

24 July 2024

Dear Investor

Important changes to M&G (Lux) Global High Yield Bond 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 and Investment Strategy in order to improve its environmental and / or social characteristics. This is part of M&G’s commitment to evolve as many strategies as possible towards ESG, sustainable or impact outcomes.

The changes, which will become effective on 10 September 2024 (the “**Effective Date**”), will introduce a set of Environmental, Social and Governance (“**ESG**”) exclusions. At least 70% of the Fund’s portfolio is expected to be aligned to specific environmental and/or social (“**E/S**”) characteristics, and it will hold a minimum proportion of 20% in sustainable investments and consider the principal adverse impacts of investment decisions on Sustainability Factors¹.

As a result of the changes, the Fund will be re-categorised as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR) – which relates to funds that promote E/S characteristics, whilst applying good governance practices. The Fund will be also re-classified in accordance with the Investment Manager’s ESG Classifications as ‘Planet+ / ESG Enhanced’.

There will be no material change to the Fund’s overall liquidity and risk profiles.

continued overleaf

¹ Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Background and reasons for the changes

SFDR was introduced in March 2021 to provide greater transparency on the degree of sustainability of financial products, primarily through the introduction of defined disclosure requirements on ESG and sustainability characteristics. The new regulation provides a framework for investors to assess and compare ESG and sustainability criteria in their funds and reflects the changing investment landscape shaped by growing investor interest in ESG considerations.

The changes will align the Fund to existing and rapidly increasing investor demand for funds with clearly defined environmental and/or social characteristics.

Details of the changes

- **Investment exclusions**

The Fund will not invest in any debt issued by governments assessed to be in breach of our good governance tests on factors indicating social progress, or in any company that is assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption.

The Fund will also be unable to invest in issuers involved in the following (subject to maximum thresholds for revenue derived from some of these activities):

- Thermal Coal
- Arctic Drilling and Oil Sands extraction
- Adult Entertainment
- Gambling
- Tobacco
- Controversial Weapons

Note that restrictions to investment in thermal coal already apply to the Fund as per the M&G Investments Thermal Coal Investment Policy, which came into effect on 27 April 2022. Details of this policy can be found on our website.

Further details on ESG exclusions applicable to the Fund, including revenue thresholds for each activity listed above and information on our good governance screens, will be made available to investors on the website from the Effective Date: www.mandg.com/country-specific-fund-literature

The Fund's Prospectus disclosures will also be amended – the Appendix at the back of this letter provides a full comparison of current and updated wording for the Fund.

- **Investment Objective**

The Investment Objective will be amended to specify that the Fund applies ESG Criteria. You should note that the Fund's financial objective will remain the same, and the benchmark against which its performance is assessed will remain unchanged.

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- **Investment Policy**
The Fund's Investment Policy will be updated to stipulate that it seeks to make investments that meet the ESG Criteria, applying an "Exclusionary Approach" (whereby the Fund's investment universe is reduced by excluding investments assessed to be in conflict with its ESG Criteria).
- **Investment Strategies**
The Investment Manager's ESG Classification section will be updated to reflect re-categorisation of the Fund from ESG Integrated to Planet+/ESG Enhanced. Details of the categorisations can be found in Appendix 1 of the Prospectus.
- **Main Risks**
The Main Risks section for the Fund will be updated to include the "ESG data" and "Investments exclusions" risks.
- **Precontractual disclosures**
These disclosures, required for all Article 8 funds under SFDR since January 2023, will be added to the Fund's Prospectus disclosures and provide details of its Environmental and/or social characteristics.

Finally, the Fund's "**Profile of Typical Investor**" section will also be updated in line with the changes.

Will the changes result in any realignment of the Fund's portfolio?

Based on the Fund's holdings as at 30 June 2024, the changes will require a realignment of around 11.2% of the portfolio in order to comply with the new investment exclusions. Portfolio realignment is expected to start on 27 August 2024 and is anticipated to result in transaction costs estimated at 0.09% of the Fund's Net Asset Value. These costs will be borne by the Fund, which will impact the Fund's performance by an equivalent amount.

Please note however, that some of the investments that do not meet the ESG investment criteria and which are currently held in the Fund may be subject to liquidity constraints or lower liquidity (ie the ability to sell the assets without negatively impacting their value) in difficult market conditions. This may result in:

- the Fund having to sell these investments at an undesirable time and/or under adverse market conditions, which could negatively impact the Fund's value; and/or
- a small number of investments that do not meet the ESG investment criteria still being held after the Effective Date; we will, however, seek to sell these assets as soon as practicable after that date should this be required.

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

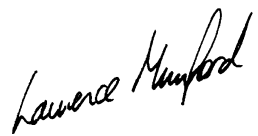
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For more information

If you are in any doubt as to the contents of this letter 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 csmang@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.

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: Comparison of previous and new wording for the Funds' Prospectus disclosures

Appendix – Comparison of current and updated Prospectus wording

The amended wording is 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

Effective until Monday 9 September 2024	Effective from Tuesday 10 September 2024
<p>Investment Objective The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global high yield bond market over any five-year period.</p>	<p>Investment objective The Fund aims to provide a higher total return (capital growth plus income) than that of the global high yield bond market over any five-year period while applying ESG Criteria.</p>
<p>Investment Policy The Fund invests at least 80% of its Net Asset Value in high yield bonds issued by companies denominated in any currency. The Fund does not take any currency views and aims to hedge any non-USD assets to USD. Issuers of these securities may be located in any country, including emerging markets.</p> <p>The investment process of the Fund is based on the bottom-up analysis of individual bond issues whilst remaining aware of macroeconomic developments.</p> <p>In addition to high yield securities, the Fund may invest in unrated debt securities up to a combined maximum of 100% of the Fund’s Net Asset Value. There are no credit quality restrictions with respect to the high yield debt securities in which the Fund may invest.</p> <p>The Fund may hold up to a maximum of 20% of its Net Asset Value in asset-backed securities and up to a maximum of 20% of its Net Asset Value in contingent convertible debt securities.</p> <p>The Fund will typically invest directly. The Fund may also invest indirectly via derivative instruments to take both long and short positions to meet the Fund’s investment objective, for efficient portfolio management and for the purpose of hedging. These instruments may include, but are not limited to spot and forward contracts, exchange traded futures, credit default swaps, interest rate swaps and total return swaps.</p> <p>In addition to the above, the Fund may also invest in UCITS and other UCIs, considered to be consistent with its investment policy. The Fund may invest in cash (meaning deposits permitted by article 41(1) of the</p>	<p>Investment Policy The Fund invests at least 80% of its Net Asset Value in high yield bonds issued by companies denominated in any currency. The Fund does not take any currency views and aims to hedge any non-USD assets to USD. Issuers of these securities may be located in any country, including emerging markets.</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 investment process of the Fund is based on the bottom-up analysis of individual bond issues whilst remaining aware of macroeconomic developments.</p> <p>In addition to high yield securities, the Fund may invest in unrated debt securities up to a combined maximum of 100% of the Fund’s Net Asset Value. There are no credit quality restrictions with respect to the high yield debt securities in which the Fund may invest.</p> <p>The Fund may hold up to a maximum of 20% of its Net Asset Value in asset-backed securities and up to a maximum of 20% of its Net Asset Value in contingent convertible debt securities.</p> <p>The Fund will typically invest directly. The Fund may also invest indirectly via derivative instruments to take both long and short positions to meet the Fund’s investment objective, for efficient portfolio management and for the purpose of hedging. These instruments may include, but are not limited to spot and forward contracts, exchange traded futures, credit</p>

<p>2010 Law) and near cash. Investments in cash and near cash shall not exceed 20% of the Net Asset Value of the Fund unless otherwise permitted by this investment policy.</p> <p>The Fund may receive certain assets as a consequence of corporate actions such as mergers and acquisitions and restructures that are not consistent with its investment policy. The Fund will generally dispose of such assets to the extent possible but may continue to hold up to 10% of its Net Asset Value in such assets where the Investment Manager considers this to be in the best interest of investors.</p>	<p>default swaps, interest rate swaps and total return swaps.</p> <p>In addition to the above, the Fund may also invest in UCITS and other UCIs, considered to be consistent with its investment policy. The Fund may invest in cash (meaning deposits permitted by article 41(1) of the 2010 Law) and near cash. Investments in cash and near cash shall not exceed 20% of the Net Asset Value of the Fund unless otherwise permitted by this investment policy.</p> <p>The Fund may receive certain assets as a consequence of corporate actions such as mergers and acquisitions and restructures that are not consistent with its investment policy. The Fund will generally dispose of such assets to the extent possible but may continue to hold up to 10% of its Net Asset Value in such assets where the Investment Manager considers this to be in the best interest of investors.</p>
<p>Investment Strategy</p> <ul style="list-style-type: none"> • Investment Approach <p>The Fund is globally diversified and the Investment Manager seeks to provide exposure to a broad range of individual issuers across a variety of industrial sectors.</p> <p>The Investment Manager has the flexibility to adjust the Fund’s credit exposure, sector positioning and regional allocations depending on the assessment of current market valuations and the macroeconomic environment, including the likely path of economic growth, inflation and interest rates.</p> <p>Individual credit selection is carried out in conjunction with the in-house team of credit analysts, which provides bottom-up analysis of the corporate bond markets to complement the Investment Manager’s views.</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 the section "ESG Glossary" of Appendix 1 of this Prospectus.</p>	<p>Investment Strategy</p> <ul style="list-style-type: none"> • Investment Approach <p>The Fund is globally diversified and the Investment Manager seeks to provide exposure to a broad range of individual issuers across a variety of industrial sectors.</p> <p>The Investment Manager has the flexibility to adjust the Fund’s credit exposure, sector positioning and regional allocations depending on the assessment of current market valuations and the macroeconomic environment, including the likely path of economic growth, inflation and interest rates.</p> <p>Individual credit selection is carried out in conjunction with the in-house team of credit analysts, which provides bottom-up analysis of the corporate bond markets to complement the Investment Manager’s views.</p> <ul style="list-style-type: none"> • Investment Manager’s ESG Classification <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>EU Sustainable Finance Disclosure Regulation SFDR</p> <p>The Fund is categorised as an Article 6 fund under SFDR. This Fund does not promote environmental or social characteristics, therefore, the Investment Manager does not systematically consider the adverse impacts of its investment decisions on Sustainability Factors. The Fund does consider sustainability risks and their impacts as detailed in the section “Sustainability Risks”.</p> <p>Taxonomy Regulation</p> <p>The Fund’s underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.</p>	<p>EU Sustainable Finance Disclosure Regulation</p> <p>The Fund is categorised as an Article 8 fund under SFDR and promotes environmental and/or social characteristics as described in the precontractual annex to this Fund Supplement.</p>
<p>Benchmark</p> <p>ICE BofAML Global High Yield Index USD Hedged</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 shown in the Share Class currency..</p>	<p>Benchmark – unchanged</p> <p>ICE BofAML Global High Yield Index USD Hedged</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 shown in the Share Class currency.</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, while generating a high level of income, from a portfolio of predominantly higher yielding corporate debt (or derivatives giving such exposure), but who 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, professional or Institutional Investors seeking to gain a combination of capital growth and income, while generating a high level of income, from a portfolio of predominantly higher yielding corporate debt (or derivatives giving such exposure) 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>

<p>Main risks</p> <p>The Fund is exposed to the following main risks typically associated with the securities and instruments the Fund invests in or uses to seek to achieve its investment objective.</p> <ul style="list-style-type: none"> • Capital & income will vary • Credit • Interest Rate • Emerging markets • Liquidity • Counterparty • Securitised bonds • Contingent convertible debt securities • Derivative instruments • Exposure greater than net asset value • Short sales <p>Investors should read the section “Risk Factors” for a full description of risks.</p>	<p>Main risks</p> <p>The Fund is exposed to the following main risks typically associated with the securities and instruments the Fund invests in or uses to seek to achieve its investment objective.</p> <ul style="list-style-type: none"> • Capital & income will vary • Credit • Interest Rate • Emerging markets • Liquidity • Counterparty • Securitised bonds • Contingent convertible debt securities • Derivative instruments • Exposure greater than net asset value • Short sales • ESG data • Investment exclusions <p>Investors should read the section “Risk Factors” for a full description of risks.</p>
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