

# M&G Global Listed Infrastructure Fund

## Carbon footprint



The analysis of environmental, social and governance (ESG) issues has been an integral part of the M&G Global Listed Infrastructure Fund's investment process since its inception in October 2017 because there are risks and considerations associated with listed infrastructure which are unique to the asset class. We are investing in companies with physical assets which are, by their very nature, immovable and have an impact on a variety of stakeholders including employees, customers, shareholders and wider society. Our ESG process is designed to assess the sustainability of assets and thereby ensure that the cashflows generated by the infrastructure businesses in which we are investing are sustainable and have the potential to grow over the long term.

From a climate change perspective, the M&G Global Listed Infrastructure Fund is actively pursuing the structural growth opportunities presented by the energy transition. Governments around the world have placed great emphasis on sustainable infrastructure and renewables deployment in particular as a foundation for lower greenhouse gas (GHG) emissions and the ultimate goal of a net zero carbon economy.

That said, listed infrastructure strategies typically exhibit higher carbon characteristics than global equity indices because of the former's bias towards utilities, the sector with the highest emissions\* (double the emissions from energy and materials) due to the reliance of traditional utilities on fossil fuels for power generation. Utilities account for less than 3% of the MSCI ACWI Index\*, in contrast to about 50% for the FTSE Global Core Infrastructure 50/50 Index.

The M&G Global Listed Infrastructure Fund compares favourably in a listed infrastructure context, as the table below illustrates, owing to its aversion to coal-fired power generation and its preference for renewable energy sources and beneficiaries of rapid decarbonisation programmes. Although the fund's lower carbon credentials relative to listed infrastructure is not a stated objective, we believe the outcome is consistent with the integration of ESG and sustainability considerations in the investment process. □

|   | Carbon emissions (tCO <sub>2</sub> e/\$m invested) | Carbon intensity (tCO <sub>2</sub> e/\$m sales) | Weighted average carbon intensity (tCO <sub>2</sub> e/\$m sales) |
|---|--|---|--|
| M&G Global Listed Infrastructure Fund       | 355.0  | 793.9   | 600.5  |
| MSCI ACWI Index                             | 88.0   | 204.7   | 150.6  |
| FTSE Global Core Infrastructure 50/50 Index | 553.9  | 1,463.3   | 1,277.1  |

Source: MSCI ESG, 30 August 2021.

\*Source: MSCI ACWI Index.



Past performance is not a guide to future performance.

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.

The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

The fund holds 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.

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.

Further details of the risks that apply to the fund can be found in the fund's Key Investor Information Document and Prospectus.

The fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

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

