

19 April 2023

Dear Investor

### **Information for Shareholders in M&G Strategic Corporate Bond Fund**

**You are not required to take any action but we recommend that you read this letter.**

I am writing to you to inform you of our plans to merge the M&G European Corporate Bond Fund (the “Merging Fund”), a sub-fund of M&G Investment Funds (3), into the M&G Strategic Corporate Bond Fund (the “Receiving Fund”).

The way in which the Receiving Fund is operated will not change and after the Merger it will continue to be managed in accordance with its current investment objective and policy.

### **Background and reason for the Merger**

The Merging Fund significantly reduced in size in 2018 when non-Sterling share classes were merged into the M&G (Lux) Euro Corporate Bond Fund, a Luxembourg-authorised *société d’investissement à capital variable* (SICAV). Since then, it has experienced further steady outflows, and its current size of £32.50m (as at 28.02.2023) means it is no longer commercially viable. There is currently little interest in European corporate bond strategies in the UK and we believe that there is little prospect of this trend altering in the foreseeable future. As a result, we have decided to propose the merger of the Merging Fund into the Receiving Fund.

### **Procedure**

The effective date of the Merger is expected to be Friday 9 June 2023 (the “Effective Date”). The proposed Merger does not require the approval of Shareholders of the Receiving Fund.

However, in order for the Merger to go ahead Shareholders of the Merging Fund are required to approve an extraordinary resolution at an extraordinary general meeting to be held on Wednesday 17 May 2023 (the “Meeting”). If the Merger is approved, it 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).

We do not anticipate that dealing in the Receiving Fund will be suspended in order to facilitate the Merger.

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Details of the outcome of the Meeting will be available from 15:00 on Wednesday 17 May 2023 on our website [www.mandg.co.uk](http://www.mandg.co.uk) or by calling our Customer Relations team.

In order to simplify the Merger process, the interim accounting period of the Merging Fund will be from 1 April 2023 to the Effective Date, instead of to 30 June 2023. Income accruing to shares of the Merging Fund will be allocated as follows:

- For accumulation shares of the Merging Fund, any income available for allocation from the end of the previous accounting period to the Effective Date will be allocated to those shares of the Merging Fund and taken into account when calculating the number of shares to be issued in the Receiving Fund.
- For income shares of the Merging Fund, 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.

### **Costs**

If Shareholders approve the Merger, rather than rebalancing the Merging Fund's portfolio to bring it in line with that of the Receiving Fund, we intend to sell the assets of the Merging Fund's portfolio and transfer the proceeds to the Receiving Fund on the Effective Date. The sale will commence after the date of the Meeting. It is expected that this sale will be largely or entirely completed prior to the Merger date. Should any assets in the Merging Fund remain unsold prior to the Merger date, they will be transferred to the Receiving Fund and the sale will be completed after the Merger.

M&G will cover all transaction costs incurred by the Merger, including those resulting from any such sale which may need to be completed in the Receiving Fund, and those incurred by the purchasing of assets by the Receiving Fund using the proceeds of the Merger. M&G will also reimburse the Receiving Fund for any negative performance impact resulting from the sale of unsold assets received from the Merging Fund.

Any ancillary expenses associated with the Merger, such as legal costs, will also be paid by M&G.

### **Right to sell or switch**

Although, as stated above, we do not believe the Merger will have any adverse effect on the Receiving Fund, you have the right to switch or sell your shares in the Receiving Fund at any time and you may choose to switch your investment to another fund within our OEIC range. Any switch or redemption will be free of charge.

The procedures for buying, selling and switching Shares are set out in our Important Information for Investors document, which is available on our website [www.mandg.co.uk](http://www.mandg.co.uk) or can be obtained by calling M&G free on 0800 390 390 between 8:00 and 18:00 Monday to Friday or between 9:00 and 13:00 on Saturday.

### **Additional information**

More information on the Merger can be found in the Merging Fund Circular that can be found on the Merging Fund's page on our website at [www.mandg.co.uk](http://www.mandg.co.uk)

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In the unlikely event that the Merger process is delayed for the Merging Fund, M&G and the Depositary, subject to the approval of the FCA, may agree that the Effective Date is to be other than Friday 9 June 2023 in which case such consequential adjustments may be made to the other elements in the timetable of the Merger as M&G and the Depositary consider appropriate. Should this occur we will write to you to inform you of the changes.

Following the Merger, reports prepared in accordance with the relevant regulations will be available upon request by calling our **Customer Relations** team.

**For more information**

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

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

Yours faithfully

A handwritten signature in black ink, reading 'Laurence Mumford'. The signature is written in a cursive, flowing style.

Laurence Mumford  
Director  
M&G Securities Limited