

9 September 2022

Dear Investor

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

**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 Company’s Prospectus, unless otherwise defined hereafter.

I am writing to inform you of our decision to update the Fund’s Investment Policy in order to introduce a “positive environmental, social and governance (ESG) tilt”, ie a requirement for the Fund to maintain a weighted average ESG rating that is either:

- higher than that of the global equity market as represented by the MSCI ACWI Net Return Index; or
- equivalent to at least MSCI A rating<sup>1</sup>, whichever is lower.

We will also update the exclusions criteria applied to the Fund in order to align them to those applied to other equity sub-funds categorised as ESG Enhanced within our “Planet +” range of sustainability-focused funds. This includes the exclusions recently applied as a result of the implementation of the M&G Investments Thermal Coal Investment Policy, the details of which can be found on our website at [www.mandg.com](http://www.mandg.com)

Details of M&G funds’ ESG categorisations, such as ESG Enhanced, can also be found on our website, as well as in the “ESG Glossary” section of Appendix 1 of the Prospectus.

**The Fund’s Investment Objective will not change and its overall investment approach and risk profile will not be affected by the changes. There will be no immediate changes to the portfolio as a result of the changes.**

continued overleaf

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<sup>1</sup> MSCI ESG ratings are based on the identification of the ESG risks that are most material to a Global Industry Classification Standard sub-industry or sector; they range from AAA (best) to CCC (worst). More information on MSCI ESG ratings can be found at [www.msci.com](http://www.msci.com)

## **Details of the changes**

The changes will be effective from Thursday 10 November 2022 (the “Effective Date”).

### **- Prospectus disclosure amendments**

In addition to the Investment Policy amendment, the Investment Approach section of the Investment Strategy will be updated to detail how companies are selected to help maintain a positive ESG tilt. The Responsible Investment Approach Section will also specify the Fund’s Planet + categorisation.

Finally, we are taking this opportunity to clarify the information included in the Benchmark and Profile of Typical Investor sections.

Appendix 1 at the back of this letter provides a full comparison of current and updated Prospectus disclosures for the Fund.

### **- ESG exclusions update**

The Fund will adopt M&G’s standard exclusion criteria for products we categorise as “ESG Enhanced”. This requires the following changes to the Fund’s current ESG exclusion criteria:

- a new exclusion, of companies involved in the unconventional extraction of oil and gas such as oil sands and Arctic drilling, with a 10% combined revenue threshold;
- an increase of revenue threshold for both gambling services and adult entertainment production (5% to 10%);
- the addition of distribution activity, in addition to production, to the adult entertainment exclusion, coupled with an increase from 5% to 10% revenue threshold; and
- the removal of exclusion of power utility firms that derive more than 30% of their revenue from nuclear-based power generation.

In addition, the restriction on thermal coal extraction and thermal coal fired power generation will be removed, as the implementation of the M&G Investments Thermal Coal Investment Policy earlier this year has introduced restrictions on these investments across all our Sub-Funds.

Full details of the Fund’s updated ESG exclusions criteria will be available on our website from the Effective Date.

## **Why are the changes happening?**

The addition of the positive ESG tilt will further enhance the Fund’s ESG characteristics and, along with the update to the ESG exclusions, will bring about a more consistent approach to the application of ESG criteria across our Planet + equity funds classified as ESG Enhanced, making it simpler and more coherent for investors.

## **Administration 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, free of charge, at any point before the changes have taken place subject to our terms and conditions.

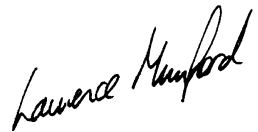
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**For more information**

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) 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

A handwritten signature in black ink that reads "Laurence Mumford". The signature is written in a cursive, flowing style.

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

Encl:

- Appendix 1: Comparison of current and new M&G (Lux) Global Themes Fund Prospectus disclosures.

**Appendix 1 – Comparison of current and new  
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](http://www.mandg.com)

**Please note that the Investment Objective, EU Sustainable Finance Disclosure Regulation and ESG Information sections are unchanged, and therefore not listed below.**

<b>M&amp;G (Lux) Global Themes Fund</b>	
<b>Existing fund information (effective until Wednesday 9 November 2022)</b>	<b>Updated fund information (effective from Thursday 10 November 2022)</b>
<p><b>Investment Policy</b></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"> <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.</li> </ul> <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>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 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><b>Investment Policy</b></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"> <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.</li> </ul> <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>The Fund maintains a weighted average ESG rating that is either</p> <ol style="list-style-type: none"> <li>1. higher than that of the global equity market as represented by the MSCI ACWI Net Return Index; or</li> <li>2. equivalent to at least an MSCI A rating, whichever is lower.</li> </ol> <p>The Fund may nonetheless invest across the full spectrum of ESG ratings. The Fund’s calculation methodology will not include those securities that do not have an ESG rating, nor cash, near cash, some derivatives and some collective investment schemes.</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 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><b>Investment Strategy</b></p> <ul style="list-style-type: none"> <li>• <b>Investment Approach</b></li> </ul> <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> <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 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.</li> <li>3. 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.</li> </ol> <p>Further information about the ESG assessment and investment process can be found in the ESG Criteria.</p> <ul style="list-style-type: none"> <li>• <b>Responsible Investment Approach</b></li> <li>• The ESG 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. 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, 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</li> </ul>	<p><b>Investment Strategy</b></p> <ul style="list-style-type: none"> <li>• <b>Investment Approach</b></li> </ul> <p>The investment approach combines thematic research and financial analysis of individual companies. 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 stock market. 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> <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 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 favours investments with better ESG characteristics where this is not detrimental to the pursuit of the investment objective. This process should result in a portfolio with better ESG characteristics.</li> <li>3. The Investment Manager then performs further analysis to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund’s financial objective.</li> </ol> <ul style="list-style-type: none"> <li>• <b>Responsible Investment Approach</b></li> <li>• The Fund is categorised as Planet+/ESG Enhanced.</li> <li>• The ESG 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 . 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, 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</li> </ul>

<p>assess the suitability of such instruments relative to the Fund's investment objectives.</p>	<p>assess the suitability of such instruments relative to the Fund's investment objectives.</p> <p>The ESG categorisation of the Fund is explained in the section "ESG Glossary" of Appendix 1 of this Prospectus and on M&amp;G's website.</p>
<p><b>Benchmark</b></p> <p>MSCI ACWI 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.</p> <p>The benchmark is shown in the share class currency.</p>	<p><b>Benchmark</b></p> <p>MSCI ACWI 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 and as a result the Fund's performance may deviate significantly from the benchmark.</p> <p>The benchmark is not an ESG benchmark and is not consistent with the ESG 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 objectives. 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 may be 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 and considers principal adverse impacts on sustainability factors when investing.</p> <p>There is no guarantee that the Fund will achieve its objectives. 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>