



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action to be taken or require further information, please do not hesitate to contact our **Customer Services** team by email at csmndg@rbc.com or by telephone on **+352 2605 9944**.

We are open from 09:00 to 18:00 CET Monday to Friday. For security and to improve the quality of our service we may record and monitor telephone calls.

INFORMATION AND NOTICE OF MEETING TO SHAREHOLDERS

(INCORPORATING THE COMMON DRAFT TERMS OF THE MERGER)

in relation to the proposed scheme of arrangement for the merger of

M&G GLOBAL LEADERS FUND

(a sub-fund of M&G Investment Funds (1), a UK authorised Open-Ended Investment Company)

into the

M&G GLOBAL THEMES FUND

(a sub-fund of M&G Investment Funds (1), a UK authorised Open-Ended Investment Company)

Dated: Tuesday 20 March 2018

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Key dates

Action	Date
Qualification Date for Shareholders	Tuesday 13 March 2018
Documentation dispatched to Shareholders	Tuesday 20 March 2018
Voting Form(s) to be returned by	11:00 CET on Wednesday 18 April 2018
Extraordinary General Meeting	11:00 CET on Friday 20 April 2018
Results of EGM available by phone	16:00 CET on Friday 20 April 2018
Subject to the approval of investors at the Meeting on Friday 20 April 2018:	
Suspension of dealing in Shares of the Merging Fund and deadline for receipt of redemption and switch requests	11:30 CET on Thursday 24 May 2018
Valuations used for the purpose of the merger	from 13:00 CET on Friday 25 May 2018
Effective Date of the merger	Friday 25 May 2018
First day of dealing in New Shares	Tuesday 29 May 2018
Dispatch confirmation of number of New Shares	No later than Friday 8 June 2018
The Depositary Report available	As soon as practicable after the Effective Date
Final distribution payment for Existing Shares	Wednesday 25 July 2018

*

Letter to Shareholders

To the Shareholders of the M&G Global Leaders Fund

20 March 2018

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

Dear Shareholder,

Information for Shareholders in M&G Global Leaders Fund (the “Merging Fund”), a sub-fund of M&G Investment Funds (1) (the “Company”)

I am writing to you as a Shareholder in the M&G Global Leaders Fund to tell you about our plans to merge the M&G Global Leaders Fund into the M&G Global Themes Fund (the “Receiving Fund”).

The terms used in this document are defined in the Glossary which can be found at the end of the document.

Background to and reasons for the Merger

In November 2017, the fund manager of the M&G Global Leaders Fund, Aled Smith, informed M&G of his decision to leave the company. This prompted a thorough review of the Fund, which included determining who would be best placed to manage it after Aled leaves in May 2018.

The conclusion reached, was that Jamie Horvat, manager of the M&G Global Themes Fund* would be best placed to manage the M&G Global Leaders Fund going forward.

Jamie Horvat, an experienced global fund manager, began his investment career in 1999. He joined M&G in December 2013 and became lead manager of the M&G Global Themes Fund in December 2015. His investment philosophy, process and style have many similarities with those of Aled Smith’s.

The review also highlighted that the M&G Global Leaders Fund has similar characteristics to the M&G Global Themes Fund in that they both:

- Aim to (maximise/deliver) income and capital growth over five years or more
- Invest in a wide range of companies from anywhere in the world
- Have similar diversification in terms of number of holdings and market capitalisation tiers
- Have similar risk characteristics
- Have the same performance comparator – the MSCI ACWI Index

We believe that it is potentially confusing for investors to have two funds with very similar mandates managed by the same manager, which would be the case if the proposed merger is not approved. In addition, with the remit of the M&G Global Themes Fund recently broadened, the funds’ portfolio construction and holdings would likely converge over time. Therefore, we have concluded that it would be in the best interests of investors for the two funds to merge. By putting the proposed merger to a shareholder vote, investors are given the opportunity to evaluate their options and vote accordingly.

*The M&G Global Themes Fund changed its name from the M&G Global Basics Fund on 17 November 2017

Your vote is required

The proposed merger requires the approval of M&G Global Leaders Fund Shareholders. This is done via a Shareholder vote using what is known as an “Extraordinary Resolution” (the written proposal) at a meeting of Shareholders (the “Meeting”). Shareholders do not, however, need to attend the Meeting unless they wish to and can vote using the Proxy Voting Forms supplied. For more details on the Shares that you hold (including the specific share class) please contact the Customer Services Team using the details provided on page 1.

For the Merger to be passed, an Extraordinary Resolution requires a majority in favour of not less than 75% of the total number of votes cast, so it is important that you exercise your right to vote.

Before you make your decision, we recommend that you read the rest of this Circular, and in particular Appendix 1, as this contains important information about the differences between the Merging Fund and the Receiving Fund, and how the merger will impact you.

In the event that the Merger is not approved by Shareholders, the Merging Fund will continue to be managed in line with its current investment objective and policy and Jamie Horvat will be appointed as its fund manager. He will then manage the Merging Fund alongside the Receiving Fund.

Further information in this document

Details of the consents and clearances for the merger are set out in Appendix 3. The procedure for the Meeting is set out in Appendix 4.

The Extraordinary Resolution to enable the merger to go ahead is set out in the Notice of a Meeting of Shareholders in Appendix 5. If approved, the merger will take place on Friday 25 May 2018 and will be binding on all Shareholders in the Merging Fund at the Effective Date (whether or not they voted in favour of it, or voted at all).

Details of the outcome of the Meeting will be available from 16:00 CET on Friday 20 April 2018 by contacting our **Customer Services** team by email at csmndg@rbc.com or by telephone on **+352 2605 9944**. We are open from 09:00 to 18:00 CET Monday to Friday. For security and to improve the quality of our service we may record and monitor telephone calls.

We encourage you to vote in favour of the Merger as we believe that the Merger is in your best interests.

Please complete and return the enclosed Voting Form(s) in the pre-paid envelope provided to The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW to reach us no later than 11:00 CET on Wednesday 18 April 2018.

Comparison of the funds

Whilst the Merging Fund and the Receiving Fund have similar characteristics as noted above, there are differences which are set out below.

Investment objectives and policies

As noted above the funds are similar in many ways, however, from their objectives and policies as stated in the Prospectus there appears to be several differences. This is in part due to a recent change and restating of the Receiving Fund's investment objective and policy which removed certain restrictions, on companies the Fund can hold, but also gave investors further information about the policy and strategy of the Receiving Fund.

Both funds aim to maximise total return (a combination of income and capital growth) over the long term with the Receiving Fund's objective referring to a more specific time period of 5 years. The Receiving Fund also includes a performance comparator, the MSCI ACWI index. While not stated in the Merging Fund's objective, the Merging Fund uses the same time period and performance comparator.

The Merging Fund invests a minimum of 70% of shares of companies from anywhere in the world, while the minimum for the Receiving Fund is 80%. Both funds invest globally, including a broadly similar allocation to emerging markets, but only the Receiving Fund's investment policy highlights that the fund can invest in emerging markets.

The Receiving Fund's policy also makes clear that, to the extent that it is not invested in global equities, it may also invest in collective investment schemes, other transferable securities, hold cash and use derivatives for efficient portfolio management.

The main difference between the two funds is how investments are selected. The fund manager of the Merging Fund invests in companies that he believes to be leading in their field, or have the potential to be leading in their field, in terms of improving profitability. Importantly, these are stocks where the fund manager believes their prospects are undervalued by the market. The fund manager selects stocks based on in-depth analysis of companies, and is not influenced by views on countries or industries.

The fund manager of the Receiving Fund invests in companies which he believes are positioned to benefit from structural trends in the global economy. The investment process involves the identification of 'themes' arising from changes within economies, industries and societies that happen over time and finding companies that can take advantage of them. Themes are identified through the analysis of global macroeconomics, demographics, government policies and spending, and technological innovation, among other considerations. The fund manager then selects stocks that can benefit from these themes on the basis of the companies' quality, growth prospects and valuation.

Risks

There is no material difference between the overall risk profiles of each fund and the Synthetic Risk Reward Indicator (SRRI) is currently the same for each corresponding Share Class (although the SRRI may change over time).

Both funds are subject to similar material risks.

Charges

The rate of initial charges and annual management charges for each class and type of Share is the same in each fund.

In both funds, charges are taken from the income of the Accumulation Share Classes and from the capital of the Income Share Classes.

Investment reports and income payment dates

Annual and half-yearly investment reports in respect of the Receiving Fund will be published at the same times of the year to those currently applicable to the Merging Fund.

The Merging Fund has twice yearly income payment dates whereas the Receiving Fund only makes an annual distribution. This means that you will no longer receive an interim income payment or accumulation allocation (if one arises) on or before Monday 30 April but instead will only receive one payment or allocation on or before Wednesday 31 October.

For detailed comparisons of the main features of the Merging Fund and the Receiving Fund, please refer to Appendix 1. A copy of the Key Investor Information Document (KIID) for the Share Class or Classes you will hold in the Receiving Fund if the merger goes ahead is enclosed and we strongly recommend that you read it.

Details of the Merger

If the Merger is approved, Shareholders will receive New Shares in the Receiving Fund of the same class and type as their Existing Shares in the Merging Fund, in exchange for the transfer of the assets of the Merging Fund to the Receiving Fund on the terms set out in the Scheme in Appendix 2.

New Shares will be issued under the Merger as follows:

You will not pay an initial charge for New Shares obtained as a result of the Scheme. Please also note that you will not have cancellation rights in respect of the New Shares which are issued to you under the Scheme, although under the provisions of the FCA's Conduct of Business Sourcebook, cancellation rights may apply to subsequent purchases of Shares in the Receiving Fund.

After the Merger process has completed, Existing Shares in the Merging Fund will be deemed to have been cancelled and will cease to be of any value. The Merging Fund will then be terminated once all of its liabilities have been discharged.

In order to simplify the Merger process, the interim accounting period will be from Monday 1 January 2018 to the Effective Date, instead of Saturday 30 June 2018. Income accruing to Existing Shares will be allocated as follows:

- For Accumulation Shares, any income available for allocation from the end of the previous accounting period to the Effective Date will be allocated to those Existing Shares and taken into account when calculating the number of New Shares to be issued under the Scheme.
- For Income Shares, any income available for distribution from the end of the previous accounting period to the Effective Date will be distributed to Shareholders two months after the Effective Date expected to be on or before Wednesday 25 July 2018.

Further details of the Merger are contained in the Scheme set out in Appendix 2.

Merger Costs

If Shareholders approve the Merger, we intend to undertake a rebalancing of the Merging Fund's portfolio in order to bring it in line with the strategy of the Receiving Fund. Rebalancing will commence after the date of the EGM and may not be concluded prior to the Merger date. M&G will cover any rebalancing costs and will also cover any ancillary expenses associated with the Merger, such as legal costs.

Please note that M&G will not, however, be responsible for, or pay, any investor's personal tax liability that results from the merger.

Taxation

It is not anticipated that UK stamp duty or equivalent overseas taxes should be payable in respect of the transfer of the property of the Merging Fund to the Receiving Fund as part of the Merger. If any UK or other taxes or duties are, however, incurred as a result of the Merger, they will be paid by the ACD unless they would have ordinarily been borne by the Fund (e.g. income or capital gains tax on disposal of property).

Details of the tax clearances which have been obtained are set out in Appendix 3.

Non-UK resident investors

The tax consequences of the merger will vary depending on the law and regulations of your country of residence, citizenship or domicile. In particular, for Shareholders in some jurisdictions, a merger may be treated as involving a disposal of their Existing Shares under their domestic law, potentially triggering a tax liability. If you are in any doubt about your potential liability to tax, you should consult a tax adviser.

Managing your M&G investment

Dealing in Shares Before the Merger

If you do not wish to participate in the Merger, you may sell your Existing Shares in the Merging Fund until 11:30 CET on Thursday 24 May 2018.

You may also switch to another fund within the M&G range. We will not make a charge for selling your Existing Shares or switching into another fund.

Any requests to buy or sell Shares in the Merging Fund received by 11:30 CET on Thursday 24 May 2018 will be dealt with as normal. However, requests received after this time will be deemed to apply to the New Shares in the Receiving Fund issued following the Merger and will therefore be carried over until the next valuation point of the Receiving Fund, which will be 13:00 CET on Tuesday 29 May 2018. Please refer to the "After the Merger" section below for details on how to deal in New Shares in the Receiving Fund.

Please note that where Existing Shares are held directly, a redemption or switch will be treated as a disposal of Shares for tax purposes and you may be liable to capital gains tax on any gains arising from the redemption or switch of your Shares.

In the unlikely event that the merger process is delayed, the ACD reserves the right (subject to the agreement of the Depositary and notifying the FCA) to suspend dealing in the Merging Fund. The ACD has a duty to ensure that the Receiving Fund is correctly valued for the purpose of dealing, and so will not recommence dealing until satisfied in this respect.

Dealing in Shares After the Merger

Should the merger be approved, it will take place on Friday 25 May 2018 and will be binding on all Shareholders in the Merging Fund at the Effective Date (whether or not they voted in favour of it, or voted at all).

Dealing in New Shares is expected to commence at 09:00 CET Tuesday 29 May 2018, being the first business day following the Effective Date of the Merger. We will notify you of the number and class of New Shares issued to you within 14 days following the Effective Date. You may send us instructions to deal in your New Shares before you receive notification confirming the allocation of New Shares to you, however, any instructions for the Receiving Fund received on or before 11:30 CET on Friday 25 May will be carried out at the valuation point on Tuesday 29 May 2018.

Any subscriptions to the Receiving Fund will need to refer to the New Shares' ISIN Codes provided in Appendix 1 and paid into the Receiving Fund's respective subscription bank accounts. Details of these accounts can be found in Appendix 2.

The procedures for buying and selling New Shares in the Receiving Fund are otherwise the same as those for your Existing Shares in the Merging Fund.

You will also be able to switch from and to Share Classes within the M&G OEIC Fund Range which are denominated in the same currency, and the process for switching will remain unchanged from that applicable to Existing Shares. Details can be found in the Receiving Fund's prospectus.

Mandates and other instructions

Any mandates (other than Direct Debits) or other instructions which you have given in relation to your Existing Shares will automatically apply to the New Shares issued to you following the Merger, unless you are already a shareholder in the Receiving Fund, in which case those instructions will take precedence. If you do not want these mandates to be carried forward, please let us know. You may, of course, change these mandates or instructions at any time.

Direct debits

For Shareholders investing in the Merging Fund by Direct Debit, your Direct Debit collection date will remain unchanged. If you are already acquiring Shares by Direct Debit in both the Merging Fund and the Receiving Fund, the amounts of such instructions will be combined to acquire Shares in the Receiving Fund. Further acquisitions may be stopped at any time by giving notice to your bank and M&G.

Client Reference Numbers

Your client reference number will remain the same. You will need to quote your client reference number when communicating with M&G.

Action to be taken

We believe that the proposed Merger is in the best interests of Shareholders, and we encourage you to vote in support.

To be passed, the Extraordinary Resolution requires a majority in favour of not less than 75% of the total number of votes cast, so it is important that you exercise your right to vote.

Before you make your decision, we recommend that you read the rest of this Circular, and in particular Appendix 1, as this contains important information about the differences between the Merging Fund and the Receiving Fund, and how the Merger will impact you.

A Voting Form is enclosed for your use.

Please complete and return the enclosed Voting Form(s) in the envelope provided to The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW to reach us no later than 11:00 CET on Wednesday 18 April 2018.

Completion of a Voting Form will not prevent you attending and voting at the Meeting, in person. In these circumstances, your Voting Form(s) will be set aside and you should, if you wish, cast your votes when the poll is taken.

If, having completed and returned a Voting Form, you sell any of your Existing Shares to which the Form relates before the Meeting of Shareholders, then in respect of those Shares, the Voting Form will not be counted and you will not be able to vote in respect of those Shares at the Meeting.

Further information relating to the Merger

The following documents are available for inspection at the offices of M&G's Registered Address during normal office hours on any Business Day from the date of this Circular, up to and including on, the Effective Date, including on the day of the Meetings or up to and including the date of any adjourned Meeting:

- the Constituting Documents of each of the Merging Fund and the Receiving Fund;
- the Prospectuses of each of the Merging Fund and the Receiving Fund;
- the Key Investor Information Documents (KIIDs) relating to the Receiving Fund;
- the latest annual or semi-annual report of the Merging Fund;
- the main relevant FCA Regulations.

Alternatively, the documents prepared by M&G for the purpose of the Merger can be obtained, free of charge, by contacting our Customer Services Team using the details provided on page 1.

In addition, following the merger, the Depositary's Report will be available on request by contacting our Customer Services Team.

For more information

If you are in any doubt as to the action to be taken or require further information, please do not hesitate to contact our **Customer Services** team by email at csmndg@cbc.com or by telephone **+352 2605 9944**. We are open from 09:00 to 18:00 CET Monday to Friday. For security and to improve the quality of our service we may record and monitor telephone calls.

Yours faithfully



Jonathan Willcocks
Global Head of Distribution
M&G Securities Limited

Appendix 1

COMPARISON OF THE MAIN FEATURES OF THE MERGING FUND AND THE RECEIVING FUND

For further details of the Receiving Fund, please see the enclosed Key Investor Information Document

The table below shows a comparison of the Existing Shares and their corresponding New Shares, including the applicable initial charges, redemption charges, AMC and OCF. The information is based on published figures as at 31 January 2018. Other than the information stated in the table below, including share class features (such as minimum investment amounts, charges allocation policy, etc.) product features will be identical.

	Merging Fund	Receiving Fund		
Name	M&G Global Leaders Fund	M&G Global Themes Fund		
Investment objective and policy	The objective of the fund is to maximise long term total return (the combination of income and growth of capital). The fund invests in a wide range of global equities issued by companies that the fund manager considers to be, or have the potential to be, leading in their field in terms of improving shareholder value.	The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the MSCI ACWI Index over any five-year period. The Fund will invest at least 80% of its Net Asset Value in the equity securities of companies across any sectors and market capitalisations that are domiciled in any country, including emerging markets. The Fund may also invest in collective investment schemes, other transferable securities and may hold cash for liquidity purposes. Derivatives may be used for efficient portfolio management.		
Type of fund	UCITS	UCITS		
Share classes and charges				
Share Class	ISIN	AMC	OCF	Share Class
Sterling Class A Accumulation Shares	GB0030934383	1.5%	1.67%	Sterling Class A Accumulation Shares
Sterling Class A Income Shares	GB0030934276	1.5%	1.67%	Sterling Class A Income Shares
Sterling Class I Accumulation Shares	GB00B4Q4H572	0.75%	0.92%	Sterling Class I Accumulation Shares
Sterling Class I Income Shares	GB00B7JN9L25	0.75%	0.92%	Sterling Class I Income Shares
Sterling Class R Accumulation Shares	GB00B3N2FJ77	1%	1.17%	Sterling Class R Accumulation Shares
Sterling Class R Income Shares	GB00B7FQJV57	1%	1.17%	Sterling Class R Income Shares
Sterling Class X Accumulation Shares	GB0031953895	1.5%	1.67%	Sterling Class X Accumulation Shares
Sterling Class X Income Shares	GB0031953788	1.5%	1.67%	Sterling Class X Income Shares
Euro Class A Accumulation Shares	GB0030934490	1.75%	1.92%	Euro Class A Accumulation Shares
Euro Class C Accumulation Shares	GB0030934508	0.75%	0.92%	Euro Class C Accumulation Shares
USD Class A Accumulation Shares	GB00B1RXYW84	1.75%	1.92%	USD Class A Accumulation Shares
USD Class C Accumulation Shares	GB00B1RXYX91	0.75%	0.92%	USD Class C Accumulation Shares

	Merging Fund		Receiving Fund				
	M&G Global Leaders Fund		M&G Global Themes Fund				
Initial Charges	Sterling Class A, I, R, X Euro and USD Class A Euro and USD Class C	Nil 5.25% 3.25%	Sterling Class A, I, R, X Euro and USD Class A Euro and USD Class C			Nil 5.25% 3.25%	
Redemption charge	Not applicable		Not applicable				
Synthetic Risk Reward Indicator as at 31 Jan 2018	5		5				
Number of Holdings as at 31 Jan 2018	65		68				
Annual accounting dates	31 August		31 August				
Annual and interim reports issued by:	On or before 31 December (annual) On or before 30 April (interim)		On or before 31 December (annual) On or before 30 April (interim)				
Income allocation dates	On or before 31 December (Final) 30 June (Interim)		On or before 31 December				
Size of funds as at 31 Jan 2018	£477,822,647		£2,071,273,592				
Past Performance	from to	01.01.2017 31.12.2017	01.01.2016 31.12.2016	01.01.2015 31.12.2015	01.01.2014 31.12.2014	01.01.2013 31.12.2013	
	M&G Global Leaders Fund M&G Global Themes Fund	11.1% 15.1%	29.0% 31.9%	4.1% -2.9%	1.0% -0.1%	25.0% 3.1%	
	<ul style="list-style-type: none"> • Past performance is not a guide to future performance. • Prices may fluctuate and you may not get back your original investment. <p>The latest information on fund performance can be found on our website - www.mandg.com – or can be obtained by contacting our Customer Services team by email at csmandg@cbc.com or by telephone on +352 2605 9944. We are open from 09:00 to 18:00 CET Monday to Friday. For security and to improve the quality of our service we may record and monitor telephone calls.</p>						

Please note that the share classes listed above are not available in every EU Member State.

Appendix 2

Scheme of arrangement for the Merger of the Merging Fund into the Receiving Fund ('the Scheme')

1. Definition and interpretation

- 1.1 The definitions set out in the Glossary apply to this Scheme.
- 1.2 References to paragraphs are to paragraphs of the Scheme set out in this Appendix.
- 1.3 If there is any conflict between the Scheme and the Instrument or Prospectus of the Merging Fund, then the Scheme will prevail. If there is any conflict between the Scheme and the Regulations, then the Regulations will prevail.

2. The proposed Merger

- 2.1 M&G proposes that the Merging Fund be merged into the Receiving Fund as set out in this Appendix.
- 2.2 If the Merger is approved by Shareholders, the ACD shall, in order to facilitate the implementation of the Scheme, thereafter manage the Merging Fund with a view to ensuring that the assets of the Merging Fund shall, immediately prior to the Effective Date, be consistent with the investment objective and policy of the Receiving Fund.

3. Approval of Shareholders

- 3.1 The Merger is conditional upon the passing of an Extraordinary Resolution at a Meeting of Shareholders by which those Shareholders approve the Scheme and authorise and instruct the ACD and the Depositary to implement the Scheme.
- 3.2 If approved, the Merger will be binding on each Shareholder in the Merging Fund, whether or not that Shareholder has voted in favour of it or voted at all, and the Merger will be implemented as set out in the following paragraphs.

4. Suspension of dealings in the Merging Fund

- 4.1 To facilitate implementation of the Merger, dealing in Existing Shares will be suspended at 11:30 CET on Thursday 24 May 2018. Dealing instructions received after 11:30 CET on Thursday 24 May 2018 will not be actioned until the first day of dealing following the Merger.
- 4.2 If you wish to sell Existing Shares, you will need to do so before 11:30 CET on Thursday 24 May 2018 and ensure that a signed written instruction (if applicable) is lodged with M&G prior to the Effective Date.
- 4.3 The Effective Date of the Scheme is expected to be Friday 25 May 2018.

5. Income allocation arrangements

- 5.1 The current accounting period of the Merging Fund will end on the Effective Date.
- 5.2 Income accruing to Accumulation Shares of the Merging Fund in respect of the period from Thursday 1 March 2018 to the Effective Date shall be transferred to the capital account of the Merging Fund and allocated to such Accumulation Shares (being reflected in the price of these Accumulation Shares). The income so allocated shall be included in the Value of that part of the Merging Fund attributable to Accumulation Shares, which is used to calculate the value and number of New Shares to be issued under the Scheme.
- 5.3 Income accruing to Income Shares of the Merging Fund in respect of the period from Thursday 1 March 2018 to the Effective Date shall be allocated to Income Shares and transferred to the distribution account of the Merging Fund. This income will be distributed by the Depositary to Shareholders on or before Wednesday 25 July 2018.

- 5.4 Income to be distributed to holders of Income Shares in the Merging Fund will not be treated as forming part of the Merging Fund Value for the purposes of paragraph 6.
- 5.5 Any distributions in respect of the Merging Fund which are unclaimed six months after the final distribution payment date, together with any unclaimed distributions in respect of previous accounting periods, will be held by the Depositary and will not form part of the scheme property of the Receiving Fund.
- 5.6 However, any distributions which are unclaimed six years from the respective original dates of payment will be transferred by the Depositary (or by any successor as Depositary) to, and will become part of the capital property of, the Receiving Fund.

6. Calculation of the value of the Merging Fund and the Receiving Fund

- 6.1 The Merging Fund Value shall be calculated in accordance with the Instrument on the Effective Date, using the 13:00 CET valuation, excluding the income to be distributed in respect of Income Shares to Shareholders for the current accounting period ending on the Effective Date, but taking into account income allocated to Accumulation Shares.
- 6.2 The Receiving Fund Value shall be calculated in accordance with the Instrument on the Effective Date, using the 13:00 CET valuation.
- 6.3 In the event that the Receiving Fund Value and/or the Merging Fund Value move significantly between 13:00 CET on the Effective Date and the transfer of property and issue of New Shares taking place (see paragraph 7 below) there will be a revaluation.
- 6.4 These values will be used to calculate the number of New Shares to be issued to each Shareholder under paragraph 8.

7. Transfer of property and issue of New Shares in the Receiving Fund

- 7.1 Immediately following the Effective Date, the Depositary will cease to hold the Transferred Property as depositary of the Merging Fund and will instead hold the Transferred Property as scheme property of the Receiving Fund free and discharged from the terms of the Instrument in so far as the terms relate to the Merging Fund. The Depositary will make or ensure the making of any transfers or redesignations which may be necessary as a result of it ceasing to hold the Transferred Property as the depositary of the Merging Fund. The Transferred Property will be full payment for the New Shares issued to Shareholders, who will be treated as exchanging their Existing Shares for New Shares.
- 7.2 Immediately following the Effective Date, M&G will issue New Shares to Shareholders who are registered on the Effective Date as holding Existing Shares in the Merging Fund.
- 7.3 All Existing Shares in the Merging Fund will be cancelled and will cease to be of any value immediately following the Effective Date.

8. Basis for the issue of New Shares

- 8.1 New Shares will be issued to each Shareholder to the value of that Shareholder's individual entitlement to the Merging Fund Value on the Effective Date.
- 8.2 The value entitlement of each Shareholder in the total Value of the Receiving Fund immediately after the merger will be the same as that in the Merging Fund immediately before merger, but prices of Existing Shares and New Shares will not be identical. Therefore, the number of New Shares received will be different from the number of Existing Shares held.
- 8.3 The formula used in calculating a Shareholder's entitlement to New Shares in the Receiving Fund is available on request.
- 8.4 The number of New Shares to be issued to each Shareholder will (if necessary) be rounded up to the nearest one thousandth of a New Share at M&G's expense.
- 8.5 New Shares issued will be 'Group 2' Shares, therefore the first distribution of income is likely to include an element of equalisation which is treated as a return of capital for tax purposes and does not carry a tax credit or deduction of income tax. This does not arise on subsequent distributions.

9. Notification of the New Shares issued under the Scheme

- 9.1 It is intended that M&G will despatch notification of the class, type, and number of New Shares issued to each Shareholder by the close of business 14 days after the Effective Date.
- 9.2 Transfers, redemptions or switches of New Shares issued under the Scheme may be effected from the next business day after the Effective Date.
- 9.3 Account numbers will remain the same and should be quoted when enquiring about an account.

10. Mandates and other instructions in respect of New Shares

- 10.1 Mandates and other instructions to M&G or M&G Securities Limited (such as instructions to reinvest income in an M&G ISA) in force on the Effective Date in respect of Existing Shares and/or any income allocated to those Existing Shares will be deemed to be effective in respect of New Shares in the Receiving Fund issued under the Scheme and/or any income allocated thereafter and in respect of other later acquired Shares in the Receiving Fund, unless the Shareholder is already a holder of Shares in the Receiving Fund, in which case those mandates and instructions (with the exception of any amount of money regularly contributed by Direct Debit instructions) will take precedence. Shareholders may change their mandates or instructions at any time by giving notice in writing to M&G or M&G Securities Limited as appropriate.
- 10.2 Where Shareholders are acquiring Existing Shares in the Merging Fund on a regular basis via Direct Debit through an M&G Savings Plan, M&G ISA, or M&G Junior ISA, the acquisition will in future be in the Receiving Fund. Where Shareholders are acquiring Shares by Direct Debit in both the Merging Fund and the Receiving Fund, the amounts of such instructions will be combined to acquire Shares in the Receiving Fund. Further acquisitions may be stopped at any time by giving notice to your bank and M&G, in the case of an M&G Savings Plan, or M&G Securities Limited, in the case of an M&G ISA or M&G Junior ISA.

11. Termination of the Merging Fund

- 11.1 On the Scheme becoming effective the ACD shall proceed to terminate the Merging Fund in accordance with the Regulations, the prospectus of the Company and the Scheme.
- 11.2 The Retained Amount and any income arising on it shall continue to be held as property of the Merging Fund, and will be used by the Depositary to pay outstanding liabilities of the Merging Fund in accordance with the provisions of the Scheme, the Instrument and the Prospectus of the Company and the Regulations.
- 11.3 If, on completion of the termination, there are any surplus monies remaining in the Merging Fund, they, together with any income arising, shall be transferred to the Receiving Fund. No further issue of New Shares shall be made as a result. The Depositary shall then cease to hold the Retained Amount in its capacity as depositary of the Merging Fund and shall hold it in its capacity as depositary of the Receiving Fund and shall make such transfers and redesignations as may be necessary as a result.
- 11.4 If the Retained Amount and any income arising from it is insufficient to discharge all the liabilities of the Merging Fund, the Depositary will, where permitted under the Regulations, pay the amount of the shortfall out of the scheme property attributable to the Receiving Fund. This will only occur if the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer. Otherwise such shortfall shall be discharged by M&G.
- 11.5 On completion of the termination, M&G and the Depositary will be discharged from all their obligations and liabilities in respect of the Merging Fund, except those arising from any breach of duty before that time. Termination accounts in respect of the Merging Fund will be drawn up and within four months of the termination a copy of the termination accounts and the auditor's report on it will be sent to the FCA and to each person who was a Shareholder immediately before completion of the termination.

12. Charges and Expenses

- 12.1 M&G and the Depositary will continue to receive their usual fees and expenses for being ACD and depositary respectively of the Merging Fund out of the property of the Merging Fund until the Effective Date or, in the case of expenses of the ACD or the Depositary properly incurred in connection with the Scheme on the termination of the Merging Fund, after the Effective Date.
- 12.2 Save as set out in the following paragraphs, all costs and expenses relating to the Merger, including any unexpected realignment costs, will be borne by M&G. These include legal and printing costs, and the costs of preparing and implementing the merger. In the unlikely event of any taxation liability, transfer or re-registration costs arising in the Merging Fund as a result of the Scheme, these costs may be borne by M&G.
- 12.3 M&G shall not levy any initial charge in respect of the New Shares in the Receiving Fund created and issued pursuant to the Scheme. Neither shall M&G levy any redemption charge on cancellation of Existing Shares in the Merging Fund under the Scheme.

13. M&G and the Depositary to rely on the Register and Certificates

M&G and the Depositary shall each be entitled to assume that all information contained in the register of Shareholders on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Shares in the Receiving Fund to be issued and registered pursuant to the Scheme. M&G and the Depositary may each act and rely upon any certificate, opinion, evidence or information furnished to it by the other or by its respective professional advisers or by the auditor of the Merging Fund in connection with the Scheme, and shall not be liable or responsible for any resulting loss.

14. Alterations to the Scheme

- 14.1 M&G and the Depositary, subject to the approval of the FCA, may agree that the Effective Date is to be other than Friday 25 May 2018, in which case such consequential adjustments may be made to the other elements in the timetable of the Scheme as M&G and the Depositary consider appropriate.
- 14.2 There may be circumstances beyond the control of either M&G or the Depositary which mean that it is not possible or practicable to effect the Scheme. In these circumstances, M&G and the Depositary will, with the approval of the FCA, continue to operate the Merging Fund until such time as it is practicable to effect the merger which will be done on the terms of the Scheme with such consequential adjustments to the timetable as M&G and the Depositary consider appropriate.
- 14.3 The terms of the Scheme may be amended as agreed by M&G and the Depositary and approved by the FCA.

15. Additional Information

Please note that you will not have cancellation rights in respect of the New Shares which are issued to you under the Scheme. Under the provisions of The FCA Conduct of Business Sourcebook, cancellation rights may apply to subsequent purchases of Shares.

16. Governing law

The Scheme is governed by, and shall be construed in accordance with, the laws of England and Wales.

Dated: Tuesday 20 March 2018

Appendix 3

Consents and Clearances

The ACD

M&G, as ACD of the Company, confirms that, in its opinion:

- the Scheme is not likely to result in any material prejudice to the Shareholders in any sub-funds remaining in the Company after the implementation of the Scheme;
- the receipt of property under the Scheme by the Receiving Fund is not likely to result in any material prejudice to the interests of Shareholders in M&G Investment Funds (1), is consistent with the objectives of the Receiving Fund, and can be effected without any breach of the Regulations.

The Depositary

National Westminster Bank Plc, as depositary of the Company, has informed M&G by letter that, while expressing no opinion as to the merits of the proposal, which is a matter for the judgement of each investor, and not having been responsible for the preparation of this document it consents to the references made to it in this document in the form and context in which they appear.

The Depositary has verified the contents of the information in this document only to the extent required by Regulation 9 of the UCITS Regulations.

The Depositary will draw up the Depositary's Report as required by Regulation 11 of the UCITS Regulations.

Financial Conduct Authority

The FCA has now determined the proposed Merger for the purposes of regulation 9(9) of the UCITS Regulations and confirms that they authorise the Merger subject to the conditions in regulation 9(8) of the UCITS Regulations being met.

Tax Clearances

United Kingdom:

HM Revenue & Customs has confirmed by letter to Eversheds Sutherland LLP that section 137 of the Taxation of Chargeable Gains Act 1992 should not apply to the Scheme and consequently section 136 of that Act may apply whatever the size of holding. Accordingly, the Scheme should not involve a disposal of Shares in the Merging Fund for the purposes of tax on capital gains.

New Shares in the Receiving Fund will have the same acquisition cost and acquisition date for capital gains tax purposes for each UK Shareholder as their existing Shares which they replace.

HM Revenue & Customs has also given clearance by letter under section 701 of the Income Tax Act 2007 and section 748 of the Corporation Tax Act 2010, that the merger proposal does not create any tax advantages which should be cancelled.

Documents for inspection

The following documents are available for inspection at the offices of M&G at Laurence Pountney Hill, London EC4R 0HH during normal business hours until the date of the Meeting of Shareholders (or up to and including the date of any adjourned Meeting):

1. the instrument of incorporation of the Company and of M&G Investment Funds (1);
2. the current prospectus of the Company and of M&G Investment Funds (1);
3. the following letters referred to above:
 - (a) the letter from the Depositary to the ACD;
 - (b) the letter from the Financial Conduct Authority to Eversheds Sutherland LLP; and
 - (c) the letters from HM Revenue & Customs to Eversheds Sutherland LLP;
4. the Key Investor Information Documents relating to the Merging Fund and the Receiving Fund; and
5. the latest Investment Report and Financial Statements for the Merging Fund and the Receiving Fund

Appendix 4

Procedure for the Meeting of Shareholders

The Merger must be approved by Shareholders

A Meeting of Shareholders will take place at the offices of M&G at Laurence Pountney Hill, London EC4R 0HH on Friday 20 April 2018 at 11:00 CET.

Key Dates

Please refer to page 2 of this document.

The following notes should be read with the Notice of the Meeting of Shareholders set out in Appendix 5.

Extraordinary Resolution and voting

The Notice sets out the resolution to be proposed at the Meeting. The resolution will be proposed as an Extraordinary Resolution, and to be passed it must receive the support of at least 75% of the total number of votes validly cast.

Those persons who hold Existing Shares on the date seven days (which M&G has determined to be a reasonable time in accordance with the Regulations) before the Notice of Meeting was sent out, but excluding persons who are no longer Shareholders at the time of the Meeting, are entitled to vote in respect of those Shares.

In view of the importance of the proposal, voting at the Meeting will be conducted on the basis of a poll ordered by the Chairman of the Meeting, so that the Existing Shares held or represented at the Meeting and in respect of which votes are validly cast will determine the outcome of the vote, and not the number of persons at the Meeting. On a poll, the voting rights attached to each Existing Share are proportional to the value of all Existing Shares in issue seven days before the Notice of the Meeting is deemed to have been served. A Shareholder entitled to more than one vote on a poll need not, if they vote, use all their votes or cast all the votes they use in the same way. For Shares held jointly, where more than one holder votes, only the vote of the person appearing highest in the register of Shareholders can be accepted.

If passed by the requisite majority, the Extraordinary Resolution will be binding on all Shareholders, irrespective of how or whether they voted. If the Extraordinary Resolution relating to the Merger is passed at the Meeting, your Existing Shares will be cancelled following the Effective Date (subject to the terms of the Scheme) and you will become a holder of New Shares without any further notice or action on your part.

Voting instructions – Shareholders investing through the M&G Securities International Nominee Service

Shareholders who hold Shares in the Merging Fund through the M&G Securities International Nominees Service are not entitled to vote themselves. However, they can instruct M&G International Investments Nominees Limited to vote on their behalf by completing the enclosed Voting Form(s).

To be valid, Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR (a reply-paid envelope has been provided for your use) or by courier using the address The M&G Group c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW. Voting Forms must be received no later than 11:00 CET on Wednesday 18 April 2018.

Quorum

If a Quorum (being two Shareholders present in person or by proxy) is not present within a quarter of an hour (which shall be deemed a reasonable time) after the time appointed for the commencement of the Meeting, it will be necessary to adjourn it for at least seven days. In that event, notice will be given of the date, time and place of the adjourned meeting. If a Quorum is not present within a quarter of an hour at the adjourned meeting, one Shareholder entitled to be counted in a quorum present in person or by proxy will constitute a Quorum regardless of the number or value of Existing Shares held by them.

Chairman

The Chairman of the Meeting, and any adjourned meeting, will be nominated in writing by the Depositary.

M&G and Associates

M&G may only be counted in the Quorum and vote at the Meeting (and any adjourned meeting) where it holds Existing Shares on behalf of, or jointly with, another person who, if that person were the sole registered Shareholder, would be entitled to exercise those rights and from whom M&G has received voting instructions.

Associates of M&G are entitled to be counted in the Quorum at the Meeting (and any subsequent adjourned meeting), but may only vote in the same circumstances in which M&G may vote (as set out above).

Appendix 5

Notice of Meeting of Shareholders

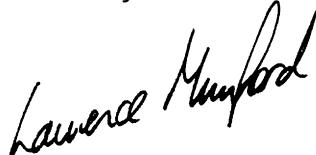
M&G GLOBAL LEADERS FUND

(a sub-fund of M&G Investment Funds (1))

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in M&G Global Leaders Fund will be held at the offices of M&G Securities Limited at Laurence Pountney Hill, London EC4R 0HH on Friday 20 April 2018 at 11:00 CET to consider and vote on the following resolution which will be proposed as an Extraordinary Resolution:

Extraordinary Resolution

THAT the scheme of arrangement (the Scheme) for the merger of the M&G Global Leaders Fund (the Fund), a sub-fund of M&G Investment Funds (1) (the Company) with the M&G Global Themes Fund, a sub-fund of M&G Investment Funds (1), the terms of which are contained in this document dated Tuesday 20 March 2018 and addressed to Shareholders in the Fund, be and is hereby approved, and accordingly that M&G Securities Limited, as Authorised Corporate Director of the Company and of M&G Investment Funds (1), and National Westminster Bank Plc, as depositary of the Company and M&G Investment Funds (1), are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Laurence Mumford
Director for and on behalf of
M&G Securities Limited
(as Authorised Corporate Director of M&G Investment Funds (1))

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

Notes

- (1) To be passed, an Extraordinary Resolution must be carried with not less than 75% of the total votes validly cast in favour at the Meeting.
- (2) A direct Shareholder entitled to attend and vote may appoint a proxy, who need not be another Shareholder, to attend and vote on their behalf. To be valid Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR (a reply-paid envelope has been provided for your use) or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW no later than 11:00 CET on Wednesday 18 April 2018
- (3) For Shares held jointly, where more than one holder votes, only the vote of the person appearing highest in the register of Shareholders can be accepted.
- (4) In the case of a body corporate, or other legal entity, Voting Forms must be validly executed in accordance with the entity's constitution.
- (5) On a poll, votes may be given personally or by proxy, and the voting rights attached to each Share shall be such proportion of the voting rights attached to all of the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue on the date seven days before the Notice of Meeting is sent out.
- (6) A Shareholder entitled to more than one vote need not, if he/ she votes, use all his/ or her votes or cast all his/her votes in the same way. If you wish to vote on the resolution other than with your entire holding, please state for each type of Shares you hold, a percentage (%) or number of Shares with which you are voting For or Against. You may attach an additional letter to disclose this information if required.
- (7) In the event of a Voting Form being signed and returned with no voting intention recorded, the proxy will reserve the right to abstain/cast the votes at his/her discretion.
- (8) The Quorum for the Meeting is two Shareholders present in person or by proxy. To ensure a quorum is present at the Meeting, the Chairman can appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

- (9) In notes above the expression 'Shareholder' means person(s) entered on the register of Shareholders on the date seven days before the Notice concerning the Meeting was sent out, but excluding persons who were known to M&G not to be Shareholders in the fund at the time of the meeting.
- (10) If you wish to attend the Meeting or attend and vote on the resolution put to the Meeting, please notify M&G Securities Limited in writing when you return your completed Voting Form(s).

GLOSSARY

Glossary of terms used in this Circular including the Scheme set out in Appendix 2.

Term	Meaning
ACD	M&G Securities Limited, the Authorised Corporate Director of the Company.
Accumulation Share	a Share in respect of which income is credited periodically to capital rather than distributed to holders thereof pursuant to the Regulations.
Auditor	Ernst & Young LLP, the auditors to the Company.
Company	M&G Investment Funds (1), a UK authorised Open-Ended Investment Company.
Depositary	National Westminster Bank Plc, the depositary of the Company and of M&G Investment Funds (1).
Depositary's Report	the report made by the Depositary in respect of each Merging Fund in accordance with the Regulation 9 of the UCITS Regulations.
Effective Date	the effective date of the Merger, being Friday 25 May 2018, or such other date as may be agreed by the ACD and the FCA.
Existing Share(s)	an Income Share(s) or an Accumulation Share(s), as appropriate, in the Merging Fund, including smaller denomination Shares (being one thousandth of an Existing Share).
Extraordinary Resolution	a resolution proposed at a Meeting of Shareholders which, to be carried, requires a majority of at least 75% of the total number of votes validly cast to be in favour.
FCA	the Financial Conduct Authority.
Regulations	the rules contained in the Collective Investment Schemes sourcebook which forms part of the FCA Handbook of Rules and Guidance as amended or re-enacted from time to time.
Funds	together the Merging Fund and the Receiving Fund.
Income Share	a Share in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the Regulations.
M&G	M&G Securities Limited, the ACD and also the authorised corporate director of M&G Investment Funds (1).
Meeting	the extraordinary general Meeting of Shareholders of the Merging Fund to approve the Scheme, the notice of which is contained in Appendix 5.
Merger	the merger of M&G Global Leaders Fund into M&G Global Themes Fund which is classified as a domestic merger to be carried out by a scheme of arrangement in accordance with Part 4 of the UCITS Regulations and in accordance with the Scheme.
Merging Fund	M&G Global Leaders Fund, a sub-fund of the Company.
Merging Fund Value	the value of the property of the Merging Fund calculated in accordance with its Instrument of Incorporation as at 13:00 CET on the Effective Date adjusted to include any income allocated to Accumulation Shares for the accounting period ending on the Effective Date, less the Retained Amount. In the event that the value of the scheme property of the Merging Fund moves significantly (as judged by the ACD and the Depositary) between 13:00 CET on the Effective Date and the transfer of scheme property and issue of New Shares taking place, the relevant Merging Fund Value will be adjusted accordingly.
New Share	a share of the appropriate type and class in the Receiving Fund to be issued to Shareholders under the Scheme.
OEIC Regulations	the Open-Ended Investment Companies Regulations 2001 (as amended).
Proxy Voting Form(s)	The forms attached with this Circular to allow investors who hold their Shares through the M&G Securities International Nominee Service to provide instructions on how M&G International Investment Nominees Limited should vote on the Extraordinary resolution on their behalf.
Quorum	the minimum number of Shareholders present in person or by proxy required for the Meeting to be valid.
Receiving Fund	M&G Global Themes Fund, a sub-fund of the Company.

Term	Meaning
Receiving Fund Value	the value of the property of the Receiving Fund calculated in accordance with its Instrument of Incorporation as at 13:00 CET on the Effective Date. In the event that the value of the scheme property of the Receiving Fund moves significantly (as judged by the ACD and the Depositary) between 13:00 CET on the Effective Date and the transfer of scheme property and issue of New Shares taking place, the Receiving Fund Value will be adjusted accordingly.
Registered Contact	in relation to the M&G Junior ISA, the only person who may give us instructions to vote on the proposed Merger.
Regulations	together the Regulations, the OEIC Regulations and the UCITS Regulations.
Retained Amount	an amount which is calculated by the ACD (after consultation with the Depositary and the Auditor to be necessary to meet the actual and contingent liabilities of the Merging Fund after its merger, and which is to be retained by the Depositary (as the depositary of the Merging Fund) for the purpose of discharging those liabilities.
Scheme	the scheme of arrangement for the Merger which is set out in Appendix 2 to this document.
Share	a share of the appropriate class and type in the Merging Fund.
Share Class	type of fund shares held by investors in a fund (Share Classes differ by levels of charge and / or by other features such as currency or Share Class hedging).
Shareholder	a shareholder in the Merging Fund.
Transferred Property	the scheme property of the Merging Fund less the Retained Amount.
UCITS	a fund that meets the requirements of the Undertakings for Collective Investments in Transferable Securities Directive.
UCITS Regulations	the Undertakings for Collective Investment in Transferable Securities Regulations 2011.
Voting Form(s)	the forms provided to Shareholders to allow them to vote on the Extraordinary Resolutions at the Meeting.

In addition, where relevant in the context, terms which are defined in the Regulations shall have the same meaning in this document.

M&G Securities Limited is authorised and regulated by the Financial Conduct Authority in the UK and provides investment products. The company's registered office is Laurence Pountney Hill, London EC4R 0HH. Registered in England No. 90776. MAR 18 / 266203_IntEN