

London, 9 February 2018

EXTRAORDINARY GENERAL MEETINGS RESOLUTION

Shareholders approve M&G's proposals to fully transfer the assets of four funds for non-UK clients to Luxembourg

M&G Investments is pleased to confirm that its proposals to fully transfer the assets of the M&G Dynamic Allocation, M&G Income Allocation, M&G Prudent Allocation and M&G European Inflation Linked Corporate Bond funds into equivalent Luxembourg-domiciled funds were approved at a series of Extraordinary General Meetings held on Friday 9 February 2018.

The assets of these funds will be merging into the M&G (Lux) Dynamic Allocation, M&G (Lux) Income Allocation, M&G (Lux) Conservative Allocation and M&G (Lux) European Inflation Linked Corporate Bond funds respectively.

Mergers of the funds will take place on Friday 16 March 2018 and dealing in the UK-domiciled funds will be suspended from 11.30h am CET on Thursday 15 March 2018. In order to facilitate the merger, dealing in the receiving funds will be suspended on Monday 19 March 2018. The first day of dealing of the new funds will be Tuesday 20 March 2018, when the funds will be fully operative again as Luxembourg domiciled SICAVs.

A brief FAQ document on how the merger process will work can be found below. For any further questions, please refer to your regular contact at M&G.

M&G Investments

FREQUENTLY ASKED QUESTIONS

Q: What is happening?

A: On 10 January 2018 we wrote to investors in four of our UK-domiciled funds (“Merging funds” in table below), which are distributed exclusively outside the UK, with a proposal to fully merge the assets in these funds with equivalent Luxembourg-domiciled funds (“Receiving funds” in table below).

These proposals were subject to shareholder approval, which was attained at a series of Extraordinary General Meetings held on Friday 9 February 2018.

Merging funds – UK domiciled OEICs	Receiving funds – Luxembourg domiciled SICAVs
M&G Dynamic Allocation	M&G (Lux) Dynamic Allocation
M&G Income Allocation	M&G (Lux) Income Allocation
M&G Prudent Allocation	M&G (Lux) Conservative Allocation
M&G European Inflation Linked Corporate Bond	M&G (Lux) European Inflation Linked Corporate Bond

Q: Why have you proposed these mergers?

A: Following the referendum decision for the UK to leave the European Union, M&G has taken a series of precautionary measures to ensure clients outside the UK have continued access to M&G’s investment strategies regardless of the final agreement between the UK and Europe.

These measures, which range from expanding the company’s structure and SICAV offering in Luxembourg, also include the mergers of these four funds and are aimed at protecting the interests of M&G’s non-UK domiciled investors.

Q: When will these mergers take place?

A: Mergers of the funds will take place on Friday 16 March 2018 and dealing in the merging funds will be suspended from 11.30h am CET on Thursday 15 March 2018. In order to facilitate the mergers, dealing in the receiving funds will be suspended on Monday 19 March 2018. The first day of dealing for the receiving funds following the mergers will be Tuesday 20 March 2018, when the funds will be fully operative as Luxembourg domiciled SICAVs.

Q: Do I need to do anything?

A: If you wish for your assets to be transferred to the new Luxembourg-domiciled funds, you don’t need to do anything. All shareholders remaining in the merging funds after 11.30h AM CET on Thursday 15 March 2018 will be merged into the new funds.

Q: What happens with buy or sell instructions given during non-dealing days?

A: Any instructions for the receiving funds received after 13.00h PM CET on Friday 16 March 2018 will be carried out at the valuation point on Tuesday 20 March 2018.

Q: Will the new funds follow the same investment strategies and be managed by the same investment teams?

A: Yes.

Q: Will the new funds have the same management fees?

A: Yes.

Q: Will the new SICAV funds retain the performance track record of the original OEIC funds?

A: Yes.

Q: Will shareholders in the funds receive the same shares they held in the new funds?

A: Shareholders will receive new shares in the receiving funds of the same class and type as their existing shares in the merging funds.

Q: Why are you changing the name of the M&G Prudent Allocation Fund?

A: We believe the word “Conservative” better reflects the nature of the fund’s investment strategy.

Q: I didn’t cast a vote or voted against the proposals. Will my assets still be merged into the new funds?

A: Resolutions of shareholder votes are binding for all investors in the funds. As the proposals to fully transfer the assets in the funds have been approved by the majority of shareholders, all investors remaining in the fund after 11.30h AM CET on Thursday 15 March 2018 will be transferred to the receiving funds.

Q: What should I do if I don’t want my assets to be merged into the Luxembourg-domiciled funds?

A: If you don’t wish for your assets to be transferred to the receiving funds, you can redeem or transfer your assets in the merging funds to other M&G funds or funds from other providers before 11.30h AM CET on Thursday 15 March 2018.

Q: What’s happening with the UK-domiciled versions of these funds?

A: After the merger process has completed, Existing Shares in the Merging funds will be cancelled and will cease to be of any value. The Merging funds will then be wound-up once all of their liabilities have been discharged.

Q: Will UK investors have equivalent strategies available once these funds are wound up?

A: Our Allocation funds have a UK parallel range known as the Episode range, consisting of: M&G Episode Allocation, Episode Growth, Episode Income and Episode Macro funds. Our retail fixed interest team also offers different inflation linked products which will remain available to UK investors if they wish to continue invested with us in the UK.

Q: What are the differences between OEICs and SICAVs?

A: For most practical purposes, the OEIC and SICAV structures are very similar, both offering the ability to establish umbrella companies with a number of single-priced sub-funds.

LEGAL STRUCTURE AND REGULATION		
	OEIC	SICAV
Definition	Open-ended investment company (UK-domiciled)	Société d'investissement à capital variable (Luxembourg-domiciled)
Background	Commonly used in the UK, also used in Western Europe and other regions Introduced in the UK in 1997 as a flexible alternative to unit trusts	Commonly used in Western Europe, also in other regions Introduced early in the last century
Legal structure / UCITS	An OEIC can be established as an umbrella company with a number of sub-funds, or as a stand-alone fund It can issue a range of shares, including hedged shares It can be established as a UCITS or retail non-UCITS	A SICAV can be established as an umbrella company with a number of sub-funds, or as a stand-alone fund It can issue a range of shares, including hedged shares It can be established as a UCITS or retail non-UCITS
Regulatory authority	Financial Conduct Authority (FCA), in the UK	Commission de Sureveillance du Secteur Financier (CSSF), in Luxembourg
Corporate governance	The Authorised Corporate Director (ACD) is responsible for the day-to-day operation of the OEIC	A SICAV can have a specific management company or be managed by its Board of Directors
Role of Depositary / Custodian	A Depositary is responsible for the custody of fund assets The Depositary is also responsible for oversight of the ACD to ensure the interests of investors are protected The Depositary and ACD must be completely independent	A Depositary (Luxembourg-based) is responsible for the custody of fund assets and ensuring the interests of investors are maintained The Depositary is also responsible for oversight of the investment to ensure the interests of investors are protected
Segregation of liability between sub-funds	Legislation to allow the segregation of liability between sub-funds in an umbrella OEIC provided for under UK law	Segregation of liability between sub-funds is provided for under Luxembourg law
FUND TAXATION		
	OEIC	SICAV
Fund Income	The OEIC is in principle subject to UK corporation tax at 20% on investment income Interest income and property income is taxable. However, expenses can be deducted which often reduces the effective tax to nil Dividends received by a fund are not taxable Bond funds with more than 60% in debt assets pay no tax	No tax is levied on the fund – all tax arises in the hands of the investor
Withholding tax	OEIC funds may suffer tax on foreign income and gains, levied by the country where investments are held Due to the wide range of tax treaties in place with the UK, tax on investments is often reduced	SICAV funds may suffer tax on foreign income and gains, levied by the country where investments are held SICAV funds benefit from certain tax treaties which can reduce the tax to be applied
Other		Taxe d'abonnement of 0.05% per annum for retail investors and 0.01% for Institutional Investors, based on fund net asset value
INVESTOR TAXATION		
	OEIC	SICAV
Fund Income	Most investors are taxed only on the actual distributions received, or on deemed investment returns from funds that are reported to them	Most investors are taxed only on the actual distributions received, or on deemed investment returns from funds that are reported to them
Withholding tax	There is no withholding tax on distributions from the merging OEIC funds	There is no withholding tax on distributions from a SICAV

The value of investments will fluctuate, which will cause fund prices to fall as well as rise and you may not get back the original amount you invested.

This information is not an offer or solicitation of an offer for the purchase of shares in any of M&G's funds. **Before subscribing you should read the Prospectus and the Key Investor Information Document.** In Switzerland, this financial promotion is issued by M&G International Investments Switzerland AG, Talstrasse 66, 8001 Zurich, authorised and regulated by the Swiss Federal Financial Market Supervisory Authority; in the UK, by M&G Securities Limited (registered in England, No. 90776) and, elsewhere, by M&G International Investments Ltd (registered in England, No. 4134655). Both M&G Securities Limited and M&G International Investments Ltd are authorised and regulated by the Financial Conduct Authority in the UK and have their registered offices at Laurence Pountney Hill, London EC4R 0HH. M&G International Investments Ltd also has a branch located in France, 6 rue Lamennais, Paris 75008, registered on the Trade Register of Paris, No 499 832 400 and a branch in Spain, with corporate domicile at Calle Fortuny, 6 – 4º A, 28010, Madrid registered with the Commercial Registry of Madrid under Volume 32.573, sheet 30, page M-586297, inscription 1, CIF W8264591B and registered with the CNMV under the number 79. The Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários, the "CMVM") has received a passporting notification under Directive 2009/65/EC of the European Parliament and of the Council and the Commission Regulation (EU) 584/2010 enabling the fund to be distributed to the public in Portugal. M&G International Limited is duly passported into Portugal to provide certain investment services in such jurisdiction on a cross-border basis and is registered for such purposes with the CMVM and is therefore authorised to conduct the marketing (comercialização) of funds in Portugal.