

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) Optimal Income Fund

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

Euro Class A – Accumulation shares ISIN no. LU1670724373

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

Objective and investment policy

The fund aims to provide a combination of capital growth and income based on exposure to optimal income streams in investment markets.

Core investment: The fund typically invests directly in a mix of assets within the following investment limits:

- at least 50% in fixed income securities (including bonds and asset-backed securities)
- up to 20% in company shares

The fund invests in bonds issued by governments, government-related institutions and companies from anywhere in the world, including emerging markets, which can be denominated in any currency. The fund may invest in bonds of any credit quality, including up to 100% in lower quality bonds. The fund may also invest in Chinese bonds denominated in Renminbi.

A minimum of 80% of the fund is typically invested in assets denominated in euro or in other currencies hedged back to the euro.

Other investments: The fund may invest in contingent convertible debt securities, other funds, and cash or assets that can be turned into cash quickly.

Derivatives: The fund may invest via derivatives and use derivatives with the aim of reducing the risks and costs of managing the fund.

Strategy in brief: The fund has a highly flexible investment approach. The investment manager selects investments based on an assessment of a combination of macroeconomic, asset, sector and stock-level factors. Spreading investments across issuers and industries is an essential element of the fund's strategy.

Performance comparator: The fund is actively managed. A composite index comprising 1/3 Bloomberg Barclays Global Aggregate Corporate Index EUR Hedged, 1/3 Bloomberg Barclays Global High Yield Index EUR Hedged and 1/3 Bloomberg Barclays Global Treasury Index EUR Hedged is a point of reference against which the performance of the fund may be measured. The fund may bear little resemblance to this composite index as it only represents the neutral position of the fund.

Glossary terms

Asset-backed securities: Bonds backed by assets that produce cashflows, such as mortgage loans, credit card receivables and auto loans.

Bonds: Loans to governments and companies that pay interest.

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

High yield bonds: Bonds issued by companies considered to be riskier and therefore generally paying a higher level of interest.

Investment grade corporate bonds: Bonds 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.

Other information

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 may have a material impact on your returns.

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.
- 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.
- High yield bonds usually carry greater risk that the bond issuers may not be able to pay interest or return the capital.
- 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 is exposed to different currencies. Derivatives are used to minimise, but may not always eliminate, the impact of movements in currency exchange rates.
- Investing in emerging markets involves a greater risk of loss as there may be difficulties in buying, selling, safekeeping or valuing investments in such countries.
- Investments in assets from the People's Republic of China are subject to changeable political, regulatory and economic conditions, which may cause difficulties when buying, selling or collecting income from these investments. In addition, such investments made via the 'Stock Connects' systems or traded on the China Interbank Bond Market, may be more susceptible to clearing, settlement and counterparty risk. These factors could cause the fund to incur a loss.
- 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.

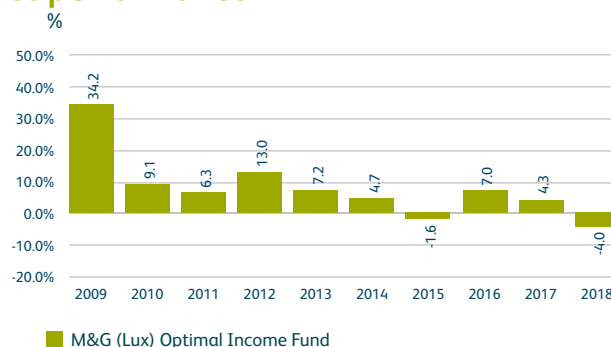
One-off charges taken before or after you invest	
Entry charge	4.00%
Exit charge	0.00%
The entry charge is the maximum that might be taken out of your money before it is invested.	
Charges taken from the fund over a year	
Ongoing charge	1.47%
Charges taken from the fund under certain specific conditions	
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 31 March 2019. 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.com/ireland-literature

Past performance



■ M&G (Lux) Optimal Income 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.
- Fund performance before the launch of the fund on 5 September 2018 is that of the Euro Class A-H Accumulation share class of the M&G Optimal Income Fund, which includes UK taxes but excludes entry and exit charges. The M&G Optimal Income Fund is a UK authorised fund which launched on 08 December 2006. The Euro Class A-H Accumulation share class launched on 20 April 2007. The Euro Class A-H Accumulation share class merged into the Euro Class A Accumulation share class of the M&G (Lux) Optimal Income Fund on 8 March 2019.

Comparative Index:

05 September 2018 to 31 December 2018 - 1/3 Bloomberg Barclays Global Aggregate Corporate Index EUR Hedged, 1/3 Bloomberg Barclays Global High Yield Index EUR Hedged, 1/3 Bloomberg Barclays Global Treasury Index EUR Hedged

Practical information

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

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 22 July 2019.