

20 February 2020

Dear Investor

Changes to the investment objectives, investment policies and investment approaches for:

- **M&G Corporate Bond Fund**, a sub-fund of M&G Investment Funds (3)
- **M&G Emerging Markets Bond Fund**, a sub-fund of M&G Investment Funds (3)
- **M&G European Corporate Bond Fund**, a sub-fund of M&G Investment Funds (3)
- **M&G Gilt and Fixed Interest Income Fund**, a sub-fund of M&G Investment Funds (2)
- **M&G Global Government Bond Fund**, a sub-fund of M&G Investment Funds (3)
- **M&G Global High Yield Bond Fund**, a sub-fund of M&G Investment Funds (2)
- **M&G Global Macro Bond Fund**
- **M&G Index-Linked Bond Fund**, a sub-fund of M&G Investment Funds (2)
- **M&G Optimal Income Fund**
- **M&G Short Dated Corporate Bond Fund**, a sub-fund of M&G Investment Funds (2)
- **M&G Strategic Corporate Bond Fund**

(each a “Fund”, and together the “Funds”)

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 the Funds’ investment objectives, investment policies and investment approaches. 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 each Fund has achieved its objective. **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?

- **Investment objective**

The new investment objectives will clearly state what each Fund aims to deliver for its investors. Each will include a comparable market index or sector and a time horizon as a point of reference against which investors may assess the Fund’s performance after charges have been taken. The indices or sectors included in each new investment objective will be those currently referred to as performance comparators in the Prospectuses, Key Investor Information Documents (KIIDs) and factsheets.

You should note that each index or sector will be used solely to measure the relevant Fund’s performance and will not constrain the Fund’s portfolio construction.

continued overleaf

- **Investment policy**

The new 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 “mainly” will be replaced by the specific amounts they describe (expressed as a percentage of the Fund’s total portfolio of assets).

You should note that, in the case of the M&G Emerging Markets Bond Fund and M&G Global Macro Bond Fund, the term “mainly” (a term defined as “greater than 70%” in the Prospectus) will be replaced by “at least 80%”. Both funds are already within the 80% limit for the relevant asset type so the change will therefore not result in a realignment of their portfolios.

Finally, in the case of the M&G Optimal Income Fund, the investment policy will now specify the maximum proportion of the portfolio that can be held in equities (20%) and the minimum that must be denominated in, or hedged back to, Sterling (80%).

- **Investment approach**

The investment approach provides further information on the way each Fund is managed and the factors the manager considers when selecting stocks for investment. Some of the Funds’ Prospectuses already include an investment approach, and these will be updated to further clarify how the Fund manager constructs the portfolio. Where a Fund’s Prospectus does not already include this section, this will be added.

The enclosed tables provide comparisons of the current and new investment objectives, investment policies and (where applicable) investment approaches. It also includes the new investment approaches for those funds which did not previously list one in their Prospectus. All changes will be effective from Monday 23 March 2020. Each Fund’s Key Investor Information Document will also be updated, as will other fund information documents such as factsheets.

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 point before or after the changes have taken place subject to our Terms and Conditions.

Costs of the changes

M&G will bear all costs associated with the changes, including legal and administrative costs.

For more information

If you have any questions about the changes please contact our **Customer Relations** team by calling **0800 390 390**. 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



Jonathan Willcocks
Global Head of Distribution
M&G Securities Limited

M&G Funds – changes to investment objectives, investment policies and investment approaches

The tables below detail the changes to our investment objectives, investment policies and investment approaches. All changes will be effective from Monday 23 March 2020. 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 a shorter description. KIIDs based on the new objectives and policies will be available to view at www.mandg.co.uk/kiids

You can also visit our fund centre at www.mandg.co.uk/prices to compare your fund's performance to that of its comparable market index.

• M&G Corporate Bond Fund

Current wording	New wording
Investment objective The Fund aims to provide income and capital growth.	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 average return of the IA £ Corporate Bond Sector over any five-year period.
Investment policy At least 70% of the Fund is invested in sterling-denominated corporate debt instruments. The Fund's exposure to corporate debt may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. Any currency exposures within the Fund may be managed by currency hedges into sterling. The Fund may also invest in collective investment schemes, other transferable securities and other debt instruments (including corporate debt and government and public securities denominated in any currency), cash, near cash, other money market securities, warrants and other derivative instruments.	Investment policy 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 are denominated in Sterling or hedged back to Sterling. Other investments may include: <ul style="list-style-type: none"> • debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies, denominated in any currency; • below investment grade and unrated debt securities; • Asset-Backed Securities; and • other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). Derivatives may be used for investment purposes, efficient portfolio management and hedging.
Investment approach The Fund's strategy is based on the principle that corporate bond market returns are driven by a combination of macroeconomic, asset, sector and stock-level factors. As different factors dominate returns at different stages of the economic cycle, the manager applies a dynamic investment approach, changing the blend of duration and credit exposure in the portfolio to weight them appropriately. The fund manager has the investment freedom to take a high-conviction approach when selecting credits for the portfolio. Diversification – across individual issuers as well as industries – is an essential element of the Fund's strategy to limit the potential for losses in the event of default. The Fund's investment style combines top-down and bottom-up analysis, and the fund manager is assisted in the selection of individual credits by a large team of independent sovereign and public credit analysts.	Investment approach 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 fund manager applies a flexible investment approach, changing the blend of duration and credit exposure in the portfolio to weight them appropriately. Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

- **M&G Emerging Markets Bond Fund**

Current wording	New wording
<p>Investment objective</p> <p>The Fund aims to maximise total return (the combination of income and growth of capital).</p>	<p>Investment objective</p> <p>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 a composite index over any five-year period.</p> <p>The composite index is made up of one third JPM EMBI Global Diversified Index, one third JPM CEMBI Broad Diversified Index and one third JPM GBI-EM Global Diversified Index.</p>
<p>Investment policy</p> <p>The Fund invests mainly in debt instruments issued by emerging market borrowers, including government, government agency and corporate debt. There are no restrictions on the currencies to which the Fund may be exposed. Derivatives may be used for investment purposes as well as for efficient portfolio management. The Fund may also invest in collective investment schemes, other transferable securities (including other debt instruments), cash and near cash, deposits, warrants and money market instruments. M&G has the discretion to identify the countries that it considers to qualify as emerging markets although these will typically be those that the IMF or World Bank define as emerging or developing economies.</p>	<p>Investment policy</p> <p>At least 80% of the Fund is invested, directly or indirectly through derivatives, in Emerging Market debt securities. These securities can be issued or guaranteed by Emerging Market governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies that are incorporated, domiciled, listed or do most of their business in Emerging Markets. These securities can be denominated in any currency, including emerging market currencies.</p> <p>Other investments may include:</p> <ul style="list-style-type: none"> • Asset-Backed Securities; and • other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>There are no credit quality restrictions applicable to the Fund's investments.</p> <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p>
<p>Investment approach</p> <p>N/A</p>	<p>Investment approach</p> <p>The Fund is globally diversified across a range of Emerging Market debt securities and issuers from a variety of sectors and geographies. The Fund's investment approach is flexible and begins with an assessment of macroeconomic factors such as global risk appetite and the catalysts of global economic growth.</p> <p>On a regional and country-specific level, factors such as monetary and fiscal policies, capital flows, and political and regulatory environments are assessed. The result of this analysis will help inform the country, currency allocations and duration of the portfolio.</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>

- **M&G European Corporate Bond Fund**

Current wording	New wording
<p>Investment objective</p> <p>The Fund aims to provide income and capital growth.</p>	<p>Investment objective</p> <p>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.</p>
<p>Investment policy</p> <p>At least 70% of the Fund is invested in investment grade corporate bonds denominated in any European currency. The Fund may also invest in high yield corporate bonds, government and public securities denominated in any European currency. The Fund's exposure to bonds, government and other public securities may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. The Fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market instruments, warrants and other derivative instruments which may be denominated in any major global currency. More than 70% of the Fund will be in euro or hedged back to euro.</p>	<p>Investment policy</p> <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 and 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>Investment approach</p> <p>The fund manager believes that bond returns are driven by a combination of macroeconomic, asset, sector, geography and stock-level factors. A dynamic investment approach is followed, allowing the fund manager to change the blend of duration and credit exposure based on the outlook. A high level of diversification, across individual issuers, sectors and geographies is an essential part of the investment process.</p>	<p>Investment approach</p> <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>

- **M&G Gilt and Fixed Interest Income Fund**

Current wording	New wording
Investment objective The Fund aims to provide income and capital growth.	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 UK Conventional Gilts All Stocks Index over any five-year period.
Investment policy At least 70% of the Fund is invested in short, medium or long-dated gilts according to the fund manager's view at any given moment of the likely course of interest rates and trend of the gilt market. The Fund's exposure to gilts may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. The Fund may also invest in collective investment schemes, other transferable securities, other debt instruments, cash, near cash, other money market securities, warrants and other derivative instruments.	Investment policy At least 70% of the Fund is invested, directly or indirectly through derivatives, in investment grade short, medium and long-dated gilts. These securities are issued or guaranteed by the UK government, and denominated in Sterling. Other investments may include transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). Derivatives may be used for investment purposes, efficient portfolio management and hedging.
Investment approach The fund manager's investment approach is driven primarily by macroeconomic factors such as views on interest rates, inflation and economic growth and tends not to be influenced by short-term changes in the economic or market environment.	Investment approach The Fund is diversified across a range of UK government debt securities. The Fund's investment approach is based on the principle that returns from government bonds are driven by a combination of macroeconomic factors such as expectations on interest rates, inflation and economic growth. As different factors dominate returns at different stages of the economic cycle, the manager applies a flexible investment approach, adjusting the portfolio's duration as deemed appropriate. The fund manager seeks to take advantage of 'relative value' opportunities within the UK government bond market, which involves buying the bonds that offer the best value. Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

- **M&G Global Government Bond Fund**

Current wording	New wording
<p>Investment objective</p> <p>The Fund aims to maximise total return (the combination of income and growth of capital).</p>	<p>Investment objective</p> <p>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 IA Global Bonds Sector over any five-year period.</p>
<p>Investment policy</p> <p>The portfolio will mainly consist of investment grade government debt securities, including government guaranteed debt securities, and will be invested on a global basis. The Fund's exposure to investment grade government debt may be gained through the use of derivatives. The Fund may also invest in other government and public securities, collective investment schemes, other transferable securities, other debt instruments, cash and near cash, deposits, warrants, money market instruments and other derivative instruments. The Fund may use derivatives for Efficient Portfolio Management purposes.</p>	<p>Investment policy</p> <p>At least 70% of the Fund is invested, directly or indirectly through derivatives, in investment grade debt securities including Asset Backed Securities. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, and supranational bodies 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 debt securities, including Asset Backed Securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies; and • other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p>
<p>Investment approach</p> <p>N/A</p>	<p>Investment approach</p> <p>The Fund is globally diversified across a range of government debt securities and issuers from a variety of sectors and geographies. The Fund's investment approach is flexible and begins with an assessment of macroeconomic factors such as expectations on interest rates, inflation and economic growth.</p> <p>On a regional and country-specific level, factors such as monetary and fiscal policies, capital flows, and political and regulatory environments are assessed. The result of this analysis helps to inform the country, currency allocations and duration of the portfolio.</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>

- **M&G Global High Yield Bond Fund**

Current wording	New wording
<p>Investment objective</p> <p>The Fund aims to provide income and capital growth.</p>	<p>Investment objective</p> <p>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 Global High Yield Index (GBP Hedged) over any five-year period.</p>
<p>Investment policy</p> <p>At least 80% of the Fund is invested in higher yielding corporate debt instruments which may be denominated in sterling, European currencies and other major global currencies, should the investment managers deem them to be appropriate investments. The Fund's exposure to higher yielding corporate debt instruments may be gained through the use of derivatives and any currency exposures within the Fund may be managed by currency hedges into sterling.</p> <p>Derivatives may also be used for efficient portfolio management.</p> <p>The Fund may also invest in collective investment schemes, government and public securities and other transferable securities, cash, near cash, other money market instruments, warrants and other derivative instruments. More than 80% of the Fund will be in sterling or hedged back to sterling.</p>	<p>Investment policy</p> <p>At least 80% of the Fund is invested, directly or indirectly through derivatives, in below investment grade corporate debt securities, These securities can be issued by companies from anywhere in the world, including Emerging Markets.</p> <p>Other investments may include:</p> <ul style="list-style-type: none"> • Asset-Backed Securities, and • other transferable securities, government bonds, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>There are no credit quality restrictions applicable to the Fund's investments.</p> <p>The Fund aims to hedge any non-Sterling assets back to Sterling.</p> <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p>
<p>Investment approach</p> <p>The fund manager concentrates on bottom-up analysis of individual bond issues while remaining aware of macroeconomic developments. Emphasis is placed upon investigating the ability of a company or government to meet its interest payments, especially during unfavourable economic conditions. Credit risk is constantly monitored and typically spread across a variety of countries and industrial sectors.</p>	<p>Investment approach</p> <p>The Fund is globally diversified across a range of below investment grade (high yield) debt securities from a variety of sectors and geographies. The fund manager focuses on the analysis of individual bond issues while remaining aware of macroeconomic developments. Emphasis is placed upon investigating the ability of a bond issuer to meet its interest payments, especially during unfavourable economic conditions.</p> <p>The fund manager has the flexibility to adjust the Fund's credit exposure, sector positioning and regional allocations depending on the assessment of current market valuations and the macroeconomic environment, including the likely path of economic growth, inflation and interest rates.</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>

- **M&G Global Macro Bond Fund**

Current wording	New wording
<p>Investment objective</p> <p>The Fund's objective is to maximise long term total return (the combination of income and growth of capital).</p>	<p>Investment objective</p> <p>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 IA Global Bonds Sector over any five-year period.</p>
<p>Investment policy</p> <p>The Fund invests mainly in debt instruments on a global basis which include, but are not limited to, variable rate securities, fixed interest securities, sovereign debt and corporate debt. The Fund's exposure to debt instruments may be gained through the use of derivatives. The Fund may also invest in other assets including collective investment schemes, money market instruments, cash and near cash, deposits, other transferable securities and derivatives.</p>	<p>Investment policy</p> <p>At least 80% of the Fund is invested, directly or indirectly through derivatives, in debt securities and in Asset-Backed Securities. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including Emerging Markets. These securities can be denominated in any currency.</p> <p>Other investments may include other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).</p> <p>There are no credit quality restrictions on the debt securities held by the Fund.</p> <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p>
<p>Investment approach</p> <p>N/A</p>	<p>Investment approach</p> <p>The Fund is globally diversified across a range of debt securities from a variety of sectors and geographies. The Fund's investment approach is based on the principle that returns from 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 highly flexible investment approach, changing the blend of duration, credit and currency exposures as well as the allocation to the various types of bonds 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>

- **M&G Index-Linked Bond Fund**

Current wording	New wording
<p>Investment objective</p> <p>The Fund aims to provide income and capital growth.</p>	<p>Investment objective</p> <p>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 UK Index-linked Gilts All Stocks Index over any five-year period.</p>
<p>Investment policy</p> <p>At least 70% of the Fund is invested in index-linked debt instruments which may be government and public securities or corporate debt instruments. Non-sterling denominated securities may be held and, if deemed appropriate by the investment manager, the associated currency risks hedged. The Fund's exposure to index-linked, government and public securities or corporate debt may be gained through the use of derivatives.</p> <p>Derivatives may also be used for efficient portfolio management.</p> <p>The Fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities, warrants and other derivative instruments.</p>	<p>Investment policy</p> <p>At least 70% of the Fund is invested, directly or indirectly, in inflation-linked debt securities issued or guaranteed by the UK government, and denominated in Sterling.</p> <p>The Fund's indirect exposure to inflation-linked debt securities is achieved by investing through a combination of instruments. These include the combination of government bonds or corporate bonds with credit derivatives, such as credit default swaps.</p> <p>Other investments may include:</p> <ul style="list-style-type: none"> • debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies, or corporate debt instruments, denominated in any currency; and • other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p>
<p>Investment approach</p> <p>The fund manager's investment approach is driven primarily by macroeconomic factors such as views on interest rates, inflation and economic growth. As different factors dominate returns at different stages of the economic cycle, the manager applies a dynamic investment approach.</p>	<p>Investment approach</p> <p>The Fund is diversified across a range of inflation-linked debt securities from a variety of sectors. The Fund's investment approach is based on the principle that returns from bond markets are driven by a combination of macroeconomic factors such as expectations on interest rates, inflation and economic growth. As different factors dominate returns at different stages of the economic cycle, the manager applies a flexible investment approach, adjusting the portfolio's duration as deemed appropriate.</p> <p>The fund manager seeks to take advantage of 'relative value' opportunities within the inflation-linked bond market, which involves buying the inflation-linked bonds that offer the best value.</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>

- **M&G Optimal Income Fund**

Current wording	New wording
<p>Investment objective</p> <p>The fund aims to provide a total return (the combination of income and growth of capital) to investors based on exposure to optimal income streams in investment markets.</p>	<p>Investment objective</p> <p>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 IA £ Strategic Bond Sector, over any five-year period.</p>
<p>Investment policy</p> <p>The Fund aims to provide a total return (the combination of income and growth of capital) to investors through strategic asset allocation and specific stock selection. The Fund will be at least 50% invested in debt instruments, but may also invest in other assets including collective investment schemes, money market instruments, cash, near cash, deposits, equities and derivatives. Derivative instruments may be used for both investment purposes and efficient portfolio management.</p>	<p>Investment policy</p> <p>At least 50% of the Fund is invested, directly or indirectly through derivatives, in debt securities, including investment grade bonds, below investment grade, unrated securities and Asset Backed Securities. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and 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"> • up to 20% of the Fund in equities; and • other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>There are no credit quality restrictions applicable to the Fund's investments.</p> <p>At least 80% of the Fund is in Sterling or hedged back to Sterling.</p> <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p>
<p>Investment approach</p> <p>N/A</p>	<p>Investment approach</p> <p>The Fund is globally diversified across a range of debt securities and issuers from a variety of sectors and geographies. This flexibility allows the fund manager to invest in a combination of assets that together provide the most attractive or 'optimal' income stream for the Fund. Income streams from different assets essentially offer different combinations of duration (interest rate) risk and credit risk – the optimal income stream is therefore that which incorporates the best mix of the two, based on the fund manager's view on macroeconomic, asset class, sector and geographic factors. In seeking an optimal income stream from investments, the fund manager may invest in a company's equities if they present a more attractive investment opportunity relative to its bonds.</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>

- **M&G Short Dated Corporate Bond Fund**

Current wording	New wording
<p>Investment objective and policy</p> <p>The Fund aims to provide a total return (the combination of capital growth and income).</p>	<p>Investment objective</p> <p>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 Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged) over any five-year period.</p>
<p>Investment policy</p> <p>At least 80% of the Fund is invested in investment grade corporate bonds (including variable rate securities and fixed income securities). The Fund invests in securities which on aggregate produce a low portfolio duration, in order to limit the effect of interest rate movements on the Fund's capital value. These securities may be issued anywhere in the world. The Fund aims to hedge any non-GBP assets to GBP.</p> <p>Derivatives can be used to meet the Fund's investment objective and for efficient portfolio management.</p> <p>The Fund may also invest in other debt securities (including government and public securities denominated in any currency), collective investment schemes, other transferable securities, cash, near cash, other money market securities, warrants, and other derivative instruments.</p>	<p>Investment policy</p> <p>At least 80% of the Fund is invested, directly or indirectly through derivatives, in short-dated investment grade fixed and floating rate corporate debt securities and in 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; and • other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>The Fund aims to hedge any non-Sterling assets back to Sterling.</p> <p>Derivatives may be used for investment purposes, efficient portfolio management and hedging.</p>
<p>Investment approach</p> <p>The fund manager combines a top-down assessment of macroeconomic factors with a bottom-up approach to individual stock selection.</p> <p>Duration is a measure of a bond's or a bond fund's sensitivity to changes in interest rates. Consequently, having a low portfolio duration means that the Fund will be less affected by changes in interest rates than a corporate bond fund with a higher portfolio duration.</p> <p>An in-house team of credit analysts assists the fund manager with individual credit selection along with the monitoring of the companies that issue the bonds held by the Fund.</p>	<p>Investment approach</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 fund manager applies a flexible investment approach, changing the blend of duration and credit exposure in the portfolio to weight them appropriately. The fund manager also maintains a low duration profile through the Fund's bias towards short-dated corporate bonds, in order to limit the effect of interest rate movements on the Fund's capital value.</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>

- **M&G Strategic Corporate Bond Fund**

Current wording	New wording
Investment objective The fund aims to maximise total return (the combination of income and growth of capital).	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 average return of the IA £ Corporate Bond Sector, over any five-year period.
Investment policy The Fund invests mainly in investment grade bonds. The Fund may invest in derivatives in pursuit of the fund objective and for the purposes of efficient portfolio management. The Fund may also invest in other assets including collective investment schemes, other transferable securities and other debt instruments (including corporate, high yield and government debt, convertible and preference stocks), cash, and near cash, deposits, warrants and money market instruments.	Investment policy 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 currency. Other investments may include: <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; • Asset-Backed Securities; and • other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). The Fund aims to hedge any non-Sterling assets to Sterling. Derivatives may be used for investment purposes, efficient portfolio management and hedging.
Investment approach N/A	Investment approach 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. 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.

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