

SEPTEMBER 2026

M&G Investment Grade ABS Credit Fund

A high quality actively-managed portfolio run by a large and experienced Structured Credit team.

This active strategy seeks to offer a liquid and defensive alternative to traditional corporate and government bond allocations by capitalising on relative valuation opportunities across Investment Grade ABS (Asset Backed Securities).

These include Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), Collateralised Loan Obligations (CLOs), Whole-Business Securitisations (WBS), and consumer ABS backed by such receivables as consumer loans, credit card debt, auto loans/leases and student loans.

The portfolio management team has a 20+ year track record of investing in this market, and the Fund is designed for investors seeking diversification whilst also accessing attractive all-in yield and spread premium.

1 Attractive all-in yields

Investment Grade ABS can offer higher yields relative to equivalently-rated, short-dated corporate and government bonds, due to regulatory and technical factors.

2 Historically strong credit resiliency

Built with multiple layers of protection, Investment Grade ABS have demonstrated resilience through periods of market volatility and economic uncertainty.

3 Diversification

Investment Grade ABS typically exhibits low correlation with other established asset classes, which can be appealing from a portfolio construction perspective.



[Learn more about our fixed income capabilities](#)

[Learn more](#)

The views expressed in this document should not be taken as a recommendation, advice or forecast. The value of investments will fluctuate, which will cause prices to fall as well as rise and you may not get back the original amount you invested. Past performance is not a guide to future performance



Matthew Wardle
Portfolio manager



Scott Ellerby
Portfolio manager



Joseph Rice
Portfolio manager



Harry Bullamore
Portfolio manager

Investment objective

The fund seeks a higher total return (capital growth plus income) of 1-3% per annum than that of SONIA over any three-year period, net of fees.

Fund Inception date

9th September 2026

ISIN

GB00BQ7VZ804

Bloomberg

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M&G Fixed Income's Investment Approach

Value-based and internal research-driven

Buying or avoiding mis-priced assets, with internal research driving investment decisions

Disciplined, longer-term focus

Patience and discipline to stand aside when the market is not sufficiently compensating us for taking credit risk

Experienced and pragmatic

Consistent application of process, regardless of broader market conditions

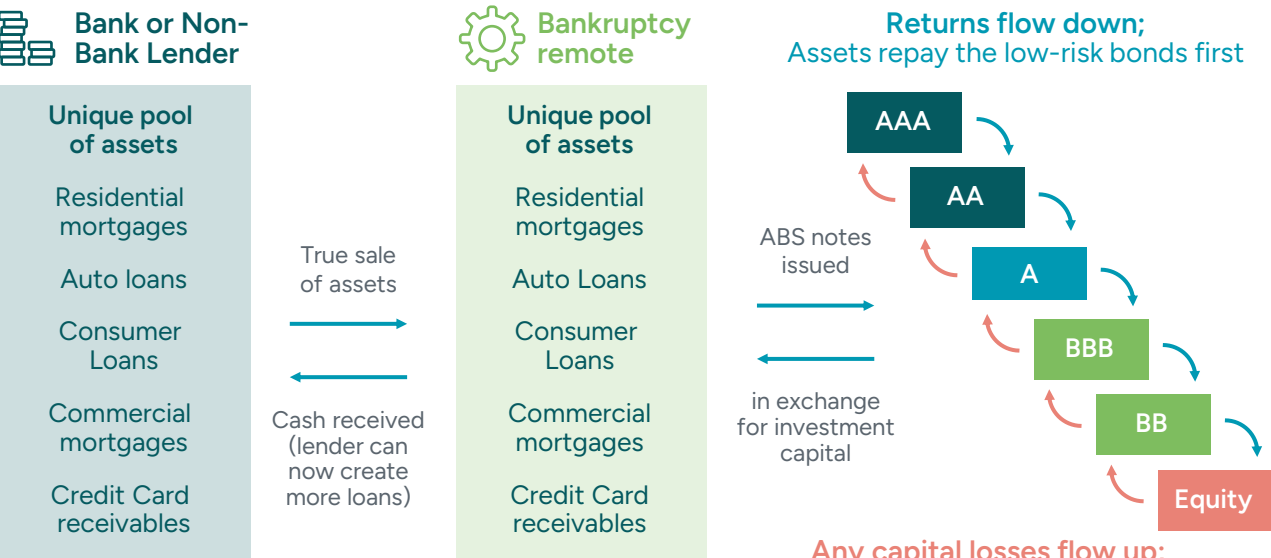
What are ABS?

Asset Backed Securities (ABS) are created when a bank or non-bank lender sells a pool of loans, such as residential mortgages, auto loans or credit card receivables, into a bankruptcy remote special purpose vehicle (SPV). The SPV issues bonds to investors, paid solely from cash flows generated by the underlying loans.

Bonds are structured into tranches offering different levels of credit risk, similar to a corporate capital structure. Senior tranches (typically AAA-rated ABS) are repaid first, while any credit losses are absorbed by junior or equity tranches.

A reminder on Asset Backed Securities

How are ABS created?



Source: M&G. For illustrative purposes only, returns are not guaranteed.

The European ABS market has grown substantially as cheap central bank funding has diminished, with further scalability and diversification expected, increasing liquidity in the market. Investment grade ABS can also provide strong structural protection, with credit enhancement features that help safeguard principal and support stable, predictable returns through market cycles.

Why M&G?

M&G has invested in Structured Credit since the late 1990s and has one of the largest and most experienced platforms in the market, covering investment grade and high yield capabilities.

- Our Structured Credit research team produces detailed internal credit assessments that form a core part of our investment process.
- We continuously monitor transactions against our underwriting assumptions and performance expectations, assess relative value opportunities across the market, and systematically screen for new investment opportunities.
- M&G has wide-ranging relationships with new issue and secondary market trading counterparties across Structured Credit markets and is regarded as an established, pragmatic, long-term focused investor in this asset class.
- M&G has invested significant time and resources into building sophisticated, proprietary systems for Structured Credit.

Investment policy

The Fund aims to provide a combination of capital growth and income of between 1-3% a year above the Sterling Overnight Index Average (SONIA), before any charges are taken, over any three-year period. SONIA reflects the average interest rate that banks pay to borrow sterling overnight from other financial institutions

At least 80% of the Fund is invested directly in Asset Backed Securities (ABS) that are rated investment grade and denominated in any currency. ABS are securities that have been created by pooling related debts such as mortgages, credit card debt, car loans, student loans, equipment lease, collateralised repo loans and EETCs (Enhanced Equipment Trust Certificates).

The fund's recommended holding period is 5 years.

The Fund's expected average level of leverage under normal market conditions is 200% of the Fund's Net Asset Value when calculated in accordance with the sum of notionals approach. The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy.

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.
- ABS are complex securities that pool underlying loans and credit agreements. Their value and the risk of not receiving back all proceeds will be affected by interest rates and the ability of the underlying debtors to repay their agreements.
- The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.
- Further details of the risks that apply to the fund can be found in the fund's Prospectus.

It is also important to note that

- The fund allows for the extensive use of derivatives

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Before subscribing you should read the Key Investor Information Document and the Prospectus, which includes a description of the investment risks relating to these funds. The information contained herein is not a substitute for independent investment advice.

The Instrument of Incorporation, Prospectus, Key Investor Information Document, annual or interim Investment Report and Financial Statements, are available in English free of charge from M&G Securities Limited, or on www.mandg.co.uk.

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