

**Notice to Shareholders of  
M&G (Lux) Investment Funds 1 (the 'Company')**

**This document is important and requires your attention**

We are writing to inform you of changes we are making to a number of the Company's sub-funds (the "Funds"), at least one of which you are invested in. You do not need to take any action, but we recommend that you read any section relevant to you carefully.

All changes are reflected in an updated version of the Prospectus available on our website **www.mandg.com** or by contacting our Customer Services team using the contact details below. You should also refer to the Prospectus for a detailed description of the risks associated with the Fund(s) you are invested in.

Other changes may have been made to the Prospectus that are not mentioned in this letter.

Please note that some of the Funds disclosed in this letter may not be registered and/or authorised for distribution in your country. The purpose of this letter is to inform shareholders who have already invested in one or more of the Funds disclosed in this document. This letter should therefore not be considered or read as any form of marketing.

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

**Legal and administration costs associated with the changes**

All legal and administration costs associated with the changes will be borne by M&G.

**For more information**

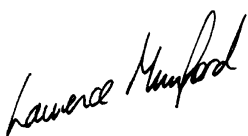
If you are in any doubt as to the action to be taken or require further information, please do not hesitate to contact your usual M&G contact or, for operational queries, our Customer Services team by email at **csmandg@caceis.com** or by telephone on +352 2605 9944. We are open from 09:00 to 18:00 CET Monday to Friday. For security and to improve the quality of our service we may record and monitor telephone calls.

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.

**Representative and paying agent in Switzerland**

The prospectus, KIID, articles of incorporation and the most recent annual or semi-annual report of the Company are available free of charge from the Representative in Switzerland: Société Générale, Paris, Zweigniederlassung Zürich, Talacker 50, Postfach 5070, CH-8021 Zürich.

Yours faithfully



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

17 September 2025

## Where to find information relevant to the Fund(s) you hold

Fund name	Information on change(s) to the Fund to be found on page(s)
M&G (Lux) Dynamic Allocation Fund	3
M&G (Lux) Emerging Markets Bond Fund	3; 6
M&G (Lux) Emerging Markets Corporate Bond Fund	3
M&G (Lux) Emerging Markets Hard Currency Bond Fund	3; 5
M&G (Lux) Global Dividend Fund	6
M&G (Lux) Global Floating Rate High Yield Fund	3
M&G (Lux) Global High Yield Bond Fund	3
M&G (Lux) Global Macro Bond Fund	3
M&G (Lux) Income Allocation Fund	4; 6
M&G (Lux) Japan Fund	7
M&G (Lux) Optimal Income Fund	3; 6
M&G (Lux) Sustainable Macro Flexible Credit Fund	3

You may notice that the disclosures wording listed in this document differ from those in the Funds' Key Information Documents (KIDs)\*. This is because the Prospectus describes the full scope of the tools available to each 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 Funds' new Prospectus disclosures will be available to view at [www.mandg.com](http://www.mandg.com) on the date which the changes become effective.

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

## 1. Changes to:

- M&G (Lux) Dynamic Allocation Fund
- M&G (Lux) Emerging Markets Bond Fund
- M&G (Lux) Emerging Markets Corporate Bond Fund
- M&G (Lux) Emerging Markets Hard Currency Bond Fund
- M&G (Lux) Global Floating Rate High Yield Fund
- M&G (Lux) Global High Yield Bond Fund
- M&G (Lux) Global Macro Bond Fund
- M&G (Lux) Optimal Income Fund
- M&G (Lux) Sustainable Macro Flexible Credit Fund

(each a “Fund”, together the “Funds”)

Effective from Monday 20 October 2025 (the “**Effective Date**”), we will be amending the Funds’ Investment Policies to specify that each Fund can hold up to 10% of its Net Asset Value (“**NAV**”) in distressed debt securities and defaulted debt securities.

As a result of the above change, each of the Funds may be subject to Distressed and defaulted debt securities risk and each Fund Supplement’s ‘Main Risks’ section will be amended accordingly.

In addition to the amendment to the Funds’ Investment Policies, we will also add a ‘Downgrade policy’ to each Fund’s Investment Approach section within its Fund Supplement to clarify what action the Investment Manager may take in the event of a credit rating downgrade to a security or an issuer held by the Fund:

### ***Downgrade Policy:***

*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.*

Finally, and also from the Effective Date, we will slightly amend the Investment Policy for M&G (Lux) Emerging Markets Hard Currency Bond Fund to clarify that there are no other credit quality restrictions with respect to the debt securities the Fund may invest in.

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

The changes will provide increased investment flexibility to the Funds. They will also provide more transparency for investors by providing additional details on what the Funds are able to invest in, and within what limits.

**There will be no change to the Funds’ respective Investment Objectives and Investment Strategies, and where applicable, their classifications under the Sustainable Finance Disclosure Regulation (“SFDR”) will remain unchanged. There will be no material change to the Funds’ overall liquidity and risk profiles. The change will not result in any changes to the Funds’ respective portfolios.**

### **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 change has taken place subject to our terms and conditions.

## 2. Changes to M&G (Lux) Income Allocation Fund (the “Fund”)

Effective from Wednesday 17 September 2025 (the “**Effective Date**”), we are increasing the Fund’s expected average level of leverage under normal market conditions from **100%** to **250%** of its Net Asset Value (“**NAV**”).

**There will be no change to the way the Fund is managed, with the Fund’s Investment Objective, Investment Policy and Investment Approach remaining unchanged. There will be no material change to the Fund’s overall risk profile.**

### **Why is the change happening?**

In accordance with UCITS regulations, the Fund’s expected average level of leverage is determined using the “Sum of Notionals” approach. This approach shows the Fund’s “gross” total of derivative exposure by aggregating the sum of notional exposure of all derivatives used by the Fund, including those used for risk reduction purposes such as currency hedging. The approach does not take into account any netting of derivative positions against equivalent “offsetting” positions<sup>1</sup>.

In the case of the Fund, an increase in the use of forward foreign exchange contracts in recent years, partly due to the growth of Hedged Share Classes<sup>2</sup>, has led to a rise in its expected average level of leverage as calculated using the Sum of Notionals approach, and we will therefore update the Fund’s Prospectus on the Effective Date to reflect the increase.

### **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 change has taken place subject to our terms and conditions.
- **For X Share Class holders**, the switch would however be subject to the specific conditions applicable to switches between X share classes as described in the Company’s Prospectus. In addition, switches and redemptions from X share classes would be subject to the application of a Contingent Deferred Sales Charge as disclosed in the Prospectus.

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<sup>1</sup> An offsetting transaction is a trade that cancels or offsets some or all of the market risk of an open position.

<sup>2</sup> Hedged Share Classes use forward foreign exchange contracts to reduce the effect of exchange rate fluctuations between the currency of the Hedged Share Class and the Reference Currency of the Fund.

### 3. Changes to M&G (Lux) Emerging Markets Hard Currency Bond Fund (the “Fund”)

Effective from Monday 20 October 2025, we will be amending the Fund’s Investment Policy to allow it to invest in credit linked notes (“CLNs”). A CLN is a security that allows the issuer to transfer specific credit risks to investors, in this case the Fund. Investors who buy these notes generally earn a higher yield in return for accepting exposure to these specific credit risks. CLNs are issued by highly rated financial institutions.

The Prospectus will be updated as follows, with changes highlighted in **bold**:

Existing Investment Policy (extract) (effective until Sunday 19 October 2025)	Updated Investment Policy (extract) (effective from Monday 20 October 2025)
The derivative instruments that the Fund may invest in include spot and forward contracts, exchange traded futures, swaps, credit default swaps, total return swaps and options.	The derivative instruments that the Fund may invest in include <b>but are not limited to</b> spot and forward contracts, exchange traded futures, swaps, credit default swaps, total return swaps, options <b>and credit linked notes</b> .

**The Fund’s Investment Objective will remain unchanged, and the change will not result in any material change to its liquidity and risk profiles.**

#### Why is the change happening?

The ability to invest in CLNs broadens the range of-instruments available to the Fund, and enhances the Fund’s ability to invest in certain bonds denominated in local currency which would otherwise be unavailable to the Fund, and therefore to meet its Investment Objective. Investing in CLNs can also facilitate efficient portfolio management. We do not expect CLNs to form a material part of the fund.

#### 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 change has taken place subject to our terms and conditions.

#### 4. Changes to the Investment Policies for:

- M&G (Lux) Emerging Markets Bond Fund
- M&G (Lux) Global Dividend Fund
- M&G (Lux) Income Allocation Fund
- M&G (Lux) Optimal Income Fund

(each a “Fund”, together the “Funds”)

Effective from Wednesday 17 September 2025 (the “**Effective Date**”), we are making changes to the Funds’ Investment Policies aimed at improving the transparency and clarity of the investment limits which are applied to the Funds. These changes are being made to ensure that the disclosures in the Prospectus are aligned with the descriptions of the investment policies provided to investors in non-EU countries where the Funds are marketed.

**Please note that the Funds’ Investment Objectives and Investment Strategies will remain unchanged and the amended Investment Policies will not result in any realignment of the Funds’ portfolios. The Funds’ risk profiles will also remain unchanged.**

#### **New wording being added to the Investment Policies as from the Effective Date**

The limits detailed in the tables below already apply to the Funds but have not been expressly stated in the Investment Policies in the Prospectus. They are therefore being added for greater clarity and the new wording is shown in **bold**.

Please refer to the website [www.mandg.com](http://www.mandg.com) for the Company’s Prospectus containing the new Investment Policies in context in full.

<b>M&amp;G (Lux) Emerging Markets Bond Fund</b>
The Fund may invest <b>up to 20% of its Net Asset Value</b> in Chinese onshore debt securities denominated in CNY traded on the China Interbank Bond Market.
<b>M&amp;G (Lux) Global Dividend Fund</b>
The Fund may invest <b>up to 20% of its Net Asset Value</b> in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.
<b>M&amp;G (Lux) Income Allocation Fund</b>
Fixed income instruments that the Fund may invest in include the following: <ul style="list-style-type: none"><li>• Chinese onshore bonds denominated in CNY traded on the China Interbank Bond Market, <b>up to 10% of the Fund’s Net Asset Value</b></li><li>• Cash (meaning deposits permitted by article 41(1) of the 2010 Law) and near cash, <b>up to 80% of the Fund’s Net Asset Value</b>.</li></ul>
The Fund may invest <b>up to 10% of its Net Asset Value</b> in China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Exchange.
<b>M&amp;G (Lux) Optimal Income Fund</b>
The Fund may invest <b>up to 10% of its Net Asset Value</b> in Chinese onshore debt securities denominated in CNY traded on the China Interbank Bond Market.

#### **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 X Share Class holders**, the switch would however be subject to the specific conditions applicable to switches between X share classes as described in the Company’s Prospectus. In addition, switches and redemptions from X share classes would be subject to the application of a Contingent Deferred Sales Charge as disclosed in the Prospectus.

## 5. Changes to the Investment Policy for M&G (Lux) Japan Fund (the “Fund”)

Effective from Wednesday 22 October 2025, we will be amending the Fund’s Investment Policy to increase the indicative number of companies that are **usually** held within the portfolio from **fewer than 50** to **fewer than 60**. We will also move some wording from the Investment Policy to the Investment Approach for greater consistency with the way sub-fund information is presented in other Fund Supplements within the Prospectus.

Full details of the changes can be found in the comparison of the Fund’s current and new Investment Policy and Investment Approach below.

**The changes will not result in any immediate changes to the Fund’s portfolio, and we do not expect any material change to its liquidity and risk profile. You do not need to take any action as a result of this letter.**

### Why is the change happening?

Updating the number of companies usually held by the Fund to fewer than 60 offers greater flexibility for the Investment Manager to manage portfolio risk, and provides more clarity to investors on the typical number of holdings in the Fund. The increase in the number of companies held in the Fund is expected to improve portfolio trading efficiency by allowing more time to build or reduce company positions. This provides the opportunity for greater diversification via smaller positions in more companies which the Investment Manager believes have strong potential.

### 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 change has taken place subject to our terms and conditions.

### Comparison of the current and updated Investment Policy and Investment Approach for M&G (Lux) Japan Fund

The changes are highlighted in **bold**.

Investment Policy effective until Tuesday 21 October 2025	Investment Policy effective from Wednesday 22 October 2025
<p>The Fund invests at least 80% of its Net Asset Value in the equity securities and equity-related instruments of companies that are domiciled in, or conducting the major part of their economic activity in, Japan. The Fund usually holds fewer than 50 stocks.</p> <p>The Investment Manager believes that market mispricings can and often do occur because psychological factors (i.e. behavioural biases) may prevent investors from always assessing investments rationally. As a result, market prices do not always reflect fundamental values.</p> <p>The Investment Manager believes that it is possible to profit systematically from such behavioural biases that are prevalent in the Japanese equity market.</p> <p>The Fund invests in securities that meet the ESG Criteria, applying an Exclusionary Approach and Positive ESG Tilt 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</p>	<p>The Fund invests at least 80% of its Net Asset Value in the equity securities and equity-related instruments of companies that are domiciled in, or conducting the major part of their economic activity in, Japan. The Fund usually holds fewer than <b>60</b> stocks.</p> <p><b>The Investment Manager believes that market mispricings can and often do occur because psychological factors (i.e. behavioural biases) may prevent investors from always assessing investments rationally. As a result, market prices do not always reflect fundamental values. The Investment Manager believes that it is possible to profit systematically from such behavioural biases that are prevalent in the Japanese equity market.</b></p> <p>The Fund invests in securities that meet the ESG Criteria, applying an Exclusionary Approach and Positive ESG Tilt 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</p>

<p>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. 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.</p> <p>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 derivative instruments for the purposes of hedging and efficient portfolio management.</p>	<p>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>The Fund may use derivative instruments for the purposes of hedging and efficient portfolio management.</p>
<p><b>Investment Approach</b> <b>effective until Tuesday 21 October 2025</b></p>	<p><b>Investment Approach</b> <b>effective from Wednesday 22 October 2025</b></p>
<p>The Investment Manager aims to take advantage of market mispricings by adopting a disciplined, long-term investment approach.</p> <p>The Fund screens a wide investment universe to form a focused list of stocks which will trade on low valuations relative to their history and the market. These companies are then subject to disciplined and rigorous financial analysis. Attaining an understanding of a company's sustainable earnings ensures our financial analysis leads to a high level of conviction for each of the companies held in the Fund.</p> <p>The Investment Manager aims to construct a reasonably diversified portfolio and expects stock selection to be the main driver of performance.</p>	<p>The Investment Manager aims to take advantage of market mispricings by adopting a disciplined, long-term investment approach. <b>The Investment Manager believes that market mispricings can and often do occur because psychological factors (i.e. behavioural biases) may prevent investors from always assessing investments rationally. As a result, market prices do not always reflect fundamental values. The Investment Manager believes that it is possible to profit systematically from such behavioural biases that are prevalent in the Japanese equity market.</b></p> <p>The Fund screens a wide investment universe to form a focused list of stocks which will trade on low valuations relative to their history and the market. These companies are then subject to disciplined and rigorous financial analysis. Attaining an understanding of a company's sustainable earnings ensures our financial analysis leads to a high level of conviction for each of the companies held in the Fund.</p> <p>The Investment Manager aims to construct a reasonably diversified portfolio and expects stock selection to be the main driver of performance.</p>