

**M&G (Lux) Investment Funds 1**  
*Société d'Investissement à Capital Variable*  
Registered office: 49, Avenue J.F. Kennedy, L-1855 Luxembourg  
R.C.S. Luxembourg B210615

14 June 2021

Dear Investor

**Important changes to**

- **M&G (Lux) Global Select Fund and**
- **M&G (Lux) Pan European Select Fund**

(each a “Fund”, together the “Funds”), all sub-funds of M&G (Lux) Investment Funds 1

**You do not need to take any action, but we recommend that you read this letter carefully.**

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

I am writing to inform you of changes we are making to the Funds to enhance their Environmental, Social and Governance (ESG) profiles and provide greater clarity on the ESG outcomes they seek to deliver in addition to their financial objectives.

In order to achieve this, effective from 30 July 2021 (the ‘Effective Date’):

- A ‘sustainable’ (ie non-financial) objective will be added to each Fund’s investment objective, supplementing their existing financial objective.
- The Funds will be renamed “M&G (Lux) Global **Sustain Paris Aligned** Fund” and M&G (Lux) Pan European **Sustain Paris Aligned** Fund”.
- Each Fund’s investment strategy will be updated to provide details on how it will select companies to meet its sustainable objective.

This letter provides details on the reasons for the changes, and a full comparison of the current and updated Prospectus Fund disclosures (which can be found in the table at the end of this letter).

**Please note that there will be no change to the Funds’ financial objectives, nor to their overall risk profiles.**

continued overleaf

- **Introduction of a sustainable objective**

From the Effective Date, the following ‘sustainable objective’ will be added to each Fund’s investment objective:

“To invest in companies that contribute towards the Paris Agreement climate change goal”.

By investing in companies which are either Low Carbon Intensity or Reducing Carbon Intensity, (as explained below), the Funds will seek to contribute to the long-term objectives of the Paris Agreement, which aims to limit global temperature increase to well below 2 degrees above pre-industrial levels by the end of this century.

Whilst ESG considerations have always formed an integral part of both Funds’ investment strategies, the inclusion of a clear and specific sustainable objective will further enhance their ESG profiles and provide greater clarity for investors on what each Fund aims to achieve.

Please note that each Fund’s financial objective of delivering a higher return (the combination of capital growth and income) than its benchmark will remain unchanged. In addition, the Investment Manager has assessed the potential impact of the change and believes that the introduction of the sustainable objective will have no adverse impact on the Funds’ financial objective.

- **Fund name changes**

The M&G (Lux) Global Select Fund will be renamed **M&G (Lux) Global Sustain Paris Aligned Fund**.

The M&G (Lux) Pan European Select Fund will be renamed **M&G (Lux) Pan European Sustain Paris Aligned Fund**.

Both Funds actively engage with the companies they are invested in as they seek to support them in their efforts to sustain financial growth and improve their ESG credentials, a key part of which is carbon emission reduction. The new fund names will better reflect the Funds’ investment strategies and their focus on making long-term investments in sustainable companies combining characteristics including financial strength, competitive advantage and ability to sustain low carbon emissions.

- **Changes to the Investment Strategy wording**

Each Fund’s Investment Approach (included within the Investment Strategy section of the Prospectus disclosures) will be updated to provide details on the types of companies that contribute to the new sustainable objective. Qualifying companies are:

- Low Carbon Intensity companies, defined as having a weighted average carbon intensity (the measure of a company’s carbon emissions produced in relation to its product sales) lower than 50% of the weighted carbon intensity of each Fund’s respective benchmark.
- Reducing Carbon Intensity companies, which have science-based targets aligned with the Paris Agreement or have committed to having them in place in a defined time period.

A single company may meet one or both criteria.

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Other factors such as a company's potential to provide direct solutions to the climate challenge through their products and services will also form part of the assessment considerations.

Additional information on each Fund's Responsible Investment Approach and ESG characteristics will be included in their respective ESG Criteria and Sustainability Criteria documents. These will be available from 30 July 2021 on each Fund's information page on the M&G website.

#### **Will the changes result in any changes to the Funds' portfolios?**

- There will be no change to M&G (Lux) Global Select Fund's portfolio as a result of the changes.
- In the case of the M&G (Lux) Pan European Select Fund, based on the Fund's holdings as at 18 May 2021, the changes will require a realignment of around 8% of the portfolio. This is expected to result in transaction costs estimated at circa. 0.03% of the Fund's value and will be borne by the Fund, which will impact performance by an equivalent amount.

#### **Administration costs associated with the changes**

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

#### **Making changes to your investment**

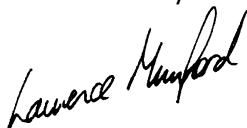
You may sell your investment, or switch it to another sub-fund of the Company or M&G fund, free of charge, at any point before or after the changes have taken place subject to our terms and conditions.

#### **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](mailto:csmandg@rbc.com). 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: Comparison of previous and new wording for the Funds' Prospectus disclosure

**M&G (Lux) Global Select Fund and M&G (Lux) Pan European Select Fund**  
**Details of changes to Prospectus Fund disclosures**

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

Effective until 29 July 2021	Effective from 30 July 2021
<b>M&amp;G (Lux) Global Select Fund</b>	<b>M&amp;G (Lux) Global Sustain Paris Aligned Fund</b>
<b>Investment Objective</b>	<b>Investment Objective</b>
<p>The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global equity market over any five-year period while applying ESG Criteria and Sustainability Criteria.</p>	<p>The Fund has two aims:</p> <ul style="list-style-type: none"> <li>• Financial objective: to provide a higher total return (capital growth plus income) than that of the global equity market over any five-year period; and</li> <li>• Sustainable objective: to invest in companies that contribute towards the Paris Agreement climate change goal.</li> </ul>
<b>Investment Policy</b>	<b>Investment policy</b>
<p>The Fund invests at least 80% of its Net Asset Value in the equity securities of sustainable companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. The Fund usually holds fewer than 40 stocks.</p> <p>The Fund invests in securities that meet the ESG Criteria and Sustainability Criteria. The following types of exclusions apply to the Fund's direct investments:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria.</li> </ul> <p>References to "assessed" above mean assessment in accordance with the ESG Criteria and Sustainability Criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the Fund can be found in this document.</p> <p align="right">(continued overleaf)</p>	<p>The Fund invests at least 80% of its Net Asset Value in the equity securities of sustainable companies across any sectors and market capitalisation that are domiciled in any country, including emerging markets. The Fund has a concentrated portfolio of usually fewer than 40 companies.</p> <p>The Fund invests in securities that meet the ESG Criteria and Sustainability Criteria. The following types of exclusions apply to the Fund's direct investments:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria.</li> </ul> <p>References to "assessed" above mean assessment in accordance with the ESG Criteria and Sustainability Criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the Fund can be found in this document.</p> <p align="right">(continued overleaf)</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>The Fund may also invest indirectly via funds (i.e. UCITS and other UCIs including funds managed by M&amp;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 use derivatives for efficient portfolio management and hedging.</p>
<p><b>Investment Strategy</b></p>	<p><b>Investment Strategy</b></p>
<p><b>- Investment Approach</b></p> <p>The Fund is a focused core global equity fund, making long-term investments in quality companies with sustainable business models competitively positioned to protect their profitability. Importantly, the Investment Manager invests in businesses where short-term issues have provided a clear valuation opportunity.</p> <p>The Fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies.</p> <p>The Investment Manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company's share price when a short-term issue has been resolved.</p> <p>Sustainability considerations encompassing ESG Factors are fully integrated into the investment process through ongoing engagement with investee companies.</p> <p>In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:</p> <ol style="list-style-type: none"> <li>1. The exclusions listed in the Investment Policy are screened out.</li> <li>2. The Investment Manager then assesses the sustainability credentials of the remaining companies. The Investment Manager analyses these companies using external and internal research, combining qualitative and quantitative methods to build a watchlist of companies assessed to have sustainable business models. This includes an assessment of ESG Factors at every stage of the company's fundamental analysis. More information about the abovementioned assessment process can be found in the ESG Criteria and Sustainability Criteria document.</li> <li>3. The Investment Manager then performs further fundamental analysis, including ESG risks that may impair a business, to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund's financial objective. The Investment Manager selects the most suitable assets to build a concentrated and high-conviction portfolio.</li> </ol> <p style="text-align: right;">(continued)</p>	<p><b>- Investment Approach</b></p> <p>The Fund is a focused core global equity fund, making long-term investments in sustainable companies which contribute to the long-term global warming objectives of the Paris Agreement, by either having a Low and/or a Reducing Carbon Intensity. Low Carbon Intensity means a carbon intensity lower than 50% of the weighted carbon intensity of the Fund's benchmark, the MSCI World Net Return Index. Reducing Carbon Intensity companies mean companies that have science based targets aligned with the Paris Agreement, or have committed to have them in place within a defined time period.</p> <p>In addition, these companies need to demonstrate sustainable business models competitively positioned to protect their profitability as well as an ongoing commitment to decarbonisation.</p> <p>Importantly, the Investment Manager invests in businesses where short-term issues have provided a clear valuation opportunity.</p> <p>The Fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies.</p> <p>The Investment Manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company's share price when a short-term issue has been resolved.</p> <p>Sustainability considerations, encompassing ESG Factors are fully integrated into the investment process through ongoing engagement with investee companies. The Investment Manager considers active engagement with sustainable companies to be key to sustain positive change. In particular, climate considerations, including investing in Low and/or Reducing Carbon Intensity companies and non-mandatory factors such as whether companies are providing direct solutions to the climate challenge via their products and services, play an important role in determining the investment universe, stock selection, and portfolio construction, alongside other sustainability considerations. The Fund will typically have a weighted average carbon intensity of less than half that of the MSCI World Net Return Index.</p> <p>In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:</p> <p style="text-align: right;">(continued)</p>

<p>- <b>Responsible Investment Approach</b></p> <ul style="list-style-type: none"> <li>• The Fund is categorised as Planet+ / Sustainable and promotes ESG characteristics.</li> <li>• Within this category, the Best-in-Class approach is applied.</li> <li>• The ESG Criteria and Sustainability Criteria are anticipated to reduce the Fund's investment universe by at least 20%.</li> <li>• All securities held in the Fund are subject to the ESG Criteria and Sustainability Criteria. This is achieved through the use of M&amp;G's proprietary analysis and/or third party ESG information. As explained in the ESG Criteria and Sustainability Criteria document, 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.</li> </ul> <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>	<ol style="list-style-type: none"> <li>1. The exclusions listed in the Investment Policy are screened out.</li> <li>2. The Investment Manager then assesses the sustainability credentials of the remaining companies. The Investment Manager analyses these companies using external and internal research, combining qualitative and quantitative methods with an assessment of ESG Factors to build a watchlist of Low and/or Reducing Carbon Intensity companies assessed to have sustainable business models. More information about the above-mentioned assessment process can be found in the ESG Criteria and Sustainability Criteria document.</li> <li>3. The Investment Manager then performs further fundamental analysis, including ESG risks that may impair a business, to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund's financial objective.</li> </ol> <p>The Investment Manager selects the most suitable assets to build a concentrated and high-conviction portfolio.</p> <p>- <b>Responsible Investment Approach</b></p> <ul style="list-style-type: none"> <li>• The Fund is categorised as Planet+ / Sustainable. Within this category, the Best-in-Class approach is applied.</li> <li>• The Fund is categorised as an Article 9 fund under SFDR.</li> <li>• The ESG Criteria and Sustainability Criteria are anticipated to reduce the Fund's investment universe by at least 20%.</li> <li>• All securities held in the Fund are subject to the ESG Criteria and Sustainability Criteria. This is achieved through the use of M&amp;G's proprietary analysis and/or third party ESG information. As explained in the ESG Criteria and Sustainability Criteria document, 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 objective.</li> </ul> <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><b>ESG Information</b></p>	<p><b>ESG Information</b></p>
<p>Additional information is available to investors on the Fund page of the M&amp;G website:</p> <ul style="list-style-type: none"> <li>• ESG Criteria and Sustainability Criteria: in the document titled "M&amp;G (Lux) Global Select Fund – ESG Criteria and Sustainability Criteria" which includes the Fund's exclusions approach.</li> <li>• Periodic reporting against the non-financial characteristics.</li> </ul>	<p>Additional information is available to investors on the Fund page of the M&amp;G website:</p> <ul style="list-style-type: none"> <li>• ESG Criteria and Sustainability Criteria: in the document titled "M&amp;G (Lux) Global Sustain Paris Aligned Fund – ESG Criteria and Sustainability Criteria" which includes the Fund's exclusions approach.</li> <li>• An Annual ESG and Sustainability Report providing an assessment of the Fund's sustainable objective will also be published when available.</li> <li>• Any other periodic reporting against the Fund's sustainable objective.</li> </ul>

<p><b>Benchmark</b></p> <p>MSCI World Net Return Index</p> <p>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.</p> <p>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.</p> <p>The benchmark is not an ESG benchmark and is not consistent with the ESG Criteria and Sustainability Criteria.</p> <p>The benchmark is shown in the share class currency.</p>	<p><b>Benchmark</b></p> <p>MSCI World Net Return Index</p> <p>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 financial objective.</p> <p>The benchmark is also used to define a Low Carbon Intensity company. The Investment Manager considers the Fund’s weighted average carbon intensity against the benchmark when constructing the portfolio, but the benchmark does not otherwise constrain the Fund’s portfolio construction.</p> <p>The Fund is actively managed and within given constraints, the Investment Manager has 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, and as a result the Fund’s performance may deviate materially from the benchmark.</p> <p>The benchmark is not an ESG benchmark and is not consistent with the ESG Criteria and Sustainability Criteria.</p> <p>The benchmark is shown in the share class currency.</p>
<p><b>Profile of Typical Investor</b></p> <p>The Fund is suitable for retail and Institutional Investors seeking to gain a combination of capital growth and income from a portfolio that invests in a range of companies globally, and who want a fund that applies ESG Factors when investing.</p> <p>There is no guarantee that the Fund will achieve its objective. Suitable investors should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.</p> <p>In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.</p> <p>This Fund may be suitable for investors who have an investment time horizon of at least five years.</p>	<p><b>Profile of Typical Investor</b></p> <p>The Fund is suitable for retail and Institutional Investors seeking a combination of capital growth and income from a portfolio that invests in a range of companies globally, that contribute to the Paris Agreement climate change goal.</p> <p>There is no guarantee that the Fund will achieve its objective. Suitable investors should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.</p> <p>In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.</p> <p>This Fund may be suitable for investors who have an investment time horizon of at least five years.</p>

continued

Effective until 29 July 2021	Effective from 30 July 2021
<b>M&amp;G (Lux) Pan European Select Fund</b>	<b>M&amp;G Pan European Sustain Paris Aligned Fund</b>
<b>Investment Objective</b>	<b>Investment Objective</b>
<p>The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the European equity market over any five-year period while applying ESG Criteria and Sustainability Criteria.</p>	<p>The Fund has two aims:</p> <ul style="list-style-type: none"> <li>• Financial objective: to provide a higher total return (capital growth plus income) than that of the European equity market over any five-year period; and</li> <li>• Sustainable objective: to invest in companies that contribute towards the Paris Agreement climate change goal.</li> </ul>
<b>Investment Policy</b>	<b>Investment Policy</b>
<p>The Fund invests at least 80% of its Net Asset Value in the equity securities of sustainable companies across any sectors and market capitalisations that are domiciled in, or conducting the major part of their economic activity in, Europe. The Fund usually holds fewer than 35 stocks.</p> <p>The Fund invests in securities that meet the ESG Criteria and Sustainability Criteria. The following types of exclusions apply to the Fund’s direct investments:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria.</li> </ul> <p>References to “assessed” above mean assessment in accordance with the ESG Criteria and Sustainability Criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the Fund can be found in this document.</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>The Fund invests at least 80% of its Net Asset Value in the equity securities of sustainable companies across any sectors and market capitalisations that are domiciled in, or conducting the major part of their economic activity in, Europe. The Fund has a concentrated portfolio of usually fewer than 35 companies.</p> <p>The Fund invests in securities that meet the ESG Criteria and Sustainability Criteria. The following types of exclusions apply to the Fund’s direct investments:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria.</li> </ul> <p>References to “assessed” above mean assessment in accordance with the ESG Criteria and Sustainability Criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the Fund can be found in this document.</p> <p>The Fund may also invest indirectly via funds (i.e. UCITS and other UCIs including funds managed by M&amp;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 use derivatives for efficient portfolio management and hedging.</p>



<p><b>Investment Strategy</b></p> <p><b>- Investment Approach</b></p> <p>The Fund is a focused European equity fund, making long-term investments in quality companies with sustainable business models competitively positioned to protect their profitability. Importantly, the Investment Manager invests in businesses where short-term issues have provided a clear valuation opportunity.</p> <p>The Fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies.</p> <p>The Investment Manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company's share price when a short-term issue has been resolved.</p> <p>Sustainability considerations encompassing ESG Factors are fully integrated into the investment process through ongoing engagement with investee companies.</p> <p>In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:</p> <ol style="list-style-type: none"> <li>1. The exclusions listed in the Investment Policy are screened out.</li> <li>2. The Investment Manager then assesses the sustainability credentials of the remaining companies. The Investment Manager analyses these companies using external and internal research, combining qualitative and quantitative methods to build a watchlist of companies assessed to have sustainable business models. This includes an assessment of ESG Factors at every stage of the company's fundamental analysis. More information about the abovementioned assessment process can be found in the ESG Criteria and Sustainability Criteria document.</li> <li>3. The Investment Manager then performs further fundamental analysis, including ESG risks that may impair a business, to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund's financial objective. The Investment Manager selects the most suitable assets to build a concentrated and high-conviction portfolio.</li> </ol> <p><b>- Responsible Investment Approach</b></p> <ul style="list-style-type: none"> <li>• The Fund is categorised as Planet+ / Sustainable and promotes ESG characteristics. Within this category, the Best-in-Class approach is applied.</li> <li>• The ESG Criteria and Sustainability Criteria are anticipated to reduce the Fund's investment universe by at least 20%.</li> </ul> <p style="text-align: right;">(continued)</p>	<p><b>Investment Strategy</b></p> <p><b>- Investment Approach</b></p> <p>The Fund is a focused European equity fund, making long-term investments in sustainable companies which contribute to the long-term global warming objectives of the Paris Agreement, by either having a Low and/or a Reducing Carbon Intensity. Low Carbon Intensity means a carbon intensity lower than 50% of the weighted carbon intensity of the Fund's benchmark, the MSCI Europe Net Return Index. Reducing Carbon Intensity companies mean companies that have science based targets aligned with the Paris Agreement, or have committed to have them in place within a defined time period.</p> <p>In addition, these companies need to demonstrate sustainable business models competitively positioned to protect their profitability as well as an ongoing commitment to decarbonisation.</p> <p>Importantly, the Investment Manager invests in businesses where short-term issues have provided a clear valuation opportunity.</p> <p>The Fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies.</p> <p>The Investment Manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company's share price when a short-term issue has been resolved.</p> <p>Sustainability considerations, encompassing ESG Factors are fully integrated into the investment process through ongoing engagement with investee companies. The Investment Manager considers active engagement with sustainable companies to be key to sustain positive change. In particular, climate considerations, including investing in Low and/or Reducing Carbon Intensity companies and non-mandatory factors such as whether companies are providing direct solutions to the climate challenge via their products and services, play an important role in determining the investment universe, stock selection, and portfolio construction, alongside other sustainability considerations. The Fund will typically have a weighted average carbon intensity of less than half that of the MSCI Europe Net Return Index.</p> <p>In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:</p> <ol style="list-style-type: none"> <li>1. The exclusions listed in the Investment Policy are screened out.</li> </ol> <p style="text-align: right;">(continued)</p>
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<ul style="list-style-type: none"> <li>All securities held in the Fund are subject to the ESG Criteria and Sustainability Criteria. This is achieved through the use of M&amp;G’s proprietary analysis and/or third party ESG information. As explained in the ESG Criteria and Sustainability Criteria document, 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.</li> </ul> <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>	<ol style="list-style-type: none"> <li>The Investment Manager then assesses the sustainability credentials of the remaining companies. The Investment Manager analyses these companies using external and internal research, combining qualitative and quantitative methods with an assessment of ESG Factors to build a watchlist of Low and/or Reducing Carbon Intensity companies assessed to have sustainable business models. More information about the above-mentioned assessment process can be found in the ESG Criteria and Sustainability Criteria document.</li> <li>The Investment Manager then performs further fundamental analysis, including ESG risks that may impair a business, to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund’s financial objective.</li> </ol> <p>The Investment Manager selects the most suitable assets to build a concentrated and high-conviction portfolio.</p> <ul style="list-style-type: none"> <li><b>Responsible Investment Approach</b></li> <li>The Fund is categorised as Planet+ / Sustainable. Within this category, the Best-in-Class approach is applied.</li> <li>The Fund is categorised as an Article 9 fund under SFDR.</li> <li>The ESG Criteria and Sustainability Criteria are anticipated to reduce the Fund's investment universe by at least 20%.</li> <li>All securities held in the Fund are subject to the ESG Criteria and Sustainability Criteria. This is achieved through the use of M&amp;G’s proprietary analysis and/or third party ESG information. As explained in the ESG Criteria and Sustainability Criteria document, 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 objective.</li> </ul> <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><b>ESG Information</b></p>	<p><b>ESG Information</b></p>
<p>Additional information is available to investors on the Fund page of the M&amp;G website:</p> <ul style="list-style-type: none"> <li>ESG Criteria and Sustainability Criteria: in the document titled "M&amp;G (Lux) Pan European Select Fund – ESG Criteria and Sustainability Criteria" which includes the Fund’s exclusions approach.</li> <li>Periodic reporting against the non-financial characteristics.</li> </ul>	<p>Additional information is available to investors on the Fund page of the M&amp;G website:</p> <ul style="list-style-type: none"> <li>ESG Criteria and Sustainability Criteria: in the document titled "M&amp;G (Lux) Pan European Sustain Paris Aligned Fund – ESG Criteria and Sustainability Criteria" which includes the Fund’s exclusions approach.</li> <li>Periodic reporting against the Fund’s non-financial characteristics.</li> </ul>

<p><b>Benchmark</b></p> <p>MSCI Europe Net Return Index</p> <p>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.</p> <p>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.</p> <p>The benchmark is not an ESG benchmark and is not consistent with the ESG Criteria and Sustainability Criteria.</p> <p>The benchmark is shown in the share class currency.</p>	<p><b>Benchmark</b></p> <p>MSCI Europe Net Return Index</p> <p>The benchmark is a comparator against which the Fund’s total return performance can be measured. The index has been chosen as the Fund’s benchmark as it best reflects the Fund’s financial objective. The benchmark is also used to define a Low Carbon Intensity company. The Investment Manager considers the Fund’s weighted average carbon intensity against the benchmark when constructing the portfolio, but the benchmark does not otherwise constrain the Fund’s portfolio construction.</p> <p>The Fund is actively managed and within given constraints, the Investment Manager has 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, and as a result the Fund’s performance may deviate materially from the benchmark.</p> <p>The benchmark is not an ESG benchmark and is not consistent with the ESG Criteria and Sustainability Criteria.</p>
<p><b>Profile of Typical Investor</b></p> <p>The Fund is suitable for retail and Institutional Investors seeking to gain a combination of capital growth and income from a portfolio that invests in a range of European companies, and who want a fund that applies ESG Factors when investing.</p> <p>There is no guarantee that the Fund will achieve its objective. Suitable investors should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.</p> <p>In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.</p> <p>This Fund may be suitable for investors who have an investment time horizon of at least five years.</p>	<p><b>Profile of Typical Investor</b></p> <p>The Fund is suitable for retail and Institutional Investors seeking a combination of capital growth and income from a portfolio that invests in a range of European companies, that contribute to the Paris Agreement climate change goal.</p> <p>There is no guarantee that the Fund will achieve its objective. Suitable investors should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.</p> <p>In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.</p> <p>This Fund may be suitable for investors who have an investment time horizon of at least five years.</p>