

Issued by M&G Securities Limited 7 October 2016



# Prospectus

## M&G FUNDS 1 ICAV

(an Irish collective asset-management vehicle having registration number C143465 and established as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended)

The Directors of the ICAV whose names appear in the section entitled “Directory” accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

# Prospectus

## M&G FUNDS 1 ICAV

### IMPORTANT INFORMATION

**THIS DOCUMENT CONTAINS IMPORTANT INFORMATION ABOUT THE ICAV AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, LEGAL ADVISOR, ACCOUNTANT, OR OTHER FINANCIAL ADVISOR.**

Certain terms used in this Prospectus are defined in the section of this Prospectus entitled "Definitions".

*This Prospectus may only be issued with one or more Relevant Supplements, each containing information relating to one or more separate Funds. Details relating to Classes shall be dealt with in the Relevant Supplement. Each Relevant Supplement shall form part of, and should be read in conjunction with, this Prospectus. To the extent that there is any inconsistency between this Prospectus and any Relevant Supplement, the Relevant Supplement shall prevail.*

*Key investor information documents, or KIIDs, are available for each Fund that is open for subscription. In addition to summarising some important information in this Prospectus, the KIIDs shall contain information on the risk reward profile, the historical performance (if any) and the ongoing charges for each Fund. The KIIDs can be obtained on the website <http://www.mandg.co.uk/discretionary/>. For the avoidance of doubt, the KIIDs constitute pre-contractual information and do not form part of the Prospectus.*

#### Authorisation by the Central Bank

The ICAV has been established as an Irish collective asset-management vehicle pursuant to the Irish Collective Asset-management Vehicles Act 2015 and has been authorised by the Central Bank as a UCITS within the meaning of the UCITS Regulations. The ICAV is an umbrella fund with segregated liability between sub-funds. The sub-funds are referred to in this Prospectus as the "Funds" and they include the Feeder Funds. Each Feeder Fund is a fund which invests at least 85% of its assets in the corresponding Master Fund as described in the Relevant Supplement. The authorisation of the ICAV as a UCITS by the Central Bank is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. Authorisation of the ICAV by the Central Bank does not constitute a warranty as to the performance of the ICAV or the Funds and the Central Bank shall not be liable for the performance or default of the ICAV or of any Fund.

#### Investment Risks

There can be no assurance that a Fund (or in the case of a Feeder Fund, the relevant Master Fund) will achieve its investment objective. It should be appreciated that the value of Shares may go down as well as up and, accordingly, an investor may not get back the full amount invested. An investment in a Fund involves investment risks, including possible loss of the entire amount invested. The capital return and income of a Fund are based on the capital appreciation and income of the investments it holds, less expenses incurred. Therefore, a Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income. Accordingly, and in view of the fact that an initial charge of up to 5% of the subscription monies may be payable as specified in the Relevant Supplement and that a dilution adjustment may be applied to Classes of the Funds, the difference at any one time between the subscription and redemption price of Shares in the Funds means that the investment should be viewed as medium- to long-term. Investors' attention is drawn to the specific risk factors set out in the section of this Prospectus entitled "Risk Factors". As distributions may be paid out of the capital of a Fund, there is a greater 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. Distributions paid out of capital may have different tax implications to distributions paid out of income and investors are recommended to seek their own advice in this regard. Shareholders should note that all or part of the charges and expenses, including management fees, may be charged to the capital of a Fund. The effect of this policy is that it may lower the capital value of the investment, income may be achieved by foregoing the potential for future capital growth and this cycle may continue until all capital is

depleted. Thus, on redemptions of holdings Shareholders may not receive back the full amount invested.

#### Selling Restrictions

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, incorporation, or domicile.

Investors must provide such declarations as are reasonably required by the ICAV, including, without limitation, declarations as to matters of Irish and U.S. taxation.

#### United States:

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

#### Marketing Rules

Shares are offered only on the basis of the information contained in the current Prospectus and the latest annual report and any subsequent semi-annual report. However, Shareholders should note that the audited accounts contained in the annual report are presented to the Shareholders as a body at the date of the annual audited accounts and the auditors do not accept liability to any other party in respect of such financial statements.

Any further information or representation given or made by any dealer, salesman or other person should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.

The distribution of this Prospectus and the KIIDs in some jurisdictions may require the translation of this Prospectus and the KIIDs into other languages specified by the relevant regulatory authorities provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the laws of Ireland.

**This Prospectus and any Relevant Supplement should be read in its entirety before making an application for Shares.**

# Directory

## M&G FUNDS 1 ICAV

### The Board of Directors of the ICAV:

Eimear Cowhey  
Mike Kirby  
Philip Jelfs  
Laurence Mumford

### Registered Office:

Arthur Cox Building  
Earlsfort Terrace  
Dublin 2  
Ireland

### Manager and Distributor:

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

### Auditors:

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

### The Board of Directors of the Manager:

Gary Cotton  
Philip Jelfs  
Martin Lewis  
Graham MacDowall  
Laurence Mumford  
William Nott

### Legal Advisors in Ireland:

Arthur Cox  
Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
Ireland

### Depositary:

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Administrator:

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Secretary:

Bradwell Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2  
Ireland

# Index

## M&G FUNDS 1 ICAV

IMPORTANT INFORMATION .....	2
DIRECTORY .....	3
DEFINITIONS .....	5
INTRODUCTION .....	7
The ICAV .....	7
This Prospectus .....	7
INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS .....	7
General .....	7
Feeder Funds .....	7
Profile of a Typical Investor .....	7
Borrowing .....	8
Adherence to Investment Objectives and Policies .....	8
Distribution Policy .....	8
INVESTMENT TECHNIQUES AND INSTRUMENTS .....	8
RISK FACTORS .....	8
CHARGES AND EXPENSES .....	12
Establishment Costs .....	12
Directors' Fees .....	12
Oversight and Management Company Charge .....	12
Performance Fees .....	13
Charges and Expenses of the Master Funds .....	13
DETERMINATION OF NET ASSET VALUE AND PRICE PER SHARE .....	14
Dilution Adjustments .....	14
Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches .....	15
INVESTING IN SHARES .....	15
Classes .....	15
Application for Shares .....	15
Anti-Money Laundering Procedures .....	16
Subscription Price .....	16
Initial Charge .....	16
Written Confirmations of Ownership .....	16
REDEEMING SHARES .....	16
Redemption Requests .....	16
Redemption Price .....	16
Mandatory Redemption of Shares .....	17
TRANSFERRING SHARES .....	17
SWITCHING SHARES .....	17
GENERAL TRADING PRACTICES AND INFORMATION .....	17
Umbrella Cash Accounts .....	17
Withholdings and Deductions .....	17
Excessive Trading .....	18
Publication of the Price of the Shares .....	18
Data Protection Notice .....	18
MANAGEMENT AND ADMINISTRATION .....	18
The Board of Directors of the ICAV .....	18
The Manager .....	19
Internal Conduct of Business Rules of the Manager .....	19
The Administrator .....	19
The Depository .....	20
The Information Sharing Agreements between Feeder Fund and Master Fund: Depositaries .....	21
The Information Sharing Agreements between Feeder Fund and Master Fund: Auditors .....	21
The Paying Agents and Facility Agents .....	21
TAXATION .....	21
Irish Tax Considerations .....	21
Compliance with U.S. Withholding Requirements - Foreign Account Tax Compliance Act (FATCA) .....	24
United Kingdom Tax Considerations .....	24
GENERAL .....	25
Conflicts of Interest .....	25
Soft Commissions .....	26
Best Execution Policy .....	26
Voting Policy .....	26
Remuneration Policy of the Manager .....	26
Complaints .....	26
The Share Capital .....	26
The Funds and Segregation of Liability .....	27
Minimum Viable Size .....	27
Termination .....	27
Meetings .....	28
Reports .....	28
Material Contracts .....	28
Supply and Inspection of Documents .....	28
SCHEDULE I .....	29
The Regulated Markets .....	29
SCHEDULE II .....	30
Investment Restrictions applicable to UCITS Funds under the UCITS Regulations .....	30

# Definitions

## M&G FUNDS 1 ICAV

In this Prospectus, the following words and phrases shall have the meanings indicated below:

“1933 Act”: means the U.S. Securities Act of 1933 (as amended);

“1940 Act”: means the U.S. Investment Company Act of 1940 (as amended);

“Administrator”: means State Street Fund Services (Ireland) Limited, or any successor administrator appointed in respect of the ICAV in accordance with the requirements of the Central Bank;

“Administration Agreement”: means the agreement dated 2 December 2015 between the Manager, the Administrator and the ICAV, pursuant to which the Administration was appointed administrator, registrar and transfer agent of the ICAV;

“Ancillary Liquid Assets”: means (i) cash deposits; and (ii) money market instruments, such as short term debt securities (i.e., debt securities with less than one year to maturity), treasury bills, commercial paper, certificates of deposit and bankers acceptances;

“AIMA”: means the Alternative Investment Management Association;

“Base Currency”: means the base currency of a Fund, as specified in the Relevant Supplement;

“Business Day”: means unless otherwise (i) defined in the Relevant Supplement; or (ii) determined by the Directors and notified in advance to the Shareholders, a day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business;

“Central Bank” means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of the ICAV;

“Central Bank Act”: means the Central Bank (Supervision and Enforcement) Act 2013, as such may be amended, supplemented or replaced from time to time;

“Central Bank Regulations”: means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 and any guidance, regulations and conditions issued by the Central Bank from time to time pursuant to the UCITS Regulations and/or the Central Bank Act regarding the regulation of undertakings for collective investment in transferable securities, as such may be amended, supplemented or replaced from time to time;

“Class” means any class of Shares each representing interests in the ICAV and, in the section of this prospectus entitled “Risk Factors”, may also refer to any class of shares or units in a Master Fund;

“Class Currency”: means the currency in which Shares of a Class are issued;

“Custody Charge”: means an annual charge to which the Master Fund Depository is entitled for the safe-keeping of each Master Fund’s assets;

“Dealing Cut-Off Time” means the time by which dealing requests must be received by the Administrator, as specified in the Relevant Supplement;

“Dealing Day”: means a day on which Shares may be subscribed for and/or redeemed, as specified in the Relevant Supplement, provided that there shall, in any event, be at least two dealing days per month, at regular intervals;

“Depository”: means State Street Custodial Services (Ireland) Limited or any successor depository appointed in respect of the ICAV in accordance with the requirements of the Central Bank;

“Depository Agreement”: means the agreement dated 27 May 2016 between the ICAV and the Depository, pursuant to which the latter was appointed depository of the ICAV;

“Depository Charge”: means an annual charge from each Master Fund to which the Master Fund Depository for its duties as depository in respect of each Master Fund;

“Directive”: means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (Recast), as such may be amended, supplemented or replaced from time to time;

“Directors”: means the directors of the ICAV for the time being and any duly constituted committee thereof;

“Distributor”: means M&G Securities Limited, or any successor or additional distributor appointed in respect of the ICAV or a Fund;

“ECB”: means the European Central Bank;

“EEA”: means the European Economic Area;

“emerging market” or “emerging market countries”: has the meaning set out in the Relevant Supplement;

“EMIR”: means the Regulation (EU) No 648/2012 of the European Parliament and Council on OTC FDI, central counterparties and trade repositories dated 4 July 2012, as such may be amended, supplemented or replaced from time to time;

“€” or “Euro” or “EUR”: means the currency unit referred to in the Second Council Regulation (EC) no. 974/98 of 3 May 1998 on the introduction of the Euro;

“FCA”: means the Financial Conduct Authority of the United Kingdom or any successor regulatory authority in the United Kingdom;

“EU”: means the European Union;

“FDI”: means one or more financial derivative instruments;

“Feeder Fund”: means any sub-fund of the ICAV established from time to time to invest at least 85% of its assets in a Master Fund;

“Fund” or “Funds”: means any sub-fund of the ICAV established from time to time and, in the section of this Prospectus entitled “Risk Factors”, may also refer to a Master Fund;

“£” or “Sterling” or “GBP”: means pound sterling, the lawful currency of the United Kingdom;

“ICAV”: means M&G Funds 1 ICAV, an Irish collective asset-management vehicle, incorporated in Ireland pursuant to the ICAV Act;

“ICAV Act”: means the Irish Collective Asset-management Vehicles Act 2015, as such may be amended, supplemented or replaced from time to time, including any regulations made by ministerial order thereunder and any conditions imposed thereunder by the Central Bank;

“IMF”: means the International Monetary Fund;

“Initial Offer Period”: means the period during which Shares in a Class are first offered for subscription, as specified in the Relevant Supplement;

“Initial Offer Price”: means the price at which Shares in a Class are first offered as specified in the Relevant Supplement;

“IOSCO”: means the International Organisation of Securities Commissions;

“Instrument of Incorporation”: means the instrument of incorporation of the ICAV, as such may be amended from time to time in accordance with requirements of the Central Bank;

“Internal Conduct of Business Rules” means the internal rules adopted by the Manager in respect of the management of the Feeder Funds and the Master Funds to address the requirements of the UCITS Regulations and the Central Bank Regulations;

“Investor Money Regulations”: means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers, as may be amended, supplemented or replaced from time to time;

“Investor Monies” means subscription monies received from, and redemption and distribution monies due to, investors in the Funds;

“Japanese Yen or JPY”: means Japanese Yen, the lawful currency of Japan;

“KIID”: means the key investor information document applicable to a Class;

“Management Agreement”: means the agreement dated 2 December 2015 between the ICAV and the Manager, pursuant to which the latter was appointed manager of the ICAV;

“Manager”: means M&G Securities Limited, or any successor manager appointed in respect of the ICAV;

“Master Fund Depository”: means National Westminster Bank plc or any successor depository appointed in respect of the Master Funds from time to time;

“Member State”: means a member state of the EU;

# Definitions

## M&G FUNDS 1 ICAV

**“Minimum Holding”:** means such minimum value of a holding of Shares in any Class, Fund or the ICAV as the Manager may determine and as set out in the Relevant Supplement;

**“Master Fund”:** means any collective investment scheme or sub-fund thereof in which a Feeder Fund invests 85% or more of its assets, such Master Fund to be identified in the Relevant Supplement;

**“Net Asset Value” or “NAV”:** means the Net Asset Value of the ICAV, or of a Fund or Class, as appropriate, calculated as described herein;

**“OECD”:** means the Organisation for Economic Co-Operation and Development;

**“OTC”** means over-the-counter;

**“Price per Share”:** means in respect of any Shares, the Net Asset Value attributable to the Shares issued in respect of a Fund or Class, plus or minus any attributable dilution adjustment, divided by the number of Shares in issue in respect of the Fund or Class;

**“Prospectus”:** means this document and any Supplemental Prospectus designed to be read and construed together with and to form part of this document;

**“Protected Cell”:** means a sub-fund of an umbrella type collective investment scheme with segregated liability between such sub-funds;

**“Regulated Market”:** means any stock exchange or regulated market: (i) in the EU, a member state of the EEA, the U.S., Australia, Canada, Japan, Hong Kong, New Zealand, Norway or Switzerland; (ii) which is set forth in Schedule I to this Prospectus; or (iii) as the Directors may from time to time determine in accordance with the UCITS Requirements and as shall be specified in a Supplemental Prospectus or addendum to this Prospectus;

**“Relevant Supplement”:** means in relation to a Fund, the Supplemental Prospectus published in respect of that Fund and any addenda thereto;

**“SEC”:** means the U.S. Securities and Exchange Commission;

**“Settlement Time”:** means (i) in the case of subscriptions, the time by which funds representing subscription monies in respect of a subscription order must be received; and (ii) in the case of redemptions, the time by which funds representing redemption monies in respect of a redemption request shall be paid, and these times shall be specified in the Relevant Supplement;

**“Share” or “Shares”:** means any share or shares of any Class in the ICAV or a Fund, as the context so requires and, in the section of this Prospectus entitled “Risk Factors”, may also refer to shares or units in a Master Fund;

**“Shareholder” or “Shareholders”:** means a holder or holders of Shares and, in the section of this Prospectus entitled “Risk Factors”, may also refer to shareholders or unitholders in a Master Fund;

**“Subscriber Shares”:** means the subscriber shares of the ICAV subscribed for at no par value;

**“Supplemental Prospectus”:** means any supplemental prospectus issued by the ICAV from time to time in accordance with the requirements of the Central Bank;

**“TCA”:** means the Taxes Consolidation Act, 1997, as amended from time to time;

**“UCITS”:** means an undertaking for collective investment in transferable securities established pursuant to the UCITS Regulations or, in the case of UCITS established in a Member State other than Ireland, the Member State law transposing Directive;

**“UCITS Regulations”:** means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as such may be amended, supplemented or replaced from time to time;

**“UCITS Requirements”:** means the requirements outlined in the UCITS Regulations and/or the Central Bank Regulations, as applicable;

**“Umbrella Cash Accounts”:** means any single umbrella cash account in the name of the ICAV as described in the section of this Prospectus entitled “GENERAL TRADING PRACTICES AND INFORMATION - Umbrella Cash Accounts”;

**“U.S.”:** means the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction;

**“U.S.\$” or “U.S. Dollar” or “USD”:** means U.S. Dollars, the lawful currency of the U.S.;

**“U.S. Person”:** means any person, any individual or entity that would be a U.S. Person under Regulation S of the 1933 Act;

**“Valuation Point”:** means the time at which the assets and liabilities of a Fund will be valued for the purposes of calculating the Net Asset Value, as specified in the Relevant Supplement.

# Prospectus

## M&G FUNDS 1 ICAV

### INTRODUCTION

#### The ICAV

The ICAV is an Irish collective asset-management vehicle established under the laws of Ireland pursuant to the ICAV Act and the UCITS Regulations. The ICAV was established on 18 August 2015 under registration number C143465. The ICAV was authorised by the Central Bank on 2 December 2015. Its sole object is collective investment in transferable securities and other liquid financial assets referred to in Regulation 68 of the UCITS Regulations of capital raised from the public and which operates on the basis of risk spreading.

The ICAV is organised in the form of an umbrella fund with segregated liability between sub-funds. The Instrument of Incorporation provides that the ICAV may create separate Funds, with each Fund comprising a separate and distinct portfolio of investments. The ICAV has obtained the approval of the Central Bank for the establishment of the following Funds:

M&G Feeder of Corporate Bond (GBP Class I Income) Fund  
M&G Feeder of Emerging Markets Bond (GBP Class I Income) Fund  
M&G Feeder of Emerging Markets Bond (GBP Class I-H Income) Fund  
M&G Feeder of Episode Macro (GBP Class T-H Accumulation) Fund  
M&G Feeder of European Strategic Value (GBP Class I Accumulation) Fund  
M&G Feeder of European Strategic Value (GBP Class I Income) Fund  
M&G Feeder of Global Basics (GBP Class I Accumulation) Fund  
M&G Feeder of Global Basics (GBP Class I Income) Fund  
M&G Feeder of Global Convertibles (GBP Class I Income) Fund  
M&G Feeder of Global Corporate Bond (GBP Class I-H Income) Fund  
M&G Feeder of Global Dividend (GBP Class I Accumulation) Fund  
M&G Feeder of Global Dividend (GBP Class I Income) Fund  
M&G Feeder of Global Emerging Markets (GBP Class I Accumulation) Fund  
M&G Feeder of Global Emerging Markets (GBP Class I Income) Fund  
M&G Feeder of Global Floating Rate High Yield (GBP Class I-H Income) Fund  
M&G Feeder of Global High Yield Bond (GBP Class I Income) Fund  
M&G Feeder of Global Leaders (GBP Class I Accumulation) Fund  
M&G Feeder of Global Leaders (GBP Class I Income) Fund  
M&G Feeder of Global Macro Bond (GBP Class I Income) Fund  
M&G Feeder of Global Macro Bond (GBP Class I-H Income) Fund  
M&G Feeder of Global Select (GBP Class I Accumulation) Fund  
M&G Feeder of Global Select (GBP Class I Income) Fund  
M&G Feeder of Japan (GBP Class I Accumulation) Fund  
M&G Feeder of Japan (GBP Class I Income) Fund  
M&G Feeder of Japan Smaller Companies (GBP Class I Accumulation) Fund  
M&G Feeder of Japan Smaller Companies (GBP Class I Income) Fund  
M&G Feeder of North American Dividend (GBP Class I Accumulation) Fund  
M&G Feeder of North American Dividend (GBP Class I Income) Fund  
M&G Feeder of North American Value (GBP Class I Accumulation) Fund  
M&G Feeder of North American Value (GBP Class I Income) Fund  
M&G Feeder of Optimal Income (GBP Class I Income) Fund  
M&G Feeder of Pan European Dividend (GBP Class I Accumulation) Fund  
M&G Feeder of Pan European Dividend (GBP Class I Income) Fund  
M&G Feeder of Recovery (GBP Class I Accumulation) Fund  
M&G Feeder of Recovery (GBP Class I Income) Fund  
M&G Feeder of Strategic Corporate Bond (GBP Class I Income) Fund

M&G Feeder of UK Inflation Linked Corporate Bond (GBP Class I Income) Fund

M&G Feeder of UK Select (GBP Class I Accumulation) Fund

M&G Feeder of UK Select (GBP Class I Income) Fund

As at the date of this Prospectus, certain of the Funds listed above and/or certain Classes within the Funds may not be open to subscriptions. Investors should contact the Administrator for further information.

Additional Funds may be established by the ICAV with the prior approval of the Central Bank, the investment objectives and policies of which shall be outlined in the Relevant Supplement.

The Instrument of Incorporation provides that the ICAV may offer separate Classes of Shares, each representing interests in a Fund. The Classes of Shares on offer in respect of each Fund shall be outlined in the Relevant Supplement. Further Classes of Shares may be established in accordance with the requirements of the Central Bank.

#### This Prospectus

This Prospectus describes the ICAV. The assets of each Fund will be invested in accordance with the investment objectives and policies applicable to such Fund, as specified in the Relevant Supplement. Each Relevant Supplement should be read in conjunction with, and construed as one document with, this Prospectus. For the purposes of this Prospectus, where the context so admits or requires, the term "Fund" shall also be deemed to mean the ICAV acting for the account of the relevant Fund.

### INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS

#### General

The investment objective and policies for each Fund and the investment restrictions in relation thereto will be formulated by the Directors at the time of creation of such Fund and will be set out in the Relevant Supplement.

#### Feeder Funds

In the case of the Feeder Funds, each Feeder Fund will invest at least 85% of its assets in the corresponding Master Fund. A summary of the investment objective and policy of the Master Fund shall be set out in the Relevant Supplement.

Subject to the provisions of the Relevant Supplement, a Feeder Fund may invest up to 15% of its assets in aggregate in Ancillary Liquid Assets. To the extent that a Feeder Fund invests in Ancillary Liquid Assets, the performance of the Feeder Fund and the Master Fund may not be identical.

**There can be no assurance that a Fund will achieve its investment objective nor, in the case of a Fund that is a Feeder Fund, that the Master Fund will achieve its investment objective.**

#### Profile of a Typical Investor

The profile of a typical investor in a Fund is described in the Relevant Supplement.

#### Borrowing

A Fund may not borrow money except that:

(a) a Fund may acquire foreign currency by means of a "back to back" loan. Foreign currency obtained in this manner is not classified as borrowing for the purposes of Regulation 103 of the UCITS Regulations provided that the offsetting deposit equals or exceeds the value of the foreign currency loan outstanding; and

(b) a Fund may borrow up to 10% of its Net Asset Value provided such borrowing is on a temporary basis.

With regard to sub-paragraph (a) above, where foreign currency borrowings exceed the value of the back to back loan, any excess is regarded as borrowing for the purposes of Regulation 103 of the UCITS Regulations.

A Fund may create a charge or grant other security over its assets in connection with its borrowings. In the event of a default by a Fund under the borrowing arrangements, the lender may seek to satisfy the debt owed to it and enforce its security by taking possession and/or disposing of the assets.

#### Adherence to Investment Objectives and Policies

Any change in investment objective and any material change in investment policies of a Fund will be subject to approval by the majority of votes of

# Prospectus

## M&G FUNDS 1 ICAV

Shareholders of such Fund passed at a general meeting or by all of the Shareholders of such Fund by way of a written resolution. In the event that a change in investment objective and/or a material change in investment policies is approved by Shareholders, a reasonable notification period will be provided to Shareholders to enable them to redeem their Shares prior to the implementation of such a change. Notification of non-material changes may be provided by means of appropriate disclosure in the next periodic report of the relevant Fund.

### Distribution Policy

The Directors have delegated to the Manager the authority to declare and pay distributions in respect of any Classes in the ICAV, subject to such distributions being ratified by the Directors. The distribution policy in respect of each Fund shall be set out in Relevant Supplement.

Where the ICAV is obliged to declare distributions but the net income and realised capital gains net of realised and unrealised capital losses of the relevant Fund or Class is not sufficient to pay such distributions, distributions may, where provided for in the Relevant Supplement, be paid out of capital at the discretion of the Directors. Such distributions paid out of capital should be understood as a type of capital reimbursement. For the avoidance of doubt, and without limitation, a Fund shall be permitted to pay a distribution out of net income notwithstanding that the Fund has made a capital loss in the relevant period. **As distributions may be paid out of the capital of a Fund, there is a greater 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. Distributions paid out of capital may have different tax implications to distributions paid out of income and investors are recommended to seek their own advice in this regard.**

Any distributions will be paid by bank transfer to the Shareholder’s nominated bank account, or reinvested where the Shareholder so elects and such facility exists on a Fund or Class (as identified in Schedule II of each Supplement). The Instrument of Incorporation provides that distributions declared but unclaimed by the relevant Shareholder for six years shall be forfeited by the relevant Shareholder unless otherwise determined by the Directors and shall become payable at the end of the six year period to the relevant Fund in respect of which they were declared.

### INVESTMENT TECHNIQUES AND INSTRUMENTS

The Funds do not currently propose to use FDI or to engage in the use of investment techniques, such as stocklending, repurchase agreements or reverse repurchase agreements. In the event that a Fund proposes to engage in FDI or use such investment techniques, this Prospectus shall be updated and an FDI risk management process will be submitted to and cleared by the Central Bank prior to the Fund engaging in such transactions. If the Fund engages in such transactions, the Fund shall supply to its Shareholders on request supplementary information in relation to the quantitative risk management limits applied by it, the risk management methods used by it and any recent developments in the risks and yields characteristics for the main categories of investment.

#### *Master Fund Use of FDI*

A summary description of the FDI which may be used by each Master Fund is set out in the Relevant Supplement. An overview of the risks associated with the use of FDI by the Master Funds is set out below in the Section entitled “Risk Factors”.

### RISK FACTORS

**Investors’ attention is drawn to the following risk factors. Investing in the Funds involves many risks which may apply, in the first instance, at the level of Master Fund or the Feeder Fund. As such the following risk factors may be considered: (i) directly relevant to an investment in a Feeder Fund; and/or (ii) directly relevant to a Master Fund and, as such, indirectly relevant to a Feeder Fund. For further information on the particular risks applicable to each Fund and whether they apply directly or indirectly to an investment in the Feeder Fund please refer to the Relevant Supplement for each Feeder Fund. References in this section to the “Fund” may, as the context requires, refer to a Feeder Fund and/or the Master Fund. The risks of investing in a Feeder Fund are substantially similar to those of the related Master Fund. References in this section to “Shares” or “Classes” may, as the context requires, refer to Shares or Classes in the Feeder Fund and/or**

**shares or units or classes thereof in the Master Fund. In this section references to the “Manager” may include any investment manager appointed by the Manager to provide investment management services to a Fund.**

**The risks of investing in a Fund will generally depend on the types of investments in the portfolio and the investment strategies the Manager employs on its behalf. This section describes the principal risks and some related risks but does not describe every potential risk of investing in the Funds. The Funds could be subject to additional risks because of the types of investments they make and market conditions, which may change over time.**

**An investment in a Fund, by itself, generally does not provide a complete investment programme but rather is intended to serve as part of an investor’s overall portfolio of investments.**

### Lack of Operating History

Although the Manager (and its affiliates) has experience investing along the lines of the investment policy of the Funds, the ICAV is recently formed and accordingly the Feeder Funds have a limited operating history upon which investors can evaluate their likely performance. The past investment performance of the Manager (and its affiliates) should not be construed as an indication of the future results of the ICAV and the Funds. Accordingly, an investment in the Funds entails a certain degree of risk.

### Ireland-Based Entities

Each of the Feeder Funds, the ICAV, the Administrator and the Depositary is based in Ireland and is subject to the Irish and European Union regulatory framework applicable to collective investment schemes, managers and trustees. As such, changes in governmental regulation, political structure, local economics and tax laws may adversely impact any or all of the foregoing. No Irish authority has passed upon the merits of an investment in either the ICAV or the Funds. Authorisation of the ICAV by the Central Bank is not an endorsement or guarantee of the ICAV or the Funds by the Central Bank, nor is the Central Bank responsible for the contents of this Prospectus.

### Litigation Risk

The Funds may be subject to lawsuits or proceedings by government entities and private parties. For example, the Manager may accumulate substantial positions in the securities of a specific company and engage in a proxy fight or become involved in litigation. Under such circumstances, the Funds could conceivably be named as a defendant in a lawsuit or regulatory action. If named as a defendant, the cost of litigation expenses could substantially reduce a Fund’s assets.

### Business and Regulatory Risks

Legal, tax and regulatory changes could occur during the term of a Fund which may adversely affect a Fund, the value of investments held by it and its ability to pursue its trading strategies.

The effect of any future regulatory change on a Fund could be substantial and adverse.

### Valuation

Details of the method of calculation of the Price per Share of a Fund of the ICAV are set out in the section of this Prospectus entitled “Determination of Net Asset Value”. Details of the method of calculating the price per share of a Master Fund are set out in prospectus for the Master Fund.

When a Fund uses fair value pricing, it may take into account any factors it deems appropriate. A Fund may determine fair value based upon developments related to a specific security, current valuations of stock indices and/or sector or broader stock market indices. The price of securities used by a Fund to calculate its net asset value may differ from quoted or published prices for the same securities. Fair value pricing may involve subjective judgments and it is possible that the fair value determined for a security is materially different than the value that could be realised upon the sale of that security.

### Share Classes

Each Fund has the power to create different Classes of Shares and may create additional Classes having different rights (including but not limited to Classes with different voting rights, charging structures, hedging policies, currency denominations, and/or rights to distributions, for example). Each Fund shall have no obligation to offer such additional rights granted to



# Prospectus

## M&G FUNDS 1 ICAV

investors in a Fund to all Shareholders, subject always to compliance with the applicable law and regulations and the requirements of the Central Bank or the FCA, as appropriate.

### Allocation of Liabilities among Share Classes

Although each Fund will maintain separate accounts or book entries with respect to each Class, separate Classes are not separate legal entities but rather Classes in a Fund and the assets of a Fund's Classes will not be segregated. All of the assets of a Fund are available to meet all of the liabilities of the Fund, regardless of the Classes to which such assets or liabilities are attributable. In practice, cross-Class liability will usually only arise where any separate Share Class becomes insolvent and is unable to meet all of its liabilities. In this case, all of the assets of a Fund attributable to other separate Classes may be applied to cover the liabilities of the insolvent Classes.

If losses or liabilities are sustained by a Class in excess of the assets attributable to such Class, such excess may be apportioned to the other Classes in a Fund. The assets attributable to any one Class will not be isolated from the liabilities attributable to other Classes in a Fund to the extent that the assets of one particular Class are insufficient to satisfy the liabilities attributable to such Class then the assets of other Classes may be charged with such liabilities.

### Risks Relating to Substantial Shareholders in a Fund

From time to time, there may be one or more Shareholders with substantial or controlling interests in a Fund and this may be the case, at least, for an initial period following the launch of a Fund. Such Shareholders' interests may not be aligned to the interests of other Shareholders and such shareholders may seek to exert influence over the Fund. In the event that such Shareholders are able to exert influence to the detriment of other Shareholders, this may have an adverse effect on Shareholder returns.

### Legal Representation and Tax Advice

Before making an investment in a Fund, prospective investors are advised to consult their own independent counsel regarding legal and tax implications of this investment.

### Risk to Capital and Income Will Vary

The investments of a Fund are subject to normal market fluctuations and other risks inherent in investing in shares, bonds and other stock market related assets, as appropriate. 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.

### Risks Associated with Umbrella Cash Accounts

One or more Umbrella Cash Accounts will operate at umbrella level in respect of the ICAV rather than a specific Feeder Fund and the segregation of Investor Monies from the liabilities of Feeder Funds other than the relevant Feeder Fund to which the Investor Monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Feeder Funds by or on behalf of the ICAV.

In the event of the insolvency of a Feeder Fund, there is no guarantee that such Feeder Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to Investor Monies) in full.

Monies attributable to some or all of the Feeder Funds within the ICAV will also be held in an Umbrella Cash Account. In the event of the insolvency of a Feeder Fund (an "Insolvent Feeder Fund"), the recovery of any amounts to which another Feeder Fund (the "Beneficiary Feeder Fund") is entitled, but which may have transferred in error to the Insolvent Feeder Fund as a result of the operation of the Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to the recovery of, such amounts, and the Insolvent Feeder Fund may have insufficient funds to repay amounts due to the Beneficiary Feeder Fund.

In the event that an investor fails to provide the subscription monies within the timeframe stipulated in this Prospectus, the investor may be required to indemnify the Feeder Fund against the liabilities that may be incurred by it. The ICAV may cancel any Shares that have been issued to the investor and charge the investor interest and other expenses incurred by the relevant

Feeder Fund. In the event that the ICAV is unable to recoup such amounts from the defaulting investor, the relevant Feeder Fund may incur losses or expenses in anticipation of receiving such amounts, for which the relevant Feeder Fund, and consequently its Shareholders, may be liable. No interest will be paid on the amounts held in the Umbrella Cash Account.

### Cyber Security Risks

Like other business enterprises, the use of the internet and other electronic media and technology exposes a Fund and its service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact a Fund and its Shareholders, and cause a Fund to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures. A cyber-event may cause a Fund, or its service providers to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Net Asset Value of a Fund or allow Shareholders to transact business) and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support a Fund and its service providers. In addition, cyber-events affecting issuers in which a Fund invests could cause the Fund's investments to lose value.

### Counterparty Risk

Whilst the Manager will place transactions, hold positions (including, where permitted by the investment policy of a Fund, OTC FDIs) and deposit cash with a range of counterparties, there is a risk that a counterparty may default on its obligations or become insolvent, which may put the Fund's capital at risk.

### Liquidity Risk

A 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.

### Inflation

Although a Fund may be designed to provide protection against the effects of inflation, a change in the rate of inflation may affect the real value of your investment. A Fund will not necessarily track the inflation rate.

### Taxation

Potential investor's attention is drawn to the taxation risks associated with investing in a Fund. Please see the section of this Prospectus titled "Taxation". The current tax regime applicable to investors in collective investment schemes in their country of residence or domicile or in the domicile of the Funds themselves is not guaranteed and may be subject to change. Any changes may have a negative impact on returns received by investors.

The Funds rely extensively on tax treaties to reduce domestic rates of withholding tax in countries where it invests. A risk exists that tax authorities in countries with which Ireland or the United Kingdom has double tax treaties, may change their position on the application of the relevant tax treaty. As a consequence, higher tax may be suffered on investments (e.g., as a result of the imposition of withholding tax in that foreign jurisdiction). Accordingly, any such withholding tax may impinge upon the returns to a Fund and investors.

In specific treaties which contain 'limitation of benefits' provisions (e.g. US), the tax treatment of a Fund may be affected by the tax profiles of investors

in the Fund as such treaties may require the majority of investors in the fund to be from the same jurisdiction. Failing to meet the limitation of benefits provision may result in increased withholding tax being suffered by the Fund.

### Tax Developments

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

### Derivatives Used for EPM Only

Certain Funds may enter into FDI transactions for the purposes of efficient portfolio management ( “EPM” ), including hedging transactions and temporary short term tactical asset allocation, e.g., for the purposes of preserving the value of an asset or assets of a Fund and liquidity management purposes (i.e., to enable the Fund to be adequately invested). The risk management process adopted by an investment manager in its capacity as risk manager of the Master Funds (the “Master Fund Risk Management Process” ) document sets out the approved FDI strategies.

### Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)

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

The Risk Management Process document sets out the approved FDI strategies.

FDI positions are fully covered by liquid assets or cash held in a Fund.

### More Complex Use of Derivative Strategies

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

The Master Fund Risk Management Process document sets out the approved FDI strategies.

### 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 FDI contracts which are not the same as (but may be similar to) the underlying position.

### Valuation Risk (Derivatives)

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

### Liquidity Risk (Derivatives)

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

### “Daylight Risk” to Counterparty

Certain FDI 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 a Fund.

### Delivery

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

### Legal Risk

FDI transactions are typically undertaken under separate legal arrangements. In the case of OTC FDIs, a standard International Swaps and Derivatives Association (“ISDA”) agreement is typically used to govern the trade between a Fund and the counterparty. The ISDA agreement and similar agreements cover 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 Fund where liabilities in those ISDA agreements or other similar agreements are challenged in a court of law.

### Volatility Related to the Use of Leverage

FDIs may be used to generate market exposure to investments exceeding the net asset value of a Fund, thereby exposing the Fund to a higher degree of risk than an equivalent Fund that does not use FDIs. As a result of this exposure, the size of any positive or negative movement in markets may have a more significant effect on the net asset value of the Fund.

### Volatility

It is not intended nor anticipated that the use of FDIs will have a material impact on the risk profile or the volatility of a Fund. Extreme market events, counterparty default or insolvency may, however, result in a loss to the Fund.

FDIs may be used to generate market exposure to investment exceeding the net asset value of the Fund. As a result of this exposure, the size of any positive or negative movement in markets may have a relatively larger effect on the net asset value of the Fund. The extent of the exposure may or may not be limited and may have a material impact on the risk profile or the volatility of the Fund as measured against equivalent funds where investment in FDIs is not permitted.

### Limited Credit Leverage

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

### Short Sales

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

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

### Currency Strategies

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

### Negative Duration

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

# Prospectus

## M&G FUNDS 1 ICAV

### Currency & Exchange Rate Risk

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

### Currency Risk on Unhedged Share Classes

Currency exchange rate fluctuations will impact the value of unhedged Classes where the currency of the Class differs from that of the base currency of a Fund.

### Growing Income not Guaranteed

Although the Manager seeks to provide a growing income over the long term there is a risk that this will not be achieved. In addition, fluctuations in exchange rates may have a positive or negative affect on the income paid by Classes denominated in currencies other than the base currency of a Fund.

### Interest Rate Risk

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

### Minimal Interest Rate Risk

Interest rate fluctuations will affect the capital and income value of investments within Funds that invest substantially in fixed income investments. While a Fund is expected to have minimal exposure to interest rate risk due to the nature of its investments, this risk is not eliminated entirely.

### Credit Risk

The value of a Fund will fall in the event of the default or perceived increased credit risk of an issuer in which the Fund is invested. This is because the capital and income value and liquidity of the investment is likely to decrease. AAA-rated government and corporate bonds have a relatively low risk of default compared to non-investment grade bonds. However, the ratings are subject to change and they may be downgraded. The lower the rating the higher the risk of default.

### Zero or Negative Yield

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

### Emerging Markets

Securities markets in emerging market countries are generally not as large as those in more developed economies and have substantially less dealing volume which can result in lack of liquidity. Such securities markets typically exhibit lower levels of economic and/or capital market development and higher levels of share price and currency volatility.

Accordingly, where a Fund invests substantially in securities listed or traded in such markets, its net asset value may be more volatile than a fund that invests in the securities of companies in developed countries.

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.

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.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in established markets, in part

because a Fund may need to use counterparties which are less well capitalised. In addition, custody and registration of assets in some emerging markets may be unreliable. Delays in settlement could result in investment opportunities being missed if a Fund is unable to acquire or dispose of a security. In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Therefore, a Fund could suffer loss arising from potential registration problems.

These factors may lead to temporary suspension of dealing in Shares/units in the Fund.

### Investment in Funds

Collective investment schemes (funds) invest in a range of assets, each with its individual risks. While the Manager will exercise due skill and care in selecting such schemes for investment, the Manager 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.

### Funds Investing in Specific Countries, Regions, Sectors and Asset Classes

Funds investing in specific countries, regions, sectors and asset classes may be more volatile and carry a higher risk to capital than funds investing in a broader investment universe. This is because the former are more vulnerable to market sentiment specific to the country region/sector/asset class in which they invest compared with the latter which may be invested across several regions, sectors and asset classes.

### Concentrated Portfolios

Active equity Funds managed with an unconstrained approach will typically have a smaller number of holdings than Funds more closely aligned with the benchmark index. When a Fund is concentrated in a small number of holdings the Fund's returns may be more volatile and/or influenced materially by a small number of large holdings.

### Future Launch of Hedge Share Classes

The Manager may issue hedged Classes with market conditions largely dictating the timing of the launch.

### Hedged Share Classes - No Segregation of Liabilities Between Share Classes in a Fund

Gains or losses arising from currency hedging transactions are borne by the Shareholders of the respective hedged Classes. Given that there is no segregation of liabilities between 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 Class could have an adverse impact on the net asset value of the other Classes in issue.

### Hedged Share Class Implications for Specific Share Class

The Manager may undertake transactions specifically to reduce the exposure of holders of hedged Classes to movements in the material currencies within a Fund's portfolio (look through) or to movements in the reference currency or base currency of the Fund (replication). The hedging strategy employed will not completely eliminate the exposure of the hedged Classes to currency movements and no assurance can be given that the hedging objective will be achieved. Investors should be aware that the hedging strategy may substantially limit Shareholders of the relevant hedged Class from benefiting if the hedged Class currency falls against the reference currency. Notwithstanding the hedging of the Classes described above, Shareholders in those Classes may still be exposed to an element of currency exchange rate risk.

During periods when interest rates across currency areas are very similar, the interest rate differential ( "IRD" ) is very small, the impact on hedged Class returns is low. However, in an environment where interest rates are significantly different between the Fund's exposure currency and the hedged Class currency, the IRD will be higher and the performance difference will be greater.

### Share Class Hedging Methodology (Look Through)

The Manager undertakes hedging transactions specifically to reduce the exposure of the holders of hedged Classes to movements in the material currencies within a Fund's portfolio.

# Prospectus

## M&G FUNDS 1 ICAV

Where a Fund invests globally, proxy currencies may be used to hedge certain currency exposures where the cost of hedging the reference currency may not achieve the best outcome. Where a suitable proxy currency cannot be determined, the exposure may remain un-hedged. The aggregate value of any un-hedged exposures at a particular point in time could be material.

### Share Class Hedging Methodology (Replication)

The Manager undertakes hedging transactions to reduce the effect of exchange rate fluctuations between the currency of the hedged Classes and the base currency of a Fund.

### Eurozone

There is a risk that one or more countries will exit the Euro and re-establish their own currencies. In light of this uncertainty or in the event that this does occur, there is an increased risk of volatility in asset values, liquidity and default risk. In addition, there is a risk that disruption in Eurozone markets could give rise to difficulties in valuing the assets of a Fund. In the event that it is not possible to carry out an accurate valuation of the Fund, dealing may be temporarily suspended.

### Exposure to Euro

Certain Funds invest/or can invest in securities denominated in Euros. Economic uncertainties facing the Eurozone mean that there is an increased risk of volatility in asset values, liquidity and default risk. In addition, there is a risk that disruption in Eurozone markets could give rise to difficulties in valuing the assets of a Fund. In the event that it is not possible to carry out an accurate valuation of the Fund, dealing may be temporarily suspended.

### Liabilities of Funds with Protected Cell

Shareholders are not liable for the debts of a Fund in which they invest. A Shareholder is not liable to make any further payment to the Fund after that Shareholder has paid in full for the purchase of Shares.

### Protected Cell - Foreign Courts

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

### Low or Zero Inflation Conditions

In low or zero inflation conditions, the expenses of a Fund may exceed income. In such circumstances, the shortfall will be met from the capital of the Fund and there will be no allocation of income to Shareholders.

### Charges to Capital

A Fund's charges and expenses may be taken from capital, in whole or in part, and as a result the capital growth will be constrained.

### Negative Interest Rates

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

### Effective Yield Accounting

A Fund may be subject to effective yield accounting requirements which mean that a proportion of the capital inflation protection will be distributed to holders of shares designated as "Income Shares". As a result, holders of Income Share will, in effect, be withdrawing part of the capital protection element.

### Risks Associated with Investing in a Feeder Fund

As a Feeder Fund will invest substantially all of its assets in the Master Fund, a Feeder Fund will be indirectly subject to all of the terms, conditions and

risks of the Master Fund and any loss or adverse effect affecting the Master Fund shall also adversely affect the Feeder Fund.

There is a small cash buffer maintained at the level of Feeder Fund which results in "cash drag". For this and other reasons, the performance of Shares in a Feeder Fund will not necessarily track the performance of shares in the Master Fund.

In certain circumstances, a Feeder Fund may submit an application to subscribe for shares in the Master Fund with a value corresponding to subscriptions accepted by the Feeder Fund but for which the Feeder Fund has not yet received the subscription monies. If an investor in the Feeder Fund defaults on its obligation to transmit the subscription monies to the Feeder Fund, this may impair the ability of the Feeder Fund to fulfil its obligation to transmit subscription monies to the Master Fund.

As a shareholder of another collective investment scheme, each Feeder Fund will bear, along with other shareholders, its pro rata portion of the expenses of the other collective investment scheme, including management and/or other charges. The maximum level of management charges (exclusive of any performance fee) which may be charged to a Master Fund in which a Feeder Fund invests is set out in the Relevant Supplement. These charges would be in addition to the management charges and other expenses which the Feeder Fund bears directly in connection with its own operations.

### CHARGES AND EXPENSES

Each Fund shall pay all of its expenses and its allocable share of any expenses incurred by the ICAV. These expenses may include the costs of: (i) maintaining the ICAV and the Funds and registering the ICAV, the Funds and the Shares with any governmental or regulatory authority or with any stock exchange; (ii) investment management, distribution, administration, depositary, compliance and related services; (iii) research fees and expenses (including research-related travel expenses); (iv) Director fees and Directors' travel expenses; (v) preparation, printing and posting of prospectuses, KIIDs, sales literature and reports to Shareholders, the Central Bank and other governmental agencies; (vi) marketing expenses; (vii) taxes; (viii) commissions and brokerage fees; (ix) expenses incurred in connection with the acquisition and disposal of the assets of the ICAV, including expenses reasonably related to the purchase, sale or transmission of assets of a Fund; (x) auditing, tax, compliance and legal fees (including expenses arising in respect of legal or administrative proceedings or as necessary to protect the interests of a Fund from any potential or actual creditor or litigant); (xi) insurance premiums; (xii) fees and expenses of distributors, paying agents, local representatives and similar agents, such fees and expenses to be charged at normal commercial rates; (xiii) listing fees, if applicable; and (xiv) other operating expenses. Unless otherwise stated, all fees and expenses referred to in the Prospectus and Relevant Supplement are exclusive of VAT or any other similar ad valorem sales tax which may be payable.

The fees and charges may differ from one Class to another and as a consequence, the Price per Share may differ from one Class to another Class.

### Establishment Costs

It is intended that the expenses relating to the establishment of the ICAV, the initial Funds and any new Funds will be discharged by the Manager.

### Directors' Fees

The Instrument of Incorporation provides that the Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors. The Directors' remuneration will not exceed €125,000 per annum in the aggregate for all the Directors, or such other amount as may be determined by the Directors and notified to Shareholders from time to time. Any person affiliated with the Manager that is serving as a Director from time to time shall not receive any remuneration for his or her services as a Director. Any such change in each Director's remuneration shall also be disclosed in an update to the Prospectus and in the financial statements. The Directors shall be entitled to be reimbursed by the ICAV for all reasonable disbursements and out-of-pocket expenses incurred by them, if any. The Manager currently undertakes to bear the cost of the director's fees.

### Oversight and Management Company Charge

The Manager is entitled to receive, out of the assets of each Fund, an annual charge up to the rate set out in the Relevant Supplement (the "Oversight

# Prospectus

## M&G FUNDS 1 ICAV

and Management Company Charge” ). Such charge shall accrue daily and shall be payable fortnightly in arrears. The Manager may also be entitled to receive a performance fee, where provided for in the Relevant Supplement.

The Manager currently undertakes to discharge, from its Oversight and Management Company Charge, all fees and expenses paid to the Administrator, the Depositary, the Directors and any facility agents or paying agents appointed in respects of the Feeder Funds. In addition, the Manager currently undertakes to discharge, from its Oversight and Management Company Charge, all other operating expenses of the Funds, but excluding such non-recurring and extraordinary or exceptional costs and expenses (if any) as may arise from time to time and withholding taxes that may be deducted from interest and dividend payments, stamp duties or other documentary transfer taxes, or similar duties and investment expenses arising with respect to the purchase or sale of assets by the Fund. Exceptional costs and expenses shall include those arising in respect of legal or administrative proceedings or as necessary to protect the interests of a Fund from any potential or actual creditor or litigant.

To the extent that the above charges and expenses exceed the Oversight and Management Company Charge set out in the Relevant Supplement, the Manager voluntarily undertakes to meet such excess itself. To the extent that the Oversight and Management Company Charge exceeds the above charges and expenses, the Manager will retain the excess. The Manager may terminate or modify any such voluntary undertaking at any time at its sole discretion by giving 14 days' notice in writing to the Shareholders.

Separately, investors investing through sub-distributors or other intermediaries, such as a bank or independent financial adviser, may pay fees directly to the intermediary, which are separate to the Fund's charges.

### Performance Fees

In the event that performance fees may be payable out of the assets of a Master Fund, whether to the Manager or an investment manager appointed by the Manager in respect of a particular Master Fund, details of the performance fees payable shall be set out in the Relevant Supplement.

Further details of the fees payable by shareholders of the Master Funds are set out in the prospectus for each Master Fund. The prospectuses of the Master Funds are available free of charge from the Manager on request.

**Shareholders should note that all or part of the charges and expenses, including management fees, may be charged to the capital of a Fund. The effect of this policy is that it may lower the capital value of the investment, income may be achieved by foregoing the potential for future capital growth and this cycle may continue until all capital is depleted. Thus, on redemptions of holdings Shareholders may not receive back the full amount invested.** The reason for charging these charges and expenses against capital is to seek to increase the amount of distributable income but this may be achieved by foregoing the potential for future capital growth. Charging all or part of the charges and expenses to capital will result in income being increased for distribution; however, the capital that the relevant Fund have available for investment in the future, and capital growth, may be reduced notwithstanding the performance of the relevant Fund. Shareholders should note that there is an increased risk that on the redemption of Shares, Shareholders may not receive back the full amount invested. For investors this may result in the erosion of investors' capital investment, or capital gains attributable to that original investment, which will likely diminish the value of future returns. The increased dividend payout as a result of charging fees and expenses to capital effectively amounts to a return or withdrawal of an investor's original capital investment or of capital gains attributable to that original investment. Shareholders should note that to the extent expenses are charged to capital, some or all of the distributions made by the relevant Fund should be considered to be a form of capital reimbursement.

### Charges and Expenses of the Master Funds

#### *Tiering and Waiver of Charges*

Shareholders of each Feeder Fund will be subject to two layers of charges - at the Feeder Fund level and at the Master Fund level. As the Master Funds are managed by the same manager as the Feeder Funds (i.e., the Manager), the Manager must waive the initial charge which it would normally charge at the Master Fund level.

Where in connection with an investment in a Master Fund, a distribution fee, commission or other monetary benefit is received: (i) the Feeder Fund; (ii) the Manager; or (iii) any person acting on behalf of either a Feeder Fund or the

Manager; such fee, commission or other monetary benefit shall be paid into the assets of the Feeder Fund.

#### *General Charges and Expenses*

The costs and expenses relating to the authorisation, incorporation and establishment of the Master Funds, the offer of shares in the Master Funds, the preparation and printing of the prospectuses of the Master Funds, and the fees of the professional advisers to the Master Funds in connection with the offering of shares in the Master Funds will be borne by the Manager.

The direct establishment costs of each Master Fund formed, or share class created in the Master Funds, may be borne by the relevant Master Fund or by the Manager at its discretion.

The Master Funds may pay, out of the property of the Master Funds, the charges and expenses incurred by the Master Funds unless they are covered by the administration charge payable to the Manager, as described under "Administration Charge" below. These include the following expenses: (i) reimbursement of all out-of-pocket expenses incurred by the Manager in the performance of its duties; (ii) broker's commission, taxes and duties (including stamp duty and / or UK Stamp Duty Reserve Tax), and other disbursements which are necessarily incurred in effecting transactions for the Master Funds; (iii) any fees or expenses of any legal or other professional adviser of the Master Funds; (iv) any costs incurred in respect of meetings of shareholders of the Master Funds convened on a requisition by shareholders but not those convened by the Manager or an associate of the Manager; (v) liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Master Funds in consideration for the issue of shares in the Master Funds; (vi) interest on borrowing and charges incurred in effecting or terminating such borrowing or in negotiating or varying the terms of such borrowing on behalf of the Master Funds; (vii) taxation and duties payable in respect of the property of the Master Funds or of the issue or redemption of shares, including UK Stamp Duty Reserve Tax; (viii) the audit fees of the auditor of the Master Funds (including value added tax) and any expenses of the auditor; (ix) if the shares of the Master Funds are listed on any stock exchange, the fees connected with the listing (though none of the shares of the Master Funds are currently listed); and any value added or similar tax relating to any charge or expense set out in the prospectuses of the Master Funds.

#### *Annual Management Charge*

The Manager is entitled to charge from each share class of each Master Fund an annual charge at the rate set out in the Relevant Supplement (the "Annual Management Charge" ).

#### *Administration Charge*

The Manager is entitled to charge from each share class of each Master Fund an annual charge in respect of administration services provided to the Master Funds at the rate set out in the Relevant Supplement (the "Administration Charge" ).

#### *Depositary and Custody Charges*

The Master Fund Depositary is entitled to: (i) a Depositary Charge; and (ii) a Custody Charge.

The Depositary Charge is based on a percentage of the net asset value of the relevant Master Fund and is charged on a sliding scale as set out in the Relevant Supplement.

The Custody Charge is variable depending upon the specific custody arrangements for each type of asset held by the Master Funds and shall range between the rates set out in the Relevant Supplement. In addition the Master Fund Depositary is entitled to be paid custody transactions charges in relation to processing transactions in each Master Fund's assets.

In addition to the Depositary Charge and the Custody Charge, the Master Fund Depositary may also charge for its services in relation to: (i) distributions; (ii) the provision of banking services; (iii) holding money on deposit; (iv) lending money; (v) engaging in stocklending, FDIs or unsecured loan transactions; and (vi) the purchase or sale or dealing in the purchase or sale of the Master Fund's property given to the Master Fund Depositary for safekeeping.

The Master Fund Depositary is entitled to payment and reimbursement of all costs, liabilities and expenses it incurs in the performance of any functions which might be conferred on it by the instrument of incorporation of the

Master Funds, the Collective Investment Scheme Sourcebook issued by the FCA or by general law.

### DETERMINATION OF NET ASSET VALUE AND PRICE PER SHARE

The Administrator shall determine the Net Asset Value of each Fund and the Price per Share of each Class, on each Dealing Day at the Valuation Point on the basis set forth below and in accordance with the Instrument of Incorporation.

The Net Asset Value of the Fund shall be the value of the gross assets attributable to such Fund less all of the liabilities attributable to such Fund (including such provisions as the Administrator considers appropriate in respect of the costs and expenses payable in relation to such Fund).

The Net Asset Value of each Class shall be determined by calculating the amount of the Net Asset Value of the Fund attributable to such Class. The amount of the Net Asset Value of a Fund attributable to a Class shall be determined by establishing the proportion of the assets of the Class as at the most recent Net Asset Value calculation adjusted to take account of any subscription orders (after deduction of any redemption orders) and liabilities (including fees attributable to the Class) and making appropriate adjustments to take account of distributions paid, if applicable, and apportioning the Net Asset Value accordingly. The Price per Share of a Class shall be calculated by dividing the Net Asset Value of the Class by the number of Shares in issue in that Class, subject to any dilution adjustment as described below. Class Expenses and other charges relating specifically to a Class will be charged to that Class. Fees or charges not attributable to a particular Class may be allocated amongst the Classes based on their respective Net Asset Values or any other reasonable basis approved by the Depositary having taken into account the nature of the fees and charges.

“Class Expenses” means the expenses of registering a Class in any jurisdiction or with any stock exchange, regulated market or settlement system, and all other expenses arising from such registration and such further expenses howsoever arising as may be disclosed in the Prospectus. The cost of converting currency and the costs and gains/losses of the hedging transactions are borne solely by the relevant Class.

Any liabilities of the ICAV which are not attributable to any Fund shall be allocated among all of the Funds pro rata to the relative Net Asset Value of the Funds or any other basis approved by the Depositary having taken into account the nature of the liabilities.

The Price per Share shall be rounded upwards or downwards as appropriate to the nearest four decimal places.

In determining the value of the assets of a Fund:

(i) each investment listed, traded or dealt in on a Regulated Market for which market quotations are readily available shall be valued at the last traded price as at the Valuation Point on the relevant Regulated Market, provided that the value of the investment listed, traded or dealt in on a Regulated Market but acquired or traded at a premium or at a discount outside or off the Regulated Market exchange may be valued, taking into account the level of premium or discount as at the Valuation Point and the Depositary must ensure that the adoption of such procedure is justifiable in the context of establishing the probable realisation value of the security. If the investment is normally listed, traded or dealt in, on or under the rules of more than one Regulated Market, the relevant Regulated Market shall be that which constitutes the main market for the investment. If prices for an investment listed, traded or dealt in, on the relevant Regulated Market are not available at the relevant time or are unrepresentative, or in the event that any investments are not listed or traded on any Regulated Market, such investment shall be valued at such value as shall be certified with care and good faith as the probable realisation value of the investment by a competent person appointed by the Directors and approved for such purpose by the Depositary (which may, without limitation, be the Manager).

(ii) units or shares in collective investment schemes which are not valued in accordance with the provisions above shall be valued on the basis of the latest available net asset value per unit/share as published by the collective investment scheme;

(iii) cash deposits and similar investments shall be valued at their face value together with accrued interest unless in the opinion of the Manager any adjustment should be made to reflect the fair value thereof;

(iv) exchange-traded FDI shall be valued at the relevant settlement price on the applicable exchange, provided that if the settlement price of an

exchange-traded FDI is not available, the value of such instrument shall be the probable realisation value estimated with care and in good faith by a competent person, appointed by the Directors and approved for the purpose by the Depositary (which may, without limitation, be the Manager). The counterparty to FDI not traded on an exchange must be prepared to close out the transaction at the request of the ICAV at fair value. The ICAV may choose to value OTC FDI using either the counterparty valuation or an alternative valuation, such as a valuation calculated by the Manager or by an independent pricing vendor: The ICAV must value OTC FDI on a daily basis. Where the ICAV uses a counterparty valuation, the counterparty must be prepared to value the contract at least daily. Where the ICAV values OTC FDI using an alternative valuation the ICAV must follow international best practice and will adhere to the principles on the valuation of OTC instruments established by bodies such as IOSCO and AIMA. The alternative valuation is that provided by a competent person, appointed by the Directors and approved for the purpose by the Depositary (which may, without limitation, be the Manager) or a valuation by any other means provided that the value is approved by the Depositary. The alternative valuation will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained. Where the ICAV values OTC FDI using the counterparty valuation, the valuation must be approved or verified by a party who is approved for the purpose by the Depositary and who is independent of the counterparty. The independent verification must be carried out at least weekly. Forward foreign exchange contracts may be valued in accordance with the foregoing provisions in this paragraph (iv) or by reference to freely available market quotations. Where the latter is used, there is no requirement to have such prices independently verified or reconciled to the counterparty valuation;

(v) the Funds may apply an amortised cost method of valuation in respect of money market instruments in a non-money market fund in accordance with the requirements of the Central Bank;

(vi) where considered necessary by the Directors, in the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out above or if such valuation is not representative of an asset's fair market value, a competent person appointed by the Directors and approved for the purpose by the Depositary, (which may, without limitation, be the Manager) is entitled to use such other generally recognised valuation method in order to reach a proper valuation of that specific investment, provided that such method of valuation has been approved by the Depositary; and

(vii) the value of an asset may be adjusted by the Directors in consultation with the Depositary where such an adjustment is considered necessary by the Directors to reflect the fair value of an asset in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant.

### Dilution Adjustments

The actual cost of purchasing or selling investments for a Fund may deviate from the value used in calculating the Price per Share in that Fund due to dealing costs such as broking charges, taxes, and any spread between the buying and selling prices of the underlying investments. These dealing costs can have an adverse effect on the value of a Fund, known as “dilution”. The UCITS Regulations allow the cost of dilution to be recovered from investors on the subscription for or redemption of Shares in the Fund by means of a dilution adjustment to the Price per Share, and this is the policy which has been adopted by the Manager. The Manager's policy is designed to minimise the impact of dilution on any Fund.

The dilution adjustment for each Fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Fund, including any dealing spreads, commissions and transfer taxes. The need to apply a dilution adjustment will depend on the relative volume of subscriptions (where Shares are issued) to redemptions (where Shares are cancelled) of Shares on a particular Dealing Day. The dilution adjustment may be applied, in order to cover dealing costs and preserve the value of the underlying assets of the Fund, where there are net subscriptions or net redemptions on a particular Dealing Day. The Manager may apply a dilution adjustment on the issue and redemption of such Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might be adversely affected, and if in applying a dilution adjustment, so far as practicable, it is fair to all Shareholders and potential Shareholders. In specie transfers will not be taken into account when determining any dilution adjustment and any incoming portfolio will be valued on the same basis as a Fund is valued. When a dilution adjustment is not

# Prospectus

## M&G FUNDS 1 ICAV

applied, there may be a dilution of the assets of the relevant Fund which may constrain the future growth of that Fund.

While it is expected that the dilution adjustment for Feeder Funds will be zero, the Manager retains the sole discretion to apply a dilution adjustment in accordance with the terms described above. More information about the dilution adjustments applied on a particular Dealing Day can be obtained by Shareholders upon request from the Manager.

### Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches

The Instrument of Incorporation provides that the ICAV may temporarily suspend the determination of the Net Asset Value, the issue, sale, cancellation, redemption or switching of Shares in any or all of the Funds in the circumstances set out below. The ICAV has delegated responsibility for making such determination to the Manager. The circumstances in which the Net Asset Value, the issue, sale cancellation, redemption or switching of Shares in any or all of the Funds may be temporarily suspended, are as follows:

- (i) during any period when, in the opinion of the Manager an accurate valuation of a Fund cannot occur;
- (ii) during any period when one or more markets is closed or where dealing is suspended or restricted;
- (iii) during a political, economic, military or other emergency;
- (iv) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of a Fund or any Class; or
- (v) during any period when for any reason the prices of the investment of a Fund cannot be reasonable, promptly or accurately obtained;
- (vi) during any period during which the valuation or disposal of investments which constitute a substantial portion of the assets of a Fund is not practicably feasible or if feasible would be possibly only on terms materially disadvantageous to Shareholders;
- (vii) upon the decision of the Directors, to wind up the ICAV or a Fund; or upon the occurrence of an event causing the ICAV or a Fund to enter into liquidation; or during any period when notice to terminate the ICAV or a Fund has been served; or when a meeting of Shareholders has been convened to consider a motion to wind up the ICAV or the Fund or otherwise terminate the ICAV or the Fund;
- (viii) in the case of a Feeder Fund, during any period (other than ordinary holiday or customary weekend closings) when the publication of prices or any dealing in shares in the relevant Master Fund is restricted or suspended;
- (ix) during any period when remittance of moneys which will, or may, be involved in the realisation of, or in the payment for, investments of a Fund cannot, in the opinion of the Directors, be carried out at normal commercial rates;
- (x) during any period when the proceeds of the subscription or redemption of Shares cannot be transmitted to or from a Fund's account;
- (xi) in exceptional cases, where the circumstances so require and where the Manager considers it justifiable to do so having regard to the best interests of the Shareholders in the relevant Fund.

A suspension of redemptions may be made at any time prior to the payment of redemption proceeds and the removal of the Shareholder's name from the register of Shareholders. A suspension of subscriptions may be made at any time prior to the entry of a Shareholder's name on the register of Shareholders or an adjustment of an existing entry for that Shareholder.

Any such suspension shall be notified by the ICAV or the Manager in such manner as it may deem appropriate to the Shareholders of the Fund if, in the opinion of the Manager, such suspension is likely to continue for a period exceeding 14 days and any such suspension shall be notified immediately and in any event within the same Business Day to the Central Bank. Where practicable, all reasonable steps will be taken to bring a period of suspension to an end as soon as possible.

### INVESTING IN SHARES

#### Classes

A list of the Classes available in respect of each Fund and the characteristics of each such Class is set out in the Relevant Supplement.

Investors should note that, as at the date of this Prospectus, only certain Classes may currently be available for subscription.

A Fund may from time to time create hedged and/or unhedged currency Classes as may be further described in the Relevant Supplement.

In the case of unhedged currency Classes, the value of the relevant Class of Shares expressed in the Class Currency may be subject to exchange rate risk in relation to the Base Currency of a Fund. The Manager may, at its discretion, determine to hedge one or more Classes with the aim of reducing exchange rate risk by using currency hedging techniques and instruments, including forward currency exchange contracts. The Manager may adopt one of two hedging strategies: "replication" or "look through". Replication hedging aims to mitigate the risk of fluctuations in the exchange rate between the Class Currency and the Base Currency. To the extent that the hedging is successful, the performance of the hedged Class is likely to move in line with the performance of the Classes denominated in the Base Currency. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the Class Currency falls against the Base Currency. Look through hedging aims to reduce the impact of currency movements on those holdings of a Fund, in which each Class will have a pro-rata interest, that are denominated in currencies other than the Class Currency of the hedged Class. It involves a line-by-line approach whereby this pro-rata exposure to each such currency is hedged individually back to the Class Currency. In the case of either type of hedging, the Class Currency may be hedged so that the resulting currency exposure will not exceed 105% of the Net Asset Value of the Class. Whilst it is not the intention, over-hedged or under-hedged positions may arise due to factors outside the control of the Manager. For the avoidance of doubt, over-hedged positions will not be permitted to exceed 105% of the Net Asset Value of the relevant Class. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month. Transactions will be clearly attributable to a specific Class and therefore currency exposures of different currency Classes may not be combined or offset and currency exposures of assets of a Fund may not be allocated to separate Classes. The costs and gains or losses associated with any hedging transactions for hedged currency Classes will accrue solely to the hedged currency Class to which they relate. In the event that a Class is issued with a Class Currency other than the Base Currency, currency conversion costs on subscription, redemption, switching and distribution will be borne by that Class and will take place at prevailing exchange rates. Whilst these hedging strategies are designed to mitigate the impact of negative currency movements on a Shareholder's investment, the use of Class hedging strategies may substantially limit holders of Shares in the relevant Class from benefiting from favourable currency movements.

#### Application for Shares

Applicants may be required to confirm that the Shares are not being acquired either directly or indirectly by or on behalf of any U.S. Person (other than a U.S. Person that is an "accredited investor" as defined in Rule 501(a) of Regulation D under the 1933 Act and a "qualified purchaser" within the meaning of Section 2(a)(51) of the 1940 Act) or on behalf of any person in any other jurisdiction that would be restricted or prohibited from acquiring Shares and that the investor will not sell, transfer, or otherwise dispose of any such Shares, directly or indirectly, to or for the account of any such person or in the U.S. or to or for the account of any person in such jurisdiction to whom it is unlawful to make such an offer or solicitation. Please see the section above entitled "Selling Restrictions" for further information.

Before subscribing for Shares an investor will be required to complete a declaration (included in the application form) as to the investor's tax residency or status in the form prescribed by the Revenue Commissioners of Ireland.

Application forms for Shares may be obtained from the Administrator. Eligible investors who have forwarded the completed application form and provided satisfactory proof of identification to the Administrator before the Dealing Cut-Off Time specified in the Relevant Supplement will be entitled to purchase Shares. However, the ICAV reserves the right to reject any application for Shares.

Once an application for Shares has been received by the Administrator, it is irrevocable and binding on the investor. An application for Shares may be cancelled or modified only at the discretion of the ICAV having received a written request for cancellation or modification from the relevant investor prior

# Prospectus

## M&G FUNDS 1 ICAV

to the Dealing Cut-Off Time. Any application received by the Administrator after the Dealing Cut-Off Time shall be held in abeyance and shall be effective on the next succeeding Dealing Day.

### *Initial Subscriptions*

Initial subscriptions may be made by way of signed original application form or by way of faxed application form. All supporting anti-money laundering documentation must be promptly received. No redemption payments may be made until all original account opening documentation (including the application form) and anti-money laundering documentation has been received from the investor and all account opening and anti-money laundering procedures have been carried out to the satisfaction of the ICAV and its delegates.

### *Subsequent Subscriptions*

Subsequent subscriptions (i.e., subsequent to an initial subscription for Shares in a Fund) may be made by submitting an additional subscription form to the Administrator by the Dealing Cut-Off Time in writing, by fax, by electronic means, or such other means in accordance with the requirements of the Central Bank.

Subsequent subscription requests submitted by fax or electronic means may be processed without a requirement to submit original documentation.

### **Anti-Money Laundering Procedures**

The Administrator reserves the right, working in conjunction with the designated anti-money laundering reporting officer of the ICAV, to reject any application for Shares or to request further details or evidence of identity from an applicant for, or transferee of, Shares. Where an application for Shares is rejected, the subscription monies shall be returned to the applicant within fourteen days of the date of such application at the applicant's risk and expense and without interest.

Each Shareholder must notify the Administrator or the Manager (who in turn must transmit the original notification from the Shareholder to the Administrator) in writing of any change in the information contained in the application form and furnish the Administrator or the Manager with whatever additional documents relating to such change as it may request.

Measures aimed at the prevention of money laundering may require an applicant to provide verification of identity to the Administrator. The Administrator will notify applicants if additional proof of identity is required. By way of example, an individual may be required to produce a certified copy of a passport or identification card together with evidence of the applicant's address, such as a utility bill or bank statement. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name), bye-laws, memorandum and articles of association (or equivalent), and the names and addresses of all directors and beneficial owners.

Shares will not be issued until such time as the Administrator has received and is satisfied with all the information and documentation required to verify the identity of the applicant. This may result in shares being issued on a Dealing Day subsequent to the Dealing Day on which an applicant initially wishes to have Shares issued. It is further acknowledged that the ICAV, the Manager and the Administrator shall be held harmless by the applicant against any loss arising as a result of the failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant.

### **Subscription Price**

During the Initial Offer Period, Shares shall be offered at the Initial Offer Price. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day.

Subscriptions for Shares must be made in Class Currency of the relevant Class. Unless otherwise agreed with the Administrator and the Manager, investors should transmit cleared funds representing the subscription monies by wire instructions to the relevant accounts as set out in the application form, so that cleared funds are received in the ICAV's account by the relevant Settlement Time. If payment for subscription monies is not received by the relevant Settlement Time, a subscription may be cancelled.

Applications for Shares by in specie transfer may be made by agreement with the Manager on a case-by-case basis and subject to the approval of the Depository. The Depository must be satisfied that there is unlikely to be any material prejudice to the existing Shareholders of the ICAV. In such cases,

the ICAV shall issue Shares in exchange for investments which the ICAV may acquire in accordance with the relevant Fund's investment objectives, policies and restrictions and may hold or sell, dispose of or otherwise convert such securities into cash. No Shares shall be issued until the investments are vested in the Depository or its nominee. The value of the Shares to be issued shall be calculated on the same basis as the valuation of Shares to be issued for cash.

### **Initial Charge**

Where provided for in the Relevant Supplement, an initial charge of up to 5% of the subscription monies may be charged in respect of a subscription in a Fund at the discretion of the Manager. Such charge may be retained by the relevant Fund or remitted to the Manager, the Distributor, sales intermediaries or other third parties.

### **Written Confirmations of Ownership**

The Administrator shall be responsible for maintaining the ICAV's register of Shareholders in which all subscriptions, redemptions, switches and transfers of Shares will be recorded. Written confirmations of ownership will be issued in relation to the Shares. Shares shall be in registered form. The Administrator shall not issue a Share certificate in respect of Shares. A Share may be registered in a single name or in up to four joint names. The register of Shareholders shall be available for inspection upon reasonable notice at the office of the Administrator during normal business hours. A Shareholder may inspect only his entry on the register.

### **REDEEMING SHARES**

#### **Redemption Requests**

Shares may be redeemed on a Dealing Day by contacting the Administrator so that a signed redemption request (in writing, by fax, by electronic means, or such other means in accordance with the requirements of the Central Bank) is received by the Administrator no later than the Dealing Cut-Off Time. Redemption requests may be processed without a requirement to submit original documentation.

In the case of all redemption requests, payment will only be made to the account of record. Amendments to a Shareholder's registration details and payment instructions will only be effected upon receipt of original documentation or electronic instruction.

Redemption requests received subsequent to the Dealing Cut-Off Time shall be effective on the next succeeding Dealing Day.

The Instrument of Incorporation provides that if the ICAV receives a request for the redemption of Shares in respect of 10% or more of the Net Asset Value of any Fund on any Dealing Day, the Directors may elect to restrict the total value of Shares in such Fund redeemed to 10% or more of the Fund's Net Asset Value, in which case, any requests for redemption on that Dealing Day will be scaled down pro rata and shall be treated as if they were received on each subsequent Dealing Day until all the Shares to which the original request related have been redeemed. If requests for redemption are so carried forward, the Directors will ensure that the Shareholders affected thereby are promptly informed.

#### **Redemption Price**

Shares will be redeemed at relevant Price per Share determined at the Valuation Point on the relevant Dealing Day.

All payments of redemption monies shall be made by the relevant Settlement Time. The redemption proceeds shall be made by wire transfer at the Shareholder's expense to the Shareholder's bank account, details of which shall be set out by the Shareholder to the Administrator in the application form. Redemption proceeds cannot be released until the signed original application form and all documents required in connection with the obligation to prevent money laundering have been received by the Administrator and all anti-money laundering procedures have been completed satisfactorily. Redemption proceeds shall typically be paid in the relevant Class Currency.

At the discretion of the ICAV and with the consent of the Shareholder making such redemption request, assets may be transferred to a Shareholder in satisfaction of the redemption monies payable on the redemption of Shares, provided that such distribution is equitable and not prejudicial to the interests of the remaining Shareholders. The allocation of such assets shall be subject to the approval of the Depository. Where a redemption request represents 5% or more of the Net Asset Value of a Fund, the ICAV may satisfy the redemption request by the transfer of assets in specie to the Shareholder



# Prospectus

## M&G FUNDS 1 ICAV

without the Shareholder's consent. At the request, of the Shareholder making such redemption request such assets may be sold by the ICAV and the proceeds of sale shall be transmitted to the Shareholder. The transaction costs incurred in the sale of the assets will be payable by the Shareholder.

### Mandatory Redemption of Shares

If a redemption causes a Shareholder's holding in the ICAV to fall below the Minimum Holding, the ICAV may redeem the whole of that Shareholder's holding. Before doing so, the ICAV shall notify the Shareholder in writing and allow the Shareholder 30 days to purchase additional Shares to meet the Minimum Holding.

The ICAV may redeem any Shares on 30 days' notice to a Shareholder if: (i) the Shareholder has acquired his or her investment as a result of a misrepresentation; (ii) the Shareholder is unwilling or unable to provide requested information that would allow the ICAV to reclaim certain withholding taxes (if any); (iii) the Shareholder is unwilling or unable to provide information requested by the Administrator or the ICAV to satisfy any applicable laws and regulations pertaining to "money laundering"; or (iv) in the Directors' discretion, the Shareholder's ownership of Shares would cause the ICAV to violate any law or regulation applicable to the ICAV or to the Shareholder or if the holding of the Shares by such Shareholder is unlawful or if, in the opinion of the Directors, the holding might result in the ICAV or the Shareholders as a whole incurring any liability to taxation or suffering pecuniary or material administrative disadvantage which the ICAV or the Shareholders as a whole might not otherwise suffer or incur or would otherwise adversely affect the rights of other Shareholders, the ICAV, the Manager, the Administrator, the Depositary or their affiliates, officers, directors or employees.

### TRANSFERRING SHARES

Shareholders may not transfer, assign or encumber Shares except as otherwise permitted in the Instrument of Incorporation. The transfer of Shares to U.S. Persons is restricted as described in the section of the Prospectus entitled "Selling Restrictions". All transfers of Shares shall be effected by transfer in writing in the form specified by the Administrator. The instruction to transfer a Share shall be signed by or on behalf of the transferor and transferee. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of Shareholders in respect thereof. Where the transferee is not an existing Shareholder in the Fund, the transferee must complete an application form and comply with the relevant anti-money laundering procedures. The Directors may decline to register any transfer of Shares if in consequence of such transfer the transferor or transferee would hold less than the Minimum Holding or would, in the Directors' discretion, result in the transferor or transferee holdings Shares in circumstances in which the ICAV could mandatorily redeem Shares as outlined in the section entitled "Redeeming Shares - Mandatory Redemption of Shares". The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than 30 days in any year. The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the ICAV or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

### SWITCHING SHARES

A Shareholder may switch Shares of one Fund or Class into Shares of another Fund or Class on giving notice to the Administrator in such form as the Administrator may require provided that the shareholding satisfies the minimum investment criteria and provided that the original application is received within the time limits specified above in the case of redemptions. The ICAV reserves the right to reject any application to switch Shares. The switch is effected by arranging for the redemption of Shares of one Fund or Class and subscribing for the Shares of the other Fund or Class with the proceeds. Shareholders should note that a switch may give rise to an immediate taxable event depending on the Shareholders tax residency as well as personal tax circumstances. Shareholders should consult their own tax advisers as to the specific tax implications.

Switches will take place in accordance with the following formula:

$$NS = (A \times B - [TC] \times C) \div D$$

where:

NS=the number of Shares which will be issued in the new Fund or Class;

A=the number of the Shares to be switched;

B=the redemption price of the Shares to be switched;

C=the currency conversion factor (if any) as determined by the Directors;

D=the issue price of Shares in the new Fund or Class on the relevant Dealing Day; and

TC=the transaction charge incurred in connection with the proposed transaction which shall not in any event exceed 5% of the Price per Share.

If NS is not an integral number of Shares the Directors reserve the right to issue fractional Shares in the new Fund or Class or to return the surplus arising to the Shareholder seeking to switch the Shares. In respect of switches between Classes of the same Fund, the transaction charge (TC) will only be applied if the Shareholder is moving from a Class which did not impose an initial charge at the date of initial subscription in the Class to a Class which imposes an initial charge at the date of the switch.

Switch instructions must be received by the Administrator before the Dealing Cut-Off on a Dealing Day in the Fund or Funds concerned, in order to be dealt with at the prices on that Dealing Day, or at such other date as may be approved by the Administrator. Switch requests received after a Dealing Cut-Off will be held over until the following Dealing Day in the relevant Fund or Funds.

## GENERAL TRADING PRACTICES AND INFORMATION

### Umbrella Cash Accounts

Cash account arrangements have been put in place in respect of the ICAV and the Funds as a consequence of the introduction of new requirements relating to the subscription and redemption collection accounts pursuant to the Investor Money Regulations. The Investor Money Regulations take effect from 1 July 2016. The following is a description of how such cash account arrangements are expected to operate. These cash accounts are not subject to the protections of the Investor Money Regulations and instead will be subject to the guidance issued by the Central Bank from time to time in relation to umbrella cash accounts.

Investor Monies may be held in an Umbrella Cash Account in respect of each currency in which a Class is denominated. The assets in the Umbrella Cash Account will be assets of the relevant Fund.

Subscription monies received by a Fund in advance of the issue of Shares may be held in an Umbrella Cash Account and treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the relevant Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights in respect of the subscription monies (including distribution entitlements) until such time as the Shares are issued on the relevant Dealing Day.

Redeeming investors will cease to be Shareholders of the redeemed Shares from the relevant Dealing Day. Redemption and distribution payments may, pending payment to the relevant investors, be held in an Umbrella Cash Account and treated as an asset of the relevant Fund. Redeeming investors and investors entitled to distribution payments held in an Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and distribution payments cannot be transferred to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the ICAV to comply with its obligations under applicable anti-money laundering and counter-terrorism legislation, the redemption and distribution payments may be retained in the Umbrella Cash Account and investors should address the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights (including, without limitation, the entitlement to future distributions) in respect of such amounts.

For information on the risks associated with Umbrella Cash Accounts, see "Risks Associated with Umbrella Cash Accounts" in the section of the Prospectus entitled "Risk Factors".

### Withholdings and Deductions

In the event that the ICAV is required to deduct, withhold or account for tax on a disposal of Shares by a Shareholder, upon the payment of a distribution

# Prospectus

## M&G FUNDS 1 ICAV

to a Shareholder (whether in cash or otherwise) or in any other circumstances in which a taxation liability arises, the Directors shall be entitled to arrange for the redemption and cancellation of such number of the Shares of such Shareholder as is sufficient to discharge any such tax liability. Where the ICAV redeems any Shares held by a Shareholder in respect of which the ICAV is required to account for, deduct or withhold taxation, the ICAV shall be entitled to deduct from the redemption proceeds such amount of taxation as the ICAV is required to account for, deduct or withhold.

### Excessive Trading

The ICAV will take reasonable steps to seek to prevent short-term trading. Excessive short-term trading (or market timing) into and out of a Fund or other abusive trading practices may disrupt portfolio investment strategies and may increase expenses and adversely affect investment returns for all Shareholders, including long-term Shareholders who do not generate these costs. The ICAV reserves the right to reject any application for Shares (including any switch request) by any investor or group of investors for any reason without prior notice, including, in particular, if it believes that the trading activity would be disruptive to a Fund. For example, the ICAV may refuse to effect a subscription (or execute a transfer request) if the Manager believes it would be unable to invest the money effectively in accordance with a Fund's investment policies or a Fund would otherwise be adversely affected due to the size of the transaction, frequency of trading or other factors.

Investors should be aware that there are practical restraints both in determining the policy which is appropriate in the interests of long term investors and in applying and enforcing such policy. For example, the ability to identify and prevent covert trading practices or short-term trading where investors act through omnibus accounts is limited. Also, investors such as fund of funds and asset allocation funds will change the proportion of their assets invested in the ICAV in accordance with their own investment mandate or investment strategies. The ICAV will seek to balance the interests of such investors in a way that is consistent with the interests of long-term investors but no assurance can be given that the ICAV will succeed in doing so in all circumstances. For example, it is not always possible to identify or reasonably detect excess trading that may be facilitated by financial intermediaries or made difficult to identify by the use of omnibus accounts by those intermediaries.

### Publication of the Price of the Shares

Except where the determination of the Net Asset Value has been temporarily suspended in the circumstances described above, the Price per Share shall be made public at the office of the Administrator on each Dealing Day. In addition, an up-to-date Price per Share shall be published on each Dealing Day on the internet address [www.mandg.co.uk/discretionary/](http://www.mandg.co.uk/discretionary/). Such information is published for information purposes only. It is not an invitation to subscribe for, redeem or switch Shares at that Price per Share.

### Data Protection Notice

Prospective investors should note that by completing the application form for Shares (as referred to in the section entitled "Application for Shares") they are providing personal information, which may constitute personal data within the meaning of the Irish Data Protection Act, 1988, as amended by the Data Protection (Amendment) Act, 2003 (the "Data Protection Legislation"). Data will be used for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the ICAV, its delegates, and agents. By signing the application form, prospective investors acknowledge that they are providing their consent to the ICAV, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies obtaining, holding, using, disclosing and processing the data for any one or more of the following purposes:

- to manage and administer the investor's holding in the ICAV and any related accounts on an ongoing basis;
- for any other specific purposes where the investor has given specific consent;
- to carry out statistical analysis and market research;
- to comply with legal and regulatory obligations applicable to the investor and the ICAV;
- for disclosure or transfer, whether in Ireland or countries outside Ireland, including without limitation the U.S., which may not have the same data protection laws as Ireland, to third parties including, regulatory bodies,

auditors, technology providers, service providers or to the ICAV and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above;

- to keep Shareholders informed of products or services that may be of interest to them, where the Shareholder's consent to do so has been obtained by the ICAV; or

- for other legitimate business interests of the ICAV.

Pursuant to the Data Protection Legislation, investors have a right of access to their personal data kept by the ICAV and the right to amend and rectify any inaccuracies in their personal data held by the ICAV by making a request to the ICAV in writing.

The ICAV is a data controller within the meaning of the Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with the Data Protection Legislation.

## MANAGEMENT AND ADMINISTRATION

### The Board of Directors of the ICAV

The Board of Directors is responsible for managing the business affairs of the ICAV in accordance with the Instrument of Incorporation. The Directors may delegate certain functions to service providers, subject to supervision and direction by the Directors and provided that the delegation does not prevent the ICAV from being managed in the best interests of its Shareholders.

The Directors and their principal occupations are set forth below. The address of the Directors is the registered office of the ICAV.

**Eimear Cowhey** has over 20 years' experience in the offshore funds industry and currently acts as an independent director to a number of Irish companies and investment funds. From 1999 to 2006 she held various executive positions within The Pioneer Group, including Head of Legal and Compliance and Head of Product Development. From 1992 to 1999 she was Global Fund Director and Head Legal Counsel of Invesco Asset Management. She qualified in 1990 as an Irish solicitor with the Irish law firm William Fry and holds a Bachelor of Civil Law received from University College Dublin in 1986. She also holds a C. Dip. A. F. (Certified Diploma in Accounting and Finance) which was received from the Chartered Association of Certified Accountants in 1989. She is a former Council member and past Chairman of the Irish Funds (previously the "Irish Fund Industry Association") and a former member of the IFSC Funds Group, a joint government/industry group to advise the government of investment fund related matters. Ms. Cowhey lectures at the Law Society of Ireland on Financial Services and Investment Funds law and is a regular conference speaker.

**Mike Kirby** is Managing Principal at KB Associates, a firm which provides a range of advisory and project management services to the promoters of offshore mutual funds. He has previously held senior positions at Bank of New York (previously RBS Trust Bank) (1995-2000) where he was responsible for the establishment and ongoing management of its Dublin operations. He has also held senior positions in the custody and fund administration businesses of JP Morgan in London and Daiwa Securities in Dublin. Mr. Kirby holds a Bachelor of Commerce (Honours) Degree from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland. He is a founder member of the Irish Funds (previously the "Irish Funds Industry Association").

**Philip Jelfs** is responsible for Product Development & Management at M&G. Before joining M&G in September 2006, he was a management consultant focused on strategic change and product within UK asset management industry. Mr. Jelfs has an honours degree in Geography & War Studies from Kings College, London University and an MBA. He is also a Director of M&G Guernsey.

**Laurence Mumford** was appointed Chief Operating Officer for M&G's retail business in March 2006, having been a Director of M&G Securities Limited since December 2004. He first joined M&G in April 2000 and acted as Head of UK Product Development. Currently Mr. Mumford is chair of the Investment Association's Investments Funds Operations Committee. Prior to joining M&G, Mr. Mumford worked for PricewaterhouseCoopers where he was a senior manager in the Investment Management Industry Group and is a qualified Chartered Accountant.

Mr. Jelfs and Mr. Mumford are also directors of the Manager.

# Prospectus

## M&G FUNDS 1 ICAV

The Secretary of the ICAV is Bradwell Limited, Arthur Cox Building, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland.

The Instrument of Incorporation does not stipulate a retirement age for Directors and does not provide for retirement of Directors by rotation. The Instrument of Incorporation provides that a Director may be a party to any transaction or arrangement with the ICAV or in which the ICAV is interested provided that he has disclosed to the Directors the nature and extent of any material interest which he may have. A Director may not vote in respect of any contract in which he has a material interest. However, a Director may vote in respect of any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5% or more of the issued shares of any Class of such company or of the voting rights available to members of such company. A Director may also vote in respect of any proposal concerning an offer of shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement, and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the ICAV or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the ICAV for which the Director has assumed responsibility in whole or in part.

### The Manager

M&G Securities Limited has been appointed as the manager of the ICAV. The Manager is a private company limited by shares incorporated in England and Wales under the Companies Acts 1862 to 1900 on 12 November 1906. The Manager's ultimate parent company is Prudential plc. The Manager's registered office is Laurence Pountney Hill, London, EC4R 0HH.

The Manager is responsible for managing the ICAV and for certain administrative, investment management and distribution duties in respect of the ICAV and as such is responsible for the promotion of the ICAV. The Manager is responsible for the investment and re-investment of each Fund's assets, pursuant to the Management Agreement. The Manager is responsible to the ICAV with respect to the investment management of the assets of the Funds in accordance with the investment objectives and policies described in this Prospectus, the UCITS Regulations and the Instrument of Incorporation and is also responsible for distributing the shares representing the Funds subject to the overall policy and supervision of the ICAV. The Management Agreement provides that, subject to the prior approval of the ICAV and the Central Bank (if required), the Manager shall be entitled to delegate any of its functions and duties under the Management Agreement to any person or persons, provided that the Manager shall remain liable for the acts or omissions of any such delegate appointed by it as if such acts or omissions were its own.

The Manager shall not be liable to the ICAV or the Shareholders in the absence of the fraud, wilful default or negligence on the part of the Manager in respect of any loss, costs or damages that may arise in connection with the conduct of its obligations or functions under the Management Agreement. The Management Agreement shall continue in force until terminated by either the ICAV or the Manager on 90 days' notice in writing to the other party. The Management Agreement may be terminated forthwith if at any time: (i) either party goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or is unable to pay its debts or commits an act of bankruptcy or a receiver is appointed over the assets of the other party or some event having equivalent effect occurs; (ii) an examiner, administrator or similar person is appointed to either party; (iii) either party commits a material breach of the Management Agreement and fails to remedy a breach of the Management Agreement (if such breach is capable of remedy) within 30 days of being requested to do so; or (iv) the Manager ceases to be permitted under applicable law to act as such under any applicable laws or regulations.

The Manager also acts as manager to the Master Funds. The directors of the Manager and their principal occupations are set forth below.

**Gary Cotton** joined M&G in February 1996. In 2001 he was promoted to head of Equities Business Management where he was responsible for the day-to-day business management and operations of the equities fund management business. He was appointed chief executive of Equities in November 2011. Before joining M&G, Mr. Cotton worked at Sedgwick Noble Lowndes. Gary Cotton is also chief executive of M&G's Equities division and a Director of M&G Ltd.

**Martin Lewis** became chief operating officer for M&G Group in 1999 with M&G's acquisition by Prudential. He first joined M&G in 1996 as IT director

and in 1997 joined the M&G Board as IT and retail operations director. Before this he spent 17 years with JP Morgan Chase, leaving his role as a senior vice president in Global IS to join M&G. Martin Lewis is also a Director of M&G limited.

**Graham MacDowall** graduated from Heriot-Watt University and worked for Deloitte, Haskins and Sells in Edinburgh until 1988 when he qualified as a Chartered Accountant. He then worked for two years with Price Waterhouse in Nassau before joining M&G in 1991. Whilst at M&G he has held a number of different roles in the finance department and has been the Retail Finance Director since 2003.

**William Nott** joined M&G as a graduate from Warwick University in 1984. He initially joined as a fund manager on the American Desk and then transferred to the UK Desk in 1993 where he managed UK funds for institutional pension clients. In 1996 he became Head of Institutional Business Development and in 1998 he joined the Board of M&G as Head of Group Sales. In June 2000 he became Chief Executive Officer of M&G International to oversee the development of M&G's fund distribution into Europe and from 2005-2009 he served on the Board of EFAMA (European Fund and Asset Management Association). In March 2006 he was appointed Chief Executive of M&G Securities, the combined Retail Business covering the UK, Europe and Asia. In May 2007 he was appointed to the Board of the IMA (Investment Management Association). In March 2013 he became a member of the Consultative Working Group of ESMA's (European Securities and Markets Authority) Investment Management Standing Committee, having previously served as a member of CESR Consultative Working Group on Asset Management. In May 2013 he was appointed to the Board of EFAMA (European Fund and Asset Management Association), having also served from 2005 - 2009. William Nott is also a Director of M&G Limited.

Mr. Jelfs and Mr. Mumford also act as Directors of the ICAV.

**Jonathan McClelland** acts as Company Secretary to the Manager.

### Internal Conduct of Business Rules of the Manager

The Manager has adopted Internal Conduct of Business rules relating to its activities vis-à-vis the Feeder Funds and the Master Funds that seeks to address the requirements of the Central Bank Regulations in respect of master-feeder structures. The Internal Conduct of Business Rules contain information relating to: (i) the management of conflicts of interest that may arise between the Feeder Funds and Master Funds or the Shareholders of the Feeder Funds and the shareholders of the Master Funds; (ii) the basis of investment into, and divestment from, the Master Funds by the Feeder Funds; (iii) applicable dealing arrangements; and (iv) arrangements for the preparation of the audited reports of the Master Funds and the Feeder Funds.

### The Administrator

The Manager has appointed State Street Fund Services (Ireland) Limited to act as the administrator, registrar and transfer agent of the ICAV with responsibility for performing the day-to-day administration of the ICAV, including the calculation of the Net Asset Value and the Price per Share and the administration of all subscriptions, transfers and redemptions of Shares.

The Administrator is a limited liability company incorporated in Ireland on 23 March 1992 with registered number IE186184 and is ultimately owned by State Street Corporation. The authorised share capital of the Administrator is GBP5,000,000 with an issued and paid up share capital of GBP350,000.

State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street Corporation is headquartered in Boston, Massachusetts, U.S.A., and trades on the New York Stock Exchange under the symbol "STT".

Pursuant to the Administration Agreement, the Administrator will provide certain administrative services to the ICAV, including the calculation of the ICAV's Net Asset Value and Price per Share, the maintenance of the ICAV's books and records and assistance with the preparation of annual and semi-annual reports of the ICAV and the Funds.

The Administration Agreement shall continue in force until terminated by either the ICAV or the Administrator on 90 days' notice in writing to the other party.

The Administration Agreement may be terminated forthwith if at any time (i) either party goes into liquidation or receivership or an examiner is appointed pursuant to the Companies Act 2014 (except for a voluntary liquidation for the

# Prospectus

## M&G FUNDS 1 ICAV

purpose of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or be unable to pay its debts as they fall due; (ii) either party commits any material breach of the Administration Agreement and, if such breach is capable of remedy, shall not have remedied that breach within 30 days after the service of written notice requiring it to be remedied. The Administration Agreement may also be terminated by the ICAV if the Administrator is no longer permitted to act as an administrator by the Central Bank.

The Administrator shall not be liable for any loss of any nature whatsoever suffered by the Manager, the ICAV or the Shareholders in connection with the performance of its obligations under the Administration Agreement, except where that loss results directly from negligence, fraud, bad faith, recklessness or wilful default on the part of the Administrator in the performance of its obligations and duties under the Administration Agreement. Notwithstanding any other provision of the Administration Agreement, the Administrator shall not be liable for any indirect, special or consequential loss howsoever arising out of or in connection with the Administration Agreement.

The ICAV agrees to indemnify and hold harmless the Administrator out of the assets of the relevant Fund on its own behalf and on behalf of its permitted delegates, employees and agents against all actions, proceedings and claims and against all reasonable and documented direct costs, demands and expenses (including legal and professional expenses) arising therefrom which may be brought against, suffered or incurred by the Administrator, its permitted delegates, employees or agents in the performance or non-performance of its obligations and duties under the Administration Agreement and from and against all taxes on profits or gains of the ICAV which may be assessed upon or become payable by the Administrator or its permitted delegates, employees or agents provided that such indemnity shall not be given where the Administrator its delegates, servants or agents is or are guilty of negligence, fraud, bad faith, recklessness or wilful default in the performance or non-performance of its duties under the Administration Agreement.

### The Depositary

The ICAV has appointed State Street Custodial Services (Ireland) Limited to act as depositary of the ICAV. The Depositary is a limited liability company incorporated in Ireland on 22 May 1991 with registered number IE174330 and is ultimately owned by State Street Corporation. Its authorised share capital is GBP5,000,000 and its issued and paid up share capital is GBP200,000. The Depositary is regulated by the Central Bank and, as at 31 December 2014, the Depositary held funds under custody in excess of US\$590 billion. The Depositary's principal business is the provision of custodial and trustee services for collective investment schemes and other portfolios.

State Street Corporation is a leading worldwide specialist in providing sophisticated global investors with investment servicing and investment management. State Street Corporation is headquartered in Boston, Massachusetts, U.S.A. and trades on the New York Stock Exchange under the symbol "STT".

The Depositary will be obliged, *inter alia*, to ensure that the issue and redemption of Shares by the ICAV is effected in accordance with the rules of the Central Bank and the Instrument of Incorporation and the terms of the Depositary Agreement. The main duties of the Depositary include the safekeeping of all assets of the ICAV, both cash and securities, the maintenance of bank accounts and the timely settlement of all trade instructions. The Depositary may appoint sub-custodians in relation to the ICAV's assets but the liability of the Depositary 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 will also provide cash monitoring services in respect of each Fund's subscriptions and other cash flows.

The Depositary has the power to delegate certain of its depositary functions. The Depositary's liability shall not be affected by any delegation of its functions under the Depositary Agreement.

The UCITS Regulations require that, in general, a delegate of the Depositary must be subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction in which such delegate is located. However, where the law of a non-EU country (a "third country") requires that certain financial instruments be held in custody by a local entity and no local entity satisfies the aforementioned delegation requirements, the Depositary may delegate its functions to such a local entity to the extent required by the law of the third country and for as long as there is no local

entity that satisfies those requirements. Shareholders should note that such a delegation is required due to legal constraints in the law of that third country and that there are risks involved in such a delegation, including, for example, that shortcomings in, or absence of, prudential regulation and supervision of such entity may increase the risk of a loss of the financial instruments held in custody and/or other loss or damage being suffered by the relevant Fund. No such delegation has occurred in respect of the Feeder Fund.

The Depositary Agreement provides that the Depositary shall be liable to the ICAV and the Shareholders in respect of any loss suffered by them arising from the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive and the Depositary Agreement. The Depositary shall not, except as permitted by applicable law, be liable to the ICAV or the Shareholders or any other person 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. In addition, the Depositary shall not be under any liability to the Shareholders, or the ICAV on account of anything reasonably done or suffered by the Depositary in accordance with advice received from any reputable law firm or other professional firm with relevant expertise chosen by the ICAV or the Depositary. The Depositary will be liable to the ICAV and the Shareholders for loss of financial instruments held in custody or in the custody by the Depositary or a third party to whom the custody of financial instruments held in custody has been delegated, unless it can prove that loss was not as a result of the Depositary's negligent or intentional failure to perform its obligations and 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. The liability of the Depositary will not be affected by the fact that it has delegated to a third party certain of its safekeeping functions in respect of the ICAV's assets. The Depositary shall exercise due skill, care and diligence in the selection, continued appointment and ongoing monitoring of delegates and sub-delegates.

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

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

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

Where cash belonging to a 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 Manager may also be a client or counterparty of the Depositary or its affiliates.

From time to time conflicts may arise between the Depositary and the delegates or sub-delegates, for example, where an appointed delegate or sub-delegate is an affiliated group company which receives remuneration for another custodial service it provides to the ICAV. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will have regard to the applicable laws.

Up-to-date information regarding the duties of the Depositary, any conflicts of interest that may arise and the Depositary's delegation arrangements will be made available to investors from the Depositary on request.

The Depositary Agreement shall continue in force until terminated by either party on six months' notice in writing to the other party. The Depositary Agreement may be terminated forthwith without the payment of any penalty

# Prospectus

## M&G FUNDS 1 ICAV

by either party giving notice in writing to the other party if at any time: (i) the party notified shall be unable to pay its debts as they fall due or go into liquidation or receivership or an examiner shall be appointed pursuant to the Companies Act 2014 (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party); (ii) the party notified shall commit any material breach of the provisions of the Depositary Agreement and if such breach is capable of remedy, shall not have remedied that breach within 30 days after the service of written notice requiring it to be remedied; or (iii) any of the representations, warranties, covenants or undertakings contained in the Depositary Agreement cease to be true or accurate in any material respect in relation to the party notified. The ICAV may not terminate the appointment of the Depositary and the Depositary may not retire from such appointment unless and until a successor Depositary shall have been appointed in accordance with the Instrument of Incorporation and approved by the Central Bank.

### **The Information Sharing Agreements between Feeder Fund and Master Fund: Depositories**

An information sharing agreement has been entered into between the custodian of the Master Funds and the Depositary that seeks to address certain requirements of the Central Bank Requirements in respect of master-feeder structures. The information sharing agreement covers, inter alia: (i) the documents and categories of information to be routinely shared between the Depositary and the custodian of the Master Funds; (ii) the manner and timing of the sharing of information; (iii) the coordination of the Depositary and the custodian of the Master Funds in relation to certain operational matters; (iv) the coordination of accounting year-end procedures; (v) the sharing of information with regard to breaches at the level of the Master Fund; and (vi) the handling of ad hoc requests for assistance from each other.

### **The Information Sharing Agreements between Feeder Fund and Master Fund: Auditors**

An information sharing agreement has been entered into between the auditor of the Master Fund and the auditor of the ICAV that seeks to address certain requirements of the Central Bank Regulations in respect of master-feeder structures. The information sharing agreement covers, inter alia: (i) the documents and information to be routinely shared between both auditors; (ii) the manner and timing of the sharing of information; (iii) the coordination of the involvement of both auditors in the accounting year-end procedures; (iv) the identification of matters which should be treated as irregularities disclosed in the audit report of the Master Fund; and (v) the manner and timing of the handling of ad hoc requests for assistance from one auditor to the other and of ad-hoc reporting.

### **The Paying Agents and Facility Agents**

The ICAV or the Manager may be required to appoint paying agents or facility agents in connection with the public distribution of Shares in certain jurisdictions. Local regulations may require the appointment of facility agents to provide certain facilities to Shareholders in certain jurisdictions or the appointment of paying agents to maintain accounts through which subscriptions and redemption monies may be paid. Investors who choose or are obliged under local regulations to pay/receive subscription/redemption monies via an intermediary entity rather than directly to the Depositary (e.g., a sub-distributor or agent in the local jurisdiction) bear a credit risk against that intermediate entity with respect to (i) subscription monies prior to the transmission of such monies to the Depositary for the account of the ICAV; and (ii) redemption monies payable by such intermediate entity to the relevant redeeming Shareholder.

## **TAXATION**

**The following is a general summary of the main Irish and certain U.K., European and other tax considerations applicable to the ICAV and certain investors in the ICAV who are the beneficial owners of Shares in the ICAV. It does not purport to deal with all of the tax consequences applicable to the ICAV or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Shareholders whose acquisition of Shares in the ICAV would be regarded as a shareholding in a Personal Portfolio Investment Undertaking (PPIU). Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling,**

**switching or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.**

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will ensure indefinitely.

### **Irish Tax Considerations**

#### **Taxation of the ICAV**

The Directors have been advised that, under current Irish law and practice, the ICAV qualifies as an investment undertaking for the purposes of Section 739B of the Taxes Consolidation Act, 1997, as amended ("TCA") so long as the ICAV is resident in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

#### *Chargeable Event*

However, Irish tax can arise on the happening of a "chargeable event" in the ICAV. A chargeable event includes any payments of distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares as described below for Irish tax purposes arising as a result of holding Shares in the ICAV for a period of eight years or more. Where a chargeable event occurs, the ICAV is required to account for the Irish tax thereon.

No Irish tax will arise in respect of a chargeable event where:

(a) the Shareholder is neither resident nor ordinarily resident in Ireland ("Non-Irish Resident") and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the ICAV is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or

(b) the Shareholder is Non-Irish Resident and has confirmed that to the ICAV and the ICAV is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn; or

(c) the Shareholder is an Exempt Irish Resident as defined below.

A reference to "intermediary" means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds units in an investment undertaking on behalf of other persons.

In the absence of a signed and completed declaration or written notice of approval from the Revenue Commissioners, as applicable, being in the possession of the ICAV at the relevant time there is a presumption that the Shareholder is resident or ordinarily resident in Ireland ("Irish Resident") or is not an Exempt Irish Resident and a charge to tax arises.

A chargeable event does not include:

- any transactions (which might otherwise be a chargeable event) in relation to, or in respect of, Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or

- a transfer of Shares between spouses/civil partners and any transfer of Shares between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; or

- an exchange by a Shareholder, effected by way of arm's length bargain where no payment is made to the Shareholder, of Shares in the ICAV for other Shares in the ICAV; or

- an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the ICAV with another investment undertaking.

If the ICAV becomes liable to account for tax on a chargeable event, the ICAV shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Shareholder as

# Prospectus

## M&G FUNDS 1 ICAV

is required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of a chargeable event.

### *Deemed Disposals*

The ICAV may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Shares in a Fund held by Shareholders who are Irish Resident and, who are not Exempt Irish Residents as defined below, is 10% or more of the Net Asset Value of the Fund, the ICAV will be liable to account for the tax arising on a deemed disposal in respect of Shares in that Fund as set out below. However, where the total value of Shares in the Fund held by such Shareholders is less than 10% of the Net Asset Value of the Fund, the ICAV may, and it is expected that the ICAV will, elect not to account for tax on the deemed disposal. In this instance, the ICAV will notify relevant Shareholders that it has made such an election and those Shareholders will be obliged to account for the tax arising under the self-assessment system themselves. Further details of this are set out below under the heading "Taxation of Irish Resident Shareholders".

### *Irish Courts Service*

Where Shares are held by the Irish Courts Service the ICAV is not required to account for Irish tax on a chargeable event in respect of those Shares. Rather, where money under the control or subject to the order of any Court is applied to acquire Shares in the ICAV, the Courts Service assumes, in respect of the Shares acquired, the responsibilities of the ICAV to, inter alia, account for tax in respect of chargeable events and file returns.

### **Exempt Irish Resident Shareholders**

The ICAV will not be required to deduct tax in respect of the following categories of Irish Resident Shareholders, provided the ICAV has in its possession the necessary declarations from those persons (or an intermediary acting on their behalf) and the ICAV is not in possession of any information which would reasonably suggest that the information contained in the declarations is not, or is no longer, materially correct. A Shareholder who comes within any of the categories listed below and who (directly or through an intermediary) has provided the necessary declaration to the ICAV is referred to herein as an "Exempt Irish Resident":

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- (b) a company carrying on life business within the meaning of Section 706 of the TCA;
- (c) an investment undertaking within the meaning of Section 739B(1) of the TCA, or an investment limited partnership within the meaning of Section 739J of the TCA;
- (d) a special investment scheme within the meaning of Section 737 of the TCA;
- (e) a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- (f) a qualifying management company within the meaning of Section 739B(1) of the TCA;
- (g) a unit trust to which Section 731(5)(a) of the TCA applies;
- (h) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (i) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the Shares are assets of a PRSA;
- (j) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (k) the National Treasury Management Agency;
- (l) the National Asset Management Agency;
- (m) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- (n) in certain circumstances, a company within the charge to corporation tax in respect of payments made to it by the ICAV; or

(o) any other person who is resident or ordinarily resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the ICAV or jeopardising the tax exemptions associated with the ICAV.

There is no provision for any refund of tax to Shareholders who are Exempt Irish Residents where tax has been deducted in the absence of the necessary declaration. A refund of tax may only be made to corporate Shareholders who are within the charge to Irish corporation tax.

### **Taxation of Non-Irish Resident Shareholders**

Non-Irish Resident Shareholders who (directly or through an intermediary) have made the necessary declaration of non-residence in Ireland, where required, are not liable to Irish tax on the income or gains arising to them from their investment in the ICAV and no tax will be deducted on distributions from the ICAV or payments by the ICAV in respect of an encashment, repurchase, redemption, cancellation or other disposal of their investment. Such Shareholders are generally not liable to Irish tax in respect of income or gains made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Shareholder.

Unless the ICAV is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn, in the event that a non-resident Shareholder (or an intermediary acting on its behalf) fails to make the necessary declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Shareholder is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Shares in the ICAV which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the ICAV under the self-assessment system.

### **Taxation of Irish Resident Shareholders**

#### *Deduction of Tax*

Tax will be deducted and remitted to the Revenue Commissioners by the ICAV from any distributions made by the ICAV (other than on a disposal) to an Irish Resident Shareholder who is not an Exempt Irish Resident at the rate of 41%.

Tax will also be deducted by the ICAV and remitted to the Revenue Commissioners from any gain arising on an encashment, repurchase, redemption, cancellation or other disposal of Shares by such a Shareholder at the rate of 41%. Any gain will be computed as the difference between the value of the Shareholder's investment in the ICAV at the date of the chargeable event and the original cost of the investment as calculated under special rules.

Where the Shareholder is an Irish resident company and the ICAV is in possession of a relevant declaration from the Shareholder that it is a company and which includes the company's tax reference number, tax will be deducted by the ICAV from any distributions made by the ICAV to the Shareholder and from any gains arising on an encashment, repurchase, redemption, cancellation or other disposal of shares by the Shareholder at the rate of 25%.

#### *Deemed Disposals*

Tax will also be deducted by the ICAV and remitted to the Revenue Commissioners in respect of any deemed disposal where the total value of Shares in a Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is 10% or more of the Net Asset Value of the Fund. A deemed disposal will occur on each and every eighth anniversary of the acquisition of Shares in the Fund by such Shareholders. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary or, as described below where the ICAV so elects, the value of the Shares on the later of the 30 June or 31 December prior to the date of the deemed disposal and the relevant cost of those Shares. The excess arising will be taxable at the rate of 41% (or in the case of Irish resident corporate Shareholders where a relevant declaration has been made, at the rate of 25%). Tax paid on a deemed disposal should be creditable against the tax liability on an actual disposal of those Shares.

# Prospectus

## M&G FUNDS 1 ICAV

Where the ICAV is obliged to account for tax on deemed disposals it is expected that the ICAV will elect to calculate any gain arising for Irish Resident Shareholders who are not Exempt Irish Residents by reference to the Net Asset Value of the relevant Fund on the later of the 30 June or 31 December prior to the date of the deemed disposal, in lieu of the value of the Shares on the relevant eight year anniversary.

The ICAV may elect not to account for tax arising on a deemed disposal where the total value of Shares in the relevant Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is less than 10% of the Net Asset Value of the Fund. In this case, such Shareholders will be obliged to account for the tax arising on the deemed disposal under the self-assessment system themselves. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary and the relevant cost of those Shares. The excess arising will be regarded as an amount taxable under Case IV of Schedule D and will be subject to tax where the Shareholder is a company, at the rate of 25%, and where the Shareholder is not a company, at the rate of 41%. Tax paid on a deemed disposal should be creditable against the tax payable on an actual disposal of those Shares.

### *Residual Irish Tax Liability*

Corporate Shareholders resident in Ireland which receive payments from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the rate of 25% (or 41% if no declaration has been made) has been deducted. Subject to the comments below concerning tax on a currency gain, in general, such Shareholders will not be subject to further Irish tax on payments received in respect of their holding from which tax has been deducted. A corporate Shareholder resident in Ireland which holds the Shares in connection with a trade will be taxable on any income or gains received from the ICAV as part of that trade with a set-off against corporation tax payable for any tax deducted from those payments by the ICAV. In practice, where tax at a rate higher than 25% has been deducted from payments to a corporate Shareholder resident in Ireland, a credit of the excess tax deducted over the higher corporation tax rate of 25% should be available.

Subject to the comments below concerning tax on a currency gain, in general, non-corporate Irish Resident Shareholders will not be subject to further Irish tax on income arising on the Shares or gains made on disposal of the Shares, where the appropriate tax has been deducted by the ICAV from distributions paid to them.

Where a currency gain is made by a Shareholder on the disposal of Shares, the Shareholder will be liable to capital gains tax in respect of that gain in the year/s of assessment in which the Shares are disposed of.

Any Irish Resident Shareholder who is not an Exempt Irish Resident and who receives a distribution from which tax has not been deducted or who receives a gain on an encashment, repurchase, redemption, cancellation or other disposal from which tax has not been deducted, (for example, because the Shares are held in a recognised clearing system) will be liable to account for income tax or corporation tax as the case may be on the payment or on the amount of the gain under the self-assessment system and in particular, Part 41A of the TCA.

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the ICAV is obliged to report certain details in relation to Shares held by investors to the Revenue Commissioners on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the investment number associated with and the value of the Shares held by, a Shareholder. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. No details are to be reported in respect of Shareholders who are:

- Exempt Irish Residents (as defined above);
- Shareholders who are neither Irish Resident nor ordinarily resident in Ireland (provided the relevant declaration has been made); or
- Shareholders whose Shares are held in a recognised clearing system.

### **Overseas Dividends**

Dividends (if any) and interest which the ICAV receives with respect to investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of the investments are located. It is not known whether the ICAV will be able to benefit from reduced rates of withholding tax under the provisions of the double tax treaties which Ireland has entered into with various countries.

However, in the event that the ICAV receives any repayment of withholding tax suffered, the Net Asset Value of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of such repayment.

### **Stamp Duty**

On the basis that the ICAV qualifies as an investment undertaking within the meaning of Section 739B of the TCA, generally, no stamp duty will be payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the ICAV. However, where any subscription for or redemption of Shares is satisfied by an in-kind or in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or properties.

No Irish stamp duty will be payable by the ICAV on the conveyance or transfer of stock or marketable securities of a company or other body corporate not registered in Ireland, provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property, or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B of the TCA or a qualifying company within the meaning of Section 110 of the TCA) which is registered in Ireland.

### **Residence**

In general, investors in the ICAV will be either individuals, corporate entities or trusts. Under Irish rules, both individuals and trusts may be resident or ordinarily resident. The concept of ordinary residence does not apply to corporate entities.

### **Individual Investors**

#### *Test of Residence*

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland: (1) for a period of at least 183 days in any one tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining days present in Ireland, an individual is deemed to be present if he / she is present in the country at any time during the day.

If an individual is not resident in Ireland in a particular tax year the individual may, in certain circumstances, elect to be treated as resident.

#### *Test of Ordinary Residence*

If an individual has been resident for the three previous tax years then the individual will be deemed "ordinarily resident" from the start of the fourth year. An individual will remain ordinarily resident in Ireland until the individual has been non-resident for three consecutive tax years.

### **Trust Investors**

A trust will generally be regarded as resident in Ireland where all of the trustees are resident in Ireland. Trustees are advised to seek specific tax advice if they are in doubt as to whether the trust is resident in Ireland.

### **Corporate Investors**

A company will be resident in Ireland if its central management and control is in Ireland or (in certain circumstances) if it is incorporated in Ireland. For Ireland to be treated as the location of a company's central management and control this typically means Ireland is the location where all fundamental policy decisions of the company are made.

All companies incorporated in Ireland are resident in Ireland for tax purposes except where:

- (i) in the case of a company incorporated before 1 January 2015, the company or a related company carries on a trade in Ireland, and either (a) the company is ultimately controlled by persons resident in a "relevant territory", being an EU member state (other than Ireland) or a country with which Ireland has a double taxation agreement in force by virtue of Section

# Prospectus

## M&G FUNDS 1 ICAV

826(1) of the TCA or that is signed and which will come into force once all the ratification procedures set out in Section 826(1) of the TCA have been completed, or (b) the principal class of the shares in the company or a related company is substantially and regularly traded on a recognised stock exchange in a relevant territory; or

(ii) the company is regarded as resident in a country other than Ireland and not resident in Ireland under a double taxation agreement between Ireland and that other country.

A company incorporated in Ireland and coming within either (i) or (ii) above will not be regarded as resident in Ireland unless its central management and control is in Ireland, PROVIDED however, a company coming within (i) above which has its central management and control outside of Ireland will still be regarded as resident in Ireland if (a) it would by virtue of the law of a relevant territory be tax resident in that relevant territory if it were incorporated in that relevant territory but would not otherwise be tax resident in that relevant territory, (b) is managed and controlled in that relevant territory, and (c) would not otherwise by virtue of the law of any territory be regarded as resident in that territory for tax purposes.

The exception from the incorporation rule of tax residence at (i) above in respect of a company incorporated before 1 January 2015 will however cease to apply or be available after 31 December 2020, or, if earlier, from the date, after 31 December 2014, of a change in ownership (direct or indirect) of the company where there is a major change in the nature or conduct of the business of the company within the period beginning on the later of 1 January 2015 or the date which occurs one year before the date of the change in ownership of the company, and ending 5 years after the date of the change in ownership. For these purposes a major change in the nature or conduct of the business of the company includes the commencement by the company of a new trade or a major change arising from the acquisition by the company of property or of an interest in or right over property.

### Disposal of Shares and Irish Capital Acquisitions Tax

#### (a) Persons Domiciled or Ordinarily Resident in Ireland

The disposal of Shares by means of a gift or inheritance made by a disponent domiciled or ordinarily resident in Ireland or received by a beneficiary domiciled or ordinarily resident in Ireland may give rise to a charge to Irish Capital Acquisitions Tax for the beneficiary of such a gift or inheritance with respect to those Shares.

#### (b) Persons Not Domiciled or Ordinarily Resident in Ireland

On the basis that the ICAV qualifies as an investment undertaking within the meaning of Section 739B of the TCA, the disposal of Shares will not be within the charge to Irish Capital Acquisitions Tax provided that;

- the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date;
- the donor is not domiciled or ordinarily resident in Ireland at the date of the disposition; and
- the beneficiary is not domiciled or ordinarily resident in Ireland at the date of the gift or inheritance.

### Compliance with U.S. Withholding Requirements - Foreign Account Tax Compliance Act ("FATCA")

The provisions of FATCA are designed to require certain U.S. persons' direct and indirect ownership of certain non-U.S. accounts and non-U.S. entities to be reported by foreign financial institutions ("FFI") to the U.S. Internal Revenue Service ("IRS"). The ICAV is regarded as a FFI for FATCA purposes and has registered with the IRS as a Reporting Model 1 FFI.

In limited circumstances, FATCA may impose a withholding tax of up to 30% with respect to certain U.S. source income (including dividends and interest) and, after 31 December 2016, gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends paid to a FFI.

Ireland entered into an intergovernmental agreement with the U.S to simplify FATCA compliance. Under this agreement, FATCA compliance will be enforced under Irish tax legislation, including the Financial Accounts Reporting (United States of America) Regulations 2014, and reporting rules and practices. The ICAV may require additional information from Shareholders in order to comply with these provisions. The ICAV may disclose the information, certificates or other documentation that it receives from (or concerning) its Shareholders to the Irish tax authorities as necessary to comply with the Irish tax legislation and reporting rules and practices

relating to FATCA, related intergovernmental agreements or other applicable law or regulation. The Irish tax authorities will, in turn, report such information to the IRS.

If a Shareholder causes the ICAV to suffer a withholding for or on account of FATCA ("FATCA Deduction") or other financial penalty, cost, expense or liability, the ICAV may compulsorily redeem any Shares of such Shareholder and/or take any action required to ensure that such FATCA Deduction or other financial penalty, cost, expense or liability is economically borne by such shareholder.

Each prospective investor should consult its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation.

### The OECD Common Reporting Standard

Ireland has implemented the "Standard for Automatic Exchange of Financial Account Information", also known as the Common Reporting Standard ("CRS"), into Irish law.

The CRS is a new, single global standard on Automatic Exchange of Information ("AEOI") which was approved by the Council of the OECD in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions are required to exchange certain information held by financial institutions regarding their non-resident customers.

Shareholders should note that the ICAV is required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number and tax identification number(s) of each reportable person in respect of a reportable account for CRS and information relating to each Shareholder's investment (including but not limited to the value of and any payments in respect of the Shares) to the Revenue Commissioners of Ireland who may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the ICAV may require additional information and documentation from Shareholders.

By signing and completing the application form to subscribe for Shares in the ICAV, each Shareholder is agreeing to provide such information upon request from the ICAV or its delegate. The non-provision of such information may result in mandatory redemption of Shares or other appropriate action taken by the ICAV. Shareholders refusing to provide the requisite information to the ICAV may also be reported to the Revenue Commissioners.

The above description is based in part on regulations, guidance from the OECD and the CRS, all of which are subject to change.

Pursuant to information-sharing arrangements in place between Ireland and/or the European Union and certain third countries and/or dependant or associated territories of CRS-participating jurisdictions, to the extent that those countries or territories are not "Reportable Jurisdictions" under the CRS, the Administrator, or such other entity considered to be a paying agent for these purposes, may be obliged to collect certain information (including the tax status, identity and residency of the Shareholders) in order to satisfy the disclosure requirements under those arrangements and to disclose such information to the relevant tax authorities. Those tax authorities may in turn be obliged to provide the information disclosed to the tax authorities of other relevant jurisdictions.

Shareholders will be deemed by their subscription for Shares to have authorised the automatic disclosure of such information by the Administrator, or other relevant person to the relevant tax authorities.

Each prospective investor should consult its own tax advisers on the requirements applicable to it under these arrangements.

### United Kingdom Tax Considerations

It is the intention of the Directors and the Manager insofar as they are able, to conduct the ICAV's affairs so as to ensure that it does not become resident in the United Kingdom. On the basis that the ICAV is not resident in the United Kingdom for tax purposes and provided that it does not carry on a trade in the United Kingdom (whether or not through a branch or agency situated therein), it should not be subject to United Kingdom Income Tax or



# Prospectus

## M&G FUNDS 1 ICAV

Corporation Tax on income, profits or gains which it derives from sources outside the United Kingdom.

### Shareholders

Taxes on income:

(i) according to their personal circumstances Shareholders resident in the United Kingdom for tax purposes will be liable to United Kingdom Income Tax or Corporation Tax, as applicable, in respect of any dividend, interest, other income distributions of the ICAV or reported income. Where investments of the ICAV are distributed in specie to Shareholders other than by way of dividend, interest or other income distributions of the ICAV, such distributions may represent a part-disposal of Shares for United Kingdom tax purposes;

(ii) where a United Kingdom collecting agent (e.g., a United Kingdom bank) receives or obtains payment of any dividend, interest or other income distributions of the ICAV, declared in respect of Shares on behalf of any Shareholder, or where payment of such dividend, interest or other income distributions of the ICAV, is made through a United Kingdom paying agent, such an agent may be required to withhold United Kingdom Income Tax at the rate then in force, in respect of such dividend, interest or other income distributions of the ICAV. Shareholders who are not resident in the United Kingdom for tax purposes may reclaim any United Kingdom Income Tax withheld.

Taxes on capital gains:

(i) the ICAV is treated as a company for Capital Gains Tax purposes by virtue of section 99 of the UK Taxation of Chargeable Gains Act 1992. The Directors and the Manager intend to ensure that the ICAV is not UK resident. On this basis, the ICAV will be treated as a non-resident company for the purposes of tax on chargeable gains and as such will be exempt from UK tax on capital gains on the disposal of investments. The Directors and the Manager intend that the ICAV should invest and not trade in securities;

(ii) subject to point (iii) below, Shareholders who are United Kingdom residents may be subject to United Kingdom Capital Gains Tax or Corporation Tax (in the case of companies) on chargeable gains arising on gains realised on the disposal or redemption of Shares. Shareholders who are United Kingdom residents but who are individuals not domiciled within the United Kingdom will only be liable to United Kingdom Capital Gains Tax to the extent that the gain arising is remitted or deemed to be remitted to the United Kingdom;

(iii) the ICAV is expected to fall within the definition of an Offshore fund for the purposes of Section 40A-G of the UK Finance Act 2008, as supplemented by the Offshore Funds (Tax) Regulations 2009 (together the "Offshore Funds Reporting regime"). Accordingly, The Manager intends to enter certain classes into the Offshore Funds Reporting regime and to meet the annual reporting obligations to investors and HM Revenue & Customs. The list of applicable classes is available on request from the Manager and available on the HM Revenue & Customs website (<https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>).

### General

The attention of Shareholders resident in the United Kingdom for tax purposes, is also drawn to Part 13 Chapter 2 of the Income Taxes Act 2007 which contain provisions to prevent avoidance of United Kingdom Income Tax by individuals through transactions resulting in income arising to persons (including both individuals and companies) abroad. These provisions may render such persons liable to taxation in respect of undistributed income and profits of the ICAV.

The provisions concerning controlled foreign companies included in Part 9A Taxation (International And Other Provisions) Act 2010 have the effect, in certain circumstances, of subjecting a company resident in the United Kingdom to United Kingdom Corporation Tax on the profits of a company resident outside the United Kingdom. A charge to tax would not, however, apply where less than 40% of the non-domiciled company's "chargeable profits" could be apportioned to the UK domiciled company, or to associated and connected persons.

### GENERAL

#### Conflicts of Interest

**References in this section to the "Fund" may, as the context requires, refer to a Feeder Fund and/or the Master Fund. The conflicts of interest**

**which may arise in respect of the Manager in its management of a Feeder Fund are substantially similar to those that arise in the context of its management of the related Master Fund. References in this section to "Shares" may, as the context requires, refer to Shares in the Feeder Fund and/or shares or units or classes thereof in the Master Fund.** The Directors, the Manager, the Depositary, the Administrator and the Distributor may from time to time act as directors, manager, investment manager, investment advisor, depositary, administrator, company secretary, dealer or distributor in relation to, or be otherwise involved in, other funds and accounts established by parties other than the ICAV which have similar investment objectives to those of the ICAV and any Fund. Such other funds and accounts may pay higher fees than a Fund or performance-based fees for such services. Any of the foregoing may hold Shares in any Fund. It is, therefore, possible that they may, in the course of business, have potential conflicts of interests with the ICAV and the Fund. The Manager and its affiliates will, at all times, have regard in such event to their obligations to the ICAV and the Fund and will ensure that such conflicts are resolved fairly.

In addition, any of the Directors, the Manager or the Depositary, the delegates or sub-delegates of the Depositary (excluding any non-group company sub-custodians appointed by the Depositary) and any associated or group company of the Manager, the Depositary or a delegate or sub-delegate of the Manager or the Depositary (excluding any non-group company sub-custodians appointed by the Depositary) may deal, as principal or agent, with the ICAV in respect of the assets of a Fund, provided that such dealings are negotiated on an arm's length basis. Transactions must be in the best interests of Shareholders.

Dealings will be deemed to have been negotiated at arm's length if: (a) the value of the transaction is certified by either (i) a person who has been approved by the Depositary as being independent and competent or (ii) a person who has been approved by the Directors as being independent and competent in the case of transactions involving the Depositary; (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of the relevant exchange; or (c) the transaction is executed on terms which the Depositary or, in the case of a transaction involving the Depositary, the Directors, are satisfied are negotiated at arm's length and are in the best interests of Shareholders. The Depositary or, in the case of a transaction involving the Depositary, the Directors, shall document how it complied with the requirements of paragraphs (a), (b) or (c) above. Where transactions are conducted in accordance with paragraph (c) above, the Depositary or, in the case of a transaction involving the Depositary, the Directors, shall document its or their rationale for being satisfied that the transaction conformed to the principles outlined here.

The Manager and its affiliates shall not be under any obligation to offer investment opportunities of which any of them becomes aware to the ICAV or to account to the ICAV in respect of (or share with the ICAV or inform the ICAV of) any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the ICAV and other clients, taking into consideration the investment objectives, investment limitations, capital available for investment and diversification posture of the ICAV and other clients. The Manager endeavours to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Funds and its other accounts, but the Management Agreement does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to a Fund, or any restrictions on the nature or timing of investments for the account of a Fund, other funds or accounts or the Manager's own account. The principals of the Manager are not obligated to devote any specific amount of their business time to the affairs of the ICAV, and the Manager is not required to accord exclusivity or priority to a Fund in the event of "limited availability" investment opportunities. The directors, officers, partners, stockholders and employees of organisations affiliated with the Manager may buy and sell securities or FDI for their own account and/or the accounts of others. Such trading may be similar to, or different from, the investment strategies pursued on behalf of a Fund.

When the Manager determines that it would be appropriate for a Fund and one or more other investment accounts managed by it to participate in an investment opportunity, the Manager seeks to execute orders for all of the participating investment accounts on an equitable basis. Specifically, to the extent feasible under the applicable rules and regulations, if the Manager has determined to invest at the same time for more than one of the investment accounts, the Manager may place combined orders for all such accounts simultaneously and if any order is not filled at the same price, the Manager will average the prices paid. Similarly, if an order on behalf of more than one

# Prospectus

## M&G FUNDS 1 ICAV

account cannot be fully executed under prevailing market conditions, the Manager may allocate the instruments traded among the different accounts on a basis which the Manager considers equitable. Situations may occur where a Fund could be disadvantaged because of the investment activities conducted by the Manager for other accounts. To reduce transaction costs, rebalance a Fund's portfolio or for other reasons, the Manager may, to the extent permitted by law, cause a Fund to enter into cross transactions with other accounts or commingled funds for which the Manager also acts as a discretionary manager. This normally occurs where inflows into one commingled fund or account coincide with outflows from another commingled fund or account for which the Manager also acts as a discretionary manager. In the event that the Manager causes a Fund to purchase securities from or sell securities to such other account or commingled fund, the Manager will use its best efforts to mitigate potential conflicts of interest by causing such transaction ordinarily to occur at the then prevailing market price of the applicable security and by considering the interests of both the relevant Fund and such other accounts or commingled funds.

Without prejudice to the foregoing, the Manager and/or its affiliates may enter into commission sharing arrangements with brokers or dealers, provided that where the Manager and/or its affiliate successfully negotiates the recapture of a portion of the commission charged by a broker or dealer in connection with the purchase or sale of securities for a Fund, the rebated commission shall be paid to the relevant Fund. Where the Manager and/or its affiliate is acting as agent for a Fund in connection with the sale or purchase of investments for the account of the Fund, the Manager or its affiliate may charge the Fund commission or fees provided that the amount of such commission or fees is not in excess of rates commonly receivable by agents in transactions of the kind contemplated and neither the Manager nor its affiliate is obliged to account to the Fund for any brokerage commissions or fees charged to the Fund in connection with, or profits derived by it, from any such transaction

The Manager has adopted a policy designed to ensure that in all transactions a reasonable effort is made to avoid conflicts of interest and, where they cannot be avoided, such conflicts are managed so that they are resolved fairly.

The Manager may be responsible for valuing certain securities held by a Fund. The Manager applies a charge which is a percentage of the Net Asset Value of the Funds. The Manager's charge will increase as the Net Asset Value of the Fund increases. Consequently a conflict of interest could arise between its interest and those of the Funds. In the event of such a conflict of interests, the Manager shall have regard to its obligations to the Funds and will ensure that such a conflict is resolved fairly and in the best interests of the Shareholders.

Conflicts of interest may arise as a result of transactions in FDI and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Depositary. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such entities is subject to a valuation or haircut applied by a related party.

In its capacity as Manager of the Feeder Funds and Master Funds, the Manager has adopted a conflicts of interest policy which includes appropriate measures designed to mitigate and effectively manage any conflicts of interest which may arise between the Feeder Funds and the Master Funds and between their shareholders. The Manager will seek to ensure that such conflicts are resolved fairly.

### Soft Commissions

The Manager may direct transactions to brokers in return for substantive research. Under such arrangements, the Manager must ensure that the broker or counterparty to the arrangement has agreed to provide best execution to the Funds. The benefit provided must assist the Manager in its provision of investment services to the Funds.

### Best Execution Policy

The Manager has adopted a policy designed to ensure that its service providers act in the Funds' best interests when executing decisions to deal and placing orders to deal on behalf of the Funds in the context of managing the Funds' portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Funds, taking into account price,

costs, speed, likelihood of execution and settlement, order size and nature or any other consideration relevant to the execution of the order. Information about the ICAV's best execution policy is available to Shareholders at no charge upon request to the Manager.

### Voting Policy

The Manager has developed a strategy for determining when and how voting rights are exercised in respect of the underlying investments held by the Funds. Details of the actions taken on the basis of those strategies are available to Shareholders at no charge upon request to the Manager.

### Remuneration Policy of the Manager

The Manager applies a staff remuneration policy consistent with the principles outlined in the Directive, the Alternative Investment Fund Managers Directive (AIFMD) (No. 2011/61/EU), as amended, and the FCA's Handbook of Rules and Guidance. The remuneration policy is overseen by a remuneration committee and is designed to promote sound and effective risk management by, amongst other things:

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

Please visit the following website: <http://www.mandg.com/remuneration> for up-to-date details of the remuneration policy, including, but not limited to:

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

Alternatively, a paper copy can be obtained free of charge upon request from the Manager.

### Complaints

Information regarding the ICAV's complaints procedure is available to Shareholders free of charge upon request to the Manager. Shareholders may file any complaints about the ICAV or a Fund free of charge at the registered office of the Manager and the ICAV.

### The Share Capital

The share capital of the ICAV shall at all times equal the Net Asset Value of the ICAV. The Directors are empowered to issue up to five hundred billion Shares of no par value in the ICAV on such terms as they may think fit. There are no rights of pre-emption upon the issue of Shares in the ICAV.

The ICAV reserves the right to issue Subscriber Shares at any time. Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the ICAV but do not entitle the holders attend or vote at meetings of the Funds or to participate in the distributions or net assets of any Fund or of the ICAV.

Each of the Shares entitles the Shareholder to participate equally on a pro rata basis in the distributions (if any) and net assets of a Fund attributable to the relevant Class in respect of which they are issued. The Subscriber Shares' entitlement is limited to the amount subscribed and accrued interest thereon.

The proceeds from the issue of Shares shall be applied in the books of the ICAV to the relevant Fund and shall be used in the acquisition on behalf of the relevant Fund of assets in which the Fund may invest. The records and accounts of each Fund shall be maintained separately.

The Directors reserve the right to redesignate any Class of Shares from time to time, provided that shareholders in that Class shall first have been notified by the ICAV that the Shares will be redesignated and shall have been given the opportunity to have their Shares redeemed by the ICAV, except that this requirement shall not apply where the Directors redesignate Shares in issue in order to facilitate the creation of an additional Class of Shares.

Each of the Shares entitles the holder to attend and vote at meetings of the ICAV and of the Fund represented by those Shares. The Instrument of

# Prospectus

## M&G FUNDS 1 ICAV

Incorporation provides that matters may be determined at meetings of the Shareholders on a show of hands unless a poll is requested by five Shareholders or by Shareholders holding 10% or more of the Shares or unless the Chairman of the meeting requests a poll. Each Share gives the holder thereof one vote in relation to any matters relating to the ICAV which are submitted to Shareholders for a vote by poll.

No Class of Shares confers on the holder thereof any preferential or preemptive rights or any rights to participate in the profits and distributions of any other Class of Shares or any voting rights in relation to matters relating solely to any other Class of Shares.

Any resolution to alter the class rights of the Shares requires the approval of three quarters of the holders of the Shares represented or present and voting at a general meeting duly convened in accordance with the Instrument of Incorporation.

The Instrument of Incorporation of the ICAV empowers the Directors to issue fractional Shares in the ICAV. Fractional Shares may be issued and shall not carry any voting rights at general meetings of the ICAV or of any Fund or Class and the Net Asset Value of any fractional Share shall be the Price per Share adjusted in proportion to the fraction.

### The Funds and Segregation of Liability

The assets and liabilities of a Fund will be allocated in the following manner:

(a) the proceeds from the issue of Shares representing a Fund shall be applied in the books of the ICAV to the Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Instrument of Incorporation;

(b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the ICAV to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;

(c) where the ICAV incurs a liability which relates to any asset of a particular Fund or to any action taken in connection with an asset of a particular Fund, such a liability shall be allocated to the relevant Fund, as the case may be; and

(d) where an asset or a liability of the ICAV cannot be considered as being attributable to a particular Fund, such asset or liability, subject to the approval of the Depositary, shall be allocated to all the Funds pro rata to the Net Asset Value of the Fund.

Any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund, and, neither the ICAV nor any Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such Fund in satisfaction of any liability incurred on behalf of, or attributable to, any other Fund.

There shall be implied in every contract, agreement, arrangement, or transaction entered into by the ICAV the following terms, that:

(a) the party or parties contracting with the ICAV shall not seek, whether in any proceedings or by any other means whatsoever or wheresoever, to have recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund;

(b) if any party contracting with the ICAV shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund, that party shall be liable to the ICAV to pay a sum equal to the value of the benefit thereby obtained by it; and

(c) if any party contracting with the ICAV shall succeed in seizing or attaching by any means, or otherwise levying execution against, the assets of a Fund in respect of a liability which was not incurred on behalf of that Fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the ICAV and shall keep those assets or proceeds separate and identifiable as such trust property.

All sums recoverable by the ICAV shall be credited against any concurrent liability pursuant to the implied terms set out in (a) to (c) above.

Any asset or sum recovered by the ICAV shall, after the deduction or payment of any costs of recovery, be applied so as to compensate the relevant Fund.

In the event that assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to the Fund affected, the Directors, with the consent of the Depositary, shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was attributable, in priority to all other claims against such Fund or Funds, assets or sums sufficient to restore to the Fund affected, the value of the assets or sums lost to it.

A Fund is not a legal person separate from the ICAV but the ICAV may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as apply at law in respect of companies and the property of a Fund is subject to orders of the court as it would have been if the Fund were a separate legal person.

Separate records shall be maintained in respect of each Fund.

### Minimum Viable Size

Each Fund must achieve a Net Asset Value of at least £10,000 (or the currency equivalent thereof) or such other amount as may be determined by the Directors and notify to Shareholders in the Fund from time to time (the "Minimum Viable Size") by the end of the Initial Offer Period. In the event that the Fund does not reach the Minimum Viable Size within such period, the ICAV shall redeem any Shares in issue in the Fund and return the redemption proceeds to Shareholders.

### Termination

All of the Shares in the ICAV or all of the Shares in a Fund or Class may be redeemed by the ICAV in the following circumstances:

(a) a majority of votes cast at a general meeting of the ICAV or the relevant Fund or Class, as appropriate, approve the redemption of the Shares;

(b) if so determined by the Directors, provided that not less than 21 days' written notice has been given to the holders of the Shares of the ICAV or the Fund or the Class, as appropriate, that all of the Shares of the ICAV, the Fund or the Class, as the case may be, shall be redeemed by the ICAV; or

(c) if no replacement depositary shall have been appointed during the period of 3 months commencing on the date the Depositary or any replacement thereof shall have notified the ICAV of its desire to retire as depositary or shall have ceased to be approved by the Central Bank.

Where a redemption of Shares would result in the number of Shareholders falling below two or such other minimum number stipulated by statute or where a redemption of Shares would result in the issued share capital of the ICAV falling below such minimum amount as the ICAV may be obliged to maintain pursuant to applicable law, the ICAV may defer the redemption of the minimum number of Shares sufficient to ensure compliance with applicable law. The redemption of such Shares will be deferred until the ICAV is wound up or until the ICAV procures the issue of sufficient Shares to ensure that the redemption can be effected. The ICAV shall be entitled to select the Shares for deferred redemption in such manner as it may deem to be fair and reasonable.

On a winding up or if all of the Shares in any Fund are to be redeemed, the assets available for distribution (after satisfaction of creditors' claims) shall be distributed pro rata to the holders of the Shares in proportion to the value of the Shares held in that Fund. The balance of any assets of the ICAV then remaining that are not attributable to any particular Fund shall be apportioned among the Funds pro rata to the Net Asset Value of each Fund immediately prior to any distribution to Shareholders and shall be distributed among the Shareholders of each Fund pro rata to the value of Shares in that Fund held by them. With the authority of an ordinary resolution of the Shareholders or with the consent of any Shareholder, the ICAV may make distributions in specie to Shareholders or to any individual Shareholder who so consents. At the request of any Shareholder the ICAV shall arrange the sale of such assets at the expense of such Shareholder and without any liability on the part of the ICAV, the Administrator or the Manager if the proceeds of sale of any asset are less than the value of the assets at the time at which it was distributed in specie. The transaction costs incurred in the disposal of such investments shall be borne by the Shareholder. The Subscriber Shares do not entitle the holders to participate in the distributions or net assets of any Fund.

# Prospectus

## M&G FUNDS 1 ICAV

### Meetings

#### General Meetings

All general meetings of the ICAV shall be held in Ireland. Twenty-one days' notice (excluding the day of posting and the day of the meeting) shall be given in respect of each general meeting of the ICAV. The notice shall specify the venue and time of the meeting and the business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder. An ordinary resolution is a resolution passed by a plurality of votes cast and a special resolution is a resolution passed by a majority of 75% or more of the votes cast. The Instrument of Incorporation provides that matters may be determined by a meeting of Shareholders on a show of hands unless a poll is requested by five Shareholders or by Shareholders holding 10% or more of the Net Asset Value of the Shares of the ICAV, Fund or Class as appropriate or unless the Chairman of the meeting requests a poll. Each Share gives the holder one vote in relation to any matters which are submitted to Shareholders for a vote by poll.

#### Notice of Election to Dispense with Annual General Meetings

The Directors have elected, pursuant to section 89(4) of the ICAV Act, to dispense with the holding of annual general meetings of the ICAV. This election is effective for 2015 and subsequent years. However, pursuant to section 89(6) of the ICAV Act: (i) one or more Shareholders of the ICAV holding, or together holding, not less than 10% of the voting rights in the ICAV; or (ii) the auditor of the ICAV, may require the ICAV to hold an annual general meeting in any year by giving notice in writing to the ICAV in the previous year or at least one month before the end of that year.

### Reports

In each year the Directors shall arrange to be prepared either (i) an annual report and audited accounts for the ICAV; or (ii) a separate annual report and audited accounts for each Fund. These shall be made available to Shareholders (by electronic mail or other form of electronic communication, including by posting them to the following website <http://www.mandg.co.uk/discretionary/>) within four months of the end of the relevant financial year. In addition, the Directors, shall have prepared and made available in the same manner, either (i) an unaudited semi-annual accounts for the ICAV; or (ii) a separate unaudited semi-annual accounts for each Fund. Such reports shall be made available to Shareholders within two months of the end of the relevant period. As at the date of this Prospectus, it is intended that both the annual report and audited accounts and unaudited semi-annual accounts will be prepared collectively for Funds that share the same period end. As such, the timing of the annual report and audited accounts and unaudited semi-annual accounts may vary between Funds and is set out in the Relevant Supplement.

The annual report and audited accounts and unaudited semi-annual accounts shall be provided to Shareholders on request free of charge and the reports may be delivered in paper copy if a Shareholder so requests.

### Material Contracts

The following contracts, details of which are set out in the section entitled "Management and Administration", have been entered into by the ICAV and are, or may be, material:

- (a) The Management Agreement between the ICAV and the Manager, pursuant to which the latter was appointed as manager and distributor in relation to the ICAV.
- (b) The Depositary Agreement between the ICAV and the Depositary, pursuant to which the latter acts as depositary in relation to the ICAV.
- (c) The Administration Agreement between the Manager, the Administrator and the ICAV, pursuant to which the Administrator acts as administrator, registrar and transfer agent of the ICAV.

### Supply and Inspection of Documents

The following documents are available for inspection free of charge during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted) at the registered office of the ICAV:

- (a) the certificate of incorporation;
- (b) the material contracts referred to above; and
- (c) the UCITS Regulations and the Central Bank Regulations issued by the Central Bank.

Copies of the Instrument of Incorporation of the ICAV and the latest financial reports of the ICAV or the relevant Fund, as the case may be, may be obtained by Shareholders, free of charge, upon request at the registered office of the ICAV.

In addition, a copy of the prospectuses and the annual and semi-annual reports of the Master Funds and the Internal Conduct of Business Rules are available free of charge from the Manager on request. Further information in relation to the Master Funds can also be obtained from the Manager.

# Prospectus

## M&G FUNDS 1 ICAV

### SCHEDULE I

#### The Regulated Markets

The following is a list of regulated stock exchanges and markets on which the assets of the Funds may be listed and/or traded from time to time and is set out in accordance with the Central Bank's requirements. With the exception of permitted investments in unlisted securities, the Funds will only invest in securities traded on a stock exchange or market which meets the regulatory criteria (regulated, operating regularly, recognised and open to the public) and which is listed in this Prospectus. The Central Bank does not issue a list of approved stock exchanges or markets. A Regulated Market shall comprise any stock exchange or other regulated market in the European Union, any stock exchange or other regulated market in a member state of the EEA and any stock exchange or other regulated market in the U.S., Australia, Canada, Japan, Hong Kong, New Zealand, Norway or Switzerland which is a stock exchange or regulated market within the meaning of the law of the country concerned relating to stock exchanges; or any stock exchange and regulated markets included in the following list:

(i) the market organised by the International Capital Markets Association, NASDAQ, the market in U.S. government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York, the over-the-counter market by primary dealers and secondary dealers which are regulated by the U.S. Securities and Exchange Commission and by the National Association of Securities Dealers Inc., and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation, the market conducted by listed money market institutions as described in the UK Financial Conduct Authority publication entitled "The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Currency and Bullion": "The Grey Paper" (as amended or revised from time to time), the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan, AIM - the Alternative Investment Market in the UK, regulated by the London Stock Exchange, the French Market for Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments); NASDAQ Europe; EASDAQ (EASDAQ is a recently formed market and the general level of liquidity may not compare favourably to that found on more established exchanges); the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada; SESDAQ and KOSDAQ; Level 1 and Level 2 of the Moscow Exchange MICEX-RTS;

(ii) Argentina - the stock exchanges in Buenos Aires, Cordoba, Mendoza, Rosario and La Plata; Bahrain Stock Exchange; Bahrain - the stock exchange in Manama; Bangladesh - the stock exchange in Dhaka; Beirut Stock Exchange; Bermuda - Bermuda Stock Exchange; Bosnia - Sarajevo Exchange; Botswana - the stock exchange in Serowe; Brazil - the stock exchanges in Sao Paulo, Brasilia, Bahia-Sergipe-Alagoas, Extremo Sul Porto Alegre, Parana Curitiba, Regional Fortaleza, Santos, Pernambuco e Bahia Recife and Rio de Janeiro; Chi-X; Croatia - Zagreb Exchange; Chile - the stock exchange in Santiago; China - the stock exchanges in Shanghai and Shenzhen; Columbia - the stock exchange in Bogota; Costa Rica - the stock exchange in San Jose; Dubai Financial Market; Abu Dhabi Securities Exchange; Egypt - the stock exchanges in Cairo and Alexandria; Ghana - the stock exchange in Accra; Hong Kong - the stock exchange in Hong Kong; Iceland - the stock exchange in Reykjavik; India - the stock exchanges in Bombay, Madras, Delhi, Ahmedabab, Bangalore, Cochin, Gauhati, Magadh, Pune, Hyderabad, Ludhiana, Uttar Pradesh and Calcutta; Indonesia - the stock exchanges in Jakarta and Surabaya; Israel - the stock exchange in Tel Aviv; Jamaica - the stock exchange in Kingston; Jordan - the stock exchange in Amman; Kazakhstan - the Kazakhstan stock exchange; Kenya - the stock exchange in Nairobi; Korea - the stock exchange in Seoul; Kuwait - the stock exchange in Kuwait; Lebanon - the Beirut stock exchange; Mauritius Exchange (SEM); Mauritius - the stock exchange in Mauritius; Malaysia - the stock exchange in Kuala Lumpur; Mexico - the stock exchange in Mexico City; Morocco - the stock exchange in Casablanca; Muscat Stock Exchange; Nigeria - the stock exchanges in Lagos, Kaduna and Port Harcourt; Namibia - the Namibia Stock Exchange; Pakistan - the stock exchange in Karachi; Palestine Exchange; Peru - the stock exchange in Lima; Philippines - the Philippine Stock Exchange; Qatar - Doha Exchange; Saudi Arabia - the stock exchange in Riyadh; Singapore - the stock exchange in Singapore; Serbia - the Serbian stock exchange; South Africa - the stock exchange in Johannesburg; Sri Lanka - the stock exchange in Colombo; Taiwan - the stock exchange in Taipei; Thailand - the stock exchange in Bangkok; Tunisia - the stock exchange in Tunis; Turkey - the stock exchange in Istanbul; Uganda Exchange; Ukraine - the Ukraine

stock exchange in Kiev; Venezuela - the stock exchanges in Caracas and Maracaibo; United Arab Emirates - Abu Dhabi Exchange; Viet Nam - the Stock Trading Center of Viet Nam in Ho Chi Minh City; Zambia - the Zambian stock exchange; Zimbabwe - the stock exchange in Harare; and Level 2 of the Moscow Exchange MICEX-RTS.

### SCHEDULE II

This Schedule has been included in this Prospectus in accordance with the requirements of the Central Bank. The provisions in this Schedule are subject to such guidance, interpretations and derogations as may be issued by the Central Bank from time to time.

Investment Restrictions applicable to UCITS Funds under the UCITS Regulations

In accordance with Regulation 79(1) of the UCITS Regulations, each Feeder Fund has been approved by the Central Bank to invest at least 85% of its assets in a Master Fund.

#### 1 Permitted Investments

Investments of a UCITS are confined to:

- 1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
- 1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money market instruments other than those dealt on a regulated market.
- 1.4 Units of UCITS.
- 1.5 Units of alternative investment funds (AIFs).
- 1.6 Deposits with credit institutions.
- 1.7 Financial derivative instruments.

#### 2 Investment Restrictions

- 2.1 A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 Recently Issued Transferable Securities:
  - 1 Subject to paragraph 2 below, a responsible person shall not invest any more than 10% of its assets in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations applies.
  - 2 Paragraph 1 above does not apply to an investment by a responsible person in U.S. securities known as "Rule 144A securities" provided that:
    - (a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and
    - (b) the securities are not illiquid securities, i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, which they are valued by the UCITS.
- 2.3 A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body, provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.5 The transferable securities and money market instruments referred to in 2.4. shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.6 Deposits:

Deposits with any single credit institution other than a credit institution specified in Regulation 7 of the Central Bank Regulations held as ancillary liquidity shall not exceed:

- (a) 10% of the NAV of the UCITS; or
- (b) where the deposit is made with the Depository, 20% of the net assets of the UCITS.

- 2.7 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand

- 2.8 Notwithstanding paragraphs 2.3, 2.6 and 2.7 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

- investments in transferable securities or money market instruments;
- deposits, and/or
- counterparty risk exposures arising from OTC derivatives transactions.

- 2.9 The limits referred to in 2.3, 2.4, 2.6, 2.7 and 2.8 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

- 2.10 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.6, 2.7 and 2.8. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

- 2.11 A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund (IMF), Euratom, The Asian Development Bank, European Central Bank (ECB), Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, EU, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC.

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

#### 3 Investment in Collective Investment Schemes ("CIS")

- 3.1 A UCITS may not invest more than 20% of net assets in any one CIS.
- 3.2 Investment in AIFs may not, in aggregate, exceed 30% of net assets.

# Prospectus

## M&G FUNDS 1 ICAV

- 3.3 The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
- 3.4 When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
- 3.5 Where by virtue of investment in the units of another investment fund, a responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS.

### 4 Index Tracking UCITS

- 4.1 A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank Regulations and is recognised by the Central Bank.
- 4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

### 5 General Provisions

- 5.1 An investment company, ICAV or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A UCITS may acquire no more than:
- (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units of any single CIS;
  - (iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3 5.1 and 5.2 shall not be applicable to:
- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
  - (iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.10, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;

- (v) shares held by an investment company or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

- 5.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.11, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7 Neither an investment company, ICAV, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- transferable securities;
  - money market instruments?;
  - units of investment funds; or
  - financial derivative instruments.

- 5.8 A UCITS may hold ancillary liquid assets.

### 6 Financial Derivative Instruments ('FDIs')

- 6.1 The UCITS global exposure relating to FDI must not exceed its total net asset value.
- 6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank Regulations.)
- 6.3 UCITS may invest in FDIs dealt in over-the-counter (OTC), provided that
- The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank

Any short selling of money market instruments by UCITS is prohibited.





# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Country supplement dated 7 October 2016:

#### Additional Information for Investors in the United Kingdom in respect of the following sub-funds of the ICAV

M&G Feeder of Corporate Bond (GBP Class I Income) Fund  
M&G Feeder of Emerging Markets Bond (GBP Class I Income) Fund  
M&G Feeder of Episode Macro (GBP Class T-H Accumulation) Fund  
M&G Feeder of Global Convertibles (GBP Class I Income) Fund  
M&G Feeder of Global Dividend (GBP Class I Accumulation) Fund  
M&G Feeder of Global Dividend (GBP Class I Income) Fund  
M&G Feeder of Global Emerging Markets (GBP Class I Accumulation) Fund  
M&G Feeder of Global Emerging Markets (GBP Class I Income) Fund  
M&G Feeder of Global Floating Rate High Yield (GBP Class I-H Income) Fund  
M&G Feeder of Global Macro Bond (GBP Class I-H Income) Fund  
M&G Feeder of Optimal Income (GBP Class I Income) Fund  
M&G Feeder of Strategic Corporate Bond (GBP Class I Income) Fund  
M&G Feeder of UK Inflation Linked Corporate Bond (GBP Class I Income) Fund

#### (together the “Funds” and each a “Fund”)

Information contained in this Country Supplement is selective, containing specific information in relation to the ICAV. This document is for distribution in the United Kingdom only. This document forms part of and should be read in conjunction with the latest version of the Prospectus issued by the ICAV and dated 7 October 2016 and the Relevant Supplements to the Prospectus in respect of the Funds listed above each dated 7 October 2016. References to the Prospectus and the Relevant Supplements are to be taken as references to the documents as supplemented or amended hereby. In addition, words and expressions defined in the Prospectus and the Relevant Supplement, unless otherwise defined below, shall bear the same meaning when used herein.

The ICAV is an Irish collective asset-management vehicle established under the laws of Ireland pursuant to the ICAV Act and the UCITS Regulations. The ICAV is organised in the form of an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended. The ICAV has made an application for the Funds to be registered by the Financial Conduct Authority (“FCA”) under section 264 of the UK Financial Services and Markets Act 2000 (“FSMA”). Shares in the Funds may be promoted to the United Kingdom public by persons authorised to carry on investment business in the United Kingdom. The Prospectus, the Relevant Supplements and this Country Supplement constitute a financial promotion for the purposes of Section 21 of the FSMA and is being issued in the UK by M&G Securities Limited, an entity authorised and regulated by the FCA.

The ICAV does not carry on investment business in the United Kingdom such as to require the conduct of its business to be regulated under FSMA. Shareholders will therefore not benefit from the protections provided by the United Kingdom regulatory system.

#### Important

Compensation under the Financial Services Compensation Scheme will generally not be available to United Kingdom investors.

A United Kingdom investor who enters into an investment agreement with the ICAV to acquire Shares in response to the Prospectus and the Relevant Supplement will not have the right to cancel the agreement under the cancellation rules made by the FCA. The agreement will be binding upon acceptance of the order by the ICAV.

International Financial Data Services (UK) Limited (the “Facilities Agent”), have been appointed to act as the facilities agent for the ICAV in the United Kingdom and it has agreed to provide certain facilities at IFDS House, St Nicholas Lane, Basildon, Essex, SS15 5FS, United Kingdom, in respect of the ICAV. The Facilities Agent shall receive such fee, payable by the Manager, as may be determined from time to time.

#### Dealing Arrangements and Information

The attention of investors is drawn to sections of the Prospectus entitled “Investing in Shares”, “Redeeming Shares”, “Transferring of Shares” and “Switching Shares” as well as the Relevant Supplement for the Fund in particular with regard to the deadlines for subscription and redemption of Shares.

Redemption requests should be sent to State Street Fund Services (Ireland) Limited, the Administrator of the ICAV, details of which are contained in the Prospectus under the “Directory” and the section entitled “Redeeming Shares”. Applications for redemptions may also be submitted by post to the Facilities Agent for onward transmission to the Administrator. The Facilities Agent will endeavour to transmit your instruction to the Administrator without undue delay, however, investors should note that redemption requests submitted via the Facilities Agent may not reach the Administrator in time for the same Dealing Cut-Off Time as those sent directly by the investor to the Administrator.

The Initial Offer Price per Share in a Fund is the price at which Shares shall be offered for subscription during the Initial Offer Period. Following the close of the relevant Initial Offer Period, Shares will be available for subscription at the relevant Price per Share determined at the Valuation Point on the relevant Dealing Day. Shares are redeemed at a price equal to the Price per Share determined at the Valuation Point on the relevant Dealing Day. The Price per Share shall be determined in accordance with the policy set out in the section entitled “Determination of Net Asset Value and Price per Share” in the Prospectus.

Except where the determination of the Net Asset Value has been temporarily suspended in the circumstances described in the section of the Prospectus entitled “Temporary Suspension of Valuation of the Shares Subscriptions, Redemptions and Switches”, the Price per Share of the Funds will be available at the registered office of the Administrator at State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson’s Quay, Dublin 2, Ireland and from the Facilities Agent at the above-mentioned offices. In addition, an up to date Price per Share shall be published on each Dealing Day on the internet address [www.mandg.co.uk/discretionary/](http://www.mandg.co.uk/discretionary/).

The following documents of the ICAV, in the English language, can be inspected and obtained (free of charge) from the offices of the Facilities Agent:

- the Instrument of Incorporation and any amendments thereto;
- the latest Prospectus together with the Relevant Supplements thereto;
- the key investor information documents; and
- the most recently published annual and half yearly reports relating to the Funds.

Complaints about the operation of the ICAV may be submitted to the Facilities Agent at the above mentioned address.

Information relating to the charges and expenses payable by investors in the ICAV is set out in the section of the Prospectus entitled “Charges and Expenses” and the Relevant Supplement.

Information on applicable United Kingdom tax provisions is set out in the section of the Prospectus entitled “United Kingdom Tax Considerations”.

#### 7 October 2016

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Fund (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”). Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Fund:** M&G Feeder of Corporate Bond (GBP Class I Income) Fund.

**Name of the Master Fund:** M&G Corporate Bond Fund, being a sub-fund of M&G Investment Funds (3) which is an investment company with variable capital and registered in England and Wales under registered number IC000117 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of the Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### FEEDER FUNDS

#### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*The Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

#### Investment Objective

The investment objective of the Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

#### Investment Policies

The Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in the Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Fund will make any direct investments.

The Feeder Fund may invest up to 15% of its assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Fund and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Fund and the Master Fund.

#### Profile of a Typical Investor in the Feeder Funds

The Feeder Fund is suitable for investors seeking to gain a combination of income and growth of capital from a portfolio of mainly Sterling-denominated corporate debt instruments over the long term, but who 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.

### MASTER FUND

#### Investment Objective and Policies of the Master Fund

The Master Fund invests mainly in Sterling-denominated corporate debt instruments. The Master Fund's exposure to corporate debt may be gained through the use of derivatives. Any currency exposures within the Master Fund may be managed by currency hedges into sterling. The Master Fund may also invest in other assets including collective investment schemes, other transferable securities and other debt instruments (including corporate debt and government and public securities denominated in any currency), cash and near cash, deposits, warrants, money market instruments and other derivative instruments.

The Master Fund may invest more than 35% of its assets in the securities issued or guaranteed by a member state of the EEA or other country listed in the Master Fund's Prospectus.

As stated above, the Master Fund may use derivatives for investment purposes. The Master Fund may also use derivatives for efficient portfolio management purposes (including hedging).

#### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking to gain a combination of income and growth of capital from a portfolio of mainly Sterling-denominated corporate debt instruments over the long term, but who 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.

### DEALINGS IN SHARES

#### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

#### Subscription Price

During the Initial Offer Period, Shares in the Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Fund.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

#### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

#### Redemption Price

The redemption price per Share for the Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

#### Dilution Adjustment

In calculating the Price per Share for the Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

#### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for the Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

#### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Fund, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### CHARGES AND EXPENSES

The Manager shall be entitled to receive, out of the assets of the Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Fund and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depository of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

#### RISK FACTORS

Investors’ attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Fund is set out in Schedule III to this Supplement.

#### REPORTS

Annual reports and audited accounts for the Feeder Fund shall be made up to 30 June each year and the first set of annual reports and audited accounts were made up to 30 June 2016. Unaudited semi-annual accounts for the Feeder Fund shall be made up to 31 December in each year and the first set of unaudited semi-annual accounts shall be made up to 31 December 2016.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Corporate Bond Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Corporate Bond (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Corporate Bond Fund	Sterling Class I - Income shares	0.5%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Corporate Bond Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\* These charges are based on a percentage of the NAV of the Master Fund.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

<b>Feeder Fund</b>	<b>Base Currency</b>	<b>Initial Offer Price</b>	<b>Minimum Initial Investment*</b>	<b>Minimum Subsequent Investment*</b>	<b>Minimum Holding*</b>
M&G Feeder of Corporate Bond (GBP Class I Income) Fund	GBP	£1	£500,000	£10,000	£500,000

  

<b>Feeder Fund</b>	<b>Distributing Fund/ Accumulating Fund</b>	<b>Distribution Declaration Dates**</b>	<b>Reinvestment facility</b>	<b>Initial Offer Period Status</b>	<b>Hedged Share Class</b>
M&G Feeder of Corporate Bond (GBP Class I Income) Fund	Distributing Fund	Quarterly (January, April, July & October)	Yes	Closed	n/a

\*The Manager reserve(s) the right to waive such minimums in whole or in part for certain types of investor.

\*\*The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE III

##### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Fund are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Fund, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	N/A
Volatility	N/A	Yes
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	Yes
Currency Strategies	N/A	N/A
Negative Duration	N/A	N/A
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	Yes
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	Yes
Performance Fees	N/A	N/A
Emerging Markets	N/A	Yes
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	Yes
Concentrated Portfolios	N/A	N/A
Future Launch of Hedge Share Classes	N/A	N/A
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	N/A
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	Yes
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	Yes
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Funds (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”). Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Funds:** M&G Feeder of Emerging Markets Bond (GBP Class I Income) Fund; and M&G Feeder of Emerging Markets Bond (GBP Class I-H Income) Fund.

**Name of the Master Fund:** M&G Emerging Markets Bond Fund, being a sub-fund of M&G Investment Funds (3) which is an investment company with variable capital and registered in England and Wales under registered number IC000117 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of each Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.



# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*Each Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of each Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

Each Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in each Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Funds will make any direct investments.

The Feeder Funds may invest up to 15% of their assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Funds and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Funds and the Master Fund.

##### Profile of a Typical Investor in the Feeder Funds

The Feeder Funds are suitable for investors seeking to gain a combination of income and growth of capital from a portfolio of mainly debt instruments issued by emerging market borrowers over the long term, but who 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to maximise total return (the combination of income and growth of capital).

The Master Fund invests mainly in debt instruments issued by emerging market borrowers, including government, government agency and corporate debt. There are no restrictions on the currencies to which the Master Fund may be exposed. Derivatives may be used for investment purposes as well as for efficient portfolio management. The Master Fund may also invest in collective investment schemes, other transferable securities (including other debt instruments), cash and near cash, deposits, warrants and money market instruments. The investment manager of the Master Fund has the discretion to identify the countries that it considers to qualify as emerging markets although these will typically be those that the IMF or World Bank define as emerging or developing economies.

The Master Fund may invest more than 35% of its assets in the securities issued or guaranteed by a member state of the EEA or other country listed in the Master Fund's Prospectus.

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking to gain a combination of income and growth of capital from a portfolio of mainly debt instruments issued by emerging market borrowers over the long term, but who 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.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in each Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Funds.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for each Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for a Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for each Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Funds, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### CHARGES AND EXPENSES

The Manager shall be entitled to receive, out of the assets of each Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Funds and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depositary of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

### RISK FACTORS

Investors’ attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Funds is set out in Schedule III to this Supplement.

### REPORTS

Annual reports and audited accounts for the Feeder Funds shall be made up to 30 June each year and the first set of annual reports and audited accounts were made up to 30 June 2016 for M&G Feeder of Emerging Markets Board (GBP Class I Income) Fund. As M&G Feeder of Global Emerging Markets Bond (GBP Class I-H Income) Fund was not funded on that date the first set of audited accounts for this Feeder Fund shall be made up to 30 June 2017 (if funded). Unaudited semi-annual accounts for the Feeder Funds shall be made up to 31 December in each year and the first set of unaudited semi-annual accounts shall be made up to 31 December 2016.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Emerging Markets Bond Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Emerging Markets Bond (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%
M&G Feeder of Emerging Markets Bond (GBP Class I-H Income) Fund	Sterling Class I-H - Income shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Emerging Markets Bond Fund	Sterling Class I - Income shares	0.60%	0.15%
M&G Emerging Markets Bond Fund	Sterling Class I-H - Income shares	0.60%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Emerging Markets Bond Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset
M&G Emerging Markets Bond Fund	Sterling Class I-H - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\*These charges are based on a percentage of the NAV of the Master Fund.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “New” began at 9.00 am (Irish time) on 3 December 2015 and will continue until 10.00am (Irish time) on 7 April 2017 (unless shortened or extended by the Manager in accordance with the requirements of the Central Bank). The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period are issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

Feeder Fund	Base Currency	Initial Offer Price	Minimum Initial Investment*	Minimum Subsequent Investment*	Minimum Holding*
M&G Feeder of Emerging Markets Bond (GBP Class I Income) Fund	USD	£1	£500,000	£10,000	£500,000
M&G Feeder of Emerging Markets Bond (GBP Class I-H Income) Fund	USD	£1	£500,000	£10,000	£500,000

Feeder Fund	Distributing Fund/ Accumulating Fund	Distribution Declaration Dates**	Reinvestment facility	Initial Offer Period Status	Hedged Share Class
M&G Feeder of Emerging Markets Bond (GBP Class I Income) Fund	Distributing Fund	Semi-Annually (January & July)	Yes	Closed	n/a
M&G Feeder of Emerging Markets Bond (GBP Class I-H Income) Fund	Distributing Fund	Semi-Annually (January & July)	Yes	New	n/a

\*The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\*The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Fund are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Fund, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	Yes
Volatility Related to the Use of Leverage	N/A	Yes
Volatility	N/A	N/A
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	Yes
Currency Strategies	N/A	Yes
Negative Duration	N/A	N/A
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	Yes
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	N/A
Performance Fees	N/A	Yes
Emerging Markets	N/A	Yes
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	N/A
Concentrated Portfolios	N/A	Yes
Future Launch of Hedge Share Classes	N/A	N/A
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	Yes
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	Yes
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	N/A
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Fund (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Fund:** M&G Feeder of Episode Macro (GBP Class T-H Accumulation) Fund.

**Name of the Master Fund:** M&G Episode Macro Fund, being a sub-fund of M&G Investment Funds (5) which is an investment company with variable capital and registered in England and Wales under registered number IC000207 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority

**Base Currency:** The base currency of the Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*The Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of the Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

The Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in the Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Fund will make any direct investments.

The Feeder Fund may invest up to 15% of its assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Fund and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Fund and the Master Fund.

##### Profile of a Typical Investor in the Feeder Funds

The Feeder Fund is suitable for investors seeking a higher total return, with lower volatility on average, than global equities over a rolling three to five year period from a portfolio held by the Master Fund which is composed of a range of asset classes, currencies and markets, but who are willing to accept that their investment in the Feeder Fund will be subject to short term volatility which may be experienced by the Master Fund and appreciate that: (i) there is no guarantee that the Master Fund will achieve a positive return over any period; (ii) the Master Fund has the flexibility to be more concentrated in a single geographic area, currency or asset class from time to time; and (iii) their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to deliver a higher total return, with lower volatility on average, than global equities over a rolling three to five year period. There is no guarantee that the Master Fund will achieve a positive return over this, or any other, period and investors may not recoup the original amount they invested.

The investment manager of the Master Fund adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets. Central to this approach is the identification of episodes, which are periods of time during which, in the investment manager's view, asset prices become over- or under-stated, relative to objective valuation measures, due to the emotional reaction of investors to events. These episodes can exist over both the short and medium term. The short term volatility of the Master Fund may be high.

The Master Fund will typically invest in a variety of equity index futures, currency forwards, interest rate swaps, and other highly-liquid derivatives. The portfolio may therefore comprise a high proportion of cash and near cash, the majority of which is likely to be held in cash deposits. In addition to derivatives, the Master Fund may invest in a range of equities, fixed income and other assets, including collective investment schemes, other transferable securities, deposits, warrants and money market instruments.

Subject to rigorous risk management, the Master Fund is likely to operate with a gross asset exposure in excess of net assets. This will be achieved through the use of derivative contracts, often with a view to increasing diversification.

The Master Fund may invest more than 35% of its assets in the securities issued or guaranteed by a member state of the EEA or other country listed in the Master Fund's Prospectus.

As stated above, the Master Fund may use derivatives for investment purposes. The Master Fund may also use derivatives for efficient portfolio management purposes (including hedging).

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking a higher total return, with lower volatility on average, than global equities over a rolling three to five year period from a portfolio composed of a range of asset classes, currencies and markets, but who appreciate that the objective is not guaranteed, that the Master Fund has the flexibility to be more concentrated in a single geographic area, currency or asset class from time to time, that are willing to accept high short-term volatility, and 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.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in the Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Fund.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for the Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for the Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled "Determination of Net Asset Value and Price per Share - Dilution Adjustments".

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for the Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Fund, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

### CHARGES AND EXPENSES

The Manager shall be entitled to receive, out of the assets of the Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Fund and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depositary of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

### RISK FACTORS

Investors' attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Fund is set out in Schedule III to this Supplement.

### REPORTS

Annual reports and audited accounts for the Feeder Fund shall be made up to 31 December each year and the first set of annual reports and audited accounts shall be made up to 31 December 2016. Unaudited semi-annual accounts for the Feeder Fund shall be made up to 30 June in each year and the first set of unaudited semi-annual accounts were made up to 30 June 2016.



# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Episode Macro Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Episode Macro (GBP Class T-H Accumulation) Fund	Sterling Class T-H - Accumulation shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Episode Macro Fund	Sterling Class T-H - Accumulation shares	0.75%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Episode Macro Fund	Sterling Class T-H - Accumulation shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\*These charges are based on a percentage of the NAV of the Master Fund.

###### Performance Fee

The Manager is permitted to pay to the investment manager of the Master Fund a performance fee from the property of the Master Fund. The Performance Fee is calculated based on 20% of the increase in the NAV per share of the relevant share class of the Master Fund above both, its “High Water Mark” and “Hurdle” (the “Performance Fee”). For further information on the calculation of the Performance Fee, please refer to Schedule IV to this Supplement.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

<b>Feeder Fund</b>	<b>Base Currency</b>	<b>Initial Offer Price</b>	<b>Minimum Initial Investment*</b>	<b>Minimum Subsequent Investment*</b>	<b>Minimum Holding*</b>
M&G Feeder of Episode Macro (GBP Class T-H Accumulation) Fund	USD	£1	£500,000	£10,000	£500,000

  

<b>Feeder Fund</b>	<b>Distributing Fund/ Accumulating Fund</b>	<b>Distribution Declaration Dates**</b>	<b>Reinvestment facility</b>	<b>Initial Offer Period Status</b>	<b>Hedged Share Class</b>
M&G Feeder of Episode Macro (GBP Class T-H Accumulation) Fund	Accumulating Fund	n/a	No	Closed	n/a

\* The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\*The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Funds are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Funds are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	Yes
Volatility Related to the Use of Leverage	N/A	Yes
Volatility	N/A	N/A
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	Yes
Currency Strategies	N/A	Yes
Negative Duration	N/A	N/A
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	Yes
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	N/A
Performance Fees	N/A	Yes
Emerging Markets	N/A	Yes
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	N/A
Concentrated Portfolios	N/A	Yes
Future Launch of Hedge Share Classes	N/A	N/A
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	Yes
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	Yes
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	N/A
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE IV

##### MASTER FUND PERFORMANCE FEE

The information in this Schedule IV has been extracted from the prospectus for the Master Fund. Defined terms used in this Schedule IV and not otherwise defined herein shall have the same meaning as contained in the prospectus for the Master Fund.

##### Calculation of the Performance Fee

The Performance Fee is calculated based on the performance of each relevant Share Class of the Master Fund over the relevant accounting period and is paid only after consideration of all other payments out of the Scheme Property. The Performance Fee is calculated and accrued daily in the price of each relevant Share Class and is paid to the Investment Manager annually in arrears at the end of an annual accounting period or it may be paid when relevant Shares in issue are cancelled.

If on any given Dealing Day the NAV per Share of a relevant Share Class is below either its High Water Mark or Hurdle, no Performance Fee will accrue. A Performance Fee will not then be accrued until the NAV per Share of that Share Class exceeds both its High Water Mark and Hurdle.

The cumulative Performance Fee that accrues from the beginning of an annual accounting period will be included in the calculation of the NAV of each relevant Share Class in the Master Fund. Any negative performance of a Share Class below the greater of its High Water Mark or Hurdle on any Dealing Day in the accounting period will be set against any prior positive performance, thereby reducing the Performance Fee per Share accrual. If relevant Shares have been issued or cancelled, any reduction to the accrued fee as a result of negative performance will not match the amount previously accrued.

Where the Manager cancels relevant Shares, any accrued Performance Fee with respect to such cancelled Shares will crystallise on that Dealing Day and may then become payable to the Investment Manager. The total Performance Fee accrued during an Annual Accounting Period will never be less than zero.

The Manager has taken steps to mitigate the imperfections arising in the calculation of a Performance Fee in a daily priced fund and may take further mitigating action in the future as opportunities arise.

Since the NAV per Share will differ between Share Classes, the amount of Performance Fee payable will differ between Share Classes. There is no maximum monetary cap on the Performance Fee that may be charged to a relevant Share Class of the Master Fund.

Changes to the Performance Fee methodology will be notified to Shareholders where required by paragraph 4.3 of the COLL Sourcebook.

##### The Hurdle

The initial Hurdle for each relevant Share Class will be its NAV per Share on 26 May 2015 adjusted by one-365th of the previous day's 3 Month London Interbank Offered Rate (LIBOR) for the currency in which that Share Class is denominated (e.g. the Hurdle for U.S. Dollar-denominated Share Classes will be adjusted by 3 Month USD LIBOR), or it will be the relevant Share Classes HWM adjusted by one-365th of the previous day's 3 Month London Interbank Offered Rate (LIBOR) for the currency in which that Share Class is denominated, whichever is the greater. Every day thereafter, each relevant Share Class's Hurdle will be adjusted by one-365th (or one-366th if it is a leap year) of the previous day's Hurdle Rate. If the day is not a Dealing Day, the Manager will take the adjustment into account on the next Dealing Day.

If at the end of an accounting period the High Water Mark for a relevant Share Class is increased (see below), the Hurdle for that Share Class will be reset to the new High Water Mark adjusted by one-365th (or one-366th if it is a leap year) of the previous day's Hurdle Rate. Each day thereafter, the Hurdle will be adjusted as described in this paragraph.

##### Increase of the High Water Mark

The High Water Mark of each relevant Share Class may be revised annually at the Company's accounting reference date, or the Dealing Date immediately prior to this date where it is not a Dealing Day. Where at the annual accounting reference date the NAV per Share of a relevant Share Class is higher than both its current High Water Mark and its Hurdle, the High Water Mark will be revised to equal the NAV per Share on the annual accounting reference date. Where at the annual accounting reference date the NAV per Share of a relevant Share Class is lower than or equal to either

its current High Water Mark or Hurdle, the High Water Mark will remain unchanged. The current High Water Mark for each Share Class will be published on our website.

In summary, the method of calculation of the Performance Fee for each relevant Share Class will be:

- a) That calculation carried out each Dealing Day of the increase or decrease in the NAV per Share Class (Pre Performance Fee NAV per Share\* less previous Dealing Day's NAV per Share) multiplied by the number of shares in issue in the Share Class on that Dealing Day multiplied by the Performance Fee rate, with reference to the greater of the High Water Mark and the Hurdle.
- b) If the calculation referenced in (a) is positive then the Performance Fee accrual will increase by that amount.
- c) If the calculation referenced in (a) is negative then the Performance Fee accrual will be reduced by that amount however, the reduction in the accrual will not exceed the cumulative value of the previously accrued Performance Fee in that accounting period.
- d) Where a positive change in NAV described in (b) causes the NAV per Share to move from a position below the High Water Mark and Hurdle to a position above the greater of the High Water Mark and Hurdle, a positive accrual will be calculated only on the proportion of the performance that exceeds the greater of the High Water Mark and Hurdle.
- e) Where a negative change in NAV described in (c) causes the NAV per Share to move from a position above the greater of the High Water Mark and Hurdle to a position below the greater of the High Water Mark and Hurdle, the reduction in the accrual will only be calculated on the proportion of the performance fall down to the greater of the High Water Mark and Hurdle.

Crystallisation of the Performance Fee occurs on the last day of the Annual Accounting Period or may occur on the cancellation of relevant Shares and becomes payable to the Manager (for the benefit of the Investment Manager) out of the property of each Share Class. Once the Performance Fee has crystallised no refund will be made in respect of any Performance fee paid out at that point in subsequent performance periods.

The Manager reserves the right to waive the Performance Fee for any increase in the NAV per Share of a Share Class above the greater of its High Water Mark and Hurdle from its launch date until the NAV of that Share Class reaches US\$ 10 million or an equivalent amount in the currency of the relevant Share Class.

\* Pre-performance fee Per NAV per Share – For each share class in respect of which a performance fee is payable, the NAV per Share including any previously accrued Performance Fee, but prior to that day's performance fee calculation.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Fund (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Fund:** M&G Feeder of Global Convertibles (GBP Class I Income) Fund.

**Name of the Master Fund:** M&G Global Convertibles Fund, being a sub-fund of M&G Investment Funds (7) which is an investment company with variable capital and registered in England and Wales under registered number IC000552 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of the Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*The Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of the Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

The Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in the Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Fund will make any direct investments.

The Feeder Fund may invest up to 15% of its assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Fund and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Fund and the Master Fund.

##### Profile of a Typical Investor in the Feeder Funds

The Feeder Fund is suitable for investors seeking to gain a combination of income and growth of capital over the long term from a portfolio of mainly global convertible assets, but who 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to maximise long term total return (the combination of income and growth of capital) to investors by investing mainly in global convertible assets.

The Master Fund seeks to maximise the risk-reward profile through investment in convertible assets whose issuers may be in any country, including emerging markets<sup>[a]</sup>. Global convertible assets includes all assets that either directly or via a combination of instruments achieve exposure of a convertible bond nature. Such exposure can be achieved by investing directly or through the use of derivative instruments. Additionally, derivative instruments may be used to manage the risk characteristics of the Master Fund. The remainder of the Master Fund may be invested in securities in support of the Master Fund objective, such as, equities, bonds, collective investment schemes, derivative instruments, money market instruments, cash and near cash.

As stated above, the Master Fund may use derivatives for investment purposes. The Master Fund may also use derivatives for efficient portfolio management purposes (including hedging).

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking to gain a combination of income and growth of capital over the long term from a portfolio of mainly global convertible assets, but who 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.

<sup>[a]</sup> The investment manager of the Master Fund has the discretion to identify the countries that it considers to qualify as “emerging markets”.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in the Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Fund.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for the Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for the Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for the Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Fund, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

# **M&G FUNDS 1 ICAV (the “ICAV”)**

## **(an umbrella fund with segregated liability between sub-funds)**

**Supplement to the Prospectus of the ICAV dated 7 October 2016**

### **CHARGES AND EXPENSES**

The Manager shall be entitled to receive, out of the assets of the Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Fund and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depositary of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

### **RISK FACTORS**

Investors' attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Fund is set out in Schedule III to this Supplement.

### **REPORTS**

Annual reports and audited accounts for the Feeder Fund shall be made up to 31 January each year and the first set of annual reports and audited accounts shall be made up to 31 January 2017. Unaudited semi-annual accounts for the Feeder Fund shall be made up to 31 July in each year and the first set of unaudited semi-annual accounts were made up to 31 July 2016.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Global Convertibles Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Global Convertibles (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Global Convertibles Fund	Sterling Class I - Income shares	0.75%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Global Convertibles Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\* These charges are based on a percentage of the NAV of the Master Fund.



# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE II

#### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

<b>Feeder Fund</b>	<b>Base Currency</b>	<b>Initial Offer Price</b>	<b>Minimum Initial Investment*</b>	<b>Minimum Subsequent Investment*</b>	<b>Minimum Holding*</b>
M&G Feeder of Global Convertibles (GBP Class I Income) Fund	USD	£1	£500,000	£10,000	£500,000

  

<b>Feeder Fund</b>	<b>Distributing Fund/ Accumulating Fund</b>	<b>Distribution Declaration Dates**</b>	<b>Reinvestment facility</b>	<b>Initial Offer Period Status</b>	<b>Hedged Share Class</b>
M&G Feeder of Global Convertibles (GBP Class I Income) Fund	Distributing Fund	Anually (February)	Closed	New	n/a

\* The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\* The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Fund are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Fund, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	Yes
Volatility	N/A	N/A
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	Yes
Currency Strategies	N/A	N/A
Negative Duration	N/A	N/A
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	Yes
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	N/A
Performance Fees	N/A	N/A
Emerging Markets	N/A	Yes
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	Yes
Concentrated Portfolios	N/A	Yes
Future Launch of Hedge Share Classes	N/A	N/A
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	Yes
Share Class Hedging Methodology (Replication)	N/A	N/A
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	Yes
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	Yes
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Funds (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Funds:** M&G Feeder of Global Dividend (GBP Class I Income) Fund; and

**M&G Feeder of Global Dividend:** (GBP Class I Accumulation) Fund.

Name of the Master Fund: M&G Global Dividend Fund which is an investment company with variable capital and registered in England and Wales under registered number IC000689 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of each Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*Each Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of each Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

Each Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in each Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Funds will make any direct investments.

The Feeder Funds may invest up to 15% of their assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Funds and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Funds and the Master Fund.

##### Profile of a Typical Investor in the Feeder Funds

The Feeder Funds are suitable for investors seeking to gain a combination of income and growth of capital, while generating a dividend yield above market average from a diversified portfolio that invests in a range of companies globally, but who 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to deliver a dividend yield above the market average, by investing mainly in a range of global equities. The Master Fund aims to grow distributions over the long term whilst also maximising total return (the combination of income and growth of capital).

The Master Fund aims to deliver a dividend yield above the market average, whilst aiming to increase annual distributions over the long term, by investing in a range of global equities. The Master Fund's exposure to global equities may be gained through the use of derivatives. The Master Fund may invest across a wide range of geographies, sectors and market capitalisations. The Master Fund may also invest in other assets including collective investment schemes, other transferable securities, cash and near cash, deposits, warrants, money market instruments and derivatives.

The Master Fund may use derivatives for the purposes of efficient portfolio management (including hedging) as well as for investment purposes.

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking to gain a combination of income and growth of capital, while generating a dividend yield above market average from a diversified portfolio that invests in a range of companies globally, but who 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.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in each Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Funds.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for each Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for a Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for each Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Funds, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

# **M&G FUNDS 1 ICAV (the “ICAV”)**

## **(an umbrella fund with segregated liability between sub-funds)**

**Supplement to the Prospectus of the ICAV dated 7 October 2016**

### **CHARGES AND EXPENSES**

The Manager shall be entitled to receive, out of the assets of each Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Funds and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depository of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

### **RISK FACTORS**

Investors' attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Funds is set out in Schedule III to this Supplement.

### **REPORTS**

Annual reports and audited accounts for the Feeder Funds shall be made up to 31 March each year and the first set of annual reports and audited accounts were made up to 31 March 2016. Unaudited semi-annual accounts for the Feeder Funds shall be made up to 30 September in each year and the first set of unaudited semi-annual accounts shall be made up to 30 September 2016.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE I

#### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Global Dividend Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Global Dividend (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%
M&G Feeder of Global Dividend (GBP Class I Accumulation) Fund	Sterling Class I - Accumulation shares	Up to 0.07%

#### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

##### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Global Dividend Fund	Sterling Class I - Income shares	0.75%	0.15%
M&G Global Dividend Fund	Sterling Class I - Accumulation shares	0.75%	0.15%

##### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Global Dividend Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset
M&G Global Dividend Fund	Sterling Class I - Accumulation shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\*These charges are based on a percentage of the NAV of the Master Fund.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

Feeder Fund	Base Currency	Initial Offer Price	Minimum Initial Investment*	Minimum Subsequent Investment*	Minimum Holding*
M&G Feeder of Global Dividend (GBP Class I Income) Fund	GBP	£1	£500,000	£10,000	£500,000
M&G Feeder of Global Dividend (GBP Class I Accumulation) Fund	GBP	£1	£500,000	£10,000	£500,000
Feeder Fund	Distributing Fund/ Accumulating Fund	Distribution Declaration Dates**	Reinvestment facility	Initial Offer Period Status	Hedged Share Class
M&G Feeder of Global Dividend (GBP Class I Income) Fund	Distributing Fund	Quarterly (January, April, July & October)	No	Closed	n/a
M&G Feeder of Global Dividend (GBP Class I Accumulation ) Fund	Accumulating Fund	n/a	No	Closed	n/a

\* The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\* The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Funds are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Funds, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	Yes
More Complex Use of Derivatives Strategies	N/A	N/A
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	N/A
Volatility	N/A	Yes
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	N/A
Currency Strategies	N/A	N/A
Negative Duration	N/A	N/A
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	Yes
Interest Rate Risk	N/A	N/A
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	N/A
Zero or Negative Yield	N/A	N/A
Performance Fees	N/A	N/A
Emerging Markets	N/A	Yes
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	N/A
Concentrated Portfolios	N/A	Yes
Future Launch of Hedge Share Classes	N/A	Yes
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	N/A
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	N/A
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	Yes (in respect of Income Shares only)
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A



# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Funds (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Funds:** M&G Feeder of Global Emerging Markets (GBP Class I Income) Fund; and M&G Feeder of Global Emerging Markets (GBP Class I Accumulation) Fund.

**Name of the Master Fund:** M&G Global Emerging Markets Fund, being a sub-fund of M&G Investment Funds (7) which is an investment company with variable capital and registered in England and Wales under registered number IC000552 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of each Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*Each Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of each Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

Each Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in each Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Funds will make any direct investments.

The Feeder Funds may invest up to 15% of their assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Funds and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Funds and the Master Fund.

##### Profile of a Typical Investor in the Feeder Funds

The Feeder Funds are suitable for investors seeking to gain a combination of income and growth of capital over the long term from a portfolio of assets issued by companies domiciled or conducting the majority of their business in emerging market countries, but who 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to maximise long term total return (the combination of capital growth and income) by investing in emerging market countries.

The Master Fund will invest mainly in the securities of companies domiciled in or conducting the major part of their economic activity in emerging market countries<sup>[a]</sup>. Exposure to these securities may be gained through the use of derivatives. The Master Fund may invest across a wide range of geographies, sectors and market capitalisations. The Master Fund may also invest in other assets including collective investment schemes, other transferable securities, cash and near cash, deposits, warrants, money market instruments and derivatives.

As stated above, the Master Fund may use derivatives for investment purposes. The Master Fund also use derivatives for efficient portfolio (including hedging).

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking to gain a combination of income and growth of capital over the long term from a portfolio of assets issued by companies domiciled or conducting the majority of their business in emerging market countries, but who 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.

<sup>[a]</sup> The current reference point for defining emerging market countries are those included within the MSCI Emerging Markets Index and/or those included in the World Bank definition of developing economies as updated from time to time.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in each Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Funds.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for each Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for a Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for each Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Funds, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

# **M&G FUNDS 1 ICAV (the “ICAV”)**

## **(an umbrella fund with segregated liability between sub-funds)**

**Supplement to the Prospectus of the ICAV dated 7 October 2016**

### **CHARGES AND EXPENSES**

The Manager shall be entitled to receive, out of the assets of each Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Funds and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depository of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

### **RISK FACTORS**

Investors' attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Funds is set out in Schedule III to this Supplement.

### **REPORTS**

Annual reports and audited accounts for the Feeder Funds shall be made up to 31 January each year and the first set of annual reports and audited accounts shall be made up to 31 January 2017. Unaudited semi-annual accounts for the Feeder Funds shall be made up to 31 July in each year and the first set of unaudited semi-annual accounts were made up to 31 July 2016.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Global Emerging Markets Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Global Emerging Markets (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%
M&G Feeder of Global Emerging Markets (GBP Class I Accumulation) Fund	Sterling Class I - Accumulation shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Global Emerging Markets Fund	Sterling Class I - Income shares	0.75%	0.15%
M&G Global Emerging Markets Fund	Sterling Class I - Accumulation shares	0.75%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Global Emerging Markets Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset
M&G Global Emerging Markets Fund	Sterling Class I - Accumulation shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\* These charges are based on a percentage of the NAV of the Master Fund.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

Feeder Fund	Base Currency	Initial Offer Price	Minimum Initial Investment*	Minimum Subsequent Investment*	Minimum Holding*
M&G Feeder of Global Emerging Markets (GBP Class I Income) Fund	USD	£1	£500,000	£10,000	£500,000
M&G Feeder of Global Emerging Markets (GBP Class I Accumulation ) Fund	USD	£1	£500,000	£10,000	£500,000

  

Feeder Fund	Distributing Fund/ Accumulating Fund	Distribution Declaration Dates**	Reinvestment facility	Initial Offer Period Status	Hedged Share Class
M&G Feeder of Global Emerging Markets (GBP Class I Income) Fund	Distributing Fund	Anually (February)	No	Closed	n/a
M&G Feeder of Global Emerging Markets (GBP Class I Accumulation ) Fund	Accumulating Fund	n/a	No	Closed	n/a

\* The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\* The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Funds are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Funds, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	Yes
More Complex Use of Derivatives Strategies	N/A	N/A
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	N/A
Volatility	N/A	Yes
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	N/A
Currency Strategies	N/A	N/A
Negative Duration	N/A	N/A
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	N/A
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	N/A
Zero or Negative Yield	N/A	N/A
Performance Fees	N/A	N/A
Emerging Markets	N/A	Yes
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	N/A
Concentrated Portfolios	N/A	Yes
Future Launch of Hedge Share Classes	N/A	N/A
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	N/A
Eurozone	N/A	N/A
Exposure to Euro	N/A	Yes
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	Yes
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	Yes (in respect of Income Shares only)
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Fund (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Fund:** M&G Feeder of Global Floating Rate High Yield (GBP Class I-H Income) Fund.

**Name of the Master Fund:** M&G Global Floating Rate High Yield Fund, being a sub-fund of M&G Investment Funds (7) which is an investment company with variable capital and registered in England and Wales under registered number IC000552 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of the Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*The Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of the Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

The Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in the Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Fund will make any direct investments.

The Feeder Fund may invest up to 15% of its assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Fund and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Fund and the Master Fund.

##### Profile of a Typical Investor in the Feeder Fund

The Feeder Fund is suitable for investors seeking to gain a combination of income and growth of capital from a portfolio of mainly high yield corporate or government floating rate notes and asset backed securities denominated, but who 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to maximise total return (the combination of income and growth of capital).

The Master Fund invests on a global basis mainly in high yield corporate or government floating rate notes and asset backed securities denominated in any currency. Floating rate note exposure may be achieved either directly or synthetically through various combinations of government securities, corporate bonds, cash, credit default swaps, interest rate swaps, asset swaps or other credit derivatives.

The Master Fund may also invest in other government and public securities and other transferable securities, collective investment schemes, cash and near cash, deposits, warrants, money market instruments and other derivative instruments.

Any currency exposures within the Master Fund may be managed by currency hedges.

Derivatives may be used in pursuit of the Master Fund's objective and for efficient portfolio management purposes.

The Master Fund may invest more than 35% of its assets in the securities issued or guaranteed by a member state of the EEA or other country listed in the Master Fund's Prospectus.

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking to gain a combination of income and growth of capital from a portfolio of mainly high yield corporate or government floating rate notes and asset backed securities denominated, but who 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.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in the Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Fund.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for the Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for the Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for the Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Fund, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

#### CHARGES AND EXPENSES

The Manager shall be entitled to receive, out of the assets of the Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Fund and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depositary of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.



# **M&G FUNDS 1 ICAV (the “ICAV”)**

**(an umbrella fund with segregated liability between sub-funds)**

**Supplement to the Prospectus of the ICAV dated 7 October 2016**

## **RISK FACTORS**

Investors' attention is drawn to the section of the Prospectus entitled "Risk Factors". An overview of the risks relevant to an investment in the Feeder Fund is set out in Schedule III to this Supplement.

## **REPORTS**

Annual reports and audited accounts for the Feeder Fund shall be made up to 31 January each year and the first set of annual reports and audited accounts shall be made up to 31 January 2017. Unaudited semi-annual accounts for the Feeder Fund shall be made up to 31 July in each year and the first set of unaudited semi-annual accounts were made up to 31 July 2016.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Global Floating Rate High Yield Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Global Floating Rate High Yield (GBP Class I-H Income) Fund	Sterling Class I-H - Income shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Global Floating Rate High Yield Fund	Sterling Class I-H - Income shares	0.65%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Global Floating Rate High Yield Fund	Sterling Class I-H - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\* These charges are based on a percentage of the NAV of the Master Fund.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

Shares in the Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded.. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

Feeder Fund	Base Currency	Initial Offer Price	Minimum Initial Investment*	Minimum Subsequent Investment*	Minimum Holding*
M&G Feeder of Global Floating Rate High Yield (GBP Class I-H Income) Fund	USD	£1	£500,000	£10,000	£500,000

Feeder Fund	Distributing Fund/ Accumulating Fund	Distribution Declaration Dates**	Reinvestment facility	Initial Offer Period Status	Hedged Share Class
M&G Feeder of Global Floating Rate High Yield (GBP Class I-H Income) Fund	Distributing Fund	Quarterly (February, May, August & November)	Yes	Closed	n/a

\* The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\* The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Fund are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Fund, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	N/A
Volatility	N/A	Yes
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	Yes
Currency Strategies	N/A	N/A
Negative Duration	N/A	Yes
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	N/A
Minimal Interest Rate Risk	N/A	Yes
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	N/A
Performance Fees	N/A	N/A
Emerging Markets	N/A	Yes
Investment in Funds	N/A	Yes
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	N/A
Concentrated Portfolios	N/A	N/A
Future Launch of Hedge Share Classes	N/A	N/A
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	Yes
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	Yes
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	Yes
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Funds (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Funds:** M&G Feeder of Global Macro Bond (GBP Class I Income) Fund; and M&G Feeder of Global Macro Bond (GBP Class I-H Income) Fund.

**Name of the Master Fund:** M&G Global Macro Bond Fund which is an investment company with variable capital and registered in England and Wales under registered number IC000731 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of each Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*Each Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of each Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

Each Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in each Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Funds will make any direct investments.

The Feeder Funds may invest up to 15% of their assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Funds and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Funds and the Master Fund.

##### Profile of a Typical Investor in the Feeder Funds

The Feeder Funds are suitable for investors seeking to gain a combination of income and growth of capital over the long term from a portfolio composed mainly of debt instruments that can be from anywhere in the world but who 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund's objective is to maximise long term total return (the combination of income and growth of capital).

The Master Fund invests mainly in debt instruments on a global basis which include, but are not limited to, variable rate securities, fixed interest securities, sovereign debt and corporate debt. The Master Fund's exposure to debt instruments may be gained through the use of derivatives. The Master Fund may also invest in other assets including collective investment schemes, money market instruments, cash and near cash, deposits, other transferable securities and derivatives.

The Master Fund may invest more than 35% of its assets in the securities issued or guaranteed by a member state of the EEA or other country listed in the Master Fund's Prospectus.

As stated above, the Master Fund may use derivatives for investment purposes. The Master Fund may also use derivatives for efficient portfolio management purposes (including hedging).

##### Profile of a Typical Investor in the Master Fund

The Master Fund suitable for investors seeking to gain a combination of income and growth of capital over the long term from a portfolio composed mainly of debt instruments that can be from anywhere in the world but who 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.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in each Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Funds.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for each Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for a Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled "Determination of Net Asset Value and Price per Share - Dilution Adjustments".

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for each Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Funds, please refer to the section of the Prospectus entitled "Investment Objectives and Policies of the Funds - Distribution Policy".

# **M&G FUNDS 1 ICAV (the “ICAV”)**

## **(an umbrella fund with segregated liability between sub-funds)**

**Supplement to the Prospectus of the ICAV dated 7 October 2016**

### **CHARGES AND EXPENSES**

The Manager shall be entitled to receive, out of the assets of each Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Funds and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depositary of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

### **RISK FACTORS**

Investors' attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Funds is set out in Schedule III to this Supplement.

### **REPORTS**

Annual reports and audited accounts for the Feeder Funds shall be made up to 31 October each year and the first set of annual reports and audited accounts shall be made up to 31 October 2016. Unaudited semi-annual accounts for the Feeder Funds shall be made up to 30 April in each year and the first set of unaudited semi-annual accounts were made up to 30 April 2016 for M&G Feeder of Global Macro Bond (GBP Class I-H Income) Fund. As the M&G Feeder of Global Macro Bond (GBP Class I Income) Fund was not funded on that date the first set of unaudited semi-annual accounts for this Feeder Fund shall be made up to 30 April 2017 (if funded).

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Global Macro Bond Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Global Macro Bond (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%
M&G Feeder of Global Macro Bond (GBP Class I-H Income) Fund	Sterling Class I-H - Income shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Global Macro Bond Fund	Sterling Class I - Income shares	0.65%	0.15%
M&G Global Macro Bond Fund	Sterling Class I-H - Income shares	0.65%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Global Macro Bond Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset
M&G Global Macro Bond Fund	Sterling Class I-H - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\* These charges are based on a percentage of the NAV of the Master Fund.



# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “New” began at 9.00 am (Irish time) on 3 December 2015 and will continue until 10.00 am (Irish time) on 7 April 2017 (unless shortened or extended by the Manager in accordance with the requirements of the Central Bank). The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period are issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

Feeder Fund	Base Currency	Initial Offer Price	Minimum Initial Investment*	Minimum Subsequent Investment*	Minimum Holding*
M&G Feeder of Global Macro Bond (GBP Class I Income) Fund	USD	£1	£500,000	£10,000	£500,000
M&G Feeder of Global Macro Bond (GBP Class I-H Income) Fund	USD	£1	£500,000	£10,000	£500,000

  

Feeder Fund	Distributing Fund/ Accumulating Fund	Distribution Declaration Dates**	Reinvestment facility	Initial Offer Period Status	Hedged Share Class
M&G Feeder of Global Macro Bond (GBP Class I Income) Fund	Distributing Fund	Quarterly (February, May, August & November)	Yes	New	n/a
M&G Feeder of Global Macro Bond (GBP Class I-H Income) Fund	Distributing Fund	Quarterly (February, May, August & November)	Yes	Closed	n/a

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Funds are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Funds are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	N/A
Volatility	N/A	Yes
Limited Credit Leverage	N/A	Yes
Short Sales	N/A	Yes
Currency Strategies	N/A	Yes
Negative Duration	N/A	Yes
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	Yes
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	Yes
Performance Fees	N/A	N/A
Emerging Markets	N/A	Yes
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	N/A
Concentrated Portfolios	N/A	N/A
Future Launch of Hedge Share Classes	N/A	N/A
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	Yes
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	N/A
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	Yes
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Fund (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Fund:** M&G Feeder of Optimal Income (GBP Class I Income) Fund.

**Name of the Master Fund:** M&G Optimal Income Fund which is an investment company with variable capital and registered in England and Wales under registered number IC000490 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of the Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*The Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of the Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

The Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in the Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Fund will make any direct investments.

The Feeder Fund may invest up to 15% of its assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Fund and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Fund and the Master Fund.

##### Profile of a Typical Investor in the Feeder Fund

The Feeder Fund is suitable for investors seeking to gain a combination of income and growth of capital from a portfolio at least half of which will be debt instruments with the remainder including these or other asset types, 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to provide a total return (the combination of income and growth of capital) to investors based on exposure to optimal income streams in investment markets.

The Master Fund aims to provide a total return (the combination of income and growth of capital) to investors through strategic asset allocation and specific stock selection. The Master Fund will be at least 50% invested in debt instruments, but may also invest in other assets including collective investment schemes, money market instruments, cash, near cash, deposits, equities and derivatives. Derivative instruments may be used for both investment purposes and efficient portfolio management.

The Master Fund may invest more than 35% of its assets in the securities issued or guaranteed by a member state of the EEA or other country listed in the Master Fund's Prospectus.

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking to gain a combination of income and growth of capital from a portfolio at least half of which will be debt instruments with the remainder including these or other asset types, 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.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in the Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Fund.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for the Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for the Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for the Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Fund, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

# **M&G FUNDS 1 ICAV (the “ICAV”)**

## **(an umbrella fund with segregated liability between sub-funds)**

**Supplement to the Prospectus of the ICAV dated 7 October 2016**

### **CHARGES AND EXPENSES**

The Manager shall be entitled to receive, out of the assets of the Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Fund and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depositary of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

### **RISK FACTORS**

Investors' attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Fund is set out in Schedule III to this Supplement.

### **REPORTS**

Annual reports and audited accounts for the Feeder Fund shall be made up to 30 September each year and the first set of annual reports and audited accounts shall be made up to 30 September 2016. Unaudited semi-annual accounts for the Feeder Fund shall be made up to 31 March in each year and the first set of unaudited semi-annual accounts were made up to 31 March 2016.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Optimal Income Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Optimal Income (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Optimal Income Fund	Sterling Class I - Income shares	0.75%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Optimal Income Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\*These charges are based on a percentage of the NAV of the Master Fund.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

Feeder Fund	Base Currency	Initial Offer Price	Minimum Initial Investment*	Minimum Subsequent Investment*	Minimum Holding*
M&G Feeder of Optimal Income (GBP Class I Income) Fund	GBP	£1	£500,000	£10,000	£500,000

Feeder Fund	Distributing Fund/ Accumulating Fund	Distribution Declaration Dates**	Reinvestment facility	Initial Offer Period Status	Hedged Share Class
M&G Feeder of Optimal Income (GBP Class I Income) Fund	Distributing Fund	Semi-Annually (October & February)	Yes	Closed	n/a

\* The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\* The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Fund are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Fund, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	Yes
Volatility	N/A	N/A
Limited Credit Leverage	N/A	Yes
Short Sales	N/A	Yes
Currency Strategies	N/A	N/A
Negative Duration	N/A	N/A
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	Yes
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	Yes
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	Yes
Performance Fees	N/A	N/A
Emerging Markets	N/A	Yes
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	N/A
Concentrated Portfolios	N/A	N/A
Future Launch of Hedge Share Classes	N/A	N/A
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	Yes
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	N/A
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	Yes
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A



# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Fund (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Fund:** M&G Feeder of Strategic Corporate Bond (GBP Class I Income) Fund.

**Name of the Master Fund:** M&G Strategic Corporate Bond Fund which is an investment company with variable capital and registered in England and Wales under registered number IC000757 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of the Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*The Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of the Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

The Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in the Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Fund will make any direct investments.

The Feeder Fund may invest up to 15% of its assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Fund and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Fund and the Master Fund.

##### Profile of a Typical Investor in the Feeder Fund

The Feeder Fund is suitable for investors seeking total return from a range of corporate debt instruments, but who 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to maximise total return (the combination of income and growth of capital).

The Master Fund invests mainly in investment grade bonds. The Master Fund may invest in derivatives in pursuit of the Master Fund objective and for the purposes of efficient portfolio management. The Master Fund may also invest in other assets including collective investment schemes, other transferable securities and other debt instruments (including corporate, high yield and government debt, convertible and preference stocks), cash, and near cash, deposits, warrants and money market instruments.

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking total return from a range of corporate debt instruments, but who 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.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in the Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Fund.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for the Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for the Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for the Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Fund, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

#### CHARGES AND EXPENSES

The Manager shall be entitled to receive, out of the assets of the Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Fund and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depositary of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

#### RISK FACTORS

Investors’ attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Fund is set out in Schedule III to this Supplement.

#### REPORTS

Annual reports and audited accounts for the Feeder Fund shall be made up to 31 August each year and the first set of annual reports and audited accounts were made up to 31 August 2016. Unaudited semi-annual accounts for the Feeder Fund shall be made up to 28 February in each year and the first set of unaudited semi-annual accounts shall be made up to 28 February 2017.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

##### PART A - CHARGES AND EXPENSES OF THE FEEDER FUND

Feeder Fund	Corresponding Share Class of M&G Strategic Corporate Bond Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of Strategic Corporate Bond (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%

##### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

###### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G Strategic Corporate Bond Fund	Sterling Class I - Income shares	0.5%	0.15%

###### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G Strategic Corporate Bond Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\* These charges are based on a percentage of the NAV of the Master Fund.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE II

##### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

Feeder Fund	Base Currency	Initial Offer Price	Minimum Initial Investment*	Minimum Subsequent Investment*	Minimum Holding*
M&G Feeder of Strategic Corporate Bond (GBP Class I Income) Fund	GBP	£1	£500,000	£10,000	£500,000

  

Feeder Fund	Distributing Fund/ Accumulating Fund	Distribution Declaration Dates**	Reinvestment facility	Initial Offer Period Status	Hedged Share Class
M&G Feeder of Strategic Corporate Bond (GBP Class I Income) Fund	Distributing Fund	Quarterly (March, June, September & December)	Yes	Closed	n/a

\* The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\* The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Fund are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Fund, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	N/A
Volatility	N/A	Yes
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	Yes
Currency Strategies	N/A	N/A
Negative Duration	N/A	N/A
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	N/A
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	Yes
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	Yes
Performance Fees	N/A	N/A
Emerging Markets	N/A	N/A
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	N/A
Concentrated Portfolios	N/A	N/A
Future Launch of Hedge Share Classes	N/A	Yes
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	N/A
Eurozone	N/A	Yes
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	N/A
Low or Zero Inflation Conditions	N/A	N/A
Charges to Capital	Yes	Yes
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	N/A
Risk Associated with Investing in a Feeder Fund	Yes	N/A

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### INTRODUCTION

This Supplement contains specific information in relation to the Feeder Fund (as defined above). The ICAV is an open-ended umbrella investment scheme established pursuant to the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

**The information contained in this Supplement forms part of, and should be read in conjunction with, the information contained in the Prospectus of the ICAV dated 7 October 2016, as amended from time to time (the “Prospectus”).** Terms used herein shall have the meanings attributed to them in the Prospectus, unless otherwise stated. The Directors, whose names appear in the Prospectus in the section entitled “Management and Administration – The Board of Directors of the ICAV”, accept responsibility for the information contained in the Prospectus and in this Supplement.

**Name of Feeder Fund:** M&G Feeder of UK Inflation Linked Corporate Bond (GBP Class I Income) Fund.

**Name of the Master Fund:** M&G UK Inflation Linked Corporate Bond Fund, being a sub-fund of M&G Investment Funds (10) which is an investment company with variable capital and registered in England and Wales under registered number IC000841 and is authorised as a UCITS scheme by the UK’s Financial Conduct Authority.

**Base Currency:** The base currency of the Feeder Fund is set out in Schedule II to this Supplement.

**Initial Offer Period:** The Initial Offer Period shall be the period indicated in Schedule II to this Supplement. After the Initial Offer Period, the Feeder Fund will be continuously open for subscriptions on any Dealing Day, except in the circumstances outlined in the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Temporary Suspension of Valuation of the Shares and of Subscriptions, Redemptions and Switches”.

**Distribution Declaration Dates:** The relevant dates on which distributions are declared in respect of Distributing Funds are set out in Schedule II to this Supplement. Payment of distributions where declared in respect of Distributing Funds, or the reinvestment of such distributions (where such facility exists as identified in Schedule II to this Supplement), will be made on the first Business Day of the calendar month falling two months after the relevant Distribution Declaration Date.

**Accumulating Fund:** A Feeder Fund which does not declare distributions and whose net income and gains are retained and reflected in the Price per Share.

**Distributing Fund:** A Feeder Fund which may declare and pay distributions from net income from time to time.

**Dealing Day:** Each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance.

**Business Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in Dublin and London are open for normal business or such other days as may be determined by the Directors and notified in advance to Shareholders.

**Dealing Cut-Off Time:** 10.00 am (Irish time) on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Cut-Off Time shall be prior to the Valuation Point.

**Settlement Day:** Any day (excluding Saturdays, Sundays and public holidays) on which the banks in London are open for normal business.

**Settlement Time:** means within three Settlement Days of the relevant Dealing Day.

**Valuation Point:** 12.00 noon (Irish time) on each Dealing Day.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### FEEDER FUNDS

##### Investment Objective and Policies of the Feeder Funds

*Investors should note that an investment in the Feeder Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.*

*The Feeder Fund will invest directly in the corresponding share class of the Master Fund set out in Schedule II to this Supplement. There can be no assurance that the Master Fund will achieve its investment objective.*

##### Investment Objective

The investment objective of the Feeder Fund is to invest at least 85% of its assets in the corresponding share class of the Master Fund (as set out in Schedule II to this Supplement). The investment objective of the Master Fund is set out below.

##### Investment Policies

The Feeder Fund will invest at least 85% of its assets in the corresponding share class of the Master Fund. The subscription proceeds received for Shares in the Feeder Fund will be used by the Feeder Fund to acquire shares in such share class. The investment policy of the Master Fund is set out below. Save as otherwise provided hereinafter, it is not intended that the Feeder Fund will make any direct investments.

The Feeder Fund may invest up to 15% of its assets in aggregate in Ancillary Liquid Assets all rated at least investment grade by a rating agency or deemed by the Manager to have a rating of at least investment grade. To the extent that there are investments by the Feeder Fund in Ancillary Liquid Assets, the performance of the Feeder Fund and the Master Fund may not be identical.

The Manager serves as manager for the Feeder Fund and the Master Fund.

##### Profile of a Typical Investor in the Feeder Fund

The Feeder Fund is suitable for investors seeking to protect the value of capital and income from inflation by generating a return consistent with or greater than UK inflation over a rolling three to five year period from a portfolio of mainly investment grade corporate bonds, 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.

#### MASTER FUND

##### Investment Objective and Policies of the Master Fund

The Master Fund aims to protect the value of capital and income from inflation by generating a return consistent with or greater than UK inflation over a rolling three to five year period. There is no guarantee that the Master Fund will achieve its objective over this, or any other, period. The income distributions and the value of your investment may rise and fall and investors may not recoup the original amount they invested.

The Master Fund invests mainly in investment grade corporate bonds, including inflation-linked corporate bonds, floating rate notes (including asset backed securities) and other fixed income instruments (including bonds not linked to inflation). Derivatives may be used in pursuit of the Master Fund objective and for efficient portfolio management purposes. Corporate bond exposure may be achieved either directly or by investing in a combination of assets, including government securities and credit derivatives. Inflation strategies may, at times, result in a return profile different to that of corporate bonds not linked to inflation. If deemed appropriate by the investment manager of the Master Fund, the associated currency risks may be hedged.

The Master Fund may also invest in other assets including collective investment schemes, other transferable securities and debt instruments (including high yield debt, convertible and preference stocks), cash and near cash, deposits, warrants and money market instruments.

The Master Fund may invest more than 35% of its assets in the securities issued or guaranteed by a member state of the EEA or other country listed in the Master Fund's Prospectus.

##### Profile of a Typical Investor in the Master Fund

The Master Fund is suitable for investors seeking to protect the value of capital and income from inflation by generating a return consistent with or greater than UK inflation over a rolling three to five year period from a portfolio of mainly investment grade corporate bonds, 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.

#### DEALINGS IN SHARES

##### Subscription Applications

Shares may be purchased on a Dealing Day by submitting a completed subscription application before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

##### Subscription Price

During the Initial Offer Period, Shares in the Feeder Fund shall be offered at the Initial Offer Price set out in Schedule II to this Supplement. Thereafter, the subscription price per Share shall be the Price per Share determined at the Valuation Point on the relevant Dealing Day. An initial charge will not be applied in respect of investments in the Feeder Fund.

All subscription monies in respect of a subscription order must be received on or before the Settlement Time for subscriptions.

##### Redemption Requests

Shares may be redeemed on a Dealing Day by submitting a completed redemption request before the Dealing Cut-Off Time in accordance with the provisions of the Prospectus.

All payment of redemption monies shall be made by the Settlement Time for redemptions.

##### Redemption Price

The redemption price per Share for the Feeder Fund shall be the Price per Share of the relevant Feeder Fund determined at the Valuation Point on the relevant Dealing Day.

##### Dilution Adjustment

In calculating the Price per Share for the Feeder Fund on any Dealing Day, the Manager may, at its discretion, adjust the Price per Share by applying a dilution adjustment where there are net subscriptions or redemptions in the Feeder Fund and the Manager reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders. For further information please refer to the section of the Prospectus entitled “Determination of Net Asset Value and Price per Share - Dilution Adjustments”.

##### Minimum Subscription and Holding

The minimum initial investment, minimum subsequent investment and minimum holding for the Feeder Fund are set out in Schedule II to this Supplement. The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

##### Distributions

Distribution payments in respect of a Distributing Fund shall, subject to the provisions of the Prospectus, be paid to investors holding Shares in the Distributing Fund on the relevant Distribution Declaration Dates set out in Schedule II to this Supplement. A Distributing Fund may provide a reinvestment facility by which a Shareholder may elect that any distributions payable to the Shareholder be automatically reinvested in new Shares of the same Feeder Fund. Distributing Funds which provide for such re-investment facility are identified in Schedule II to this Supplement. For further information in relation to the distribution policy of the Feeder Fund, please refer to the section of the Prospectus entitled “Investment Objectives and Policies of the Funds - Distribution Policy”.

# **M&G FUNDS 1 ICAV (the “ICAV”)**

## **(an umbrella fund with segregated liability between sub-funds)**

**Supplement to the Prospectus of the ICAV dated 7 October 2016**

### **CHARGES AND EXPENSES**

The Manager shall be entitled to receive, out of the assets of the Feeder Fund, an Oversight and Administration Charge up to the maximum amount specified in Part A of Schedule I to this Supplement. For further information on the charges and expenses applicable to the Feeder Fund and the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses”. The charges payable to the Manager and the depositary of the Master Fund are set out in Part B of Schedule I to this Supplement.

For further information on the charges and expenses applicable to the Master Fund, please refer to the section of the Prospectus entitled “Charges and Expenses” and the prospectus for the Master Fund.

### **RISK FACTORS**

Investors’ attention is drawn to the section of the Prospectus entitled “Risk Factors”. An overview of the risks relevant to an investment in the Feeder Fund is set out in Schedule III to this Supplement.

### **REPORTS**

Annual reports and audited accounts for the Feeder Fund shall be made up to 31 March each year and the first set of annual reports and audited accounts were made up to 31 March 2016. Unaudited semi-annual accounts for the Feeder Fund shall be made up to 30 September in each year and the first set of unaudited semi-annual accounts shall be made up to 30 September 2016.



# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

### Supplement to the Prospectus of the ICAV dated 7 October 2016

#### SCHEDULE I

#### CHARGES AND EXPENSES

Feeder Fund	Corresponding Share Class of M&G UK Inflation Linked Fund Corporate Bond Fund	Oversight and Management Company Charge (% of NAV)
M&G Feeder of UK Inflation Linked Corporate Bond (GBP Class I Income) Fund	Sterling Class I - Income shares	Up to 0.07%
M&G Feeder of UK Inflation Linked Corporate Bond (GBP Class I Accumulation) Fund	Sterling Class I - Accumulation shares	Up to 0.07%

#### PART B - CHARGES AND EXPENSES OF THE MASTER FUND

##### Charges and Expenses payable to the Manager

Master Fund	Share Class	Annual Management Charge (% of NAV*)	Administration Charge (% of NAV*)
M&G UK Inflation Linked Corporate Bond Fund	Sterling Class I - Income shares	0.5%	0.15%

##### Charges and Expenses payable to the Depositary of the Master Fund

Master Fund	Share Class	Depositary's Charge (% of NAV**)	Custody Charge (% of NAV**)
M&G UK Inflation Linked Corporate Bond Fund	Sterling Class I - Income shares	<ul style="list-style-type: none"> <li>• 0.0075% on first £150 million</li> <li>• 0.005% on next £500 million</li> <li>• 0.0025% on balance above £650 million</li> </ul>	Between 0.00005% and 0.40% depending on the specific custody arrangements for each type of asset

\* These charges are based on a percentage of the NAV of the relevant share class in the Master Fund.

\*\* These charges are based on a percentage of the NAV of the Master Fund.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE II

#### FEEDER FUND CHARACTERISTICS

The Initial Offer Period for Shares in a Feeder Fund identified in the column of the table below headed “Initial Offer Period Status” as “Closed” is now closed and the Feeder Fund is funded. Shares issued during the Initial Offer Period were issued at the Initial Offer Price. Thereafter, Shares are issued at the Price per Share as of the relevant Dealing Day.

Feeder Fund	Base Currency	Initial Offer Price	Minimum Initial Investment*	Minimum Subsequent Investment*	Minimum Holding*
M&G Feeder of UK Inflation Linked Corporate Bond (GBP Class I Income) Fund	GBP	£1	£500,000	£10,000	£500,000

Feeder Fund	Distributing Fund/ Accumulating Fund	Distribution Declaration Dates**	Reinvestment facility	Initial Offer Period Status	Hedged Share Class
M&G Feeder of UK Inflation Linked Corporate Bond (GBP Class I Income) Fund	Distributing Fund	Semi-Annually (April & October)	Yes	Closed	n/a

\* The Manager reserves the right to vary the minimum initial investment, minimum subsequent investment and minimum holding in the future and may choose to waive or reduce these requirements.

\*\* The Distribution Declaration Date will fall on the first Business Day of the relevant month.

# M&G FUNDS 1 ICAV (the “ICAV”)

## (an umbrella fund with segregated liability between sub-funds)

Supplement to the Prospectus of the ICAV dated 7 October 2016

### SCHEDULE III

#### RISK FACTORS

The below table references the risk factors as described in the section of the Prospectus entitled “Risk Factors”. The risk factors considered directly relevant to an investment in the Feeder Fund are identified in the column of the table below headed “Risk Factors Directly Applicable to the Feeder Fund”. In addition, risk factors which may be directly relevant to the Master Fund and, as such, indirectly relevant to the Feeder Fund, are identified in the the column of the table below headed “Risk Factors Applicable to the Master Fund”.

RISK FACTORS	RISK FACTORS DIRECTLY APPLICABLE TO THE FEEDER FUND	RISK FACTORS APPLICABLE TO THE MASTER FUND
Lack of Operating History	Yes	N/A
Ireland-Based Entities	Yes	N/A
Litigation Risk	Yes	Yes
Business and Regulatory Risks	Yes	Yes
Valuation	Yes	Yes
Share Classes	Yes	Yes
Allocation of Liabilities among Share Classes	N/A	Yes
Risk Relating to substantial Shareholders in a Fund	Yes	Yes
Legal Representation and Tax Advice	Yes	Yes
Risk to Capital and Income Will Vary	Yes	Yes
Risks associated with Umbrella Cash Accounts	Yes	N/A
Cyber Security Risks	Yes	Yes
Counterparty Risk	Yes	Yes
Liquidity Risk	N/A	Yes
Suspension of Dealing in Shares	Yes	Yes
Inflation	Yes	Yes
Taxation	Yes	Yes
Tax Developments	Yes	Yes
Derivatives Used for EPM Only	N/A	N/A
Derivatives Used for Investment Purposes (Unsophisticated Funds, Non-Complex Use of Derivatives)	N/A	N/A
More Complex Use of Derivatives Strategies	N/A	Yes
Correlation (Basis Risk)	N/A	Yes
Valuation Risk (Derivatives)	N/A	Yes
Liquidity Risk (Derivatives)	N/A	Yes
“Daylight Risk” to Counterparty	N/A	Yes
Delivery	N/A	Yes
Legal Risk	N/A	Yes
Short Term Volatility	N/A	N/A
Volatility Related to the Use of Leverage	N/A	N/A
Volatility	N/A	Yes
Limited Credit Leverage	N/A	N/A
Short Sales	N/A	Yes
Currency Strategies	N/A	N/A
Negative Duration	N/A	Yes
Currency & Exchange Rate Risk	N/A	Yes
Currency Risk on Unhedged Share Classes	N/A	N/A
Growing Income not Guaranteed	N/A	N/A
Interest Rate Risk	N/A	Yes
Minimal Interest Rate Risk	N/A	N/A
Credit Risk	N/A	Yes
Zero or Negative Yield	N/A	Yes
Performance Fees	N/A	N/A
Emerging Markets	N/A	N/A
Investment in Funds	N/A	N/A
Funds Investing in Specific Countries, Regions, Sectors and Asset Classes	N/A	Yes
Concentrated Portfolios	N/A	N/A
Future Launch of Hedge Share Classes	N/A	Yes
Hedged Share Classes – No Segregation of Liabilities Between Share Classes in a Fund	N/A	Yes
Hedged Share Class Implications for Specific Share Class	N/A	Yes
Share Class Hedging Methodology (Look Through)	N/A	N/A
Share Class Hedging Methodology (Replication)	N/A	N/A
Eurozone	N/A	N/A
Exposure to Euro	N/A	N/A
Liabilities of Funds with Protected Cell	Yes	Yes
Protected Cell – Foreign Courts	Yes	Yes
Low or Zero Inflation Conditions	N/A	Yes
Charges to Capital	Yes	Yes
Negative Interest Rates	Yes	Yes
Effective Yield Accounting	N/A	Yes
Risk Associated with Investing in a Feeder Fund	Yes	N/A