

M&G Emerging Markets Bond Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 May 2024

For investment professionals only

Highlights

- May was a much more positive month for emerging markets overall following April's risk-off environment. Emerging market currencies performed well this month and this rally was additive for fund performance, although our overweight position in the Uruguay peso detracted. At a country level, our underweights in the Czech Republic, Chile and Thailand weighed on relative performance, meanwhile an overweight positioning in Turkey, Cote d'Ivoire, and Paraguay was supportive of fund performance.
- We continue to de-risk and sold down some bonds which we think look richly valued and where we have no fundamental view to keep holding them. In sovereign bonds, we reduced our holdings in Poland and Macedonia on valuations. We participated in new corporate issues including Cencosud, HTA, Yinson, Muthoot, and Al Rhaji, and reduced Cofide on valuations.
- In local currency bonds, we added some Czech duration following our change in view from underweight to neutral.

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.

Investing in emerging markets involves a greater risk of loss as there may be difficulties in buying, selling, safekeeping or valuing investments in such countries.

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 can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

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.

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

Key information

Fund manager(s)	Claudia Calich, Charles de Quinsonas
Fund manager tenure from ISIN	30 November 2013 GB00B7GNKY53
Launch date of fund	15 October 1999
Launch of share class	19 April 2012
Fund size (millions)	£ 1,486.25
Benchmark(s)	1/3 JPM EMBI Global Diversified Index, 1/3 JPM CEMBI Broad Diversified Index, 1/3 JPM GBI-EM Global Diversified Index
Benchmark type	Target
Sector	IA Global Emerging Markets Bond – Blended sector
Number of issuers	195
Distribution yield	6.94%
Underlying yield	6.94%
Average credit rating	BB+
Modified duration (years)	5.65
VaR	4.55%
Average coupon	6.26
Spread duration (years)	3.7
Payment dates	Feb, Aug
Ex-dividend dates	Jan, Jul



Charges

Maximum entry charge	0.00%
Ongoing charge	0.68%

Things you should know

The fund allows for the extensive use of derivatives.

Fund ratings as at 31 May 2024

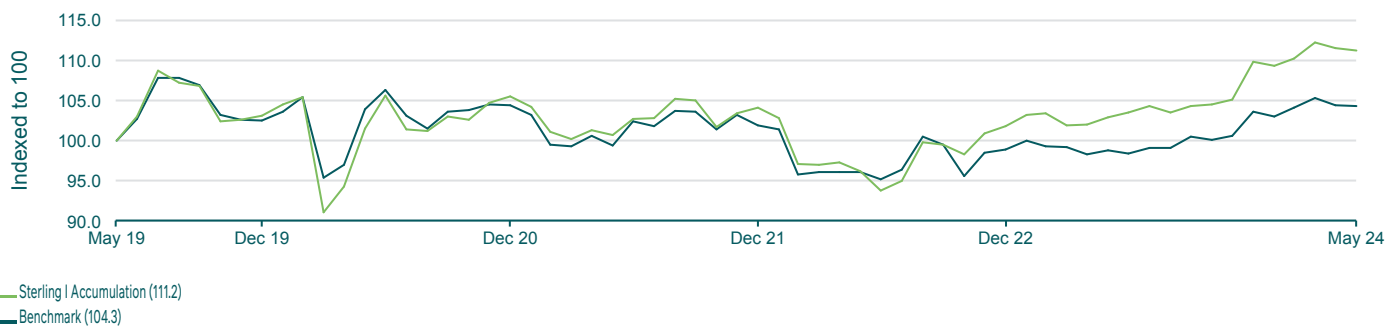
Morningstar Medalist Rating™	Analyst-Driven %	
	10	
	Data Coverage %	
	95	
Overall Morningstar rating		★★★★★
Financial Express Crown Rating		
Fund Calibre Rating		Yes
Rayner Spencer Mills (RSM) Rating		Yes
Square Mile Rating		A
The Adviser Centre Rating		Recommended
Source of Morningstar ratings: Morningstar		
Source: Financial Express		
Source: FundCalibre		
Source: RSMR Group		
Source: Square Mile		
Source: Embark Investments Limited		

Ratings should not be taken as a recommendation.

Single year performance (5 years)

	2023	2022	2021	2020	2019
■ Sterling I Accumulation	7.9%	-2.2%	-1.3%	2.3%	12.1%
■ Benchmark	4.7%	-3.0%	-2.4%	1.9%	9.5%
■ Sector	8.5%	-8.0%	-3.7%	3.5%	10.2%

Performance over 5 years



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	-0.3%	0.9%	1.2%	8.0%	3.4%	2.1%
■ Benchmark	-0.1%	0.3%	0.8%	5.6%	1.6%	0.9%
■ Sector	0.6%	0.5%	0.4%	8.0%	-0.3%	0.8%

Past performance is not a guide to future performance.

The benchmark is a target which the fund seeks to outperform. The composite 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 complete 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.

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.

Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Government bonds - local currency	37.9	0.0	0.0	37.9
Government bonds - hard currency	33.2	0.0	0.0	33.2
Credit - local currency	3.0	0.0	0.0	3.0
Credit - hard currency	25.7	0.0	0.0	25.7
Other	0.0	0.0	0.0	0.0
Cash	0.2	0.0	0.0	0.2

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	3.9	0.0	0.0	3.9
AA	4.3	0.0	0.0	4.3
A	8.5	0.0	0.0	8.5
BBB	29.6	0.0	0.0	29.6
BB	30.6	0.0	0.0	30.6
B	13.8	0.0	0.0	13.8
CCC	3.1	0.0	0.0	3.1
CC	1.6	0.0	0.0	1.6
C	0.5	0.0	0.0	0.5
D	1.2	0.0	0.0	1.2
No rating	2.7	0.0	0.0	2.7
Cash	0.2	0.0	0.0	0.2

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Mexico	6.3	0.0	0.0	6.3
Brazil	5.8	0.0	0.0	5.8
Indonesia	4.3	0.0	0.0	4.3
Colombia	4.0	0.0	0.0	4.0
South Africa	3.5	0.0	0.0	3.5
Malaysia	3.5	0.0	0.0	3.5
Turkey	3.0	0.0	0.0	3.0
Romania	3.0	0.0	0.0	3.0
Other	66.4	0.0	0.0	66.4
Cash	0.2	0.0	0.0	0.2

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Sovereign	39.9	0.0	0.0	39.9
Foreign Sovereign	31.3	0.0	0.0	31.3
Energy	6.8	0.0	0.0	6.8
Banking	4.1	0.0	0.0	4.1
Supranational	2.4	0.0	0.0	2.4
Basic industry	1.8	0.0	0.0	1.8
Utility	1.7	0.0	0.0	1.7
Government Guaranteed	1.2	0.0	0.0	1.2
Agency	1.1	0.0	0.0	1.1
Financial services	1.1	0.0	0.0	1.1
Telecommunications	1.0	0.0	0.0	1.0
Technology & electronics	1.0	0.0	0.0	1.0
Real Estate	0.8	0.0	0.0	0.8
Consumer goods	0.8	0.0	0.0	0.8
Healthcare	0.7	0.0	0.0	0.7
Transportation	0.7	0.0	0.0	0.7
Capital goods	0.6	0.0	0.0	0.6
Local-Authority	0.5	0.0	0.0	0.5
Services	0.5	0.0	0.0	0.5
Leisure	0.5	0.0	0.0	0.5
Media	0.5	0.0	0.0	0.5
Insurance	0.5	0.0	0.0	0.5
Retail	0.3	0.0	0.0	0.3
Automotive	0.2	0.0	0.0	0.2
Cash	0.2	0.0	0.0	0.2

Largest issuers (%)

	Fund
Mexico	3.7
Malaysia	3.5
Indonesia	3.3
South Africa	2.9
Romania	2.8
Brazil	2.7
Colombia	2.5
Turkey	2.2
Dominican Republic	2.2
Uruguay Government	2.2

Currency breakdown (%)

	Fund
US dollar	57.3
Brazilian real	3.7
Mexican peso	3.7
Malaysian ringgit	3.5
Indonesian rupiah	3.3
South African rand	2.5
Colombian peso	2.3
Peruvian sol	2.2
Peso Uruguayo	2.2
Other	19.3

Maturity breakdown (%)

	Physical
0 - 1 years	5.5
1 - 3 years	10.5
3 - 5 years	17.5
5 - 7 years	11.6
7 - 10 years	22.1
10 - 15 years	12.5
15+ years	18.9
Cash	0.2
Other	1.2

Duration by currency and asset class (years)

	Physical	Futures	Swaps	Net
Euro	0.4	0.0	0.0	0.4
British pound	0.0	0.0	0.0	0.0
US dollar	3.1	0.0	0.0	3.1
Other	2.2	0.0	0.0	2.2
Total	5.7	0.0	0.0	5.7

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	GB0031958738	MGEMBAA LN	GBP	01/10/2002	1.08%	6.54%	6.54%	£500	£100
Sterling A Inc	GB0031958621	MGEMBAI LN	GBP	01/10/2002	1.08%	7.62%	6.54%	£500	£100
Sterling I Acc	GB00B7GNKY53	MGEMSIA LN	GBP	19/04/2012	0.68%	6.94%	6.94%	£500,000	£10,000
Sterling I Inc	GB00B4TL2D89	MGEMSII LN	GBP	19/04/2012	0.68%	7.62%	6.94%	£500,000	£10,000
Sterling I-H Acc	GB00BZ0YDS58	MGEMSIH LN	GBP	24/07/2015	0.71%	6.87%	6.87%	£500,000	£10,000
Sterling I-H Inc	GB00BZ0YDT65	MGEMIII LN	GBP	24/07/2015	0.71%	7.58%	6.87%	£500,000	£10,000
Sterling R Acc	GB00B777RC30	MGEBSRA LN	GBP	03/08/2012	0.93%	6.69%	6.69%	£500	£100
Sterling R Inc	GB00B74C4S61	MGEBSRI LN	GBP	03/08/2012	0.93%	7.62%	6.69%	£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

Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

The M&G Emerging Markets Bond Fund is a sub-fund of M&G Investment Funds (3).

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.

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.**

This financial promotion is issued by M&G Securities Limited which is authorised and regulated by the Financial Conduct Authority in the UK and provides ISAs and other investment products. The company's registered office is 10 Fenchurch Avenue, London EC3M 5AG. Registered in England and Wales. Registered Number 90776.

Contact M&G

Private Investors

www.mandg.com/investments/private-investor/en-gb
0800 390 390

Charities

www.mandg.com/investments/charities/en-gb

For your protection calls may be recorded or monitored.

Professional investor

www.mandg.com/investments/professional-investor/en-gb

Institutional

www.mandg.com/investments/institutional/en-gb