

6 October 2023

Dear Shareholder

**Changes to M&G (Lux) Optimal Income Fund (the “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, unless otherwise defined hereafter.

I am writing to inform you of our plans to remove the Fund’s requirement for it to maintain a weighted average Environmental, Social and Governance (“ESG”) rating above the average ESG rating of its benchmark, referred to as its ‘Positive ESG Tilt’.

All other ESG characteristics of the Fund will remain unchanged, including its existing ESG exclusions and obligation to hold at least 20% of its Net Asset Value in sustainable investments. The Fund will also remain categorised as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR), which relates to funds promoting environmental and/or social characteristics, whilst applying good governance practices.

The change will become effective on Thursday 30 November 2023 (the “Effective Date”), and the Fund’s Investment Policy and precontractual annex will be updated to remove mentions of the Positive ESG Tilt.

There will be no change to the Fund’s Investment Approach, and the removal will not result in any immediate changes to the Fund’s portfolio, or in any material change to its liquidity and risk profiles.

Why is the change happening?

The Positive ESG Tilt was introduced in October 2021 to support the recategorization of the Fund from Article 6 to Article 8 under SFDR. A commitment to hold at least 20% in sustainable investments and additional exclusions was subsequently introduced, which further enhanced the Fund’s ESG characteristics.

continued overleaf

The Fund's ESG exclusions are currently in line with those applied to our Planet + fixed income funds classified as ESG Enhanced*. These funds do not currently apply a Positive ESG Tilt, and we believe that the removal of the Positive ESG Tilt will bring about a more consistent approach to the application of ESG criteria across our ESG Enhanced fixed income offering, making it simpler and more coherent for investors.

We believe that the removal of the Positive ESG Tilt will also help the Fund to make the most of the flexibility allowed by its Investment Strategy as it continues to seek exposure to optimal income streams for its Shareholders.

*Under the Investment Manager's ESG classification, ESG Enhanced Funds will seek to mitigate negative impacts on the environment and society.

Other changes

- Additional Prospectus disclosure amendments

In addition to the Investment Policy changes, the Fund's Investment Manager's ESG Classification section within the Investment Strategy will be updated to state that is categorised as "Planet + / ESG Enhanced", as detailed above.

Finally, we are taking this opportunity to make some clarifications to the disclosures by:

- specifying in the Investment Objective that the Fund applies ESG Criteria; and
- clarifying the information included in the Profile of Typical Investor section.

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

- Good Governance exclusions

The Fund excludes investments that are assessed to be in breach of the Investment Manager's good governance test. This currently includes testing against the Freedom House index to exclude issuers from countries classified as "Not Free" by the index. From the Effective Date the Freedom House index will no longer be used as part of the Fund's Good Governance testing. The change will not result in any changes to the Fund's holdings.

Legal and administration costs associated with the changes

All legal and 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 subject to our terms and conditions.

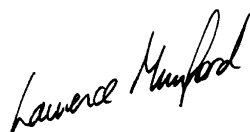
For more information

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@caceis.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.

continued

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, reading "Laurence Mumford". The signature is written in a cursive style with a large, stylized 'L' and 'M'.

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

Enc: Comparison of current and new Prospectus disclosures for M&G (Lux) Optimal Income Fund

Appendix – Comparison of current and new M&G (Lux) Optimal Income Prospectus disclosures.

The amended paragraphs are highlighted in **bold**.

You may notice that the wording differs from those in the Fund's Key Information Documents (KIDs)*. 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 K(I)IDs provides a shorter description. K(I)IDs based on the Fund's new Investment Objective, Investment Policy and Investment Strategy will be available to view at www.mandg.com

* Or Key Investor Information Documents (KIIDs) for UK investors

Please note that the Investment Approach remains unchanged, and is therefore not listed below.

Existing fund information (effective until Wednesday 29 November 2023)	Updated fund information (effective from Thursday 30 November 2023)
<p>Investment Objective</p> <p>The Fund aims to provide a total return (capital growth plus income) to investors based on exposure to optimal income streams in investment markets.</p>	<p>Investment Objective</p> <p>The Fund aims to provide a total return (capital growth plus income) to investors based on exposure to optimal income streams in investment markets, while applying ESG Criteria.</p>
<p>Investment Policy</p> <p>The Fund invests at least 50% of its Net Asset Value in debt securities, including investment grade bonds, high yield bonds, unrated securities and asset-backed securities. These securities may be issued by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies. Issuers of these securities may be located in any country, including emerging markets, and denominated in any currency. At least 80% of the Net Asset Value will be in EUR or hedged into EUR.</p> <p>While the Fund's overall duration will not be negative, the Fund may derive negative duration from individual fixed income markets.</p> <p>The Fund may invest up to a combined maximum of 100% of the Fund's Net Asset Value in below investment grade and unrated securities. There are no credit quality restrictions with respect to the debt securities in which the Fund may invest</p> <p>The Fund may invest In Chinese onshore debt securities denominated in CNY traded on the China Interbank Bond Market.</p> <p>The Fund may also hold up to a maximum of 20% of its Net Asset Value in contingent convertible debt securities and up to a maximum of 20% of its Net Asset Value in asset-backed securities.</p> <p>The Fund is a flexible bond fund that allows investment across a broad range of fixed income assets according to where the Investment Manager finds value. In identifying the optimal income stream, the Fund also has the flexibility to invest up to a maximum of 20% of its Net Asset Value in equities.</p> <p>Further information on the Fund's ESG approach can be found in the ESG Criteria, applying an Exclusionary Approach and Positive ESG Tilt as described in the precontractual annex to this Fund Supplement.</p>	<p>Investment Policy</p> <p>The Fund invests at least 50% of its Net Asset Value in debt securities, including investment grade bonds, high yield bonds, unrated securities and asset-backed securities. These securities may be issued by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies. Issuers of these securities may be located in any country, including emerging markets, and denominated in any currency. At least 80% of the Net Asset Value will be in EUR or hedged into EUR.</p> <p>While the Fund's overall duration will not be negative, the Fund may derive negative duration from individual fixed income markets.</p> <p>The Fund may invest up to a combined maximum of 100% of the Fund's Net Asset Value in below investment grade and unrated securities. There are no credit quality restrictions with respect to the debt securities in which the Fund may invest</p> <p>The Fund may invest in Chinese onshore debt securities denominated in CNY traded on the China Interbank Bond Market.</p> <p>The Fund may also hold up to a maximum of 20% of its Net Asset Value in contingent convertible debt securities and up to a maximum of 20% of its Net Asset Value in asset-backed securities.</p> <p>The Fund is a flexible bond fund that allows investment across a broad range of fixed income assets according to where the Investment Manager finds value. In identifying the optimal income stream, the Fund also has the flexibility to invest up to a maximum of 20% of its Net Asset Value in equities.</p> <p>The Fund seeks to make investments that meet the ESG Criteria, applying an Exclusionary Approach as described in the precontractual annex to this Fund Supplement.</p> <p>The Fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment</p>

<p>The Fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (i.e. UCITS and other UCIs including funds managed by M&G).</p> <p>The Fund may use derivatives for investment purposes, efficient portfolio management and hedging. These instruments may include, but are not limited to, spot and forward contracts, exchange traded futures, credit default swaps, total return swaps, interest rate swaps and credit linked notes. The Fund invests in securities that meet the ESG Criteria.</p>	<p>schemes (i.e. UCITS and other UCIs including funds managed by M&G).</p> <p>The Fund may use derivatives for investment purposes, efficient portfolio management and hedging. These instruments may include, but are not limited to, spot and forward contracts, exchange traded futures, credit default swaps, total return swaps, interest rate swaps and credit linked notes. The Fund invests in securities that meet the ESG Criteria.</p>
<p>Investment Strategy</p> <p>Investment Approach</p> <p>The Investment Manager begins with a top-down assessment of the macroeconomic environment, including the likely path of growth, inflation and interest rates. The results of this analysis help inform the Fund's duration positioning and its allocation to the various bond asset classes.</p> <p>Individual credit selection based on bottom-up analysis of the corporate bond markets by in-house credit analysts complements the Investment Manager's views.</p> <p>Investment Manager's ESG Classification</p> <p>The ESG categorisation of the Fund is explained in the section "ESG Glossary" of Appendix 1 of this Prospectus.</p>	<p>Investment Strategy</p> <p>Investment Approach</p> <p>The Investment Manager begins with a top-down assessment of the macroeconomic environment, including the likely path of growth, inflation and interest rates. The results of this analysis help inform the Fund's duration positioning and its allocation to the various bond asset classes.</p> <p>Individual credit selection based on bottom-up analysis of the corporate bond markets by in-house credit analysts complements the Investment Manager's views.</p> <p>Investment Manager's ESG Classification</p> <p>The Fund is categorised as Planet+ / ESG Enhanced.</p> <p>The ESG categorisation of the Fund is explained in the section "ESG Glossary" of Appendix 1 of this Prospectus.</p>
<p>Profile of Typical Investor</p> <p>The Fund is designed for retail and Institutional Investors seeking to gain a combination of capital growth and income from a portfolio at least half of which is invested in debt securities, and who want a fund that promotes certain ESG characteristics when investing.</p> <p>There is no guarantee that the Fund will achieve its objective. 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 is designed for investors who have an investment time horizon of at least five years.</p>	<p>Profile of Typical Investor</p> <p>The Fund is designed for retail and Institutional Investors seeking to gain a combination of capital growth and income from a portfolio at least half of which is invested in debt securities and who have sustainability preferences.</p> <p>There is no guarantee that the Fund will achieve its objective. 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 is designed for investors who have an investment time horizon of at least five years.</p>