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M&G Investments

14 May 2021

Dear Investor

Changes to the investment objective and benchmark for
M&G Global Target Return Fund, a sub-fund of M&G Investment Funds (11)

This letter is for your information only and has been sent to you because you are invested in the above fund. You do not need to take any action, but we recommend that you read it carefully.

I am writing to inform you that, effective on Tuesday 20 July 2021, the fund's target total return (the combination of income and capital growth) will change from "at least 4%, per annum above the 3-month GBP LIBOR* rate" to "at least 2-4%, per annum above the SONIA* rate". This letter provides details on the reasons for the changes, and a full comparison of the current and updated investment objective can be found in the table overleaf.

*Great British Pound London Interbank Offer Rate
*Sterling Overnight Index Average

Please note that there will be no change to the way in which the fund is managed, nor to the types of investments it holds. The fund's aim to limit fluctuations in value and monthly losses will remain unchanged and the overall risk profile of the fund will not be affected by the changes.

- **Target total return figure to change from "at least 4%" to "at least 2-4%" per annum above the performance comparator (or benchmark)**

The fund was launched in 2016 with the aim of delivering a total return (the combination of income and capital growth) of at least 4% per annum above that of a cash investment, as illustrated by the 3-month GBP LIBOR, whilst seeking to minimise fluctuations in value (or volatility) and limit monthly losses.

Since the launch, investment yields have fallen considerably, providing a challenging backdrop for the fund. The yield typically refers to an asset's expected future returns and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

As the fund manager does not anticipate a significant rise in investment yields in the foreseeable future, we believe that adjusting the target total return to 2-4% will set a more realistic expectation for the fund's future returns in different market environments, without affecting its approach to risk management and portfolio construction.

continued overleaf

- **SONIA to replace LIBOR as the fund's benchmark**

The production of LIBOR, along with that of similar Interbank Offered Rates (IBORs) used in other markets, is expected to cease by the end of 2021. In the UK, for the sterling market SONIA has been widely identified as an appropriate replacement for LIBOR, and it will therefore form the basis of the fund's new target benchmark from Tuesday 20 July 2021.

SONIA is the risk-free rate for sterling markets, administered by the Bank of England. It is an index which is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. It is already in widespread use in many areas of the financial markets.

Why is LIBOR being replaced by SONIA?

LIBOR and the other IBORs are representative of the rates at which banks and other financial institutions are prepared to lend money among themselves as they need it. However, the use of this type of lending has been decreasing gradually since 2018, which has reduced the reliability of some IBORs. By replacing LIBOR with SONIA for sterling markets, UK financial regulators are aiming to ensure the process used to calculate market interest rates is more transparent and robust, and that the markets can continue to have reliable standardised rates to use as reference points across a wide range of different activities and products.

M&G Global Target Return Fund	
Existing fund information **(as listed in the Prospectus until Monday 19 July 2021)**	**Updated fund information** **(to be listed in the Prospectus from Tuesday 20 July 2021)**
Investment objective	**Investment objective**
The Fund aims to achieve a total return (the combination of income and capital growth) of at least 4%, per annum above the 3-month GBP LIBOR rate, before any charges are taken, in any market conditions and over any three year period. LIBOR is the rate at which banks borrow money from each other. The Fund aims to achieve this while seeking to minimise the degree to which the value of the Fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the Fund in this way reduces its ability to achieve returns significantly above 3-month GBP LIBOR plus 4%. There is no guarantee that the Fund will achieve a positive return over three years, or any other, period, and investors may not get back the original amount they invested.	The Fund aims to achieve a total return (the combination of income and capital growth) of at least 2-4%, per annum above the Sterling Overnight Index Average (SONIA), before any charges are taken, in any market conditions and over any three year period. The Fund aims to achieve this while seeking to minimise the degree to which the value of the Fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the Fund in this way reduces its ability to achieve returns significantly above SONIA plus 2-4%. There is no guarantee that the Fund will achieve a positive return over three years, or any other, period, and investors may not get back the original amount they invested.

continued

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Benchmark	Benchmark
3-month GBP LIBOR + 4% The benchmark is a target which the Fund seeks to achieve. The rate has been chosen as the Fund's benchmark as it is an achievable performance target and best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance objective and does not constrain the Fund's portfolio construction. The Fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the Fund. For unhedged share classes, the rate is shown in the share class currency.	SONIA + 2-4% The benchmark is a target which the Fund seeks to achieve. The rate has been chosen as the Fund's benchmark as it is an achievable performance target and best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance objective and does not constrain the Fund's portfolio construction. The Fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the Fund. For unhedged share classes, the rate is shown in the share class currency.

Making changes to your investment
You may sell your investment in the 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

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