

Sub-Fund Merger Notification

This document is important and requires your immediate attention

Notice of the merger (the “**Merger**”) of

M&G (Lux) Conservative Allocation Fund (the “Merging Fund”)

(a sub-fund 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)

into

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

(a sub-fund 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)

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

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Key dates

Deadline for investors to redeem or switch their investment before portfolio realignment costs start being incurred by the Merging Fund	13:00 (Luxembourg time) on Thursday 8 September 2022
Start of Merging Fund portfolio realignment	Friday 9 September 2022
Suspension of dealing in Shares of the Merging Fund and deadline for receipt of redemption and switch requests	13:00 (Luxembourg time) on Friday 14 October 2022
Valuations used for the purpose of the merger	13:00 (Luxembourg time) on Friday 21 October 2022
Effective date of the merger (the “ Effective Date ”)	Friday 21 October 2022 or any other date notified to you
First day of dealing in your new shares in the Receiving Fund	Monday 24 October 2022
Dispatch confirmation of number of shares in Receiving Fund	No later than Monday 24 October 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 csmangd@rbc.com or by telephone on +352 2605 9944. We are open from 09:00 to 18:00 (Luxembourg time) Monday to Friday. For security and to improve the quality of our service we may record and monitor telephone calls.

Dated: 27 July 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 (the "**Funds**") are sub-funds of M&G (Lux) Investment Funds 1 (the "**M&G SICAV**"). The Merger will take place on Friday 21 October 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 (Luxembourg time) on Friday 14 October 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 on the Effective Date, as detailed in the table on page 12. We will send you confirmation and details of your new holding in the Receiving Fund by Monday 24 October 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 (Luxembourg time) on Friday 14 October 2022**

You may switch to another sub-fund within the M&G SICAV. 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 (Luxembourg time) on Friday 14 October 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 Funds, please do not hesitate to contact your usual M&G contact. For operational queries, contact our **Customer Services** team by email at csmang@rbc.com or by telephone on +352 2605 9944. We are open from 09:00 to 18:00 (Luxembourg time) 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

The Merging Fund was launched in January 2018¹ aiming to provide a positive total return (the combination of capital growth and income) through a conservative multi asset strategy. However, since launch, yields available from fixed income securities, which were already at relatively low levels at the time of the launch and in which the Merging Fund is typically mostly invested, have fallen further. This has made it challenging for the Merging Fund consistently to meet its target of returning 3%-6% per annum over any 3-year period and maintain the lower levels of volatility (the degree to which the value of the Fund fluctuates over any 12-month period) investors would expect from this type of fund. We expect the market outlook to remain challenging for the Merging Fund for the foreseeable future, whilst investor appetite for cautious multi asset strategies is set to continue to decline.

Consequently, after reviewing prospects for the Merging Fund, the Board of Directors of the M&G SICAV has explored a number of options and decided that a merger into the Receiving Fund would be in the best interest of investors.

The Receiving Fund, like the Merging Fund, targets total return by investing in a variety of assets anywhere in the world. However, we believe that its lower fixed income weighting provides it with better potential for long-term returns than the Merging Fund, without significantly increasing volatility. The Receiving Fund has delivered higher returns than the Merging Fund over the past three years, as detailed in the Performance section below – although past performance is not a guide to future performance.

The Receiving Fund was recently re-categorised as Article 9 under the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, which applies to funds with a sustainable objective. The Merger is consistent with M&G's plan to evolve as many strategies as possible towards Environmental, Social and Governance (ESG), sustainable or impact outcomes.

Comparison of the Merging Fund with the Receiving Fund

For a detailed comparison of the Funds' features, please refer to the table on page 8. An up-to-date KIID for the Receiving Fund is also enclosed.

- **Investment Objectives**

Both Funds offer similar financial objectives of targeting total return. The Merging Fund targets a total return 3-6% per annum over any 3-year period, while the Receiving Fund aims for 4-8% per annum over any 5-year period.

In addition to its financial objective, the Receiving Fund has a sustainable (ie non-financial) objective of contributing to a sustainable economy by investing in assets supporting environmental and/or social goals, in particular climate change mitigation.

- **Investment Policies**

- **Asset allocation**

Both Funds can invest in a diversified range of assets and sectors, anywhere in the world, although the Receiving Fund typically holds a higher proportion of equities, and lower proportion of fixed income securities, than the Merging Fund, as detailed in the table below:

¹ The Fund was originally created with the merged non-GBP assets of the M&G Conservative Allocation Fund, a UK- authorised Open-Ended Investment Company which was launched in 2015. The Merging Fund allowed investors in the OEIC from outside the UK to remain invested in a similar strategy through a UCITS-compliant SICAV vehicle after Brexit came into effect.

	Asset allocation			
	Merging Fund (% of NAV)		Receiving Fund (% of NAV)	
Type of asset	Typical	Actual as at 31.05.2022	Typical	Actual as at 31.05.2022
Fixed income securities	0-100	44.7	20-80	45.4
Equities and equity-related securities	0-35	27.8	20-60	38.8
Other assets including cash	0-20	27.5	0-20	15.9

The higher proportion of equities that the Receiving Fund can hold means it has a higher risk profile, with an expected annualised volatility of between 4% and 9%, over any five-year period, against 3% and 7% for the Merging Fund. As at 31.05.2022, the Receiving Fund’s annual volatility level was 10.4% whilst the Merging Fund’s was 8.6%. The Synthetic Risk Reward Indicator (SRRI) for both Funds is currently the same (4, with 1 being the lowest and 7 the highest).

- Currency allocation

The Merging Fund normally seeks to hold more than 60% of its Net Asset Value (NAV) in euro-denominated assets or in other currencies hedged back to euro; in the case of the Receiving Fund this is at least 70%.

- ESG factors

Although the Merging Fund is categorised as “ESG Integrated”, which means that ESG factors are systematically included in investment analysis and investment decisions, the Receiving Fund goes further by applying clearly defined ESG Criteria and Sustainability Criteria to help achieve its sustainable objective. The ESG exclusions reduce the Receiving Fund’s investment universe by at least 20%.

For further details, including a full list of the Receiving Fund’s ESG exclusions, please refer to the “M&G (Lux) Sustainable Allocation Fund – ESG Criteria and Sustainability Criteria” document, which can be found on our website.

In addition, the Receiving Fund must also hold a minimum of 20% of its NAV in “impact assets” that have a positive societal impact through addressing the world’s major social and environmental challenges.

• Investment Strategies – Investment Approaches

Both Funds follow a flexible approach to asset allocation that analyses changes in economic conditions and asset values before allocating capital between different types of securities. The Receiving Fund’s Investment Strategy also provides details on how its fund manager selects the types of assets that contribute to its sustainable objective.

In addition, the Receiving Fund typically has a lower weighted average carbon intensity (“WACI”) than the global equity market as represented by the MSCI ACWI Net Return. Carbon intensity is the measure of a company’s carbon emissions produced in relation to its product sales. A fund’s WACI is calculated by aggregating the carbon intensity of the portfolio holdings using their percentage weight within the fund.

- **Performance and yields**

The table below shows returns for each Fund's EUR A Accumulation Shares, net of fees for periods ending on 31/05/2022. Past performance is not an indication of future performance.

	3 years		2 years		1 year
From	01/06/2019		01/06/2020		01/06/2021
To	31/05/2022		31/05/2022		31/05/2022
	Cumulative	Annualised	Cumulative	Annualised	Cumulative
Merging Fund	0.83%	0.28%	4.34%	2.15%	-2.64%
Receiving Fund	11.96%	3.84%	11.78%	5.73%	-2.90%

Yields as at 31.05.2022 were as follows:

- Merging Fund (Euro A Distribution Shares): 1.64%
- Receiving Fund (Euro A Distribution Shares): 2.66%

- **Fund sizes**

The Receiving Fund is significantly smaller (EUR 67.8m as at 31.05.2022) than the Merging Fund (EUR 621.5m as at 31.05.2022). However we believe that the Receiving Fund's expected asset increase following the Merger will make it more attractive to large investors who would until now have been unable to invest for fear of breaching concentration limits.

- **Reference Currencies**

The Reference Currency for both Funds is Euro.

- **Share Classes and Types**

Shareholders will receive shares of the same share class and type in the Receiving Fund as held in the Merging Fund.

- **Charges**

Annual Management Charges for investors in A, A-H and B Share Classes are 0.1 percentage point higher in the Receiving Fund than in their equivalent Merging Fund Share Classes. The charges for investors in C and C-H share classes are the same for both Funds.

A full comparison of charges applicable to the Merging and Receiving Funds for each Share Class can be found on page 12.

- **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 total return of 3-6% and grow capital over any three-year period, in the case of the Receiving Fund, investors can assess the Receiving Fund's performance by its objective to provide total return of 4-8% per annum over any five-year period.

- **Distribution frequency**

Both Funds distribute on a quarterly basis and their income distribution dates are the same.

Impact of the Merger on shareholders of the Merging Fund

We intend to suspend dealing in shares of the Merging Fund at 13:00 (Luxembourg time) on Friday 14 October 2022.

In order to ensure that the assets transferred from the Merging Fund to the Receiving Fund as part of the Merger are aligned with the Receiving Fund’s Investment Objective, Investment Policy and Investment Strategy, and that they comply with its ESG exclusion criteria, the portfolio of the Merging Fund will be aligned to that of the Receiving Fund prior to the Merger.

The portfolio realignment process seeks to ensure that the transfer of the Merging Fund’s assets has no impact on the performance of the Receiving Fund. Portfolio realignment is expected to start on 9 September 2022 and from this date, the Merging Fund may not be managed in line with its current Investment Objective and Investment Policy.

Based on the Merging Fund’s holdings as at 31.05.2022, we expect portfolio realignment to result in transaction costs estimated at around 0.30% of the Fund’s NAV. These costs will be borne by the Fund, although M&G will bear any transaction costs above 0.30% of the NAV.

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 received 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, the number of shares held in the Receiving Fund will not be the same as the number in the Merging Fund; however, the total value of the shares will be the same.

- **Accrued income**

For shares of the Merging Fund paying dividends, the last distribution period for the purposes of income distribution will be from 1 July 2022 to 30 September 2022. As a result of the Merger taking place on the planned Record Date, the distribution schedule for that period will be amended as follows:

	Record Date	XD Date	Pay Date
Original schedule	21 October 2022	24 October 2022	27 October 2022
Revised schedule due to Merger	14 October 2022	17 October 2022	20 October 2022

Income available for distribution in respect of the period from 1 October 2022 to the Effective Date will not be paid on the scheduled Pay Date, but instead will be included in the NAV when calculating the number of shares to be received in Receiving Fund as result of the Merger.

- **Service providers**

As both 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

Please be informed that 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.

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 share class and type as you currently hold in the Merging Fund. 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 12.

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 (Luxembourg time) on Friday 14 October 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 24 October 2022.

- **Merger costs and taxation**

As detailed in the “Impact of the Merger on shareholder of the Merging Fund” section above, the Merging Fund’s portfolio realignment costs will be charged to the Merging Fund up to a maximum of 0.30% of its NAV. Portfolio realignment will commence no earlier than 9 September 2022 and any costs relating to portfolio realignment will be borne by the Merging Fund from this date onwards. Should you not wish to take part in the merger, to avoid bearing these costs you should redeem your holding or switch to an alternative M&G SICAV sub-fund before 9 September 2022.

The Merging Fund will bear any stamp duty or transfer taxes which may arise as a consequence of transferring assets from the Merging Fund into the Receiving Fund in order to complete 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 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) Conservative Allocation Fund and M&G (Lux) Sustainable Allocation Fund

Full comparison of the features of M&G (Lux) Conservative Allocation Fund and M&G (Lux) Sustainable Allocation Fund

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

- **Investment Objective, Investment Policy and Investment Strategy from the M&G (Lux) Investment Funds 1 Prospectus**

	The Merging Fund M&G (Lux) Conservative Allocation Fund	The Receiving Fund M&G (Lux) Sustainable Allocation Fund
Investment Objective	<p>The Fund aims to deliver a positive total return (the combination of income and capital growth) of 3-6% p.a. in any three-year period, through investment in a range of global assets.</p>	<p>The Fund has two aims:</p> <ul style="list-style-type: none"> • Financial objective: to provide a total return (capital growth plus income) of 4-8% per year over any five-year period. • Sustainable objective: to contribute to a sustainable economy by investing in assets supporting environmental and/or social goals, in particular climate change mitigation.
Investment Policy	<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 use derivatives to gain exposure to these assets. The Fund may also use derivatives to take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) and to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets.</p> <p>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 may also invest directly in these assets, or indirectly through other collective investment schemes. The Fund can also invest in currencies, cash, near cash, deposits and warrants. The Investment Manager will normally seek to hold more than 60% of the Fund's Net Asset Value in euro denominated assets or in other currencies hedged back to euro.</p> <p>The Fund will normally invest within the following net allocation ranges: 0-100% in fixed income, 0-35% 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"> • derivatives whose value is derived from bonds, interest rates or credit risk; • 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; 	<p>The Fund invests in a diversified range of asset classes, such as equities, equity-related securities, debt securities, cash and near cash. These investments may be from anywhere in the world, including emerging markets, and denominated in any currency.</p> <p>Typically, the Fund holds 20-60% of its Net Asset Value in equities and equity-related securities, 20-80% in debt securities, and 0-20% in other assets.</p> <p>The Fund's investments may include:</p> <ul style="list-style-type: none"> • up to 40% of its Net Asset Value in sub-investment grade and unrated debt securities. There are no credit quality restrictions with respect to the debt securities in which the Fund may invest. • up to 10% of its Net Asset Value in asset-backed securities; • up to 5% of its Net Asset Value in contingent convertible debt securities; • China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; • Chinese onshore debt securities denominated in CNY traded on the China Interbank Bond Market. <p>The Fund invests in securities that meet the ESG Criteria and Sustainability Criteria.</p> <p>The following types of exclusions apply to the Fund's direct investments:</p> <ul style="list-style-type: none"> • Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption. • Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the Fund's sector-based and/or values-based criteria. • Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria. <p>References to "assessed" above mean assessment</p>

	The Merging Fund M&G (Lux) Conservative Allocation Fund	The Receiving Fund M&G (Lux) Sustainable Allocation Fund
	<ul style="list-style-type: none"> • unrated bonds and bonds which are rated sub-investment grade, up to 50% of the Fund's Net Asset Value; and • Asset-backed securities, up to 20% of the Fund's Net Asset Value. <p>Equity instruments that the Fund may invest in include (a) derivatives whose value is derived from company shares and (b) direct company shares.</p> <p>Other assets, for this purpose, include convertible bonds and contingent convertible debt securities. Contingent convertible debt securities are subject to a maximum of 5% of the Fund's Net Asset Value. Also included in 'other assets', mostly to provide a relatively uncorrelated source of returns to the Fund, are shares in closed-ended real estate investment trusts or investments in companies acting in real estate and/or infrastructure sector.</p> <p>Derivatives can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management.</p> <p>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>	<p>in accordance with the ESG Criteria and Sustainability Criteria document.</p> <p>The Fund typically invests 20-50% of its Net Asset Value in positive impact assets with a minimum of 20% and no maximum exposure.</p> <p>The Fund may also invest indirectly via other collective investment schemes (including funds managed by M&G) and derivatives.</p> <p>The Fund normally seeks to hold more than 70% of its Net Asset Value in Euro denominated assets or in other currencies hedged back to Euro.</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, interest rate swaps and total return swaps.</p>
Investment Strategy	<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 at index or sector level, but it may also take positions in individual shares or 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 3% and 7%.</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</p>	<ul style="list-style-type: none"> • Investment Approach <p>The Fund's approach to sustainable investment is through flexible asset allocation, whilst investing in securities issued by companies or governments that uphold high standards of environmental, social and governance behaviour.</p> <p>In addition, the Fund maintains a core holding of positive impact assets which are assets that have a positive societal impact through addressing the world's major social and environmental challenges.</p> <p>The Fund seeks to manage risk through flexible asset allocation, by investing globally in multiple asset classes, and across different sectors, currencies and countries, in response to changes in economic conditions and asset values. This approach combines research to work out the anticipated value of assets over the medium to long term, with analysis of market reactions to events, to identify investment opportunities.</p> <p>The Fund's annualised volatility is expected to be between 4% and 9%, over any five-year period.</p> <p>The Fund allocates to securities expected to be sustainable investments that positively contribute to one or more environmental or social goals, assessing and reporting on their contribution through the use of key sustainability indicators, as further described in the ESG Criteria and Sustainability Criteria. As part of the investment process, the Investment Manager considers the long-term sustainability of assets, including carbon intensity and climate change mitigation.</p> <p>The Investment Manager's assessment of ESG Criteria and Sustainability Criteria relies upon the</p>

	The Merging Fund M&G (Lux) Conservative Allocation Fund	The Receiving Fund M&G (Lux) Sustainable Allocation Fund
	<p>details.</p>	<p>use of third-party ESG information and/or proprietary analysis.</p> <p>In order to identify securities for purchase, the Investment Manager initially reduces the potential investment universe as follows:</p> <ol style="list-style-type: none"> 1. The exclusions listed in the Investment Policy are screened out. 2. From this narrowed investment universe, the Investment Manager identifies securities that are considered suitable for further analysis. <ol style="list-style-type: none"> a) Under the ESG Criteria of the portfolio, the Investment Manager assesses and scores the ESG credentials of the remaining securities on the basis of external ESG ratings and the Investment Manager’s assessment. Lower scoring securities which are considered as ESG laggards are excluded and the Investment Manager favours issuers with better ESG characteristics where this is not detrimental to the pursuit of the sustainable investment objective. This process typically results in a portfolio with better ESG characteristics. b) Under the ESG Criteria and Sustainability Criteria of the portfolio, the Investment Manager identifies the securities that are considered suitable for further analysis. For the portion of the portfolio allocated to positive impact assets, the Investment Manager uses M&G’s impact assessment methodology to analyse and score these securities to assess their suitability for the Fund. The remaining securities form a watchlist of positive impact investments that can be purchased. 3. From the narrowed investment universe, the Investment Manager allocates capital between different types of assets in accordance with the process explained above. Within each asset class the Investment Manager then performs fundamental analysis to consider the valuation of these investments and the appropriate time to purchase in consideration of the Fund’s financial objective. <p>The Fund typically has a lower weighted average carbon intensity than the global equity market as represented by the MSCI ACWI Net Return. This index is only used as a comparator when measuring the Fund’s weighted average ESG score and weighted average carbon intensity. The Fund’s calculation methodology does not include those securities that do not have an ESG score or carbon intensity data respectively, or cash, near cash, some derivatives and some collective investment schemes. Further information on the Fund’s weighted average ESG score and weighted average carbon intensity can be found in the ESG Criteria and Sustainability Criteria document.</p> <ul style="list-style-type: none"> • Responsible Investment Approach • The Fund is categorised as Planet+ / Sustainable. • The ESG Criteria and Sustainability Criteria are anticipated to reduce the Fund’s investment universe by at least 20%.

	The Merging Fund M&G (Lux) Conservative Allocation Fund	The Receiving Fund M&G (Lux) Sustainable Allocation Fund
		<ul style="list-style-type: none"> All securities held in the Fund are subject to the ESG Criteria and Sustainability Criteria. This is achieved through the use of M&G's proprietary analysis and/or third party ESG information. As explained in the ESG Criteria and Sustainability Criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The Investment Manager will assess the suitability of such instruments relative to the Fund's sustainable investment objective. <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>
EU Sustainable Finance Disclosure Regulation	<p>The Fund is categorised as an Article 6 fund under SFDR.</p> <p>Taxonomy Regulation</p> <p>The Fund's underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.</p>	<p>The Fund is categorised as an Article 9 fund under SFDR.</p> <p>Taxonomy Regulation</p> <p>In line with its sustainable investment objective, the Fund invests in underlying investments that contribute to climate change mitigation. The ESG Criteria and Sustainability Criteria describe how the securities that the Fund invests in are assessed and measured regarding their ability to contribute to climate change mitigation.</p> <p>At the date of this Prospectus, it is however not yet possible to commit to the Fund's minimum alignment with the Taxonomy Regulation, as it is currently not possible to accurately assess such investments in accordance with the EU criteria for environmentally sustainable activities.</p> <p>This Prospectus will be updated after it becomes possible to accurately disclose to what extent the Fund's investments are in taxonomy-aligned environmentally sustainable activities, including the proportions of investments in enabling and transitional activities selected for the Fund</p>
ESG Information	N/A	<p>Additional information is available to investors on the Fund page of the M&G website:</p> <ul style="list-style-type: none"> ESG Criteria and Sustainability Criteria: in the document titled "M&G (Lux) Sustainable Allocation Fund - ESG Criteria and Sustainability Criteria" which includes the Fund's exclusions approach. An Annual Sustainability Report providing an assessment of the non-financial objective of the Fund. <p>Any other periodic reporting against the Fund's non-financial characteristics.</p>
Benchmark	<p>The Fund is actively managed and has no benchmark.</p> <p>Investors can assess the performance of the Fund by its objective to provide a total return of 3-6% per annum over any three-year period.</p>	<p>The Fund is actively managed and it has no benchmark.</p> <p>Investors can assess the financial performance of the Fund by its objective to provide a total return of 4-8% per year over any five-year period.</p>

	The Merging Fund M&G (Lux) Conservative Allocation Fund	The Receiving Fund M&G (Lux) Sustainable Allocation Fund
Profile of Typical Investor	<p>Typical investors may be retail, professional or Institutional Investors who are looking for total return (the combination of income and capital growth) but can bear the economic risk of the loss of their investment in the Fund.</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 may be suitable for investors who have an investment time horizon of at least three years.</p>	<p>The Fund is suitable for retail and Institutional Investors who are looking for total return (capital growth plus income) from a diversified multi asset portfolio, which deploys capital in a sustainable manner by investing in impact assets and companies and governments which uphold high standards of ESG behaviour. There is no guarantee that the Fund will achieve its objectives. Suitable 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 may be suitable for investors who have an investment time horizon of at least five years.</p>

- **Fund features**

	M&G (Lux) Conservative Allocation Fund	M&G (Lux) Sustainable Allocation Fund
Valuation Currency	Euro	Euro
Fund size as at 31.05.2022	EUR 621.48m	EUR 67.85m
Distribution frequency	Quarterly	Quarterly
Investment fund sector	Morningstar EUR Cautious Allocation – Global sector	Morningstar EUR Moderate Allocation – Global sector
Synthetic Risk Reward Indicator (SRRI) as at 14.02.2022	4	4

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

- **Share class mapping and charges**

Share Classes	M&G (Lux) Conservative Allocation Fund				M&G (Lux) Sustainable Allocation Fund				
	ISIN	AMC %	OCF* as at 30.09.2021 %	Initial charge %	Share Classes	ISIN	AMC %	OCF* as at 30.09.2021 %	Initial charge %
CHF A-H Acc	LU1582983844	1.40	1.61	4.00	CHF A-H Acc	LU1900803823	1.50	1.72	4.00
CHF C-H Acc	LU1582983927	0.60	0.81	1.25	CHF C-H Acc	LU1900804557	0.60	0.82	1.25
EUR A Acc	LU1582982283	1.40	1.59	4,00	EUR A Acc	LU1900799617	1.50	1.71	4.00
EUR A Dist	LU1582982366	1.40	1.59	4.00	EUR A Dist	LU1900799708	1.50	1.71	4.00
EUR B Acc	LU1582982523	1.90	2.09	0.00	EUR B Acc	LU1900799880	2.00	2.21	0.00
EUR B Dist	LU1582982796	1.90	2.09	0.00	EUR B Dist	LU1900799963	2.00	2.21	0.00
EUR C Acc	LU1582982879	0.60	0.79	1.25	EUR C Acc	LU1900800050	0.60	0.81	1.25
EUR C Dist	LU1582982952	0.60	0.79	1.25	EUR C Dist	LU1900800217	0.60	0.81	1.25
EUR CI Acc	LU1582983091	0.60	0.75	1.25	EUR CI Acc	LU1900800308	0.60	0.77	1.25
EUR JI Acc	LU1941717651	0.50	0.65	0.00	EUR JI Acc	LU2481493885	0.50	0.71**	0.00

	M&G (Lux) Conservative Allocation Fund				M&G (Lux) Sustainable Allocation Fund				
Share Classes	ISIN	AMC %	OCF* as at 30.09.2021 %	Initial charge %	Share Classes	ISIN	AMC %	OCF* as at 30.09.2021 %	Initial charge %
USD A-H Acc	LU1582983257	1.40	1.61	4.00	USD A-H Acc	LU1900801454	1.50	1.73	4.00
USD A-H Dist	LU1582983331	1.40	1.61	4.00	USD A-H Dist	LU1900801611	1.50	1.73	4.00
USD C-H Acc	LU1582983414	0.60	0.81	1.25	USD C-H Acc	LU1900801884	0.60	0.82	1.25
USD C-H Dist	LU1582983505	0.60	0.81	1.25	USD C-H Dist	LU1900802007	0.60	0.82	1.25

* 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.

** as at 16.06.2022, the launch date for this share class

- **Fund structure**

	M&G (Lux) Conservative Allocation Fund	M&G (Lux) Sustainable 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