Investire in debito speculativo in un contesto macroeconomico sfidante

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The risk disclosures are on page 12

Who we are

FTSE 100 global asset manager, with a large footprint in **European Public and Private Fixed Income**

M&G	**Founded** 1848	**AUM&A** €390bn[1]
Employees c6,000	**Markets** 26	**Locations** 26

Private assets[3]

- **3rd** Largest private credit investor in Europe[2]
- **9th** Largest private credit investor globally[2]
- **€86bn** AUM
- **€8bn** Leveraged Loans AUM

470+ Investment professionals[4]

Public fixed income[5]

- **€127bn** AUM
- **€15bn** High Yield AUM

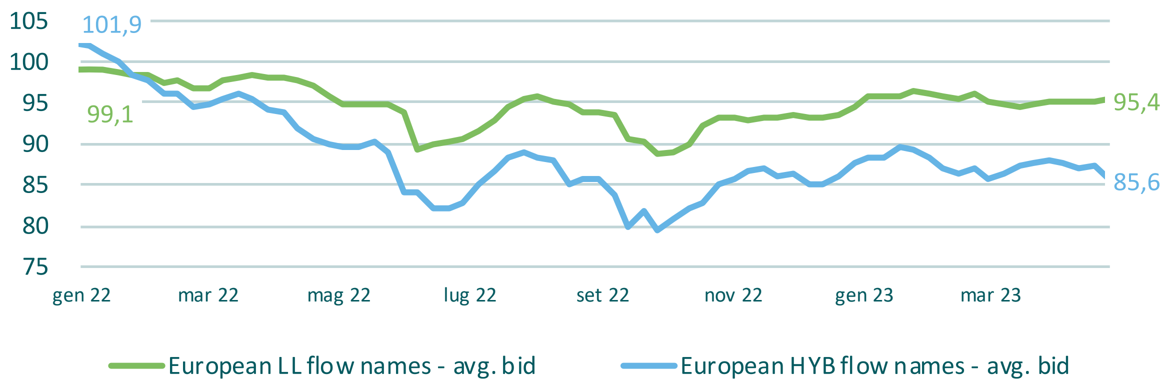
Source: M&G, as of December 2022

1) Assets under Management and Administration as of 31 December 2022. 2) Based on figures quoted in Private Debt Investor magazine as of 1 December 2022 based on inflows over the past five years. 3) Assets under management including cash, as of 31 December 2022, rounded. 4) In public fixed income and private & alternative assets 5) As of 31 December 2022

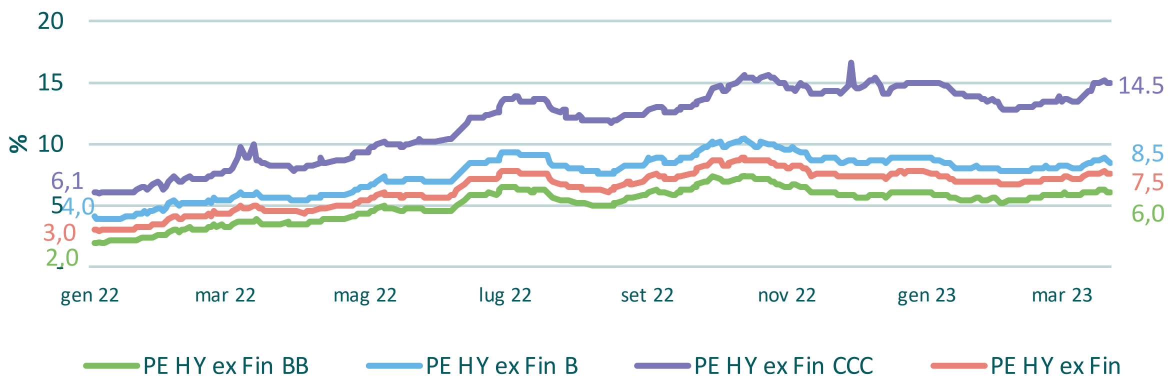
Market opportunity: deteriorating and volatile credit markets

Market volatility has increased and spreads are widening. This creates **stressed credit** trading opportunities

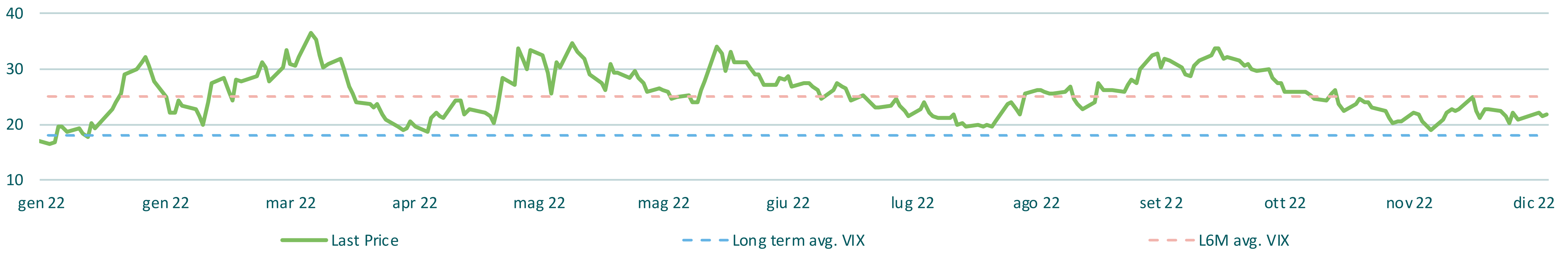
European leveraged loan and high yield bond prices decreased in the last 15 months…[1]



… with high yield bond yields increasing significantly in the same period[2]



Market volatility has consistently been above historical averages since the beginning of the year[3]

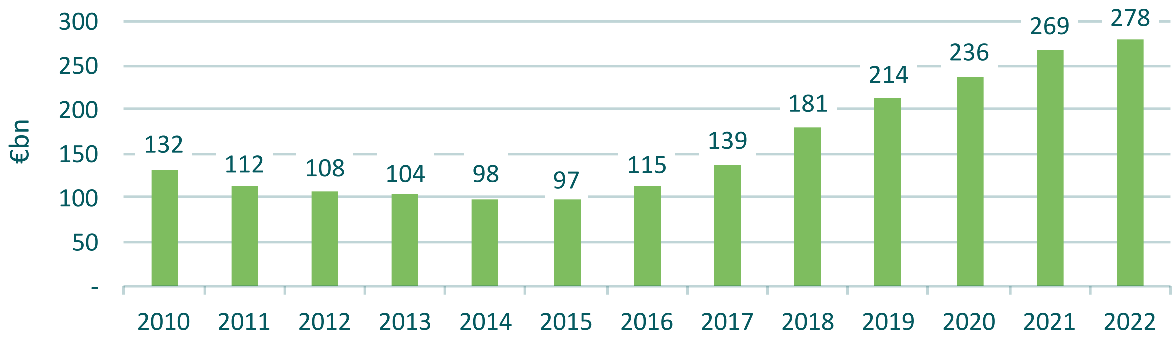


Source: [1]S&P Global Market Intelligence – European Secondary Flow (as of May-2023). [2]Bloomberg (as of May-2023). [3]Bloomberg – CBOE volatility index (as of Dec-2022).

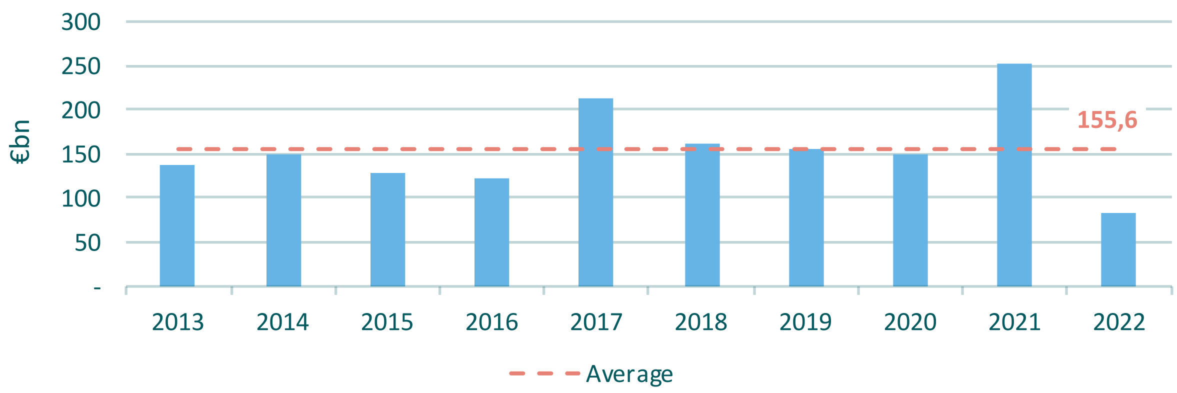
Market opportunity: challenging refinancings lead to restructurings

Debt issuance has been disrupted at a time when corporate leverage is historically high, increasing the yield required by corporate debt and creating **distressed credit** in need of restructuring

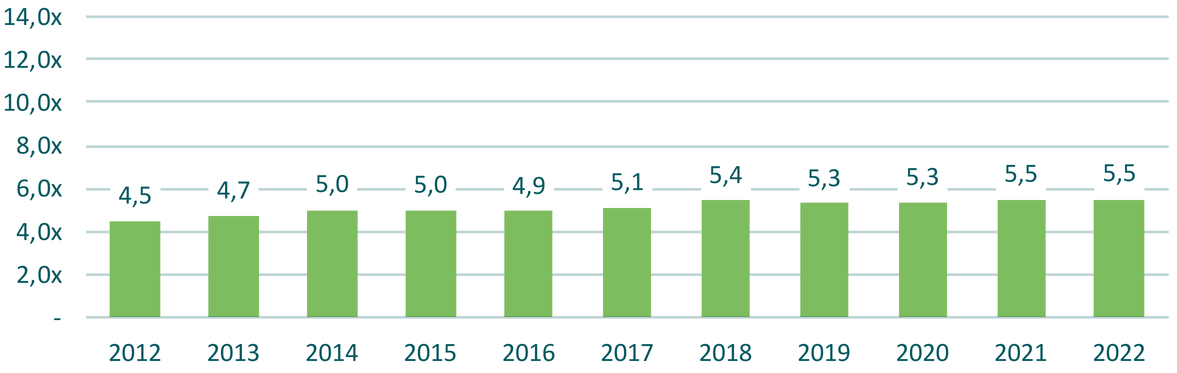
Outstanding leveraged loan amounts have reached record levels[1]



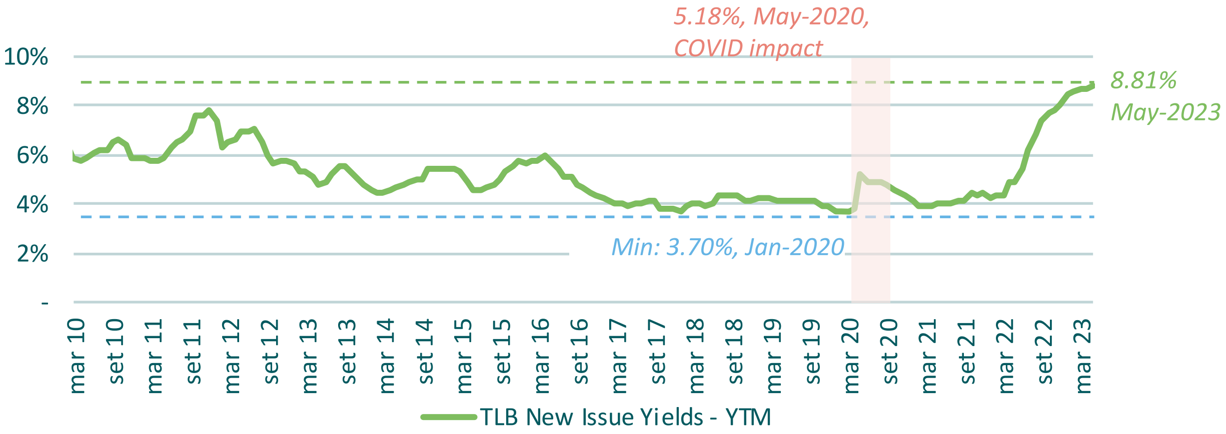
FY22 LL and HYB issuance in Europe is lower than historical averages[2]



Average leveraged loan issuances total debt/EBITDA ratio in Europe[3]



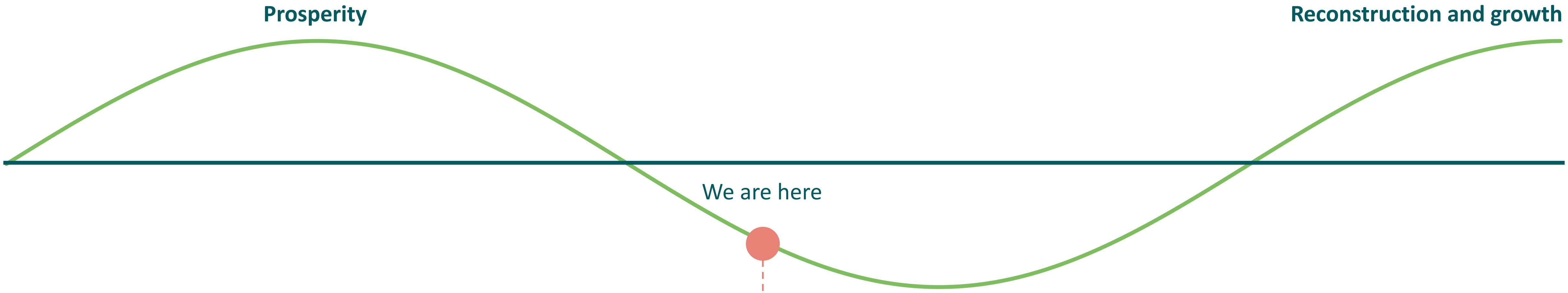
Yields on newly issued loans in EU rose in 2022 to the highest levels in over 10 years[4]



Source: [1]S&P Global Market Intelligence – Global Leveraged Lending Report (as of Dec-2022). [2]S&P Global Market Intelligence – Euro Loans and Technical Data (as of Dec-2022). [3]S&P Global Market Intelligence – Global Leveraged Lending Report (as of Dec-2022). [4]S&P Global Market Intelligence – Euro Loans and Technical Data (as of May-2023).

Market opportunity: three key stressed/distressed opportunities

As recessionary pressures increase, three key opportunities are created in the stressed/distressed space



1. Market dislocation trades – Short-lived opportunities to acquire the debt of high quality corporates at distressed yields

2. Restructuring situations – unlocking value by restructuring businesses that have a 'reason to exist'

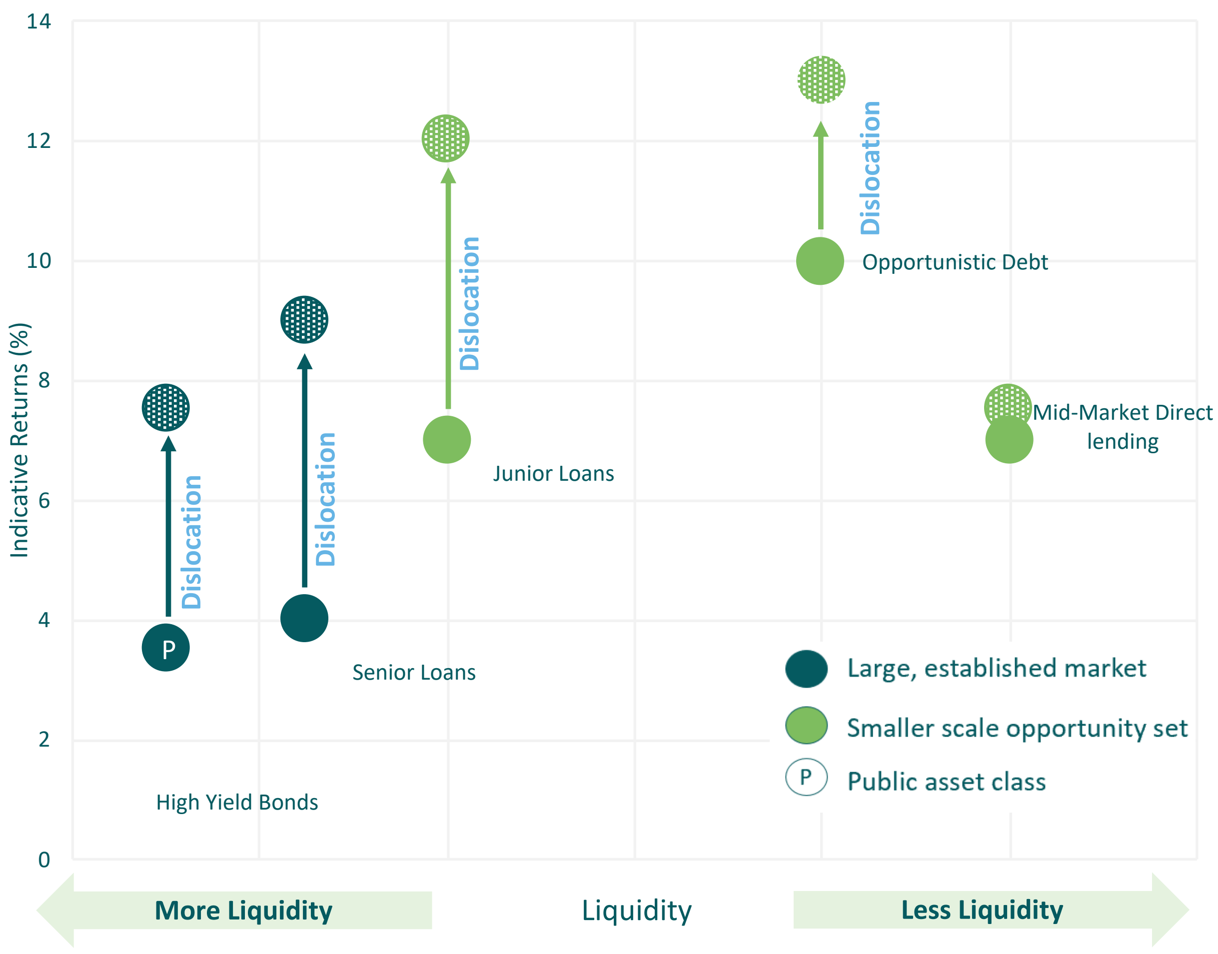
3. Rescue financing – financing of companies that cannot access capital because of 'big but solvable' problems

Source: M&G, as of June 2023. [1]% of AUM when fully invested. For indicative purposes only.

Market opportunity: much broader than stressed and distressed

Compelling relative value in current macro environment

Indicative liquidity and returns of prospective asset classes



Current conditions represented by shaded dots

Asset class characteristics

Different markets offer **balance of return, liquidity and asset availability**

- High yield bonds have greatest liquidity but most volatile returns
- Senior loans market size offers confidence of deployment combined with liquidity
- Current average loan price in the 90s with c.25% p.a average prepayment rates offers rare chance to add capital gain to running income
- Private debt assets at the higher returning, more stable end of the spectrum have less liquidity and are usually only available to clients in pure form via closed ended funds

- Private asset classes offer **defensive characteristics** alongside higher returns
  - Floating rate, low-duration assets provide relative stability of returns
  - Downside protection afforded by security and seniority
  - In direct lending, lower liquidity is compensated by maintenance covenants
  - Our opportunistic debt strategy covers all debt asset classes and is focussed on buying undervalued companies well known to M&G.

Source: M&G, as of Q1 2023. For indicative purposes only.

Investment opportunity: a full menu of credit asset classes

Fine-tuned to the clients' needs: return, risk, cash yield, liquidity, etc.

		Long-term Yield*	Current Prospective Yield*	Basis	Ratings	Liquidity
Liquid Corporate Debt						
Senior Loans	Loans to private, below-investment grade companies, but with security and seniority offering an premium of circa 100bps to the main loan market.	4 - 6%	10%	Floating Rate	BB-B	
High Yield Bonds	Bond market which can from time to time offer excess returns over comparable loan risk.	4 - 6%	9%	Fixed Rate	BB-B	
Illiquid Corporate Private Debt						
Mid-Market Direct Lending	Bilateral or club loans in the higher yielding mid-market with the ability to take uni-tranche loans if appropriate.	6 - 8%	7%	Floating Rate	BB-B	
Junior Loans	Second lien, mezzanine or payment in kind (PIK) tranches of capital structures which can offer a significant uplift versus senior debt even for strong underlying credits.	7 - 9%	12%	Floating Rate	B-CCC	
Opportunistic Debt	Debt of fundamentally sound companies at attractive yields and liquidity lines for companies facing short term cash squeezes.	8 - 12%	13%	Fixed and Floating	CCC/NR	

* Long-term yield and Prospective Yield not guaranteed
Source: M&G, as at Q1 2023

How to make it happen

Well resourced, multi-specialist team benefitting from broader M&G resources

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Head of Research & Stewardship and Sustainability

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Hannah Godwin (11)
Alexander Radon (11)
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Rachita Patel (21)
Vladimir Jovkovic (18)
Chris Money (16)
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Saul Casadio (20)
Gregor Morris (10)
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Luca Lussana (7)
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Emma Richardson (5)
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Jordan Jordanou (4)
Shiv Bhasin (3)
Marco Cattaneo (2)

Source: M&G, October 2022 (years in industry). *On maternity leave. Bold type denotes team heads/co-heads.

Appendix

M&G Corporate Credit Opportunities

Next generation strategy, enabling broader client access to private debt

Return

Target E+5.5-6.5% gross

10%+ all in yields currently on offer

Stability of returns

Fixed income focus, income generation

Duration agnostic

Liquidity

Open-ended solution

No delayed drawdown

Diversified

Broad opportunity set including loans and bonds, direct lending and opportunistic debt

Flexible

Best ideas captured through the cycle by flexing allocations

Investment team

Experienced PMs with a long track record of investing in the asset classes

The target objective is not guaranteed. This slide contains indicative terms for discussion purposes only for a product that has not been launched nor is it guaranteed to launch.

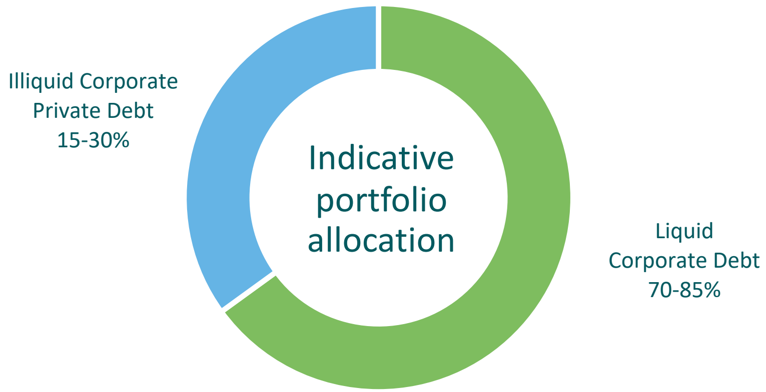
Source: M&G, illustrative.

M&G Corporate Credit Opportunities

Ability to flex allocations to capture value across credit market conditions

Indicative portfolio characteristics

Base currency	EUR
Target returns (gross)	E+550-650bps, currently E+800-900bps
Av. Margin	c.600bps
Av. M&G rating	B/B-
No. of issuers	70-100
Basis	Predominantly floating rate
Subscriptions/Redemptions/ Valuations	Monthly/Quarterly (90 days' notice)/Monthly
Leverage	0%
Geography	European focus with a global reach
Structure/Regulatory	UCI Part 2 / ELTIF



Liquid Corporate Debt	Illiquid Corporate Private Debt
• Broadly syndicated loans offering quick deployment, portfolio diversity and liquidity • Downside protection afforded by security & seniority, with majority floating rate in nature • Minority high yield bond allocation to widen investor universe and enhance liquidity	• Best opportunities in private assets at the higher yielding end of the spectrum • Direct lending, now more broadly known as **Private Credit** (both large cap and mid-market) • Lower liquidity, but the inclusion of maintenance covenants • Junior loans and opportunistic debt

Private Credit Markets Converging

M&G's Corporate Credit Opportunities Fund well placed to capitalise on this trend

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Risks associated with this strategy

The value of investments will fluctuate, which will cause prices to fall as well as rise and investors may not get back the original amount they invested. There is no guarantee the objective will be achieved. Wherever past performance is shown, please note that this is not a guide to future performance.

- Credit Risk: the possibility that a debtor will not meet their repayment obligations.
- Liquidity Risk: where market conditions make it hard to sell the strategy's investments at a fair price to meet redemptions, we may suspend dealing in the strategy's units.
- Prepayment Risk: loans may be prepaid by issuers at short notice, as a result it may be difficult for the strategy to locate and reinvest capital at an attractive price or at all, which may affect the strategy adversely.

Please note this is not an exhaustive list, you should ensure you understand the risk profile of the products or services you plan to purchase.

Source: M&G, June 2023

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