

Sustainable and responsible investing at M&G

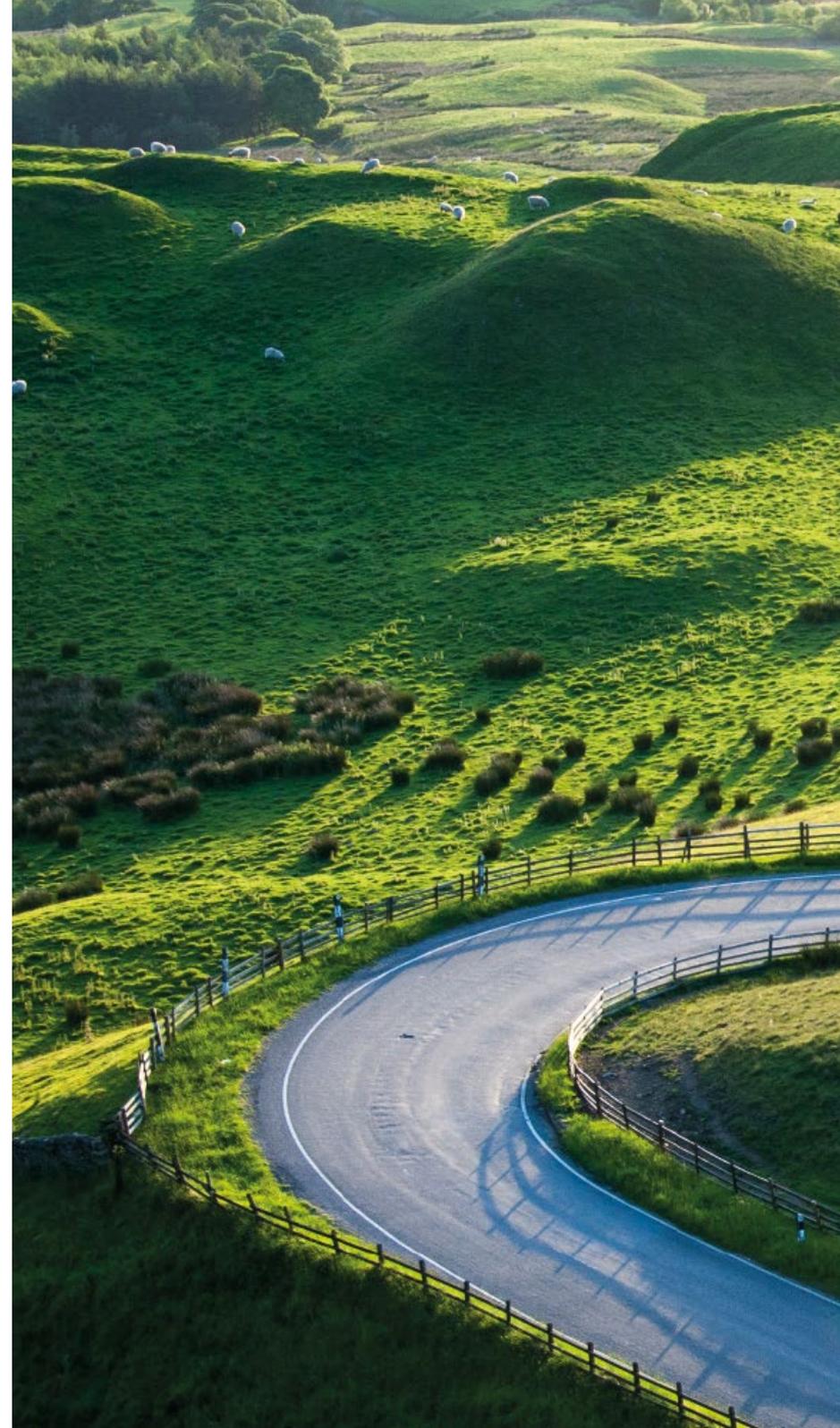


At M&G Investments, we have been investing money for individual and institutional clients for more than 90 years and our principles of investing for the long term, responsible stewardship of our assets and active fund management have been the foundation of our approach throughout.

We consider it our responsibility to support our customers' investment and savings goals by aiming to generate sustainable returns over the long term. We also recognise that, increasingly, customers are looking to align their investments with their environmental and social values and have a range of funds that can help meet this need.

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.

For an explanation of investment terms used in this brochure please [click here](#).





M&G's approach to responsible investment

Our approach to responsible investing shares a number of common principles across our actively managed funds:

ESG Integration

We explicitly and systematically include Environmental, Social and Governance (ESG) issues in investment analysis and investment decisions, where these are meaningful to risk and potential return.

At a portfolio level, our investment decisions include consideration of all material factors, including ESG factors, and we also conduct regular ESG reviews of portfolios.

Inclusive thinking

We believe that the consideration of ESG factors is a much more complex and nuanced process than simply screening out companies or industries perceived to be unsavoury – the world is rarely black and white, and our research and engagement with companies is carried out on a case-by-case basis. Because of this, we think that the positive effects of ESG integration are one of the elements that make active investing so powerful.

Engagement and voting

We undertake constructive engagement with management of companies and organisations that aims to better understand ESG strengths and weaknesses and encourage better ESG practices where appropriate.

Our equity and fixed income analysts and portfolio managers will question and challenge management on even difficult topics, feeding the outcomes back into our view of the investment opportunity.

We also consider active and informed voting as an integral part of our responsibility to our clients. By exercising our votes, we seek both to add value and protect our interests as shareholders.

Consistent structure; flexible implementation

While we share a common set of principles, resources and infrastructure across M&G, we do not impose 'top down' house views and we do not manage by consensus. This is equally true for the ESG strategies fund managers adopt. Indeed, individual investment teams have the autonomy, flexibility and experience to design and implement investment processes in a manner they consider most appropriate to their investment strategy and their customers.

While, overall, ESG has been integrated across our equities, property, multi-asset and fixed income portfolios, we have also been actively expanding our range of investment strategies. These take a more explicit approach to ESG integration – including a minimum level of exclusions – and are focused on sustainability or specifically target positive societal impacts. Please see M&G's product framework on **page 7**.

M&G's approach to climate change

Climate change presents immediate and material systemic risks to the financial stability of the global economy, the long-term environmental health of the planet, and ultimately the cohesive functioning of society. The impacts of rising global temperatures are already being felt, with increasing threats on every continent to natural habitats, human populations and the economy.

As a FTSE 100 company and as a long-term asset owner and asset manager, our parent company, M&G plc has a responsibility to our customers and to wider society to invest in ways which ensure a sustainable future, including tackling climate change and enabling a transition to a low-carbon economy.

In March 2020, M&G plc announced two new commitments to focus and accelerate our efforts, and those of our partners and investees, to address climate change:

- As an asset owner and asset manager, we aim to achieve carbon net zero investment portfolios by 2050 in line with the Paris Agreement and the UK Government's target.
- As a company, we have committed to reduce our own carbon emissions to net zero by 2030.

ESG product framework at M&G

We have developed a clear and transparent product framework which is designed to help you understand how ESG considerations are applied to our products.

Our equity, fixed income, multi-asset and property funds explicitly and systematically include environmental, social and governance factors in investment analysis and investment decisions. This ESG integration underpins a responsible investment approach, and allows investors to better manage risk and generate potentially sustainable long-term returns. All funds also exclude securities issued by companies directly involved in the manufacture, development or trade of cluster munitions and anti-personnel landmines.

While we're working on integrating ESG within all our propositions, our Planet+ range of funds is designed to deliver on our ambition to help fix the planet, one investment at a time. These funds will seek to deliver ESG, Sustainable or Impact objectives and outcomes in addition to their financial objectives. The range includes our impact funds, sustainable funds and ESG+ funds.

As a minimum, all funds in the Planet+ range apply an agreed set of exclusions:

- Companies involved in the controversial weapons industry
- Companies deemed to be in breach of the United Nations Global Compact Principles on human rights, labour, the environment and anti-corruption
- Companies involved in tobacco (production, trading and distribution)*
- Adult entertainment (production and those deriving revenue from that business)*
- Companies providing gambling services*

*Thresholds apply (5% max revenue from producers, 10% max revenue from distributors). For further information, please refer to the fund section.

Active stewardship and ESG integration are fundamental pillars for all strategies within the framework.

The value of 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 and you may get back less than you originally invested.

ESG product framework

Planet+ range of funds



Impact funds

M&G Positive Impact Fund
M&G Climate Solutions Fund
M&G Better Health Solutions Fund

- Seek to deliver a dual-objective: measurable positive impact alongside financial return
- Aim to invest in companies that deliver solutions to the challenge of better health and well-being, material, measurable positive societal impacts by addressing the world's major social and environmental challenges, framed against the UN Sustainable Development Goals (SDGs). While we support the UN SDGs, we are not associated with the UN and our funds are not endorsed by them
- Provide transparent impact reporting



Sustainable funds

M&G Sustainable Multi Asset Fund
M&G Sustainable Multi Asset Balanced Fund
M&G Sustainable Multi Asset Cautious Fund
M&G Sustainable Multi Asset Growth Fund
M&G Global Sustain Paris Aligned Fund
M&G European Sustain Paris Aligned Fund
M&G Global Listed Infrastructure Fund

One or more elements may apply:

- The investment universe is driven by sustainability considerations, which might include climate change mitigation, pollution prevention, sustainability solutions (environmental, social) and approaches that address one or more of the UN SDGs
- There is a clear ambition, supported by explicit targets, to drive sustainability across the portfolio
- An investment approach that selects companies/issuers with strong ESG credentials



ESG+ funds

M&G Global High Yield ESG Bond Fund

- Apply a Positive ESG Tilt to companies or issuers with better ESG characteristics (ie excluding companies or issuers with poorer ESG characteristics, for example those that have high exposure to significant ESG risks and fail to manage such risks)



ESG Integrated funds

- Company-wide exclusions apply (cluster munitions, anti-personnel landmines). Some strategies may have some additional ESG exclusions
- Financially material ESG data is available to all funds and integrated into the risk management and decision-making process

Risks associated with the funds

Further details of the risks that apply to each fund can be found in the relevant Prospectus or Key Investor Information Document.

The value and income from the funds' 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 funds will achieve their objectives and you may get back less than you originally invested.

M&G Positive Impact Fund, M&G Climate Solutions Fund, M&G Better Health Solutions Fund, M&G Global Listed Infrastructure Fund, M&G Global Sustain Paris Aligned Fund and M&G European Sustain Paris Aligned Fund hold a small number of investments, and therefore a fall in the value of a single investment may have a greater impact than if it held a larger number of investments.

M&G Positive Impact Fund, M&G Climate Solutions Fund, M&G Better Health Solutions Fund, M&G Global Listed Infrastructure Fund, M&G Global Sustain Paris Aligned Fund and M&G European Sustain Paris Aligned Fund can be exposed to different currencies. Changes in currency exchange rates will affect the value of your investment.

M&G Positive Impact Fund, M&G Climate Solutions Fund, M&G Better Health Solutions Fund, M&G Sustainable Multi Asset Fund, M&G Sustainable Multi Asset Balanced Fund, M&G Sustainable Multi Asset Cautious Fund, M&G Sustainable Multi Asset Growth Fund, M&G Global Listed Infrastructure Fund, M&G Global Sustain Paris Aligned Fund and M&G Global High Yield ESG Bond 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 following risk warning applies to all funds: 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 following risk warning applies to all funds: could lose money if a counterparty with which it does business becomes unwilling or unable to repay money owed to the fund.

The following risk warnings apply to all funds: valuation, accounting, and financial reporting, among other things, may also affect the value of your investments.

Other important information

M&G Global Listed Infrastructure Fund, M&G Climate Solutions Fund, M&G Better Health Solutions Fund, M&G Global Sustain Paris Aligned Fund, M&G European Sustain Paris Aligned Fund and M&G Positive Impact Fund invest mainly in company shares and are therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

M&G Sustainable Multi Asset Fund, M&G Sustainable Multi Asset Balanced Fund, M&G Sustainable Multi Asset Cautious Fund, M&G Sustainable Multi Asset Growth Fund and M&G Global High Yield ESG Bond Fund: 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.

M&G Sustainable Multi Asset Fund, M&G Sustainable Multi Asset Balanced Fund, M&G Sustainable Multi Asset Cautious Fund, M&G Sustainable Multi Asset Growth Fund and M&G Global High Yield ESG Bond Fund, are exposed to different currencies. Derivatives are used to minimise, but may not always eliminate, the impact of movements in currency exchange rates.

M&G Sustainable Multi Asset Fund, M&G Sustainable Multi Asset Balanced Fund, M&G Sustainable Multi Asset Cautious Fund, M&G Sustainable Multi Asset Growth Fund and M&G Global High Yield ESG Bond 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 funds will incur a loss. The funds 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 funds.

The M&G Global Listed Infrastructure Fund: convertibles are subject to the risks associated with both bonds and company shares, and to risks specific to the asset class. Their value may change significantly depending on economic and interest rate conditions, the creditworthiness of the issuer and the performance of the underlying company shares. In addition, issuers of convertibles may fail to meet payment obligations and their credit ratings may be downgraded. Convertibles may also be harder to sell than the underlying company shares.

The M&G Global High Yield ESG Bond Fund: high yield bonds usually carry greater risk that the bond issuers may not be able to pay interest or return the capital.

The M&G Global High Yield ESG Bond Fund: 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.

A selection of our ESG range of funds



Impact funds

M&G Positive Impact Fund

Launch date: 20 November 2018

Size: £190.45 million (as at 31.07.21)

Seeking positive impact and sustainable wealth

John William Olsen, Fund Manager

- A compelling dual proposition, seeking to invest in companies that address the world's major social and environmental challenges, while generating competitive economic returns.
- A liquid, transparent vehicle based on a solid investment process, providing widespread access to impact investment through listed equities.
- A strategy that can benefit from flows of capital across sectors and industries to help achieve the UN Sustainable Development Goals (SDGs) – a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

M&G Climate Solutions Fund

Launch date: 5 November 2020

Size: £18.39 million (as at 31.07.21)

Investing for a cleaner future

Randeep Somel, Fund Manager

- Invests in quality, sustainable companies that aim to deliver solutions to the challenge of climate change.
- A compelling dual proposition seeking to generate competitive economic returns and positive environmental impact.
- A liquid, transparent vehicle based on a solid investment process, providing widespread access to impact investment through listed equities.
- A strategy that can benefit from flows of capital across sectors and industries to help achieve the UN Sustainable Development Goals (SDGs) – a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

M&G Better Health Solutions Fund

Launch Date: 17 June 2021

Seeking solutions to the challenge of better health and well-being

Jasveet Brar, Fund Manager

- A compelling dual proposition, aiming to invest in companies that deliver solutions to the challenge of better health and well-being, while generating competitive economic returns.
- A liquid, transparent vehicle based on a solid investment process, providing widespread access to impact investment through listed equities.
- A strategy that can benefit from flows of capital across sectors and industries to help achieve the UN Sustainable Development Goals (SDGs) – a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.



Sustainable funds

M&G Sustainable Multi Asset Fund

Launch date: 14 February 2019

Size: £22.69 million (as at 31.07.21)

A flexible asset allocation approach to investing sustainably

Maria Municchi, Fund Manager

A flexible and diversified asset allocation strategy, providing investors with the potential to benefit from and withstand changing market environments.

- Offers investors diversified exposure to a range of ESG-screened assets and to companies and institutions that seek to have a positive impact on society.
- Having the potential to provide investors with an attractive financial return (combined income and capital growth of between 4% and 8% per annum, net of the ongoing charge figure, over any five-year period) while considering ESG criteria and impact criteria.

M&G Sustainable Multi Asset Balanced Fund

Launch date: 8 December 2020

Size: £18.14 million (as at 31.07.21)

M&G Sustainable Multi Asset Cautious Fund

Launch date: 8 December 2020

Size: £15.09 million (as at 31.07.21)

M&G Sustainable Multi Asset Growth Fund

Launch date: 8 December 2020

Size: £18.02 million (as at 31.07.21)

A multi asset range combining sustainability

Maria Municchi, Fund Manager

- Innovative approach combining Best in class ESG and Positive Impact with a climate focus.
- Three risk-anchored sustainable multi asset funds.
- Actively managed benefiting from M&G expertise in asset allocation.

M&G Global listed Infrastructure Fund

Launch date: 5 October 2017

Size: £387.29 million (as at 31.07.21)

The quest for rising income from essential assets

Alex Araujo, Fund Manager

- Reliable and growing cashflows generated by critical physical infrastructure – long-term assets which are essential for the functioning of global society.
- Listed infrastructure has characteristics of higher dividend yield and lower volatility compared to global equities, as well as exposure to inflation-linked revenue streams.
- Listed infrastructure provides exposure to long-term structural growth trends including renewable energy, clean transport and digital connectivity.

M&G Global Sustain Paris Aligned Fund

Launch date: 19 December 1967

Size: £624.84 million (as at 31.07.21)

High-conviction investing in quality, sustainable companies

John William Olsen, Fund Manager

- M&G Global Sustain Paris Aligned Fund is an unconstrained, concentrated portfolio of 30 to 40 well-understood stocks, with an emphasis on developed countries.
- A long-term, low-turnover strategy where patience is key. The fund manager looks to take advantage of short-term share price weakness to invest in quality companies, cheaply.
- ESG factors are considered at every stage of the investment process, from initial research on potential investments through to ongoing engagement with investment in companies.

M&G European Sustain Paris Aligned Fund

Launch date: 29 September 1989

Size: £152.18 million (as at 31.07.21)

High-conviction investing in quality, sustainable European companies

John William Olsen, Fund Manager

- M&G European Sustain Paris Aligned Fund is an unconstrained, concentrated portfolio of 25 to 35 well-understood stocks from across Europe, including the UK.
- A long-term, low-turnover strategy where patience is key. The fund manager looks to take advantage of short-term share price weakness to invest in quality companies, cheaply.
- ESG factors are considered at every stage of the investment process, from initial research on potential investments through to ongoing engagement with investment in companies.



ESG+ fund

M&G Global High Yield ESG Bond Fund

Launch date: 25 February 2020

Size: £32.48 million (as at 31.07.21)

A responsible approach to high yield investing

James Tomlins, Stefan Isaacs, Co-Fund Managers

- A global high yield bond fund with a special focus on ESG factors.
- Applies a consistent and quantifiable ESG methodology with potential investments filtered through a three-stage screen.
- A genuinely distinctive proposition in the high yield fund space, combining M&G's long-running expertise in high yield credit analysis with leading ESG research from MSCI. 

Before investing, you should read an up-to-date version of the Prospectus, Key Investor Information Documents (KIIDs) and Costs and charges illustration for the fund(s) in which you wish to invest. There you will find more information about the investment, including details about the fund's different share classes: be sure to choose the appropriate one for you. It also explains fund charges, including the ongoing charge, a deduction from your fund which M&G makes to cover the costs of investment management and administration.

You should also read the Important Information for Investors document, which includes M&G's Terms and Conditions.

To view any of the above documents, please [click here](#) to visit our Literature section.

We are unable to give you financial advice. If you are unsure about the suitability of your investment, please speak to your financial adviser.

The views expressed in this document should not be taken as a recommendation, advice or forecast.

