M&G (Lux) Investment Funds 1
16, boulevard Royal
L-2449 Luxembourg
Grand Duchy of Luxembourg

mandg.com
T +352 26 70 54

M&G Investments

Sub-Fund Merger Notification

This document is important and requires your immediate attention

Notice of the Merger of
M&G (Lux) Fixed Maturity Bond Fund 2 (the "Merging Fund")
(a sub-fund of M&G (Lux) Investment Funds 1)

into

M&G (Lux) Sustainable Macro Flexible Credit Fund (the "Receiving Fund")
(a sub-fund of M&G (Lux) Investment Funds 1)

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

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Key dates

Suspension of dealing in Shares of the Merging Fund and deadline for receipt of redemption and switch requests	13:00 (CET) on Wednesday 30 April 2025
Valuations used for the purpose of the merger	13:00 (CET) on Wednesday 7 May 2025
Effective Date of the merger (the "**Effective Date**") and maturity date for the Merging Fund	Wednesday 7 May 2025
First day of dealing in your new shares in the Receiving Fund	Thursday 8 May 2025
Dispatch confirmation of number of shares in Receiving Fund	No later than Thursday 8 May 2025
Availability of the audit report on the Merger	As soon as practicable after the Effective Date

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.

Dated: 19 February 2025

Dear Shareholder,

I am writing to you as a Shareholder of the Merging Fund to inform you of the Board of Directors' decision to merge it into the Receiving Fund (the "**Merger**"). Both sub-funds are sub-funds of M&G (Lux) Investment Funds 1, a Luxembourg-authorised *société d'investissement à capital variable* qualifying as an undertaking for collective investment in transferable securities in accordance with Luxembourg law (the "**M&G SICAV**"). The Merger will take place on Wednesday 7 May 2025, which is also the maturity date for the Merging Fund.

The Merging Fund will be merged into the Receiving Fund in accordance with the terms of Article 1 (20) a) of the 2010 Law by transferring all of its assets and liabilities to the Receiving Fund following which it will be dissolved without going into liquidation.

The Merger is carried out in accordance with article 26 of the articles of incorporation and the prospectus of the Company and is governed by Articles 65 to 76 of the 2010 Law and Articles 3 to 7 of CSSF Regulation 10-5 transposing Directive 2010/44/EU implementing Directive 2009/65/EC.

This document details the reasons for the Merger and provides a comparison of the Merging Fund with the Receiving Fund.

The Merger does not require the approval of the Shareholders of either the Merging Fund or the Receiving Fund.

Your Options

The three options available to you are as follows – please note that none of these will incur any switching or redemption charges as any redemption charges that may have applied will be waived by the Management Company:

- **Option 1: Participate in the Merger – No action required**

If you wish to participate in the Merger you do not need to do anything.

If we do not receive any instructions from you by 13:00 (CET) on Wednesday 30 April 2025, you will automatically receive shares in the Receiving Fund to an equivalent value (determined by the prevailing prices (including any swing price adjustments) of both the Merging and Receiving fund) of the shares you hold in the Merging Fund as at the Effective Date, as detailed in the table on page 7. We will send you confirmation and details of your new holding in the Receiving Fund by Thursday 8 May 2025.

- **Option 2: Switch to an alternative M&G SICAV sub-fund free of charge – your instructions must reach us no later than 13:00 (CET) on Wednesday 30 April 2025**

You may switch to another sub-fund within the M&G SICAV fund range (or another M&G fund for which you are eligible to invest in). Please ensure that you have read the Key Information Document(s) (KIDs) for any sub-fund(s) you want to switch into.

- **Option 3: Redeem your holding free of charge – your instructions must reach us no later than 13:00 (CET) on Wednesday 30 April 2025**

You will receive the proceeds of your investment within three business days of the next Dealing Request Deadline as defined in the Prospectus.

Further information and contact details
More detail on the Merger can be found in the following sections of this document; however, if you have any questions concerning the Merger or the sub-funds, please do not hesitate to contact your usual M&G contact. For operational queries, contact our Customer Services team by email at **csmandg@caceis.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.

Yours faithfully,
Laurence Mumford

Laurence Mumford

Chair, M&G (Lux) Investment Funds 1

SEP 20 / 492501

Background and reasons for the Merger
The Merging Fund was launched on 7 November 2023 with a limited offer period and a fixed maturity date set on 7 May 2025. It aims to deliver a total return (the combination of capital growth and income) over its 18-month life term, while applying Environmental, Social and Governance ("**ESG**") criteria.

As the maturity date nears, the Board of Directors of the M&G SICAV has considered a number of options for the Merging Fund and determined that offering Shareholders the opportunity to remain invested in the market through a merger in the Receiving Fund would be in the best interests of Shareholders.

The Receiving Fund targets total return of at least 3.5% a year above cash as represented by 1-month Euribor, over any five-year period. It seeks to achieve this objective through flexible investment in a broad range of debt securities across credit markets globally, while applying ESG Criteria. It applies a strategy combining bottom-up credit selection and active management of interest rate exposure, and as a result its risk profile differs from that of the Merging Fund, notably in terms of credit and duration risk.

We have chosen the Receiving Fund as it provided the closest match to the Merging Fund within our range. In addition, the Receiving Fund carries enhanced ESG sustainability requirements. We believe that the Merger will allow investors to benefit from new yield opportunities across different sectors, geographies, or through duration management techniques.

You should note that the Receiving Fund typically carries a higher level of risk than the Merging Fund, although it has the potential to deliver higher level of returns.

Comparison of the Merging Fund with the Receiving Fund
For a detailed comparison of the sub-funds' features, please read the table on page 10 carefully, as well as the up-to-date KID for the Receiving Fund which is also enclosed.

- **Fund structure**
  The Merging Fund is a Fixed Maturity Bond Fund and was designed for investment over a set period of 18 months, with a regressive redemption charge for investors redeeming before the maturity date – although redemption charges on all share classes have been waived by the Management Company since launch. It also had a limited offer period after which it could not accept any additional subscriptions.

  The Receiving Fund does not have a set maturity date and is designed for investors who have an investment time horizon of at least five years. It has no restrictions on new subscriptions, so you may add to your investment at any time. Redemption and initial charges will not apply to the Shares you will receive as part of the Merger, although an initial charge may apply if you make additional subscriptions (see the "Charges" section below).

- **Investment Objective**
  The Merging Fund seeks to deliver total return (capital growth plus income) over the term of the sub-fund. The Receiving Fund also aims to deliver total return, with a target of at least 3.5% over cash as represented by 1 month EURIBOR (the rate at which banks borrow money from each other) over any five-year period. Both sub-funds apply ESG Criteria.

- **Investment Policies**
  Both sub-funds invest in a wide range of investment debt securities from government, public issuers and companies located anywhere in the world, and denominated in any currency. The table below sets out the key differences between the assets that make up the Merging and Receiving Funds' portfolios. All details regarding ESG characteristics are set out in the 'ESG characteristics' section below, and a full Investment Policy comparison can be found on page 10.

	Merging Fund	Receiving Fund
	% of Net Asset Value (“**NAV**”)	
Proportion of the sub-fund that must be denominated in Euro or hedged back to Euro	Not specified	75%
Proportion of the sub-fund that must be invested in investment grade securities	65%	Not specified
Amount of contingent convertible debt securities the sub-fund can hold	10%	20%
Amount of asset-backed securities and mortgage-backed securities the sub-fund can hold	10% in asset-backed securities only	40%

Both sub-funds seek to make investment that meet the ESG Criteria through the application of an Exclusionary Approach, although the Receiving Fund also applies Positive ESG Outcomes – as outlined in the ‘Environment, Social and Governance “ESG” characteristics’ section below. The Merging Fund does not apply a Positive ESG Outcome.

- **Investment Strategies – Investment Approaches**
  Both sub-funds are globally diversified and seek to provide exposure to a broad range of individual issuers across a variety of industrial sectors. They both employ a similar approach based on macroeconomic environment analysis, complemented by individual credit selection.

  However the Merging Fund predominantly adopts a buy and maintain strategy, where the majority of the debt securities it holds are expected to be held until maturity. The Receiving Fund is more actively managed and has the flexibility to adjust its interest rate exposure in response to changes in the macroeconomic outlook and market conditions, managing credit exposure across the maturity spectrum as a complement to credit returns.

- **ESG characteristics**
  Both sub-funds seek to make investments that meet the ESG Criteria, applying an Exclusionary Approach to investment.

  - EU Sustainable Finance Disclosure Regulation (“**SFDR**”)

  Both sub-funds are categorised as Article 8 under SFDR and promote environmental and/or social characteristics with a proportion allocated to sustainable investments.

  - Investment Manager’s ESG Classification

  The Merging Fund is categorised as **Planet+/ ESG Enhanced** under the Investment Manager’s ESG Classification, which is for funds that will seek to mitigate negative impacts on the environment and society.

  The Receiving Fund is categorised as **Planet+/ Sustainable**, which is for funds that allocate to investments that are expected to have a positive contribution to environmental and/or social objectives.

  The Merging Fund expects that a minimum of 70% of its assets will be aligned to the promoted Environmental or Social characteristics, and that at least 20% of its portfolio will be held in Sustainable Investments. The Receiving Fund expects to have a the minimum of 80% of its assets aligned to the promoted Environmental or Social characteristics and that at least 51% of its portfolio will be made up of Sustainable Investments.

  In addition, the “Baseline” exclusions for Planet+/Sustainable funds differ from those that apply to Planet+/ ESG Enhanced – see the section below for more details.

- Investment Exclusions

The following exclusions apply to both the Merging and Receiving Funds:

- UNGC and good governance
- M&G Investments Thermal Coal Investment Policy
- Unconventional Oil and Gas Extraction (oil sands and Arctic drilling)
- Adult entertainment
- Gambling
- Tobacco
- Controversial Weapons

In addition, some of the thresholds that apply to the Receiving Fund's exclusions are more restrictive than those that apply to equivalent exclusions in the Merging Fund.

For full details of the sub-funds' investment exclusions and applicable thresholds, please refer to their respective Sustainability-related disclosures, which can be found on the M&G website **www.mandg.com**

The following exclusions apply to the Receiving Fund but not to the Merging Fund:

- Thermal Coal Extraction
- Conventional Oil and Gas Extraction
- Carbon-intensive Power Generation
- Defence and Other Weapons
- Production and distribution of alcohol for consumption
- Issuers considered to be poorer ESG performers, or "ESG Laggards"[1]

Finally, the following Paris-Aligned Benchmark[2]-related exclusions apply to the Receiving Fund:

- Controversial Weapons
- Tobacco cultivation and production
- UNGC and OECD violators
- Thermal Coal exploration, mining, extraction, distribution or refining of hard coal and lignite
- Oil exploration, extraction, distribution or refining
- Gas exploration, extraction, manufacturing or distribution
- GHG Intensive Power Generation

- Positive ESG Outcome

The Receiving Fund uses the following Positive ESG Outcomes as sustainability indicators to measure the attainment of its ESG characteristics;

- Portfolio weighted average ESG score versus investment universe weighted average ESG score
- Portfolio weighted average carbon intensity versus investment universe weighted average carbon intensity.

The Merging Fund doesn't apply a Positive ESG Outcome.

- **Share Classes and Types, charges and performance**

  Investors in the Merging Fund who wish to participate in the Merger will receive Shares in the Receiving Fund of the same class and type as they currently hold in the Merging Fund.

[1] Based on MSCI (ESG rating of B or CCC) unless the Investment Manager's in-house ESG assessment takes a different view.

[2] Paris-aligned benchmarks are indices whose total emission levels are aligned with the Paris Agreement, which seeks to limit the rise in global temperatures to well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to keep the rise to 1.5 degrees Celsius.

The Receiving Fund's Ongoing Charge Figure ("**OCF**") is higher than the Merging Fund's. This reflects the Receiving Fund's more active portfolio management, its stronger ESG characteristics and the higher level of risk it may take in order to deliver higher returns than the Merging Fund aims for.

The tables below provided a comparison of the charges and performance applicable to Shares in both sub-funds.

	M&G (Lux) Fixed Maturity Bond Fund 2					**M&G (Lux) Sustainable Macro Flexible Credit Fund**					
Share Classes	ISIN	Single charge	OCF* as at 31.12.24	Initial charge	Redemption charge	**Share Classes**	ISIN	Single charge	OCF* as at 31.12.24	Initial charge**	Redemption charge
EUR P Acc	LU2658189860	Up to 1.20%	0.80%	4.00%		EUR P Acc	LU2415445837	1.10%	1.11%	3.25%	0.00%
EUR W Acc	LU2685405123	Up to 0.60%	0.40%	1.25%	Waived by the Management Company.	EUR W Acc	LU2509757592	0.59%	0.60%	1.25%	0.00%
EUR WI Acc	LU2658189787	Up to 0.60%	0.36%	1.25%		EUR WI Acc	LU2509757758	0.55%	0.56%	1.25%	0.00%

** The ongoing charge figures (OCF) disclosed above include direct costs to the fund, such as the annual management charge (AMC), administration charge and custodian charge, but do not include portfolio transaction costs.*

*** No initial Charge will be applied to the Shares you will receive as part of the Merger, however it may apply to any subsequent subscriptions you make.*

		EUR P Acc		**EUR W Acc**		**EUR WI Acc**	
		Merging Fund	**Receiving Fund**	**Merging Fund**	**Receiving Fund**	**Merging Fund**	**Receiving Fund**
3 months: From 01/10/2024 To 31/12/2024		0.94%	1.66%	0.94%	1.66%	0.94%	1.66%
6 months: From 01/07/2024 To 31/12/2024		2.22%	3.46%	2.23%	3.47%	2.23%	3.46%
1 year: From 01/01/2023 To 31/12/2024		4.38%	6.78%	4.38%	6.79%	4.38%	6.79%
Since inception of Merging Fund: From 07/11/2023 To 31/12/2024	Annualised	4.81%	8.77%	4.82%	8.77%	4.82%	8.77%
	Cumulative	5.55%	10.15%	5.56%	10.15%	5.56%	10.15%

Source: M&G. Returns are calculated on a price to price basis with income reinvested and gross of OCF.

- **Leverage**

  The Merging Fund can have an expected level of leverage of 100% of its NAV under normal market conditions, while the Receiving Fund can have an expected level of leverage of 450% of its NAV.

  As a fixed maturity bond fund with a limited 18-month time horizon, the Merging Fund holds securities with durations that align with its final maturity date. Although its Investment Policy permits the use of derivatives, it has not utilised them, and as of 31 December 2024, its leverage stood at 0% of its NAV.

  In contrast, the Receiving Fund has an indefinite lifespan and can leverage a higher proportion of its portfolio, allowing for a flexible strategy that combines bottom-up credit selection with active management of interest rate exposure. As at 31 December 2024, the Receiving Fund's leverage level stood at 5.38% of its NAV.

- **Risk**
  The overall risk profile of the Receiving Fund is higher than that of the Merging Fund. This is due to its greater flexibility in credit positioning with the aim of achieving higher returns. While both products maintain the same Synthetic Risk Indicator rating of 2[3], the Receiving fund offers more flexibility compared to the Merging Fund and has historically taken on higher credit risk.

- **Benchmarks**
  The Merging Fund does not use a benchmark to measure its performance, which is assessed against its objective of delivering total return over its 18-month life term, while the Receiving Fund measures its performance objective against the 1-month Euribor index +3.5/%.

  Both sub-funds are actively managed and their portfolio construction is not constrained by a benchmark.

Impact of the Merger on shareholders of the Merging Fund
We intend to suspend dealing in shares of the Merging Fund at 13:00 (CET) on Wednesday 30 April 2025.

Based on the Merging Fund's holdings on 9 January 2025, approximately 91% of its assets are due to have reached maturity prior to the Effective Date, and it will therefore be held as cash. Any assets that have not matured by the Effective Date will be sold so that the proceeds, along with the remaining cash, can be transferred to the Receiving Fund. The costs of selling these assets will be borne by the Merging Fund's shareholders, it is expected that these costs will be less than 0.01% of the Merging Fund's NAV.

Should the Merging Fund still hold any assets that do not align with the Receiving Fund on the Effective Date, these assets will be transferred into the Receiving Fund to complete the selling process and M&G will compensate investors in the Receiving Fund for any detrimental performance impact.

On the Effective Date, investors in the Merging Fund will be issued with New Shares in the Receiving Fund and their Shares in the Merging Fund will be cancelled. The number of Receiving Fund shares you will receive on the Effective date will be determined using a "merger factor", which is based on the prevailing prices (including any swing price adjustments) of both the Merging and Receiving Funds on the Effective Date. As a result, you may not hold the same number of shares in the Receiving Fund as you did in the Merging Fund; and the total value of the shares you receive as part of the Merger may be impacted by the swing price adjustment applied on the Receiving Fund (please refer to the "Merger costs and taxation" section below for further details).

- **Accrued income**

Any accrued income in the Merging Fund as at the Effective Date will not be paid as a distribution, but instead will be included in the final NAV when calculating the number of shares to be received in the Receiving Fund as result of the Merger. Income equalisation will be applied to share issued in the Receiving Fund. For further details on income equalisation please refer to the Prospectus.

- **Service providers**
  As both sub-funds are part of the M&G SICAV, all the service providers will remain the same after the Merger (including the Investment Manager).

[3] Risk is measured on a 7-point scale, where SRI 1 indicates lower risk (but is not risk-free) and SRI 7 indicates higher risk.

Details of the Merger
Provided that we do not receive instructions from you to switch or redeem your shares before the relevant dates set out on page 1, you will be allocated shares in the Receiving Fund in the same class and type as you currently hold in the Merging fund.

The share classes taking part in the Merger are set out in the share classes and charges table on page 7.

Following the Merger, the report made by the auditor in respect of the Merger will be available upon request and free of charge by calling our Customer Services team.

After the Merger process has completed, shares in the Merging Fund will be cancelled and will cease to be of any value.

- **Suspension of dealing in the Merging Fund**
  In order to facilitate the implementation of the Merger, dealing in shares in the Merging Fund will be suspended at 13:00 (CET) on Wednesday 30 April 2025.

  Any dealing instructions received after that time will be rejected and will have to be resubmitted to deal in shares in the Receiving Fund on Thursday 8 May 2025.

- **Merger costs and taxation**
  M&G will bear any legal, advisory and administrative costs associated with carrying out the Merger.

  Any other taxes (eg income tax or capital gains tax on disposal of property) that would ordinarily be borne by the Merging Fund, even if incurred as a result of the Merger, will be borne by the Merging Fund.

  The Merging Fund will also bear any costs incurred in selling any assets that have not matured by the Effective Date.

  In order to prevent "dilution" in the Receiving Fund, a swing price adjustment may be added to the NAV per Share at which Shares will be issued in the Receiving Fund. This swing price adjustment will cover the dealing costs associated with investing the cash received from the Merging Fund and will preserve the value of the underlying assets of the Receiving Fund. This ensures that the existing shareholders of the Receiving Fund are not impacted by the Merger, and that these costs are borne by the shareholders of the Merging Fund. Further information on the operation of the swing price adjustments is set out in the Swing pricing and dilution levy section of the Prospectus.

  The tax consequences of the Merger will vary depending on the laws and regulations of your country of residence, citizenship or domicile. In particular, for shareholders in some jurisdictions, a merger may be treated as involving a disposal of their shares in the Merging Fund under their domestic law, potentially triggering a tax liability. If you are in any doubt about your potential liability to tax, you should consult a tax adviser.

  Please note that M&G will not, however, be responsible for, or pay, any investor’s personal tax liability that results from the Merger.

Enc. Comparison of the features of M&G (Lux) Fixed Maturity Bond Fund 2 and M&G (Lux) Sustainable Macro Flexible Credit Fund

Comparison of the features of M&G (Lux) Fixed Maturity Bond Fund 2 and M&G (Lux) Sustainable Macro Flexible Credit Fund

Further details of the M&G (Lux) Sustainable Macro Flexible Credit Fund can be found in the enclosed KID(s).

- **Investment Objective, Investment Policy and Investment Strategy**

	M&G (Lux) Fixed Maturity Bond Fund 2	M&G (Lux) Sustainable Macro Flexible Credit Fund
Investment Objective	The Fund aims to deliver total return (capital growth plus income) over the term of the Fund, while applying ESG criteria.	The Fund aims to provide a total return (income plus capital growth) of at least cash* plus 3.5% a year, before any charges** are taken, over any five-year period, while applying ESG Criteria. * As based on 1-month Euribor, the rate at which banks borrow money from each other. ** Investors should refer to the section "Fees and Expenses".
Investment Policy	The Fund invests at least 65% of its Net Asset Value in investment grade debt securities. These securities can be issued or guaranteed by governments and public issuers, and companies. Issuers can be located anywhere in the world, including emerging markets. These securities can be denominated in any currency. The Fund may invest up to 35% in below investment grade and unrated debt securities. Unrated securities may be considered above or below investment grade in the opinion of the Investment Manager, but, for the purposes of this investment restriction, all unrated securities shall be aggregated with securities rated below investment grade. The Fund may also hold up to a maximum of 10% of its Net Asset Value in contingent convertible debt securities and up to a maximum of 10% of its Net Asset Value in asset-backed securities. 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. 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 35% of the Net Asset Value of the Fund unless otherwise permitted by this investment policy. 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. Currency exposures are typically in the Fund's Reference Currency or hedged back to its Reference Currency. The Fund will typically invest directly. The Fund	The Fund invests at least 70% of its Net Asset Value in corporate bonds, government bonds, cash (meaning deposits permitted by article 41(1) of the 2010 Law) and near cash, money market instruments, asset-backed securities, and preference shares. The Fund may invest up to 40% of its Net Asset Value in asset-backed securities and mortgage-backed securities (including, but not limited to, consumer ABS, cash collateralised loan obligations, and whole-business securitisation). The Fund may invest in convertible bonds including up to 20% of its Net Asset Value in contingent convertible debt securities. Issuers of these securities may be located in any country, including emerging markets. Investments may be denominated in any currency however at least 75% of the Fund's Net Asset Value will be denominated in Euro or hedged back to Euro. There are no credit quality restrictions applicable to these investments. The Fund invests in securities that meet the ESG Criteria, applying an Exclusionary Approach and a Positive ESG Outcome as described in the precontractual annex to this Fund Supplement. 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 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. 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, exchanged traded futures, options, credit default swaps, and interest rate swaps.

	M&G (Lux) Fixed Maturity Bond Fund 2	M&G (Lux) Sustainable Macro Flexible Credit 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, exchanged traded futures, options, credit default swaps, and interest rate swaps and credit linked notes. In the period leading up to the Maturity Date, the Fund may hold progressively higher levels of cash and near cash in order to fund the return of capital to investors. Consequently, the financial terms of the investment policy described herein may no longer be relevant in the 6 months preceding the Maturity Date. The precontractual annex to this Fund Supplement explains the way in which the Exclusionary Approach applies during this period.	
Investment Strategy	• **Investment Approach** The Fund predominantly adopts a buy and maintain strategy, whereby the majority of the debt securities held within the Fund are expected to be held until maturity. The investment process combines a bottom-up value focused approach and “top-down” macroeconomic, asset, sector and geographic considerations. The investment strategy aims to earn an attractive yield whilst balancing credit risk and diversification. The Fund is diversified by investing in a range of individual issuers, sectors and geographies. An in-house team of credit analysts assists the Investment Manager in individual credit selection along with the monitoring of issuers held by the Fund. In the event that a debt security’s or an issuer’s credit rating is downgraded, the credit standing will be assessed as soon as possible and appropriate actions for any specific relevant instrument within the Fund may be taken. These actions could include selling the underlying holdings or retaining the holdings to maturity depending on the specific characteristics of the instrument; in either event, the decision will be based on what is in the best interest of the Shareholders of the Fund. • **Investment Manager’s ESG Classification** The Fund is categorised as Planet+ / ESG Enhanced. The ESG categorisation of the Fund is explained in the section "ESG Glossary" of Appendix 1 of this Prospectus.	• **Investment Approach** The Fund has the flexibility to invest in a broad range of debt securities across credit markets globally. The Fund aims to generate total return over the economic and credit cycles, using an investment approach which combines bottom-up credit selection and active management of interest rate exposure. The credit selection strategy focuses on generating returns from market, sector and security selection. The Fund’s interest rate exposure is adjusted in response to changes in the macroeconomic outlook and market conditions. Throughout the implementation of these strategies, the Investment Manager actively manages interest rate exposure across the maturity spectrum as a complement to credit returns. • **Investment Manager’s ESG Classification** The Fund is categorised as Planet+ / Sustainable. The ESG categorisation of the Fund is explained in the section "ESG Glossary" of Appendix 1 of this Prospectus.

- **Other fund features**

	M&G (Lux) Fixed Maturity Bond Fund 2	M&G (Lux) Sustainable Macro Flexible Credit Fund
EU Sustainable Finance Disclosure Regulation	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.	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.

<table>
<tr><td>Benchmark</td><td>The Fund is actively managed and it has no benchmark. Investors can assess the performance of the Fund by its objective to deliver total return (capital growth plus income) over the term of the Fund.</td><td>1-month Euribor +3.5%

The benchmark is a target which the Fund seeks to achieve. The rate has been chosen as the Fund’s benchmark as it is an achievable performance target based on the Fund’s investment approach. The benchmark is used solely to measure the Fund’s performance objective and does not constrain the Fund’s portfolio construction.

The Fund is actively managed. The Investment Manager has complete freedom in choosing which assets 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.

The benchmark is shown in the share class currency as set out in the table below.
<table>
<tr><td>Share Class</td><td>Performance Comparator</td></tr>
<tr><td>CHF / CHF Hedged</td><td>SARON + 3.5%</td></tr>
<tr><td>GBP / GBP Hedged</td><td>SONIA + 3.5%</td></tr>
<tr><td>USD / USD Hedged</td><td>SOFR + 3.5%</td></tr>
<tr><td>JPY / JPY Hedged</td><td>TONA + 4-8%</td></tr>
</table></td></tr>
<tr><td>Profile of Typical Investor</td><td>The Fund is designed for retail and Institutional Investors seeking to earn an attractive yield over the term of the Fund, and is designed for those investors who have sustainability preferences.

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.

In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.

The Fund is designed for investors who have an investment time horizon aligned with the fixed term of the Fund and are therefore prepared to remain invested until the Maturity Date.</td><td>The Fund is designed for retail and Institutional Investors who seek capital growth and income from a portfolio of global bonds and who have sustainability preferences. 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.

In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.

This Fund is designed for investors who have an investment time horizon of at least five years.</td></tr>
<tr><td>Leverage</td><td>The Fund’s expected average level of leverage under normal market conditions is 100% of the Fund’s Net Asset Value when calculated in accordance with the sum of notionals approach.

The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.</td><td>The Fund’s expected average level of leverage under normal market conditions is 450% of the Fund’s Net Asset Value when calculated in accordance with the sum of notionals approach.

The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.</td></tr>
<tr><td>Reference Currency</td><td>EUR</td><td>EUR</td></tr>
<tr><td>Fund size as at 10.01.2025</td><td>€411.30m</td><td>€427.71m</td></tr>
<tr><td>Distribution frequency</td><td>Semi-annual</td><td>Quarterly</td></tr>
<tr><td>Investment fund sector</td><td>Morningstar Fixed Term Bond sector</td><td>Morningstar Global Flexible Bond – EUR Hedged sector</td></tr>
<tr><td>Synthetic Risk Indicator (SRI) as at 31.10.2024</td><td>2</td><td>2</td></tr>
<tr><td colspan="3">Note: risk is measured on a 7-point scale, where SRI 1 indicates lower risk (but is not risk-free) and SRI 7 indicates higher risk.</td></tr>
</table>

- **Fund structure**

	M&G (Lux) Fixed Maturity Bond Fund 2	M&G (Lux) Sustainable Macro Flexible Credit Fund
Legal form	UCITS	UCITS
Domicile	Luxembourg	Luxembourg
Management company	M&G Luxembourg S.A.	M&G Luxembourg S.A.
Investment manager	M&G Investment Management Limited	M&G Investment Management Limited