

This Circular is important and requires your immediate attention

If you are in any doubt as to the action to be taken please call our **Customer Relations** team free on **0800 390 390** or consult your **financial adviser**, if you have one, immediately. 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.

Proposal to merge the M&G European Corporate Bond Fund

A sub-fund of M&G Investment Funds (3), a UK authorised Open-Ended Investment Company

into the M&G Strategic Corporate Bond Fund

A stand-alone UK-authorised Open-Ended Investment Company

Dated: 19 April 2023

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Key dates

Action	Date
Qualification Date for Shareholders	18:00 on Tuesday 11 April 2023
Documentation dispatched to Shareholders	Wednesday 19 April 2023
Voting Form(s)/ Online Voting Form(s) to be completed by	10:30 on Monday 15 May 2023
Extraordinary General Meeting	10:30 on Wednesday 17 May 2023
Results of the Meeting available by phone or on the M&G website	15:00 on Wednesday 17 May 2023
Subject to the approval of investors at the Meeting on Wednesday 17 May 2023:	
Suspension of dealing in Shares of the Merging Fund and deadline for receipt of redemption and switch requests	12:00 on Thursday 8 June 2023
Valuations used for the purpose of the Merger	From 12:00 on Friday 9 June 2023
Effective Date of the Merger	Friday 9 June 2023
First day of dealing in New Shares	Monday 12 June 2023
Dispatch confirmation of number of New Shares	No later than Friday 23 June 2023
The Merger Report available	As soon as practicable after the Effective Date
Final distribution payment for Existing Shares	On or before Wednesday 9 August 2023

Letter to Shareholders

To the Shareholders of the M&G European Corporate Bond Fund

19 April 2023

M&G Securities Limited
10 Fenchurch Avenue
London EC3M 5AG

Dear Shareholder

Proposal to merge the M&G European Corporate Bond Fund, a sub-fund of M&G Investment Funds (3) into the M&G Strategic Corporate Bond Fund

We are writing to you as a Shareholder in the M&G European Corporate Bond Fund (the “Merging Fund”) to tell you about our plans to merge the Merging Fund into the M&G Strategic Corporate Bond 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

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.

Both Funds invest in investment grade corporate bonds, that is, corporate debt securities issued by companies considered to be at lower risk of default than issuers with higher default risk and lower credit ratings. Default means that an issuer is unable to meet interest payments or repay the initial investment amount at the end of a bond's life.

They also have similar duration, which is a measure of their sensitivity to changes in interest rates.

However, whilst the Merging Fund mainly invests in assets denominated in any European currency, the Receiving Fund can invest in assets denominated in any currency.

The Receiving Fund’s investment strategy is the closest match to the Merging Fund’s in the M&G range and we believe the Merger to be the best option for investors as it would provide investors an alternative investment solution for the long term.

Your vote is required

The proposed Merger requires the approval of Shareholders. This is done via a Shareholder vote using what is known as an “Extraordinary Resolution” (the written proposal) at an Extraordinary General 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. Alternatively, you can vote online by using the instructions and login details included in the letter enclosed with this pack. For more details on the Shares that you hold (including the specific share class) please refer to your latest M&G Statement or contact our **Customer Relations** team using the details provided on the front cover.

For the Merger to be passed, an Extraordinary Resolution requires a majority in favour of 75% or more 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. The Circular also provides details of how the Merger will impact you.

In the event that the Merger is not approved by Shareholders, the Merging Fund will subsequently be closed. In this event, we will write to you in due course to provide you with an update on the results, and provide you with relevant timings, options available to you and information on any action you may need to take.

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 9 June 2023 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 15:00 on Wednesday 17 May 2023 on our website www.mandg.co.uk or can be obtained by calling our **Customer Relations** team free on **0800 390 390** between 08:00 and 18:00 Monday to Friday and 09:00 and 13:00 on Saturday. For your security and to improve the quality of our service we may record and monitor calls.

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

Please either complete the online form or use the enclosed Proxy Voting Form(s), returning it/them in the pre-paid envelope provided to M&G Group, Unit 4B, Chelmsford Road, Great Dunmow, CM6 1HD. Your vote must be received no later than 10:30 on Monday 15 May 2023. For more information regarding the Merger, please call our **Customer Relations** team free on **0800 390 390** or consult your financial adviser, if you have one. The team is available from 08:00 to 18:00, Monday to Friday, and from 09:00 to 13:00 on Saturday.

Comparison of the funds

Investment Objectives, Investment Policies and Investment Approaches

Both Funds aim for their total return (a combination of income and capital growth) to outperform their benchmark over 5 years. The benchmark for the Merging Fund is the ICE BofAML Euro Corporate Index while the Receiving Fund's is iBoxx Sterling Corporates GBP Index.

They both invest a minimum of 70% of their assets, directly or indirectly, into investment grade corporate bonds. Whilst for the Merging Fund the majority of these assets must be denominated in a European currency, in the case of the Receiving Fund, they can be denominated in *any* currency, in theory allowing it to hold more non-European bonds than the Merging Fund. Note that the Receiving Fund aims to hedge any non-Sterling assets to Sterling, ie minimise the possible impact of currency exchange rate fluctuations on the performance on these assets.

In the case of the Receiving Fund, the proportion of investment grade corporate bonds described above includes investment grade Asset Backed Securities (ABS), subject to a maximum of 20% of its portfolio being invested in ABS of any type (investment grade or below). ABS are fixed income securities backed by assets that produce cashflows, such as mortgage loans, credit card receivables and auto loans. In the case of the Merging Fund, investment in ABS, both investment grade or below, is also permitted, but only as part of the remaining 30% pool of assets, along with (among other investments) government debt securities, investment grade and below investment grade securities and cash.

When selecting investments, both funds follow a flexible investment approach, changing the blend of duration and credit exposure in the portfolio based on a combination of macroeconomic, asset class, geographic and sector level factors.

Charges

The annual charge is higher for each corresponding share class and share type in the Receiving Fund than the Merging Fund. The table below summarises the charges for the Merging Fund's Share Classes and the corresponding Share Classes in the Receiving Fund, and shows the additional annual charge that would be incurred on a £10,000 investment in each Share Class.

The higher charges reflect the Receiving Fund's ability to hold more non-European bonds than the Merging Fund, as detailed in the "Investment Objectives, Investment policies and Investment Approaches" section above. This allows it to access a wider range of investment opportunities, which we believe enhances the potential for future returns.

It is worth noting however, that due to its large size, a 0.02% discount is currently applied to the Receiving Fund's annual charge, based on its Net Asset Value ("NAV") of £1.18bn as at 28.02.2023. The discount applies to all share classes in the Receiving Fund as part of our policy to share cost savings that result from economies of scale that occur in larger funds. Further information on discounts to the annual charge, including which M&G funds currently qualify for a discount, can be found at www.mandg.co.uk/charges

Merging Fund	Annual charge	Discount	Receiving Fund	Annual charge	Discount	Discounted (payable) annual charge	Annual charge increase per £10,000 investment
Sterling Class A Accumulation Shares	0.75%	0%	Sterling Class A Accumulation Shares	0.85%	0.02%	0.83%	£8.00
Sterling Class A Income Shares	0.75%	0%	Sterling Class A Income Shares	0.85%	0.02%	0.83%	£8.00
Sterling Class I Accumulation Shares	0.35%	0%	Sterling Class I Accumulation Shares	0.45%	0.02%	0.43%	£8.00
Sterling Class I Income Shares	0.35%	0%	Sterling Class I Income Shares	0.45%	0.02%	0.43%	£8.00
Sterling Class I-H Income Shares	0.38%	0%	Sterling Class I Income Shares	0.45%	0.02%	0.43%	£5.00
Sterling Class R Accumulation Shares	0.60%	0%	Sterling Class R Accumulation Shares	0.70%	0.02%	0.68%	£8.00
Sterling Class R Income Shares	0.60%	0%	Sterling Class R Income Shares	0.70%	0.02%	0.68%	£8.00

All charges and discounts are the latest available as at 17.03.2023. Should the Receiving Fund's NAV drop below £1bn it may no longer qualify for the discount.

Note that neither fund has an entry charge or exit charge in any share class. In both funds, charges are taken from the income of the Accumulation Share classes and from the capital of the Income Share classes.

Risks

There is no material difference between the overall risk profiles of each fund and all Share Classes involved in the Merger currently have a Synthetic Risk Reward Indicator (SRRI) of 4, except for the Merging Fund's Sterling Class I-H

Income Shares which have an SRRI of 3*. SRRI ranges from 1 to 7, with 1 being the lowest and 7 the highest, and an SRRI may change over time.

Please also note that the Merging Fund's valuation currency is Euro and therefore investors holding unhedged Sterling Share Classes are exposed to currency fluctuations between Euro and Sterling. This does not apply to the Receiving Fund as it is valued in Sterling.

* All SRRIs as at 16.02.2023

Investment reports and income payment dates

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

Both Funds distribute income on a quarterly basis. However, they distribute income on different dates:

	Merging Fund	Receiving Fund
Income payment dates	Annual: on or before 31 August Interim: on or before 30 November, 28 February, 31 May	Annual: on or before 31 October Interim: on or before 31 January, 30 April, 31 July

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(es) and share type(s) 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 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:

Merging Fund	Receiving Fund
Sterling Class A Accumulation Shares	Sterling Class A Accumulation Shares
Sterling Class A Income Shares	Sterling Class A Income Shares
Sterling Class I Accumulation Shares	Sterling Class I Accumulation Shares
Sterling Class I Income Shares	Sterling Class I Income Shares
Sterling Class I-H Income Shares	Sterling Class I Income Shares
Sterling Class R Accumulation Shares	Sterling Class R Accumulation Shares
Sterling Class R Income Shares	Sterling Class R Income Shares

As stated above, the Receiving Fund's valuation currency is Sterling and therefore does not offer Sterling hedged share classes – as the purpose of these is to reduce the impact of currency exchange rate fluctuations between the fund's valuation currency and the share class's currency. As a result, should the Merger take place, Investors in the Merging Fund's Sterling Class I-H Income Shares will be moved to an unhedged share class.

You will not pay an entry 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 1 April 2023 to the Effective Date, instead of to 30 June 2023. 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

On the Effective Date, investors in the Merging Fund will be issued with New Shares in the Receiving Fund and their Shares in the Merging Fund will be cancelled. The number of New Shares you will receive is determined by a "Merger Factor", which is calculated taking into account the Merging Fund Value and the Receiving Fund Value on the Effective Date and the number of shares of each Share Class in issue. Investments are valued using the mid-market prices at midday or at the point of transfer if values move significantly. The Merging Fund Value also excludes any income to be distributed to Income Shareholders for the current distribution period ending on the Effective Date.

As the NAV per share of the Merging Fund shares and Receiving Fund shares will not be the same you will not hold the same number of shares in the Receiving Fund as you did in the Merging Fund. However, the total value of the shares you receive as part of the Merger will be the same as that of the shares you held in the Merging Fund on the Effective Date.

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

Merger process

If Shareholders approve the Merger, we intend to start selling the assets held by the Merging Fund in order to reinvest the proceeds in the Receiving Fund on the Effective Date. We will endeavour to sell the assets as close to the Effective Date as possible, and we expect to complete the sale by the Effective Date. However, once the sale process begins, the proportion of cash held by the Merging Fund will progressively increase, and the Merging Fund will not be fully invested in line with its Investment Objective and Investment Policy. This also means that your investment will not gain or lose value as it may have done, had the Merging Fund continued to be managed according to its Investment Objective and Investment Policy until the Effective Date.

Should any assets in the Merging Fund remain unsold prior to the Effective Date, they will be transferred to the Receiving Fund and the sale will be completed after the Merger.

Merger costs

M&G will cover any transaction costs incurred by the Merger. This includes transaction costs incurred by the purchase of assets by the Receiving Fund using the proceeds of the Merger and those incurred by the sale of assets previously held by the Merging Fund sold after the Effective Date. 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.

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 be borne by the Fund (eg income or capital gains tax on disposal of property).

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

UK Investors

The summary below is our understanding of the current UK legislation and HM Revenue & Customs' practice relevant to UK resident investors regarding the issue of New Shares under the Merger. It may be subject to change. If you are in any doubt about your potential liability to tax, you should consult a Tax Adviser.

We do not expect that the tax treatment of New Shares will change from the treatment applying to Existing Shares. Based on our understanding of the tax legislation and the tax clearances that have been obtained:

- The Merger should not involve a disposal of Shares for capital gains tax purposes whatever the size of your holding.
- New Shares issued to you under the Scheme should have the same acquisition cost and acquisition date for capital gains tax purposes as your Existing Shares.
- New Shares issued to The M&G ISA and The M&G Junior ISA holders will continue to be held within The M&G ISA or The M&G Junior ISA respectively. The Merger will not have any impact on the tax efficient status of The M&G ISA or The M&G Junior ISA.

Please note that 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.

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

Before the Merger

If you do not wish to participate in the Merger, you may sell your Existing Shares in the Merging Fund until 12:00 on Thursday 8 June 2023.

You may also switch to another fund within the M&G OEIC range. We do not charge for selling your Existing Shares or switching into another fund. Instructions to do this must also be received by us before 12:00 on Thursday 8 June 2023.

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.

Any requests to buy or sell Shares in the Merging Fund received by 12:00 on Thursday 8 June 2023 will be dealt with as normal. However, requests received after this time will be rejected and you will need to submit a request to deal with your New Shares in the Receiving Fund on or after Monday 12 June 2023 in order for your instruction to be dealt with. 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 (not within The M&G ISA or The M&G Junior ISA), 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.

If you hold The M&G ISA or The M&G Junior ISA you may transfer to another ISA manager, subject to the Terms and Conditions. Such a transfer **must be initiated by you through your new chosen manager** and they must in turn instruct us to sell your holding before **12:00 on Thursday 8 June 2023**. There will be no charge for selling or transferring your Existing Shares.

If you wish to sell or switch your Existing Shares prior to the Merger, please contact us free on **0800 390 390** between 08:00 and 18:00 Monday to Friday or between 09:00 and 13:00 on Saturday. Alternatively, please write to us at:

M&G Customer Relations
PO Box 9039
Chelmsford
CM99 2XG

A redemption from or switch within The M&G ISA or The M&G Junior ISA will not be treated as a disposal for tax purposes. Please note that withdrawals from a Junior ISA before the child is 18 can only be made in certain very limited circumstances. Please refer to the M&G Important Information for Investors document for further information in relation to The M&G ISA or The M&G Junior ISA. This document, which also includes the procedures for buying, selling and switching Shares, can be obtained from our website – **www.mandg.co.uk** – or by calling M&G free on **0800 390 390** between 08:00 and 18:00 Monday to Friday or between 09:00 and 13:00 on Saturday.

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.

After the Merger

Should the Merger be approved, it will take place on Friday 9 June 2023 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 08:00 Monday 12 June 2023, 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 to deal with New Shares in the Receiving Fund received on or before 12:00 on Friday 9 June 2023 will be rejected and will need to be resubmitted on or after Monday 12 June 2023.

The procedures for buying and selling New Shares in the Receiving Fund are 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, and the process for switching will remain unchanged from that applicable to Existing Shares.

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. If you make contributions to both funds on different dates, the date of your contribution in the Receiving Fund will take precedence. Further acquisitions may be stopped at any time by giving notice to your bank and M&G.

M&G client reference

Your M&G client reference will remain the same. You will need to quote this 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. Alternatively, you can vote online by using the instructions and login details included in the letter enclosed with this pack.

Please complete the online form or use the enclosed Voting Form(s), returning it/them in the envelope provided to M&G Group, Unit 4B, Chelmsford Road, Great Dunmow, CM6 1HD. Your vote must be received no later than 10:30 on Monday 15 May 2023.

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; and
- 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 Relations** Team using the details below.

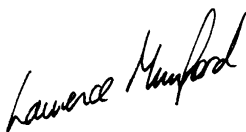
In addition, following the Merger, the Merger Report will be available on request by contacting our **Customer Relations** Team.

For more information

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

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

Yours faithfully



Laurence Mumford
Director
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, Annual Charge and Ongoing Charge for the Fund ("OCF"). The information is based on published figures as at the date of this letter unless otherwise shown. 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 European Corporate Bond Fund	M&G Strategic Corporate Bond Fund
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 ICE BofAML Euro Corporate Index over any five-year period.	The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average return of the iBoxx Sterling Corporates GBP Index, over any five-year period.
Investment Policy	<p>At least 70% of the Fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities can be denominated in any European currency.</p> <p>Other investments may include:</p> <ul style="list-style-type: none"> below investment grade and unrated corporate debt securities; debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies; Asset-Backed Securities; and other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>At least 70% of the Fund is in Euro or hedged back to Euro.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>	<p>At least 70% of the Fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities including investment grade Asset-Backed Securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities can be denominated in any currency.</p> <p>Other investments may include:</p> <ul style="list-style-type: none"> below investment grade and unrated corporate debt securities; debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies; below investment grade and unrated ABS; and other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>Investments in Asset-Backed Securities are limited to 20% of the Fund.</p> <p>The Fund aims to hedge any non-Sterling assets to Sterling.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>

	Merging Fund	Receiving Fund
Investment Approach	<p>The Fund is predominantly diversified across a range of Euro denominated investment grade debt securities from a variety of sectors and geographies. The Fund's investment approach is based on the principle that returns from corporate bond markets are driven by a combination of macroeconomic, asset class, sector, geographic and stock-level factors. As different factors dominate returns at different stages of the economic cycle, the fund manager applies a flexible investment approach, changing the blend of duration and credit exposure in the portfolio to weight them appropriately.</p> <p>Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.</p>	<p>The Fund is diversified across a range of investment grade debt securities from a variety of sectors and geographies. The Fund's investment approach is based on the principle that returns from corporate bond markets are driven by a combination of macroeconomic, asset class, sector, geographic and stock-level factors. As different factors dominate returns at different stages of the economic cycle, the manager applies a flexible investment approach, changing the blend of duration and credit exposure in the portfolio to weight them appropriately.</p> <p>The fund manager has the freedom to take a high-conviction approach when selecting credits for the Fund. Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.</p>
Benchmark	<p>ICE BofAML Euro Corporate Index</p> <p>The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed.</p> <p>The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.</p> <p>For unhedged Share Classes, the benchmark is shown in the Share Class currency. For currency hedged Share Classes, the benchmark is hedged to the Share Class currency.</p>	<p>iBoxx Sterling Corporates GBP Index</p> <p>The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund.</p> <p>The benchmark is shown in the share class currency.</p>
Type of fund	UK UCITS	UK UCITS
Valuation Currency	Euro	Sterling

Share classes and charges (latest available as at 17.03.2023)							
Merging Fund				Receiving Fund			
Share class	ISIN	Annual charge	OCF*	Share Class	ISIN	Annual charge	OCF*
Sterling Class A Accumulation Shares	GB0032178633	0.75%	0.75%	Sterling Class A Accumulation Shares	GB0033828137	0.85%	0.83%
Sterling Class A Income Shares	GB0032178419	0.75%	0.75%	Sterling Class A Income Shares	GB0033828020	0.85%	0.83%
Sterling Class I Accumulation Shares	GB00B76JLK62	0.35%	0.35%	Sterling Class I Accumulation Shares	GB00B7J4YT87	0.45%	0.43%
Sterling Class I Income Shares	GB00B3W19714	0.35%	0.35%	Sterling Class I Income Shares	GB00B6VTPZ79	0.45%	0.43%
Sterling Class I-H Income Shares	GB00BYZKJ490	0.38%	0.38%	Sterling Class I Income Shares	GB00B6VTPZ79	0.45%	0.43%
Sterling Class R Accumulation Shares	GB00B7MT0707	0.60%	0.60%	Sterling Class R Accumulation Shares	GB00B4MQK815	0.70%	0.68%
Sterling Class R Income Shares	GB00B7MNNG21	0.60%	0.60%	Sterling Class R Income Shares	GB00B558TQ29	0.70%	0.68%
Entry charges	Not applicable for all classes				Not applicable for all classes		
Exit charge	Not applicable for all classes				Not applicable for all classes		

*Included any applicable discount – please see page five for further information

Other information	
Merging Fund	Receiving Fund
Number of Issuers as at 28.02.2023	142
Annual accounting dates	30 June
Annual and interim reports issued by:	31 August
Income payment dates	31 October and 28 February
	31 December and 30 April
	Annual: on or before 31 August Interim: on or before 30 November, 28 February, 31 May
	Annual: on or before 31 October Interim: on or before 31 January, 30 April, 31 July

Other information		
Size of funds as at 28.02.2023	£32.50m	£1,177.25m

Past performance		
	Merging Fund	Receiving Fund
01.03.2022 to 28.02.2023	-4.93%	-8.63%
01.03.2021 to 28.02.2022	-8.21%	-3.67%
01.03.2020 to 28.02.2021	+2.22%	+3.92%
01.03.2019 to 29.02.2020	+4.03%	+8.07%
01.03.2018 to 28.02.2019	-3.15%	-1.16%
<ul style="list-style-type: none"> • All performances shown are for the Sterling Class A Accumulation Shares. • 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.co.uk – or can be obtained by calling M&G free on 0800 390 390 between 08:00 and 18:00 Monday to Friday or between 09:00 and 13:00 on Saturday.</p>		

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, sell the Merging Fund's investments to raise cash to be transferred to the Receiving Fund on the Effective Date. Therefore, from the date Shareholders approve the Merger, the Merging Fund will progressively not be fully invested in line with its Investment Objective and Investment Policy.
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 12:00 on Thursday 8 June 2023. Dealing instructions received after 12:00 on Thursday 8 June 2023 will be rejected and new instructions to deal in New Shares will need to be submitted on or after 08:00 on Monday 12 June 2023.
 - 4.2 If you wish to sell Existing Shares, you will need to do so before 12:00 on Thursday 8 June 2023 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 9 June 2023.
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 1 April 2023 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 1 April 2023 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 9 August 2023.
- 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 12:00 valuation. Investments are valued at their mid-market prices and Income to be distributed to Income Shareholders for the current distribution period ending on the Effective Date is excluded but any income allocated to Accumulation Shares is included in the Merging Fund Value.
 - 6.2 The Receiving Fund Value shall be calculated in accordance with the Instrument on the Effective Date, using the 12:00 valuation. Investments are valued at their mid-market prices and any undistributed income is included in the Receiving Fund Value.
 - 6.3 In the event that the Receiving Fund Value and/or the Merging Fund Value move significantly between 12:00 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 Using the Merging Fund Value and the Receiving Fund Value and the number of shares of each Share Class in issue a NAV per share is calculated for all classes.
 - 6.5 These NAVs per share 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 NAVs 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 calculated by taking the adjusted mid net asset value per share of the Merging Fund's share class divided by the adjusted mid net asset value per share of the equivalent class in the Receiving Fund.
- 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 (such as instructions to reinvest income in The 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 The 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.
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 Merger 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 will continue to receive their usual fees and expenses for being ACD 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 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
- 13.1 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 9 June 2023, 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
- 15.1 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
- 16.1 The Scheme is governed by, and shall be construed in accordance with, the laws of England and Wales.

Dated: Wednesday 19 April 2023

Appendix 3: Consents and clearances

The ACD

M&G, as ACD of the Company and the Receiving Fund, 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 the Receiving Fund, is consistent with the objectives of the Receiving Fund, and can be effected without any breach of the Regulations.

The Depositary

NatWest Trustee and Depositary Services Limited, 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.

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 M&G Securities Limited 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 Securities Limited, 10 Fenchurch Avenue, London EC3M 5AG during normal business hours until the date of the Meeting of Shareholders (or up to and including the date of any adjourned Meeting) or available on request from us. Please contact **0800 390 390** if you would like to request copies of the documents:

1. the instrument of incorporation of the Company and of the Receiving Fund;
2. the current prospectus of the Company and of the Receiving Fund;
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 M&G Securities Limited;
- 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.

After the Effective Date, the following document will be available for inspection at the offices of M&G Securities Limited, 10 Fenchurch Avenue, London EC3M 5AG during normal business hours or available on request from us. Please contact **0800 390 390** if you would like to request a copy:

- 6. the report produced under regulation 11 of the UCITS Regulations.

Appendix 4: Procedure for the Meeting

The proposed Merger must be approved by Shareholders.

A Meeting of Shareholders will take place at 10:30 on Wednesday 17 May 2023 at the offices of M&G Securities Limited, 10 Fenchurch Avenue, London EC3M 5AG and online.

Key Dates

Action	Date
Qualification date for Shareholders	Tuesday 11 April 2023
Shareholders sent documentation	Wednesday 19 April 2023
Voting Form(s) to be returned/Online Voting Forms to be completed by	10:30 on Monday 15 May 2023
Meeting	10:30 on Wednesday 17 May 2023
Subject to obtaining the approval of Shareholders at the Meeting on Wednesday 17 May 2023	
Effective date of the Merger	Friday 9 June 2023

The following notes should be read with the Notice of the Meeting of Shareholders set out in Appendix 2.

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 Tuesday 11 April 2023, ie eight 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. This means that the Shares validly represented (in person or by proxy) at the Meeting will determine the outcome of the vote, rather than the number of persons at the Meeting. On a poll, the voting rights attached to each Share are proportional to the value of all Shares in issue eight 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. Please note that you will not be able to split your vote if you vote online. 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.

Appointment of Proxy – direct Shareholders

A Shareholder who holds Shares in the Fund directly (not through The M&G Savings Plan, The M&G ISA or The M&G Junior ISA) may appoint a proxy, who need not be another Shareholder, to attend and vote instead of him/her. To be valid, Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a validly certified copy thereof) should be returned to: M&G Group, Unit 4B, Chelmsford Road, Great Dunmow, CM6 1HD no later than 10:30 on Monday 15 May 2023 (a reply-paid envelope has been provided for your use).

Voting instructions – Shareholders investing through a Group plan (The M&G Savings Plan, The M&G ISA, The M&G Junior ISA)

If you invest in the Merging Fund via a Group plan (such as The M&G Savings Plan or The M&G ISA, or if you are a Registered Contact in respect of The M&G Junior ISA), your Shares in the Merging Fund are held in the name of M&G Nominees Limited on your behalf. If you wish to vote, you can instruct M&G Nominees Limited to vote on your behalf by completing the enclosed Voting Form(s) or voting online.

To be valid, Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a validly certified copy thereof) should be returned to M&G Group, Unit 4B, Chelmsford Road, Great Dunmow, CM6 1HD (a reply-paid envelope has been provided for your use). Voting Forms must be received no later than 10:30 on Monday 15 May 2023.

Online voting

To be valid, online Voting Forms must be completed and submitted no later than 10:30 on Monday 15 May 2023.

Attending the Meeting

Completion of a Voting Form will not prevent you from attending and voting at the Meeting virtually or in person. In these circumstances, if you wish to change how you originally voted, your original Voting Form will be set aside and you should, if you wish, cast your votes when the poll is taken.

Quorum

If a Quorum (being two Shareholders present in person, virtually 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 and time of the adjourned virtual 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 virtually) or by proxy will constitute a Quorum regardless of the number or value of 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 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.

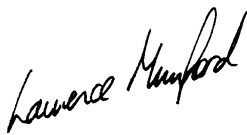
Associates of M&G are entitled to be counted in the Quorum at the Meeting (and any subsequent adjourned meeting), but may only vote in the same circumstances in which M&G may vote (as set out above).

Appendix 5: Notice of Extraordinary General Meeting of the M&G European Corporate Bond Fund, a sub-fund of M&G Investment Funds (3)

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in M&G European Corporate Bond Fund, a sub-fund of M&G Investment Funds (3), (a UK authorised umbrella open-ended investment company with variable capital) will be held at the offices of M&G Securities Limited, 10 Fenchurch Avenue, London EC3M 5AG and online at **10:30 on Wednesday 17 May 2023** 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 European Corporate Bond Fund (the Merging Fund), a sub-fund of M&G Investment Funds (3) (the Company) with the M&G Strategic Corporate Bond Fund, the terms of which are contained in this document dated Wednesday 19 April 2023 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 Strategic Corporate Bond Fund, and NatWest Trustee and Depositary Services Limited, as depositary of the Company and M&G Strategic Corporate Bond Fund, are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Laurence Mumford
Director

M&G Securities Limited

as Authorised Corporate Director of M&G Investment Funds (3)

M&G Securities Limited

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 validly certified copy thereof) should be returned no later than 10:30 on Monday 15 May 2023 to The M&G Group, Unit 4B, Chelmsford Road, Great Dunmow, CM6 1HD.
- (3) To be valid, online Voting Forms must be completed and submitted no later than 10:30 Monday 15 May 2023.
- (4) 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.
- (5) In the case of a body corporate, or other legal entity, Voting Forms must be validly executed in accordance with the entity's constitution.
- (6) 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 eight days before the Notice of Meeting is sent out.
- (7) A Shareholder entitled to more than one vote need not, if he/she votes, use all his/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. This option is not available if you are voting online.

- (8) 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.
- (9) The Quorum for the Meeting is two Shareholders present in person, virtually 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.
- (10) In the notes above the expression “Shareholder” means person(s) entered on the register of Shareholders on the date eight days (which the Authorised Corporate Director has determined to be a reasonable time in accordance with the FCA Rules) before the Notice concerning the Meeting was sent out but excluding persons who are no longer Shareholders at the time of the Meeting.

Glossary

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

ACD	M&G Securities Limited, the Authorised Corporate Director of the Company and the Receiving Fund.
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 (3), a UK authorised Open-Ended Investment Company.
Depository	NatWest Trustee and Depository Services Limited, the depository of the Company and the Receiving Fund.
Effective Date	the effective date of the Merger, being Friday 9 June 2023, 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.
FCA 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.
The M&G ISA	an Individual Savings Account, offered to UK residents, set up and managed in accordance with the Individual Saving Account Regulations 1998 (as amended), the manager of which is M&G Securities Limited.
The M&G Junior ISA	the M&G Junior Individual Savings Account, offered to UK residents, set up and managed in accordance with the Individual Saving Account Regulations 1998 (as amended), the manager of which is M&G Securities Limited.
The M&G Savings Plan	a regular savings plan, offered by M&G in the UK, investing in Sterling Share Classes.
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 European Corporate Bond Fund into M&G Strategic Corporate Bond 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.

Merger Factor	the coefficient used to determine how many New Shares will be issued for each Existing Share on the Effective Date (see Appendix 2, section 8.3 for more information).
Merging Fund	M&G European Corporate Bond 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 12:00 on the Effective Date adjusted to exclude any income to be distributed to Income Shareholders in respect of the distribution period ending on the Effective Date. 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 12:00 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.
Merger Report	the report prepared in accordance with the Regulation 11 of the UCITS Regulations.
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).
Quorum	the minimum number of Shareholders present in person or by proxy required for the Meeting to be valid.
Receiving Fund	M&G Strategic Corporate Bond Fund.
Receiving Fund Value	the value of the property of the Receiving Fund calculated in accordance with its Instrument of Incorporation as at 12:00 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 12:00 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 FCA Regulations, the OEIC Regulations and the UCITS Regulations.
Retained Amount	an amount which is calculated by the ACD (after consultation with the Depositary) 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.
Shareholder	a shareholder in the Merging Fund.
Transferred Property	the scheme property of the Merging Fund less the Retained Amount.
UCITS Regulations	the Undertakings for Collective Investment in Transferable Securities Regulations 2011
UK UCITS	A type of collective investment scheme which is authorised by the FCA as meeting the requirements under the UK provisions which implemented the UCITS Directive

Voting Form(s)

the forms, including online voting 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.



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