

Sub-Fund Merger Notification

This document is important and requires your immediate attention

Notice of the Merger of

M&G (Lux) Emerging Markets Income Opportunities Fund (the “Merging Fund”)

(a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorized société d’investissement à capital variable qualifying as an undertaking for collective investment in transferable securities in accordance with Luxembourg law)

into

M&G (Lux) Income Allocation Fund (the “Receiving Fund”)

(a sub-fund of M&G (Lux) Investment Funds 1, a Luxembourg-authorized société d’investissement à capital variable qualifying as an undertaking for collective investment in transferable securities in accordance with Luxembourg law)

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 Tuesday 3 May 2022
Valuations used for the purpose of the merger	13:00 (CET) on Friday 6 May 2022
Effective Date of the merger (the “Effective Date”)	Friday 6 May 2022 or any other date notified to you
First day of dealing in your new shares in the Receiving Fund	Tuesday 10 May 2022 (due to public holiday in Luxembourg on Monday 9 May 2022)
Dispatch confirmation of number of shares in Receiving Fund	No later than Monday 9 May 2022
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 information included in this letter or require further information, please do not hesitate to contact our **Customer Services** team by email at csmandg@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.

Dated: 15 March 2022

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 (the "M&G SICAV"). The Merger will take place on Friday 6 May 2022 or any other date notified to you.

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 fees:

- **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 Tuesday 3 May 2022, you will automatically receive shares in the Receiving Fund to an equivalent value (determined by the prevailing mid-market prices 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 3. . We will send you confirmation and details of your new holding in the Receiving Fund by Monday 9 May 2022.

- **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 Tuesday 3 May 2022**

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 Investor Information Document(s) (KIIDs) for any sub-fund(s) you want to switch into.

- **Option 3: Redeem your holding – your instructions must reach us no later than 13:00 (CET) on Tuesday 3 May 2022**

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@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.

Yours faithfully,
Laurence Mumford



Chair, M&G (Lux) Investment Funds 1

Background and reasons for the Merger

Since its launch in May 2017, the Merging Fund has not attracted the expected level of interest from investors (with assets totalling USD 20.36m as at 14.02.2022), meaning the Investment Manager is not able to manage the Merging Fund in a cost-effective way. Consequently, the Board of Directors of the M&G SICAV has explored a number of options for the Merging Fund and decided that the best option available to its investors is a merger into the Receiving Fund. The Merger will give you the opportunity to be invested in a larger sub-fund (EUR 1.27bn as at 14.02.2022) with stronger asset growth prospects.

We have chosen the Receiving Fund as it provides the closest match within the M&G SICAV to the Merging Fund's investment objective and investment policy, and should therefore have the smallest impact on your investment. Both sub-funds aim to deliver a combination of income and growth of capital by investing in a mixture of equity and fixed income assets. Although the Receiving Fund invests globally, a proportion of its assets is invested in Emerging Markets (19.15% as at 14.02.2022).

Comparison of the Merging Fund with the Receiving Fund

For a detailed comparison of the sub-funds' features, please refer to the table on page 6. An up-to-date KIID for the Receiving Fund is also enclosed.

- **Investment Objectives**

Both sub-funds offer similar investment objectives with a focus on income targets as well as capital growth. The Merging Fund seeks to achieve an annual income of 4-6% per annum and capital growth over any 5-year period. The Receiving Fund aims to generate a growing level of income over any 3-year period, as well as capital growth of 2-4% per annum.

- **Investment Policies**

Both sub-funds can invest in a variety of assets and sectors, focusing on a mix of equities (company shares) and fixed income securities (bonds). The Merging Fund invests at least 80% of its assets in Emerging Markets across a wide range of geographies, allocating at least 25% of net assets to emerging market equities and another 25% to fixed income securities issued by emerging market governments. The Receiving Fund has a highly flexible investment approach and allocates between 10-50% of net assets to equities and 40-80% to fixed income. It can invest anywhere in the world, in assets denominated in any currency, including those in Emerging Markets.

- **Investment Strategies – Investment Approaches**

The Merging Fund employs a "bottom-up" approach, selecting stocks based on the attractiveness of fundamental characteristics of companies. In contrast, the Receiving Fund follows a "top-down" approach that analyses changes in economic conditions and asset values before allocating capital between different types of securities.

- **Reference Currencies**

The Merging Fund's Reference Currency is US Dollar, whilst the Receiving Fund's is Euro.

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

The table below summarises what Share Class and Type in the Receiving Fund investors of the Merging Fund will receive, based on what Share Class and Type they currently hold.

M&G (Lux) Emerging Markets Income Opportunities Fund Share Classes	M&G (Lux) Income Allocation Fund Share Classes
Euro A-H Accumulation Shares	Euro A Accumulation Shares
Euro A-H Distribution Shares	Euro A Distribution Shares
USD A Accumulation Shares	USD A-H Accumulation Shares
USD A Distribution Shares	USD A-H Distribution Shares
USD A M Distribution Shares	USD A-H Distribution Shares
USD CI Accumulation Shares	USD C-H Accumulation Shares

- Because the sub-funds have different Reference Currencies, investors in Euro-denominated Share Classes will move from a Currency Hedged Share Class to an unhedged Share Class. Conversely, investors in USD-denominated Share Classes will move from an unhedged Share Class to a Currency Hedged Share Class.
In both sub-funds, Currency Hedged Share Classes seek to reduce the effect of exchange rate fluctuations between the currency of the Currency Hedged Share Class and the Reference Currency of the Fund.
- The Receiving Fund does not offer USD CI Shares, so investors in USD CI Acc Shares will move to USD C -H Acc Shares. These Shares carry a higher Annual Management Charge (0.65% instead of 0.60%) as well as a higher *taxe d'abonnement* (0.05% rather than 0.01%).
- All other Share Classes in the Receiving Fund apply the same charges as their equivalent merging Share Classes in the Merging Fund.

A full comparison of charges applicable to the Merging and Receiving Funds for each Share Class can be found on page 9.

- **Benchmarks**

Both Funds are actively managed and have no benchmark. However, whilst the Merging Fund's performance can be assessed against its objective to provide an annual yield of 4-6% and grow capital over any five-year period, in the case of the Receiving Fund, investors can assess the Receiving Fund's performance by its objective to provide capital growth of 2-4% per annum over any three-year period.

- **Distribution frequency**

The Merging Fund distributes income on a quarterly basis, whilst the Receiving Fund distributes on a monthly basis. Quarterly distribution is available in the Receiving Fund via EUR A-Q Inc Shares – please contact your usual M&G contact should these be of interest to you.

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 Tuesday 3 May 2022.

Effective from the date of this Notice, the Merging Fund will not be managed in line with the current investment objective, as the portfolio of the Merging Fund will begin to be sold, prior to the Merger. The proceeds of the sale of the Merging Fund's portfolio will be held as cash and transferred to the Receiving Fund as part of the Merger. M&G will cover any costs associated with the realignment.

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 mid-market prices of both the Merging and Receiving Funds on that date. As a result, you may not hold the same number of shares in the Receiving Fund as you did in the Merging Fund; however the total value of the shares you receive as part of the Merger will be the same as that of the shares you held in the Merging Fund on that date.

M&G will cover any transaction costs associated with the Merger.

- **Accrued income**

For shares of the Merging Fund paying dividends, the last distribution periods for the purposes of income distribution will be as follows:

Income distribution frequency	Period	Record Date	XD date	Scheduled Pay Date (see below)
Quarterly	1 January 2022 to 31 March 2022	14 April 2022	19 April 2022	22 April 2022
Monthly	1 March 2022 to 31 March 2022	14 April 2022	19 April 2022	22 April 2022

Income available for distribution in respect of the period from 1 April 2022 to the Effective Date will not be paid on the scheduled Pay Date, but instead will be included in the net asset value when calculating the number of shares that you will receive in Receiving Fund as result of the Merger.

- **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).

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 share class and type specified in the table located on page 3. Please note that, as noted in the “Impact of the Merger” section, the number of Receiving Fund shares you receive on the Effective Date may differ from the number of Merging Fund Shares you will hold on that date; however the total value of the shares you receive as part of the Merger will be the same as that of the shares you held in the Merging Fund on the Effective Date.

The share classes taking part in the Merger are set out in the share classes and charges table on page 8.

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 Tuesday 3 May 2022.

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 Monday 9 May 2022.

- **Merger costs and taxation**

M&G will bear any costs associated with carrying out the Merger, including portfolio realignment costs, and any stamp duty or transfer taxes which may arise as a result of the Merger.

Any other taxes (e.g. 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 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 Comparison of the features of M&G (Lux) Emerging Markets Income Opportunities Fund and M&G (Lux) Income Allocation Fund

Comparison of the features of M&G (Lux) Emerging Markets Income Opportunities Fund and M&G (Lux) Income Allocation Fund

Further details of the M&G (Lux) Income Allocation Fund can be found in the enclosed KIID(s).

- **Investment objective, investment policy and investment approach**

	M&G (Lux) Emerging Markets Income Opportunities Fund	M&G (Lux) Income Allocation Fund
Investment Objective	The Fund aims to deliver an annual income of 4-6%. Subject to this, the Fund aims to deliver capital growth over any five-year period.	The Fund aims to generate a growing level of income over any three-year period through investment in a range of global assets. The Fund also aims to provide capital growth of 2-4% p.a. over any three-year period.
Investment Policy	<p>The Fund invests at least 80% of its Net Asset Value in emerging market assets, including equities, bonds and closed-ended real estate investment trusts.</p> <p>The Investment Manager has the discretion to identify the countries that it considers to qualify as emerging markets. The Fund may invest across a wide range of geographies, sectors and market capitalisations.</p> <p>The Fund invests at least 25% of its Net Asset Value in the equity securities of companies domiciled in or conducting the major part of their economic activity in emerging market countries. The Fund may invest in China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Exchange.</p> <p>The Fund invests at least 25% of its Net Asset Value in bonds issued by companies or quasi-government agencies domiciled in or conducting the major part of their economic activity in emerging market countries.</p> <p>The bonds that the Fund may invest in include the following:</p> <ul style="list-style-type: none"> • bonds which are rated investment grade by a recognised rating agency, bonds issued or guaranteed by companies, local authorities, government agencies or certain public international bodies, convertible/exchangeable bonds; • a maximum of 75% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds; • Chinese onshore bonds denominated in CNY traded on the China Interbank Bond Market. <p>The Fund may invest up to 10% of its Net Asset Value in asset-backed securities and up to 20% of its Net Asset Value in contingent convertible debt securities.</p> <p>The Fund's exposure to these assets will typically be gained directly.</p> <p>The Fund may also invest indirectly via derivative instruments. Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include spot and forward contracts, exchange traded futures, swaps, credit default swaps and options.</p>	<p>The Fund has a highly flexible investment approach with the freedom to invest in different types of assets issued anywhere in the world and denominated in any currency.</p> <p>The Fund will typically invest in income-generating assets from the following asset classes: fixed income securities, equities, cash and deposits. The Fund can also invest in currencies, near cash and warrants. The Investment Manager will normally seek to hold more than 70% of the Fund's Net Asset Value in euro denominated assets or in other currencies hedged back to euro.</p> <p>The Fund's exposure to these assets will mostly be gained directly. The Fund may also invest indirectly through other collective investment schemes, and via derivatives. Derivatives can be used to meet the Fund's investment objective, for hedging purposes and for efficient portfolio management. The Fund may take synthetic short positions (holding derivative instruments with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, indices and other groups of securities.</p> <p>The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.</p> <p>The Fund will normally invest within the following net allocation ranges: 40-80% in fixed income, 10-50% in equities and 0-20% in other assets.</p> <p>Fixed income instruments that the Fund may invest in include the following:</p> <ul style="list-style-type: none"> • bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies; • bonds from issuers located in emerging markets; • Chinese onshore bonds denominated in CNY traded on the China Interbank Bond Market; • bonds which are rated investment grade by a recognised rating agency; • unrated bonds and bonds which are rated sub-investment grade, up to 40% of the Fund's Net Asset Value; • Asset-backed securities, up to 10% of the Fund's Net Asset Value; and • derivatives whose value is derived from bonds, interest rates or credit risk.

	M&G (Lux) Emerging Markets Income Opportunities Fund	M&G (Lux) Income Allocation Fund
	<p>The Fund may also invest in cash, near cash, deposits, other debt instruments and other collective investment schemes.</p>	<p>Equity instruments that the Fund may invest in include (a) direct company shares and (b) derivatives whose value is derived from company shares.</p> <p>Other assets, for this purpose, include convertible bonds and contingent convertible debt securities. The Fund may invest up to 5 % of its Net Asset Value in contingent convertible debt securities.</p> <p>Derivative instruments can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management. The derivative instruments that the Fund can invest in to achieve its objectives include, but are not limited to, spot and forward contracts, exchange traded futures, swaps, credit default swaps, options and total return swaps.</p>
Investment Strategy	<ul style="list-style-type: none"> • Investment Approach <p>The Fund employs a bottom-up approach to find the best investments across the capital structure to deliver on the Fund's investment objective. The Fund will invest primarily in equities and corporate bonds from issuers whose primary business operations are located in emerging market economies, leveraging the Investment Manager's existing emerging market equity and credit selection capabilities to identify the most attractive investments.</p> <p>Corporate bonds will typically generate and have historically generated a higher level of income yield than equities. Consequently income is not the Investment Manager's only consideration when selecting equities. Instead the Fund will own equities for their investment characteristics and their expected total return profile rather than purely their dividend yield.</p> <p>The Fund's allocation between bonds and equities is an output of the investment process and portfolio construction, and as such will be the result of the Investment Manager investing in the best ideas, individually and relatively, across the capital spectrum.</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 Appendix 1 "ESG Integration and Approaches to Responsible Investment" of this Prospectus. Investors should refer to that section for further details.</p>	<ul style="list-style-type: none"> • Investment Approach <p>The Investment Manager has a very flexible top-down approach to the allocation of capital between different types of assets in response to changes in economic conditions and asset values. This approach combines in-depth research to work out the value of assets over the medium to long term, with analysis of market reactions to events, to identify investment opportunities. In particular, the manager seeks to respond when asset prices move away from a reasonable sense of 'fair' long-term value due to market reactions to events.</p> <p>The Fund seeks to manage risk by investing globally across multiple asset classes, sectors, currencies and countries. Where the Investment Manager believes opportunities are limited to a few areas, the portfolio may be very concentrated in certain assets or markets. The Fund will typically take investment positions in individual shares or bonds, but it may also take positions at an index or sector level.</p> <p>The Fund aims to generate a growing level of income by investing in assets that offer a regular income such as dividend-paying company shares, corporate bonds and government bonds.</p> <p>The Investment Manager believes that this approach has the potential to deliver an annualised volatility (the degree to which the value of the Fund fluctuates over any 12-month period) of between 4% and 8%, and an estimated gross annual yield of 4%, based on the gross income, before withholding tax, expected to be received from the underlying investments in the Fund, as a percentage of the current Fund share price.</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 Appendix 1 "ESG Integration and Approaches to Responsible Investment" of this Prospectus. Investors should refer to that section for further details.</p>

	M&G (Lux) Emerging Markets Income Opportunities Fund	M&G (Lux) Income Allocation Fund
Benchmark	The Fund is actively managed and has no benchmark. Investors can assess the performance of the Fund by its objective to provide an annual yield of 4-6% and grow capital over any five-year period.	The Fund is actively managed and it has no benchmark. Investors can assess the performance of the Fund by its objective to provide a total return of 2-4% per annum over any three-year period.
Profile of Typical Investor	Typical investors may be retail, professional or Institutional Investors who are looking for income and capital growth but can bear the economic risk of the loss of their investment in the Fund. 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 may be suitable for investors who have an investment time horizon of at least five years.	Typical investors may be retail, professional or Institutional Investors who are looking for income and capital growth but can bear the economic risk of the loss of their investment in the Fund. 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 may be suitable for investors who have an investment time horizon of at least three years.

- **Fund features**

	M&G (Lux) Emerging Markets Income Opportunities Fund	M&G (Lux) Income Allocation Fund
Valuation Currency	USD	EUR
Fund size as at 14.02.2022	USD 20.36m	EUR 1,270m
Distribution frequency	Quarterly/Monthly	Monthly/Quarterly
Investment fund sector	Morningstar Global Emerging Markets Allocation sector	Morningstar EUR Moderate Allocation - Global sector
Synthetic Risk Reward Indicator (SRR) as at 15/02/2021	5	5

Note: risk is measured on a 7-point scale, where SRR 1 indicates lower risk (but is not risk-free) and SRR 7 indicates higher risk.

- **Share classes and charges**

Share Classes	M&G (Lux) Emerging Markets Income Opportunities Fund					M&G (Lux) Income Allocation Fund ***					
	ISIN	AMC %	OCF* as at 31.12.21 %	Initial charge %	Taxe d'abonnement (%)	Share Classes	ISIN	AMC %	OCF* as at 31.12.2021 %	Initial charge %	Taxe d'abonnement (%)
Euro A-H Acc	LU1582980824	1.50	1.75	4.00	0.05	Euro A Acc	LU1582984818	1.50	1.72	4.00	0.05
Euro A-H Dist	LU1582981046	1.50	1.75	4.00	0.05	Euro A Dist	LU1582984909	1.50	1.72	4.00	0.05
USD A Acc	LU1582980154	1.50	1.73	4.00	0.05	USD A-H Acc	LU1582986359	1.50	1.74	4.00	0.05
USD A Dist	LU1582980238	1.50	1.73	4.00	0.05	USD A-H Dist	LU1582986433	1.50	1.74	4.00	0.05
USD A M Dist**	LU1582980311	1.50	1.73	4.00	0.05						
USD CI Acc	LU1582980584	0.60	0.79	1.25	0.01	USD C-H Acc	LU1582986516	0.65	0.89	1.25	0.05

* 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.

** This share class distributes income monthly, whereas all other share classes in the Merging Fund distribute income on a quarterly basis

*** All receiving share classes in scope for the merger distribute on a monthly basis

- **Fund structure**

	M&G (Lux) Emerging Markets Income Opportunities Fund	M&G (Lux) Income Allocation 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