

M&G LAUNCHES FIRST MULTI SECTOR PRIVATE DEBT FUND TO LEND FOR IMPACT

- ***Investing for a positive social and environmental impact***
- ***First mainstream asset manager to launch fund of this kind***

London, 16 April 2018 – M&G has launched the first fund to invest predominately in private and illiquid debt to achieve a positive social or environmental impact. The diversified fund aims to provide investors with regular income and a total return in excess of public bonds.

The £44.5 million M&G Impact Financing Fund has participated in several private and illiquid debt deals. These include lending to the developer behind the major regeneration of the Greenwich Peninsula in London, supporting solar power in the US and providing finance to UK housing associations. These deals will directly help build houses, provide employment and reduce CO₂ emissions.

M&G has worked with Sustainalytics, a leading independent provider of sustainability research, in order to devise a methodology to assess and measure the impact of the fund's investments. M&G Prudential, Big Society Capital and The Swedish Foundation for Strategic Environmental Research are all seed investors in the fund.

Anne Richards, Chief Executive, M&G, says: “Asset managers are playing an essential role in putting people’s savings to work in the economy to help create better futures for everyone. This fund is an opportunity for charities, pension funds and other like-minded investors to lend for impact by financing projects that benefit both the environment and society.”

Evita Zanuso, Financial Sector & Investor Engagement Director, Big Society Capital, says: “We are very excited M&G has launched this long term debt fund that puts social and environmental impact at its core and has great potential to scale and replicate. Big Society Capital is keen to support M&G in bringing impact investment to institutional investors and that’s why we have invested £15 million from our Treasury portfolio as an early seed investor in this fund.”

Åke Iverfeldt, CEO of The Swedish Foundation for Strategic Environmental Research (Mistra), says: “Mistra is a foundation that works to promote a good living environment and the sustainable development of society. Therefore, we are happy to partner with M&G on

this fund given the strong alignment with sustainable development goals and the primary focus on investments which provide a positive and measurable impact.”

Richard Sherry, manager of the M&G Impact Financing Fund, adds: “Environmental and social considerations have long been integrated into our fixed income investment process but the philosophy behind this fund is to actively seek investments that will have a measurable positive impact. It is vital that investors can clearly see what their money is doing to improve people’s lives and the environment whilst providing stable financial returns.”

-ENDS-

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Notes to Editors

About the M&G Impact Financing Fund

The M&G Impact Financing Fund invests in private and illiquid assets that aim to achieve attractive levels of income for investors, and have a positive social and / or environmental impact. The fund has access to a broad range of private assets that seek to benefit from an illiquidity premium over equivalently rated public bonds.

Investment in private assets involves a greater level of involvement in sourcing and structuring of investments than in public markets. Each asset is assessed for its social and / or environmental impact against a set of comprehensive impact criteria developed in partnership with Sustainalytics. These assets are also independently rated by M&G’s team of credit analysts.

We expect the fund will have an average credit rating of investment grade and deliver a return in excess of similarly rated public bonds.

Investors will receive an annual report outlining the environmental and social impact of the fund’s investments.

M&G has a long and successful track record investing in private impact assets, including renewable energy, social housing and highly energy efficient buildings, with over £6.5 billion of private impact credit assets under management. These assets have a proven track record of consistent returns, and a measurable social and/or environmental impact.

In the fixed income business, we hold over £20 billion of impact assets across public and private markets.

About Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. With 13 offices globally, Sustainalytics has more than 390 staff members, including over 180 analysts with varied multidisciplinary expertise across more than 40 sectors.

About Big Society Capital

Big Society Capital improves the lives of people in the UK by connecting social investment to charities and social enterprises. We engage with investors, fund managers, charities and social enterprises to make it easier to use social investment. With our co-investors, we have made over £1bn of new capital available to organisations with a social mission, through investments into fund managers and social banks. We have a special focus on: providing homes for people in need; supporting communities to improve lives; and early action to prevent problems.

About the Swedish Foundation for Strategic Environmental Research (Mistra)

The Swedish Foundation for Strategic Environmental Research supports research of strategic importance for a good living environment and sustainable development. Mistra's assets are managed for a good return and limited risk, so that they can be useful both for funding of environmental research and for investing in companies whose operations contribute to global development that takes environmental, social and ethical values into consideration.

About M&G Investments

M&G is a leading international asset manager with a long-term, active approach to investing. The firm has been helping people to prosper by putting their money to work for more than 85 years. M&G's customers include private investors, members of pension schemes and life insurance policyholders. Responding to the ever changing financial landscape, the firm has developed a wide range of investment solutions, across equities, fixed income, real estate, multi asset and infrastructure. At 31 December 2017 M&G manages over £298 billion in assets for its customers.

Headquartered in London, M&G employs over 2,000 people worldwide in 16 countries, managing assets in Europe, Asia and the US. M&G is the asset management arm of Prudential Plc in the UK and Europe.

As a steward of clients' assets M&G recognises the importance of responsible investing with the analysis of environmental, social and governance (ESG) factors core to the business. M&G is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Program, which is dedicated to achieving the long-term goal of building climate resilient economies and a member of the Global Impact Investing Network. M&G's £27 billion real estate business arm has a sector leading approach to responsible property management, and is committed to assessing and improving the sustainability performance of its funds.

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