

Key Investor Information

This document provides you with key investor information about this Fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.



M&G (Lux) Absolute Return Bond Fund

a sub-fund of M&G (Lux) Investment Funds 1

USD Class A-H – Accumulation shares ISIN no. LU1531596614

Managed by M&G Luxembourg S.A., which is part of the Prudential Group

Objective and investment policy

Objective

The fund aims to provide a combination of capital growth and income to deliver a return of at least the 3-month Euribor plus 2.5% a year, before any Ongoing Charges, in any market condition and over any three-year period. The 3-month Euribor is the rate at which banks borrow money from each other. The fund aims to achieve this while seeking to limit losses and minimise the degree to which the value of its assets changes over time. Managing the fund in this way reduces its ability to achieve returns significantly above 3-month Euribor plus 2.5%.

Core investment: At least 70% of the fund is invested in bonds (including fixed, variable and index-linked bonds), currencies, cash and near cash (short-term and easily tradable bonds). These assets may be issued anywhere in the world and denominated in any currency. The fund typically invests directly. It may also invest indirectly via derivatives, or through other funds.

Use of derivatives: Derivatives may be used to manage risk, benefit from a fall in the price of specific assets, and gain exposure to investments exceeding the fund's value, thus increasing potential returns (or losses) in both rising and falling markets.

For more information on the types of bonds held and derivatives used, please refer to the Prospectus, which can be found by visiting www.mandg.lu/literature

Strategy in brief: The investment manager takes a flexible approach, investing across different bond markets and currencies according to where value is identified. The investment manager has the freedom to adjust the fund's sensitivity to interest rate movements, as well as the blend of bond and currency exposures based on an assessment of macroeconomic, asset, sector and stock-level factors. The fund will typically aim to have a high level of diversification in individual bond selection and across investment themes and sources of return. The investment manager seeks to achieve the performance objective while managing the fund's volatility and limiting losses during difficult market conditions.

Performance comparator: The fund is actively managed. The 3-month Euribor plus 2.5% is a point of reference against which the performance of the fund is measured.

Glossary terms

Bonds: Loans to governments and companies that pay interest.

Index-linked bonds: Bonds where the value of the loan and the interest payments are adjusted in line with inflation until they are fully repaid.

Derivatives: Financial contracts whose value is derived from other assets.

Other information

The fund may invest more than 35% in the securities issued or guaranteed by an EEA State or other countries listed in the fund's Prospectus. Such exposure may be combined with the use of derivatives in pursuit of the fund's objective.

This fund allows the fund manager(s) to make discretionary choices when deciding which investments should be held in the fund.

You can buy and sell shares in the fund on any business day. Provided we receive your instructions before 13:00 Luxembourg time, shares will be bought at that day's price.

Any income from the fund will be rolled up into the value of your investment.

In addition to the charges set out in the charges section, the fund will incur portfolio transaction costs which are paid from the assets of the fund. These can be higher when investing outside Europe.

Risk and reward profile



- The above risk number is based on simulated historical data and may not be a reliable indicator of the future risk profile of the fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

The main risks that could affect performance are set out below:

- The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.
- An 'absolute return' fund may not move in line with market trends or fully benefit from a positive market environment.
- The fund may use derivatives to profit from an expected rise or fall in the value of an asset. Should the asset's value vary in an unexpected way, the fund will incur a loss. The fund's use of derivatives may be extensive and exceed the value of its assets (leverage). This has the effect of magnifying the size of losses and gains, resulting in greater fluctuations in the value of the fund.
- The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.
- Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
- The hedging process seeks to minimise, but cannot eliminate, the effect of movements in exchange rates on the performance of the hedged share class. Hedging also limits the ability to gain from favourable movements in exchange rates.
- In exceptional circumstances where assets cannot be fairly valued, or have to be sold at a large discount to raise cash, we may temporarily suspend the fund in the best interest of all investors.
- The fund could lose money if a counterparty with which it does business becomes unwilling or unable to repay money owed to the fund.

Further details of the risks that apply to the fund can be found in the fund's Prospectus.

Charges

The charges shown in the table are used to pay the costs of running the fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

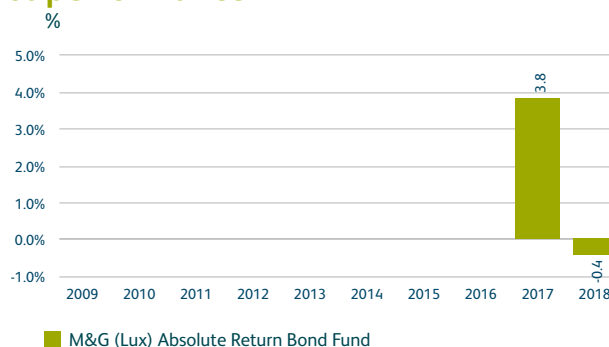
One-off charges taken before or after you invest	
Entry charge	1,25%
Exit charge	0,00%
The entry charge is the maximum that might be taken out of your money before it is invested.	
Charges taken from the fund over a year	
Ongoing charge	1,31%
Charges taken from the fund under certain specific conditions	
Performance fee	None

The entry and exit charges shown are the maximum figures and, in some cases, you may pay less. You can find out the exact charges which apply to your investment by contacting your financial adviser or distributor or, if you have invested directly with us, you can contact us using the details given in the practical information section.

The ongoing charge is based on expenses for the year ending 30 September 2018. This figure may change from year to year. It excludes portfolio transaction costs.

For more information on charges, please see the relevant sections of the Prospectus at www.mandg.lu/literature

Past performance



■ M&G (Lux) Absolute Return Bond Fund

- Past performance is not a guide to future performance.
- Past performance has been calculated including tax, the ongoing charge and the performance fee but excluding entry and exit charges.
- The Fund launched on 21 December 2016 and the USD Class A-H Accumulation share class launched on 21 December 2016.
- Past performance is calculated using USD Class A-H Accumulation shares.

Practical information

The depositary is State Street Bank Luxembourg S.C.A.

For more information about this fund, please visit www.mandg.lu/literature where you will find a copy of the Prospectus, Articles of Incorporation, and the latest annual or interim Investment Report and Financial Statements. These documents are in English and are available free of charge. Our website also provides other information such as share prices.

This fund is subject to Luxembourg tax laws, and this may affect your personal tax position. Please speak to an adviser for more information.

M&G Luxembourg S.A. may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the Prospectus for the fund.

The fund is a sub-fund of M&G (Lux) Investment Funds 1, an umbrella fund established as a Société d'investissement à capital variable (SICAV). The Prospectus, and annual or interim Investment Report and Financial Statements contain information about all of the sub-funds in M&G (Lux) Investment Funds 1.

The assets of each sub-fund within the umbrella SICAV are segregated by law. This means that the assets belong exclusively to that sub-fund and shall not be used or made available to pay the debts of any other sub-fund or the umbrella SICAV.

You may switch between other sub-funds of M&G (Lux) Investment Funds 1. An entry charge may apply. Details on switching are provided in the fund's Prospectus, or by calling M&G Customer Relations on +352 2605 9944.

Other share classes may exist for the fund as set out in the relevant Prospectus.

For up-to-date details of the staff remuneration policy that applies to M&G Luxembourg S.A., including a description of how remuneration and benefits are calculated, the make-up of the remuneration committee, and the identities of persons responsible for awarding the remuneration and benefits, please visit www.mandg.lu/remuneration. We will provide a paper copy of this information, free of charge, if you require one.

The Fund is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF). M&G Luxembourg S.A. is authorised in Luxembourg by the CSSF.

This key investor information is accurate as at 14 February 2019.