

## **Mitteilung an alle Anteilseigner der M&G Fonds:**

Anbei finden Sie die Information der Fondsgesellschaft, folgende Fonds sind betroffen:

M&G (Lux) Absolute Return Bond Fonds  
M&G (Lux) Conservative Allocation Fonds  
M&G (Lux) Dynamic Allocation Fonds  
M&G (Lux) Emerging Markets Hard Currency Bond Fonds  
M&G (Lux) European Inflation Linked Corporate Bond Fonds  
M&G (Lux) Floating rate High Yield Solution  
M&G (Lux) Global High Yield ESG Bond Fonds  
M&G (Lux) Global Target Return Fonds  
M&G (Lux) Income Allocation Fonds

Details können Sie der beigefügten Anlage entnehmen. Falls Ihre Kunden diesen Änderungen nicht zustimmen und die Möglichkeit besteht, die Anteile ohne Gebühren seitens der Fondsgesellschaft zurückzugeben, können Sie den Verkauf der Anteile direkt in MoventumOffice erfassen.

Bitte nehmen Sie zur Kenntnis, dass für die Abwicklung dieser Aufträge die im Preis- und Leistungsverzeichnis von Moventum ausgewiesenen Gebühren und die auf MoventumOffice angegebenen Annahmeschlusszeiten gelten.

Banque de Luxembourg SA  
14 Boulevard Royal  
2449 Luxembourg  
LUXEMBOURG

Dear investor

## **NOTICE TO THE SHAREHOLDERS OF M&G (LUX) INVESTMENT FUNDS 1**

### **This document is important and requires your attention**

I am writing to inform you of changes we are making to the Value at Risk ("**VaR**") limits disclosed in the Prospectus of a number of sub-funds of M&G (Lux) Investment Funds 1 (the "**Company**"), listed overleaf (together the "**Funds**" and each a "**Fund**") which you are invested in.

Defined terms used in this letter have the same meaning as in the Prospectus.

**The changes are effective as of the date of publication of this notice, on 15 April 2020 (the "Effective Date").**

All changes will be reflected in the next version of the Prospectus. The updated Prospectus will be available on our website [www.mandg.com](http://www.mandg.com) or by contacting our Customer Services team using the contact details below.

You should refer to the Prospectus dated January 2020 for a detailed description of the risks associated with the Fund(s) you are invested in.

You do not need to take any action, but we recommend that you read it carefully.

Please note that some of the Funds disclosed in this letter may not be registered and/or authorised for distribution in your country. The purpose of this letter is to inform Shareholders who have already invested in one or more of the Funds disclosed in this document. This letter should therefore not be considered or read as any form of marketing.

### **What are the changes ?**

The absolute VaR limits for the Funds, as disclosed in the Prospectus, have been set at a level lower than the regulatory permitted maximum of 20%. From the Effective Date, the limits are being aligned to the regulatory maximum limit of 20%.

continued overleaf

The absolute VaR methodology is used to calculate the global exposure of the Funds. The global exposure is a measure designed to monitor the Funds' use of derivatives and is used as part of the risk management process. The VaR is a measure of the risk of loss for investments. It estimates how much a Fund might lose (with a given probability), given normal market conditions and over a set period of time (one month). The *ex-ante* risks of the Funds are measured each day and compared with the VaR limits.

**What are the Funds in scope of the changes?**

From the Effective date, the VaR limit of the Funds will be aligned with the regulatory maximum applicable to any UCITS fund, as described in the table below. As a result, the VaR limit information will be removed from each Fund Supplement in the Prospectus.

Fund	One-month absolute VaR limit	
	Current Limit (as disclosed in the Prospectus dated January 2020)	Revised Limit
M&G (Lux) Absolute Return Bond Fund	6%	20%
M&G (Lux) Conservative Allocation Fund	8%	20%
M&G (Lux) Dynamic Allocation Fund	14%	20%
M&G (Lux) Emerging Markets Hard Currency Bond Fund	15%	20%
M&G (Lux) European Inflation Linked Corporate Bond Fund	10%	20%
M&G (Lux) Floating Rate High Yield Solution	11%	20%
M&G (Lux) Global High Yield ESG Bond Fund	12%	20%
M&G (Lux) Global Target Return Fund	6%	20%
M&G (Lux) Income Allocation Fund	11%	20%

**Why are the changes happening?**

The current VaR limits were set at the launch of the Funds. The unprecedented and high volatility across global financial markets that has resulted from the COVID-19 pandemic, has caused significant increases in the VaR measures for the Funds.

Due to the higher fluctuation of the VaR, in order to allow the Funds to take exposure as they have done previously, it has been decided that a maximum VaR limit of 20% would be in the best interest of Shareholders and more appropriate to each Fund's investment approach.

**What is the impact of the changes on your investment?**

The changes will have no impact on your investment in the Fund(s).

There will be no change to the investment policy of the Funds, to the way the Funds are being managed, nor to the overall expected risk profile of the Funds.

The changes have been considered in the best interest of Shareholders as it allows the Investment Manager to manage the Funds in line with their investment objectives.

Whilst the Funds may exceed the VaR limits currently disclosed in the Prospectus on a temporary basis due to the current market conditions, the Investment Manager will continue to adhere to these VaR limits in the long term and will use them as internal VaR limits for the risk management process of the Funds.

continued

**Making changes to your investment**

If the changes detailed in this letter do not suit your investment needs, you may sell your investment in any of the Funds affected by the changes, or switch it to another sub-fund of the Company, free of charge, from the date of this letter (which is the Effective Date) and until 15 May 2020, subject to our terms and conditions and in accordance with the terms of the Prospectus.

**For more information**

If you are in any doubt as to the action to be taken or require further information, please do not hesitate to contact your usual M&G contact or, for operational queries, 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.

Please be aware that we are not in a position to give you investment advice. If you are uncertain as to how the changes may affect you, you should consult a financial adviser.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Laurence Mumford', written in a cursive style.

Laurence Mumford  
Chair, M&G (Lux) Investment Funds 1