

# M&G Gilt & Fixed Interest Income Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 May 2024

For investment professionals only

## Fund description

The fund aims to provide a combination of capital growth and income, net of the Ongoing Charge Figure, higher than that of the FTSE Actuaries UK Conventional Gilts All Stocks Index over any five-year period. At least 70% of the fund is invested in UK government bonds of different maturities. Investments are selected based on those which offer the “best value”, combined with an assessment of macroeconomic, asset, sector and stock-level factors.

## The main risks associated with this fund

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

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.

Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.

The fund may use derivatives to profit from an expected rise or fall in the value of an asset. Should the asset's value vary in an unexpected way, the fund will incur a loss. The fund's use of derivatives may be extensive and exceed the value of its assets (leverage). This has the effect of magnifying the size of losses and gains, resulting in greater fluctuations in the value of the fund.

The fund invests mainly in one type of asset. This type of fund can experience larger-than-average price changes when compared to a fund which invests in a broader range of assets.

Further risk factors that apply to the fund can be found in the fund's Prospectus.

## Single year performance (5 years)

|   | 2023 | 2022   | 2021  | 2020 | 2019 |
|---|------|--------|-------|------|------|
| ■ Sterling I Accumulation                               | 4.2% | -23.1% | -4.8% | 7.9% | 5.3% |
| ■ FTSE Actuaries UK Conventional Gilts All Stocks Index | 3.7% | -23.8% | -5.2% | 8.3% | 6.9% |
| ■ Sector  | 3.6% | -24.3% | -5.3% | 9.0% | 7.2% |

## Performance over 5 years



## Fund performance

|   | 1 month | 3 months | YTD   | 1 year | 3 years p.a. | 5 years p.a. |
|---|---------|----------|-------|--------|--------------|--------------|
| ■ Sterling I Accumulation                               | -0.2%   | -0.1%    | -4.3% | 2.4%   | -7.9%        | -4.5%        |
| ■ FTSE Actuaries UK Conventional Gilts All Stocks Index | 0.8%    | -0.4%    | -3.7% | 3.0%   | -8.3%        | -4.4%        |
| ■ Sector  | 0.1%    | -0.2%    | -4.1% | 2.5%   | -8.5%        | -4.6%        |

Past performance is not a guide to future performance.

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 freedom in choosing which assets to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

Source: Morningstar, Inc and M&G, as at 31 May 2024. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in GBP terms.

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## Key information

|                           |   |
|---------------------------|---|
| Fund manager(s)           | Miles Tym   |
| Fund manager tenure from  | 31 October 2020                                       |
| Deputy fund manager(s)    | Robert Burrows  |
| ISIN                      | GB00B734BY83  |
| Launch date of fund       | 09 December 1980                                      |
| Launch of share class     | 03 August 2012  |
| Fund size (millions)      | £ 364.84  |
| Benchmark(s)              | FTSE Actuaries UK Conventional Gilts All Stocks Index |
| Benchmark type            | Target  |
| Sector                    | IA UK Gilts sector                                    |
| Number of issuers         | 3   |
| Distribution yield        | 4.21%   |
| Underlying yield          | 4.21%   |
| Average credit rating     | AA-   |
| Modified duration (years) | 8.49  |
| VaR                       | 5.60%   |
| Average coupon            | 2.84  |
| Spread duration (years)   | 0.0   |
| Payment dates             | Jan, Apr, Jul, Oct                                    |
| Ex-dividend dates         | Mar, Jun, Sep, Dec                                    |

## Charges

|                      |       |
|----------------------|-------|
| Maximum entry charge | 0.00% |
| Ongoing charge       | 0.25% |

## Things you should know

The fund manager invests at least 70% of the portfolio in securities issued by the UK government. The fund allows for the extensive use of derivatives.

## Fund ratings as at 31 May 2024

|                              |                  |
|------------------------------|------------------|
| Morningstar Medalist Rating™ | Analyst-Driven % |
| Silver                       | 10               |
|                              | Data Coverage %  |
|                              | 93               |

Overall Morningstar rating  
Financial Express Crown Rating

Rayner Spencer Mills (RSM) Rating  
Source of Morningstar ratings: Morningstar  
Source: Financial Express  
Source: RSMR Group

Ratings should not be taken as a recommendation.



★★★

Yes

## Asset breakdown (%)

|   | Physical    | Short<br>(via CDS) | Long<br>(via CDS) | Net         |
|---|-------------|--------------------|-------------------|-------------|
| <b>Government bonds</b>                 | <b>98.1</b> | <b>0.0</b>         | <b>0.0</b>        | <b>98.1</b> |
| <b>Investment grade corporate bonds</b> | <b>0.0</b>  | <b>0.0</b>         | <b>0.0</b>        | <b>0.0</b>  |
| Fixed rate                              | 0.0         | 0.0                | 0.0               | 0.0         |
| Floating rate                           | 0.0         | 0.0                | 0.0               | 0.0         |
| Index linked                            | 0.0         | 0.0                | 0.0               | 0.0         |
| Credit Default Swaps & Indices          | 0.0         | 0.0                | 0.0               | 0.0         |
| <b>High yield corporate bonds</b>       | <b>0.0</b>  | <b>0.0</b>         | <b>0.0</b>        | <b>0.0</b>  |
| Fixed rate                              | 0.0         | 0.0                | 0.0               | 0.0         |
| Floating rate                           | 0.0         | 0.0                | 0.0               | 0.0         |
| Index linked                            | 0.0         | 0.0                | 0.0               | 0.0         |
| Credit Default Swaps & Indices          | 0.0         | 0.0                | 0.0               | 0.0         |
| <b>Securitised</b>                      | <b>0.0</b>  | <b>0.0</b>         | <b>0.0</b>        | <b>0.0</b>  |
| <b>Equities</b>                         | <b>0.0</b>  | <b>0.0</b>         | <b>0.0</b>        | <b>0.0</b>  |
| <b>Other</b>                            | <b>0.0</b>  | <b>0.0</b>         | <b>0.0</b>        | <b>0.0</b>  |
| <b>Cash</b>                             | <b>1.9</b>  | <b>0.0</b>         | <b>0.0</b>        | <b>1.9</b>  |

## Largest issuers (%)

|             | Fund |
|-------------|------|
| PRS Finance | 0.9  |

## Industry breakdown (%)

|                       | Physical | Short<br>(via CDS) | Long<br>(via CDS) | Net  |
|-----------------------|----------|--------------------|-------------------|------|
| Sovereign             | 97.2     | 0.0                | 0.0               | 97.2 |
| Government Guaranteed | 0.9      | 0.0                | 0.0               | 0.9  |
| Cash                  | 1.9      | 0.0                | 0.0               | 1.9  |

## Credit rating breakdown (%)

|      | Physical | Short<br>(via CDS) | Long<br>(via CDS) | Net  |
|------|----------|--------------------|-------------------|------|
| AAA  | 0.0      | 0.0                | 0.0               | 0.0  |
| AA   | 98.1     | 0.0                | 0.0               | 98.1 |
| A    | 0.0      | 0.0                | 0.0               | 0.0  |
| BBB  | 0.0      | 0.0                | 0.0               | 0.0  |
| BB   | 0.0      | 0.0                | 0.0               | 0.0  |
| B    | 0.0      | 0.0                | 0.0               | 0.0  |
| CCC  | 0.0      | 0.0                | 0.0               | 0.0  |
| CC   | 0.0      | 0.0                | 0.0               | 0.0  |
| C    | 0.0      | 0.0                | 0.0               | 0.0  |
| D    | 0.0      | 0.0                | 0.0               | 0.0  |
| Cash | 1.9      | 0.0                | 0.0               | 1.9  |

## Maturity breakdown (%)

|               | Physical |
|---------------|----------|
| 0 - 1 years   | 1.0      |
| 1 - 3 years   | 29.5     |
| 3 - 5 years   | 32.8     |
| 5 - 7 years   | 1.6      |
| 7 - 10 years  | 0.0      |
| 10 - 15 years | 0.0      |
| 15+ years     | 33.2     |
| Cash          | 1.9      |

## Duration by currency and asset class (years)

|               | Physical | Futures | Swaps | Net |
|---------------|----------|---------|-------|-----|
| Euro          | 0.0      | 0.0     | 0.0   | 0.0 |
| British pound | 8.5      | 0.0     | 0.0   | 8.5 |
| US dollar     | 0.0      | 0.0     | 0.0   | 0.0 |
| Other         | 0.0      | 0.0     | 0.0   | 0.0 |
| Total         | 8.5      | 0.0     | 0.0   | 8.5 |

## Country breakdown (%)

|      | Physical | Short<br>(via CDS) | Long<br>(via CDS) | Net  |
|------|----------|--------------------|-------------------|------|
| UK   | 98.1     | 0.0                | 0.0               | 98.1 |
| Cash | 1.9      | 0.0                | 0.0               | 1.9  |

## Currency breakdown (%)

|               | Fund  |
|---------------|-------|
| British pound | 100.0 |
| Euro          | 0.0   |

## Fund codes and charges

| Share class    | ISIN         | Bloomberg  | Currency | Share class launch date | Ongoing charge | Distribution yield | Underlying yield | Minimum initial investment | Minimum top up investment |
|----------------|--------------|------------|----------|-------------------------|----------------|--------------------|------------------|----------------------------|---------------------------|
| Sterling A Acc | GB0031108433 | MGSGLTA LN | GBP      | 09/12/1980              | 0.55%          | 3.91%              | 3.91%            | £500                       | £100                      |
| Sterling A Inc | GB0031107807 | MGSGLTI LN | GBP      | 09/12/1980              | 0.55%          | 4.47%              | 3.91%            | £500                       | £100                      |
| Sterling I Acc | GB00B734BY83 | MGGFIA LN  | GBP      | 03/08/2012              | 0.25%          | 4.21%              | 4.21%            | £500,000                   | £10,000                   |
| Sterling I Inc | GB00B7454D07 | MGGFIII LN | GBP      | 03/08/2012              | 0.25%          | 4.47%              | 4.21%            | £500,000                   | £10,000                   |

Any ongoing charge figure with \* indicates an estimate. The ongoing charge figure may vary from year to year and excludes portfolio transaction costs. The charges are mostly, if not exclusively, the Annual Charge which may be discounted depending on the size of the fund. For further details, please see the fund's Key Investor Information Document (KIID). The fund's annual report for each financial year will include details on the exact charges made. Please go to [www.mandg.co.uk/literature](http://www.mandg.co.uk/literature) to view the Costs and charges illustration which contains information on the costs and charges applicable to your chosen fund and share class.

Please note that not all of the share classes listed above might be available in your country. Please see the Important Information for Investors document and the relevant fund's Prospectus for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

## Important information

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### The settlement date for this fund is T+1.

The M&G Gilt & Fixed Interest Income Fund is a sub-fund of M&G Investment Funds (2).

The Morningstar Overall Rating based on the fund's Sterling Class I shares. Copyright © 2024 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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