

3 March 2026

Dear Shareholder

**Changes to M&G (Lux) Optimal Income Fund (the “Fund”),
a sub-fund of M&G (Lux) Investment Funds 1 (the “Company”)**

This letter is for your information only. You do not need to take any action, but we recommend that you read it carefully.

Defined terms used in this letter have the same meaning as in the Prospectus, unless otherwise defined hereafter.

I am writing to inform you that, effective from 6 April 2026 (the “**Effective Date**”), we will amend the Fund’s Investment Policy to remove its ability to invest up to 20% of its Net Asset Value (“**NAV**”) in equities in order to clarify the Fund’s focus on fixed income (or bonds). As a result of the removal, we will also:

- amend the Fund’s Investment Objective to refer to exposure to income streams in ‘global bond’ markets, rather than ‘investment’ markets, as the basis for achieving returns;
- increase the minimum amount the Fund must hold in debt (fixed income) securities from 50% to 70% of its NAV; and
- lower the maximum amount the Fund can hold in cash or near cash from 50% to 30%.

In addition to the above, and also from the Effective Date, the Fund’s benchmark (used as comparator against which the Fund’s performance is measured) will change to Bloomberg Global Aggregate Index EUR hedged.

The Fund’s Investment Strategy will remain unchanged and the Fund will retain its categorisation as Article 8 under the Sustainable Finance Disclosure Regulation (“SFDR”). There will be no material change to the Fund’s liquidity and risk profile, and no immediate changes to the Fund’s portfolio as a result of the changes.

continued overleaf

Why are the changes happening?

1. Removal of equities from the Fund's investment universe

The Fund was originally launched in 2018 with the aim of providing a combination of capital growth and income based on exposure to optimal income streams in investment markets, with a minimum of 50% of its NAV invested in debt securities and up to 20% of its NAV which may be invested in equities.

Since then, the Fund's investment universe has evolved considerably and the significance of equities as a source of returns for the Fund has decreased, with equity exposure declining steadily over time and representing less than 1% of the Fund's NAV over the past three years.

With this in mind, we believe that the change will clarify the Fund's focus on fixed income and make its strategy easier to understand for investors, without compromising the Fund's ability to deliver its objective.

In order to reflect the Fund's fixed income focus, its Investment Objective will be revised to specifically refer to global bond markets. Finally, the Fund's Investment Policy will be amended to remove references to investing in equities and to adjust the permitted asset allocation as per the table below:

	Amount the Fund can actively invest in (as % of its NAV)		
	Equities	Debt securities	Cash and near cash
Until the Effective Date	Up to 20%	At least 50%	Up to 50%
From the Effective Date	0%	At least 70%	Up to 30%

It should be noted that although the Fund will no longer be able to actively invest in equities, there may be circumstances when it could hold equity assets as a result of corporate actions or restructuring, as provided for in the Fund's Investment Policy. This provision will also apply to any equities remaining in the Fund's portfolio on the Effective Date, and as such the fund manager will seek to sell these assets to the extent possible and when deemed in Shareholders' best interests.

2. Change of benchmark to Bloomberg Global Aggregate Index EUR hedged

The Fund's performance is currently compared to a 'composite' benchmark made up of three equally-weighted indices representing investment grade corporate bonds, global high yield bonds and global treasury as follows:

- 1/3 Bloomberg Global Aggregate Corporate Index EUR hedged
- 1/3 Bloomberg Global High Yield Index EUR hedged; and
- 1/3 Bloomberg Global Treasury Index EUR hedged.

From the Effective Date, the Bloomberg Global Aggregate Index EUR hedged index (the "Index") will replace the above composite benchmark for the Fund. The Index provides a simpler and more comprehensive comparator that incorporates global government, corporate and securitised bonds at investment-grade level across multiple currencies and sectors.

The Index is also widely used as a benchmark by other global fixed income funds, and the change will therefore make it easier for investors to assess the Fund's performance against that of its peers.

continued

This change will not result in any realignment of the portfolio as the benchmark is used solely for comparison purposes and does not constrain portfolio construction. It is therefore worth noting that although the new benchmark only includes investment grade bonds, the Fund will continue to be able to invest in high yield bonds, which the Fund's Investment Manager still views as a valuable potential source of income and diversification for the Fund.

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.

For more information

If you require further information, please do not hesitate to contact your usual M&G contact or, for operational queries, our Customer Services team by email 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.

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".

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

Enc: Appendix: Comparison of current and new Prospectus disclosures for the Fund

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

The changes 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 on or around the Effective Date.

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

Effective until 5 April 2026	Effective from 6 April 2026
<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 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 the global bond 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 up to 10% of its Net Asset Value 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 may hold up to 10% of its Net Asset Value in distressed debt securities and defaulted debt 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>Investment Policy</p> <p>The Fund invests at least 70% 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 up to 10% of its Net Asset Value 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 may hold up to 10% of its Net Asset Value in distressed debt securities and defaulted debt securities.</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.</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>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 50% 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>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.</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>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 30% 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>Benchmark</p> <p>A composite index comprising:</p> <ul style="list-style-type: none"> • 1/3 Bloomberg Global Aggregate Corporate Index EUR Hedged • 1/3 Bloomberg Global High Yield Index EUR Hedged • 1/3 Bloomberg Global Treasury Index EUR Hedged <p>These indices represent the global investment grade corporate market, the global high yield corporate market and the global government bond market respectively.</p> <p>The benchmark is a comparator against which the Fund's performance can be measured. The composite index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy.</p> <p>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>For each Share Class, the benchmark may be denominated or hedged into the relevant Share Class currency. The benchmark for each Share Class will be shown on the M&G Website.</p>	<p>Benchmark</p> <p>A composite index comprising:</p> <ul style="list-style-type: none"> • 1/3 Bloomberg Global Aggregate Corporate Index EUR Hedged • 1/3 Bloomberg Global High Yield Index EUR Hedged • 1/3 Bloomberg Global Treasury Index EUR Hedged <p>These indices represent the global investment grade corporate market, the global high yield corporate market and the global government bond market respectively.</p> <p>Bloomberg Global Aggregate Index EUR Hedged</p> <p>The benchmark is a comparator against which the Fund's performance can be measured. The composite index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy.</p> <p>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>For each Share Class, the benchmark may be denominated or hedged into the relevant Share Class currency. The benchmark for each Share Class will be shown on the M&G Website.</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>	<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 mostly invested in debt securities from anywhere in the world 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>
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