

M&G launches two-year fixed maturity bond strategy providing opportunity for European investors to lock in attractive yields in global credit

Launch follows €440 million fixed maturity bond strategy closed in November 2023

London, 29 February 2024 – M&G’s €144 billion AUM¹ Fixed Income investment division is launching a two-year fixed maturity bond strategy aiming to lock in 4.5 percent gross annualised returns. The **M&G (Lux) Fixed Maturity Bond Fund 1** seeks to provide European investors a pick-up to European sovereign bonds and cash deposits, the latter which currently yield between 3.1 percent and 3.4 percent for similar tenures.²

The global, highly diversified credit portfolio, with an allocation of at least 80 percent of investment grade and 20 percent of high yield bonds, has been designed to capture the opportunity in short-dated bonds created by the inversion of the interest rate curve. The strategy will be managed by Stefan Isaacs, co-Deputy CIO of M&G’s Fixed Income Team and Fund Manager Matthew Russell, both have over 20 years of industry experience, and will be supported by M&G’s dedicated in-house fixed income research team.

Commenting on the launch, **Stefan Isaacs** said: “With European headline inflation tracking down towards the 2 percent target and the European Central Bank expected to start cutting interest rates later this year, the current environment provides investors with the opportunity to lock in higher rates through fixed maturity bond strategies that are backed by strong research analysis. The ongoing inversion of the interest rate curve allows us to find compelling yields for Investment Grade bonds and High Yield credit across markets while limiting duration risk.”

Neal Brooks, M&G’s Global Head of Product and Distribution, added: “We are seeing strong interest from our European clients in fixed maturity strategies ahead of Central Banks making their next move. M&G’s active approach to fixed income investment is valued by our clients as credit selection is key as companies refinance at this stage in the interest rate cycle. Today’s launch responds to this demand and follows the successful Fixed Maturity Bond strategy, which raised €440 million during its six week subscription period that closed in November 2023.”

The fund is Article 8 under SFDR and will be available for subscription until October 16, 2024.

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Key Features of the M&G (Lux) Fixed Maturity Bond Fund 1

- **Fund domicile:** Luxembourg
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- **Fund currency:** EUR
- **Initial Offering Period (IOP):** February 28 – April 12
- **Launch date:** 16 April
- **Subscription period:** ending on October 16
- **Maturity:** 2 years
- **Investment policy :** The Fund invests at least 80% 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. These securities can be denominated in any currency. The Fund may invest up to 20% in below investment grade and unrated debt securities.
- **Recommended holding period:** 2 years
- **Target gross yield (per annum)³:** 4.5%
- **Average rating⁴:** 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

¹ Source: M&G, Public Debt AUM as of 30 June 2023.

² Source: European Central Bank, data portal, Dec 2023, Euro area provisional values for deposits with agreed maturity over 1 and up to 2 years and over 2 years.

³ Based on current market conditions, target returns are not guaranteed.

⁴ Internal limits only. Subject to change

About Stefan Isaacs

Stefan is co-Deputy CIO of Fixed Income and Head of M&G's Macro Credit business. 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 co-fund manager of the Optimal Income strategies since their inception in 2007. He is also lead fund manager on the Global High Yield Bond Strategy and is co-fund manager on the Global Floating Rate High Yield and Sustainable Optimal Income strategies. Since 2010, he has managed a number of high yield and high yield ESG strategies in London and in Luxembourg. 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. He became co-manager of the Short Dated Corporate Bond strategy in 2011 and, two years later, was appointed lead fund manager. In 2015 he started managing the Gilt & Fixed Interest Income strategy and in June 2021 became lead fund manager of the European Inflation Linked Corporate Bond strategy and co-fund manager of the UK Inflation Linked Corporate Bond strategy. In 2024, he took on management of the European Investment Grade Strategies. Matthew has a BSc in economics from the University of Birmingham and is also a CFA charterholder.

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

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Before subscribing investors should read the Key Information Document and the Prospectus, which includes a description of the investment risks relating to these funds. The value of the assets managed by the funds may greatly fluctuate as a result of the investment policy. The information contained herein is not a substitute for independent investment advice.

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