



## **This Circular is important and requires your immediate attention**

If you are in any doubt as to the action to be taken please call your usual M&G contact or consult your financial adviser. For any operational enquiries contact our Customer Services Team by email at [csmandg@rbc.com](mailto:csmandg@rbc.com) or by telephone on +352 2605 9944 or consult your financial adviser, if you have one, immediately.

## **Information and notices of meetings to Shareholders in relation to the proposed scheme of arrangement for the M&G Share Class Mergers of**

- Euro A Accumulation Shares
- Euro A Income Shares
- Euro B Accumulation Shares
- Euro B Income Shares
- Euro C Accumulation Shares
- USD A-H Accumulation Shares
- USD A-H Income Shares

### **In the M&G European High Yield Bond Fund**

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

### **Into the M&G (Lux) Global High Yield Bond Fund**

(a sub-fund of M&G (Lux) Investment Funds<sup>1</sup>, a Luxembourg-authorised Société Anonyme qualifying as a Société d'investissement à capital variable)

Dated 12 November 2018



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## Letter to Shareholders

12 November 2018

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

Dear Investor

### Information for Shareholders in the non-Sterling share classes of the M&G European High Yield Bond Fund, a sub-fund of M&G Investment Funds (3)

I am writing to you as an investor in one or more of the non-Sterling share classes of the M&G European High Yield Bond Fund (the “Merging Fund”) to tell you about our plans to merge them into corresponding share classes of the M&G (Lux) Global High Yield Bond Fund (the “Receiving Fund”), a sub-fund of M&G (Lux) Investment Funds 1 (the “M&G SICAV”), a société anonyme qualifying as société d’investissement à capital variable (“SICAV”). The share classes affected by the proposal, collectively referred to as the “Merging Share Classes”, are as follows:

- Euro A Accumulation Shares
- Euro A Income Shares
- Euro B Accumulation Shares
- Euro B Income Shares
- Euro C Accumulation Shares
- USD A-H Accumulation Shares
- USD A-H Income Shares

The M&G SICAV is subject to Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended (the “2010 Law”), and consequently qualifies as an Undertaking for Collective Investment in Transferable Securities (“UCITS”).

The M&G (Lux) Global High Yield Bond Fund was launched on Friday 9 November 2018 and is managed in the same way as the M&G Global High Yield Bond Fund, a UK authorised Open-Ended Investment Company (“OEIC”).

The terms used in this Circular are defined in the Glossary which can be found in Appendix 6.

### Background and reasons for the Mergers

The impending departure of the UK from the European Union has resulted in uncertainty surrounding the future trading relationship between the UK and the EU. As a result, we are undertaking a review of our fund range and taking action to ensure that investors from outside the UK, who wish to remain invested in M&G’s funds after the UK leaves the EU, will be able to do so regardless of the outcome of the negotiations currently taking place.

As part of this effort, over the next year, we are splitting the assets of most M&G funds so that holders of non-Sterling denominated share classes will be merged into newly launched Luxembourg-authorized funds offering similar investment strategies, leaving the current OEIC range for UK investors.

In the case of the M&G European High Yield Bond Fund, the size of the assets which would be merged into the newly-launched fund under such a scheme would be relatively small. The M&G European High Yield Bond Fund has been experiencing steady outflows in recent years, and we expect this trend to continue in the foreseeable future, which would make the newly-launched fund too small to be commercially viable in the long term. We therefore propose to merge the non-Sterling share classes of the M&G European High Yield Bond Fund into the M&G (Lux) Global High Yield Bond Fund.

The M&G (Lux) Global High Yield Bond Fund is managed by the same fund managers as the M&G European High Yield Bond Fund and follows the same investment process: it principally invests in bonds issued by companies with a low credit rating (‘high yield bonds’), which typically pay higher levels of interest to compensate investors for the greater risk of default. In terms of the funds’ portfolios, they mainly differ in that the M&G (Lux) Global High Yield Bond Fund offers a global, rather than European strategy, which gives it access to a much wider set of investment opportunities with better sector diversification.

### Structure of the Mergers and Meetings of Shareholders

The proposed Mergers are being structured so that only the non-Sterling share classes in the M&G European High Yield Bond Fund (the “Merging Share Classes”), which you are invested in, are being merged into their equivalent share classes in the M&G (Lux) Global High Yield Bond Fund.

The M&G European High Yield Bond Fund's Sterling share classes are subject to a separate proposal to merge them into the M&G Global High Yield Bond Fund, and the M&G European High Yield Bond Fund will be closed following the Mergers, should they all be approved at their respective Meetings. It will also be closed if, following the Meetings, not all of the Mergers are approved, and the value of the M&G European High Yield Bond Fund does not exceed £40m.

### **Your vote is required**

Each Share Class Merger requires Shareholder approval. For each Merger, this is done via a Shareholder vote using what is known as an "Extraordinary Resolution" (a written proposal) at a meeting of Shareholders (each a "Meeting" and collectively the "Meetings"). Shareholders do not, however, need to attend a Meeting unless they wish to and can instead vote using the Proxy Voting Forms supplied. The Proxy Voting Forms set out the Merging Share Class(es) in which you hold Shares (see enclosed). For more details on the Shares that you hold (including the specific share class) please contact the Customer Services Team using the details provided on page 1.

The Notice of each Meeting and their dates and times are set out in Appendix 7.

To be passed, each Extraordinary Resolution requires a majority in favour of not less than 75% of the total 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 Appendices 1 and 2, as this contains important information about the differences between the M&G European High Yield Bond Fund and the M&G (Lux) Global High Yield Bond Fund, and how the Mergers will impact you, depending on which Merging Share Class(es) you are currently invested in.

Each Share Class Merger is separate from the others also being proposed, and whether a Merger proceeds is, subject to the below, dependent on the vote of Shareholders at the relevant class meeting, irrespective of the decision of other class meetings in relation to other share classes.

However, the ACD has determined that if one or more of the Extraordinary Resolutions is not passed, resulting in the assets remaining in the M&G European High Yield Bond Fund being below £40m, then the fund will be closed. Should the value of the remaining assets be above this figure, the M&G European High Yield Bond Fund will continue to be managed in accordance with the Prospectus of the M&G European High Yield Bond Fund. The ACD envisages that it would, however, consider further options for the M&G European High Yield Bond Fund in due course.

### **Further information in this document**

Details of the various consents to the Mergers are set out in Appendix 4. The procedure for the Meetings is set out in Appendix 5.

The Extraordinary Resolutions to enable the Mergers to go ahead are set out in each Notice of a Meeting of Shareholders in Appendix 7. Each approved Extraordinary Resolution will be binding on all Shareholders in the respective Merging Share Class (whether or not they voted in favour of it, or voted at all). Each approved Merger will then take place on Friday 25 January 2019 (the "Effective Date").

Details of the outcome of the Meetings will be available from 09:00 CET on Monday 17 December 2018 by contacting our Customer Services Team using the details provided on page 1.

We encourage you to vote in favour of your respective Merger(s) as we believe that the Mergers are in your best interests.

Please complete and return the enclosed Proxy Voting Form(s) in the pre-paid envelope provided to The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW to reach us no later than the relevant date and time set out in Appendix 7.

## Comparison of the funds

### 1. Investment objectives and policies

Both funds aim to maximise total return (a combination of income and capital growth) over the long term with the M&G (Lux) Global High Yield Bond Fund's objective specifying to a more explicit target of aiming to provide a return higher than the global high yield bond market over 5 years.

They both follow a similar investment process and invest in the same types of assets in order to achieve their objective but, whereas the M&G European High Yield Bond Fund invests at least 70% of the portfolio in bonds denominated in any European currency ('European high yield bonds'), the M&G (Lux) Global High Yield Bond Fund invests at least 80% of the portfolio in bonds denominated in Sterling, European currencies and other major global currencies. Thus, it can invest in a much bigger range of high yield bonds.

In addition, there will be some minor differences in the wording of the investment objectives and policies as a result of the slightly different fund structures between OEICs and SICAVs as well as different regulators (see below).

Please see Appendix 2 for a full comparison of the funds' respective investment objectives and policies.

### 2. Fund structure and regulatory framework

Whilst the M&G European High Yield Bond Fund is a UK-authorized OEIC, and subject to regulation by the Financial Conduct Authority (the "FCA"), the M&G (Lux) Global High Yield Bond Fund is a sub-fund of a Luxembourg authorised SICAV subject to regulation by and the supervision of the Commission de Surveillance du Secteur Financier (the "CSSF").

Please see Appendix 1 for a table comparing the main features of OEICs to those of SICAVs.

### 3. Distribution frequency and income payment dates

The M&G European High Yield Bond Fund distributes income on a quarterly basis, whereas the M&G (Lux) Global High Yield Bond Fund provides monthly distributions.

### 4. Risks

The Synthetic Risk Reward Indicator (SRRI) is currently higher for corresponding share classes in the M&G (Lux) Global High Yield Bond Fund than it is for share classes in the M&G European High Yield Bond Fund you currently hold (although SRRI may change over time). The higher indicator is mainly due to the M&G (Lux) Global High Yield Bond Fund's exposure to different sectors and regions with higher volatility levels. Please refer to Appendix 2 for the SRRI for both funds.

Both funds are subject to similar material risks.

### 5. Charges

The Annual Management Charge for your New Shares will be no higher than it was for your Existing Shares. You should note, however, that Luxembourg's tax d'abonnement (subscription tax) of 0.05% per annum (or 0.01% per annum for qualifying institutional investors as defined by Luxembourg law and regulations) on assets under management will contribute to a corresponding increase in the Ongoing Charge for the Fund ("OCF") of the M&G (Lux) Global High Yield Bond Fund. The reduced size of the M&G (Lux) Global High Yield Bond Fund is not expected to have a material impact on the OCF but in the worst case is forecast to increase by 0.02%. In total this may mean that the OCF could increase by 0.06%. Please see Appendix 2 for information by Share Class.

If you believe that you qualify as an Institutional Investor (please refer to Glossary), you will need to contact us as soon as possible to complete the appropriate declaration, which will allow you to access the M&G (Lux) Global High Yield Bond Fund's 0.01% tax rate share class. Should the Mergers be approved, following the Effective Date and subject to receipt of your declaration, you will be eligible to place instructions to move your investment to the 0.01% tax rate share class in the M&G (Lux) Global High Yield Bond Fund.

### 6. Pricing policy

The M&G (Lux) Global High Yield Bond Fund operates under a different pricing policy. Both funds are single priced. However, the M&G (Lux) Global High Yield Bond Fund operates on a partial swinging single pricing basis, whilst the M&G European High Yield Bond Fund operates on a fully swinging single pricing basis. Please see Appendix 2 for full details.

## 7. Investment reports

The M&G (Lux) Global High Yield Bond Fund's annual and half-yearly reports are published at different times to the M&G European High Yield Bond Fund's. Please refer to Appendix 2 for details.

## 8. Valuation currency

The M&G (Lux) Global High Yield Bond Fund is valued in US Dollar, while the M&G European High Yield Bond Fund is valued in Euro. As a result, your New Shares may be named differently. For more information please see Appendix 2 for the Share(s) relevant to you.

**For detailed comparisons of the main features of the M&G European High Yield Bond Fund and the M&G (Lux) Global High Yield Bond Fund, please refer to Appendices 1 and 2. A copy of the Key Investor Information Document(s) (KIIDs) for the Share Class or Classes you will hold in the M&G (Lux) Global High Yield Bond Fund if the Merger(s) relevant to you go(es) ahead is enclosed and we strongly recommend that you read it.**

## Details of the Mergers

If the relevant Share Class Merger is approved, Shareholders in that class will receive New Shares in the M&G (Lux) Global High Yield Bond Fund of the class and type set out in Appendix 2, in exchange for the transfer of the assets of the Merging Share Classes to the M&G (Lux) Global High Yield Bond Fund on the terms set out in the Scheme in Appendix 3. Following the Effective Date of the Merger, the Merging Share Classes will be closed to new investment.

Please refer to Appendix 2 for Share class comparison details.

You will not pay an initial charge for New Shares obtained as a result of the Scheme. Please also note that you will not have cancellation rights in respect of the New Shares which are issued to you under the Scheme. Shareholders who receive New Shares in exchange for their Existing Shares will be able to exercise their rights as Shareholders in the M&G (Lux) Global High Yield Bond Fund from the first Business Day following the Effective Date for dealing in New Shares, and in accordance with the M&G (Lux) Global High Yield Bond Fund's supplement in the Prospectus.

After the merger process has completed, Existing Shares in the M&G European High Yield Bond Fund will be cancelled and will cease to be of any value.

In order to simplify the merger process, the interim accounting period for the purposes of income distributions will be from 1 October 2018 to the Effective Date, instead of to 31 December 2018. Income accruing to Existing Shares will be allocated as follows:

- For Accumulation Shares, income available for distribution in respect of the period from the Accounting Date 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 to such Shares under the Scheme.
- For Income Shares, income available for distribution in respect of the period from the Accounting Date to the Effective Date will be distributed to Shareholders within 2 months of the Effective Date.

Further details of the Mergers are contained in the Scheme set out in Appendix 3.

All investors who currently hold their Existing Shares through the M&G Securities International Nominee Service will, after the Mergers, hold their New Shares directly on the Register of the M&G (Lux) Global High Yield Bond Fund. Under the current arrangements through the M&G Securities International Nominee Service, the legal title to the Existing Shares is held by M&G International Investments Nominees Limited (the Nominee) as nominee for the investors, while beneficial ownership is held by the underlying investors, and as part of the merger process the Nominee will transfer its ownership of their Shares to the relevant investors.

Further details of the Mergers are contained in the Schemes set out in Appendix 3.

## Merger Costs

If Shareholders approve the Mergers, we intend to undertake a rebalancing of the M&G European High Yield Bond Fund's portfolio in order to bring it in line with the strategy of the M&G (Lux) Global High Yield Bond Fund. The rebalancing will require changes to be made to around 40% of the M&G European High Yield Bond's portfolio and will commence after the date of the EGM and may not be concluded prior to the Merger date. M&G will cover any rebalancing costs and will also cover any ancillary expenses associated with the Mergers, such as legal costs and any stamp duty or transfer taxes which may arise as a result of the transfer of property to the M&G (Lux) Global High Yield Bond Fund. Any other taxes (e.g. income tax or capital gains tax on disposal of property) that would ordinarily be borne by the M&G European High Yield Bond Fund, even if incurred as a result of the Mergers, will be borne by the M&G European High Yield Bond Fund.

Should some or all of the Mergers or the mergers of the Sterling share classes mentioned above not be approved in their respective Shareholder meetings no rebalancing will take place in the M&G European High Yield Bond Fund and it will continue to be run in the same way as it is currently. For the Mergers that are approved, rebalancing of the M&G European High Yield Bond Fund's assets will then take place after the Effective Date and therefore once the assets of the M&G European High Yield Bond Fund have been merged into the M&G (Lux) Global High Yield Bond Fund. M&G will cover any rebalancing costs and will also cover any ancillary expenses associated with those Mergers, such as legal costs, and ensure there is no detriment to existing investors in the M&G (Lux) Global High Yield Bond Fund as a result of its receipt of the assets in question rather than cash.

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

### **Taxation**

**The tax consequences of the Mergers 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.**

Due to the different fund structure and jurisdiction, the tax treatment of the SICAV will differ to an OEIC. Specifically, a SICAV has access to fewer tax treaties compared to an OEIC. Depending on the investment strategy of the fund, this may lead to less favourable tax treatment on underlying investments.

As mentioned above M&G will not be responsible for, or pay, any investor's personal tax liability that may result from the Mergers.

Luxembourg stamp duty or transfer taxes on the issue of New Shares will not be payable by Shareholders. Following the Mergers, you will hold New Shares in the M&G (Lux) Global High Yield Bond Fund which as sub-funds of a Luxembourg UCITS are subject to Luxembourg laws and regulations which implement Automatic Exchange of Information ("AEOI").

Whilst information relating to your holding in the M&G European High Yield Bond Fund already held by us will be used as far as possible by the M&G (Lux) Global High Yield Bond Fund in order to fulfil their AEOI obligations, we may have to ask you to provide some additional documentation.

In the same way as we may currently be required to report information about your account to HMRC, as the UK tax authority, if you are a tax resident in a reportable jurisdiction, we may have to report this information to the Luxembourg tax authorities, who will in turn share this with other tax authorities pursuant to international agreements to exchange financial account information.

## **Managing your M&G investment**

### **1. Dealing in Shares**

#### **Before the Mergers**

If you do not wish to participate in the Merger(s) relevant to you, you may sell your Existing Shares in the M&G European High Yield Bond Fund until 11:30 CET on Thursday 24 January 2019. We will not levy a charge for selling your Existing Shares.

You may also switch free of charge to another fund within the M&G Fund Range, details of which can be obtained on our website at [www.mandg.com](http://www.mandg.com).

If, having completed and returned a Voting Form, you sell any of your Existing Shares to which the Form relates before the Meeting, 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 Existing Shares in the M&G European High Yield Bond Fund received by 11:30 CET on Thursday 24 January 2019 will be dealt with as per our standard processes. However, requests received after this time will be deemed to apply to the New Shares in the M&G (Lux) Global High Yield Bond Fund issued following the Mergers and will therefore be carried over until this fund's next valuation point, which will be 13:00 CET on Monday 28 January 2019. Please refer to the "After the Mergers" section below for details on how to deal in New Shares in the M&G (Lux) Global High Yield Bond Fund.

The processes for buying, selling and switching Existing Shares (before 11:30 CET on Thursday 24 January 2019) are set out in the M&G European High Yield Bond Fund's Prospectus, which is available on our website [www.mandg.com](http://www.mandg.com) or can be obtained by contacting our Customer Services Team using the details provided on page 1.

In the unlikely event that the Mergers are delayed for any of the Merging Share Classes, the ACD reserves the right (subject to the agreement of the Depositary and notifying the FCA) to suspend dealing in the M&G European High Yield Bond Fund. The M&G SICAV Board of Directors has a duty to ensure that the M&G (Lux) Global High Yield Bond Fund is correctly valued for the purpose of dealing, and so will not recommence dealing until satisfied in this respect.

### **After the Mergers**

Each approved Merger will take place on the Effective Date and will be binding on all Shareholders in the Merging Share Classes at the Effective Date (whether or not they voted in favour of it or voted at all). Dealing in New Shares is expected to commence at 09.00 CET on Monday 28 January 2019, which will be the first business day following the Effective Date of the Mergers. We will notify you of the number and class of New Shares issued to you on Monday 28 January 2019. You may send us instructions to deal in your New Shares before you receive notification confirming the allocation of New Shares to you, however, any instructions for the M&G (Lux) Global High Yield Bond Fund will be carried out at the valuation point on the first day of dealing in New Shares, as set out in Appendix 7.

Any subscriptions to the M&G (Lux) Global High Yield Bond Fund will need to refer to the New Shares' ISIN Codes provided in Appendix 2 and paid into the M&G (Lux) Global High Yield Bond Fund's respective subscription bank accounts. Details of these accounts can be found in the Scheme as set out in Appendix 3.

The procedures for buying and selling New Shares within the M&G (Lux) Global High Yield Bond Fund are otherwise the same as those for your Existing Shares in the M&G European High Yield Bond Fund.

You will also be able to switch from and to share classes within the M&G SICAV Fund Range which are denominated in the same currency, and the process for switching will remain unchanged from that applicable to Existing Shares. Details can be found in the M&G (Lux) Global High Yield Bond Fund's supplement in the Prospectus.

### **2. Settlement mandates**

Any mandates which you have given in relation to redemptions and distributions for your Existing Shares will automatically apply to the New Shares issued to you following the Mergers. If you do not want these mandates to be carried forward, please let us know. You may, of course, change them at any time.

### **3. M&G Account Numbers**

Your M&G Account Number(s) will not change. You will need to quote this number when communicating with M&G.

### **Action to be taken**

We believe that the proposed Mergers are in the best interests of Shareholders, as they will ensure that investors in the Merging Share Classes have continued access to similar investment strategies through UCITS-qualifying funds, and we encourage you to vote in support of your respective Merger(s).

Please complete and return the enclosed Proxy Voting Form(s) in the pre-paid envelope provided to The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW to reach us no later than the relevant date and time set out in Appendix 7.

### **Further information relating to the Mergers**

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 M&G European High Yield Bond Fund and the M&G (Lux) Global High Yield Bond Fund;
- the Prospectuses of each of the M&G European High Yield Bond Fund and the M&G SICAV;
- the Key Investor Information Documents (KIIDs) relating to the M&G SICAV;
- the latest annual or semi-annual report of the M&G European High Yield Bond Fund.

Copies of this Circular and the Prospectus and Key Investor Information Documents for the M&G (Lux) Global High Yield Bond Fund are available from our website [www.mandg.com/BrexitMergerDocumentation](http://www.mandg.com/BrexitMergerDocumentation).

**Further information**

If you require further information of an operational nature, please do not hesitate to contact our Customer Services Team by email at [csmang@rbc.com](mailto:csmang@rbc.com) or by telephone on +352 2605 9944. We are open from 09:00 to 18:00 CET Monday to Friday. For your security and to improve the quality of our service we may record and monitor telephone calls. For any other enquiries please call your usual M&G contact.

Thank you for your loyalty to M&G.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jonathan Willcocks', with a long horizontal flourish extending to the right.

Jonathan Willcocks

**Global Head of Distribution**

for and on behalf of M&G Securities Limited

(as Authorised Corporate Director of the M&G European High Yield Bond Fund)

# Appendix 1

## Comparison of the main features of an OEIC and a SICAV

Legal structure and regulation		
	OEIC	SICAV
<b>Definition</b>	Open-ended investment company (UK-domiciled)	Société d'investissement à capital variable (investment company with variable capital) (Luxembourg-domiciled)
<b>Background</b>	Commonly used in the UK; similar structures also used in other regions Legal company structure introduced in the UK in 1997 as a flexible alternative to unit trusts	Commonly used in Western Europe, also in other regions Legal company structure introduced in Luxembourg in 1983
<b>Legal structure/UCITS</b>	An OEIC can be established as an umbrella company with a number of sub-funds, or as a stand-alone fund. The Merging Fund is an OEIC Can issue a range of share class types which may be differentiated by fee structure, distributions and currency; including currency hedged or unhedged shares Can be established as a UCITS (Undertakings for Collective Investment in Transferable Securities) or retail non-UCITS	A SICAV can be established as an umbrella company with a number of sub-funds, or as a stand-alone fund. The Receiving Fund is a sub-fund of an umbrella SICAV, M&G (Lux) Investment Funds 1 Can issue a range of share class types which may be differentiated by fee structure, distributions and currency; including currency hedged or unhedged shares Can be established as a UCITS (Undertakings for Collective Investment in Transferable Securities) or non-UCITS
<b>Regulatory authority</b>	Financial Conduct Authority (FCA), in the UK	Commission de Surveillance du Secteur Financier (CSSF), in Luxembourg
<b>Local Regulatory Framework</b>	The FCA Handbook, specifically, the Collective Investment Schemes sourcebook (COLL)	The Law of 17 December 2010 relating to undertakings for collective investment, as amended (the "2010 Law") and CSSF circulars and regulations
<b>Corporate governance</b>	The Authorised Corporate Director (ACD) is responsible for the day-to-day operation of the OEIC	A SICAV has a Board of Directors, which can delegate the investment management, administration and marketing functions to a management company
<b>Role of Depositary</b>	A Depositary is responsible for the custody of fund assets The Depositary is also responsible for oversight of the ACD to ensure the interests of investors are protected The Depositary and ACD must be completely independent	A Depositary (Luxembourg-based) is responsible for the custody of fund assets and ensuring the interests of investors are maintained The Depositary is also responsible for oversight of the investment to ensure the interests of investors are protected
<b>Segregation of liability between sub-funds</b>	Legislation to allow the segregation of liability between sub-funds in an umbrella OEIC is provided for under UK law This means that assets in each sub-fund are ring-fenced from others in the range	Segregation of liability between sub-funds of the same SICAV is provided for under Luxembourg law This means that assets and liabilities in each sub-fund are ring-fenced from the assets and liabilities of other sub-funds in the same SICAV
<b>Financial Reporting and Accounting Standards</b>	Follows UK generally accepted accounting practice ("UK GAAP"), the Investment Association Statement of Recommended Practice ("IA SORP") and COLL	Follows Luxembourg generally accepted accounting practice ("Lux GAAP") and the 2010 Law

Fund taxation		
	OEIC	SICAV
<b>Fund Level</b>	The OEIC is in principle subject to UK corporation tax at 20% on investment income Interest income and property income is taxable. However, expenses can be deducted which often reduces the effective tax to nil Dividends received by a fund are not taxable Capital gains realised by the fund are exempt from tax	A SICAV is not subject in Luxembourg to tax in its income, profits or gains – all tax arises at the level of the investor
<b>Investment Level</b>	OEIC funds may suffer transfer taxes and tax on foreign income and gains, levied by the country where investments are held Due to the wide range of tax treaties in place with the UK, tax on investments is often reduced	SICAV funds may suffer transfer taxes and tax on foreign income and gains, levied by the country where investments are held SICAV funds benefit from certain tax treaties which can reduce the tax to be applied
<b>Other fund taxes</b>	None	Taxe d'abonnement of 0.05% per annum for retail investors and 0.01% for Institutional Investors, based on fund net asset value
<b>Investor taxation</b>		
	OEIC	SICAV
<b>Income and capital gains</b>	Most investors are taxed only on the actual distributions received, or on deemed investment returns from funds that are reported to them	Most investors are taxed only on the actual distributions received, or on deemed investment returns from funds that are reported to them
<b>Withholding tax on distributions</b>	There is no withholding tax on distributions from an OEIC	There is no withholding tax on distributions from a SICAV

Depending on the portfolio composition and strategy of the fund, there may be some differences in the post-tax return between an OEIC structure and a SICAV structure due to different access to double tax treaties.

## Appendix 2

### Comparison of the Merging Fund and Receiving Fund

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

The table below shows a comparison of the Existing Shares and their corresponding New Shares, including the applicable initial charges, redemption charges, AMC and OCF. The information is based on published figures as at 31.05.18. Other than the information stated in the table below, share class features (such as minimum investment amounts, charges allocation policy, etc.) will be identical.

	Merging Fund	Receiving Fund
<b>Name</b>	M&G European High Yield Bond Fund	M&G (Lux) Global High Yield Bond Fund
<b>Investment objective</b>	The Fund aims to provide income and capital growth.	The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global high yield bond market over any five-year period.
<b>Investment Policy</b>	<p>At least 70% of the Fund is invested in higher yielding debt instruments denominated in any European currency and will normally be managed to give investors exposure to European currencies.</p> <p>The Fund's exposure to higher yielding debt instruments may be gained through the use of derivatives. 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 which may be denominated in any major global currency.</p> <p>Any non-European currency exposures within the Fund may be managed by currency hedges in European currencies. More than 70% of the Fund will be in euro or hedged back to euro.</p>	<p>The Fund invests at least 80% of its Net Asset Value in high yield bonds issued by companies denominated in any currency. The Fund does not take any currency views and aims to hedge any non-USD assets to USD. Issuers of these securities may be located in any country, including emerging markets.</p> <p>The investment process of the Fund is based on the bottom-up analysis of individual bond issues whilst remaining aware of macroeconomics developments.</p> <p>In addition to high yield securities, the Fund may invest in unrated debt securities up to a combined maximum of 100% of the Fund's Net Asset Value. There are no credit quality restrictions with respect to the high yield debt securities in which the Fund may invest. The Fund may hold up to a maximum of 20% of its Net Asset Value in Asset-Backed Securities and to a maximum of 20% of its Net Asset Value in Contingent Convertibles Debt Securities.</p> <p>The Fund will typically invest directly. The Fund may also invest indirectly via derivative instruments to take both long and short positions to meet the Fund's investment objective, for efficient portfolio management and for the purpose of hedging. These instruments may include, but are not limited to Spot and Forward Contracts, Exchange Traded Futures, Credit Default Swaps, Interest Rate Swaps and Total Return Swaps.</p> <p>The Fund may also invest in other assets including, collective investment schemes<sup>1</sup>, cash and near cash, deposits, equities, warrants and other debt securities.</p>
<b>Type of fund</b>	UCITS Fund – (a sub-fund of M&G Investment Funds (3), a UK authorised Open-Ended Investment Company)	UCITS Fund – (a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorised Société Anonyme qualifying as a Société d'investissement à capital variable)

<sup>1</sup> When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

	Merging Fund					Receiving Fund					
Name	M&G European High Yield Bond Fund					M&G (Lux) Global High Yield Bond Fund					
Share classes and charges											
Share Class	ISIN	Annual Management Charge	Initial Charge	OCF	Redemption Charge	Share Class	ISIN	Annual Management Charge	Initial Charge	OCF	Redemption Charge
Euro A Accumulation	GB0031288243	1.25%	3.25%	1.43%	Nil	Euro A-H Accumulation	LU1670726402	1.25%	4.00%	1.49%	Nil
Euro A Income	GB00B9G4ML32	1.25%	3.25%	1.43%		Euro A-H Distribution	LU1670726741	1.25%	4.00%	1.49%	
Euro B Accumulation	GB00B9F9BJ02	1.75%	0%	1.93%		Euro B-H Accumulation	LU1670726824	1.75%	0%	1.99%	
Euro B Income	GB00BYQRBQ51	1.75%	0%	1.93%		Euro B-H Distribution	LU1670727046	1.75%	0%	1.99%	
Euro C Accumulation	GB0031288466	0.75%	1.25%	0.93%		Euro C-H Accumulation	LU1670727129	0.65%	1.25%	0.89%	
USD A-H Accumulation	GB00BK6MBR36	1.25%	3.25%	1.45%		USD A Accumulation	LU1670725933	1.25%	4.00%	1.47%	
USD A-H Income	GB00BK6MBP12	1.25%	3.25%	1.45%		USD A Distribution	LU1670726071	1.25%	4.00%	1.47%	
<b>SRRI</b>	3					4					
<b>Share Class Hedging Fees<sup>2</sup></b>	Based on the Net Asset Value of the relevant share class, charged on a tiered scale as a variable rate not expected to exceed 0.055% p.a.					Based on the Net Asset Value of the relevant share class, charged on a tiered scale as a variable rate not expected to exceed 0.06% p.a.					
<b>Depositary's Fees</b>	Based on the Net Asset Value of the Fund, charged on a tiered scale as follows: – 0.0075% p.a. on the first £150m – 0.005% p.a. from £150m to £650m – 0.0025% p.a. on the balance above £650m					Based on the Net Asset Value of the Receiving Fund charged on a tiered scale to the Receiving Fund and not expected to exceed 0.01% p.a.					
<b>Custody Charges</b>	Based on the Net Asset Value of the Fund between 0.00005% and 0.40% p.a.					Based on the Net Asset Value of the Fund between 0.00005% and 0.40% p.a.					
<b>Custody Transaction Charges</b>	Between £4 and £75 per transaction					Between €5 and €100 per transaction					
<b>Administration Fees</b>	0.15% of the Net Asset Value p.a.					0.15% of the Net Asset Value p.a.					
<b>Other Expenses</b>	Other expenses may be charged, as detailed in the Prospectus					Other expenses may be charged, as detailed in the Prospectus					

General Features		
	Merging Fund	Receiving Fund
Domicile	United Kingdom	Luxembourg
Type of Company	An Open-Ended Investment Company with variable capital	UCITS, a sub-fund of a Société d'investissement à capital variable
ACD	M&G Securities Limited as Authorised Corporate Director	M&G SICAV Board of Directors who is delegating part of its management responsibilities to: M&G Luxembourg S.A as Management Company
Annual accounting dates	30 June	31 March

<sup>2</sup> This is only relevant for share classes that conduct share class hedging.

General Features		
	Merging Fund	Receiving Fund
Annual and half-yearly reports issued by:	Annual reports: within 4 months Half-yearly reports: within 2 months	Annual reports: within 4 months Half-yearly reports: within 2 months
Distribution Frequency	Quarterly	Monthly
Income allocation dates	On or before 31 October (Final); 31 January (Interim); 30 April (Interim); 31 July (Interim)	On or before 31 March (Final); 30 April (Interim); 31 May (Interim); 30 June (Interim); 31 July (Interim); 31 August (Interim); 30 September (Interim); 31 October (Interim); 30 November (Interim); 31 December (Interim); 31 January (Interim); 28 February (Interim)
Income Distribution Date	Normally within 2 months of the end of the relevant distribution period	Normally within 1 month of the end of the relevant distribution period
Valuation Point	13:00 CET	13:00 CET
Dealing Cut-off	11:30 CET	11:30 CET
Pricing methodology	Fully swinging single pricing Under fully swinging single pricing, a fund is priced at either creation or cancellation, depending on net flows into or out of the fund each day. Prices are swung automatically; they do not depend on the size of flows. The price of the Fund can, therefore, swing each day.	Partial swinging single pricing Under partially swinging single pricing, a fund is priced at NAV unless fund flows in or out of the fund on any day cause dilution to exceed a predetermined threshold. If that threshold is exceeded the price will swing to either creation or cancellation, depending on whether the fund is in net inflow or outflow on the day
Buying and selling Shares	Deals can be placed in the same manner quoting the ISIN code for the new Receiving Fund Shares with subscriptions to be paid to the M&G SICAV settlement account	
Service Providers		
Investment Manager	M&G Investment Management Limited	M&G Investment Management Limited
Fund Accounting & Pricing	State Street Bank and Trust Company	State Street Bank Luxembourg S.C.A.
Registrar/ Sub-Registrar	Registrar: DST Financial Services Europe Ltd	Registrar: RBC Investor Services Bank S.A. (Luxembourg)
	Sub-Registrar: RBC Investor Services Bank S.A. (Luxembourg)	None
Depository	National Westminster Bank Plc with a delegation of safekeeping functions to State Street Bank and Trust Company	State Street Bank Luxembourg S.C.A.
Auditors	Ernst & Young LLP	Ernst & Young S.A.

# Appendix 3

## Scheme of arrangement for the merger of the Merging Share Classes of the Merging Fund into the Receiving Fund

### 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 3.
- 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

The ACD proposes that the Merging Share Classes be merged into the Receiving Fund as set out in this Appendix.

- 2.1. If each of the Mergers are approved by Shareholders, the ACD shall, in order to facilitate the implementation of the Scheme, thereafter manage the Merging Fund with a view to ensuring that all assets of the Merging Fund shall, as soon as possible after the Effective Date, be consistent with the investment objective and policy of the Receiving Fund. Such rebalancing of assets may not be concluded prior to the Effective date and therefore may take place within the Receiving Fund where necessary. M&G will cover any rebalancing costs and will also cover any ancillary expenses associated with the Mergers, such as legal costs.
- 2.2. The M&G European High Yield Bond Fund's Sterling share classes are subject to separate proposals to merge them into equivalent share classes of the M&G Global High Yield Bond Fund.
- 2.3. Should some or all of the Mergers or the mergers of the Sterling share classes mentioned above not be approved in their respective Shareholder meetings no rebalancing will take place within the Merging Fund. For the Mergers that are approved, rebalancing of the Merging Fund's assets will take place after the Effective Date and therefore once the assets of the Merging Fund have been merged into the Receiving Fund. M&G will cover any rebalancing costs and will also cover any ancillary expenses associated with those Mergers, such as legal costs, and ensure that there is no associated detriment to existing investors in the Receiving Fund as a result of its receipt of the assets in question rather than cash.

### 3. Approval of Shareholders

- 3.1. Each of the Mergers of the Merging Share Classes with the Receiving Fund, as set out in this Circular, are conditional upon the passing of Extraordinary Resolutions at the relevant Meeting(s) of Shareholders in the respective Merging Share Class by which those Shareholders approve the Scheme and authorise and instruct the ACD and the Depositary to implement the Scheme.
- 3.2. If that relevant Extraordinary Resolutions for that Merging Share Class is approved, a merger under the Scheme will be binding on each Shareholder in that Merging Fund, and the merger(s) will be implemented as set out in the following paragraphs.
- 3.3. In the event that Shareholders do not pass the requisite Extraordinary Resolution, dealings in the relevant Existing Shares will continue as usual following the Meeting and the ACD will continue to the relevant Merging Fund including the Merging Share Class in question in accordance with the Prospectus of the Merging Fund. The ACD envisages that it would, however, consider further options for the Merging Fund in due course.

### 4. Suspension of dealings in the Merging Fund

- 4.1. To facilitate implementation of the Merger, dealing in Existing Shares in the Merging Fund will be suspended at 11:30 CET on Thursday 24 January 2019 . Dealing instructions received after 11:30 CET on Thursday 24 January 2019 will not be actioned until the first day of dealing following the Merger.
- 4.2. If you wish to sell Existing Shares, you will need to do so before 11:30 CET on Thursday 24 January 2019 and ensure that a signed written instruction (if applicable) is lodged with M&G prior to the Effective Date.
- 4.3. For the avoidance of doubt, in the event that redemption requests are received for the Merging Fund after 11:30 CET on Thursday 24 January 2019 , such requests will be refused, and such Shareholders will automatically form part of the Merger. Shareholders who form part of the Merger and receive New Shares in

exchange for their Existing Shares will be able to exercise their rights as Shareholders in the Receiving Fund from Monday 28 January 2019 in accordance with the Prospectus of the Receiving Fund.

4.4. The Effective Date of the Scheme is expected to be Friday 25 January 2018.

## **5. Income allocation arrangements**

5.1. The Merging Fund will have an extended additional interim accounting period from 1 October 2018 to the Effective Date, instead of to 31 December 2018.

5.2. Income accruing to the Merging Share Classes of the Merging Fund that are Accumulation Shares in respect of the period from 1 October 2018 to the Effective Date shall be transferred to the capital account of the Merging Fund and allocated to such Accumulation Shares (being reflected in the price of these Accumulation Shares). The income so allocated shall be included in the Value that part of of the Merging Share Classes of the Merging Fund attributable to the relevant Merging Share Class, which is used to calculate the value and number of New Shares to be issued under the Scheme.

5.3. Income accruing to Merging Share Classes of the Merging Fund that are Income Shares in respect of the period from 1 October 2018 to the Effective Date shall be allocated to Income Shares and transferred to the distribution account of the Merging Fund. This income will be distributed by the Depositary to Shareholders within 2 months of the Effective Date.

5.4. Income to be distributed to holders of Income Shares in the Merging Fund will not be treated as forming part of the Value of the Merging Fund for the purposes of paragraph 6.

5.5. Any distributions in respect of the Merging Share Classes 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 Value (of the Merging Share Classes) shall be calculated in accordance with the Instrument on the Effective Date, using the 13.00 CET valuation, excluding the income to be distributed in respect of Income Shares to Shareholders for the current accounting period ending on the Effective Date, but taking into account income allocated to Accumulation Shares.

6.2. The Receiving Fund Value shall be calculated in accordance with the Instrument on the Effective Date, using the 13.00 CET valuation.

6.3. In the event that the Receiving Fund Value and/or the Merging Fund Value move significantly between 13.00 CET on the Effective Date and the transfer of property and issue of New Shares taking place (see paragraph 7 below) there will be a revaluation.

6.4. These values will be used to calculate the number of New Shares to be issued to each Shareholder; under paragraph 8.

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

7.1. Immediately following the Effective Date, the Depositary will cease to hold the Transferred Property as depositary of the Merging Fund and will instead hold the Transferred Property as scheme property of the Receiving Fund free and discharged from the terms of the Instrument in so far as the terms relate to the Merging Fund. The Depositary will make or ensure the making of any transfers or redesignations which may be necessary as a result of it ceasing to hold the Transferred Property as the trustee 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 of the approved Merger(s) 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 relevant Existing Shares in the Merging Share Classes 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 (of the corresponding Share Class as set out in [the table below]) will be issued to each Shareholder to the value of that Shareholder's individual entitlement to the Value (of the Merging Share Classes in the Merging Fund) on the Effective Date.

Existing Shares		New Shares	
Share Class	ISIN	Share Class	ISIN
Euro A Accumulation	GB0031288243	Euro A-H Accumulation	LU1670726402
Euro A Income	GB00B9G4ML32	Euro A-H Distribution	LU1670726741
Euro B Accumulation	GB00B9F9BJ02	Euro B-H Accumulation	LU1670726824
Euro B Income	GB00BYQRBQ51	Euro B-H Distribution	LU1670727046
Euro C Accumulation	GB0031288466	Euro C-H Accumulation	LU1670727129
USD A-H Accumulation	GB00BK6MBR36	USD A Accumulation	LU1670725933
USD A-H Income	GB00BK6MBP12	USD A Distribution	LU1670726071

8.2. The value entitlement of each Shareholder in the respect of the Receiving Fund Value immediately after the merger will be the same as in the Value of the Merging Share Classes immediately before merger, but prices of Existing Shares and New Shares will not be identical. Therefore, the number of New Shares received will be different from the number of Existing Shares held.

8.3. The formula used in calculating a Shareholder's entitlement to New Shares in the Receiving Fund is available on request.

8.4. The number of New Shares to be issued to each Shareholder will (if necessary) be rounded up to the nearest one thousandth of a New Share at M&G's expense.

## 9. Notification of the New Shares issued under the Scheme

9.1. It is intended that M&G will dispatch notification of the class, type, and number of New Shares issued to each Shareholder by the close of business on Monday 28 January 2019.

9.2. Transfers, redemptions or switches of New Shares issued under the Scheme may be effected from the first business day after the Effective Date.

9.3. M&G Account Numbers will remain the same and should be quoted when enquiring about an account.

## 10. Settlement Mandates

10.1. Mandates and other instructions to M&G or M&G Securities Limited 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, will take precedence.

10.2. 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. Please note the following Bank details for payments for any new subscriptions in the Receiving Funds in the currencies specified:

EUR:	Beneficiary Bank: BIC: Ultimate Beneficiary Account name: IBAN:	JP Morgan Chase Bank N.A. CHASLULX M&G (LUX) IF1 SUBS EUR LU470670006550032508
GBP:	Beneficiary Bank: BIC: Ultimate Beneficiary Account Name: IBAN: Correspondent Bank: BIC:	JP Morgan Chase Bank N.A. CHASLULX M&G (LUX) IF1 SUBS GBP LU840670006550032521 JP Morgan Chase Bank, London CHASGB2L

USD:	Beneficiary Bank: BIC: Ultimate Beneficiary Account name: IBAN: Correspondent Bank: BIC:	JP Morgan Chase Bank N.A. CHASLULX M&G (LUX) IF1 SUBS USD LU250670006550032516 JP Morgan Chase Bank N.A. New York CHASUS33
CHF:	Beneficiary Bank: BIC: Ultimate Beneficiary Account name: IBAN: Correspondent Bank: BIC:	JP Morgan Chase Bank N.A. CHASLULX M&G (LUX) IF1 SUBS CHF LU030670006550032524 UBS AG, Zurich UBSWCHZH80A
SGD:	Beneficiary Bank: BIC: Ultimate Beneficiary Account name: IBAN: Correspondent Bank: BIC:	JP Morgan Chase Bank N.A. CHASLULX M&G (LUX) IF1 SUBS SGD LU890670006550032528 Oversea Chinese Banking Corporation Limited, Singapore OCBCSGSG

## 11. Termination of the Merging Fund

- 11.1. On the Scheme becoming effective, where the value of the Merging Fund no longer exceeds £40m immediately after the Mergers (and therefore no longer be commercially viable), the ACD shall proceed to terminate the Merging Fund in accordance with the Regulations, the Prospectus of the Company and the Scheme.
- 11.2. Should the value of the Merging Fund exceed £40m immediately after the Mergers, the ACD will continue to manage the Merging Fund.
- 11.3. Where the Merging Fund is to be terminated, 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.
- 11.4. 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.
- 11.5. Where the Merging Fund is to be terminated, 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.
- 11.6. 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.

## 12. Charges and Expenses

- 12.1. M&G and the Depositary will continue to receive their usual fees and expenses for being ACD and depositary respectively of the Merging Fund out of the property of the Merging until the Effective Date or, in the case of expenses of the ACD or the Depositary properly incurred in connection with the Scheme on the termination of the Merging Fund, after the Effective Date.
- 12.2. Save as set out in the following paragraphs, all costs and expenses relating to the Mergers, 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, taxation liability as a result of the transfer of underlying assets held by the Merging Fund such as stamp duties and transfer taxes, transfer or re-registration costs arising in the Merging Fund as a result of the Scheme. Any taxes (e.g. capital gains tax on disposal of property) that would have ordinarily been borne by the Fund, even if incurred as a result of the Merger, will be borne by the Merging Fund.

- 12.3. M&G shall not levy any initial charge in respect of the New Shares in the Receiving Fund created and issued pursuant to the Scheme. Neither shall M&G levy any redemption charge on cancellation of Existing Shares in the Merging Fund under the Scheme.

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

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

### **14. Alterations to the Scheme**

- 14.1. The ACD and the Depositary, subject to the approval of the FCA if required, may agree that the Effective Date is to be other than Friday 25 January 2019, in which case such consequential adjustments may be made to the other elements in the timetable of the Scheme as the ACD and the Depositary consider appropriate.
- 14.2. There may be circumstances beyond the control of the ACD or the Depositary which mean that it is not possible or practicable to effect the Scheme. In these circumstances, the ACD and the Depositary will, with the approval of the FCA, continue to operate the Merging Fund, including the Merging Share Classes, 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 the ACD and the Depositary consider appropriate.
- 14.3. The terms of the Scheme may be amended as agreed by the ACD and the Depositary and approved by the FCA if required.

### **15. Additional information**

Please note that you will not have cancellation rights in respect of the New Shares which are issued to you under the Scheme. For a detailed description of the rights attached to the New Shares, please refer to the Prospectus of the Receiving Funds.

### **16. Governing law**

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

# Appendix 4

## Consents and Clearances

### The ACD

M&G Securities Limited, as ACD of the Merging 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 Management Company of the Receiving Fund, confirms that, in its opinion, 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 this or any other sub-fund within the M&G SICAV.

### 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 will act as chairman of the meeting and in the case of an absence of votes cast will be entitled to a casting vote. In such case the Depositary, as chairman, will vote in favour of the proposal.

### Financial Conduct Authority

The FCA has confirmed that the proposed mergers will not affect the on-going authorisation of the Merging Funds.

### Documents available for inspection

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

- the Constituting Documents of each of the Merging Funds and the Receiving Funds;
- the Prospectuses of each of the Merging Funds and the M&G SICAV;
- the Key Investor Information Documents (KIIDs) relating to the Receiving Funds;
- the latest annual report or semi-annual of the Merging Funds and M&G SICAV;
- the following letters referred to above: and
  - (a) the letter from the Depositary to the ACD;
  - (b) the letter from the Financial Conduct Authority.

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

# Appendix 5

## Procedure for the Meeting of Shareholders

The Mergers as set out in Appendix 7 must be approved by Shareholders.

### Key dates and times

Please see Appendix 7 of this Circular for a full list of date and times for the Meetings.

The following notes should be read with the relevant Notice of the Meeting of Shareholders set out in Appendix 7.

### Extraordinary Resolution and voting

The relevant Notice sets out the resolution to be proposed at the relevant 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. Each Merging Share Class will hold its own meeting, and there is a possibility that not all the Meetings vote in the same manner. This may give rise to a situation where the Extraordinary Resolutions that have voted against the proposal leave behind assets under management in the Merging Fund that are insufficient to operate it or for it to be commercially viable. Following the Effective Date of the Mergers and the effective date of the separate Sterling Share Class Mergers (as detailed on page 3 of this circular), the ACD will terminate the Merging Fund if all these mergers are approved and proceed accordingly. The ACD will also terminate the Merging Fund should the assets under management left behind be below £40m. Should the assets under management be higher than this figure the ACD will continue to manage the Merging Fund as per its Prospectus.

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

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

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

### Quorum

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

### Chairman

The Depositary has agreed to act as Chairman of the Meeting, and any adjourned meeting.

In the case of an absence of votes cast, the chairman is entitled to a casting vote and in such circumstances, the Depositary, as chairman will vote in favour of the resolution.

### M&G and Associates

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

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

# Appendix 6

## Glossary

Term	Meaning
2010 Law	The Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended.
Accounting Date	The Merging Fund's annual accounting date as set out in Appendix 2.
Accumulation Shares	A Share in respect of which income is credited periodically to capital rather than distributed to holders thereof pursuant to the Regulations.
ACD	M&G Securities Limited, the Authorised Corporate Director of the Merging Funds.
Annual Management Charge	The permitted charge taken by the ACD/Management Company from each Share Class as payment for carrying out its duties and responsibilities, based on a percentage of the Net Asset Value of each Share Class i (sometimes abbreviated to "AMC").
Auditor	In respect of the Merging Funds: Ernst & Young LLP In respect of the Receiving Funds: Ernst & Young S.A.
Automatic Exchange of Information (AEOI)	Regulations that provide for the exchange of information between tax authorities of different countries about financial accounts and investments to help prevent tax evasion.
Business Day	A day that is not a Saturday, Sunday or public or bank holiday in England or Wales.
Circular	This document dated 12 November 2018.
CSSF	Commission de Surveillance du Secteur Financier.
Constituting Documents	The Prospectus, Instrument and/or KIIDs of either the Merging Fund, M&G SICAV or the Receiving Fund, as applicable.
CSSF Regulations	The 2010 Law and all CSSF Regulations, CSSF circulars, Grand-Ducal regulations, rules and guidance issued by the CSSF related to UCITS.
Customer Services Team	The customer services team as detailed on page 1 of this Circular.
Dealing Day	Each Business Day.
Depository	NatWest Trustee and Depository Services Limited, the depository of the Company and of Merging Fund.
Effective Date	The effective date of the Mergers, being Friday 25 January 2019, or such other date as may be agreed by the ACD and the Depository.
Existing Shares	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	Financial Conduct Authority.
FCA Regulations / FCA Rules	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	The Merging Fund and Receiving Fund.
Income Shares	Also known as Distribution Shares in the Receiving Fund; a Share in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the Regulations.
Institutional Investors	Investors that qualify as institutional investors in accordance with Luxembourg law and regulations.
Instrument	The Instrument of Incorporation of the Merging Fund or M&G SICAV, as applicable.
Investor(s)	Any person that is a Shareholder or a holder of Shares of the Merging Fund or Receiving Fund, whether directly or through the M&G Securities International Nominee Service.
ISIN Codes	International Securities Identification Numbers, as applicable.
KIID(s)	Key Investor Information Document(s) as applicable.
Luxembourg's taxe d'abonnement	The Luxembourg local annual subscription tax.
M&G	M&G Securities Limited, the ACD of the Merging Fund and the Management Company of the Receiving Fund until Monday 1 October 2018.
M&G Account Number(s)	Your individual account number as stated on your contract note.

Term	Meaning
M&G Fund Range	The range of funds offered by M&G that qualify as UCITS funds.
M&G's Registered Address	Laurence Pountney Hill, London, EC4R 0HH, United Kingdom.
M&G International Investments Nominees Limited or Nominee	The legal Shareholder of Shares named on the Register for Investors that hold their Existing Shares by using the M&G Securities International Nominee Service.
M&G SICAV	M&G (Lux) Investment Funds 1, a Luxembourg-authorized société anonyme qualifying as a société d'investissement à capital variable.
M&G SICAV Fund Range	The range of sub-funds managed by M&G within the M&G SICAV.
M&G Securities International Nominee Service	The service provided by M&G to service all investors who currently hold their Existing Shares through M&G International Investments Nominees Limited.
Management Company	The management company of the M&G SICAV appointed by the M&G SICAV Board of Directors which prior to Monday 1 October 2018 is M&G Securities Limited and thereafter is expected to be M&G Luxembourg S.A.
Meeting	An extraordinary general meeting of Shareholders of certain classes of Shares in the Merging Fund to approve the Scheme, notices of which are contained in Appendix 7.
Mergers	The mergers of each of the Merging Share Classes into the Receiving Fund as detailed in this Circular to be carried out by a scheme of arrangement in accordance with the Scheme.
Merging Fund	The M&G European High Yield Bond Fund (a sub-fund of M&G Investments (3), a UK authorised Open-Ended Investment Company)
Merging Share Class(es)	The merging share classes of the Merging Fund as listed in Appendix 2 of this Circular.
New Depository	State Street Bank Luxembourg S.C.A.; the depository of Receiving Funds Receiving Funds.
New Shares	A Share of the appropriate type and class in the respective Receiving Fund to be issued to Shareholders under the Scheme as set out in Appendix 2.
Notice(s)	Notice(s) of each Meeting as set out in Appendix 7.
OCF	The ongoing charge figure of the relevant class of Existing Share in the Merging Fund or relevant class of New Shares in the Receiving Fund, as applicable and as set out in the relevant KIIDs. KIIDs for the Receiving Fund can be obtained from our website <a href="http://www.mandg.com/BrexitMergerDocumentation">www.mandg.com/BrexitMergerDocumentation</a>
OEIC Regulations	The Open-Ended Investment Companies Regulations 2001 (as amended).
Prospectus	The Prospectus of the Merging Fund or M&G SICAV, as applicable. Where Prospectus refers to the Prospectus of M&G SICAV it shall also include the supplements of the relevant Receiving Fund.
Proxy Voting Form(s)	The forms attached with this Circular to allow investors who hold their Shares through the M&G Securities International Nominee Service to provide instructions on how M&G International Investments Nominees Limited should vote on the Extraordinary Resolution on their behalf.
Quorum	The minimum number of Shareholders present in person or by proxy required for the Meeting to be valid.
Receiving Fund	The M&G (Lux) Global High Yield Bond Fund, (a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorized Société Anonyme qualifying as a Société d'investissement à capital variable).
Receiving Fund Value	The value of the property of the Receiving Fund calculated in accordance with its Constituting Documents immediately after 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 Depository) between 13:00 CET on the Effective Date and the transfer of scheme property and issue of New Shares taking place, the Receiving Fund Value will be adjusted accordingly.
Reference Currency	The currency of the relevant Fund. For the Merging Funds this is known as the Valuation Currency.
Register	The Register of Shareholders, maintained by DST Financial Services Europe Ltd.

<b>Term</b>	<b>Meaning</b>
Regulations	Together the OEIC Regulations, the FCA Rules and the CSSF Regulations.
Retained Amount	For the purposes of the Scheme, in relation to the Merging Fund share classes, an amount which is calculated by the ACD (after consultation with the Depositary and the Auditor) to be necessary to meet the actual and contingent liabilities attributable to those Merging Fund share classes of the Merging Fund after the Mergers, and which is to be retained by the Depositary (as the depositary of the Merging Fund) for the purpose of discharging those liabilities.
Service Providers	Means service provider of either the Merging Fund or Receiving Fund as set out in Appendix 2.
Scheme	The scheme of arrangement for each of the Mergers which is set out in Appendix 3 to this document.
Shareholder	Any person(s) entered on the Register of Shareholders of the Merging Fund on the date seven 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.
Shares	A share of the appropriate class and type in the Merging Fund or Receiving Fund as applicable.
Transferred Property	For the purposes of the Scheme, in relation to the Merging Fund, that proportion of the scheme property attributable to the Merging Fund share classes less the Retained Amount.
UCITS	A fund that meets the requirements of the Directive 2009/65/EC of 13 July 2009.
Valuation Currency	The currency in which a fund is valued. For the Receiving Funds this is known as the Reference Currency.
Value	The value of the property attributable to the Merging Share Classes of the Merging Fund calculated in accordance with its Instrument immediately after the Effective Date using a valuation carried out at 13:00 CET on the Effective Date adjusted to include any income allocated to Accumulation Shares on the Effective Date, less the Retained Amount. In the event that the value of the scheme property of the Merging Fund moves significantly (as judged by the ACD and the Depositary) between 13:00 CET on the Effective Date and the transfer of scheme property and issue of New Shares taking place, the Merging Fund Value will be adjusted accordingly.
Voting Form(s)	The forms provided to Shareholders to allow them to vote on the Extraordinary Resolution at the Meeting.

# Appendix 7

## Key dates, times and Notices

### Appendix 7.1 Notice of Extraordinary General Meeting of the M&G European High Yield Bond Fund

FOR SHAREHOLDERS IN the Euro A Accumulation Share Class in the M&G European High Yield Bond Fund.

#### Appendix 7.1.1 Notice

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in the Euro A Accumulation Share Class of the M&G European High Yield Bond Fund will be held at the offices of M&G Securities Limited at Laurence Pountney Hill, London EC4R 0HH as set out in the tables in the Key dates and times section below 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 Euro A Accumulation Share Class (the Merging Share Class) in the M&G European High Yield Bond a sub-fund of M&G Investment Funds (3) (the Company) with the M&G (Lux) Global High Yield Bond Fund, a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorised Société Anonyme qualifying as a Société d'investissement à capital variable, as set out below, the terms of which are contained in a document dated **Monday 12 November 2018** and addressed to Shareholders in the Merging Share Class, be and is hereby approved, and accordingly that M&G Securities Limited, as Authorised Corporate Director of the Merging Share Class and of the Company, and NatWest Trustee and Depositary Services Limited, as depositary of the Merging Share Class and of the Company, are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Director

**M&G Securities Limited**

(as Authorised Corporate Director of M&G European High Yield Bond Fund)

M&G Securities Limited

Laurence Pountney Hill

London EC4R 0HH

#### Notes

- (1) To be passed, an Extraordinary Resolution must be carried with not less than 75% of the total votes validly cast in favour at the Meeting.
- (2) Where you are a/the beneficial owner(s) of Shares in the Fund, holding your Shares via M&G International Investments Nominees Limited, you should use this Proxy Voting Form to direct M&G International Investments Nominees Limited (as the registered holder of your Shares in the Fund) to vote at the Meeting as you instruct.
- (3) To be valid, Proxy Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to:  
  
The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW no later than the Date and Time shown in the tables in the Key dates and times section below (a reply-paid envelope has been provided for your use).
- (4) For Shares held jointly, where more than one beneficial holder votes, only the vote of the person appearing highest in the sub-register of Shareholders, which is maintained by M&G International Investments Nominees Limited, can be accepted.
- (5) In the case of a body corporate, or other legal entity, this Proxy Voting Form 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 in the class shall be such proportion of the voting rights attached to all of the Shares in issue in the class that the price of the Share in the class bears to the aggregate price(s) of all the Shares in issue in the class on the date seven days before the Notice of Meeting is sent out.
- (7) A shareholder entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all his or her votes in the same way. If you wish to vote on the resolution other than with your entire holding, please state for each Share class 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.
- (8) The quorum for the Meeting is two Shareholders present in person or by proxy. To ensure a quorum is present at the Meeting, the Chairman can appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.
- (9) In the notes above the expression "Shareholder" means person(s) entered on the register of Shareholders on the date seven 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.
- (10) If you wish to attend the Meeting, please notify M&G International Nominees Limited in writing when you return your completed Proxy Voting Form.
- (11) If you have any queries please contact us using the details provided on page 1 of the Circular. Please note that we are not permitted to give investment advice. If you are unsure how to proceed, please contact a financial adviser.

#### Appendix 7.1.2 Key dates and times

Action	Date
Qualification Date for Shareholders	Monday 5 November 2018
Documentation dispatched to Shareholders	Monday 12 November 2018
Voting Form(s) to be returned by:	16:00 CET on Wednesday 12 December 2018
Extraordinary General Meeting	<b>16:00 CET on Friday 14 December 2018</b>
<b>Subject to the approval of investors at the Meetings as set out below:</b>	
Suspension of dealing in Shares of the Merging Fund	11:30 CET on Thursday 24 January 2019
Deadline for receipt of redemption and switch requests	11:55 CET on Thursday 24 January 2019
Valuations used for the purpose of the Merger	13:00 CET on Friday 25 January 2019
Effective Date of Merger	Friday 25 January 2019
First day of dealing in New Shares	Monday 28 January 2019
Dispatch confirmation of number of New Shares	Monday 28 January 2019
Date of Final distribution payment for Existing Shares	Within 2 months of the Effective Date

## Appendix 7.2 Notice of Extraordinary General Meeting of the M&G European High Yield Bond Fund

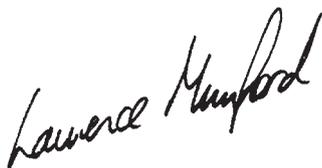
FOR SHAREHOLDERS IN the Euro A Income Share Class in the M&G European High Yield Bond Fund.

### Appendix 7.2.1 Notice

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in the Euro A Income Share Class of the M&G European High Yield Bond Fund will be held at the offices of M&G Securities Limited at Laurence Pountney Hill, London EC4R 0HH as set out in the tables in the Key dates and times section below 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 Euro A Income Share Class (the Merging Share Class) in the M&G European High Yield Bond a sub-fund of M&G Investment Funds (3) (the Company) with the M&G (Lux) Global High Yield Bond Fund, a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorized Société Anonyme qualifying as a Société d'investissement à capital variable, as set out below, the terms of which are contained in a document dated **Monday 12 November 2018** and addressed to Shareholders in the Merging Share Class, be and is hereby approved, and accordingly that M&G Securities Limited, as Authorised Corporate Director of the Merging Share Class and of the Company, and NatWest Trustee and Depositary Services Limited, as depositary of the Merging Share Class and of the Company, are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Director

**M&G Securities Limited**

(as Authorised Corporate Director of M&G European High Yield Bond Fund)

M&G Securities Limited

Laurence Pountney Hill

London EC4R 0HH

#### Notes

- (1) To be passed, an Extraordinary Resolution must be carried with not less than 75% of the total votes validly cast in favour at the Meeting.
- (2) Where you are a/the beneficial owner(s) of Shares in the Fund, holding your Shares via M&G International Investments Nominees Limited, you should use this Proxy Voting Form to direct M&G International Investments Nominees Limited (as the registered holder of your Shares in the Fund) to vote at the Meeting as you instruct.
- (3) To be valid, Proxy Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to:  
  
The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW no later than the Date and Time shown in the tables in the Key dates and times section below (a reply-paid envelope has been provided for your use).
- (4) For Shares held jointly, where more than one beneficial holder votes, only the vote of the person appearing highest in the sub-register of Shareholders, which is maintained by M&G International Investments Nominees Limited, can be accepted.
- (5) In the case of a body corporate, or other legal entity, this Proxy Voting Form 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 in the class shall be such proportion of the voting rights attached to all of the Shares in issue in the class that the price of

the Share in the class bears to the aggregate price(s) of all the Shares in issue in the class on the date seven days before the Notice of Meeting is sent out.

- (7) A Shareholder entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all his or her votes in the same way. If you wish to vote on the resolution other than with your entire holding, please state for each Share class 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.
- (8) The quorum for the Meeting is two Shareholders present in person or by proxy. To ensure a quorum is present at the Meeting, the Chairman can appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.
- (9) In the notes above the expression “Shareholder” means person(s) entered on the register of shareholders on the date seven 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.
- (10) If you wish to attend the Meeting, please notify M&G International Nominees Limited in writing when you return your completed Proxy Voting Form.
- (11) If you have any queries please contact us using the details provided on page 1 of the Circular. Please note that we are not permitted to give investment advice. If you are unsure how to proceed, please contact a financial adviser.

#### Appendix 7.2.2 Key dates and times

Action	Date
Qualification Date for Shareholders	Monday 5 November 2018
Documentation dispatched to Shareholders	Monday 12 November 2018
Voting Form(s) to be returned by:	16:05 CET on Wednesday 12 December 2018
Extraordinary General Meeting(s)	<b>16:05 CET on Friday 14 December 2018</b>
<b>Subject to the approval of investors at the Meetings as set out below:</b>	
Suspension of dealing in Shares of the Merging Funds	11:30 CET on Thursday 24 January 2019
Deadline for receipt of redemption and switch requests	11:30 CET on Thursday 24 January 2019
Valuations used for the purpose of the merger(s)	13:00 CET on Friday 25 January 2019
Effective Date of Merger(s)	Friday 25 January 2019
First day of dealing in New Shares	Monday 28 January 2019
Dispatch confirmation of number of New Shares	Monday 28 January 2019
Date of Final distribution payment for Existing Shares	Within 2 months of the Effective Date

## Appendix 7.3 Notice of Extraordinary General Meeting of the M&G European High Yield Bond Fund

FOR SHAREHOLDERS IN the Euro B Accumulation Share Class in the M&G European High Yield Bond Fund.

### Appendix 7.3.1 Notice

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in the Euro B Accumulation Share Class of the M&G European High Yield Bond Fund will be held at the offices of M&G Securities Limited at Laurence Pountney Hill, London EC4R 0HH as set out in the tables in the Key dates and times section below 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 Euro B Accumulation Share Class (the Merging Share Class) in the M&G European High Yield Bond a sub-fund of M&G Investment Funds (3) (the Company) with the M&G (Lux) Global High Yield Bond Fund, a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorized Société Anonyme qualifying as a Société d'investissement à capital variable, as set out below, the terms of which are contained in a document dated **Monday 12 November 2018** and addressed to Shareholders in the Merging Share Class, be and is hereby approved, and accordingly that M&G Securities Limited, as Authorised Corporate Director of the Merging Share Class and of the Company, and NatWest Trustee and Depository Services Limited, as depository of the Merging Share Class and of the Company, are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Director

**M&G Securities Limited**

(as Authorised Corporate Director of M&G European High Yield Bond Fund)

M&G Securities Limited

Laurence Pountney Hill

London EC4R 0HH

### Notes

- (1) To be passed, an Extraordinary Resolution must be carried with not less than 75% of the total votes validly cast in favour at the Meeting.
- (2) Where you are a/the beneficial owner(s) of Shares in the Fund, holding your Shares via M&G International Investments Nominees Limited, you should use this Proxy Voting Form to direct M&G International Investments Nominees Limited (as the registered holder of your Shares in the Fund) to vote at the Meeting as you instruct.
- (3) To be valid, Proxy Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to:  
  
The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW no later than the Date and Time shown in the tables in the Key dates and times section below (a reply-paid envelope has been provided for your use).
- (4) For Shares held jointly, where more than one beneficial holder votes, only the vote of the person appearing highest in the sub-register of Shareholders, which is maintained by M&G International Investments Nominees Limited, can be accepted.
- (5) In the case of a body corporate, or other legal entity, this Proxy Voting Form 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 in the class shall be such proportion of the voting rights attached to all of the Shares in issue in the class that the price of the Share in the class bears to the aggregate price(s) of all the Shares in issue in the class on the date seven days before the Notice of Meeting is sent out.

- (7) A Shareholder entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all his or her votes in the same way. If you wish to vote on the resolution other than with your entire holding, please state for each Share class 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.
- (8) The quorum for the Meeting is two Shareholders present in person or by proxy. To ensure a quorum is present at the Meeting, the Chairman can appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.
- (9) In the notes above the expression “Shareholder” means person(s) entered on the register of Shareholders on the date seven 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.
- (10) If you wish to attend the Meeting, please notify M&G International Nominees Limited in writing when you return your completed Proxy Voting Form.
- (11) If you have any queries please contact us using the details provided on page 1 of the Circular. Please note that we are not permitted to give investment advice. If you are unsure how to proceed, please contact a financial adviser.

### Appendix 7.3.2 Key dates and times

Action	Date
Qualification Date for Shareholders	Monday 5 November 2018
Documentation dispatched to Shareholders	Monday 12 November 2018
Voting Form(s) to be returned by:	16:10 CET on Wednesday 12 December 2018
Extraordinary General Meeting(s)	<b>16:10 CET on Friday 14 December 2018</b>
<b>Subject to the approval of investors at the Meetings as set out below:</b>	
Suspension of dealing in Shares of the Merging Funds	11:30 CET on Thursday 24 January 2019
Deadline for receipt of redemption and switch requests	11:30 CET on Thursday 24 January 2019
Valuations used for the purpose of the merger(s)	13:00 CET on Friday 25 January 2019
Effective Date of Merger(s)	Friday 25 January 2019
First day of dealing in New Shares	Monday 28 January 2019
Dispatch confirmation of number of New Shares	Monday 28 January 2019
Date of Final distribution payment for Existing Shares	Within 2 months of the Effective Date

## Appendix 7.4 Notice of Extraordinary General Meeting of the M&G European High Yield Bond Fund

FOR SHAREHOLDERS IN the Euro B Income Share Class in the M&G European High Yield Bond Fund.

### Appendix 7.4.1 Notice

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in the Euro B Income Share Class of the M&G European High Yield Bond Fund will be held at the offices of M&G Securities Limited at Laurence Pountney Hill, London EC4R 0HH as set out in the tables in the Key dates and times section below 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 Euro B Income Share Class (the Merging Share Class) in the M&G European High Yield Bond a sub-fund of M&G Investment Funds (3) (the Company) with the M&G (Lux) Global High Yield Bond Fund, a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorised Société Anonyme qualifying as a Société d'investissement à capital variable, as set out below, the terms of which are contained in a document dated **Monday 12 November 2018** and addressed to Shareholders in the Merging Share Class, be and is hereby approved, and accordingly that M&G Securities Limited, as Authorised Corporate Director of the Merging Share Class and of the Company, and NatWest Trustee and Depository Services Limited, as depository of the Merging Share Class and of the Company, are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Director

**M&G Securities Limited**

(as Authorised Corporate Director of M&G European High Yield Bond Fund)

M&G Securities Limited

Laurence Pountney Hill

London EC4R 0HH

### Notes

- (1) To be passed, an Extraordinary Resolution must be carried with not less than 75% of the total votes validly cast in favour at the Meeting.
- (2) Where you are a/the beneficial owner(s) of Shares in the Fund, holding your Shares via M&G International Investments Nominees Limited, you should use this Proxy Voting Form to direct M&G International Investments Nominees Limited (as the registered holder of your Shares in the Fund) to vote at the Meeting as you instruct.
- (3) To be valid, Proxy Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to:  
  
The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW no later than the Date and Time shown in the tables in the Key dates and times section below (a reply-paid envelope has been provided for your use).
- (4) For Shares held jointly, where more than one beneficial holder votes, only the vote of the person appearing highest in the sub-register of Shareholders, which is maintained by M&G International Investments Nominees Limited, can be accepted.
- (5) In the case of a body corporate, or other legal entity, this Proxy Voting Form 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 in the class shall be such proportion of the voting rights attached to all of the Shares in issue in the class that the price of the Share in the class bears to the aggregate price(s) of all the Shares in issue in the class on the date seven days before the Notice of Meeting is sent out.

- (7) A Shareholder entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all his or her votes in the same way. If you wish to vote on the resolution other than with your entire holding, please state for each Share class 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.
- (8) The quorum for the Meeting is two Shareholders present in person or by proxy. To ensure a quorum is present at the Meeting, the Chairman can appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.
- (9) In the notes above the expression “Shareholder” means person(s) entered on the register of Shareholders on the date seven 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.
- (10) If you wish to attend the Meeting, please notify M&G International Nominees Limited in writing when you return your completed Proxy Voting Form.
- (11) If you have any queries please contact us using the details provided on page 1 of the Circular. Please note that we are not permitted to give investment advice. If you are unsure how to proceed, please contact a financial adviser.

#### Appendix 7.4.2 Key dates and times

Action	Date
Qualification Date for Shareholders	Monday 5 November 2018
Documentation dispatched to Shareholders	Monday 12 November 2018
Voting Form(s) to be returned by:	16:15 CET on Wednesday 12 December 2018
Extraordinary General Meeting(s)	<b>16:15 CET on Friday 14 December 2018</b>
<b>Subject to the approval of investors at the Meetings as set out below:</b>	
Suspension of dealing in Shares of the Merging Funds	11:30 CET on Thursday 24 January 2019
Deadline for receipt of redemption and switch requests	11:30 CET on Thursday 24 January 2019
Valuations used for the purpose of the merger(s)	13:00 CET on Friday 25 January 2019
Effective Date of Merger(s)	Friday 25 January 2019
First day of dealing in New Shares	Monday 28 January 2019
Dispatch confirmation of number of New Shares	Monday 28 January 2019
Date of Final distribution payment for Existing Shares	Within 2 months of the Effective Date

## Appendix 7.5 Notice of Extraordinary General Meeting of the M&G European High Yield Bond Fund

FOR SHAREHOLDERS IN the Euro C Accumulation Share Class in the M&G European High Yield Bond Fund.

### Appendix 7.5.1 Notice

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in the Euro C Accumulation Share Class of the M&G European High Yield Bond Fund will be held at the offices of M&G Securities Limited at Laurence Pountney Hill, London EC4R 0HH as set out in the tables in the Key dates and times section below 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 Euro C Accumulation Share Class (the Merging Share Class) in the M&G European High Yield Bond a sub-fund of M&G Investment Funds (3) (the Company) with the M&G (Lux) Global High Yield Bond Fund, a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorized Société Anonyme qualifying as a Société d'investissement à capital variable, as set out below, the terms of which are contained in a document dated **Monday 12 November 2018** and addressed to Shareholders in the Merging Share Class, be and is hereby approved, and accordingly that M&G Securities Limited, as Authorised Corporate Director of the Merging Share Class and of the Company, and NatWest Trustee and Depository Services Limited, as depository of the Merging Share Class and of the Company, are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Director

**M&G Securities Limited**

(as Authorised Corporate Director of M&G European High Yield Bond Fund)

M&G Securities Limited

Laurence Pountney Hill

London EC4R 0HH

### Notes

- (1) To be passed, an Extraordinary Resolution must be carried with not less than 75% of the total votes validly cast in favour at the Meeting.
- (2) Where you are a/the beneficial owner(s) of Shares in the Fund, holding your Shares via M&G International Investments Nominees Limited, you should use this Proxy Voting Form to direct M&G International Investments Nominees Limited (as the registered holder of your Shares in the Fund) to vote at the Meeting as you instruct.
- (3) To be valid, Proxy Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to:  
  
The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW no later than the Date and Time shown in the tables in the Key dates and times section below (a reply-paid envelope has been provided for your use).
- (4) For Shares held jointly, where more than one beneficial holder votes, only the vote of the person appearing highest in the sub-register of Shareholders, which is maintained by M&G International Investments Nominees Limited, can be accepted.
- (5) In the case of a body corporate, or other legal entity, this Proxy Voting Form 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 in the class shall be such proportion of the voting rights attached to all of the Shares in issue in the class that the price of the Share in the class bears to the aggregate price(s) of all the Shares in issue in the class on the date seven days before the Notice of Meeting is sent out.

- (7) A Shareholder entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all his or her votes in the same way. If you wish to vote on the resolution other than with your entire holding, please state for each Share class 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.
- (8) The quorum for the Meeting is two Shareholders present in person or by proxy. To ensure a quorum is present at the Meeting, the Chairman can appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.
- (9) In the notes above the expression “Shareholder” means person(s) entered on the register of Shareholders on the date seven 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.
- (10) If you wish to attend the Meeting, please notify M&G International Nominees Limited in writing when you return your completed Proxy Voting Form.
- (11) If you have any queries please contact us using the details provided on page 1 of the Circular. Please note that we are not permitted to give investment advice. If you are unsure how to proceed, please contact a financial adviser.

#### Appendix 7.5.2 Key dates and times

Action	Date
Qualification Date for Shareholders	Monday 5 November 2018
Documentation dispatched to Shareholders	Monday 12 November 2018
Voting Form(s) to be returned by:	16:20 CET on Wednesday 12 December 2018
Extraordinary General Meeting(s)	<b>16:20 CET on Friday 14 December 2018</b>
<b>Subject to the approval of investors at the Meetings as set out below:</b>	
Suspension of dealing in Shares of the Merging Funds	11:30 CET on Thursday 24 January 2019
Deadline for receipt of redemption and switch requests	11:30 CET on Thursday 24 January 2019
Valuations used for the purpose of the merger(s)	13:00 CET on Friday 25 January 2019
Effective Date of Merger(s)	Friday 25 January 2019
First day of dealing in New Shares	Monday 28 January 2019
Dispatch confirmation of number of New Shares	Monday 28 January 2019
Date of Final distribution payment for Existing Shares	Within 2 months of the Effective Date

## Appendix 7.6 Notice of Extraordinary General Meeting of the M&G European High Yield Bond Fund

FOR SHAREHOLDERS IN the US Dollar A-H Accumulation Share Class in the M&G European High Yield Bond Fund.

### Appendix 7.6.1 Notice

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in the US Dollar A-H Accumulation Share Class of the M&G European High Yield Bond Fund will be held at the offices of M&G Securities Limited at Laurence Pountney Hill, London EC4R 0HH as set out in the tables in the Key dates and times section below 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 US Dollar A-H Accumulation Share Class (the Merging Share Class) in the M&G European High Yield Bond a sub-fund of M&G Investment Funds (3) (the Company) with the M&G (Lux) Global High Yield Bond Fund, a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorized Société Anonyme qualifying as a Société d'investissement à capital variable, as set out below, the terms of which are contained in a document dated **Monday 12 November 2018** and addressed to Shareholders in the Merging Share Class, be and is hereby approved, and accordingly that M&G Securities Limited, as Authorised Corporate Director of the Merging Share Class and of the Company, and NatWest Trustee and Depository Services Limited, as depository of the Merging Share Class and of the Company, are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Director

**M&G Securities Limited**

(as Authorised Corporate Director of M&G European High Yield Bond Fund)

M&G Securities Limited

Laurence Pountney Hill

London EC4R 0HH

### Notes

- (1) To be passed, an Extraordinary Resolution must be carried with not less than 75% of the total votes validly cast in favour at the Meeting.
- (2) Where you are a/the beneficial owner(s) of Shares in the Fund, holding your Shares via M&G International Investments Nominees Limited, you should use this Proxy Voting Form to direct M&G International Investments Nominees Limited (as the registered holder of your Shares in the Fund) to vote at the Meeting as you instruct.
- (3) To be valid, Proxy Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to:  
  
The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW no later than the Date and Time shown in the tables in the Key dates and times section below (a reply-paid envelope has been provided for your use).
- (4) For Shares held jointly, where more than one beneficial holder votes, only the vote of the person appearing highest in the sub-register of Shareholders, which is maintained by M&G International Investments Nominees Limited, can be accepted.
- (5) In the case of a body corporate, or other legal entity, this Proxy Voting Form 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 in the class shall be such proportion of the voting rights attached to all of the Shares in issue in the class that the price of the Share in the class bears to the aggregate price(s) of all the Shares in issue in the class on the date seven days before the Notice of Meeting is sent out.

- (7) A Shareholder entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all his or her votes in the same way. If you wish to vote on the resolution other than with your entire holding, please state for each Share class 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.
- (8) The quorum for the Meeting is two Shareholders present in person or by proxy. To ensure a quorum is present at the Meeting, the Chairman can appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.
- (9) In the notes above the expression “Shareholder” means person(s) entered on the register of Shareholders on the date seven 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.
- (10) If you wish to attend the Meeting, please notify M&G International Nominees Limited in writing when you return your completed Proxy Voting Form.
- (11) If you have any queries please contact us using the details provided on page 1 of the Circular. Please note that we are not permitted to give investment advice. If you are unsure how to proceed, please contact a financial adviser.

#### Appendix 7.6.2 Key dates and times

Action	Date
Qualification Date for Shareholders	Monday 5 November 2018
Documentation dispatched to Shareholders	Monday 12 November 2018
Voting Form(s) to be returned by:	16:25 CET on Wednesday 12 December 2018
Extraordinary General Meeting(s)	<b>16:25 CET on Friday 14 December 2018</b>
<b>Subject to the approval of investors at the Meetings as set out below:</b>	
Suspension of dealing in Shares of the Merging Funds	11:30 CET on Thursday 24 January 2019
Deadline for receipt of redemption and switch requests	11:30 CET on Thursday 24 January 2019
Valuations used for the purpose of the merger(s)	13:00 CET on Friday 25 January 2019
Effective Date of Merger(s)	Friday 25 January 2019
First day of dealing in New Shares	Monday 28 January 2019
Dispatch confirmation of number of New Shares	Monday 28 January 2019
Date of Final distribution payment for Existing Shares	Within 2 months of the Effective Date

## Appendix 7.7 Notice of Extraordinary General Meeting of the M&G European High Yield Bond Fund

FOR SHAREHOLDERS IN the US Dollar A-H Income Share Class in the M&G European High Yield Bond Fund.

### Appendix 7.7.1 Notice

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders in the US Dollar A-H Income Share Class of the M&G European High Yield Bond Fund will be held at the offices of M&G Securities Limited at Laurence Pountney Hill, London EC4R 0HH as set out in the tables in the Key dates and times section below 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 US Dollar A-H Income Share Class (the Merging Share Class) in the M&G European High Yield Bond a sub-fund of M&G Investment Funds (3) (the Company) with the M&G (Lux) Global High Yield Bond Fund, a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorised Société Anonyme qualifying as a Société d'investissement à capital variable, as set out below, the terms of which are contained in a document dated **Monday 12 November 2018** and addressed to Shareholders in the Merging Share Class, be and is hereby approved, and accordingly that M&G Securities Limited, as Authorised Corporate Director of the Merging Share Class and of the Company, and NatWest Trustee and Depository Services Limited, as depository of the Merging Share Class and of the Company, are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Director

**M&G Securities Limited**

(as Authorised Corporate Director of M&G European High Yield Bond Fund)

M&G Securities Limited

Laurence Pountney Hill

London EC4R 0HH

### Notes

- (1) To be passed, an Extraordinary Resolution must be carried with not less than 75% of the total votes validly cast in favour at the Meeting.
- (2) Where you are a/the beneficial owner(s) of Shares in the Fund, holding your Shares via M&G International Investments Nominees Limited, you should use this Proxy Voting Form to direct M&G International Investments Nominees Limited (as the registered holder of your Shares in the Fund) to vote at the Meeting as you instruct.
- (3) To be valid, Proxy Voting Forms and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) should be returned to:  
  
The Independent Scrutineer, Electoral Reform Services, PO Box 6352, London, Great Britain, N1 1BR or by courier using the address The M&G Group, c/o Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW no later than the Date and Time shown in the tables in the Key dates and times section below (a reply-paid envelope has been provided for your use).
- (4) For Shares held jointly, where more than one beneficial holder votes, only the vote of the person appearing highest in the sub-register of Shareholders, which is maintained by M&G International Investments Nominees Limited, can be accepted.
- (5) In the case of a body corporate, or other legal entity, this Proxy Voting Form 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 in the class shall be such proportion of the voting rights attached to all of the Shares in issue in the class that the price of the Share in the class bears to the aggregate price(s) of all the Shares in issue in the class on the date seven days before the Notice of Meeting is sent out.

- (7) A Shareholder entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all his or her votes in the same way. If you wish to vote on the resolution other than with your entire holding, please state for each Share class 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.
- (8) The quorum for the Meeting is two Shareholders present in person or by proxy. To ensure a quorum is present at the Meeting, the Chairman can appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.
- (9) In the notes above the expression “Shareholder” means person(s) entered on the register of Shareholders on the date seven 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.
- (10) If you wish to attend the Meeting, please notify M&G International Nominees Limited in writing when you return your completed Proxy Voting Form.
- (11) If you have any queries please contact us using the details provided on page 1 of the Circular. Please note that we are not permitted to give investment advice. If you are unsure how to proceed, please contact a financial adviser.

#### Appendix 7.7.2 Key dates and times

Action	Date
Qualification Date for Shareholders	Monday 5 November 2018
Documentation dispatched to Shareholders	Monday 12 November 2018
Voting Form(s) to be returned by:	16:30 CET on Wednesday 12 December 2018
Extraordinary General Meeting(s)	<b>16:30 CET on Friday 14 December 2018</b>
<b>Subject to the approval of investors at the Meetings as set out below:</b>	
Suspension of dealing in Shares of the Merging Funds	11:30 CET on Thursday 24 January 2019
Deadline for receipt of redemption and switch requests	11:30 CET on Thursday 24 January 2019
Valuations used for the purpose of the merger(s)	13:00 CET on Friday 25 January 2019
Effective Date of Merger(s)	Friday 25 January 2019
First day of dealing in New Shares	Monday 28 January 2019
Dispatch confirmation of number of New Shares	Monday 28 January 2019
Date of Final distribution payment for Existing Shares	Within 2 months of the Effective Date



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