

Consumer-Facing Disclosure

For Informational Purposes only. This is not a Marketing document.

M&G UK Sustain Paris Aligned Fund

a sub-fund of M&G Investment Funds (2), managed by M&G Securities Limited

LEI Identifier 549300TIKNBOG9RV6X32

This Consumer-Facing Disclosure is accurate as at 2 April 2025.



Sustainability label

Sustainable Investment Labels help investors find products that have a specific sustainability goal. This product has a 'Sustainability Improvers' label. It invests mainly in assets that may not be sustainable now, with an aim to improve their sustainability for people or the planet over time.

Sustainability goal

As its Sustainability Goal, support the mitigation of climate change by investing at least 70% of the fund in companies that contribute towards the Paris Agreement climate change goal* and have the potential to reduce their contribution to climate change determined by their potential to decarbonise their operations over time and ultimately reach Net Zero**.

*The overarching Paris Agreement climate change goal is to hold the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels. The principal way to achieve this is to avoid the buildup of greenhouse gases, which in turn will prevent the most severe impacts of climate change, such as extreme weather events, sea-level rise, and biodiversity loss.

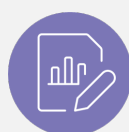
**The long term target is for investments made by the fund to reach Net Zero by 2050.

Sustainability approach

At least 70% of the fund's assets will be "Improvers" which contribute to the fund's Sustainability Goal. The remaining assets of the fund will be invested in such a manner as to not conflict with the fund's Sustainability Goal, including companies that already reached Net Zero, companies with low carbon intensity, companies that provide climate solutions held for diversification and assets for liquidity purposes.

Improvers

The fund manager uses a Transition Assessment Framework to assess the potential of companies to reduce their contribution to climate change and ultimately reach Net Zero. Companies that are classified as Committed, Aligning or Aligned demonstrate sufficient progress towards decarbonising their operations and are as such categorised as Improvers. The Transition Assessment Framework categories and fund's targets for Improvers are as follows:



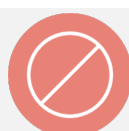
Targets for Improvers

Short-term	Medium-term	Long-term
For a company to move up at least one category over a three-year period until it reaches Aligned	For a company to move to Aligned within six years	For a company to reach Net Zero (ie on a net basis, its greenhouse gas emissions are zero) by 2050

The fund manager acknowledges that external factors, such as political interference, can impact decarbonisation efforts. Therefore, they will also support companies in upholding their existing commitments.

Additional Considerations regarding the fund's contribution to climate change:

- The fund restricts investment in companies involved in thermal coal or oil and gas extraction or carbon intensive power generation, as such companies are a major factor in climate change (see Exclusionary Approach); and
- The fund maintains a Weighted Average Carbon Intensity (WACI) of less than 50% of the UK equity market as represented using the FTSE All-Share Index as a proxy.



Exclusionary Approach

The fund limits the harm to the environment and society by not holding certain types of investments, which is called 'negative screening'. This results in a reduced investment universe. Further details on fund exclusions can be seen overleaf.

Exclusionary approach

The fund manager uses negative screening to avoid investing in companies that harm the environment and society. These screens typically use data from third party data vendors such as MSCI and Bloomberg. This can be supplemented by the fund manager's sustainability research, which may result in exceptions to the negative screens for valid reasons, as described in the Prospectus.

Environmental <div> <div> <p>Thermal Coal Extraction</p> <p>0%</p> </div> <div> <p>Carbon-intensive power generation</p> <p>5%*</p> </div> </div> <div> <div> <p>Oil and Gas Extraction</p> <p>0%</p> </div> </div>		Social <div> <div> <p>Controversial Weapons</p> <p>0%</p> </div> <div> <p>Defence and Other Weapons</p> <p>5%</p> </div> <div> <p>Tobacco</p> <p>0% Producers 10% Distributors</p> </div> </div> <div> <div> <p>Gambling</p> <p>0% Providers</p> </div> <div> <p>XXX</p> <p>Adult Entertainment</p> <p>0% Producers, Directors, Publishers</p> </div> </div>			Governance <div> <div> <p>Sovereign Good Governance</p> <p>Sovereigns that flag as non-cooperative tax jurisdictions; subject to UN or EU Sanctions and/or politically unstable or corrupt.</p> </div> <div> <p>Corporate Good Governance</p> <p>Companies assessed to be in severe, repeated and/or systemic breach of international global norms (where engagement is unlikely to remediate/mitigate risk of recurrence).</p> </div> </div>
					<p>All percentages stated are the maximum revenue threshold that a company is permitted to have in the excluded activity.</p> <p>*This means we may consider a company which exceeds this revenue threshold for investment where it has been assessed and determined not to cause significant environmental or social harm.</p>

Engagement and Stewardship

The fund manager aims to support the achievement of the fund's Sustainability Goal through moving companies up through the Transition Assessment Framework levels over time to Net Zero. Engagement topics have clear objectives and progress is measured with the following Engagement Milestones:



More information on Engagement and Stewardship is available in the Prospectus.

Sustainability metrics

The fund will measure and report on the following key performance indicators (KPIs), which are used to measure performance towards the Sustainability Goal. Sustainability metrics will be published on 2 April 2025 (the effective date of the changes).

Outcome as at 28 February 2025 (number unless otherwise stated)

For the purposes of the KPIs below, please note there are a total of 40 companies in the portfolio.

% Net Asset Value in Improvers Companies		Engagement	
Committed	23.9%	Number of companies subject to engagement:	
Aligning	33.2%	Request made	N/A
Aligned	33.1%	Acknowledged	N/A
'Improvers' (Committed + Aligning + Aligned)^	90.3%	Commitment to act	N/A
^To meet the Sustainability Goal, the value of this metric needs to be at least 70% .		Interim/partial progress	N/A
		Evidence	N/A
		Data will become available from 2 April 2026.	
Re-classification of companies between Committed, Aligning, Aligned categories, and missed and/or extended targets		Fund WACI compared to investment universe	
Number of companies Upgraded	N/A	Fund WACI	18.2
Number of companies Downgraded	N/A	50% of WACI of the UK equity market as represented by using the FTSE All-Share Index as a proxy†	38.4
Number of companies missed and/or extended	N/A	† WACI is a commonly used number that measures how carbon intensive the investments are. To meet sustainability commitments, the fund WACI needs to be lower than the value of this metric.	
Improvers targets			
Data will become available from 2 April 2026.			
Reduction in CO2 emissions			
Aggregate CO2e reduction (Scope 1, 2 and, where available 3, Emissions) of Improvers over 3 years (Metric tonnes CO2 (MtCO2e))	N/A		
CO2 avoided as a result of climate solutions activities (MtCO2e)	0		

What might pursuing the Sustainability Goal do to financial risk and returns?

Pursuing the Sustainability Goal involves choosing investments that contribute towards it and excluding others. In financial terms, that results in a different risk profile, which can have a positive or a negative effect on returns depending on what happens with the market.

Is pursuing the Sustainability Goal expected to result in material negative environmental or social outcomes?

The pursuit of the Sustainability Goal is not expected to result in material negative environmental or social outcomes.

More information

For more information on the sustainability and non-sustainability features of the fund, please visit www.mandg.co.uk/funds where you will find a copy of the fund's Prospectus, Instrument of Incorporation and the latest annual or interim Investment Report and Financial Statements. Please also refer to the fund's UK Key Investor Information Document (KIID) and glossary applicable to the share class you are considering investing in or obtain this through your financial adviser. Please note that financial terms such as costs and charges vary between share classes so it is important to be careful to read the correct KIID. The fund manager's sustainability reports will be published once available.

This fund is authorised in the UK and regulated by the Financial Conduct Authority. M&G Securities Limited is authorised in the UK and regulated by the Financial Conduct Authority.