

## M&G launches fixed maturity bond strategy to capture the best opportunities in credit seen in a decade

- **The fund aims to lock up an annualised 4,8% yield to maturity**
- **Available for subscription from September 25 until November 3**

**London, 25 September 2023** – M&G’s €126 billion AUM<sup>1</sup> Public Fixed Income investment division is launching an 18-month fixed maturity bond strategy for European investors to capture the most compelling opportunity presented in credit markets in the past decade.

After years in which yields hovered around and below zero in Eurozone markets, rising inflation and tighter monetary policies have pushed yields upwards, making fixed income investing attractive again. As the tightening cycle seems to be approaching its end, the **M&G (Lux) Fixed Maturity Bond 2 fund** aims to lock in attractive annualised yields between 4.6% and 4.8% over a sharp 18-month period, based on current market conditions estimation.

Offering a diversified approach and a pick-up to most single Euro sovereigns, the fund will invest mainly in euro denominated Investment Grade bonds, accessing some of the best opportunities across credit markets globally. To enhance the return potential, the fund will invest in high yield bonds with minimum rating B- (up to 35%, with a target allocation of 25%), whilst maintaining an investment grade average rating at fund level.

The new strategy will be co-managed by a team with industry-leading credit experience: **Stefan Isaacs, Deputy CIO of M&G’s Public Fixed Income**, and **Matthew Russell**, who have been managing the **M&G (Lux) Short Dated Corporate Bond Fund** strategy since 2018. Fund managers will be supported by M&G’s strong in-house research team to exploit price inefficiencies and identify the most rewarding opportunities with a buy and hold approach.

Commenting on the launch, **Stefan Isaacs** said: “Fixed income is in vogue right now with meaningful yields on offer for the first time in a decade. The inversion of the yield curve means investors can get most of the yield available in corporate bonds without having to stretch to long maturities. This 18-month short maturity strategy can offer an opportunity to lock in compelling positive yield levels available now with relative low risk and high visibility on returns.”

The fund, article 8 under SDFR, will be available for subscription from September 25 until November 3, 2023.

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<sup>1</sup> Source: M&G, Public Debt AUM as at 31 December 2022

## Key Features of the M&G (Lux) Fixed Maturity Bond Fund 2

- **Fund domicile:** Luxemburg
- **Fund currency:** EUR
- **Subscription period:** September 25 – 3 November
- **Launch date:** 7 November
- **Maturity:** 18 months
- **Investment policy :** The Fund invests at least 65% of its Net Asset Value in investment grade debt securities. These securities can be issued or guaranteed by governments and public issuers, and companies. Issuers can be located anywhere in the world, including emerging markets. The Fund may invest up to 35% in below investment grade and unrated debt securities.
- **Recommended holding period:** 18 months
- **Target yield (per annum)<sup>2</sup>:** 4.6%- 4.8%
- **Average rating<sup>3</sup>:** BBB

Further details on the fund's main risks (market risk, credit risk, interest rate risk and below investment grade debt risk) can be found in the fund's Prospectus. An explanation of the terms used in this document can be found on the glossary on our website.

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### Notes to Editors

#### About Stefan Isaacs

Stefan is Deputy CIO of Public Fixed Income. He joined M&G as a graduate in 2001 and was subsequently promoted to corporate bond dealer specialising in high yield bonds and euro-denominated credit. He was appointed fund manager of the M&G European corporate bond strategy in April 2007 and deputy fund manager of the Optimal Income strategies since their inception in 2007. Since 2010, he has also been managing a number of high yield and high yield ESG strategies. Stefan graduated BA (hons) International Business from Manchester Metropolitan University.

#### About Matthew Russell

Matthew joined M&G in 2007 as a fund manager's assistant covering fixed income funds. Matthew was appointed fund manager of the M&G Short Dated Corporate Bond Strategy in 2013, having served as deputy fund manager since 2011. In June 2021 became manager of the European Inflation Linked Corporate Bond strategy. Matthew has a BSc in economics from the University of Birmingham and is also a CFA charterholder.

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<sup>2</sup> based on current market conditions, target returns are not guaranteed.

<sup>3</sup> Internal limits only. Subject to change.

### **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 €387.8 billion of assets under management (as at 30 June 2023). M&G plc has 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.

For more information, please visit: [www.mandg.com](http://www.mandg.com)

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