

Agenda

9:05 - 9:30	Overview	Michael McLintock
9:30 - 10:00	Finance	Philip Johnson
10:00 - 10:30	UK Retail	Gary Shaughnessy
	<i>Break</i>	
10:45 - 11:00	Equities and International	Michael McLintock
11:00 - 11:15	Property	Martin Moore
11:15 - 11:45	Fixed Income	Simon Pilcher
11:45 - 12:00	Conclusion and Q&A	Michael McLintock

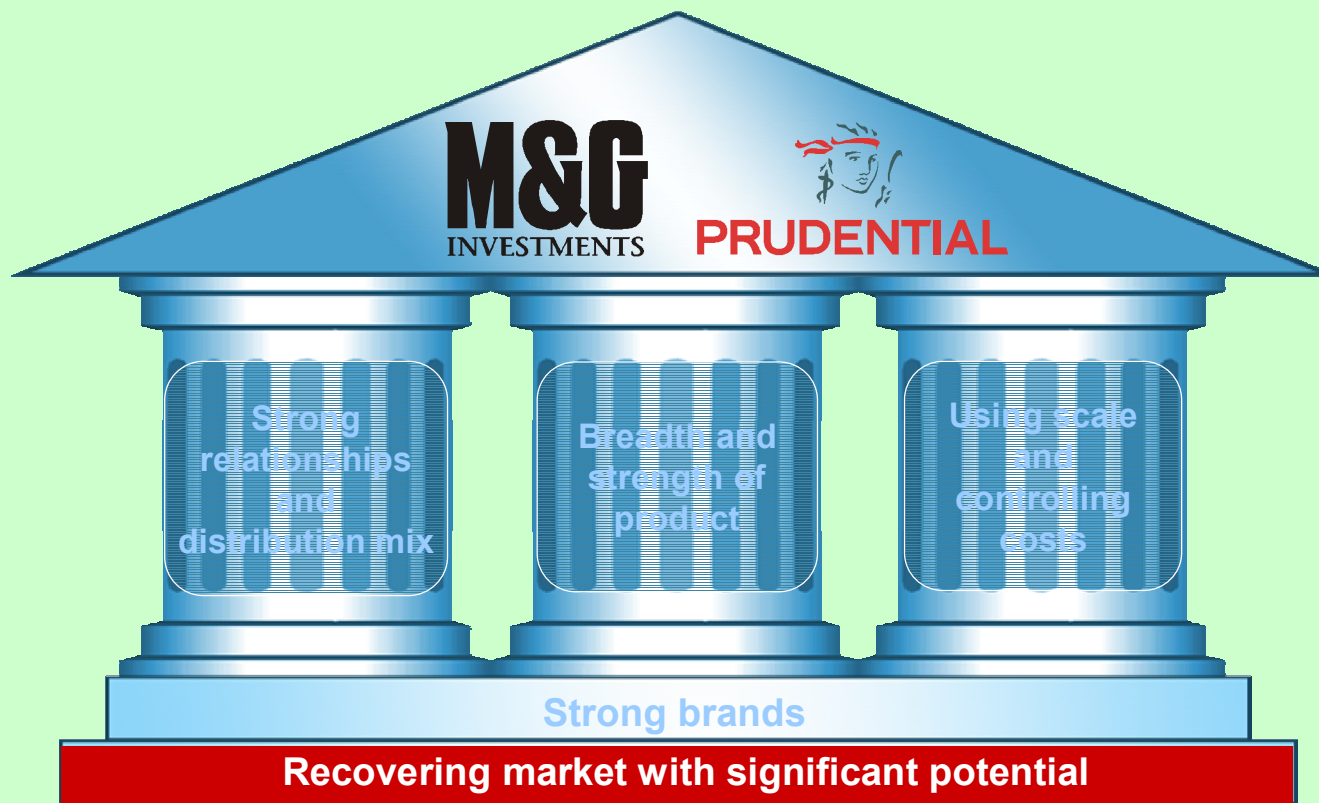
M&G UK Retail

**A balanced business - increasing profits,
driving top-line growth and delivering to
our customers.**

Our strategy

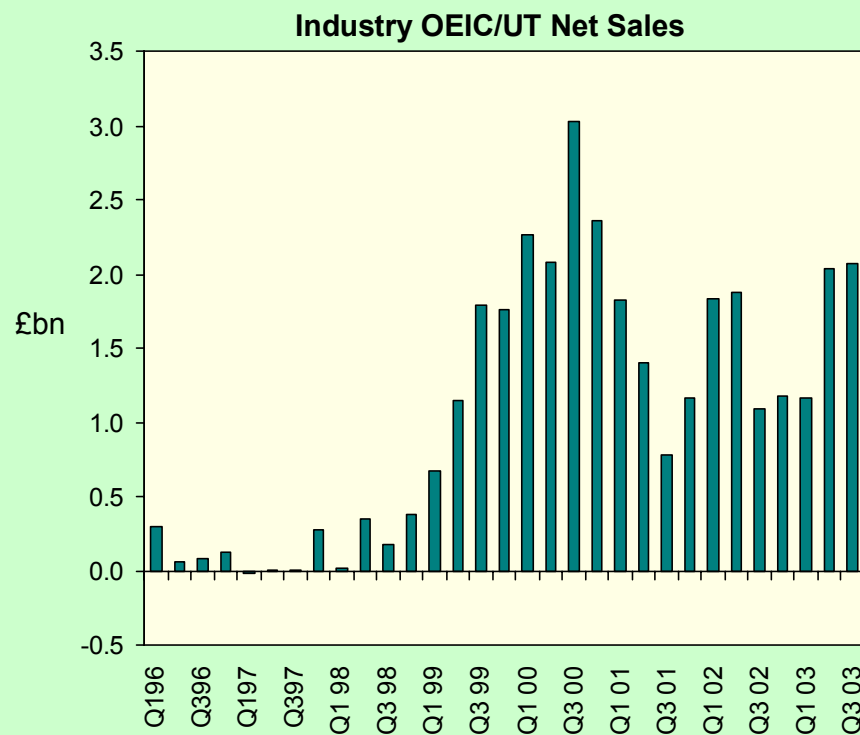


Our strategy



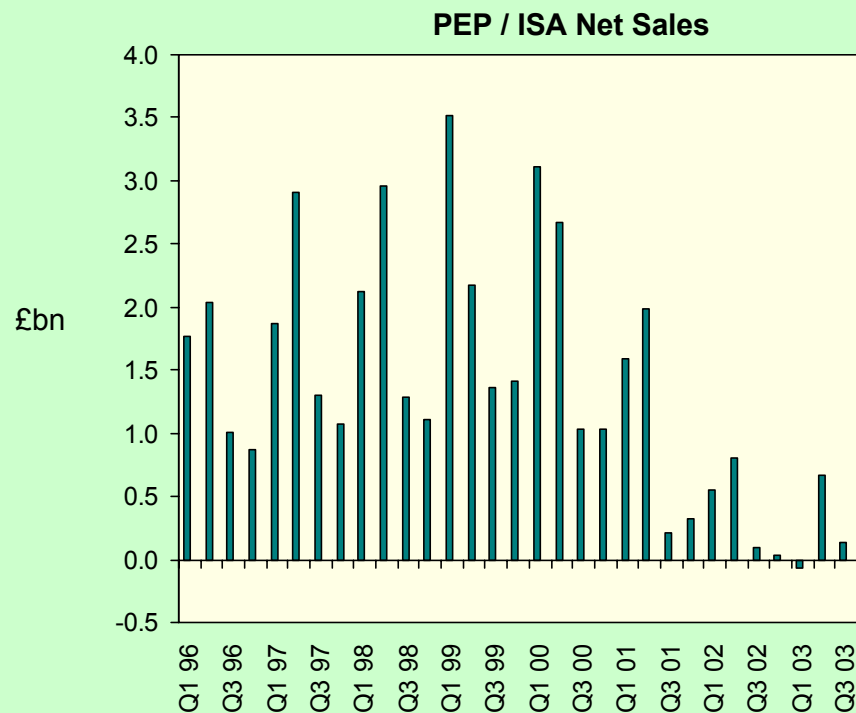
Attractive market

Resilient net sales despite bear market



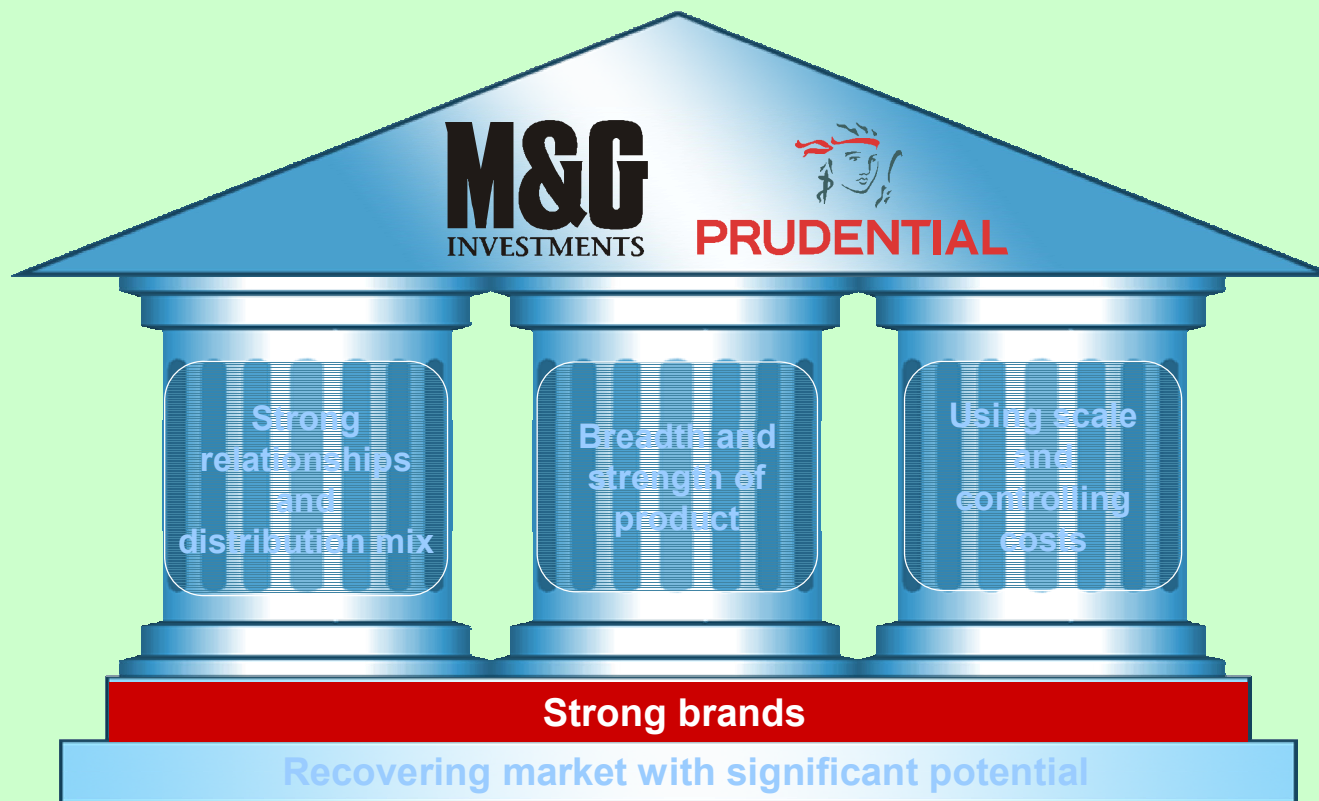
- Positive demographics
- Trend from opaque to transparent products
- Pensions timebomb

...but extremely competitive



- 130 providers and 1900 funds
- Fragile consumer confidence
- ISA market undermined

Our strategy



Complementary brand positioning



- Mass-market
- Universal awareness
- Security and protection
- Saving



- Mass-affluent
- Enormous goodwill in market segment
- Value, expertise and durability
- Investing

Improving the customer experience

Taking the leadership role

If you've had enough excitement in your life already, you may want to consider investing in bonds.



There's a trip down memory lane for you making a choice along Canary Street, the King's Road or Pung Lane?

If so, you've lived through some of the most exciting times in recent history.

And some of the most turbulent. The 'twenties. The twenties, on the other hand, came and went - only to return as the theme for countless fancy dress parties.

The 'thirties are so far from being a series of disappointments to a nation of shareholders - and left more wishing they had it when the stock market crashed towards the end of the decade.

And the stock market has been climbing and climbing (and dropping occasionally) ever since.

Many investors accept a bit of uncertainty.

But however you're ready for the quiet life, your best bet may be to invest in bonds.

Stirred, not shaken.

In times of uncertainty, bonds are considered a safer alternative to shares because their values don't fluctuate so wildly.

And when inflation is so in it today, low for many, they become an even better option.

Especially compared to banks and building societies which, although being the safest place for your money, are currently offering very low rates of interest.

So what then, are bonds?

Investing in corporate bonds can be less stressful than investing in equities as their values don't fluctuate so wildly.

The history of bonds from 1694 to 2012.

The first bonds were issued by the Government to the City of London to fund the war against France (England 1 - France 2).

Essentially gifts or corporate bonds are a loan you make to the Government or a company for a fixed period of time. Typically this is over five, ten, fifteen years or even longer. Although some have no fixed date of repayment.

In return, the bond regularly pays a fixed amount of interest and the same price of the bond when its term is up.

When I'm 64.

This makes them ideal if you're looking for a regular income - say throughout your retirement - rather than long term capital growth.

Indeed, experts reckon you should hold the same percentage of bonds as your age. Which if you were whopping it up in the 'Sixties or 'seventies, would be around 60%.

Safety in numbers.

Index, often for Government bonds are regarded as one of the safest investments you can make. This is because the British Government is highly unlikely to go bust, and then be unable to repay its debts.

After all, it can always raise rates (or introduce the old wealth tax or two) to cover them.

Corporate bonds, on the other hand, are issued by companies and offer higher interest rates because they are considered to be less secure.

And there are various types of corporate bonds available - each offering varying degrees of return and safety. For example, high yield corporate bonds have the potential for greater growth and

risk than traditional corporate bonds.

The trick is picking the one that's right for you.

And this is where our experience comes in.

Nobody does it better.*

M&G Investment Managers are one of the largest investors in corporate bonds in the UK. Of the £10 billion worth of funds under our management, we hold £4.8 billion in bonds.

Like you, we wouldn't lend money to someone unless we know them, and were confident they would pay us back.

And at M&G, we get to know every company we lend money to by using the largest in-house credit research team in the City.

This enables us to identify potential opportunities others might miss.

Take for example our High Yield Corporate Bond Fund, 00777.

The M&G High Yield Corporate Bond Fund is one of our most popular funds (i.e. it's more than George Lenzly).

It focuses on high yielding, sterling denominated corporate and government bonds.

The gross distribution yield and gross redemption yield of the M&G High Yield Corporate Bond Fund were 7.5% and 8.1% respectively as at 30/10/03 (although this is not fixed and may vary - to get the latest figures, please call us on 0800 072 6141).

There is no initial charge, and while there is a desisting with drawal fee over the first five years after that this is waived completely.

And if you invest in as part of an ISA, not only will all your

The truth about ISAs. (Or 859 words about a product that doesn't exist.)

It's that time of year again. You can hardly open a paper, turn on a TV or walk down a street without seeing advertisement after advertisement for ISA after ISA.

You'll be exposed to millions and millions of pounds worth of advertising. That's a lot of money - and a lot of words.

An incredible amount, when you consider the fact that an ISA doesn't actually exist as a financial product in its own right.

You see, you can't respond to an advert and buy an ISA. You can't pop in to see an ISA and pick one up.

An ISA is just a wrapper, one which you put other financial products like

cash, shares and bonds - which are very real indeed.

And it's which of these products you choose that determines if the thing called 'ISA' is right for you.

So how do you choose what goes in the wrapper?

Well you've got to realise they're called Individual Savings Accounts for a reason. And what's right for some people may not be right for you.

For a start, you shouldn't be misled by big figures for past performance - these

Read this first if you want to know what an ISA is.

ISAs (Individual Savings Accounts) allow you to save up to £3,000 tax free in each tax year (to April 6 to April 5).

You can open either a Main ISA, or three separate Mini ISAs in the same tax year - but not both.

With a Main ISA, you can invest the whole £3,000 in stocks and shares for up to £3,000

in each, up to £1,000 in life insurance and the remainder in stocks and shares!

With a Mini ISA, you can invest up to £3,000 in stocks and shares up to £1,000 in each and up to £1,000 in life insurance.

You don't have to invest in each component of a Mini ISA with the same company whereas you do with a Main ISA.

Consequently, both Mini and Main ISAs share their names with one designed by Sir Alex Ferguson.



Read this if you answered a).

As a more cautious investor, you may want to consider corporate bonds.

They can be less risky than equities, and can be ideal if you are looking for a regular income rather than long term growth.

Read this if you answered b).

If you're willing to dip your toe in the shallow end of the stock market, it might be worth your while considering The M&G Managed Growth Fund.

It can cushion your investment when markets become volatile by investing in a diverse range of M&G unit trusts and OEICs across both UK and international stock markets and a wide

Do you remember buying a quarter of pick 'n' mix?

An ISA is just like the paper bag it came in. And you can put your money in a range of financial products which are then exempt from income tax and capital gains tax.

range of different sectors.

It's also suitable if you want to go for long term growth. There's no initial charge for this fund and while there is a desisting withdrawal fee over the first five years, after that it's waived completely.

Read this if you answered c).

If you're fully aware that shares can go down as well as up, but are an excellent

as we are that they will outperform any other investments in the long term, you may want to go for a fund that aims solely for maximum growth.

Our M&G British Opportunities Fund is designed to do just that. That's because it invests in UK shares where our Fund Manager believes they've discovered hidden value. While it does carry a greater degree of risk than some equity funds, it also offers the potential of greater growth.

How to stop yourself becoming an April Fool.

As you know, you have until 5 April to open an ISA for this tax year.

To help you decide which ISA is right for you, we have produced a Guide to Investing.

If you would like a copy, please call M&G free on the number below (lines are open 8.00am to 8.00pm seven days a week). Or for more information, visit www.mandg.co.uk

If you prefer, please ask your ISA adviser or ask how we might help you find the ISA that's right for you.

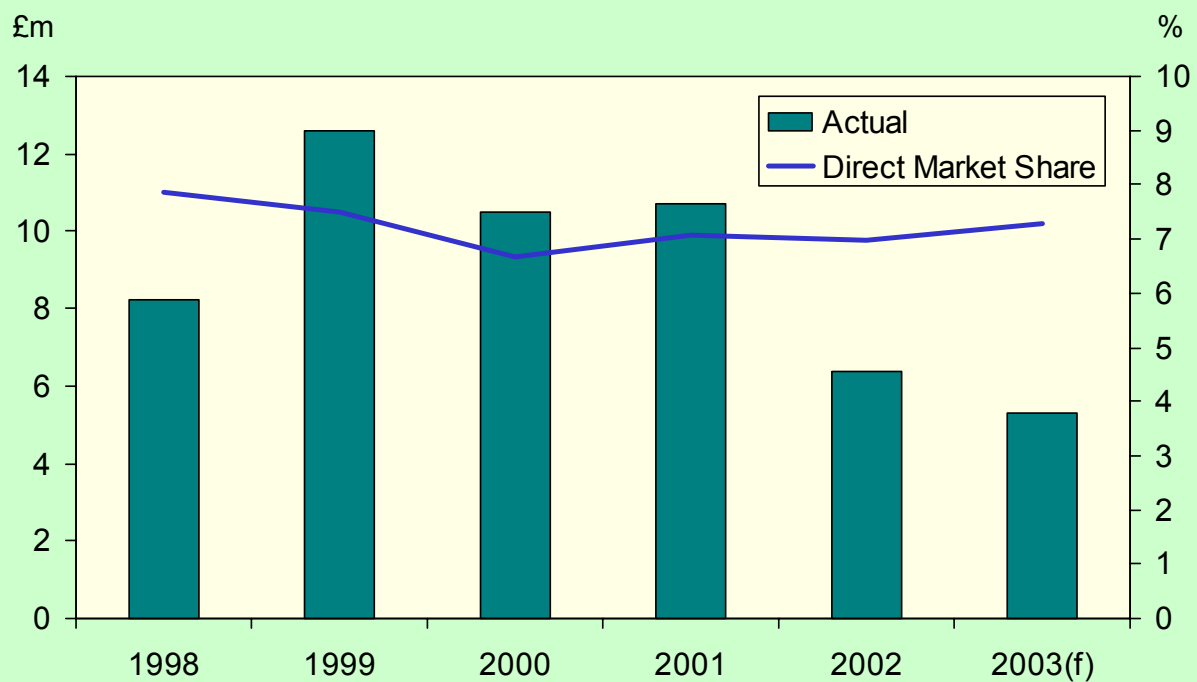
Call this number and we'll send you our free Guide to Investing.

0800 072 6141



Direct marketing expenditure

Retaining market share despite reducing spend



Is it working?



Award winning



...but more importantly

Liked by intermediaries

Valued by customers

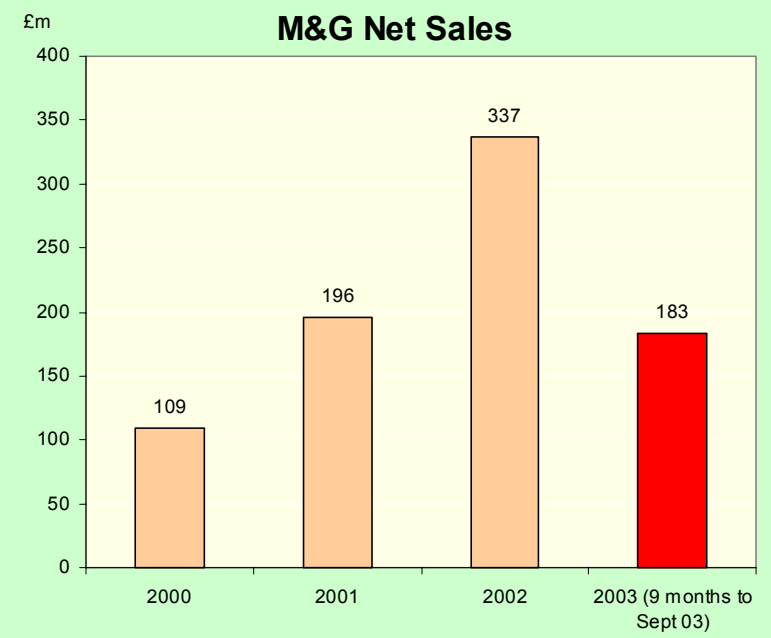
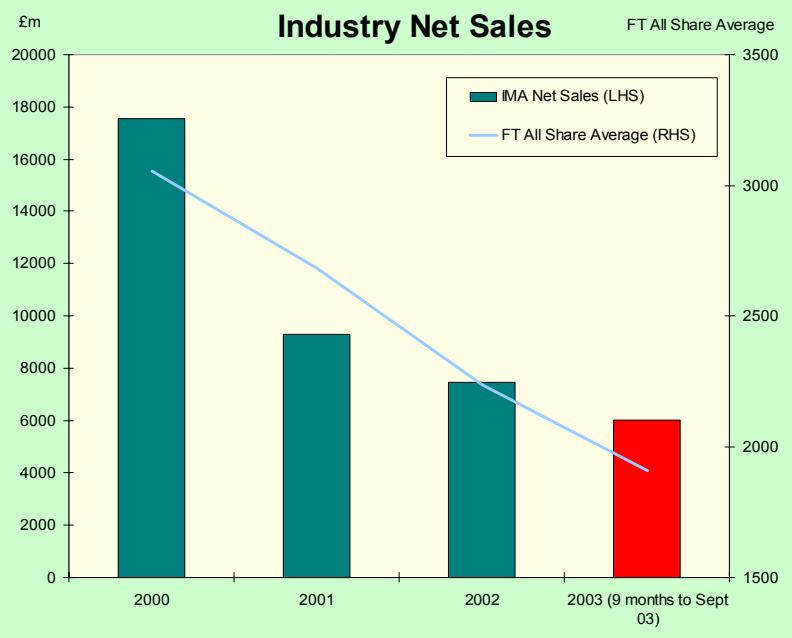


Where creative ideas count

Our strategy

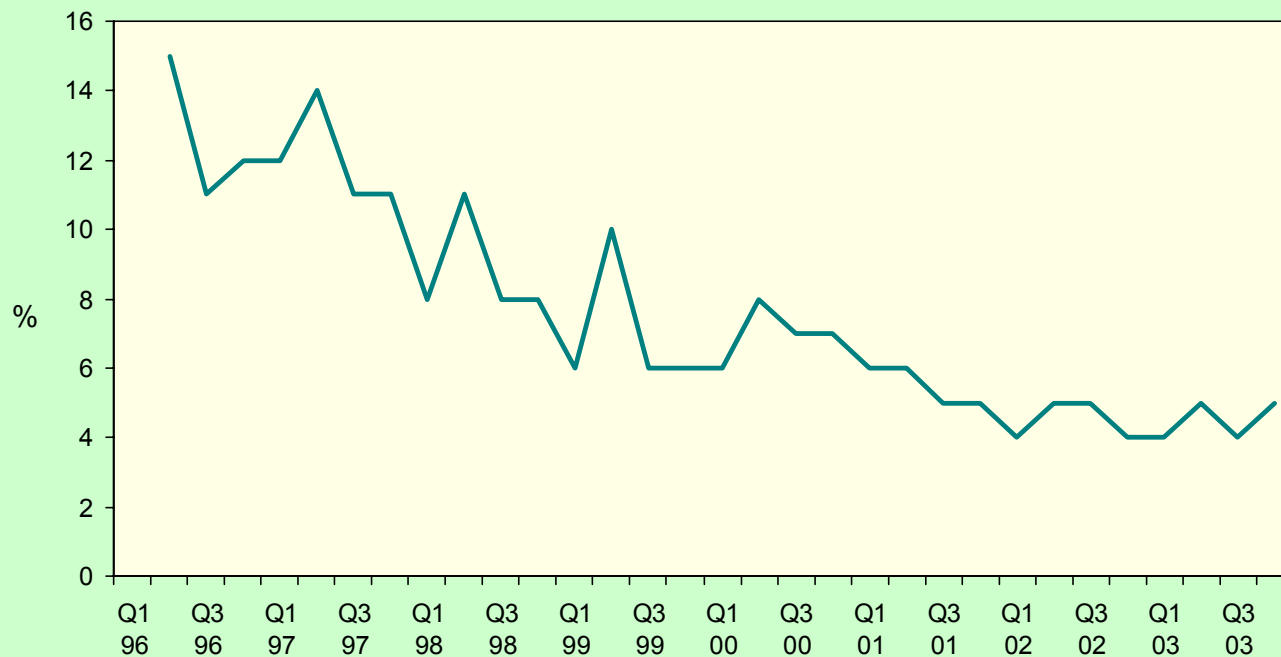


Net sales, not just sales



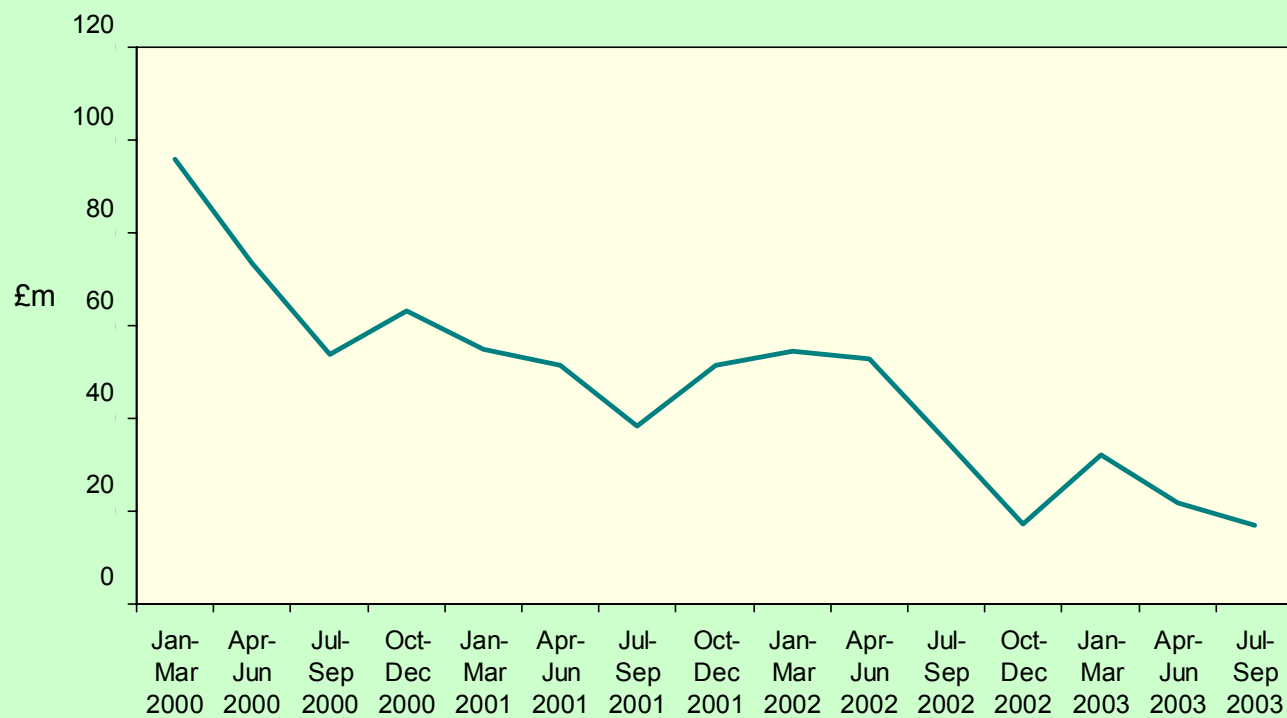
Reducing redemptions

M&G Retail direct redemption market share Quarterly average over 7 years



Prudential Unit Trust redemptions

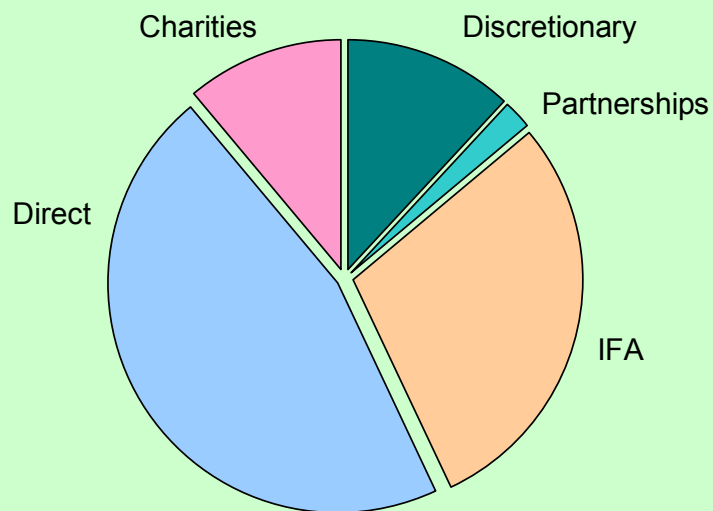
Reducing the outflows by using the same techniques



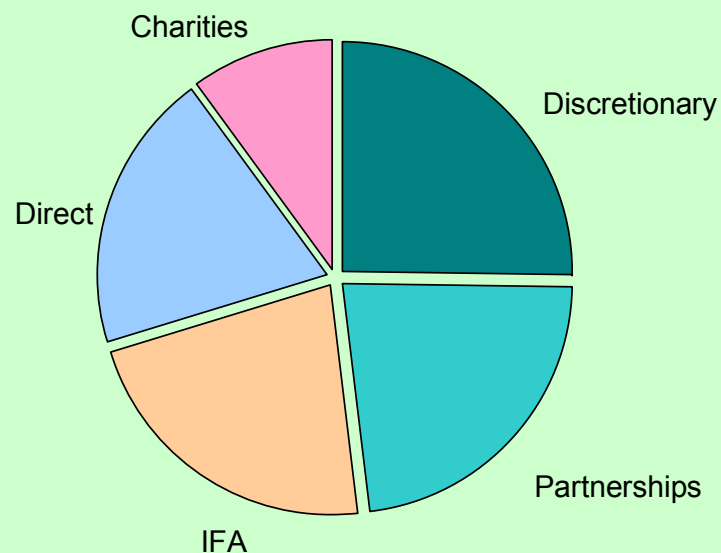
Changing distribution mix

Developing new routes to market

**M&G funds under management
at end September 2003**



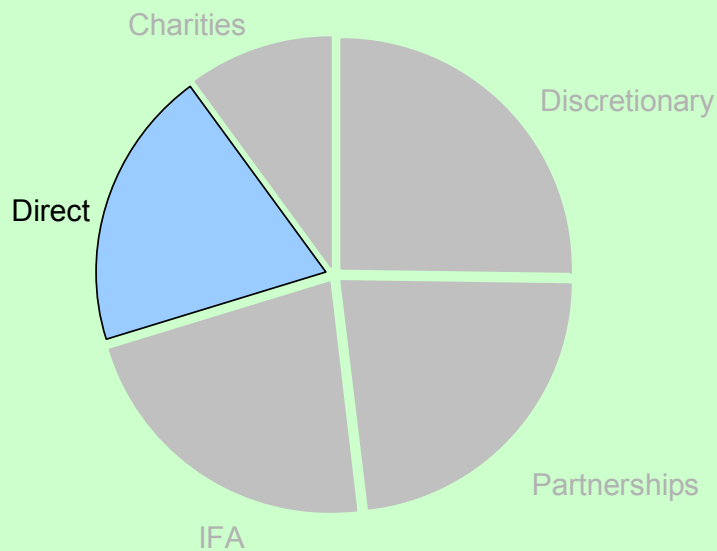
**M&G gross sales
9 months to September 2003**



Changing distribution mix

Direct

Gross sales
9 months to September 2003

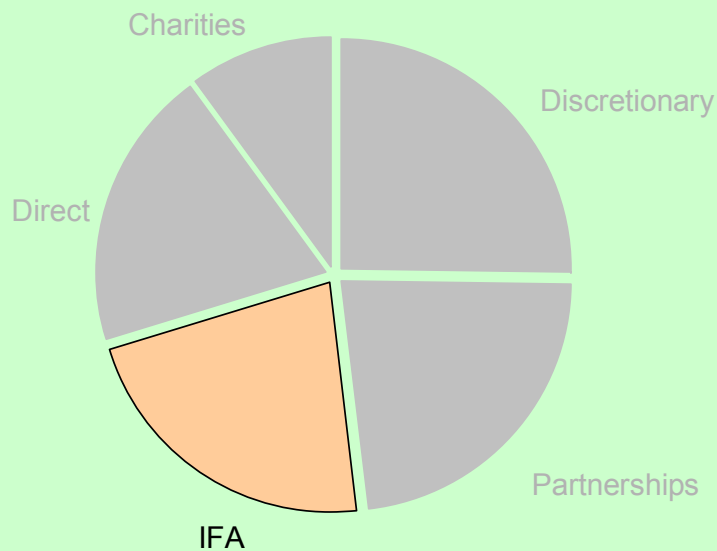


- Wealthiest customer base of our peers
- Substantial brand loyalty
- Growing share of wallet

Changing distribution mix

IFA

Gross sales
9 months to September 2003

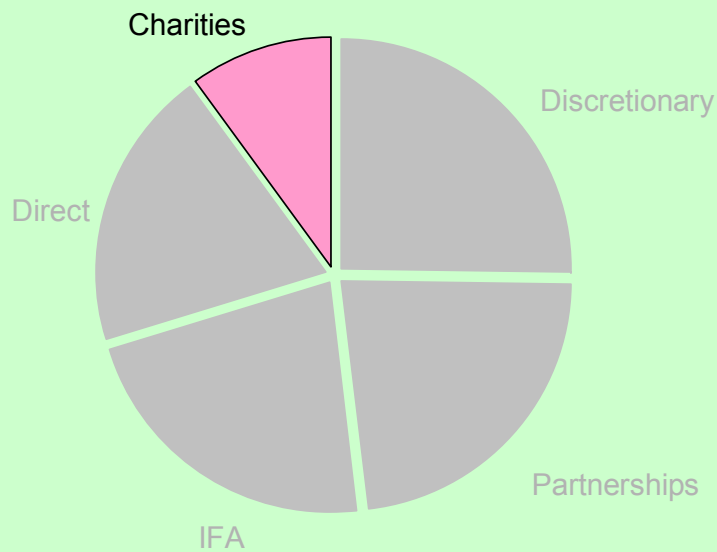


- Broad spread of relationships
- Recognised for quality of service support
- New business increasingly moving to platforms

Changing distribution mix

Charities

Gross sales
9 months to September 2003

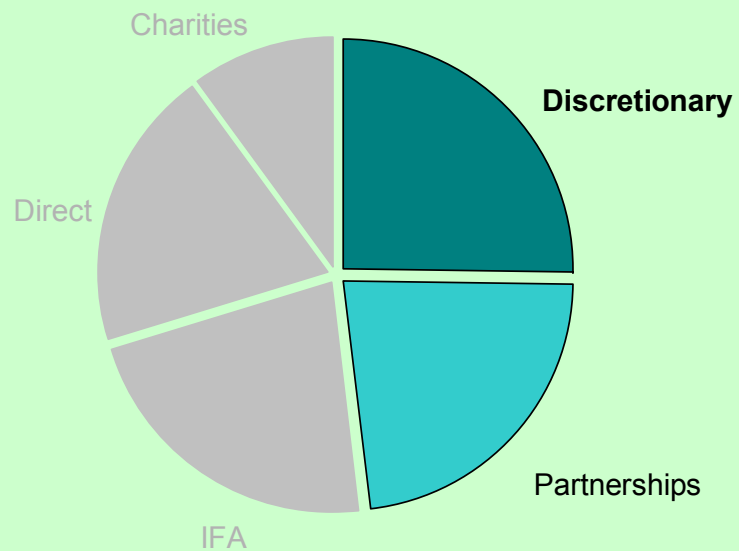


- Market leader
- Exceptional fund performance

Changing distribution mix

Discretionary & Partnerships

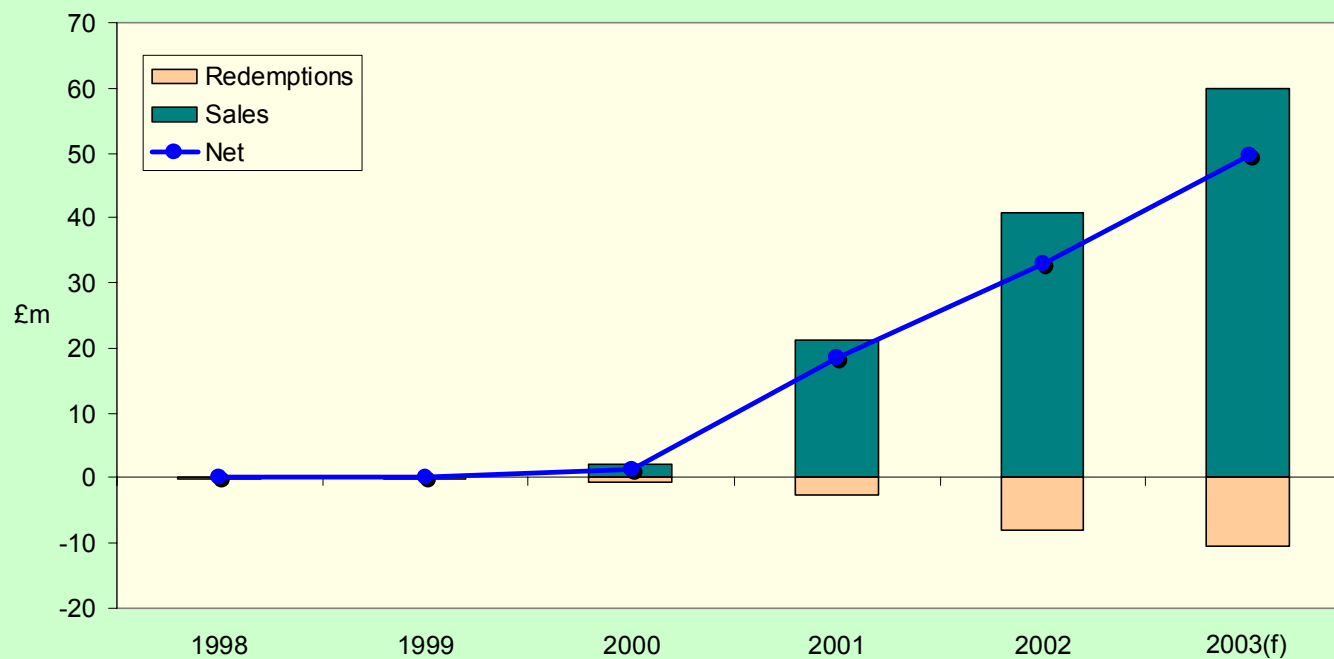
Gross sales
9 months to September 2003



- Very strong discretionary relationship team
- Addition of Prudential Unit Trust range has added a further £135m of sales
- Natural extension into partnerships

Exploiting open-architecture

Sales through Skandia 1998 to 2003



Market feedback

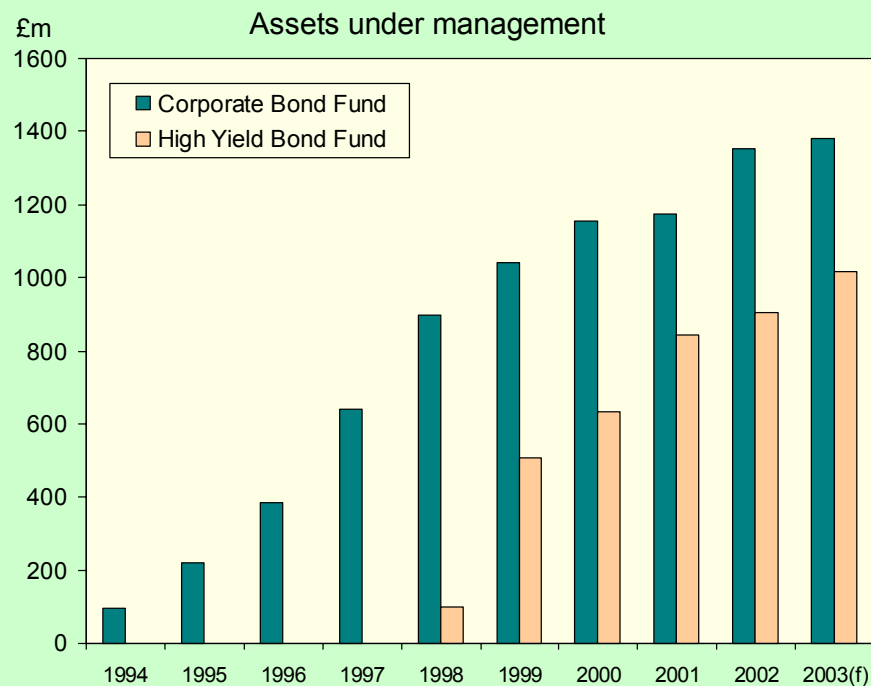
Video

Interviews with IFAs

Our strategy



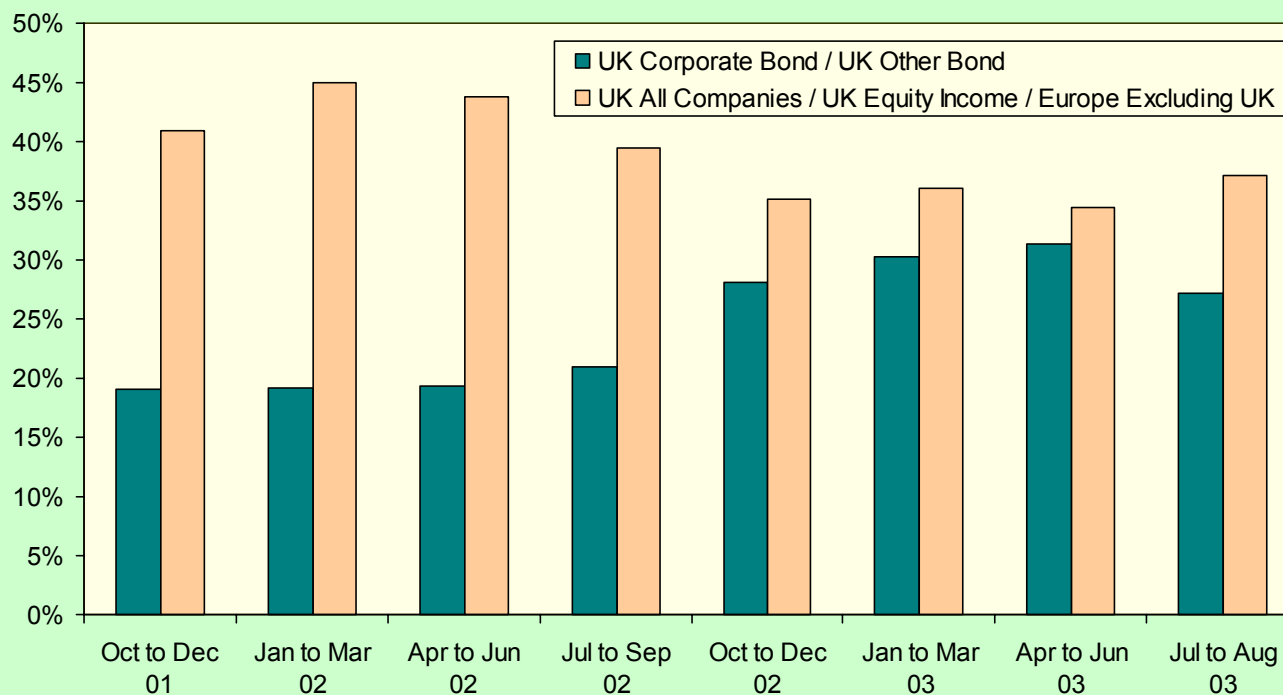
Leaders in Fixed Income



- A history of innovation
- M&G Corporate Bond Fund
 - £1.3bn
- M&G High Yield Corporate Bond Fund
 - £1.0bn

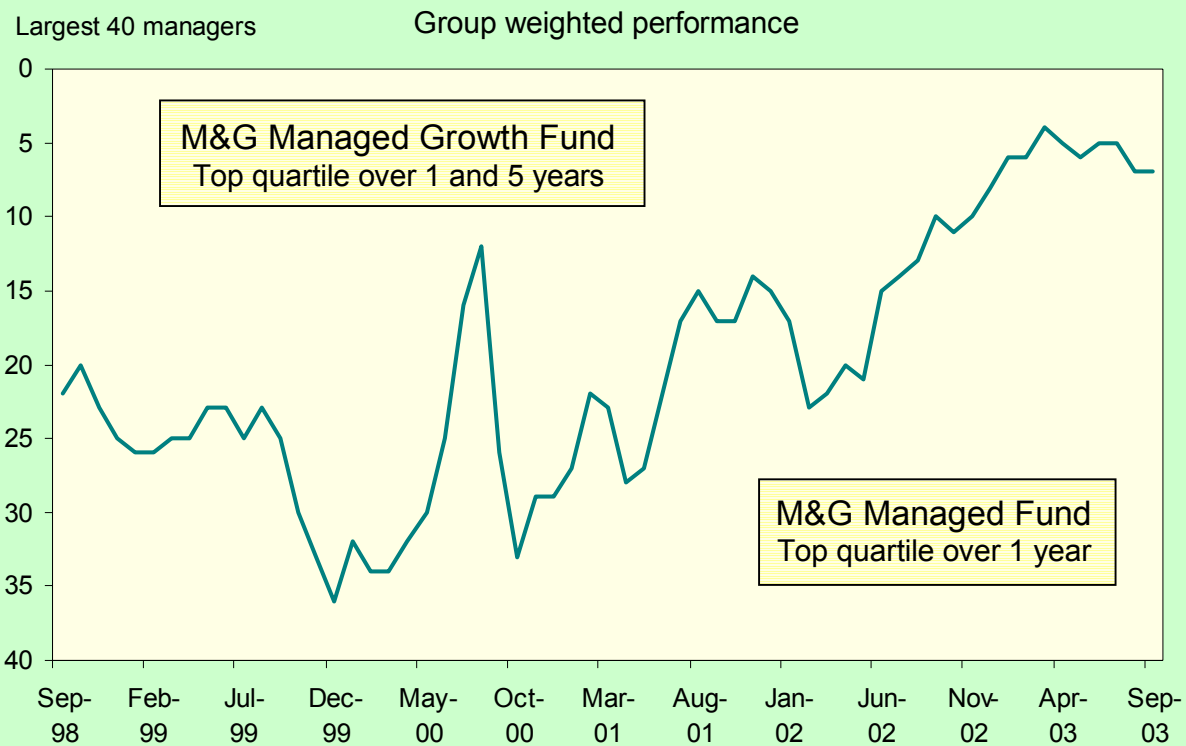
Scale of the equity opportunity

Market sales by sector (%)



Improving equity performance

Moving into the top quartile



Source: Source: Defaqto (formerly The Research Department / Investment Intelligence) Rolling three year basis

Improving equity performance

Answering the challenge

- Beginning to be recognised
- Sustainable
- Focused on core areas

Developing the equity performance

UK Equities

M&G Recovery Fund

Top quartile over 1, 2, 3, 4 and 5 years
Top decile over 3 years

UK Equity Income

M&G Income Fund

Top quartile over 1 year

M&G Charifund

Top quartile over 2, 3, 4 and 5 years

European Equities

M&G European Fund

Second quartile since new manager appointed (December 02)

North American Equities

Prudential North American Fund

Top quartile over 1, 2 and 3 years
Top decile over 2 and 3 years

Global Equities

M&G Global Leaders Fund

Top quartile over 1 year

Cautious Managed Sector

Prudential Distribution Fund

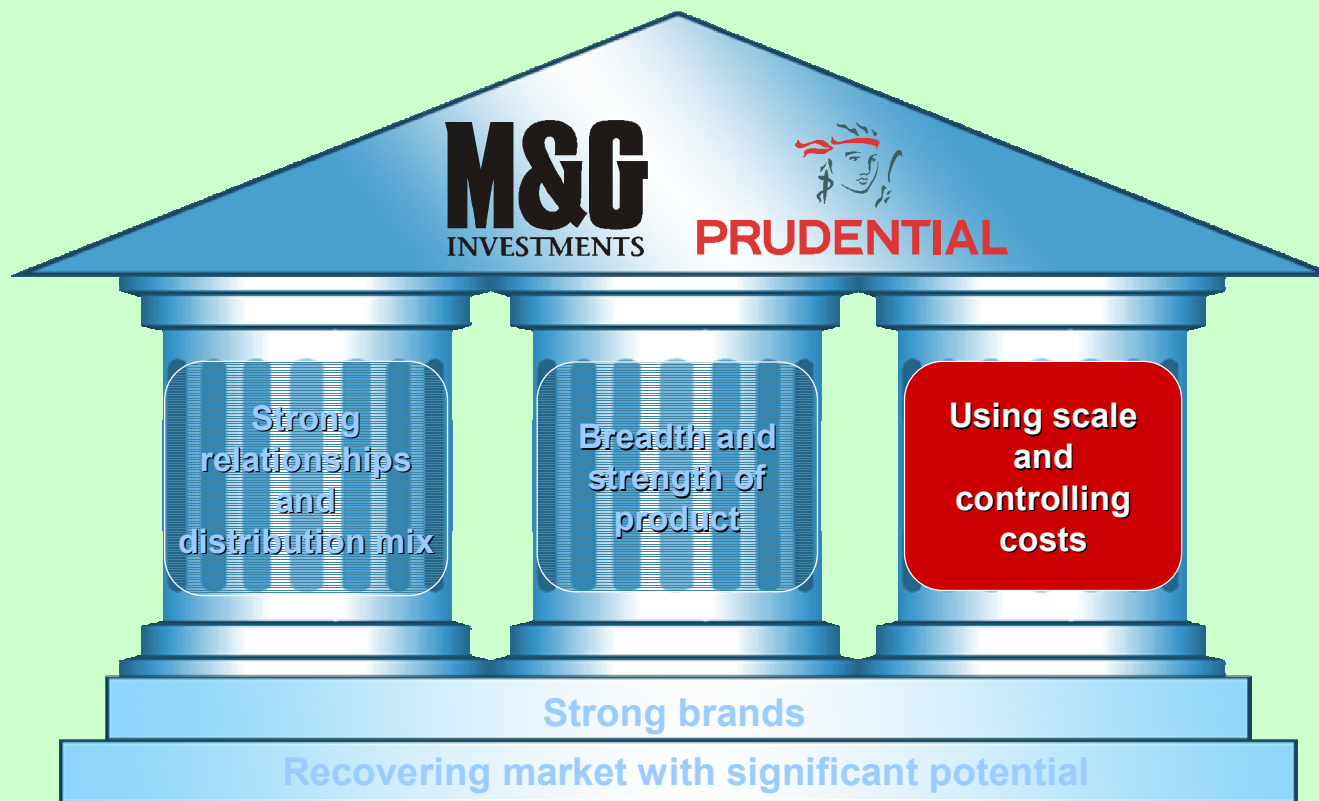
Top quartile over 4 and 5 years

Improving equity performance

Answering the challenge

- Beginning to be recognised ✓
- Sustainable ✓
- Focused on core areas ✓
- Appropriate to our distribution ✓

Our strategy

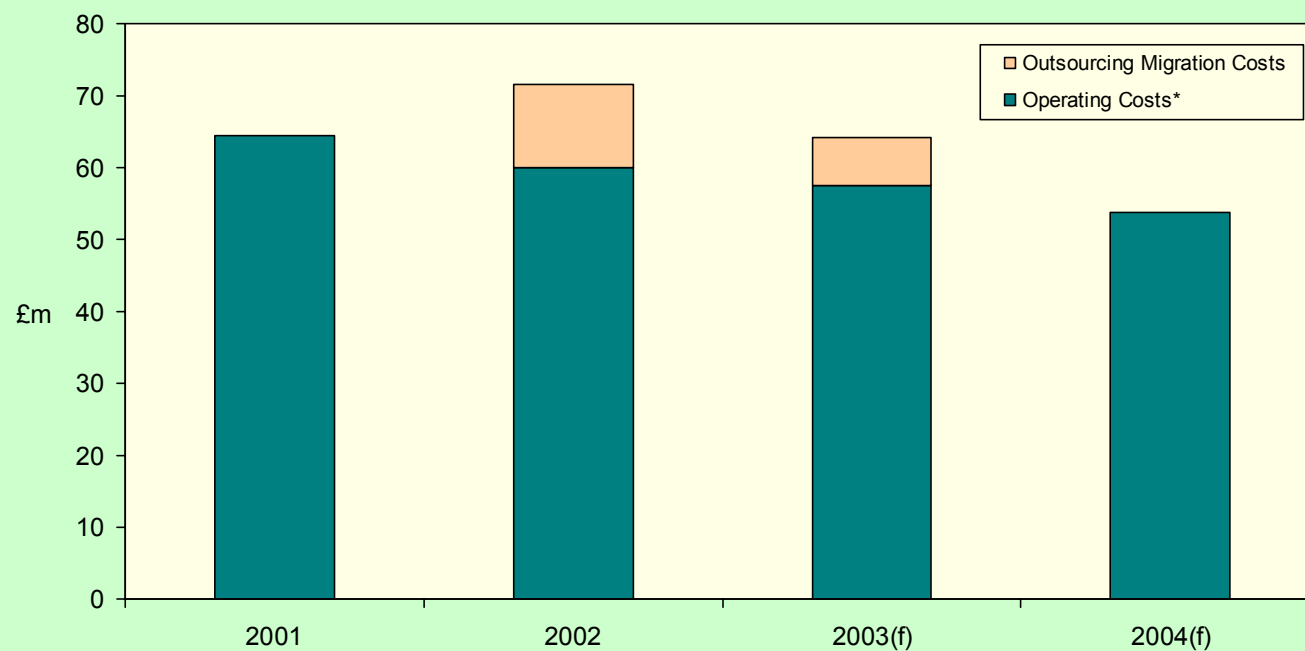


No 2 Retail Player

Fund Manager	Retail Fund value £bn
Fidelity Investments	20.225
M&G + Prudential + Scot Am + PPL	17.386
Scottish Widows + Hill Samuel	13.913
M&G + Prudential + Scot Am	13.686
Scottish Widows Unit Trusts Managers	11.425
Threadneedle Investments	11.338
Invesco Perpetual	10.794
Legal & General Unit Trust Managers Ltd	10.172
M&G Group	8.906
Schroder Investments Ltd	8.584
Halifax Investment Fund Managers Ltd	7.445
Gartmore Investment Management Plc	6.270
SLTM	6.020
Overall Total (130 Fund Managers)	223.516

Reducing operating costs

Lower cost base is sustainable



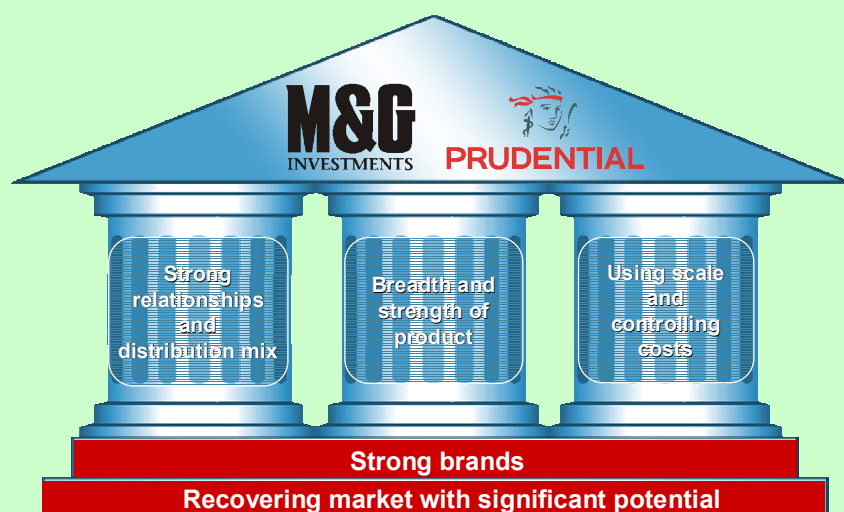
* Excluding commissions, maturity and fund management fees

Outsourcing transfer agency services

33% reduction in cost base

- £12.6m per annum cost saving
- £18m migration cost / 1 year implementation programme
- Improved customer service platform

Well positioned for growth



- Disciplined cost management now showing results and benefiting from scale
- Powerful multi-channel distribution engine
- Enormous progress on redemptions
- Leaders in Fixed Income with substantial equity sales growth opportunity
- Capitalising on the value of existing relationships and customers
- Two strong brands with complementary positioning and appeal