

20 January 2021

Dear Investor

**Changes to the investment policies of  
M&G Corporate Bond Fund, a sub-fund of M&G Investment Funds (3) and  
M&G Strategic Corporate Bond Fund, a stand-alone Open-Ended Investment Company  
(each a “Fund”, together the “Funds”)**

**This letter is for your information only and has been sent to you because you are invested in either or both of the above Funds. You do not need to take any action, but we recommend that you read it carefully. There will be no change to the Funds’ investment objectives, and they will continue to be managed in the same way. The overall risk profiles of the Funds will also remain unchanged.**

Defined terms used in this letter have the same meaning as in each of the Funds’ Prospectuses.

**What are the changes?**

Both Funds invest a minimum of 70% of their assets, directly or indirectly, into investment grade corporate debt securities. Corporate debt securities are also commonly referred to as corporate bonds. The Funds’ investment policies currently allow for investment in investment grade and below investment grade Asset-Backed Securities (ABS) as part of the remaining 30% pool of assets along with (among other investments) government debt securities, investment grade and below investment grade securities and cash.

Effective from 25 March 2021 (“the Effective Date”), the Funds’ investment policies will be amended to include investment grade ABS in the minimum 70% each Fund must invest in investment grade corporate bonds. This will be subject to a maximum of 20% of their portfolio invested in any type of ABS. Each Fund will still therefore hold at least 50% of their assets in investment grade corporate bonds other than ABS.

A comparison of the current and future investment policies can be found in the table at the back of this letter.

**What are ABS and why are the changes happening?**

ABS are fixed income securities backed by assets that produce cashflows, such as mortgage loans, credit card receivables and auto loans. The change relates to investment grade ABS, which are issued by companies considered to be at lower risk of default, than issuers with higher default risk and lower credit ratings. Default means that an issuer is unable to meet interest payments or repay the initial investment amount at the end of a security’s life.

continued overleaf

We believe that the change will allow the fund managers to make greater use of the wide range of investment opportunities offered by investment grade ABS without compromising the amount of cash and other debt securities the Funds are able to hold. This will provide the Funds with greater flexibility to gain exposure to selected assets in a wider variety of market conditions. We do not expect the amount of ABS held in the Funds to increase initially as a result of the changes, nor to materially increase in the future.

### **Making changes to your investment**

You may sell your investment in either Fund, or switch it to another M&G OEIC fund, free of charge, at any point before or after the changes have taken place subject to our Terms and Conditions.

### **Costs of the changes**

M&G will bear all costs associated with the changes, including legal and administrative costs.

### **For more information**

If you have any questions about the changes please contact our **Customer Relations** team by calling **0800 390 390**. The team is available from 08:00 to 18:00, Monday to Friday, and from 09:00 to 13:00 on Saturday. To help us deal with your enquiry as quickly as possible please have your M&G client reference when calling us. For your security and to improve the quality of our service, calls may be recorded.

Please be aware that we are not in a position to give you investment advice. If you are uncertain as to how the changes may affect you, you should consult a financial adviser.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jonathan Willcocks', with a long horizontal flourish extending to the right.

Jonathan Willcocks  
Customer and Distribution Officer  
On behalf of M&G Securities Limited

Enclosed: comparison of current and updated investment policies for M&G Corporate Bond Fund and M&G Strategic Corporate Bond Fund

**Comparison of current and updated investment policies for  
M&G Corporate Bond Fund and M&G Strategic Corporate Bond Fund**

<b>M&amp;G Corporate Bond Fund</b>	
<b>Current investment policy (as listed in the Prospectus until 24 March 2021)</b>	<b>Updated investment policy (as listed in the Prospectus from 25 March 2021)</b>
<p>At least 70% of the Fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities are denominated in Sterling or hedged back to Sterling. Other investments may include:</p> <ul style="list-style-type: none"> <li>• debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies and denominated in any currency;</li> <li>• below investment grade and unrated debt securities;</li> <li>• Asset-Backed Securities; and</li> <li>• other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&amp;G).</li> </ul> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>	<p>At least 70% of the Fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities including investment grade Asset-Backed Securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities are denominated in Sterling or hedged back to Sterling. Other investments may include:</p> <ul style="list-style-type: none"> <li>• debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies and denominated in any currency;</li> <li>• below investment grade and unrated debt securities;</li> <li>• below investment grade and unrated Asset-Backed Securities; and</li> <li>• other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&amp;G).</li> </ul> <p>Investments in Asset-Backed Securities are limited to 20% of the Fund.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>
<b>M&amp;G Strategic Corporate Bond Fund</b>	
<b>Current investment policy (as listed in the Prospectus until 24 March 2021)</b>	<b>Updated investment policy (as listed in the Prospectus from 25 March 2021)</b>
<p>At least 70% of the Fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities can be denominated in any currency. Other investments may include:</p> <ul style="list-style-type: none"> <li>• below investment grade and unrated corporate debt securities;</li> <li>• debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies;</li> <li>• Asset-Backed Securities; and</li> <li>• other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&amp;G).</li> </ul> <p>The Fund aims to hedge any non-Sterling assets to Sterling.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>	<p>At least 70% of the Fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities including investment grade Asset-Backed Securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities can be denominated in any currency. Other investments may include:</p> <ul style="list-style-type: none"> <li>• below investment grade and unrated corporate debt securities;</li> <li>• debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies;</li> <li>• below investment grade and unrated Asset-Backed Securities; and</li> <li>• other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&amp;G).</li> </ul> <p>Investments in Asset-Backed Securities are limited to 20% of the Fund.</p> <p>The Fund aims to hedge any non-Sterling assets to Sterling.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>