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M&G's Private & Alternative Assets division deploys over £11 billion in past year

- *2021 saw the launch of Catalyst and an expansion of international origination capabilities*

M&G's £65 billion Private & Alternative Assets division deployed more than £11.5 billion in the 12 months to 30 November 2021. The division, with a history of investing in private markets in excess of two decades and over 150 years investing in bricks and mortar real estate, deployed the capital across a plethora of markets, including leveraged finance, unlisted real estate equity, unlisted infrastructure equity, real estate finance, private asset-backed securities and books of consumer loans and mortgages.

William Nicoll, Chief Investment Officer, Private & Alternative Assets, M&G, says: "The pandemic has clearly done little to deter the prevailing trend of increasingly diversified lending markets post the Great Financial Crisis. In Europe, the banking system continues to hold around 75% of lending assets as a share of GDP – still significantly above the level in the US – and we would expect this to decrease against a backdrop of tightening bank regulations. This is creating significant opportunities for pension funds and insurance companies looking for diversification and potentially high risk-adjusted returns in areas such as residential mortgages and consumer loan pools, while the banks retain the relationships and service the end-consumers.

"At the same time, sustainability is becoming a key driver in markets as some investors are allocating capital to address the biggest challenges facing our society, particularly in relation to the health of the planet and climate change, as well as social issues such as financial inclusion. This is particularly prevalent in our real assets investments such as real estate and infrastructure, where we can support the changing needs of society whilst delivering sustainable returns for investors.

"Despite the Covid-19 pandemic prompting the most extraordinary consumer bailout ever seen, no business was left untouched by the impact that various lockdowns had on operations. Last year, we dedicated our resources to understanding how companies were impacted and to ensure they were capitalised appropriately to navigate operational turbulence that continues to persist.

"Looking ahead, for patient, long-term investors with the ability to embrace technology and complexity, innovate in evolving markets and be nimble when opportunities arise – the private markets are an exciting place to be".

The division's highlights for the year include:

- The launch of [Catalyst](#), which is investing up to £5 billion into privately-owned businesses where capital is required to drive innovation and impact to create a more sustainable

world. The 25-strong investment team based in the UK, USA, India and Singapore, is deploying the mandate on behalf of millions of customers invested through the £143 billion Prudential With Profits Fund. Recent investments include:

- [Plastic Energy](#) – a global leader in chemical recycling, converting end-of-life plastic waste into a resource for making virgin-quality recycled plastic, as it looks to accelerate its growth and expand its technology and portfolio of recycling plants.
- [TIER Mobility](#) – Europe’s leading shared micro-mobility provider, enabling cities to create more sustainable environments as we move towards a zero-emission future.
- [Storegga Geotechnologies](#) – a UK company pioneering carbon reduction and removal projects. It’s leading on a project designed to capture carbon dioxide from Scottish industrial operations and – using existing offshore pipelines – will store it under the sea bed.
- Almost £3 billion was deployed by the direct real estate investment team, with over £1 billion of this in the Asia-Pacific region where the business has been actively investing since 2002. This includes:
 - Establishing a [new partnership](#) to develop an Australian real estate portfolio investing in the logistics sector, on behalf of a third-party client.
 - Launching into the [UK’s Shared Ownership sector](#) to initially create more than 2,000 new, sustainably designed and affordable homes, through establishing a strategic partnership with Hyde Housing.
- Infracapital, the unlisted infrastructure equity division, [raised €1.5 billion](#) from investors for its latest greenfield investment strategy. Over 50 per cent of the capital is already allocated to companies at the forefront of delivering energy transition or digital connectivity. This includes:
 - [EnergyNest](#) – a Norwegian thermal battery company deploying innovative technology to decarbonise energy intensive industries and improve their sustainability.
- The Specialty Finance team [partnered with Finance Ireland](#) to bring long dated fixed rate mortgages to the Irish market for the first time.
- Crystallisation of the continued internationalisation of origination capabilities through the first direct private investments in India, Chile and the Czechia Republic.
- Further development of proprietary ESG tools in partnership with M&G’s centralised Stewardship & Sustainability and Technology Development teams, providing better data insights for the investments teams and client reporting.

-ENDS-

Notes to editors:

Size of Private and Alternative Assets team (£65 billion), as at 30 June 2021
 £11.5 billion deployed into both primary and secondary markets by M&G’s Private & Alternative Assets division between 1 December 2020 and 30 November 2021.



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About M&G plc

M&G plc is an international savings and investments business, managing money for both individual savers and institutional investors in 28 markets. As at 30 June 2021, we had over £370 billion of assets under management and administration, around 5 million retail customers and more than 800 institutional clients.

With a heritage dating back more than 170 years, M&G plc has a long history of innovation in savings and investments, combining asset management and insurance expertise to offer a wide range of solutions. We serve our savings and insurance customers under the Prudential brand in the UK and Europe and for asset management in South Africa, and under the M&G Investments brand for asset management clients globally.

M&G 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.

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