

<Name>
<Address 1>
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<County>
<Postcode>
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28 January 2019

Dear <Shareholder name>

Changes to the investment objectives and policies for:

- **M&G Asian Fund, a sub-fund of M&G Investment Funds (1)**
- **M&G European Select Fund, a sub-fund of M&G Investment Funds (1)**
- **M&G Global Convertibles Fund, a sub-fund of M&G Investment Funds (7)**
- **M&G Global Recovery Fund, a sub-fund of M&G Investment Funds (12)**
- **M&G Japan Fund, a sub-fund of M&G Investment Funds (1)**
- **M&G North American Value Fund, a sub-fund of M&G Investment Funds (1)**
- **M&G Recovery Fund, a sub-fund of M&G Investment Funds (3)**
- **M&G UK Select Fund, a sub-fund of M&G Investment Funds (2)**

This letter is for your information only and has been sent to you because you are invested in at least one of the funds affected by the changes. You do not need to take any action, but we recommend that you read it carefully.

I am writing to let you know about changes to some of our funds' investment objectives and policies. The changes, which are listed in the enclosed tables, are intended to clarify what the funds set out to do, and to make it easier for investors to determine whether they have achieved this. **Please note that there will be no change to the way the funds are managed, nor to the types of investments each fund is allowed to hold.**

What are the changes?

Where applicable, each fund's investment objective and policy will be split into a separate investment objective and investment policy.

- **Investment objective changes**

The new investment objectives will clearly and specifically define what each fund aims to deliver for its investors. Each will include a market index as a point of reference against which to assess the fund's performance. You should note that the indices included in each new investment objective are those already being used as performance comparators in information materials such as factsheets.

continued overleaf

- **Investment policy changes**

The investment policies will provide greater detail of the types of assets each fund is permitted to invest in, and the limits within which each fund is managed. Phrases such as “wholly or predominantly” or “mainly” will be replaced by the specific amounts they describe.

- **Investment approach changes**

In addition to the changes above, the funds’ Prospectuses will be updated to include details of each fund’s investment approach, providing further information on the way the fund is managed.

The enclosed tables provide comparisons of the current and new investment objectives and investment policies, as well as listing all the funds’ investment approaches. All changes will be effective from 1 March 2019.

Making changes to your investment

You may sell your investment in any of the funds affected by the changes, or switch it to another M&G fund, free of charge, at any time subject to our Terms and Conditions.

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 csmang.co.uk@rbc.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.

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 <incerely/faithfully>



Jonathan Willcocks
Global Head of Distribution
M&G Securities Limited

M&G funds – changes to investment objectives and investment policies

The tables below detail the changes to our investment objectives and investment policies. They also list the funds' investment approaches. All changes will be effective from 1 March 2019. Please note that the updated wording listed below will appear in the funds' Prospectuses from this date. You may notice that they differ from those in the funds' Key Investor Information Documents (KIIDs). This is because the Prospectus describes the full scope of the tools available to the fund manager and the limitations within which they must operate, whereas the information listed in the KIIDs provides plain language descriptions. KIIDs based on the new objectives and policies will be available to view at www.mandg.com

You can also visit our website www.mandg.co.com to compare your fund's performance to that of its comparable index.

- **M&G Asian Fund**

Current wording	New wording
<p>Investment objective and policy The Fund's sole objective is long term capital growth. It invests wholly or mainly in a range of Asian (including Australasian) securities. When not wholly invested as above, the Fund may also invest in global securities with the exception of Japanese securities.</p>	<p>Investment objective The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the MSCI AC Asia Pacific ex Japan Index over any five-year period.</p> <p>Investment policy At least 80% of the Fund is invested directly in equity securities and equity-related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business in the Asia Pacific region (excluding Japan).</p> <p>The Fund may also invest in other transferable securities directly and via collective investment schemes (including funds managed by M&G).</p> <p>The Fund may also hold cash and near cash for liquidity purposes.</p> <p>Derivatives may be used for efficient portfolio management and hedging.</p> <p>Investment approach The Fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.</p> <p>The investment approach identifies shares of Asia Pacific ex Japan companies which, in the fund manager's opinion at the time of investment, are undervalued.</p> <p>When analysing a company, the fund manager focuses on three key factors: return on capital, valuations and corporate governance.</p> <p>The fund manager believes that company-specific factors, in particular their profitability (which is measured in terms of return on capital), drive share prices over the long term.</p>

- **M&G European Select Fund**

Current wording	New wording
<p>Investment objective and policy The Fund's prime objective is long term capital growth. It invests wholly or predominantly in a diversified portfolio of securities of European (excluding United Kingdom) issuers. When not wholly invested as above, it may also invest in companies which are listed or registered outside Europe but trade within it. Income is of secondary importance when investments are selected. The Fund may at any time be concentrated in a limited number of securities.</p>	<p>Investment objective The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the FTSE World Europe ex UK Index over any five-year period.</p> <p>Investment policy At least 80% of the Fund is invested directly in equity securities and equity-related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, listed or do most of their business in Europe (excluding the United Kingdom).</p> <p>The Fund usually holds a concentrated portfolio of fewer than 50 companies.</p> <p>The Fund may also invest in other transferable securities directly and via collective investment schemes (including funds managed by M&G).</p> <p>The Fund may also hold cash for liquidity purposes.</p> <p>Derivatives may be used for efficient portfolio management and hedging.</p> <p>Investment approach The Fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.</p> <p>The investment approach seeks to identify European ex UK companies that have sustainable competitive advantages leading to high return on invested capital. Each company's strategy around capital allocation is central to the investment process.</p> <p>The fund manager focuses on companies which recognise the importance of dividends, which in turn instils capital discipline and ensures that the highest returning growth projects are prioritised.</p> <p>Rising cashflow, and over time, rising dividends, for the Fund's holdings are expected to drive the long-term total return of the Fund.</p>

- **M&G Global Convertibles Fund**

Current wording	New wording
<p>Investment objective The Fund aims to maximise long term total return (the combination of income and growth of capital) to investors by investing mainly in global convertible assets.</p> <p>Investment policy The Fund seeks to maximise the risk-reward profile through investment in convertible assets whose issuers may be in any country, including emerging markets. Global convertible assets includes all assets that either directly or via a combination of instruments achieve exposure of a convertible bond nature. Such exposure can be achieved by investing directly or through the use of derivative instruments. Additionally, derivative instruments may be used to manage the risk characteristics of the Fund. The remainder of the Fund may be invested in securities in support of the fund objective, such as, equities, bonds, collective investment schemes, derivative instruments, money market instruments, cash and near cash.</p>	<p>Investment objective The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the Thomson Reuters Global Focus Convertible Bond Index over any five-year period.</p> <p>Investment policy At least 70% of the Fund is invested in the convertible securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. Exposure to these securities is achieved, either directly or indirectly, through various combinations of corporate bonds, equities and derivatives.</p> <p>The convertible securities may be denominated in any currency.</p> <p>The Fund may also invest in other transferable securities directly or via collective investment schemes (including funds managed by M&G).</p> <p>The Fund may also hold cash and near cash for liquidity purposes.</p> <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p> <p>Investment approach The Fund employs a disciplined approach to investment which concentrates on the selection of convertible securities based upon fundamental analysis of individual companies, and their bond and equity characteristics.</p> <p>The fund manager focuses on convertible securities that provide the best risk-reward features in their view. For these convertible securities, the fund manager expects that the potential gain from the option on the underlying share price exceeds the potential loss from the share price falling.</p>

- **M&G Global Recovery Fund**

Current wording	New wording
<p>Investment objective The fund aims to maximise long term capital growth. Income is not a consideration.</p> <p>Investment policy The Fund predominantly invests in a global range of equities issued by companies which, at the time of investment, the manager believes are out of favour with the market or whose future prospects are not fully recognised by the market. Derivatives may be used for investment and efficient portfolio management purposes, including hedging. The Fund may also invest in other transferable securities, warrants, money market instruments, deposits, cash, near cash and collective investment schemes.</p>	<p>Investment objective The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the MSCI ACWI Index over any five-year period.</p> <p>Investment policy At least 80% of the Fund is invested directly in the equity securities and equity related securities of companies across any sector and market capitalisations that are domiciled in any country, including emerging markets.</p> <p>The Fund may also invest in other transferable securities, cash and near cash directly and via collective investment schemes (including funds managed by M&G).</p> <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p> <p>Investment approach The Fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.</p> <p>Recovery investing focuses on companies that have experienced difficulties but have the potential to deliver returns for shareholders through their turnaround over the long term.</p> <p>The Fund looks to benefit from the market's inefficiency in valuing companies going through short-term challenges. This enables the fund manager to identify companies whose long-term prospects are under-appreciated by the market</p> <p>When analysing a company, the fund manager focuses on three key factors: people, strategy and cashflow. Developing a constructive dialogue with company management is fundamental to the investment process.</p> <p>The investment approach means the fund manager is prepared to take a contrarian view and consider areas that are out of favour with other investors. To take this contrarian view, the fund manager focuses on company management, their turnaround strategy and the businesses' ability to generate cashflow.</p> <p>The fund manager expects individual cases of companies recovering to be the main driver of performance rather than individual sectors, geographies and the global macroeconomic environment.</p> <p>The fund manager takes a long-term view with a typical holding period of five years or more.</p>

- **M&G Japan Fund**

Current wording	New wording
<p>Investment objective and policy The Fund invests in a wide range of securities of Japanese issuers, covering most aspects of the economy. Its sole objective is long term capital growth. Income is not a consideration when investments are selected.</p>	<p>Investment objective The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the MSCI Japan Index over any five-year period.</p> <p>Investment policy At least 80% of the Fund is invested directly in equity securities and equity related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business in Japan.</p> <p>The Fund usually holds a concentrated portfolio of fewer than 50 companies.</p> <p>The Fund may also invest other transferable securities directly and via collective investment schemes (including funds managed by M&G).</p> <p>The Fund may also hold cash and near cash for liquidity purposes.</p> <p>Derivatives may be used for efficient portfolio management and hedging.</p> <p>Investment approach The Fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.</p> <p>The investment approach aims to take advantage of price volatility.</p> <p>The fund manager believes that stock market mispricing can and often occur because psychological factors (i.e. behavioural biases) prevent investors from always assessing investments rationally. As a result, market prices do not always reflect the fundamental value of companies. The Fund seeks to profit from such behavioural biases.</p> <p>The investment approach filters the Fund's investment universe down to a focused list of companies whose shares trade on low valuations relative to their history and the market. These companies are then subject to rigorous fundamental analysis to attain an understanding of a company's sustainable earnings. This fundamental analysis leads to a high level of conviction for each of the companies held in the Fund.</p> <p>The fund manager expects stock selection to be the main driver of performance.</p>

- **M&G North American Value Fund**

Current wording	New wording
<p>Investment objective and policy The Fund aims to achieve long-term capital growth through investment in North American securities of North American companies using a value based investment philosophy.</p>	<p>Investment objective The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the S&P 500 Index over any five-year period.</p> <p>Investment policy At least 80% of the Fund is invested directly in equity securities and equity related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business activity in the United States of America and Canada.</p> <p>The Fund may also invest in other transferable securities directly or via collective investment schemes (including funds managed by M&G).</p> <p>The Fund may hold cash and near cash for liquidity purposes.</p> <p>Derivatives may be used for efficient portfolio management and hedging.</p> <p>Investment approach The Fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.</p> <p>The investment approach identifies shares of North American companies which, in the fund manager's opinion at the time of investment, are undervalued.</p> <p>When analysing companies, the fund manager seeks to identify companies that are mispriced, while trying to avoid companies that are cheap for a reason and whose share prices are unlikely to improve over time.</p> <p>The investment approach combines strict value-focused screening with rigorous qualitative analysis to ensure the Fund has a consistent and disciplined value bias without compromising on the robustness of the companies in the portfolio.</p> <p>The fund manager expects the overall stock selection and value style to be the main drivers of performance rather than any individual sector or stock.</p>

- **M&G Recovery Fund**

Current wording	New wording
<p>Investment objective and policy The Fund predominantly invests in a diversified range of securities issued by companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market. The sole aim of the Fund is capital growth. There is no particular income yield target.</p>	<p>Investment objective The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the FTSE All-Share Index over any five-year period.</p> <p>Investment policy At least 80% of the Fund is invested directly in equity securities and equity-related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, listed or do most of their business in the United Kingdom.</p> <p>The Fund may also invest in other transferable securities directly and via collective investment schemes (including funds managed by M&G).</p> <p>The Fund may also hold cash for liquidity purposes.</p> <p>Derivatives may be used for efficient portfolio management and hedging.</p> <p>Investment approach The Fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.</p> <p>Recovery investing focuses on companies that have experienced difficulties but have the potential to deliver returns for shareholders through their turnaround over the long term.</p> <p>The Fund looks to benefit from the market's inefficiency in valuing companies going through short-term challenges. This enables the fund manager to identify companies whose long-term prospects have been under-appreciated by the market.</p> <p>When analysing a company, the fund manager focuses on three key factors: people, strategy and cashflow. Developing a constructive dialogue with company management is fundamental to the investment process.</p> <p>The investment approach means the fund manager is prepared to take a contrarian view and consider areas that are out of favour with other investors. To take this contrarian view, the fund manager focuses on company management, their turnaround strategy and the businesses' ability to generate cashflow.</p> <p>The fund manager expects individual cases of companies recovering to be the main driver of performance rather than individual sectors and the macroeconomic environment.</p> <p>The fund manager takes a long-term view with a typical holding period of five years or more.</p>

- **M&G UK Select Fund**

Current wording	New wording
<p>Investment objective and policy The Fund invests principally in the equities of UK companies with high growth potential with the sole objective of capital growth. The Fund may at any time be concentrated in a limited number of equities. Income considerations are ignored.</p>	<p>Investment objective The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the FTSE All Share Index over any five-year period.</p> <p>Investment policy At least 80% of the Fund is invested directly in equity securities and equity-related securities of companies across any sectors and market capitalisations, that are incorporated, domiciled, listed or do most of their business in the United Kingdom.</p> <p>The Fund usually holds a concentrated portfolio of fewer than 50 companies.</p> <p>The Fund may also invest in other transferable securities directly and via collective investment schemes (including funds managed by M&G).</p> <p>The Fund may also hold cash for liquidity purposes.</p> <p>Derivatives may be used for efficient portfolio management and hedging.</p> <p>Investment approach The Fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.</p> <p>The investment approach seeks to identify UK companies that have sustainable competitive advantages leading to high return on invested capital. Each company's strategy around capital allocation is central to the investment process.</p> <p>The fund manager focuses on companies which recognise the importance of dividends, which in turn instils capital discipline and ensures that the highest returning growth projects are prioritised.</p> <p>Rising cashflow, and over time, rising dividends, for the Fund's holdings are expected to drive the long-term total return of the Fund.</p>