

M&G TO ALIGN THE €14BN LUX OPTIMAL INCOME FUND TO SFDR ARTICLE 8

- **M&G (Lux) Optimal Income Fund to enhance environmental and social characteristics**
 - **M&G to launch a core sustainable version of flagship strategy later this year**

London, 13 September 2021 – M&G today announces it will enhance the ESG characteristics of its flagship €14 billion¹ M&G (Lux) Optimal Income Fund, which will see the strategy become Article 8 classified under SFDR. This is part of M&G’s commitment to evolve as many strategies as possible towards ESG, sustainable or impact outcomes.

Effective from 29 October 2021, the fund will follow a positive ESG tilt approach, delivering investors a weighted average ESG score above that of its benchmark. The fund will broaden its norm-based ESG exclusions to any company that is assessed to be in breach of the United Nations Global Compact principles and to any government bond from countries classed as “Not Free” by the Freedom House Index. There will be no other changes to the fund, which will continue to be managed by Richard Woolnough.

M&G is also announcing it has secured CSSF’s approval to launch a new SICAV strategy later this year, the M&G (Lux) Sustainable Optimal Income Bond Fund. This will be a core sustainable flexible bond proposition following the well-established flexible and value-driven investment approach underpinning the success of the M&G (Lux) Optimal Income Fund. Managed by Richard Woolnough and Deputy managers Stefan Isaacs and Anjulie Rusius, the new fund will be able to invest across the fixed income spectrum while putting sustainability factors at the core of its investment process, but unlike the M&G (Lux) Optimal Income Fund, it will have no exposure to equities nor take currency views. The fund, which will be classified as Article 8 under SFDR, will ensure environmental and social safeguards are in place and measure a range of additional sustainability indicators:

- Climate change and carbon reduction: offering lower weighted average carbon intensity than that of the global bond market²;
- More sustainable businesses: offering higher weighted average ESG portfolio score than that of the global bond market³ by focusing on companies with superior ESG risk management practices;
- No exposure to ESG laggards or issuers with material involvement in controversial business activities⁴.

Jack Daniels, Chief Investment Officer M&G plc, comments: “With the transition of the M&G (Lux) Optimal Income fund to SFDR Article 8, just under half of our total wholesale SICAV assets under management will be classified Article 8 or 9 under SFDR. We expect these to grow in coming months as we continue to evolve as many strategies as possible towards ESG, sustainable or impact outcomes, supporting our plans for our entire investment portfolio to be net zero by 2050.”

Richard Woolnough, fund manager, comments: “With interest rates at the lower bound in many parts of the developed world, signs of inflation pressures building and the changes that climate action and the fight against social disparities will bring upon, challenges and opportunities have rarely been bigger for bond investors. Flexibility across the fixed income spectrum is therefore paramount to actively generate returns for investors. The changes we are announcing today will allow us to continue to look for what we consider some of the world’s best debt opportunities, while promoting social, governance and environmental factors.”

ENDS

¹ As of end of August 2021.

^{2, 3} As defined by the Global Corporate, Global High Yield and Global Treasury markets combined.

⁴ Controversial sectors include adult entertainment, alcohol, gambling, GMO, nuclear energy, oil & gas, thermal coal, tobacco and weapons / Controversial issuers include companies deemed to be in breach of the UN Global Compact Principles of human rights, labour, the environment and anti-corruption; and government bonds from countries considered “Not Free” by the Freedom House.

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Notes to editors

About Richard Woolnough

Richard is the fund manager of M&G Optimal Income Strategy since launch in December 2006. He is also the fund manager of the M&G Corporate Bond Fund since February 2004 and the M&G Strategic Corporate Bond Fund since launch in February 2004. He has 30 years’ experience in fixed income markets. He joined M&G in January 2004 from Old Mutual.

About Stefan Isaacs

Stefan is Deputy CIO of Public Fixed Income and Head of M&G's Wholesale Fixed Income business. He is also deputy fund manager of the M&G Optimal Income strategy and the M&G Global Floating Rate High Yield strategy. He joined M&G in 2001 and was appointed fund manager of the M&G European Corporate Bond Fund in April 2007, the M&G Global High Yield Bond Fund in October 2010 and co-fund manager of the M&G Global High Yield ESG Bond Fund upon launch in February 2020. He is co-fund manager of the Luxembourg-domiciled SICAVs, the M&G (Lux) Floating Rate High Yield Solution, launched in August 2017 and the M&G (Lux) Global High Yield ESG Bond Fund, launched in October 2017.

About Anjolie Rusius

Anjolie has worked at M&G since 2008 and in the M&G Wholesale Fixed Income team since 2013, initially as a fund managers' assistant, before being promoted to a junior fund manager in September 2015. In January 2018, Anjolie was appointed deputy fund manager of the M&G Gilt and Fixed Interest Income and Index-Linked Bond strategies and is currently deputy fund manager on the M&G (Lux) Floating Rate Approach Fund. In 2019, Anjolie assisted in the launch of M&G's Luxembourg-domiciled SICAVs, including the Optimal Income SICAV and most recently, has worked towards developing the sustainable investment approach for the Optimal Income mandates. Anjolie holds a BA degree in economics from the University of Cambridge.

M&G's ten point sustainability plan, [published in May 2021](#)

1. Develop a pathway to net zero 2050
2. Integrate ESG into investments and accelerate engagement
3. Grow the Planet+ fund range
4. Set standards in sustainability and ESG policies
5. Set standards in disclosure and measurement
6. Help customers and their advisers to understand opportunities, risks and outcomes of sustainable investing
7. Lead collective action to deliver change
8. Develop pathway to net zero 2030 and set an example in corporate sustainability practices
9. Be diverse and inclusive in the business and as an investor
10. Align all M&G's people behind its sustainability ambition

About M&G Investments

M&G Investments is part of M&G plc, a savings and investment business which was formed in 2017 through the merger of Prudential plc's UK and Europe savings and insurance operation and M&G, its wholly owned international investment manager. M&G plc listed as an independent company on the London Stock Exchange in October 2019 and has €431 billion of assets under management (as at 30 June 2021). M&G plc has over 5 million customers in the UK, Europe, the Americas and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

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.

M&G plc has committed to achieve net zero carbon emissions on its total book of assets under management and administration by 2050 and committed to reduce operational carbon emissions as a corporate entity to net zero by 2030.

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Before subscribing you should read the Prospectus, which includes a description of the investment risks relating to these funds. Please read the KIID before making a decision to invest. The information contained herein is not a substitute for independent investment advice.

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