

# 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

SGD Class A-H M F1 – Distribution shares ISIN no. LU2249902789

Managed by M&G Luxembourg S.A.

### 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. These bonds can be denominated in any currency. The fund may invest in bonds of any credit quality, including up to 100% in lower quality bonds. A minimum of 80% of the fund is typically invested in assets denominated in euro or in other currencies hedged back to euro.

Norms-based exclusions apply to the fund's direct investments. These are investments assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption. The fund maintains a weighted average ESG rating above the average ESG rating of the benchmark.

**Other investments:** Contingent convertible debt securities, other funds and cash or assets that can be turned into cash quickly.

**Derivatives usage:** For investment purposes and to reduce risk and cost.

**Strategy in brief:**

- Investment approach: The fund is a flexible global bond fund. The investment manager selects investments based on an assessment of macroeconomic, asset, sector and stock-level factors. Spreading investments across issuers and industries is an essential element of the fund's strategy. In seeking an optimal income stream from investments, the investment manager may invest in a company's shares if they present a more attractive investment opportunity relative to its bonds. Consideration of ESG factors is fully integrated into credit analysis and investment decisions.
- Responsible investment approach: The fund applies a positive ESG tilt approach, as defined in the prospectus.

**Benchmark:** A composite index comprising:

- 1/3 Bloomberg Global Aggregate Corporate Index EUR Hedged
- 1/3 Bloomberg Global High Yield Index EUR Hedged
- 1/3 Bloomberg Global Treasury Index EUR Hedged

The benchmark is a comparator used solely to measure the fund's performance and reflects the scope of the fund's investment policy but does not constrain portfolio construction. The fund is actively managed. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is not an ESG benchmark and is not consistent with the ESG Criteria.

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

- a [glossary](#) providing an explanation of some terms used in this document
- the Prospectus including the fund's objective and investment policy
- The [ESG Criteria](#) including the fund's exclusions approach.
- periodic reports on the fund's non-financial characteristics.

**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.

This share class distributes a fixed rate of 4,00% per annum, paid out to you monthly. This amount is not linked to income or capital gains and therefore payments may exceed the gains of the share class resulting in erosion of the amount invested. The level of the predetermined dividend is at the discretion of the directors and may be reviewed periodically.

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.

Recommendation: This fund may not be appropriate for investors who plan to withdraw their money within 5 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.
- 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.
- 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 fund is exposed to different currencies. Derivatives are used to minimise, but may not always eliminate, the impact of movements in currency exchange rates.
- 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.
- ESG information from third-party data providers may be incomplete, inaccurate or unavailable. There is a risk that the investment manager may incorrectly assess a security or issuer, resulting in the incorrect inclusion or exclusion of a security in the portfolio of the fund.

Further details of the risks that apply to the fund can be found in the fund's Prospectus at [www.mandg.ch/literature](http://www.mandg.ch/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	4,00%
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	1,36%
Charges taken from the fund under certain specific conditions	
Performance fee	None

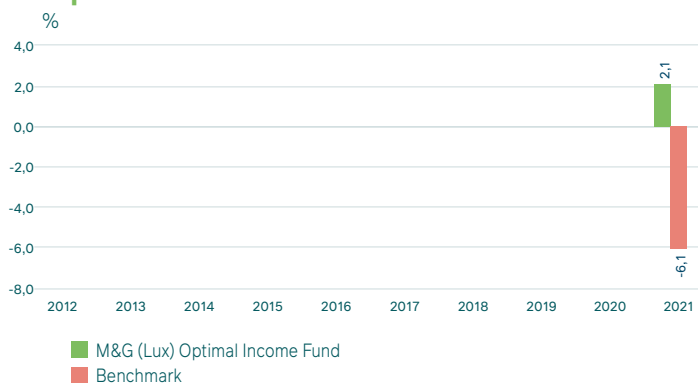
The entry and exit charges shown are the maximum figures and, in some cases, you may pay less. You can find out the exact charges which apply to your investment by contacting your financial adviser or distributor or, if you have invested directly with us, you can contact us using the details given in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

The ongoing charge is based on expenses for the period/year ending 30 September 2021. This figure may change from year to year. It excludes portfolio transaction costs.

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.ch/literature](http://www.mandg.ch/literature)**

## Past performance



- Past performance is not a guide to future performance.
- The fund launched on 05 September 2018 and the SGD Class A-H M F1 Distribution share class launched on 19 November 2020.
- Performance is calculated using SGD Class A-H M F1 Distribution shares.
- Until 24 August 2021 the name of the benchmark was 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.
- Benchmark performance has been calculated in SGD.

### Benchmark:

05 September 2018 to 24 August 2021 - 1/3 Bloomberg Barclays Global Aggregate Corporate Index SGD Hedged, 1/3 Bloomberg Barclays Global High Yield Index SGD Hedged, 1/3 Bloomberg Barclays Global Treasury Index SGD Hedged

25 August 2021 to 31 December 2021 - 1/3 Bloomberg Global Aggregate Corporate Index SGD Hedged, 1/3 Bloomberg Global High Yield Index SGD Hedged, 1/3 Bloomberg Global Treasury Index SGD Hedged

## Practical information

The depositary is State Street Bank International GmbH, Luxembourg Branch.

The representative and paying agent of the fund in Switzerland is Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070, CH-8021 Zürich.

For more information about this fund, please visit [www.mandg.ch/literature](http://www.mandg.ch/literature) where you will find a copy of the Prospectus, the Key Investor Information, Instrument of Incorporation, and the latest Annual and Semi-Annual reports, free of charge. Other information not contained in the above documents, such as share prices, can be found free of charge on: [www.fundinfo.com](http://www.fundinfo.com). Alternatively, you will find any of these documents from the representative in Switzerland in their latest legally valid version in German, free of charge.

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 for Switzerland, and the Annual and Semi-Annual reports for Switzerland contain information about all of the sub-funds in M&G (Lux) Investment Funds 1 approved for public distribution in and from Switzerland.

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 can switch your investment at any time. For more information on switching, please refer to the relevant Prospectus by visiting the website address given above.

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.ch/remuneration](http://www.mandg.ch/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 2022.