

Annex 1: Sustainable Finance Disclosure Regulation (unaudited)

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product Name: M&G (Lux) Managed Fund Cautious
Legal Entity Identifier: 254900HSVOLLE5MWVT06

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes
 No

It made **sustainable investments with an environmental objective:**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:**

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 5.13% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Sub-Fund promotes the use of Positive ESG Selection (as defined below):

The Sub-Fund invested 79.44% of its assets in:

- (i) undertakings for collective investment which are categorised as an Article 8 or Article 9 fund under the SFDR or are considered equivalent in the opinion of the Investment Manager ("Funds Promoting ESG Factors");

or

- (ii) index derivatives with rules designed to produce an ESG outcome ("ESG Derivatives"), in each passing the Investment Manager's good governance tests, and such allocation being termed "Positive ESG Selection".

No reference benchmark was designated for the purpose of attaining the Sub-Fund's promoted environmental and/or social characteristics.

When assessing good governance practice the Investment Manager does, as a minimum, have regard to matters it sees relevant to the four identified pillars of good governance (sound management structures, employee relations, remuneration of staff and tax compliance).

For investments in funds, the companies involved in their management, such as their investment manager (the "Underlying Fund Manager"), are assessed through due diligence and assessment of other evidence available and relevant to the four identified pillars of good governance. The Investment Manager also assesses the prospectuses and any committed terms on how the funds will invest, and any governance policies the Underlying Fund Manager

applies to its investments and requires the Underlying Fund Manager to provide reporting on any significant governance issues with the investments held in the Underlying Funds. If any such reports on issues are received, the Investment Manager will consider that issue and its implication on the overall good governance test result.

For investments in ESG Derivatives, the Investment Manager assess the rules applied to the index, and for investments in index derivatives including ESG Derivatives may apply such other tests as the Investment Manager considers appropriate such as ESG score tests.

The alignment percentage indicated in the overview of the asset allocation below shows the allocation between such investments and "Other" Investments.

Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

- **How did the sustainability indicators perform?**

The Sub-Fund's sustainability indicators to test its compliance with its Positive ESG Outcome were met at all times during the reporting period.

- **...and compared to previous periods?**

The Sub-Fund's sustainability indicators to test its compliance with its with its Positive ESG Outcome were met at all times during the previous reporting period.

- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The Sub-Fund may allocate to sustainable investments of any type, i.e., investments with an environmental and/or social objective. The Fund is not required to favour any specific type of sustainable investment. The Investment Manager used a series of proprietary tests based on available data to determine whether and how an investment made positive contribution(s) towards environmental and social objectives. The Sub-Fund held 5.13% in sustainable investments in this reference period.

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Sustainable investments that the Sub-Fund made did not cause significant harm to any environmental or social sustainable investment objective as they passed a series of tests, including:

1. Whether they represent significant exposure to businesses the Investment Manager considers harmful.
2. Principal Adverse Impact indicators considered to render the investment incompatible with sustainable investment (violations of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises, social violations by sovereigns such as being subject to sanctions, negative effects on biodiversity sensitive areas)
3. Other Principal Adverse Impact indicators form part of a materiality assessment to understand whether any exposures were compatible with sustainable investment.

- **How were the indicators for adverse impacts on sustainability factors taken into account?**

This product does not consider principal adverse impacts on sustainability factors.

- **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

All investments purchased by the Sub-Fund passed the Investment Manager's good governance tests, and in addition, sustainable investments also passed tests to confirm they do no significant harm, as described above. These tests embed a consideration of the OECD Guidelines and UN Guiding Principles.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

This product does not consider principal adverse impacts on sustainability factors.



What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/01/2024 to 31/12/2024

| Largest investments | Sector | % Assets | Country |
|------------------------------------|--|----------|---------|
| ISHARES EUROPEAN PROPERTY YIELD UC | Other | 0.78% | IE |
| SDCL ENERGY EFFICIENCY INCOME TRUS | Financial and insurance activities | 0.63% | GB |
| ISHARES UK PROPERTY UCITS ETF GBP | Other | 0.55% | IE |
| NEXTENERGY SOLAR FUND LTD | Financial and insurance activities | 0.51% | GG |
| THE RENEWABLES INFRASTRUCTURE GROU | Financial and insurance activities | 0.45% | GG |
| TAIWAN SEMICONDUCTOR MANUFACTURING | Manufacturing | 0.37% | TW |
| TREASURY NOTE | Public administration and defence; compulsory social security | 0.35% | US |
| GERMANY (FEDERAL REPUBLIC OF) | Public administration and defence; compulsory social security | 0.32% | DE |
| PANTHEON INFRASTRUCTURE PLC | Financial and insurance activities | 0.27% | GB |
| NOVO NORDISK CLASS B | Manufacturing | 0.24% | DK |
| SAMSUNG ELECTRONICS LTD | Manufacturing | 0.24% | KR |
| ASML HOLDING NV | Manufacturing | 0.23% | NL |
| BIOPHARMA CREDIT PLC | Financial and insurance activities | 0.23% | GB |
| NESTLE SA | Manufacturing | 0.21% | CH |
| SAP | Information and communication | 0.19% | DE |

Please note that the Investment Manager identifies separate company issues when compiling this table of Top 15 holdings rather than grouping issuers at a company (issuer) level.



What was the proportion of sustainability-related investments?

In the SFDR Level 2 Pre-Contractual Disclosure (annex to the Fund Issue Document) the Fund committed to a minimum of 70% of the Fund's assets to be aligned to the environmental or social characteristics promoted.

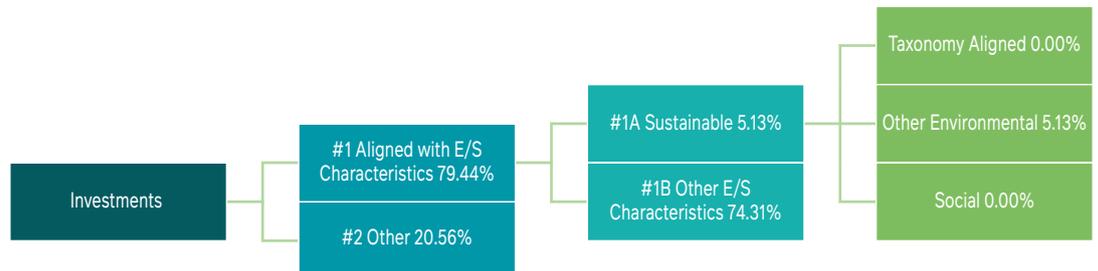
The table shows that 79.44% were aligned to E/S Characteristics as of 31st December 2024.

This comprised 5.13% of NAV in sustainable investments, and the remaining 74.31% of NAV in investments with other environmental characteristics.

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

The graphic below provides an overview of the asset allocation.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

The investment breakdown uses NACE (Nomenclature of Economic Activities) and is expressed as a % of Net Asset Value (NAV).

| Economic Sector | % Assets |
|---|---------------|
| Financial and insurance activities | 39.13% |
| Financial service activities, except insurance and pension funding | 31.69% |
| Insurance, reinsurance and pension funding, except compulsory social security | 3.00% |
| Activities auxiliary to financial services and insurance activities | 4.45% |
| Public administration and defence; compulsory social security | 16.16% |
| Manufacturing | 12.33% |
| Manufacture of basic pharmaceutical products and pharmaceutical preparations | 1.89% |
| Manufacture of rubber and plastic products | 0.15% |
| Other manufacturing | 0.29% |
| Manufacture of chemicals and chemical products | 1.01% |
| Manufacture of basic metals | 0.29% |
| Repair and installation of machinery and equipment | 0.01% |
| Manufacture of leather and related products | 0.14% |
| Printing and reproduction of recorded media | 0.01% |
| Manufacture of machinery and equipment n.e.c. | 1.06% |
| Manufacture of textiles | 0.01% |
| Manufacture of paper and paper products | 0.19% |
| Manufacture of computer, electronic and optical products | 2.67% |
| Manufacture of motor vehicles, trailers and semi-trailers | 0.98% |

| | |
|---|--------------|
| Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials | 0.05% |
| Manufacture of coke and refined petroleum products | 0.56% |
| Manufacture of food products | 0.55% |
| Manufacture of other non-metallic mineral products | 0.20% |
| Manufacture of fabricated metal products, except machinery and equipment | 0.12% |
| Manufacture of beverages | 0.78% |
| Manufacture of other transport equipment | 0.55% |
| Manufacture of wearing apparel | 0.18% |
| Manufacture of electrical equipment | 0.64% |
| Manufacture of furniture | 0.01% |
| Information and communication | 4.81% |
| Information service activities | 0.91% |
| Publishing activities | 0.98% |
| Motion picture, video and television programme production, sound recording and music publishing activities | 0.05% |
| Telecommunications | 1.99% |
| Computer programming, consultancy and related activities | 0.66% |
| Programming and broadcasting activities | 0.22% |
| Electricity, gas, steam and air conditioning supply | 3.47% |
| Transportation and storage | 2.27% |
| Land transport and transport via pipelines | 1.25% |
| Water transport | 0.15% |
| Postal and courier activities | 0.09% |
| Air transport | 0.15% |
| Warehousing and support activities for transportation | 0.63% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 2.26% |
| Retail trade, except of motor vehicles and motorcycles | 1.80% |
| Wholesale trade, except of motor vehicles and motorcycles | 0.40% |
| Wholesale and retail trade and repair of motor vehicles and motorcycles | 0.06% |
| Real estate activities | 1.88% |
| Mining and quarrying | 1.37% |
| Mining of coal and lignite | 0.00% |
| Extraction of crude petroleum and natural gas | 0.89% |
| Mining support service activities | 0.14% |
| Other mining and quarrying | 0.01% |
| Mining of metal ores | 0.33% |
| Administrative and support service activities | 0.87% |
| Employment activities | 0.06% |
| Services to buildings and landscape activities | 0.03% |
| Rental and leasing activities | 0.40% |
| Travel agency, tour operator and other reservation service and related activities | 0.07% |
| Security and investigation activities | 0.04% |
| Office administrative, office support and other business support activities | 0.27% |
| Construction | 0.82% |
| Construction of buildings | 0.48% |
| Civil engineering | 0.32% |
| Specialised construction activities | 0.02% |
| Professional, scientific and technical activities | 0.59% |
| Legal and accounting activities | 0.03% |
| Advertising and market research | 0.11% |
| Scientific research and development | 0.26% |
| Activities of head offices; management consultancy activities | 0.09% |
| Veterinary activities | 0.01% |
| Architectural and engineering activities; technical testing and analysis | 0.07% |
| Other professional, scientific and technical activities | 0.03% |
| Accommodation and food service activities | 0.58% |
| Food and beverage service activities | 0.25% |
| Accommodation | 0.32% |
| Activities of extraterritorial organisations and bodies | 0.50% |

| | |
|--|---------------|
| Human health and social work activities | 0.41% |
| Social work activities without accommodation | 0.05% |
| Residential care activities | 0.00% |
| Human health activities | 0.36% |
| Water supply; sewerage, waste management and remediation activities | 0.20% |
| Water collection, treatment and supply | 0.07% |
| Sewerage | 0.06% |
| Waste collection, treatment and disposal activities; materials recovery | 0.07% |
| Arts, entertainment and recreation | 0.13% |
| Creative, arts and entertainment activities | 0.01% |
| Sports activities and amusement and recreation activities | 0.03% |
| Libraries, archives, museums and other cultural activities | 0.00% |
| Gambling and betting activities | 0.09% |
| Education | 0.04% |
| Other service activities | 0.02% |
| Repair of computers and personal and household goods | 0.00% |
| Activities of membership organisations | 0.01% |
| Other personal service activities | 0.02% |
| Agriculture, forestry and fishing | 0.02% |
| Crop and animal production, hunting and related service activities | 0.02% |
| Other* | 12.14% |

*These investments are investments for which no NACE code is available.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

Whilst the minimum mandatory allocation to Taxonomy-aligned sustainable investments is 0%, the Sub-Fund is permitted to allocate to such investments, which would form part of its overall allocation to sustainable investments with environmental objectives.

The share of the Sub-Fund's investments that were aligned with the environmental objectives under the Taxonomy Regulation during the reference period was 0%; that is also partly due to the lack of data on the investee companies in relation to EU Taxonomy Regulation. This percentage is determined by taking the quarter end figure for each quarter in the reference period and averaging it. The information was obtained from public disclosures.

No assurance from an auditor, third party or review was undertaken on the EU Taxonomy data.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?

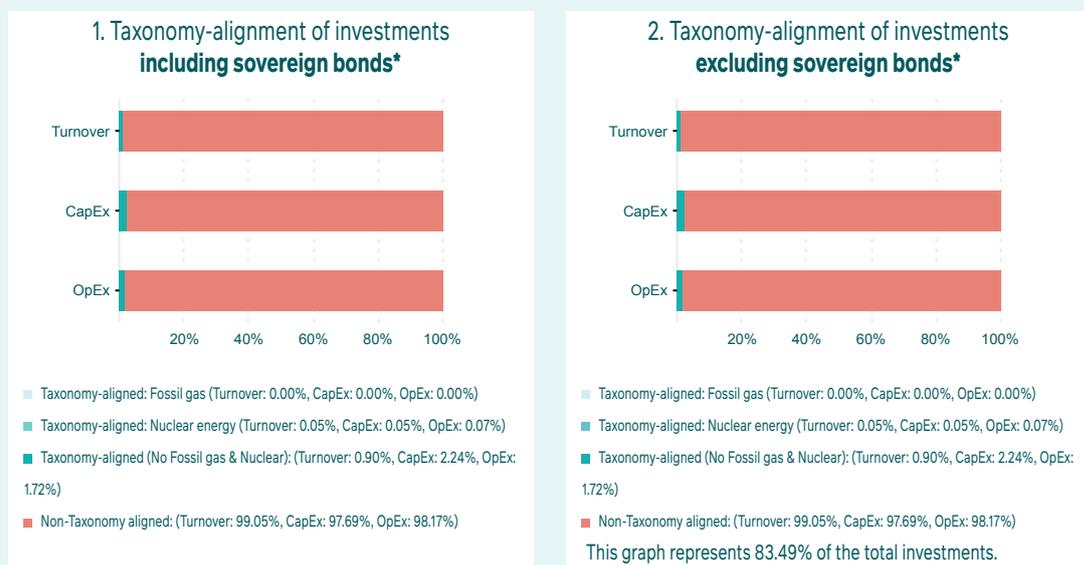
- Yes: In fossil gas In nuclear energy
- No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

The graphs below show the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures. The above graph and below table describes the Taxonomy alignment of all investments the Fund has made.

| Taxonomy Environmental Objective | Percentage of Contribution |
|---|----------------------------|
| Climate Change Mitigation | 0.91% |
| Climate Change Adaption | 0.01% |
| Use and Protection of Water and Marine Resources | 0.01% |
| Transition to a Circular Economy | 0.05% |
| Pollution Prevention and Control | 0.05% |
| Protection and Restoration or Biodiversity and Ecosystems | 0.00% |

● **What was the share of investments made in transitional and enabling activities?**

The share of the Sub-Fund's investments made in transitional and enabling activities was 0.60% and in over the period. This compares to a minimum percentage commitment of 0.00% stated in the Sub-Fund's precontractual disclosure.

| Activity | Percentage Investments |
|----------------------------------|------------------------|
| Share of Transitional Activities | 0.10% |
| Share of Enabling Activities | 0.50% |

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

The percentage of the Sub-Fund's investments that were aligned with EU taxonomy was 0% as in the previous period.

 are sustainable investments with an environmental objective that **do not take into account** the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy was 5.13%.

This compares to a minimum percentage commitment of 0% in environmentally sustainable investments (i.e., both aligned to the EU Taxonomy and not) stated in the Sub-Fund's precontractual disclosure.



What was the share of socially sustainable investments?

The share of sustainable investments with a social objective was 0%. This compares to a minimum percentage commitment of 0% stated in the Sub-Fund's precontractual disclosure.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

During the reference period the Sub-Fund held varying levels of cash and near cash and derivatives, in accordance with the purposes and safeguards explained in the precontractual annex:

The Sub-Fund may invest up to 30% in:

1. undertakings for collective investment that are not Funds Promoting ESG Factors;
2. derivatives that are not ESG Derivatives;
3. Cash (as defined in the prospectus);
4. transferable securities where received from its investments or as a consequence of subscriptions or redemptions in kind; and
5. from time to time, transferable securities in line with the ESG outcomes of the Sub-Fund (ie which would be eligible for inclusion in an article 8 or 9 sub-fund). No minimum environmental or social safeguards are applied, other than as set out below.

Derivatives used to take investment exposure to diversified financial indices, and funds (i.e., UCITS and other UCIs) may be held for any reason permitted by the Sub-Fund's investment policy and will be subject to such minimum environmental or social safeguard tests as the Investment Manager considers appropriate, for example a minimum weighted ESG score test.

No minimum environmental or social safeguards are applied to FX derivatives.

Transferable securities received as a consequence of subscriptions, and transferable securities the Investment Manager chooses to hold, shall be subject to the Investment Manager's good governance tests and such other tests as the Investment Manager considers appropriate. Where transferable securities are received from an article 8 or article 9 fund, such securities shall be deemed eligible for the fund to hold.

The Sub-Fund may also hold as Other investments those investments where insufficient data exists to determine the investments' alignment with the promoted characteristics.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Sub-Fund promoted environmental and/or social characteristics through investing in investments that are considered to promote ESG factors and/or ESG Derivatives. Its compliance with the same is reported in the sustainability indicators above.

Although, the Investment Manager, as a Fund of Funds manager, does not engage directly with investee companies on stewardship and sustainability issues, it expects and instructs its Asset Manager to engage on its behalf in accordance with its stewardship and sustainability-related policies.

Where the underlying Funds are actively managed, there is a requirement for the Asset Managers to engage with and influence the investee companies on the Investment Manager's behalf, to achieve more sustainable business models and change behaviour where appropriate. There is also an expectation for the Asset Managers to report on the results of their engagement strategy.



How did this financial product perform compared to the reference benchmark?

N/A. No reference benchmark was designated to determine whether this Sub-Fund is aligned with the environmental and social characteristics that it promotes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How does the reference benchmark differ from a broad market index?**

N/A.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

N/A.

- **How did this financial product perform compared with the reference benchmark?**

N/A.

- **How did this financial product perform compared with the broad market index?**

N/A.