

## M&G LAUNCHES A SUSTAINABLE EQUITY FUND TO ADDRESS DIVERSITY AND INCLUSION

- **A sustainable fund with an impact allocation to address diversity and inclusion imbalances, classified as Article 9 under SFDR**

**London, 24 January 2022** – M&G is expanding its range of sustainable solutions with the launch of an equity strategy investing in companies demonstrating gender and ethnic diversity and those offering solutions driving greater social inclusion and equality, while seeking to deliver attractive investment returns.

The M&G (Lux) Diversity and Inclusion Fund, managed by Thembeke Stemela Dagbo and supported by John William Olsen, is a global equity strategy with a concentrated portfolio of 30-40 stocks aiming to provide a higher total return<sup>1</sup> than that of the MSCI ACWI over any five-year period. The Fund is a hybrid strategy incorporating sustainability and impact considerations into the stock selection process:

- At least 15% of the portfolio is invested in **impactful companies** providing solutions to empower **social inclusion**. This portion of the fund follows the same investment approach and process as M&G's Positive Impact and Climate Solution strategies that assess stocks with the 'III' framework, assessing the Investment, Intention and Impact of each company, and classifying them as 'pioneers', 'enablers' and 'leaders'.
- The rest of the fund is allocated to **sustainable companies** demonstrating **gender and ethnic diversity** at work. The analysis goes beyond representation by extending the assessment of diversity to factors such as targets, processes and policies<sup>2</sup>. All stocks in this part of the portfolio must have a minimum of 30% women and/or ethnic minority representation at board level at the time of purchase and must pass the 'E.Q.L' framework, where the team assesses ESG credentials, quality of the business model and leadership characteristics of each stock.

The fund, which is supported by the M&G's Stewardship & Sustainability team, embraces the United Nations Sustainable Development Goals (SDG) framework. The fund maps each holding to its prime or dominant SDG, focusing on six key areas: Quality Education, Gender Equality, Decent work and Economic Growth, Industry, Innovation and Infrastructure, Reduced Inequalities and Peace, Justice and Strong Institutions. M&G will annually report key diversity and impact indicator at stock level, stating their absolute level as well as their year on year change.

**Thembeke Stemela Dagbo, manager of the Fund**, says: “Social inclusion and diversity are not only the right thing to do, they also make good economic sense. Left unaddressed, the exclusion of disadvantaged groups and the lack of diversity can be costly and result in lost GDP and human capital wealth, whereas pioneers of the diversity and inclusion initiatives are being increasingly recognised for their financial outperformance. Indeed, companies with top quartile levels of gender diversity are 25% more likely to outperform, and 36% more likely for ethnically diverse ones<sup>3</sup>. This Fund provides our customers with the opportunity to capitalize on these trends and address diversity imbalances while putting their savings to work with a purpose.”

The M&G (Lux) Diversity and Inclusion Fund complements M&G’s existing range of impact and sustainable funds and sits under Article 9 of the EU SFDR regulation.

**-ENDS-**

<sup>1</sup> *The combination of capital growth and income*

<sup>2</sup> *Covering policies such as flexible working policies, parental leave, anti-harassment policies, strategy and pay gap reporting*

<sup>3</sup> *Source: McKinsey & Co Diversity Wins Report*

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**Notes to Editors**

**Thembeke Stemela Dagbo – Fund Manager**

Thembeke Stemela joined M&G in July 2018 as an investment analyst for M&G Positive Impact Fund. She was appointed Deputy Fund Manager of M&G Positive Impact Fund in June 2019. She was previously a Vice President (VP) in the Equity Research Department at Credit Suisse International, where she joined as part of the Graduate Programme in 2012. She served as a primary analyst for the UK and Nordic non-life insurers. Thembeke has a Bachelor of Business Science Honours Degree from the University of Cape Town (UCT), specialising in Economics.

**John William Olsen – Team Head Positive Impact and Sustain fund range**

John William Olsen joined M&G in April 2014, and was appointed fund manager of the M&G (Lux) Global Sustain Paris Aligned Fund and M&G (Lux) European Sustain Paris Aligned Fund in July 2014. In July 2016, was appointed manager of the M&G European Select Fund and deputy manager of the M&G European Smaller Companies Fund. Formerly from Danske Capital, where from 2002 he had managed non-domestic equity portfolios, including the Global Stock Picking and Global Select equity funds, and also the European Select strategy. John joined Danske Capital in 1998 as a fund manager on the domestic Danish equities team, and in 2000 also became a global sector analyst focusing on technology and telecommunications stocks. He gained a BA in business economics and then an MSc in finance and accounting from Copenhagen.

**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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