M&G (Lux) Conservative Allocation Fund - Euro Class A

Fund Factsheet as at 31 October 2018

Fund description

The fund is a dynamically managed portfolio invested in a range of assets around the world, with the aim of delivering a total return (combined income and capital growth) of 3-6% on average per year over any three-year period. The fund managers follow a highly flexible investment approach, with the freedom to invest in different types of assets. The approach combines in-depth research to determine the value of assets over the medium to long term, with analysis of investors' emotional reaction to events to identify investment opportunities. The fund gains access to assets directly and indirectly through derivatives. There is no guarantee that the fund will achieve a positive return over any period. Investors may not get back the original amount they invested.

Risks associated with this fund

For any past performance shown, please note that past performance is not a guide to future performance.

The value of investments and the income from them will rise and fall. This will cause the fund price, as well as any income paid by the fund, to fall as well as rise. There is no guarantee the fund will achieve its objective, and you may not get back the amount you originally invested.

Changes in currency exchange rates will affect the value of your investment.

The fund may take short positions through the use of derivatives which are not backed by equivalent physical assets. Short positions reflect an investment view that the price of the underlying asset is expected to fall in value. Accordingly, if this view is incorrect and the asset rises in value, the short position will cause the Fund to incur a loss.

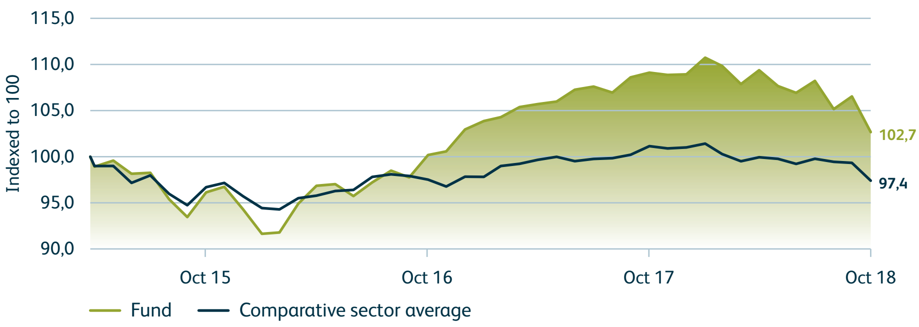
Further risk factors that apply to the fund can be found in the fund's Key Investor Information Document (KIID).

Single year performance (5 years)*

From To	01.11.17 31.10.18	01.11.16 31.10.17	01.11.15 31.10.16	01.11.14 31.10.15	01.11.13 31.10.14
Fund	-5,9%	8,9%	4,2%	N/A	N/A

Annual performance 2017: 5,8%

Performance since launch*



Past performance is not a guide to future performance.

* Source of performance data: Morningstar, Inc., as at 31 October 2018, Euro Class A shares, net income reinvested, price to price basis. Past performance prior to 16 January 2018 is that of the M&G Prudent Allocation Fund (a UK-authorised OEIC) which merged into this fund on 16 March 2018. Tax rates and charges may differ. Performance stats are quoted gross of Italian tax on capital gains. "Since launch" refers to the launch date of the M&G Prudent Allocation Fund, which was 23 April 2015.

Things you should know

The fund allows for the extensive use of derivatives.

Key information

Fund managers	Juan Nevado & Craig Moran
Fund manager tenure from*	23 April 2015
Deputy fund manager	Steven Andrew
Launch date	16 January 2018
Launch of share class*	16 January 2018
Fund size (millions)	€2.943,77
Fund type	Luxembourg SICAV
Comparative sector	Morningstar EUR Cautious Allocation - Global sector
Modified duration (years)	-1,4
Volatility†	5,78%
Share type	Acc & Dist

†Source: Morningstar, three-year annualised volatility, as at 31 October 2018

Please see the glossary for an explanation of terms used.

* On 16 March 2018, the M&G Prudent Allocation Fund, a UK-authorised OEIC, which launched on 23 April 2015, merged into the M&G (Lux) Conservative Allocation Fund, a Luxembourg-authorised SICAV, which launched on 16 January 2018. The SICAV is run by the same fund managers, applying the same investment strategy, as the UK-authorised OEIC.

Charges

Entry charge	4,00%
Ongoing charge	1,62%

Fund ratings

Overall Morningstar rating ★★★★★

Source of Morningstar ratings: Morningstar, as at 30 September 2018

Ratings should not be taken as a recommendation.

Credit rating breakdown (%)

	Net exposure
AAA	-14,0
AA	-3,5
A	-1,9
BBB	17,6
BB	9,4
B	-4,1
CCC	0,0
CC	0,0
C	0,0
D	0,0
No rating	0,0

The portfolio holds -4,6 % of non investment grade corporate bonds (rated BB and below).

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Asset breakdown (%)

	Long exposure	Short exposure	Net exposure
Equity	**41,5**	**-7,3**	**34,2**
UK	3,7	0,0	3,7
Europe	11,4	0,0	11,4
US	9,1	-7,3	1,8
Japan	7,4	0,0	7,4
Asia Pacific ex Japan	6,1	0,0	6,1
Global equity funds	0,0	0,0	0,0
Other	3,6	0,0	3,6
Global bond funds	**2,5**	**0,0**	**2,5**
Government bonds	**39,2**	**-39,8**	**-0,5**
UK	0,0	-11,2	-11,2
Europe	10,8	-24,1	-13,3
US	15,3	0,0	15,3
Japan	0,0	-4,5	-4,5
Asia Pacific ex Japan	1,7	0,0	1,7
Other	11,4	0,0	11,4
Corporate bonds	**4,2**	**-4,9**	**-0,7**
Investment grade	3,9	0,0	3,9
High yield	0,3	-4,9	-4,6
Convertible bonds	**2,2**	**0,0**	**2,2**
Property funds	**0,0**	**0,0**	**0,0**
Residual Cash			**62,4**

Long exposure: Comprises physical and derivative positions, held in the view that the underlying securities will rise in value. **Short exposure**: Comprises derivative positions, held in the view that the underlying securities will fall in value. **Net exposure**: The difference between the fund's long and short exposure. Please note, where securities do not perform as expected, a capital loss will be incurred by the fund.

The residual cash (net exposure) figure includes cash-at-bank and cash equivalents, as well as cash required to back long and short exposures resulting from the use of derivatives. The residual cash should be considered in conjunction with the overall positioning of the portfolio (including gross exposure) for a true reflection of risk.

Largest exposures (excluding cash, %)

	Net exposure
US government 5Y	10,9
Topix Index future	4,6
German government 2Y	4,6
US government 30Y (Index Linked Bond)	4,1
British government 10Y	-4,4
German government 30Y	-4,7
French government 10Y	-5,6
British government 30Y	-6,7
S&P 500 Index future	-7,3
German government 5Y	-9,8

Currency breakdown (%)

	Net exposure
Euro	94,0
US dollar	6,8
Japanese yen	3,3
Mexican peso	2,5
Indonesian rupiah	2,1
Australian dollar	-2,1
Taiwan dollar	-3,0
Singapore dollar	-3,1
Chinese renminbi	-7,2
Other	6,7

Fund codes and charges

Share class	ISIN	Bloomberg	Annual management charge	Ongoing charge	Minimum initial investment	Minimum top up investment
Euro A Acc	LU1582982283	MGCAAEA LX	1,40%	1,62% *	€ 1.000	€ 75
Euro A Dist	LU1582982366	MGCAAED LX	1,40%	1,62% *	€ 1.000	€ 75
Euro B Acc	LU1582982523	MGCABEA LX	1,90%	2,12% *	€ 1.000	€ 75
Euro B Dist	LU1582982796	MGCABED LX	1,90%	2,12% *	€ 1.000	€ 75
Euro C Acc	LU1582982879	MGCACEA LX	0,60%	0,82% *	€ 500.000	€ 50.000
Euro C Dist	LU1582982952	MGCACED LX	0,60%	0,82% *	€ 500.000	€ 50.000
Euro CI Acc	LU1582983091	MGCCIEA LX	0,60%	0,78% *	€ 500.000	€ 50.000

The ongoing charge figures 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. They are based on expenses for the period ending 11 May 2018.

* The ongoing charge figure shown here is an estimate. The fund's annual report for each financial year will include details of the exact charges made.

Please note that not all of the share classes listed above might be available in your country.

Please see the Important Information for Investors document and the relevant Key Investor Information Document for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

Important information

The M&G (Lux) Conservative Allocation Fund is a sub-fund of M&G (Lux) Investment Funds 1.

Please note that the fund does not have an official benchmark (i.e. none stated in the prospectus), therefore, the fund's returns are shown versus the comparative sector (Morningstar EUR Cautious Allocation - Global sector).

The Synthetic Risk and Reward Indicator for the Fund's Euro Class A shares is 4. This is within a scale of 1-7. Please refer the relevant Key Investor Information Document for further details.

All statistics from M&G internal sources, as at 31 October 2018 unless indicated otherwise.

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Glossary

This glossary provides an explanation of terms used in this factsheet and in our literature.

Asset: Anything having commercial or exchange value that is owned by a business, institution or individual.

Asset class: Category of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

Bond: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Capital: Refers to the financial assets, or resources, that a company has to fund its business operations.

Capitalisation: The total market value of all of a company's outstanding shares.

Convertible bonds: Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

Corporate bonds: Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

Credit: The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

Credit Default Swaps (CDS): Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

Credit rating: An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of security's life.

Credit spread: The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value, and a bond is a fixed income security.

Default: When a borrower does not maintain interest payments or repay the amount borrowed when due.

Derivatives: Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

Developed economy / market: Well-established economies with a high degree of industrialisation, standard of living and security.

Dividend: Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Duration: A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Emerging economy or market: Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Episode: A phase during which investors allow their emotions to affect their decision making, which can cause financial markets to move irrationally.

Equities: Shares of ownership in a company.

Exposure: The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

Fixed income security: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Floating rate notes (FRNs): Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

Gilts: Fixed income securities issued by the UK government.

Government bonds: Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

Hard currency (bonds): Refers to bonds denominated in a highly traded, relatively stable international currency, rather than in the bond issuer's local currency. Bonds issued in a more stable hard currency, such as the US dollar, can be more attractive to investors where there are concerns that the local currency could lose value over time, eroding the value of bonds and their income.

Hedging: A method of reducing unnecessary or unintended risk.

High yield bonds: Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of security's life.

Index: An index represents a particular market or a portion of it, serving as a performance indicator for that market.

Index-linked bonds: Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

Inflation: The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

Investment grade bonds: Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Issuer: An entity that sells securities, such as fixed income securities and company shares.

Leverage: When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

Liquidity: A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

Local currency (bonds): Refers to bonds denominated in the currency of the issuer's country, rather than in a highly traded international currency, such as the US dollar. The value of local currency bonds tends to fluctuate more than bonds issued in a hard currency, as these currencies tend to be less stable.

Long position: Refers to ownership of a security held in the expectation that the security will rise in value.

Macroeconomic: Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

Maturity: The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

Modified duration: A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Monetary policy: A central bank's regulation of money in circulation and interest rates.

Near cash: Deposits or investments with similar characteristics to cash.

Net: The proportion of a fund invested in, for example, different sectors. Derivatives are included. The latter are financial instruments whose value, and price, are dependent on one or more underlying assets.

Net Asset Value (NAV): A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

Open-Ended Investment Company (OEIC): A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Options: Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

Overweight: If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

Physical: The fund's exposure excluding derivatives, which are financial instruments whose value, and price, is dependent on one or more underlying securities.

Retail Prices Index (RPI): A UK inflation index that measures the rate of change of prices for a basket of goods and services in the UK, including mortgage payments and council tax.

Securitise / Securitisation: The creation and issuance of tradable securities, such as bonds, that are backed by the income generated by an illiquid asset or group of assets. By pooling a collection of illiquid assets, such as mortgages, securities backed by the mortgages' income payments can be packaged and sold to a wider range of investors.

Short position: A way for a fund manager to express his or her view that the market might fall in value.

Short-dated corporate bonds: Fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds: Fixed income securities issued by governments and repaid over relatively short periods.

Swap: A swap is a derivative contract where two parties agree to exchange separate streams of cashflows. A common type of swap is an interest rate swap to hedge against interest rate risk.

Synthetic inflation-linked bonds: Refers to securities created using a combination of assets to simulate the characteristics of inflation-linked bonds. By buying inflation-linked government bonds and selling protection against companies defaulting on their debts, using credit default swaps, the combined synthetic investment will behave similarly to a physical inflation-linked bond, had one had been issued. Synthetic inflation-linked bonds are usually created where a company does not have any inflation-linked bonds in issue.

Total return: The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

Valuation: The worth of an asset or company based on its current price.

Volatility: The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

Yield: This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.