub-Fund’s expected level of leverage under normal market conditions will generally not exceed 900% of the Sub-Fund’s Net Asset Value when calculated in accordance with the sum of notionals approach. The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.

Distribution Policy

If declared, unless otherwise specified for a Share Class, the Sub-Fund will pay dividends on a quarterly basis on the first Business Day of January, April, July and October.

Initial Offer Period

The Sub-Fund launched on 5 May 2014.

Risk Warnings

Investors’ attention is particularly drawn to the section entitled “**Risk Factors**” of the Prospectus and especially to the risk factors relating to:

- Contingent Convertible Debt Securities Risk
- Counterparty Risk
- Credit Risk
- Currency & Exchange Rate Risk
- Derivatives Risk
- Below Investment Grade Debt Securities Risk
- Interest Rate Risk
- Liquidity Risk
- Market Risk
- Asset-Backed Securities Risk

Share Classes

Share Class	Reference Currency	Initial Sales Charge	Annual Charge	Initial Offer Price	Minimum Initial Investment	Minimum Holding Amount
A	EUR	Nil	0.45%	EUR 100	EUR 1,000,000	EUR 1,000,000
B	EUR	Nil	0.40%	EUR 100	EUR 175,000,000	EUR 175,000,000
F	GBP	Nil	0.45%	GBP 100	GBP 1,000,000	GBP 1,000,000
R	EUR	Up to 1.50%	1.50%	EUR 100	EUR 500,000	EUR 500,000

Each Share Class may be offered as accumulation or distribution Shares and denominated or hedged into other currencies.

Where a Share Class is offered in another currency the Benchmark may also be denominated or hedged into the relevant Share Class Reference Currency. For GBP, USD CHF, JPY and SGD Share Classes, the Initial Offer Price, Minimum Initial Investment and Minimum Holding Amount will be same as the stated EUR amounts. The Directors may reduce or waive the Minimum Initial Subscription amount and the Minimum Holding amount in their sole discretion.

Investors should refer to Section 5.2: “Class Description, Availability of Shares, Minimum Subscription and Holding Amounts” for further information on available Share Classes.

Availability of Shares

“Class A” shares are only available to Institutional Investors as defined in the Law of 2010 and by guidelines or recommendations issued by the CSSF from time to time.

“Class B” shares are only available to Institutional Investors as defined in the Law of 2010 and by guidelines or recommendations issued by the CSSF from time to time.

“Class F” shares are available to certain investors, approved by the Fund, who subscribe within a certain period of the launch date of the Sub-Fund and who meet the minimum investment criteria. These shares will be offered for a restricted time only. Any investors who have acquired access to this Share Class can continue investing in this Share Class even after the end of the restricted time period.

“Class R” shares are only available to retail investors, distributors, platforms and other forms of intermediary who meet the eligibility and minimum investment criteria.

Supplement 3 – European Specialist Investment Funds – M&G European High Yield Credit Investment Fund

The information contained in this part of this Prospectus in relation to the M&G European High Yield Credit Investment Fund should be read in conjunction with the full text of this Prospectus.

Name of Sub-Fund	M&G European High Yield Credit Investment Fund
Reference Currency	Euro (EUR)
Benchmark	ICE BofAML European Currency Developed Markets High Yield Index ex Financials 2% Constrained (EUR-Hedged) (Total Return Gross).
Investment Objective	The Sub-Fund aims to provide a higher total return (the combination of income and capital growth and net of fees) than that of the Benchmark over any five-year period.
Investment Policy	<p>The Sub-Fund invests at least 70% of its Net Asset Value in below Investment Grade corporate and government bonds and Asset-Backed Securities, denominated in any European currency.</p> <p>The Sub-Fund may invest up to a maximum of 20% of its Net Asset Value in Asset-Backed Securities.</p> <p>Issuers of these securities may be located in any country, including emerging markets.</p> <p>The Sub-Fund does not take any currency views and aims to hedge any non-EUR assets back to EUR.</p> <p>The Sub-Fund may invest in Convertible Bonds including up to 10% of its Net Asset Value in Contingent Convertible Debt Securities.</p> <p>The Sub-Fund may hold up to 5% of its Net Asset Value in equity securities received as a result of debt securities being restructured or converting. This limit does not include investment in preference shares.</p> <p>The Sub-Fund will typically invest directly. The Sub-Fund may also invest indirectly via derivative instruments to take both long and short positions to meet the Sub-Fund's investment objective, for efficient portfolio management and for the purposes of hedging. These instruments may include, but are not limited to spot and forward contracts, exchange traded futures, credit default swaps, and interest rate swaps.</p> <p>The Sub-Fund may also invest in other assets including, Collective Investment Schemes, cash and near cash, deposits and other debt instruments.</p>
Investment Approach	The Investment Manager will employ multiple strategies to meet the Sub-Fund's investment objective, including asset allocation, sector and security selection, duration and yield curve. The approach will focus on the risk / return relationship for each strategy and the portfolio as a whole.
Profile of Typical Investor	<p>The Sub-Fund is suitable for retail and institutional investors seeking to gain a high level of income and capital growth from a portfolio primarily invested in below Investment Grade corporate and government bonds and Asset-Backed Securities. Such investors 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.</p> <p>In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Sub-Fund.</p> <p>This Sub-Fund may be suitable for investors who have an investment time horizon of at</p>

least five years.

Currency Hedged Share Classes	The Sub-Fund may offer Currency Hedged Share Classes which seek to reduce the effect of exchange rate movements between the Share Class Reference Currency and the Sub-Fund Reference Currency ("Currency Hedged").
Calculation of Global Exposure	The Sub-Fund uses the relative Value-at-Risk (VaR) methodology to monitor and measure the global exposure. The Sub-Fund's VaR cannot be greater than twice the VaR of the Sub-Fund's Benchmark.
Leverage	The Sub-Fund's expected level of leverage under normal market conditions will generally not exceed 300% of the Sub-Fund's Net Asset Value when calculated in accordance with the sum of notionals approach. The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.
Distribution Policy	If declared, unless otherwise specified for a Share Class, the Sub-Fund will pay dividends on a quarterly basis on the first Business Day of January, April, July and October.
Initial Offer Period	The Sub-Fund launched on 6 March 2013.
Risk Warnings	<p>Investors' attention is particularly drawn to the section entitled "Risk Factors" of the Prospectus and especially to the risk factors relating to:</p> <ul style="list-style-type: none">• Contingent Convertible Debt Securities Risk• Counterparty Risk• Credit Risk• Derivatives Risk• Below Investment Grade Debt Securities Risk• Interest Rate Risk• Liquidity Risk• Market Risk• Asset-Backed Securities Risk

Share Classes

Share Class	Reference Currency	Initial Sales Charge	Annual Charge	Initial Offer Price	Minimum Initial Investment	Minimum Holding Amount
A	EUR	Nil	0.30%	EUR 100	EUR 1,000,000	EUR 1,000,000
B	EUR	Nil	0.25%	EUR 100	EUR 175,000,000	EUR 175,000,000
E	EUR	Nil	0.20%	EUR 100	EUR 1,000,000	EUR 1,000,000
R	EUR	Up to 1.50%	1.50%	EUR 100	EUR 500,000	EUR 500,000

Each Share Class may be offered as accumulation or distribution Shares and denominated or hedged into other currencies.

Where a Share Class is offered in another currency the Benchmark may also be denominated or hedged into the relevant Share Class Reference Currency. For any GBP, USD CHF, JPY or SGD Share Classes, the Initial Offer Price, Minimum Initial Investment and Minimum Holding Amount will be the same as the stated EUR amounts. The Directors may reduce or waive the Minimum Initial Subscription amount and the Minimum Holding amount in their sole discretion.

Investors should refer to Section 5.2: "Class Description, Availability of Shares, Minimum Subscription and Holding Amounts" for further information on available Share Classes.

Availability of Shares

"Class A" shares are only available to Institutional Investors as defined in the Law of 2010 and by guidelines or recommendations issued by the CSSF from time to time.

"Class B" shares are only available to Institutional Investors as defined in the Law of 2010 and by guidelines or recommendations issued by the CSSF from time to time.

"Class E" shares are available to certain investors, approved by the Fund, who subscribe within a certain period of the launch date of the Sub-Fund and who meet the minimum investment criteria. These shares will be offered for a restricted time only. Any investors who have acquired access to this Share Class can continue investing in this Share Class even after the end of the restricted time period.

"Class R" shares are only available to retail investors, distributors, platforms and other forms of intermediary who meet the eligibility and minimum investment criteria.