

M&G (Lux) Investment Funds 1

Société d'Investissement à Capital Variable

Registered office: 49, Avenue J.F. Kennedy, L-1855 Luxembourg

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23 July 2020

Dear Investor

Changes to the investment policies for:

- **M&G (Lux) Emerging Markets Bond Fund**
- **M&G (Lux) Emerging Markets Hard Currency Bond Fund**
- **M&G (Lux) Euro Corporate Bond Fund**
- **M&G (Lux) European Inflation Linked Corporate Bond Fund**
- **M&G (Lux) Global Corporate Bond Fund**
- **M&G (Lux) Global High Yield ESG Bond Fund**
- **M&G (Lux) Short Dated Corporate Bond Fund**

Sub-funds of M&G (Lux) Investment Funds 1, (each a “Fund”, and together the “Funds”)

Please note that there will be no change to any of the Funds’ investment objectives nor to their overall investment approaches and risk profiles. This letter is for your information only and has been sent to you because you are invested in at least one of the Funds. You do not need to take any action, but we recommend that you read it carefully.

I am writing to let you know about changes to the Funds’ investment policies.

What are the changes?

Each Fund’s investment policy will be updated to add Total Return Swaps (TRS) to the range of derivative instruments it may use for investment purposes, efficient portfolio management and, where relevant, hedging purposes.

Details on how each Fund may use TRS will also be added to the “Transparency of Securities Financing Transactions and of Reuse (SFTR)” section of the Prospectus.

What are TRSs and how will the change benefit investors?

A TRS is a derivative contract where one party pays a sum based on a set rate, either fixed or variable (for example the London Interbank Offer Rate (LIBOR), plus a fixed margin), and receives a payment based on the total return (the combination of capital growth plus any income the asset generates) of a reference asset (which includes both the income and any capital gains it generates). The reference asset is usually a bond or basket of bonds, a stock or an equity index. A TRS allows the party receiving the total return to gain exposure and benefit from a reference asset without actually owning it.

We believe that the change will provide fund managers with an alternative tool to manage the Funds in a cost-effective way.

continued overleaf

When will the changes be effective?

The changes are reflected in the Prospectus dated July 2020.

Making changes to your investment

If the changes detailed in this letter do not suit your investment need, you may sell your investment in any of the Funds affected by the changes, or switch it to another Fund or sub-fund of the Company, free of charge, subject to our terms and conditions and in accordance with the terms of the Prospectus.

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 csmang@rbc.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.

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



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