

## M&G launches global equity AI strategy to capitalise on market disruptive, multi-year investment theme

**22 January 2023** – M&G Investments today announces the launch of the **M&G Global AI Themes Fund** (the Fund)<sup>1</sup> – an actively managed equity strategy designed to capture the multi-year investment opportunity around Artificial Intelligence (AI). At an exciting time for innovation and competition, AI represents one of the most relevant long-term growth drivers over the coming decades, as well as a disruptive market force, that is set to be a key determinant in the success and survival of many of today’s companies around the globe.

With the potential to add between US\$2.6 and US\$4.4 trillion (TN) to the global economy annually in productivity improvements and efficiencies<sup>2</sup> – figures similar to the entire 2022 GDP of countries such as Japan (\$4.2TN), Germany (\$4TN) or the UK (\$3TN)<sup>3</sup> – the implementation of AI can provide transformative benefits to organisations across a wide range of areas, such as enhanced decision-making, innovation, risk management and improved customer experience, among others<sup>4</sup>. To capitalise on this opportunity, the **M&G Global AI Themes Fund** will run a portfolio of 50-70 actively selected companies where AI is emerging as a potential driver to long-term revenue growth or profit margin expansion, identifying opportunities in the following three categories<sup>5</sup>:

- **AI Enablers** (companies supplying the technology necessary to create AI solutions);
- **AI Providers** (companies offering AI solutions to customers);
- **AI Beneficiaries** (companies who will use AI to improve products, services and processes).

The fund, co-managed by Jeffrey Lin and Thomas Lee from M&G’s Thematic Technology Equity Investment team, launches with an initial £20 million investment from M&G, and aims to provide a higher total return (through a combination of capital growth and income) than the MSCI ACWI Index over any five-year period<sup>6</sup>. The fund applies exclusions related to thermal coal and controversial weapons, and also exercises revenue limits on investments associated with specific social and environmental sectors<sup>7</sup>.

**Fabiana Fedeli, CIO Equities, Multi-Asset and Sustainability at M&G Investments**, says: ‘We are at the start of a multi-decade growth theme that has the potential to generate pervasive change in the broader economy and reshape the competitive landscape across all industries. We see plenty of attractive AI-related investment opportunities, but as with all disruptive market forces, we expect an intense period of industry euphoria. Understanding where the strongest growth areas are will be the key to providing better outcomes for clients as they navigate this exciting market opportunity.’

**Jeffrey Lin, Co-Manager of M&G Global AI Themes Fund**, adds: ‘The disruptive power of technological innovation derives from its potential to create a better or cheaper product capable of growing a company’s market share or, indeed, a whole new market. As active investors, we focus on identifying the intersection between technological innovation and its implementation in business processes. Our background as computer engineers, and our continued tenure in the investment industry, equip us with the broad-based experience and expertise necessary to understand what it takes for a business to be very successful in this space.’

The strategy is available as an OEIC fund for UK-based investors – M&G Global AI Themes Fund – and as a SICAV fund for investors based outside the UK – M&G (Lux) Global Artificial Intelligence Fund. Both funds follow the same investment strategy and are managed by the same team.

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## Notes to Editors

<sup>1</sup> The strategy is made available to clients in the UK through M&G Global AI Themes Fund and for investors outside the UK through M&G (Lux) Global Artificial Intelligence Fund.

<sup>2</sup> McKinsey, “The economic potential of generative AI: The next productivity frontier”, mckinsey.com, June 2023.

<sup>3</sup> Trading Economics

<sup>4</sup> Capgemini, “Harnessing the value of generative AI: Top use cases across industries”, July 2023.

<sup>5</sup> Examples of **AI Enablers** are computational power, data, high speed data communications, and sensors. These include semiconductor firms that produce the processors and chips used to perform high-speed data; systems companies that supply networking equipment; and telecoms firms that provide bandwidth to the network edge from the data centre and vice versa. **AI Providers** typically, but not exclusively, belong to the software industry, which are enhancing their products with AI.

**AI Beneficiaries** are typically found outside the IT sector and span the automotive, healthcare and industrial industries.

<sup>6</sup> Net of the Ongoing Charges Figure.

<sup>7</sup> Social sectors: tobacco, gambling, adult entertainment. Environmental sectors: unconventional oil & gas.

## About Jeffrey Lin

Jeffrey joined M&G Investments in January 2023 as Head of Thematic Technology Equities. Previously, he worked for 16 years at TCW, where he was Co-Portfolio Manager of multiple thematic strategies including Global AI, Next Generation Mobility and Entertainment Technology. Previously, he was an analyst covering Computer Hardware, Software, IT Services, and the Automotive sector.

Prior to joining TCW, Jeffrey worked at Provident Investment Counsel, Vulcan Ventures and Montgomery Securities. Before entering the investment industry, Jeffrey was a computer engineer at Ingram Micro and Compaq Computer.

Jeffrey holds Bachelor of Science in Electrical Engineering and an MBA from the University of Southern California.

## About Thomas Lee

Thomas joined M&G Investments in January 2023 as Deputy Head of Thematic Technology Equities. Prior to joining M&G, he spent more than 8 years at TCW, where he was Co-Portfolio Manager of several thematic strategies including Global AI, Next Generation Mobility, and Entertainment Technology. Thomas was also an analyst covering Semiconductors and Semi-cap equipment as well as Telecom Equipment and Services. Before TCW, Thomas was senior research analyst at Empire Capital, a long/short TMT hedge fund. He also worked for Goldman Sachs as an analyst for several years and for UBS as a research associate. Thomas started his career at Motorola, where he covered different roles, such as engineering, market analysis and product management.

Thomas holds a Bachelor of Science and a Master of Science in Electrical Engineering from the University of Illinois at Urbana-Champaign and an MBA from the University of Chicago.

**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 £332 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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