

29 November 2024

Dear Investor

**Changes to the M&G Sustainable Multi Asset Fund (the “Fund”),
a sub-fund of M&G Investment Funds (4)**

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

I am writing to inform you of changes to the Fund’s sustainability characteristics and to the way we present information included in the Fund’s Investment Objective, Investment Policy, Investment Approach and its Environmental, Social and Governance (“ESG”) criteria in our documentation.

The changes, which will become effective on Friday 14 February 2025 (“the Effective Date”), are being made as a result of a review we have undertaken following the introduction of new regulations by the UK financial services regulator, the Financial Conduct Authority (“FCA”). The Fund will be renamed **M&G Climate Aware Multi Asset Fund**, and we will make changes to its sustainability characteristics consistent with this new name. These characteristics will be detailed within its Prospectus and in a newly introduced Consumer-Facing Disclosure (CFD) document, which is required under the new regulations.

New FCA regulations: Sustainability Disclosure Requirements (“SDR”) and Investment Labels

The SDR rules were published by the FCA in November 2023. These new regulations apply to all investment products with sustainability characteristics and aim to make it easier for investors to understand these products by introducing greater transparency, accountability and comparability. A summary of SDR, and what it means for investors, can be found in the enclosed “Sustainability Disclosure Requirements explained” document, with further details available on the FCA’s website at www.fca.org.uk/consumers/sustainable-investment-labels-greenwashing

As part of SDR, the FCA has introduced sustainable ‘Investment Labels’ (the “Labels”), which are only available for use by funds that have a specific sustainability goal. Although the Fund does have sustainability characteristics, it does not have a sustainability goal, and therefore will be classified as having no label under SDR.

Please note that, as the Fund has always had an overarching climate focus, the changes will not result in any immediate adjustments to its portfolio, and the Fund’s risk profile will remain unchanged.

continued overleaf

What are the changes?

- **Fund name change and amendment to Investment Objective**

Under SDR, UK-domiciled funds that do not have a Label will not be allowed to include the terms 'sustainable', 'impact' (or variations of these) in their fund name or investment objective. In compliance with these rules, we will therefore make the following changes:

- "Climate Aware" will replace "Sustainable" in the Fund's name.
- The Investment Objective will no longer refer to the application of Impact Criteria.

- **Changes to the Fund's sustainability characteristics**

- **Fund exclusions changes**

Exclusions determine what investments the Fund shouldn't hold based on ESG themes.

The exclusion related to nuclear power will be removed. The Fund will also no longer exclude Forward contracts on commodities¹, in line with the remainder of our funds with sustainability characteristics.

We will tighten the Exclusion relating to Oil and Gas Extraction by lowering the revenue thresholds that apply to these exclusions to 0%. Revenue thresholds define the maximum amount of revenue a company may derive from an activity before being excluded.

Government Bonds issued by Governments with a Very Low ranking on the Climate Change Performance Index ("**CCPI**") will be excluded. The CCPI is an independently produced index which ranks Governments for their climate change performance. More information can be found at www.ccpi.org This exclusion is one of the new Climate Aware characteristics.

Government Bonds issued by Governments with a ranking of Tier 5 or below on the Social Progress Index will also be excluded. This index evaluates and ranks governments against a rigorous social progress framework. More information on the index can be found at www.socialprogress.org

We will no longer explicitly list 'Other ESG considerations' but these will be covered as part of the Fund's exclusions or, where relevant, they will form part of the assessment of sustainability risks.

- **Introduction of 'Positive ESG Tilts'**

These will require that:

- the Weighted Average Carbon Intensity ("**WACI**")², (Scope 1 Emissions and Scope 2 Emissions) of directly held securities from corporate issuers must be below that of the MSCI ACWI index. This index is used as a proxy for average global levels of corporate carbon intensity. This means the Fund can invest in companies that are higher or lower carbon intensity than this global average, but must average lower; and

continued

¹ A forward contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Forward contracts are customised and do not trade on public exchanges, but directly between interested parties (over the counter). Commodities are raw materials used to manufacture consumer goods, such as agricultural and energy products and metals.

² Carbon intensity is the measure of a company's carbon emissions and equivalents (ie other greenhouse gases converted to CO2 equivalents for measurement) produced in relation to its product sales. WACI is calculated by aggregating the carbon intensity of the relevant holdings using their percentage weight within the Fund.

- the Weighted Average CCPI Score of Government Bonds held by the Fund must be equivalent to at least a Medium ranking. The Fund can invest in governments that have a Low ranking as long as the average of all Fund Government Bond holdings reaches at least Medium.

Finally, where the Fund currently has a requirement to invest a minimum of 20% of its Net Asset Value in 'positive impact' assets, this will be replaced by a minimum 20% allocation to '**Climate Aware Assets**' such as:

- Climate Solutions companies, which provide goods or services which help to decarbonise the global economy; or
- Environmental Themed Bonds, that use the proceeds raised to achieve specific purposes or have made certain pledges.

For full details of the Fund's sustainability characteristics, please refer to its 'Environmental, Social and Governance Criteria (ESG Criteria)' section within the Fund's Prospectus.

- **Fund documentation changes**

In addition to the name and Investment Objective changes, under SDR, additional information on the Fund's sustainability characteristics must be included in the Fund's Prospectus. These details will therefore be disclosed in a newly introduced "**Environmental, Social and Governance Criteria (ESG Criteria)**" section from the Effective Date.

Accordingly, references to the Fund's sustainability characteristics will be removed from both the **Investment Policy** and the **Investment Approach**, and the Fund's "ESG Criteria and Impact Criteria" document will no longer be produced.

In addition to the above, we have taken this opportunity to make minor changes to the Investment Policy and Investment Approach for consistency purposes.

You can find a full comparison of the Fund's current and updated Investment Objective, Investment Policy and Investment Approach in the Appendix of this letter. A summary of the sustainability disclosures for the changed Fund can be found in the sample "Consumer-Facing Disclosure" (CFD) document enclosed. The new **Environmental, Social and Governance Criteria (ESG Criteria)** section is included in the updated Fund's details within the Prospectus, which is available on our website www.mandg.co.uk/funds

The CFD will be updated and re-published to include sustainability metrics on the Effective Date. This will be available on our website www.mandg.co.uk/funds or upon request from our **Customer Relations** team using the details at the end of this letter.

Making changes to your investment

You may sell your investment in the Fund, or switch to another M&G OEIC fund(s), free of charge, at any point before or after the changes have taken place subject to our Terms and Conditions, which can be found in the Important Information for Investors document available on our website www.mandg.co.uk/literature

continued overleaf

Legal and administrative costs

M&G will pay all costs associated with the implementation of 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** or **0044 1268 44 8031** if calling from overseas. Our team can take your call from (UK time) 08:00 to 18:00, Monday to Friday and 09:00 to 13:00 Saturday. For your security and to improve the quality of our service we may record and monitor telephone calls. Alternatively, you may want to consider registering for our online My Account service at www.myaccount.mandg.com where you can manage your account and contact us by secure message or our chat facility. For alternative ways to get in touch please visit www.mandg.com/contact

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. You can find information on how to access financial advice on our website www.mandg.co.uk/getfinancialadvice

Yours faithfully



Laurence Mumford
Director
M&G Securities Limited

Enc. Appendix 1: Comparison of the current and updated Investment Objective, Investment Policy and Investment Approach for the Fund
SDR Explained document
Sample Consumer-Facing Disclosure for the Fund (excluding sustainability metrics)

Appendix 1:
Comparison of the current and updated Investment Objective, Investment Policy and Investment Approach for the Fund

Existing fund information (as listed in the Fund’s Prospectus until Thursday 13 February 2025)	Updated fund information (to be listed in the Fund’s Prospectus from Friday 14 February 2025)
M&G Sustainable Multi Asset Fund	M&G Climate Aware Multi Asset Fund
<p>Investment Objective</p> <p>The Fund aims to provide a total return (the combination of capital growth and income) of 4 to 8% per annum over any five-year period, net of the Ongoing Charges Figure, while applying ESG Criteria and / or Impact Criteria.</p> <p>There is no guarantee that the Fund will achieve a positive return over five years or any other period and investors may not get back the original amount they invested;</p>	<p>Investment Objective</p> <p>The Fund aims to provide a total return (capital growth plus income) of 4% to 8% per annum over any five-year period, net of the Ongoing Charges Figure, while applying ESG Criteria, including Climate Aware Criteria.</p> <p>There is no guarantee that the Fund will achieve a positive return over five years or any other period and investors may not get back the original amount they invested.</p>
<p>Investment Policy</p> <p>The Fund is a multi-asset fund that typically invests directly across a range of asset classes, including equities, fixed income securities, convertibles, cash and near cash. Exposure to these assets may also be gained indirectly, via collective investment schemes (including funds managed by M&G) or derivatives. The Fund may also invest indirectly in other asset classes such as property and gold.</p> <p>The Fund will typically invest 20-60% of its assets in equities and convertibles, 20-80% in fixed income securities or cash, and up to 20% in other assets. These allocations reflect the net exposure of the portfolio.</p> <p>The Fund invests in assets that meet the ESG Criteria and/ or Impact Criteria. This is achieved through the use of M&G’s proprietary analysis and/or third party ESG information. Typically, the Fund holds 20%-60% of its Net Asset Value in positive impact assets. It always holds at least 20% of its Net Asset Value in positive impact assets.</p> <p>The following types of exclusions apply to the Fund’s direct investments:</p> <ul style="list-style-type: none"> • Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption. • Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the Fund’s sector-based and/or values-based criteria. 	<p>Investment Policy</p> <p>The Fund invests globally across a range of asset classes, including equities and equity-related securities, fixed income securities, cash and near cash. Exposure to these assets is typically gained directly, but may also be gained indirectly, via collective investment schemes (including funds managed by M&G) or derivatives. The Fund may also invest indirectly in other asset classes such as property and gold.</p> <p>The Fund will typically invest 20%-60% of its assets in equities and equity-related instruments and 20%-80% in fixed income securities or cash. These allocations reflect the net exposure of the portfolio.</p> <p>The currency exposure of the Fund will be actively managed, seeking to enhance returns, with a minimum of 70% of the Fund exposed to sterling.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>

<ul style="list-style-type: none"> • Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and/or Impact Criteria. <p>References to “assessed” above mean assessment in accordance with the ESG Criteria and Impact Criteria document as referenced in the ESG Information section below. Further information on the exclusions applicable to the Fund can be found in this document.</p> <p>Collective investment schemes and derivatives may be subject to different ESG Criteria and/or Impact Criteria than securities held directly. The fund manager will assess the suitability of such instruments relative to the Fund’s investment objective. If a derivative does not satisfy the ESG Criteria and/or Impact Criteria, the Fund may only invest via the instrument to take advantage of short-term market movements and to hedge currency exposures. It may also not be practicable to perform ESG analysis on cash and near cash to the same standards as other securities held directly.</p> <p>The currency exposure of the Fund will be actively managed, seeking to enhance returns, with a minimum of 70% of the fund exposed to sterling.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>	
<p>Investment Approach</p> <p>The Fund’s approach to sustainable investment is through flexible asset allocation, whilst investing in securities issued by companies or governments that uphold high standards of environmental, social and governance behaviour as set out in the ESG Criteria. In addition, the Fund maintains a core holding of assets that have a positive societal impact through addressing the world’s major social and environmental challenges as set out in the Impact Criteria.</p> <p>The fund manager has a flexible top-down approach to the allocation of capital between different types of assets in response to changes in economic conditions and asset values. This approach combines in-depth research to work out the value of assets over the medium to long term, with analysis of market reactions to events to identify investment opportunities. In particular, the fund manager seeks to respond when asset prices move away from a reasonable sense of 'fair' long-term value due to market reactions to events.</p> <p>The Fund seeks to manage risk by investing globally across multiple asset classes, sectors, currencies and countries.</p> <p>The Fund’s annualised volatility is expected to be between 4% and 7%, over any five-year period.</p>	<p>Investment Approach</p> <p>The fund manager has a flexible top-down approach to the allocation of capital between different types of assets in response to changes in economic conditions and asset values. This approach combines in-depth research to work out the value of assets over the medium to long term, with analysis of market reactions to events to identify investment opportunities. In particular, the fund manager seeks to respond when asset prices move away from a reasonable sense of 'fair' long-term value due to market reactions to events.</p> <p>The Fund seeks to manage risk by investing globally across multiple asset classes, sectors, currencies and countries. The Fund’s annualised volatility is expected to be between 4% and 7%, over any five-year period.</p>

Sustainability Disclosure Requirements explained

We've created this overview of the Financial Conduct Authority's Sustainability Disclosure Requirements, to help you understand these new regulatory rules.

What are Sustainability Disclosure Requirements (SDR)

In November 2023 the Financial Conduct Authority (FCA) published its Policy Statement on SDR and Investment Labels. These new regulations apply to all investment products with sustainability characteristics and aim to make it easier for investors to understand these products by introducing greater transparency, accountability and comparability. All UK FCA-regulated financial firms and their UK-based products marketed in the UK must disclose information regarding their environmental, social, and governance (ESG) performance.

The five measures of SDR

SDR consists of five main measures to help consumers navigate the market for sustainable investment products.

1. Anti-greenwashing rule

The anti-greenwashing rule looks to ensure that any sustainability-related claim, including but not limited to, 'statements, assertions, strategies, targets, policies, information and images' must be 'fair, clear and not misleading'. According to the FCA, examples include misusing images of rainforests and featuring ESG ratings without context. The rule is effective for all firms under its scope as of 31 May 2024.

2. Investment labels

Funds with sustainability goals are allowed to apply labels to help investors understand their key features.

- **Sustainability Focus:** Investment products that 'aim to invest in assets that are environmentally and/or socially sustainable'.
- **Sustainability Improvers:** Investment products that 'aim to invest in assets that have the potential to improve environmental and/or social sustainability over time'.

- **Sustainability Impact:** Investment products that 'aim to achieve a pre-defined positive measurable impact to an environmental and/or social outcome'.
- **Sustainability Mixed Goals:** Investment products that include a mix of assets that 'are already sustainable, have the potential to improve their sustainability over time, and/or aim to achieve a positive impact'.

As of 31 July 2024, firms can use these labels with accompanying disclosures and statements.

3. Naming and marketing rules

These rules seek to ensure that sustainability-related terms are used appropriately. Use of these terms is restricted to funds which actually have the relevant sustainability features. These funds will be required to explain their features appropriately, even if they don't use a label.

However, certain terms ('sustainable', 'sustainability' and 'impact') will not be permitted in fund names unless the fund has the relevant labels.

4. Disclosures

Funds with sustainability characteristics will update their literature to meet the new rules during the course of 2024-2025. This will mean changes to their prospectuses and the introduction of a new document, the 'Consumer-Facing Disclosure', even for funds that do not have a label.

Between 31 July 2024 and 2 April 2025, firms will need to start publishing consumer-facing and detailed product-level disclosures.

5. Distributors

The FCA highlights the role of financial advisers in facilitating easy access to sustainability-related information for consumers throughout their investment journey.

Financial advisers will distribute additional information to their customers during the course of 2024-2025.


Who does SDR apply to?

SDR currently applies to investment products offered in the UK by most types of asset managers and distributors.

SDR will look to improve the consumer investment journey by refining the way products are labelled and marketed so that investors can better match their sustainability priorities with investment choices.

For further information or assistance with SDR, please speak to your financial adviser.

The value of a fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise and you may get back less than you originally invested. The views expressed in this document should not be taken as a recommendation, advice, or forecast.

If you don't have an adviser, we can help you find one at [mandg.co.uk/getfinancialadvice](https://www.mandg.co.uk/getfinancialadvice) or call unbiased on **0800 011 9671**. 



Consumer-Facing Disclosure

M&G Climate Aware Multi Asset Fund

a sub-fund of M&G Investment Funds (4), managed by M&G Securities Limited

LEI Identifier 5493004JH8VRBPCP8118

This Consumer-Facing Disclosure with sustainability metrics will be re-published on the 14 February 2025.

Investment objective

The fund aims to provide a total return (capital growth plus income) of 4% to 8% per annum over any five-year period, net of the ongoing charges figure, while applying ESG Criteria, including Climate Aware Criteria.

There is no guarantee that the fund will achieve a positive return over five years or any other period and investors may not get back the original amount they invested.

Sustainability approach

The fund applies ESG Criteria which is a framework the fund manager uses to assess the environmental, social and governance credentials of investments. This framework includes an assessment of the climate aware credentials of investments (Climate Aware Criteria).

As a result of applying the criteria above, the fund manager invests at least 70% of the fund's assets in Climate Aware Assets, which are assets that are assessed against the Climate Aware Criteria.

Up to 30% of the fund may be held in other assets, which are assets where it is not feasible to apply Climate Aware Criteria. This includes cash deposits, indirect exposures such as derivatives, and holdings in other funds.

The ESG Criteria, including Climate Aware Criteria, are as follows:



Exclusionary Approach

The fund limits the harm to the environment (including climate change) and society by not holding certain types of investments, which is called 'negative screening'. This results in a reduced investment universe, to which the following criteria are applied. Further details on fund exclusions can be seen overleaf.



Positive Tilt on Corporate Weighted Average Carbon Intensity (WACI) on Climate Aware Assets

WACI is an environmental score and measures carbon-intensity, expressed in tonnes CO2 per £m sales. WACI allows comparison across different companies, funds and benchmarks. More carbon intensive companies have a higher number so the lower the number the better.

Having a 'positive tilt' means that the WACI (Scope 1 Emissions and Scope 2 Emissions*) of directly held investments from companies must be lower than the global economy (represented by the MSCI ACWI index). Therefore, companies held in the fund, on average, will generate lower greenhouse gas emissions per relevant unit of activity than companies globally.



Positive Tilt on Government Climate Change Performance Index (CCPI) on Climate Aware Assets

The CCPI uses a standardised framework to compare the climate performance of countries. This is an environmental score M&G uses to assess government bonds. Countries are ranked from very low to high.

The Weighted Average CCPI Score of government bonds held by the fund must be equivalent to at least a medium ranking. The fund can invest in governments that have a low ranking as long as the average is at least medium. This means that the average of all government bonds held in the fund needs to meet a certain standard of climate change performance.



Climate Solutions and Environmental Themed Bonds – Climate Aware Assets

At least 20% of Net Asset Value (NAV) is held in companies that provide goods or services which help to decarbonise the global economy (Climate Solutions) or bonds raised to achieve specific purposes or pledges (Environmental Themed Bonds), which are both beneficial for the environment.

Sustainability labels

This product does not have a UK sustainable investment label.

Sustainable investment labels help investors find products that have a specific sustainability goal. This product does not have a specific sustainability goal, therefore it does not use a label.

*Scope 1 Emissions refer to greenhouse gas emissions from sources a company owns or controls directly. For example, burning fuel in its fleet of vehicles.

Scope 2 Emissions refer to greenhouse gas emissions equivalent that a company causes indirectly and come from where the energy it purchases and uses is produced. For example, the emissions from generating the electricity to power its buildings.

Exclusionary approach

The fund manager uses negative screening to avoid investing in companies that harm the environment (including climate change) and society. These screens typically use third party data vendors such as MSCI and Bloomberg. This system is supplemented by the fund manager's sustainability research process, which may result in exceptions against such monitoring, as described in the Prospectus.

Environmental		Social				Governance	
 Thermal Coal Extraction 0%	 Oil and Gas Extraction 0%*	 Controversial Weapons 0%	 Defence and Other Weapons 5%	 Tobacco 0% Producers 10% Distributors	 Social Progress Index Tier 5 or below†	 Sovereign Good Governance Countries with non-cooperative tax regimes, subject to sanctions, politically unstable or corrupt.	 Corporate Good Governance Companies that breach Global Norms which won't be rectified by engagement. Assessment guided by international standards.
 Carbon intensive power generation 5%*	 Climate Change Performance Index (CCPI) Very Low ranking	 Alcohol for Consumption 0% Producers	 Adult Entertainment 0% Producing, Directing or Publishing	 Gambling 0% Providers			

† Government Bonds issued by Governments with a ranking of Tier 5 or below on the Social Progress Index are excluded. This is an index prepared by The Social Progress Imperative (non-profit organisation), which evaluates and ranks governments against a rigorous framework. For more information please visit www.socialprogress.org

* All percentages stated are the maximum revenue threshold that a company is permitted to have to the excluded activity. This means we may consider a company which exceeds this revenue threshold for investment where it has been assessed and determined not to cause significant environmental or social harm.

Sustainability metrics

The fund will report on the following Key Performance Indicators (KPIs) to demonstrate to investors whether it has met the commitments made in respect of the criteria. Sustainability metrics will be published on the 14 February 2025 (the effective date of the changes).

Sustainability Metric (KPI)	Explanation	Outcome as at 31 December 2024
 % of the fund's NAV held in excluded investments	To meet the criteria, the value of this metric needs to be 0% .	Not currently available
 The difference in Corporate WACI between Climate Aware Corporate Assets of the fund and the global economy (represented by the MSCI ACWI index)	To meet the criteria, the value of Corporate WACI for the fund needs to be lower than the index .	Not currently available
 Weighted average CCPI score of the Climate Aware government bonds held by the fund	To meet the criteria, the value of this metric needs to be at least a medium ranking .	Not currently available
 % of the fund's NAV held in Climate Solutions and Environmental Themed Bonds	To meet the criteria, the value of this metric needs to be at least 20% .	Not currently available
 % of the fund's NAV held in Climate Aware Assets	To meet the criteria, the value of this metric needs to be at least 70% .	Not currently available

More information

For more information on the sustainability and non-sustainability features of the fund, please visit www.mandg.co.uk/funds where you will find a copy of the fund's Prospectus, Instrument of Incorporation and the latest annual or interim Investment Report and Financial Statements. Please also refer to the fund's UK Key Investor Information Document (KIID) and glossary applicable to the share class you are considering investing in or obtain this through your financial adviser. Please note that financial terms such as costs and charges vary between share classes so it is important to be careful to read the correct KIID. The fund manager's sustainability reports will be published once available.

This Fund is authorised in the UK and regulated by the Financial Conduct Authority. M&G Securities Limited is authorised in the UK and regulated by the Financial Conduct Authority.