

M&G LAUNCHES AN ESG EMERGING MARKETS CORPORATE BOND FUND

London, 25 July 2019 – M&G Investments ('M&G') today announces the launch of the **M&G (Lux) Emerging Markets Corporate ESG Bond Fund ("the Fund")**, a Luxembourg-domiciled SICAV investing in the emerging market corporates bonds, with a focus on Environmental, Social and Governance (ESG) characteristics.

The Fund will be managed by Charles de Quinsonas and supported by Head of Emerging Market Debt Claudia Calich. It will draw on M&G's wider emerging Markets debt and internal credit capabilities, as well as external providers of ESG research.

The investment strategy takes an active, high-conviction approach based on an in-depth analysis of corporate bonds, as well as an evaluation of the risks associated with the respective countries. The Fund aims to provide a combination of capital growth and income to deliver a return that is higher than that of the global corporate emerging markets bond over any three-year period. The JPM CEMBI Broad Diversified Index is a point of reference against which the performance of the Fund may be measured.

The emerging market corporate bond universe is both large and well-diversified from a country and sector perspective, providing access to a broad range of investment opportunities, while being a fixed income asset class with an attractive income stream on offer. At least 80% of the Fund is invested in debt securities issued by companies, including those backed or owned by governments, in emerging markets. The Fund will predominantly invest in USD denominated bonds but offers hedged share classes for investors who want to hedge the USD risk.

ESG criteria are assessed as part of the credit analysis of bond issuers, and act as an additional filter to the Fund's exclusion policies. Positive screening is also performed, and the Fund will typically favour issuers with strong ESG credentials when bond valuations are comparable with issuers with a weaker ESG profile. In order to identify securities that meet the Fund's ESG criteria, potential investments undergo a three-stage screening process:

- Screening out companies that are assessed to be in breach of the United Nations Global Compact Principles
- Filtering out companies that derive their revenues from specific sectors: tobacco, alcohol, adult entertainment, gambling, thermal coal, nuclear energy, defence and weapons*
- Using in-house assessment and external ESG research providers to analyse companies' overall ESG credentials and exclude ESG laggards.

Charles de Quinsonas, Fund Manager of the M&G (Lux) Emerging Markets Corporate ESG Bond Fund says: “The EM corporate bond market has seen rapid growth over the past fifteen years, driven by the strong economic expansion across developing economies. But, we believe it remains an under-researched market, creating a wealth of opportunities for active credit selectors, with the expertise to assess the idiosyncratic risks. We see ESG analysis as being an important complement to traditional financial analysis, whilst allowing clients to align their investments more closely to their environmental and social value.”

Jim Leaviss, Head of Fixed Interest, Mutual Funds, M&G says: “Changing attitudes have helped to drive a steady increase in the number of responsible investment and ESG-related strategies over the past few years. Growth has been especially strong in the fixed income space although emerging market corporate bonds have remained an underserved part of the ESG landscape. By looking at emerging market debt through an ESG lens, the Fund provides a genuinely distinctive proposition for investors looking to gain exposure to the ever-growing and diversified emerging market corporate bond universe.”

M&G recently expanded its range of ESG-driven solution for bond investors, using our expertise in credit analysis, with the launch of an ESG Global High Yield fund in 2017.

**The Fund will filter out companies that derive more than 5% of their revenues for producers, or 10% of their revenues for distributors, from the following sectors: tobacco, alcohol, adult entertainment, gambling, thermal coal or nuclear energy. In addition, and on a best effort basis, subject to source data, companies that derive any revenue from defence and weapons are excluded.*

ENDS

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Notes to Editors

About Charles de Quinsonas

Charles de Quinsonas joined the Retail Fixed Interest team in May 2014 as an emerging market corporate bond specialist and was appointed deputy fund manager of the M&G Emerging Markets Bond Fund in September 2015. He is also the co fund manager of the M&G (Lux) Emerging Markets Income Opportunities Fund and deputy manager of the M&G (Lux) Emerging Markets Hard Currency Bond Fund. In 2019 Charles is appointed fund manager of M&G (Lux) Emerging Markets Corporate ESG Bond Fund.

Charles has 10 years of emerging market corporate bond experience with a deep knowledge of high yield credit. Prior to joining M&G he worked at Spread Research in Lyon and New York, where he spent four years analysing a variety of high yield and emerging markets industrial credits.

Charles holds a B.B.A. from ESSEC Business School and a MSc in Corporate Finance from the Institute of Business Administration of Lyon 3 University.

About M&GPrudential and M&G Investments

M&G Investments is part of M&GPrudential, a savings and investment business which was formed in August 2017 by our parent company, Prudential plc and has £321.2 billion of assets under management (as at 31 December 2018). M&GPrudential has over 5 million customers in the UK, Europe, Asia and the Americas including individual savers and investors, life insurance policy holders and pension scheme members.

M&GPrudential is set to demerge from Prudential Plc to become an independent company listed on the London Stock Exchange.

For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate. M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

Its £31.1 billion (as at 31 December 2018) property arm has a sector leading approach to responsible property management and is committed to continuously improving the sustainability performance of its funds.

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