

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 – Distribution shares ISIN no. LU1531596705

Managed by M&G Luxembourg S.A.

Objective and investment policy

The fund aims to provide a combination of capital growth and income of at least the 3-month Euribor plus 2.5% a year, before any ongoing charges, over any three-year period. The 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, currencies, cash and near cash. These assets may be issued anywhere in the world, including emerging markets, and denominated in any currency. Up to 60% of the fund may be invested in lower quality bonds. The fund may also invest in Chinese bonds denominated in renminbi. The fund typically invests directly in these assets. It may also invest via derivatives or through other funds.

Other investments: The fund may invest in asset-backed securities, contingent convertible debt securities and other funds.

Derivatives: The fund may invest via derivatives and use derivatives to reduce the risks and costs of managing the fund.

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 typically aims 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.

Benchmark: 3-month Euribor + 2.5%

The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's benchmark as it is an achievable performance target and best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance objective and does not constrain the fund's portfolio construction.

The fund is actively managed. The investment manager has complete freedom in choosing which assets to buy, hold and sell in the fund.

For unhedged and currency hedged share classes, the benchmark is shown in the share class currency.

The following information can be found on the M&G website:

- an explanation of some terms used in this document: <https://docs.mandg.com/docs/glossary-master-en.pdf>
- the Prospectus including the fund's objective and investment policy.

Other information

You can buy and sell shares in the fund on any business day. Instructions received before 13:00 Luxembourg time will be dealt at that day's price.

Any income from the fund may be paid out to you semi-annually.

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.

Recommendation: This fund may not be appropriate for investors who plan to withdraw their money within 3 years.

Risk and reward profile



■ The above risk and reward indicator is based on simulated historical data and may not be a reliable indication of the future risk profile of this share class. This Share Class is categorised in risk class 3 because its simulated Net Asset Value has shown low to medium rises and falls in value historically.

- 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.
- 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 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.
- Investing in emerging markets involves a greater risk of loss due to greater political, tax, economic, foreign exchange, liquidity and regulatory risks, among other factors. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries.
- 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.
- Operational risks arising from errors in transactions, valuation, accounting, and financial reporting, among other things, may also affect the value of your investments.

Further details of the risks that apply to the fund can be found in the fund's Prospectus at www.mandg.com/ireland-literature

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%
This is the maximum that might be taken out of your money before it is invested or before the proceeds of your investment are paid out.	
Charges taken from the fund over a year	
Ongoing charge	1.23%
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.

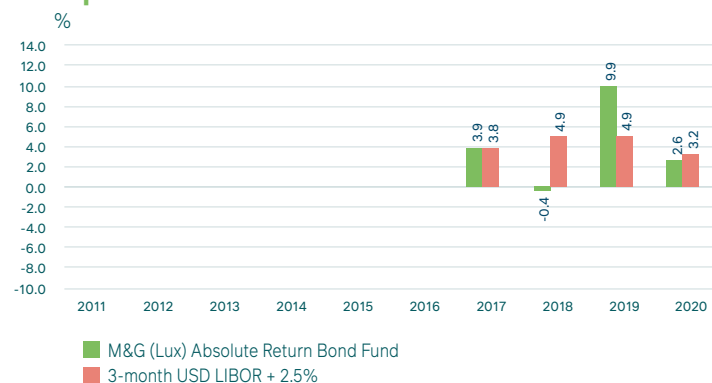
The above ongoing charge figure is an estimate of the charges because of a change to the charging structure with effect from 1st October 2020.

The ongoing charge figure may vary from year to year and excludes portfolio transaction costs. The audit fees and custody transaction charges are borne by M&G until the fund size increases to above 200 million euros. The fund's annual report for each financial year will include details on the exact charges made.

For Distribution shares, the ongoing charge is taken from investments held in the fund's portfolio and not from the income these investments produce. The deduction of this charge will reduce the potential growth of your investment.

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

Past performance



- Past performance is not a guide to future performance.
- Performance is 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 Distribution share class launched on 21 December 2016.
- Performance is calculated using USD Class A-H Distribution shares.
- Benchmark performance has been calculated in USD.

Practical information

The depositary is State Street Bank International GmbH, Luxembourg Branch

For more information about this fund, please visit www.mandg.com/ireland-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.com/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 15 February 2021.