

8 October 2021

Dear Investor

**Changes to the Investment Policy for M&G (Lux) Global Themes Fund,
a sub-fund of M&G (Lux) Investment Funds 1 (the “Company”)**

Defined terms used in this letter have the same meaning as in the Prospectus.

I am writing to you to inform you of changes to the Prospectus disclosures (which include the Investment Objective, Investment Policy and Investment Strategy) of the M&G (Lux) Global Themes Fund (the “Fund”).

The changes, which will be effective from **Thursday 11 November 2021**, will introduce a set of Environmental, Social and Governance (ESG) exclusions. As a result, the Fund will no longer be categorised as ESG Integrated (Article 6 of the Sustainable Finance Disclosure Regulation (SFDR)), but will be recategorised as Article 8 under the SFDR – which relates to funds promoting environmental and/or social characteristics, whilst applying good governance practices.

The Fund’s overall investment approach and risk profile will not be affected by the changes. There will be no immediate changes to portfolio holdings as a result of these changes.

Why are the changes happening?

The changes will clarify the role of ESG considerations within the Fund’s investment strategy.

What are the changes?

We have updated the Prospectus to enhance ESG-related disclosures as follows – full details can be found in the Appendices at the back of the letter:

- **Investment Objective**
The Investment Objective will be amended to specify that the Fund applies ESG Criteria.

continued overleaf

- **Investment Policy**

The Investment Policy will be updated to introduce ESG exclusions from the Fund's investment universe based on specific norm-based, sector-based and/or values-based exclusions.

Further details on the ESG exclusions applicable to the Fund can be found in Appendix 2 at the back of this letter. They will also be made available to investors through a separate '**ESG Criteria**' document published on the Fund's page of the M&G website.

- **Investment Strategy**

The Investment Approach section of the Investment Strategy will be updated to reflect the role of ESG considerations in the Fund's investment process.

- **New "ESG Information" section**

A new "ESG Information" section will be introduced to provide details of where investors can find, on the M&G website, additional information on the Fund's ESG Criteria and reporting on its non-financial characteristics.

Costs associated with the changes

All administration costs associated with the changes will be borne by M&G.

Making changes to your investment

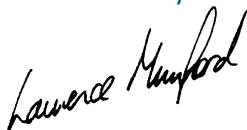
You may sell your investment, or switch it to another sub-fund of the Company or M&G fund, free of charge, at any point before or after the changes have taken place subject to our terms and conditions.

For more information

If you are in any doubt as to the action to be taken or require further information, please do not hesitate to contact your usual M&G contact or, for operational queries, our Customer Services team by email at csmandg@rbc.com or by telephone on +352 2605 9944. We are open from 09:00 to 18:00 CET Monday to Friday. For security and to improve the quality of our service we may record and monitor telephone calls.

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

Yours sincerely



Laurence Mumford
Chair, M&G (Lux) Investment Funds 1

Encl:

- Appendix 1: Comparison of previous and new wording M&G (Lux) Global Themes Fund Prospectus disclosures.
- Appendix 2: New exclusions as included in the M&G (Lux) Global Themes Fund ESG Criteria Document

Appendix 1 – Comparison of previous and new wording M&G (Lux) Global Themes Fund Prospectus disclosures.

You may notice that the wording differs from those in the Fund’s Key Investor Information Documents (KIIDs). This is because the Prospectus describes the full scope of the tools available to the fund manager and the limitations within which they must operate, whereas the information listed in the KIIDs provides a shorter description. KIIDs based on the new investment objectives, investment policies and investment strategies will be available to view at www.mandg.com

M&G (Lux) Global Themes Fund	
Existing fund information (effective until Wednesday 10 November 2021)	Updated fund information (effective from Thursday 11 November 2021)
<p>Investment Objective</p> <p>The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global equities market over any rolling five-year period.</p>	<p>Investment objective – changes in bold</p> <p>The Fund aims to provide a higher total return (capital growth plus income) than that of the global equities market over any rolling five-year period while applying ESG Criteria.</p>
<p>Investment Policy</p> <p>The Fund invests at least 80% of its Net Asset Value in the equity securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets.</p> <p>The Fund uses an investment process that combines top-down and bottom-up analysis. The Investment Manager aims to identify themes arising from long--term structural shifts, changes or trends. Stocks are then selected on the basis of their quality, growth and valuation.</p> <p>The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.</p> <p>The Fund may also invest in other assets including collective investment schemes, cash and near cash, deposits and warrants.</p> <p>The Fund may use derivative instruments for the purposes of hedging and efficient portfolio management.</p>	<p>Investment Policy</p> <p>The Fund invests at least 80% of its Net Asset Value in the equity securities and equity related instruments of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets.</p> <p>The Fund invests in securities that meet the ESG Criteria.</p> <p>The following types of exclusions apply to the Fund’s direct investments:</p> <ul style="list-style-type: none"> • Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption. • Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the Fund’s sector-based and/or values-based criteria. • Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria. <p>References to “assessed” above mean assessment in accordance with the ESG Criteria as referenced in the ESG Information section below. Further information on the exclusions applicable to the Fund can be found in this document.</p> <p style="text-align: right;">(continued)</p>

	<p>The Fund may also invest indirectly via funds (i.e. UCITS and other UCIs including funds managed by M&G) and may invest in other transferable securities such as short dated bonds and money market instruments for liquidity management, cash and near cash .</p> <p>The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.</p> <p>Derivatives may be used for Efficient Portfolio Management and hedging.</p>
<p>Investment Strategy</p> <ul style="list-style-type: none"> • Investment Approach <p>Themes are identified through analysis of global macroeconomics, demographics, government policies and spending, and technological innovation, among other considerations.</p> <p>The bottom-up stock selection process is designed to identify well-run companies which can benefit from those themes and which are trading on attractive valuations with good, sustainable growth prospects.</p> <ul style="list-style-type: none"> • Responsible Investment Approach <p>The Fund is categorised as ESG Integrated.</p> <p>The ESG categorisation of the Fund is explained in Appendix 1 "ESG Integration and Approaches to Responsible Investment" of this Prospectus. Investors should refer to that section for further details.</p>	<p>Investment Strategy</p> <ul style="list-style-type: none"> • Investment Approach <p>The investment approach combines thematic research and fundamental company analysis. The Investment Manager aims to identify long-term themes driven by structural trends, and selects companies that can benefit from these structural changes. The Investment Manager seeks to identify well-managed companies whose long-term prospects are not fully appreciated by the stockmarket. The Fund aims to be diversified across a broad range of countries and sectors.</p> <p>Sustainability considerations, encompassing ESG Factors, are fully integrated into the investment process, with a focus on the Investment Manager’s proprietary research. The analysis takes into account ESG risks and considerations for each investment , and includes ongoing engagement with investee companies, where required.</p> <p>In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:</p> <ul style="list-style-type: none"> • The exclusions listed in the Investment Policy are screened out. • The Investment Manager then identifies the companies that are considered suitable for further analysis. The Investment Manager’s analysis of these companies includes an assessment of ESG Factors, alongside other financial and operational characteristics. Following the ESG-related quality assessment, the Investment Manager then quantifies ESG risks for these companies, to determine whether these have been accounted for in a company’s valuation. • The Investment Manager then performs fundamental analysis to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund’s financial objective. <p style="text-align: right;">(continued)</p>

	<p>Further information about the ESG assessment and investment process can be found in the ESG Criteria.</p> <ul style="list-style-type: none"> • Responsible Investment Approach • The Fund is categorised as an Article 8 fund under SFDR. • The ESG Criteria are anticipated to reduce the Fund's investment universe by at least 20%. • All securities held in the Fund are subject to the ESG Criteria. This is achieved through the use of M&G's proprietary analysis and/or third party ESG information. As explained in the ESG Criteria, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The Investment Manager will assess the suitability of such instruments relative to the Fund's investment objectives.
<p>N/A</p>	<p>ESG Information</p> <p>Additional information is available to investors on the Fund page of the M&G website:</p> <ul style="list-style-type: none"> • ESG Criteria: in the document titled "M&G (Lux) Global Themes Fund – ESG Criteria" which includes the Fund's exclusions approach. • Periodic reporting against the Fund's non-financial characteristics.
<p>Benchmark MSCI ACWI Net Return Index The benchmark is a comparator against which the Fund's performance can be measured. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction. The Fund is actively managed. The Investment Manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The Fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in the share class currency.</p>	<p>Benchmark – change in bold MSCI ACWI Net Return Index The benchmark is a comparator against which the Fund's performance can be measured. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's Investment Policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction. The Fund is actively managed. The Investment Manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The Fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is not an ESG benchmark and is not consistent with the ESG Criteria. The benchmark is shown in the share class currency.</p>

**Appendix 2 – New exclusions as included in the
M&G (Lux) Global Themes Fund ESG Criteria Document**

Environmental		
Issue	Rationale	Criteria
Thermal Coal Extraction	The extraction of thermal coal can have long-lasting negative impacts on the environment. These include air and water pollution.	The Fund excludes companies involved in the extraction of thermal coal. A 0% revenue threshold for such companies is applied.
Coal and Nuclear Power Generation	Fossil-fuel derived power, such as the generation of electricity from thermal coal, is environmentally damaging due to emissions of carbon dioxide and other pollutants. While nuclear energy can be considered as a relatively ‘clean’ source of energy, it is not without its risks and controversies – specifically to do with the risk of exogenous shocks and the longer-term requirements around nuclear waste and reclamation. In specific circumstances, nuclear energy can be considered an ally of the transition to net-zero, and we are willing to have a limited exposure to this form of energy generation.	The Fund: <ul style="list-style-type: none"> • Excludes power-utility firms that derive more than 30% of revenues from coal-fired power generation. However, companies with a clear business model aim of accelerating transition to low-carbon power production will be considered, even if in breach of the limits above. • Excludes power utility firms that derive more than 30% of their revenue from nuclear-based power generation.

Social		
Issue	Rationale	Criteria
Adult Entertainment	Adult entertainment has been shown to be in some cases addictive, exploitative of workers and often easily accessed by children for whom it can be emotionally damaging.	The Fund excludes companies involved in the production of adult entertainment. A 5% threshold for revenues derived from producing, directing or publishing adult entertainment materials is applied.
Gambling	Gambling has been proven to be addictive and can lead to oppressive debt, which disproportionately affects the poorest in society. It can also be harmful to psychological and physical health.	The Fund excludes companies involved in the provision of gambling services. A 5% threshold for revenue derived from gambling-related business activities is applied.
Tobacco	The consumption of tobacco leads to serious health risks, including cancer, heart disease, stroke, lung diseases, diabetes and chronic obstructive pulmonary disease (COPD). It also carries unacceptable societal risks.	The Fund excludes companies involved in the production and/or distribution of tobacco, or companies with an ownership in these companies. A 5% revenue threshold for tobacco producers and a 10% revenue threshold for distributors is applied.
Controversial Weapons	Controversial weapons have an indiscriminate and disproportional humanitarian impact on civilian populations. They may cause severe harm to civilians during and after conflicts, and generate significant long-term health and safety effects for the civilian population.	The Fund excludes companies involved in anti-personnel mines, chemical, nuclear and biological weapons, cluster munitions, depleted uranium and white phosphorous munitions, blinding laser, non-detectable weapons from the investment universe. A 0% revenue threshold for all controversial weapons is applied.

Social		
Issue	Rationale	Criteria
Defence and Other Weapons	Although legally used in many democratic countries across the world, weapons are designed to injure and kill, and can be misused by both governments and individuals alike. The Investment Manager asks that companies involved in producing or using weaponry strictly comply with international legislation and best practices.	The Fund excludes companies that derive more than 5% of their revenues from the manufacturing of weapons or tailor-made components thereof. Weapons are defined as products or basic components of products that have been 'designed to injure/kill' and are used exclusively for military purposes. Tailor-made components are components that are developed primarily in order to be integrated into a weapon system.