

For investment professionals only

Impact by Design

Ben Constable-Maxwell, Head of Sustainable and Impact Investing

November 2020



M&G Positive Impact Fund

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.

The fund holds a small number of investments, and therefore a fall in the value of a single investment may have a greater impact than if it held a larger number of investments.

The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

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.

In exceptional circumstances where assets cannot be fairly valued, or have to be sold at a large discount to raise cash, we may temporarily suspend the fund in the best interest of all investors.

The fund could lose money if a counterparty with which it does business becomes unwilling or unable to repay money owed to the fund.

Operational risks arising from errors in transactions, valuation, accounting, and financial reporting, among other things, may also affect the value of your investments

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

For any performance shown, please note that past performance is not a guide to future performance.

It is also important to note that

The fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.



Fund overview

M&G Positive Impact Fund

Fund name	M&G Positive Impact Fund
Fund manager: Impact lead:	John William Olsen Ben Constable Maxwell
Launch date (manager tenure)	20 November 2018
Fund size	£114.3 million
Investment objective	<p>The fund has two aims:</p> <ul style="list-style-type: none">• To provide a combination of capital growth and income, net of the Ongoing Charge Figure, that is higher than the MSCI ACWI Index over any five-year period; and• To invest in companies that have a positive impact on society through addressing the world's major social and/or environmental challenges.
Typical number of holdings	25-35
Benchmark*	MSCI AC World Index
Valuation currency	USD
Fund structure	UK OEIC UCITS
Pricing/dealing frequency	Daily



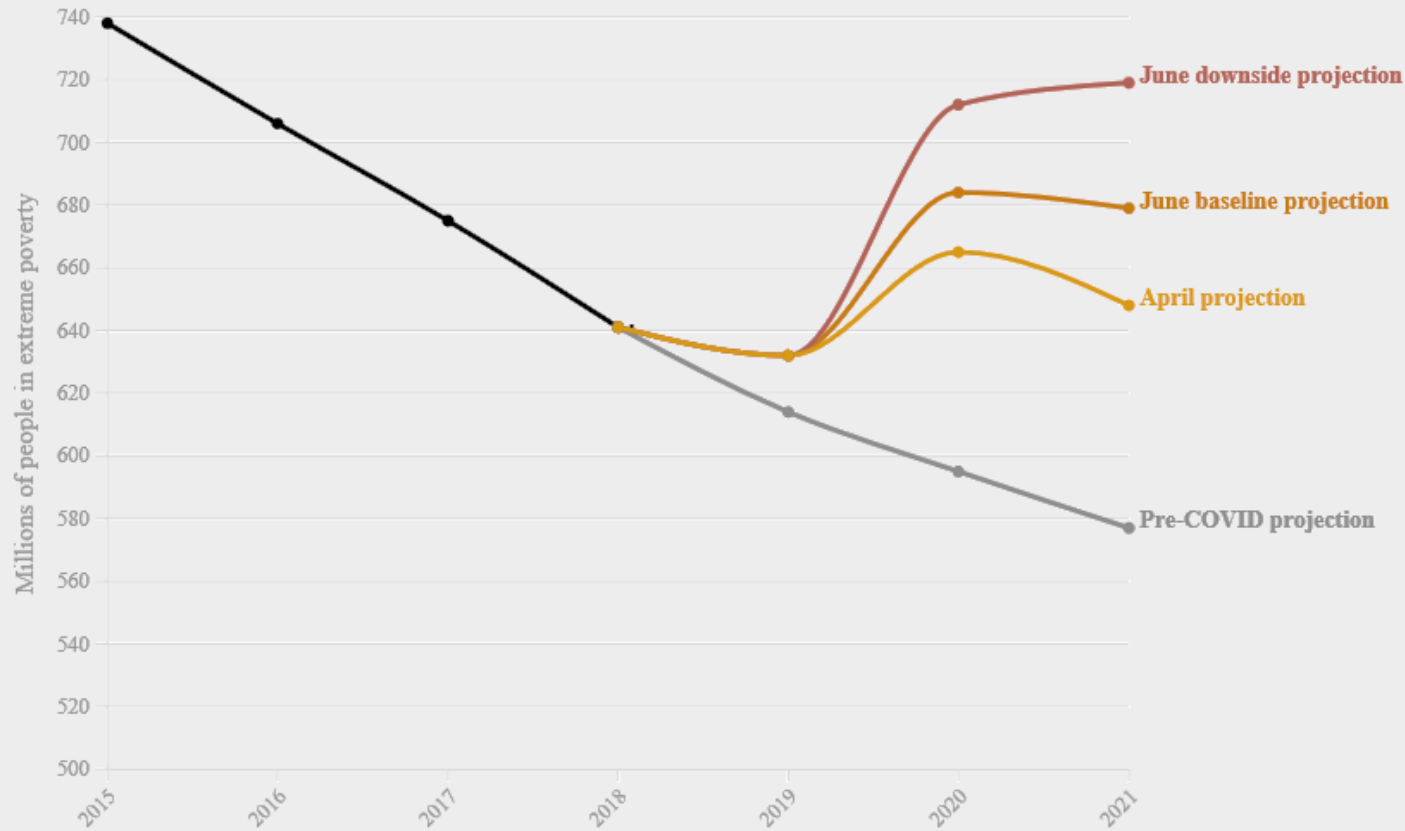
*The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. An annual report is published to provide an assessment of the positive, societal and environmental impact of each holding in the fund.



The societal cost of Covid-19

Reversing 22 years of progress

The Impact of COVID-19 on Global Extreme Poverty



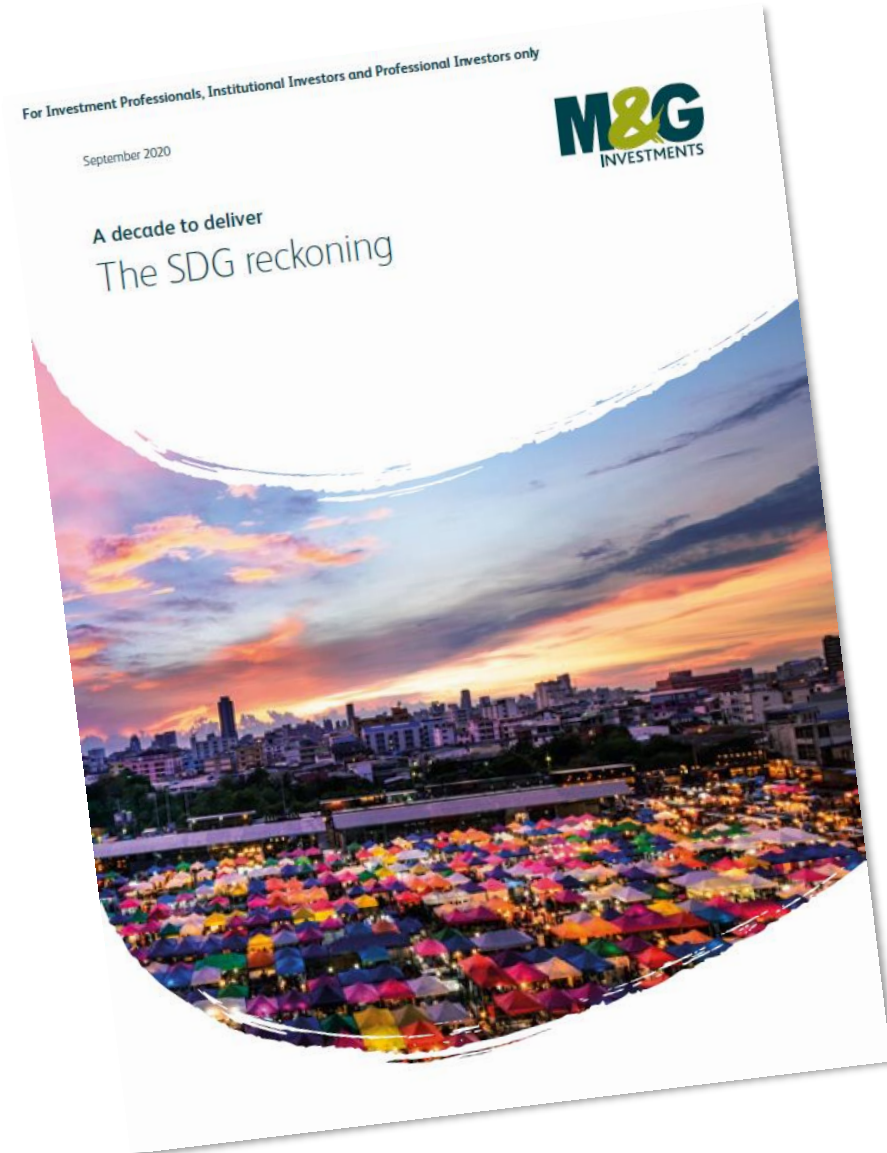
100 million people assuming 8% global growth contraction in 2020

71 million people assuming 5% growth contraction in 2020

40-60 million people estimated to be pushed into extreme poverty

Source: Lakner et al (2020), PovcalNet, Global Economic Prospects. • Extreme poverty is measured as the number of people living on less than \$1.90 per day.

The SDG reckoner



Goal	Progress towards goals	Financing responsibility
1 No poverty	← 0 4 10 (red arrow pointing left)	100%
2 Zero hunger	← 0 4 10 (red arrow pointing left)	100%
3 Good health and well-being	← 0 4 10 (red arrow pointing left)	100%
4 Quality education	← 0 4 10 (red arrow pointing left)	100% 40%
5 Gender equality	← 0 4 10 (red arrow pointing left)	100%
6 Clean water and sanitation	← 0 4 10 (red arrow pointing left)	100%
7 Affordable and clean energy	← 0 5 10 (yellow arrow pointing right)	100%
8 Decent work and economic growth	← 0 4 10 (red arrow pointing left)	100%
9 Industry Innovation and Infrastructure	← 0 5 10 (yellow arrow pointing right)	100%
10 Reduced inequalities	← 0 4 10 (red arrow pointing left)	100% 40%
11 Sustainable cities and communities	← 0 5 10 (yellow arrow pointing right)	100% 40%
12 Responsible consumption and production	← 0 4 10 (red arrow pointing left)	100%
13 Climate action	← 0 2 10 (yellow arrow pointing right)	100%
14 Life below water	← 0 5 10 (yellow arrow pointing right)	100% 40%
15 Life on land	← 0 2 10 (yellow arrow pointing right)	100%
16 Peace, Justice and strong Institutions	← 0 5 10 (red arrow pointing left)	100%
17 Partnerships for the goals	← 0 5 10 (yellow arrow pointing right)	100%

The SDG reckoner

SDG4 QUALITY EDUCATION



SDG 5 GENDER EQUALITY



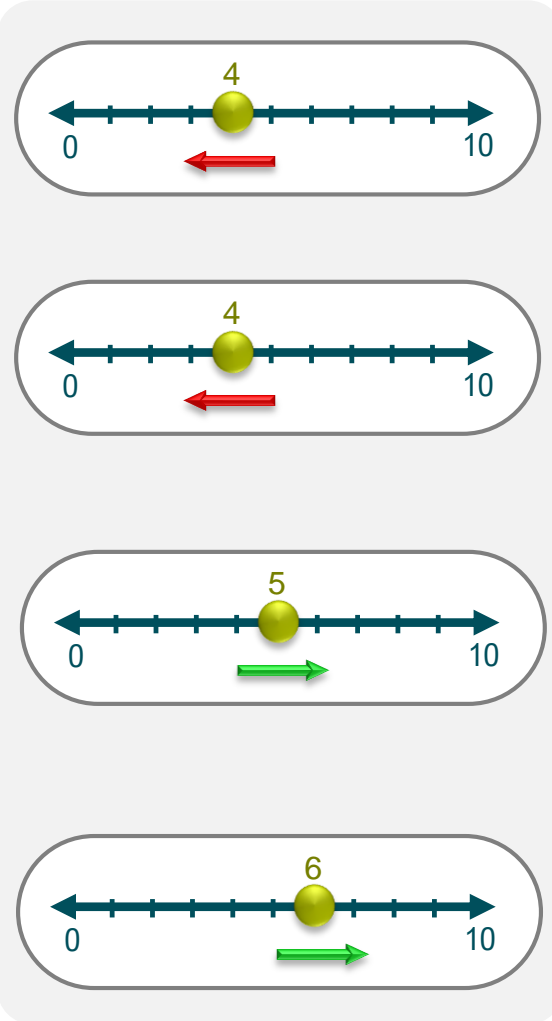
SDG6 CLEAN WATER AND SANITATION



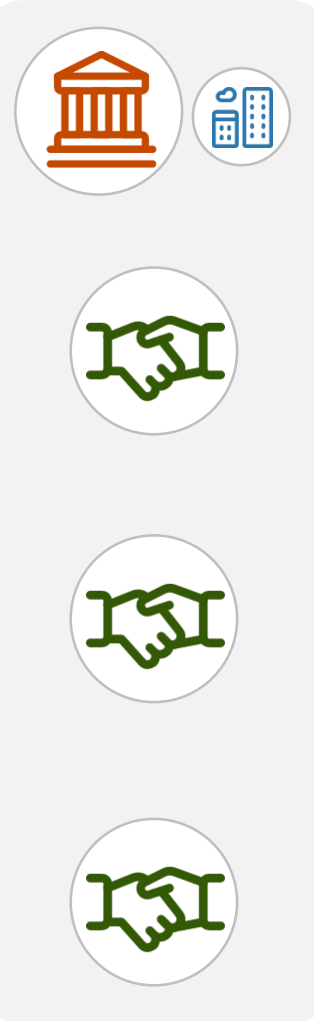
SDG7 AFFORDABLE AND CLEAN ENERGY



Progress towards the goals



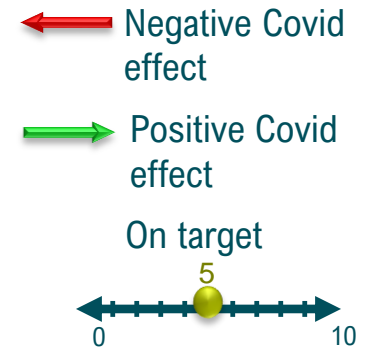
Financing responsibility



Supporting statistics

- Remote learning remains **out of reach** for at least **500 million students**
- Lockdowns are increasing the risk of **violence against women and girls**
- 3 billion people worldwide** Lack basic handwashing facilities at home
- Affordable & reliable energy** is critical for health facilities. 1 in 4 not electrified

- Private financing
- Public funding
- Public/Private partnerships



Impact investing and Covid-19

Hindering progress towards reaching the SDGs

“*Everything we do during and after this crisis must be with a strong focus on building more equal, inclusive and sustainable economies and societies that are more resilient in the face of pandemics, climate change, and the many other global challenges we face*”

António Guterres
Secretary-General of the UN

Impact investing could be our most important tool - CDC Group



Impact investing during COVID-19

Active engagement with our investee companies

We emailed **all 31** of our holdings, asking:

1) For an update on the efforts, activities or initiatives undertaken to help combat the impact of the coronavirus crisis - in particular how these align with the organisation's core purpose

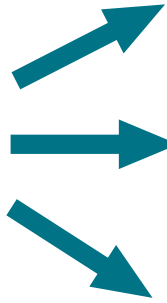
2) How the company is balancing the interests and wellbeing of the workforce on one hand, and executive compensation and shareholder returns mechanisms on the other

Despite many companies being on their quiet period, we received many positive responses...



Impact investing during COVID-19

Monitoring the purpose and integrity of the companies we invest in



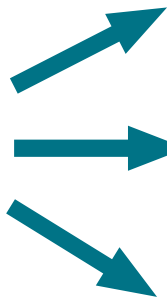
Established **new national test centre** in Denmark for



Offering **90-day insulin supply for free** in the US for those



Donating and lending laboratory equipment to the NHS



M-PESA **wallet limit increased to reduce cash handling**



Double bandwidth offered to help customers work and learn from home



Donation of thermal cameras worth KShs 10mn to the Ministry of Health

Helps confirm the strong impact credentials of our portfolio companies



Covid-19 and the impact assessment of investments

- Ability to check the resilience of our holdings
- Opportunity to engage with investee companies and test their purpose
- Impact investing at the heart of the needed 3R's reset: Recovery, Resilience, Redesign



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