News release

Marketing communication

M&G expands fixed income range with launch of China Corporate Bond strategy

Singapore, Hong Kong, Europe, 12 March 2025 – M&G today announces the launch of the **M&G (Lux) China Corporate Bond Fund** (the Fund), expanding M&G's global fixed income offering to external clients. The Fund provides investors with the opportunity to invest in China's vast onshore corporate bond market—one of the world's largest and fastest-growing credit markets—at a time when global investors are seeking diversification opportunities in fixed income.

Against a backdrop of shifting global interest rate cycles, the Fund aims to generate a higher total return than the China corporate bond market over any three-year period. With China's monetary policy diverging from major developed economies, the Fund seeks to capture relative value opportunities, combining capital growth and income, while expanding global investor access to China's dynamic credit market.

Andrew Chorlton, Chief Investment Officer of Fixed Income at M&G Investments, commented: "Investor demand for diversified fixed income exposure continues to grow, particularly in Asia and Europe. This launch follows our significant investment in expanding M&G's global credit platform, including build-out of our Asian fixed income expertise, to enhance our ability to provide clients with innovative solutions and access to leading fixed income markets. By leveraging our in-house credit research capability and deep experience in credit selection across investment teams, this strategy offers investors a compelling way to access China's evolving onshore bond market, while benefitting from M&G's disciplined approach to active fixed income management."

With a strong heritage in global fixed income investing, M&G manages US$173.3 billion[1] in fixed income strategies worldwide, drawing on deep expertise across investment-grade, high-yield, and emerging market debt. The Fund will actively allocate to high-quality corporate credits, including state-owned entities (SOEs) and local government financial vehicles (LGFVs), while maintaining flexibility to invest in USD-denominated bonds issued by China entities.

The Fund will be managed by Singapore-based William Xin, who has over two decades of experience in China's credit market. He will be supported by M&G's Asian Fixed Income team that is based in Singapore and manages almost $10 billion[2] in assets across the region—as well as leverage the firm's extensive research capabilities and proprietary credit analysis across the UK, Europe, and the US. This combination of local expertise and global resources will provide clients with a research-driven approach to identifying attractive opportunities in China's corporate bond market.

William Xin, Portfolio Manager, Asia Fixed Income, M&G Investments added, "China's corporate bond market is one of the most dynamic in the world and global investors are attracted to the diversification it offers, its relatively stable risk-return profile and its low correlation to other bond markets. As the market continues to internationalise, we expect this will further increase demand for Chinese Yuan-denominated assets over the long-term."

The Fund will be classified as SFDR Article 8[3]. It is structured as a Sub-Fund of a UCITS Luxembourg SICAV, and will be available to institutional and wholesale investors in Europe, as well as professional investors across Asia.

-ENDS-

[1] As at 30 June 2024
[2] As at 31 December 2024
[3] The Fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments.

Notes to Editors

Key features of the M&G (Lux) China Corporate Bond Fund

Fund domicile: Luxembourg

Fund currency: USD

Launch date: 19 February 2025

Investment policy: The Fund aims to provide a higher total return (capital growth plus income) than that of the China corporate bond market over any three-year period, while applying the ESG Criteria. The Fund invests at least 80% of its Net Asset Value in debt securities issued by companies (including state-owned and private enterprises) domiciled, incorporated, listed or conducting a major part of their economic activities in China. The Fund may also invest in debt securities issued or guaranteed by the China government and its agencies. The Fund invests at least 60% of its Net Asset Value in investment grade debt securities. The Fund may invest up to 20% of its Net Asset Value in below investment grade debt securities, including up to 10% in distressed debt securities and defaulted securities. The Fund seeks to make investments that meet the ESG Criteria, applying an Exclusionary Approach as described in the precontractual annex to this Fund Supplement. The fund's recommended holding period is 3 years. The Fund's expected average level of leverage under normal market conditions is 150% of the Fund's Net Asset Value when calculated in accordance with the sum of notionals approach.

Benchmark: iBoxx Chinabond CNY Corporates Investment Grade (excluding policy banks) index, unhedged in USD. The Fund is actively managed.

The main risks associated with this fund:

- The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.
- Investing in emerging markets involves a greater risk of loss due to greater political, tax, economic, foreign exchange, liquidity and regulatory risks, among other factors. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries.
- The fund may invest in China A shares. Investments in assets from China are subject to changeable political, regulatory and economic conditions, which may cause difficulties when buying, selling or collecting income from these investments. In addition, such investments made via the Stock Connect system, may be more susceptible to clearing, settlement and counterparty risk. These factors could cause the fund to incur a loss.
- Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
- ESG information from third-party data providers may be incomplete, inaccurate or unavailable. There is a risk that the investment manager may incorrectly assess a security or issuer, resulting in the incorrect inclusion or exclusion of a security in the portfolio of the fund.

Please note, investing in this fund means acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company, as these are only the underlying assets owned by the fund.

Further details of the risks that apply to the fund can be found in the fund's Prospectus.

Sustainability information:

The Fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments.

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 US$437.5 billion of assets under management (as at 30 June 2024). M&G plc has around 4.6 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). M&G plc has committed to achieve net zero emissions by 2050 at the latest, across our investment portfolios and operations.

For more information, please visit www.mandg.com, or contact:

Dinah Seah (M&G Investments)	dinah.seah@mandg.com	+65 6436 5305
Sabrina Cheng (M&G Investments)	sabrina.cheng@mandg.com	+852 3725 3100
Justin Teh (FTI Consulting)	justin.teh@fticonsulting.com	+65 6506 7685