

M&G INVESTMENTS LAUNCHES ESG GLOBAL HIGH YIELD FUND

- **ESG-driven solution for bond investors looking for higher yielding strategies**

London, 13 November 2017 – M&G Investments today announces the launch of a fund focusing on the global high yield market that will incorporate environmental, social and governance (ESG) factors.

ESG considerations are fully integrated in the investment process through a 3-stage screen. The first stage excludes companies in breach of the United Nations Global Compact principles. The second layer filters out companies that derive their revenue from specific sectors: tobacco, alcohol, adult entertainment, gambling, thermal coal, defence and weapons*. The third stage filters companies according to their ESG credentials based on ratings provided by MSCI. Due to a comprehensive assessment of a range of ESG factors, the fund will exclude any companies that are classified as industry laggards displaying poor ESG credentials compared to its industry peers. This stage involves a sophisticated analysis of a wide range of complex issues, which might cover everything from energy efficiency and pollution to working conditions and product safety.

The strategy will be co-managed by James Tomlins and Stefan Isaacs, who account for over 28 years of experience of investing in high yield, and will be supported by M&G's extensive capabilities in the credit space. The fund will invest at least 80% of its assets in global high yield bonds to form a flexible and highly diversified portfolio in terms of issuers, geographies and sectors.

James Tomlins, co-fund Manager says: "Using our expertise in credit analysis, we have built a diversified high yield portfolio which applies an ESG screen to the global high yield market in a consistent and measurable way. Focusing on negative screening and ESG integration, the fund strikes the right balance between being able to express investment views and responsible investing outcomes."

Graham Mason, CIO for M&G equity, multi-asset and retail fixed interest, says: "The fund aims to provide a solution for those investors looking for higher yielding strategies in the fixed income space while incorporating responsible investing criteria. Investors' attitudes towards responsible investment and demand for ESG solutions have evolved significantly in recent years. As long-term active managers M&G is especially well positioned to provide strategies that meet these criteria while still helping clients to reach their financial goals. We can play an essential role in changing attitudes and expanding responsible investment across asset classes and markets."

-ENDS-

*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 or thermal coal. In addition, and on a best effort basis, subject to source information, companies that derive any revenue from defence and weapons are excluded.

For further information please contact:

Irene Chambers / Magdalena Andrzejewska
Corporate Communications
Tel: +44 (0)20 7004 4132 / +44 (0)20 3790 2152
irene.chambers@mandg.co.uk / magdalena.andrzejewska@mandg.co.uk

Notes to Editors

James Tomlins

James joined M&G in June 2011 and was appointed fund manager of the M&G European High Yield Bond Fund later that year. In January 2014, he became co-manager of the M&G Global High Yield Bond Fund after two years as deputy manager on the fund. James has also managed the M&G Global Floating Rate High Yield Fund since its launch in September 2014 and is co-fund manager of the M&G (Lux) Floating Rate High Yield Solution, launched in August 2017. James is a specialist in high yield credit with more than 10 years' experience in this sector. He was previously an analyst and then a fund manager at Cazenove Capital Management. Before Cazenove, James was at KBC Alternative Investment Management; in the three years prior to that, he worked at Merrill Lynch Investment Managers. James is a CFA charterholder. He graduated with an MA in history and PgDip in economics from the University of Cambridge.

Stefan Isaacs

Stefan Isaacs is Deputy Head of Retail Fixed Interest for M&G's mutual fund range. 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. Stefan joined the fund management team in 2006 and was appointed fund manager of the M&G European Corporate Bond Fund in April 2007 and the M&G Global High Yield Bond Fund in October 2010. Stefan is also deputy fund manager of the M&G Optimal Income Fund, the M&G European High Yield Fund and the M&G Global Floating Rate High Yield Fund.

About M&G

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 30 June 2017 M&G manages over £281.5 / €320.6 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. 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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