



M&G (Lux) Global Sustain Paris Aligned Fund

A core global equity strategy with a sustainability focus



The M&G (Lux) Global Sustain Paris Aligned Fund is a long-term, quality-focused strategy that seeks to manage risk and deliver steady returns, while contributing towards the goals of the Paris Agreement on climate change.

Reasons to invest in this fund

Seeking smooth risk and returns

- Holistic risk management framework aims to keep volatility broadly in line with the global stock market.
- Invests in quality businesses that are expected to show resilience through different market cycles.



Well resourced, consistent process

- The fund manager has been investing in global equities for more than 20 years.
- A team of embedded analysts carry out stock research, focusing on the quality of the business model, valuations and sustainability credentials.



Strong sustainability focus

- Invests in companies aligned to the goals of the Paris Agreement, and broader 'do no significant harm' sustainability principles.
- Actively engages with investee companies to support decarbonisation efforts and encourage better outcomes.



How is the fund Paris Aligned?

It targets companies contributing towards the emission reductions needed to limit the worst effects of climate change, and achieve the goals of the Paris Agreement. Investees are broadly split into two categories, found across a variety of sectors and regions:

- **Companies with science-based targets.**
These are emission reduction targets considered to be at a pace necessary to limit global warming to well below 2°C above pre-industrial levels, and ideally towards 1.5°C.
- **Climate solutions providers,** which provide products or services that allow customers to reduce their emissions significantly. For example, energy-efficient cloud storage providers, and waste management specialists.

The fund will typically have a Weighted Average Carbon Intensity (WACI) of less than half of its benchmark, the MSCI World Net Return Index. We actively engage with investees along their decarbonisation journeys, on topics such as target-setting and ongoing monitoring.

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

UCITS HAVE NO GUARANTEED RETURN, AND PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE.

Fund snapshot



48%

Companies providing
an aligned solution



99%

Absolute emissions covered
by science-based targets



-54%

Weighted Average Carbon
Intensity versus benchmark

Source: MSCI ESG Carbon Footprint Calculator (WACI), holdings as at 30 August 2024. Science based targets, Aligned solution and Absolute emission, holdings as at 31 August 2024.

The fund's place in client portfolios

In our opinion, the fund could be a good option for client portfolios targeting positive long-term returns through quality global companies that are resilient through the economic cycle. The fund focuses on companies that contribute towards the Paris Agreement climate change goals, ensuring that ESG risks are mitigated as much as possible. With a strong focus on portfolio risk management, valuation discipline and a preference for quality, durable business models, the fund seeks to deliver strong returns while keeping volatility in line with the broader global equity market.

Holistic risk management

Our risk management framework aims to deliver a level of volatility similar to the benchmark while still pursuing alpha. Our focus is on the 'real' fundamental risks of companies – their business and financial risks, and the risks that may emerge when these companies are combined in a portfolio. Position sizes are based primarily on our assessment of risk, rather than 'conviction'.

We prioritise fundamental diversification, across regions, sectors, maturities of business model and end-markets. Investees are categorised as:

- **Stable growth** – companies with a strong competitive edge and a proven track record of producing stable earnings at stable or increasing returns on capital
- **Opportunities** – which sit in corners of the market where business risk is considered higher, but stocks can offer significant upside potential.

Key fund facts

Fund AUM:

€549.8m

Inception date:

30.06.14

Benchmark:

MSCI World Net Return Index

ISIN:

LU1670715207

Management fee:

1.97%

As at 31 August 2024. Please note that not all costs are disclosed here. Please refer to the fund's Prospectus for detailed information.

Fund description

The fund aims to provide combined income and capital growth that is higher than that of the global stockmarket (as measured by the MSCI World Net Return Index) over any five-year period and to invest in companies that contribute towards the Paris Agreement climate change goal of keeping a global temperature rise this century well below two degrees Celsius above pre-industrial levels. At least 80% of the fund is invested in the shares of sustainable companies from anywhere in the world, including emerging markets. The fund usually holds shares in fewer than 40 companies. The investment manager invests in the shares of companies with sustainable business models, where short-term issues have created attractive buying opportunities. The fund invests in securities that meet the ESG Criteria, applying an Exclusionary Approach and Positive ESG Outcome, in addition to its sustainable investment strategy in pursuit of the sustainable investment objective, as described in the precontractual annex. The fund's recommended holding period is five years.

Sustainability-related disclosures

The fund's sustainability-related disclosures can be found here: [here: **mandg.com/investments/professional-investor/en-lu/funds/mg-lux-global-sustain-paris-aligned-fund/lu1670715116#sustainability**](https://www.mandg.com/investments/professional-investor/en-lu/funds/mg-lux-global-sustain-paris-aligned-fund/lu1670715116#sustainability)

The fund will make a minimum of sustainable investments with an environmental objective: 80% in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

Benchmark

The fund's benchmark is the MSCI World Net Return Index. The benchmark is a comparator used solely to measure the fund's performance. The investment manager considers the fund's weighted average carbon intensity against the benchmark, which does not otherwise constrain portfolio construction. The benchmark has been chosen as it best reflects the scope of the fund's financial objective. The fund is actively managed. The investment manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

Key fund risks

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.
- 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.
- The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.
- 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.
- 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.
- Please note, investing in this fund means acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company, as these are only the underlying assets owned by the fund.

Further details of the risks that apply to the fund can be found in the fund's Prospectus.

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