

M&G Global Floating Rate High Yield Fund Sterling Class I-H – Accumulation shares

Monthly Fund Review as at 31 May 2024

For investment professionals only

Highlights

- Relative performance was helped in May by our off-benchmark position in the US credit default swap (CDS) index, which we hold for liquidity and diversification purposes. CDS indices outperformed the benchmark during the month. By contrast, our below-benchmark exposure to banks hurt, as the sector advanced following forecast-beating results from Monte dei Paschi di Siena.
- The primary markets were again busy. We participated in new deals from Italian food business La Doria, betting firm Lottomatica and online education provider Multiversity, Latvian telecoms group Bite, and international fast food chain Burger King.
- We put inflows to work in the secondary markets, topping up existing holdings. We rolled forward (closed out of an older contract and reinvested into a newer one) some of our CDS index exposure to pick up some spread premia. We prefer physical vs synthetic HY FRNs and focus on resilient businesses with low-cost debt structures and manageable refinancing schedules. We still avoid banks, real estate and debt collectors.

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.

High yield bonds usually carry greater risk that the bond issuers may not be able to pay interest or return the capital.

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.

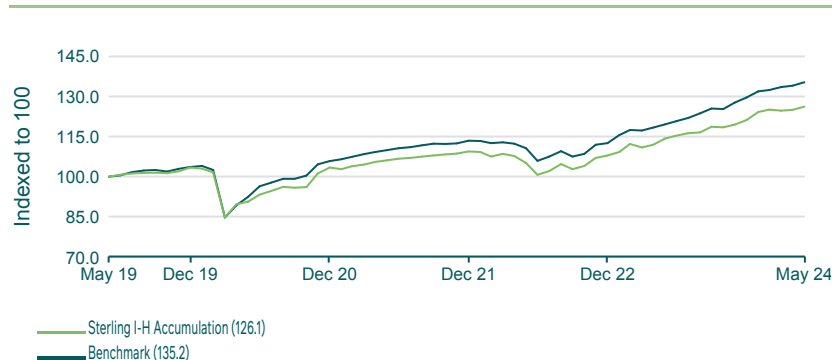
The hedging process seeks to minimise, but cannot eliminate, the effect of movements in exchange rates on the performance of the hedged share class. Hedging also limits the ability to gain from favourable movements in exchange rates.

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-H Accumulation	12.3%	-1.4%	5.8%	0.0%	7.0%
■ Benchmark	15.1%	-0.8%	7.2%	2.1%	8.1%
■ Sector	10.9%	-9.8%	4.2%	3.5%	11.4%

Performance over 5 years



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I-H Accumulation	0.9%	0.9%	4.1%	10.4%	5.9%	4.7%
■ Benchmark	1.0%	2.2%	4.4%	13.2%	7.2%	6.2%
■ Sector	0.9%	1.5%	2.6%	10.8%	1.5%	3.1%

Past performance is not a guide to future performance.

Currency breakdown - Hedged to relevant share class currency.

Benchmark: Prior to 31 March 2016 the benchmark was the ICE BofAML Global Floating Rate high Yield (GBP Hedged) Index. Thereafter it is the ICE BofAML Global Floating Rate High Yield (3% Constrained) GBP Hedged Index.

Performance comparison: The fund is actively managed. The benchmark is a comparator against which the fund's performance can be measured. The index has been chosen as the fund's comparator benchmark as it best reflects the scope of the fund's investment policy. The comparator benchmark does not constrain the fund's portfolio construction.

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.

Performance charts © 2024 Morningstar Inc., All Rights Reserved. The information contained within: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Key information

Fund manager(s)	James Tomlins, Lu Yu, Stefan Isaacs
Fund manager tenure from	11 September 2014
ISIN	GB00BMP3SC51
Launch date of fund	11 September 2014
Launch of share class	11 September 2014
Fund size (millions)	£ 246.65
Benchmark(s)	ICE BofAML Global Floating Rate High Yield Index (3% Constrained) GBP Hedged
Benchmark type	Target
Sector	IA Sterling High Yield sector
Number of issuers	69
Distribution yield	7.61%
Underlying yield	7.61%
Average credit rating	BB-
Modified duration (years)	0.13
VaR	1.63%
Average coupon	7.36
Spread duration (years)	1.7
Payment dates	Mar, Jun, Sep, Dec
Ex-dividend dates	Feb, May, Aug, Nov

Charges

Maximum entry charge	0.00%
Ongoing charge	0.63%

Things you should know

The fund allows for the extensive use of derivatives.

Fund ratings as at 31 May 2024

Morningstar Medalist Rating™	Analyst-Driven %
	55
	Data Coverage %
	98

Overall Morningstar rating

Financial Express Crown Rating

Rayner Spencer Mills (RSM) Rating

Square Mile Rating

Source of Morningstar ratings: Morningstar

Source: Financial Express

Source: RSMR Group

Source: Square Mile

Ratings should not be taken as a recommendation.



Asset breakdown (%)

	Net
Corporate floating rate notes	83.2
Fixed rate bonds + Swaps	2.7
Credit default swaps	0.0
Credit default indices	10.2
Other	8.6
Cash	4.9

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	0.0	0.0	0.0	0.0
AA	8.6	0.0	0.0	8.6
A	0.0	0.0	0.0	0.0
BBB	1.2	0.0	0.0	1.2
BB	12.3	0.0	0.0	12.3
B	72.6	0.0	9.5	82.0
CCC	0.4	0.0	0.0	0.4
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
No rating	0.0	0.0	0.0	0.0
Cash	4.9	0.0	0.0	4.9

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Italy	37.3	0.0	0.0	37.3
US	13.5	0.0	0.0	13.5
UK	10.9	0.0	0.0	10.9
France	10.5	0.0	0.0	10.5
Luxembourg	5.3	0.0	0.0	5.3
Germany	5.0	0.0	0.0	5.0
Netherlands	2.8	0.0	0.0	2.8
Spain	2.4	0.0	0.0	2.4
Other	6.7	0.0	0.0	6.7
High Yield indices	0.7	0.0	9.5	10.2
Cash	4.9	0.0	0.0	4.9

Largest issuers (excl. government bonds and CDS indices, %)

	Fund
Teamsystem	3.3
Gamenet Group	3.3
Cedacri Mergeco	3.2
Paganini Bidco	3.0
Cerved Group	2.9
Lion/Polaris Lux 4	2.7
Kapla Holding	2.3
Sisalpay Group	2.3
888 Acquisitions	2.1
Blackstone Group Inc/The	2.0

Maturity breakdown (%)

	Physical
0 - 1 years	48.6
1 - 3 years	23.6
3 - 5 years	18.3
5 - 7 years	2.9
7 - 10 years	0.0
10 - 15 years	0.0
15+ years	1.7
Cash	4.9
Other	0.0

Currency breakdown (%)

	Fund
US dollar	99.6
Euro	0.4
British pound	0.0

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Services	13.9	0.0	0.0	13.9
Leisure	12.4	0.0	0.0	12.4
Retail	10.3	0.0	0.0	10.3
Financial services	9.2	0.0	0.0	9.2
Capital goods	8.8	0.0	0.0	8.8
Sovereign	8.6	0.0	0.0	8.6
Basic industry	8.3	0.0	0.0	8.3
Technology & electronics	5.8	0.0	0.0	5.8
Healthcare	4.1	0.0	0.0	4.1
Telecommunications	3.1	0.0	0.0	3.1
Automotive	2.9	0.0	0.0	2.9
Consumer goods	2.5	0.0	0.0	2.5
Transportation	2.4	0.0	0.0	2.4
Energy	1.7	0.0	0.0	1.7
Insurance	0.4	0.0	0.0	0.4
Banking	0.1	0.0	0.0	0.1
Real Estate	0.0	0.0	0.0	0.0
High Yield indices	0.7	0.0	9.5	10.2
Cash	4.9	0.0	0.0	4.9

Duration by currency and asset class (years)

	Physical	Futures	Swaps	Net
Euro	0.0	0.0	0.0	0.0
British pound	0.0	0.0	0.0	0.0
US dollar	0.1	0.0	0.0	0.1
Other	0.0	0.0	0.0	0.0
Total	0.1	0.0	0.0	0.1

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-H Acc	GB00BMP3S923	MGFGAHA LN	GBP	11/09/2014	1.03%	7.22%	7.22%	£500	£100
Sterling A-H Inc	GB00BMP3SB45	MGFGAHI LN	GBP	11/09/2014	1.03%	8.24%	7.22%	£500	£100
Sterling EH Acc	GB00BMTRV795	MGFGEHA LN	GBP	11/09/2014	0.43%	7.81%	7.81%	£5,000,000	£5,000,000
Sterling E-H Inc	GB00BQ26NS64	MGFGEHI LN	GBP	03/10/2014	0.43%	8.24%	7.81%	£5,000,000	£5,000,000
Sterling I-H Acc	GB00BMP3SC51	MGFGIHA LN	GBP	11/09/2014	0.63%	7.61%	7.61%	£500,000	£10,000
Sterling I-H Inc	GB00BMP3SD68	MGFGIHI LN	GBP	11/09/2014	0.63%	8.24%	7.61%	£500,000	£10,000
Sterling R-H Acc	GB00BP4VN824	MGFGRHA LN	GBP	11/09/2014	0.88%	7.37%	7.37%	£500	£100
Sterling R-H Inc	GB00BP4VN931	MGFGRHI LN	GBP	11/09/2014	0.88%	8.24%	7.37%	£500	£100

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 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

The M&G Global Floating Rate High Yield Fund is a sub-fund of M&G Investment Funds (7).

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The value of investments will fluctuate, which will cause fund prices to fall as well as rise and investors may not get back the original amount invested. **For financial advisers only. Not for onward distribution. No other persons should rely on any information contained within.**

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