

M&G's Catalyst commits \$75 million to improve access to finance for underserved SMEs in India

London, 1 June 2023 – M&G Investments announces that its Catalyst strategy has invested in India's first securitisation fund, which aims to expand and improve access to finance for underserved small and medium enterprises (SMEs) and millions of low-income households across the country, with a particular focus on women-owned SMEs.

M&G will provide \$75 million towards the launch of the Vivriti India Retail Asset Fund ("VIRAF") through a strategic partnership with Vivriti Asset Management and International Finance Corporation. The fund will focus on scaling investment in securitised debt securities with SME-backed assets, primarily through the issuance of microloans to SMEs.

A particular focus will be on addressing the gender gap in access to traditional finance in India. Addressing this challenge, the partnership is designed to cater to the needs of female-run SMEs with at least 45 percent of the fund's proceeds earmarked for such businesses.

VIRAF will target around \$250 million of Assets Under Management, with microloans accounting for approximately 90% of its portfolio. Catalyst, which has made the investment, is a purpose-led flexible private assets strategy, investing in innovative solutions to some of the world's biggest environmental and social challenges.

Matthew O'Sullivan, M&G's Head of Asia Pacific Private Investments comments: "Small and mid-sized non-banking finance companies are at the forefront of India's financial inclusion initiatives, allowing entrepreneurs to start and grow businesses, and low-income families to manage their finances. M&G Catalyst is a strategy which aims to deliver positive impact to society and the environment alongside financial returns, so we are particularly pleased that VIRAF is focusing on ESG assessment and engagement with the NBFCs, helping them to become exemplary responsible and sustainable businesses."

Vineet Sukumar, Founder and MD at VAM comments: "VIRAF aims to deepen and develop India's ABS markets, by intermediating large global capital pools to last-mile financing, thereby setting a prototype for more such vehicles. Our research indicates that Indian ABS have outperformed internationally better rated ABS, which makes Indian ABS a compelling opportunity for global investors. M&G and IFC's participation

serves as a validation of the huge and untapped potential of Indian ABS as an asset class, stability of the regulatory environment, and India's positive macro-outlook.”

Allan Forlemu, Regional Industry Director for Financial Institutions Group, Asia and the Pacific, at IFC, said: “Supporting IFC's systematic approach, this investment will increase confidence in India's NBFCs and attract greater institutional funding to the sector, contributing to the financial sector's resilience while also strengthening MSMEs post-pandemic. The fund will further showcase the viability of this model, catalyzing similar innovative vehicles, expanding financial inclusion and fostering greater integration in India's capital markets.”

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Notes to Editors

The Catalyst investment strategy sits within the Private & Alternative Assets division at M&G. With over two decades of experience in private asset investment, M&G already manages over £76.7 billion in private credit, private equity and real estate on behalf of Prudential policyholders and external clients.

Drawing on this expertise and track record in private assets, Catalyst is a global, flexible strategy investing in companies with innovative solutions to some of the world's biggest environmental and social challenges.

Size of Private and Alternative Assets team (£77 billion), as at 31 December 2022.

About VAM

Vivriti Asset Management (VAM) is a performing-credit focused asset manager, investing in debt issued by mid-sized enterprises. With commitments of c.US\$400 million across 8 funds, VAM manages sector-agnostic funds that have invested across infrastructure, energy, logistics, financials, SaaS and services businesses.

Vivriti Asset Management Private Limited (IFSC branch) is registered with International Financial Services Centres Authority (IFSCA) as a Registered FME (Non-Retail) and the Investment Manager for Vivriti Fixed Income Fund - Series 3 IFSC LLP (trade name of Vivriti India Retail Assets Fund). VIRAF is a restricted scheme (non-retail) under the IFSCA (Fund Management) Regulations, 2022, with a 10-year fund tenure.

About IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2022, IFC committed a record \$32.8 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit www.ifc.org

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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 over €400 billion of assets under management (as at 30 June 2022). 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: <https://global.mandg.com/>

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