

M&G UK Inflation Linked Corporate Bond Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 May 2024

For investment professionals only

Highlights

- Yields moved higher in May despite a significant fall in UK inflation, marking its lowest levels since summer 2021. Although this represented a significant fall and progress towards target, it missed market expectations. 10-year UK government bonds (gilts) outperformed other developed market sovereigns but underperformed the US Treasuries.
- Most of the opportunity for us in the fund remains in duration (a measure of the fund's sensitivity to interest rates). We see good value in government bond yields at these levels, with the risk of a slowdown and inflation seeming to be coming down. If the labour market remains tight, a potential recession could be a mild one. But if the labour market loosens like in the past, then things might get worse.
- Our bias remains to stay cautious in credit, and credit risk remains light in the fund. We await better opportunities within credit markets should we see more attractive valuations.

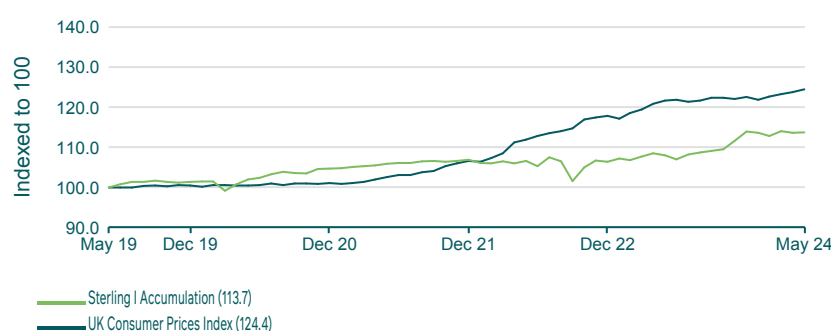
The main risks associated with this fund

For any past performance shown, please note that past performance is not a guide to future performance. 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 is exposed to different currencies. Derivatives are used to minimise, but may not always eliminate, the impact of movements in currency 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 Accumulation	7.0%	-0.4%	2.1%	3.3%	3.8%
UK Consumer Prices Index	3.9%	10.6%	5.4%	0.6%	1.3%
Sector	8.0%	-11.7%	0.9%	6.1%	9.2%

Performance over 5 years



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
Sterling I Accumulation	0.1%	0.8%	-0.1%	5.3%	2.4%	2.6%
UK Consumer Prices Index	0.6%	1.5%	1.6%	2.3%	6.6%	4.5%
Sector	0.7%	1.0%	0.4%	7.3%	-1.1%	1.4%

Past performance is not a guide to future performance.

Please note that the Current month UK Consumer Prices Index value is estimated applying the rate 12 months ago and the actual figure may be higher or lower than that shown. 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 complete freedom in choosing which assets to buy, hold and sell in the fund.

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)	Ben Lord, Matthew Russell
Fund manager tenure from	17 September 2010
ISIN	GB00B460GC50
Launch date of fund	16 September 2010
Launch of share class	16 September 2010
Fund size (millions)	£ 864.31
Benchmark(s)	UK Consumer Prices Index
Benchmark type	Target
Sector	IA Sterling Strategic Bond sector
Number of issuers	83
Distribution yield	0.98%
Underlying yield	0.98%
Average credit rating	A+
Modified duration (years)	3.58
VaR	2.33%
Average coupon	2.17
Spread duration (years)	2.2
Payment dates	May, Nov
Ex-dividend dates	Apr, Oct

Charges

Maximum entry charge	0.00%
Ongoing charge	0.45%

Things you should know

The fund may invest more than 35% in securities issued by any one or more of the governments listed in the fund prospectus. Such exposure may be combined with the use of derivatives in pursuit of the fund objective. It is currently envisaged that the fund's exposure to such securities may exceed 35% in the UK government, although these may vary subject only to those listed in the prospectus. The fund allows for the extensive use of derivatives.

Fund ratings as at 31 May 2024

Morningstar Medalist Rating™	Analyst-Driven %
Silver™	55
	Data Coverage %
	100

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.



★★★★★

Yes

A

Asset breakdown (%)

	Net
Government inflation linked	54.1
Corporate inflation linked	7.9
Synthetic inflation linked	41.2
Fixed rate bonds	33.7
Floating rate notes	0.7
Cash	2.8

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	1.7	0.0	0.0	1.7
AA	55.8	0.0	0.0	55.8
A	22.7	-3.1	25.0	44.6
BBB	16.3	-0.7	17.7	33.3
BB	0.6	0.0	0.0	0.6
B	0.1	0.0	0.0	0.1
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
No rating	0.1	0.0	1.4	1.5
Cash	2.8	0.0	0.0	2.8

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
UK	70.0	0.0	3.6	73.6
US	13.6	0.0	6.8	20.4
Spain	2.5	0.0	0.0	2.5
France	2.0	0.0	3.9	5.9
Switzerland	1.4	0.0	0.0	1.4
Germany	1.3	-0.7	0.0	0.5
Sweden	1.2	0.0	0.0	1.2
Denmark	1.1	0.0	0.0	1.1
Other	3.7	0.0	1.5	5.2
Investment Grade indices	0.6	-3.1	28.4	25.9
Cash	2.8	0.0	0.0	2.8

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

	Fund
Tesco	3.6
Bank of America	2.1
Morgan Stanley	2.0
DWR Cymru Financing UK	1.9
JP Morgan	1.8
Lloyds Banking Group	1.7
Wells Fargo & Company	1.7
Banco Santander	1.6
Imperial Brands Finance	1.2
RBS	1.2

Maturity breakdown (%)

	Physical
0 - 1 years	16.2
1 - 3 years	43.2
3 - 5 years	33.3
5 - 7 years	2.4
7 - 10 years	2.1
10 - 15 years	0.0
15+ years	0.0
Cash	2.8

Currency breakdown (%)

	Fund
British pound	100.0
US dollar	0.0
Euro	0.0

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Sovereign	54.6	0.0	0.0	54.6
Banking	20.1	-0.7	1.5	20.9
Financial services	4.7	0.0	1.4	6.1
Retail	3.7	0.0	0.6	4.3
Utility	3.2	0.0	2.2	5.5
Consumer goods	3.2	0.0	0.5	3.7
Asset backed	2.2	0.0	0.0	2.2
Leisure	1.0	0.0	0.0	1.0
Supranational	0.8	0.0	0.0	0.8
Telecommunications	0.6	0.0	2.7	3.3
Real Estate	0.6	0.0	0.0	0.6
Media	0.5	0.0	1.8	2.3
Mortgage backed	0.4	0.0	0.0	0.4
Healthcare	0.3	0.0	0.0	0.3
Basic industry	0.3	0.0	0.0	0.3
Technology & electronics	0.2	0.0	0.0	0.2
Insurance	0.2	0.0	0.0	0.2
Foreign Sovereign	0.1	0.0	0.0	0.1
Capital goods	0.1	0.0	1.2	1.3
Automotive	0.1	0.0	1.0	1.0
Services	0.1	0.0	0.0	0.1
Energy	0.0	0.0	1.9	1.9
Transportation	0.0	0.0	1.0	1.0
Futures	0.0	0.0	0.0	0.0
Investment Grade indices	0.6	-3.1	28.4	25.9
Cash	2.8	0.0	0.0	2.8

Duration by currency and asset class (years)

	Physical	Futures	Swaps	Net
Euro	0.2	0.5	0.0	0.6
British pound	1.7	0.1	0.3	2.1
US dollar	0.4	0.5	0.0	0.9
Other	0.0	0.0	0.0	0.0
Total	2.2	1.1	0.3	3.6

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	GB00B44VX079	MGUKIAA LN	GBP	16/09/2010	0.85%*	0.58%	0.58%	£500	£100
Sterling A Inc	GB00B3WZMB82	MGUKIAI LN	GBP	16/09/2010	0.85%*	1.43%	0.58%	£500	£100
Sterling I Acc	GB00B460GC50	MGUKIIA LN	GBP	16/09/2010	0.45%*	0.98%	0.98%	£500,000	£10,000
Sterling I Inc	GB00B44JC482	MGUKIII LN	GBP	16/09/2010	0.45%*	1.43%	0.98%	£500,000	£10,000
Sterling R Acc	GB00B7FV9F40	MGILCRA LN	GBP	03/08/2012	0.70%*	0.73%	0.73%	£500	£100
Sterling R Inc	GB00B6WVM393	MGILCRI LN	GBP	03/08/2012	0.70%*	1.43%	0.73%	£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 UK Inflation Linked Corporate Bond Fund is a sub-fund of M&G Investment Funds (10).

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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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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