

# M&G Episode Allocation Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 May 2024

For investment professionals only

## Fund description

The fund targets combined income and capital growth of at least 5% a year above the Sterling Overnight Index Average (SONIA), before any charges are taken, over any five-year period. SONIA reflects the average interest rate that banks pay to borrow sterling overnight from other financial institutions. The fund has a very flexible investment approach, with the freedom to invest in different types of assets. The approach combines in-depth research to determine the value of assets over the medium to long term, with analysis of investors' emotional reaction to events to identify investment opportunities. The fund gains access to assets directly and indirectly through derivatives. There is no guarantee that the fund will achieve a positive return over any period. Investors may not get back the original amount they invested.

## 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.

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.

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.

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

<b>Fund manager(s)</b>	Tony Finding, Stuart Canning
<b>Fund manager tenure from</b>	21 January 2011
<b>Deputy fund manager(s)</b>	Alex Houlding
<b>ISIN</b>	GB00B73RVW51
<b>Launch date of fund</b>	16 February 2007
<b>Launch of share class</b>	03 August 2012
<b>Fund size (millions)</b>	£ 226.16
<b>Benchmark(s)</b>	SONIA + 5%
<b>Benchmark type</b>	Target
<b>Sector</b>	IA Mixed Investment 20-60% Shares sector
<b>Number of holdings</b>	29
<b>Historic yield</b>	3.04%
<b>Modified duration (years)</b>	4.75
<b>VaR</b>	4.82%
<b>Payment dates</b>	Mar, Jun, Sep, Dec
<b>Ex-dividend dates</b>	Feb, May, Aug, Nov

## Charges

<b>Maximum entry charge</b>	0.00%
<b>Ongoing charge</b>	0.71%

## Things you should know

The fund allows for the extensive use of derivatives.

## Fund ratings as at 31 May 2024

Defaqto Risk Rating



Dynamic Planner Rating  
Financial Express Crown Rating

5 - Low Medium Risk  
FE

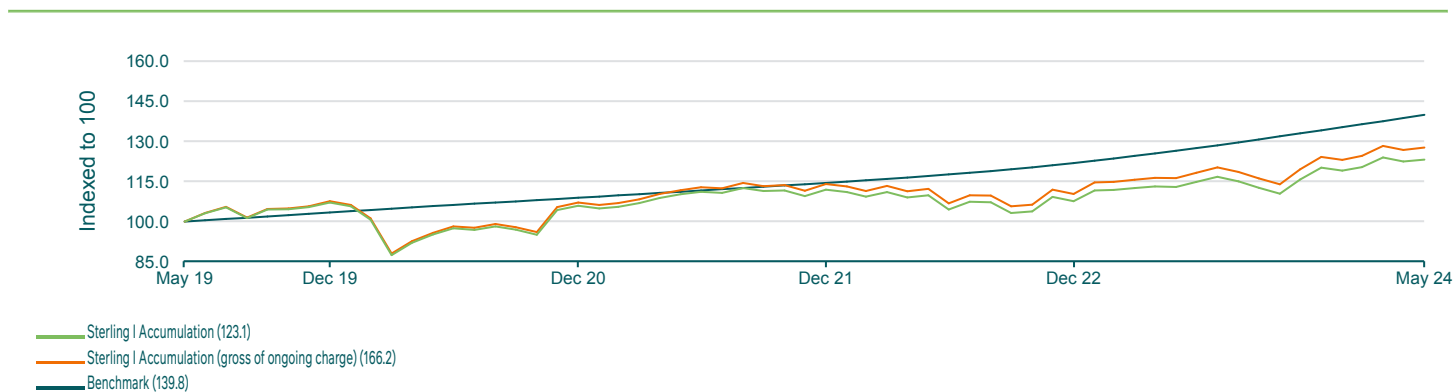
Source: Defaqto  
Source: Distribution Technology  
Source: Financial Express

Ratings should not be taken as a recommendation.

## Single year performance (5 years)

	2023	2022	2021	2020	2019
■ Sterling I Accumulation	11.7%	-3.9%	5.7%	-1.2%	12.0%
■ Sterling I Accumulation (gross of ongoing charge)	12.5%	-3.2%	6.4%	-0.5%	12.8%
■ Benchmark	10.0%	6.5%	5.1%	5.3%	5.9%
■ Sector	6.9%	-9.6%	6.3%	3.5%	12.1%

## Performance over 5 years



## Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	0.6%	2.3%	2.5%	9.0%	3.8%	4.2%
■ Sterling I Accumulation (gross of ongoing charge)	0.7%	2.5%	2.8%	9.8%	4.5%	5.0%
■ Benchmark	0.9%	2.6%	4.3%	10.6%	7.9%	6.9%
■ Sector	0.9%	2.6%	2.7%	8.5%	0.8%	2.9%

Past performance is not a guide to future performance.

Prior to 19 July 2021 the benchmark was 3 month GBP LIBOR +5%. With effect from 20 July 2021 the benchmark will be SONIA +5%.

**Performance comparison:** The Fund is actively managed. The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's target benchmark as it is an achievable performance target given the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

Fund performance shown here is both gross returns (before the Ongoing Charge Figure is taken), in line with the objective of the fund, and net returns (after the Ongoing Charge Figure has been taken), to illustrate how charges affected the performance. Investors should note that the net return is what they would receive and is therefore the more relevant figure.

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 (%)

	Long exposure	Short exposure	Net exposure
<b>Equity</b>	<b>41.2</b>	<b>0.0</b>	<b>41.2</b>
UK	10.4	0.0	10.4
Europe	13.2	0.0	13.2
North America	5.1	0.0	5.1
Japan	3.8	0.0	3.8
Asia Pacific ex Japan	2.9	0.0	2.9
Other Developed Markets	0.0	0.0	0.0
Emerging markets	5.8	0.0	5.8
Equity options (nominal)	0.0	0.0	0.0
<b>Government bonds</b>	<b>32.8</b>	<b>0.0</b>	<b>32.8</b>
UK	8.0	0.0	8.0
Europe	0.0	0.0	0.0
North America	12.3	0.0	12.3
Japan	0.0	0.0	0.0
Asia Pacific ex Japan	0.0	0.0	0.0
Other Developed Markets	0.0	0.0	0.0
Emerging markets	12.5	0.0	12.5
<b>Corporate bonds</b>	<b>13.4</b>	<b>0.0</b>	<b>13.4</b>
Investment grade bonds	4.8	0.0	4.8
High yield bonds	8.6	0.0	8.6
<b>Convertible bonds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Bond options (nominal)	0.0	0.0	0.0
<b>Infrastructure</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Property</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>Cash</b>			<b>12.6</b>

## Currency breakdown (%)

	Fund
British pound	88.3
US dollar	7.4
Euro	2.6
Brazilian real	2.0
South African rand	2.0
Mexican peso	1.9
Hong Kong dollar	0.3
Thai baht	0.0
Turkish lira	0.0
Other	-4.5

## Largest exposures (excl. cash, %)

	Fund
US Government 30Y	12.3
UK Government 30Y	8.0
LYXOR FTSE 100 UCITS ETF - ACC	6.3
ISHARES CORE MSCI WORLD UCITS ETF	5.1
LYXOR S&P 500 UCITS ETF - DIST (US)	5.1
ISHARES CORE CORP BOND UCITS ETF	5.0
M&G TOTAL RETURN CRED GBP C-H ACC	4.8
M&G RECOVERY GBP C ACC	4.1
XTRACKERS II J.P. MORGAN EM LOCAL	3.9
LYXOR CORE MSCI JAPAN (DR) UCITS E	3.8

## Portfolio construction (%)

	Net allocation range	Neutrality
Equity	20-60	40.0
Fixed income	30-75	50.0
Other	0-20	10.0
Currency	Min 30% sterling or sterling hedged	

## Credit rating breakdown (%)

	Net exposure
AAA	0.0
AA	20.3
A	4.8
BBB	1.9
BB	5.0
B	0.0
CCC	0.0
CC	0.0
C	0.0
D	0.0
No rating	14.3

## Fund codes and charges

Share class	ISIN	Bloomberg	Currency	Share class launch date	Ongoing charge	Historic yield	Minimum initial investment	Minimum top up investment
Sterling A Acc	GB00B1P9ZJ26	MGCMAAC LN	GBP	16/02/2007	1.11%	2.74%	£500	£100
Sterling A Inc	GB00B1P9ZK31	MGCMAIN LN	GBP	16/02/2007	1.11%	3.82%	£500	£100
Sterling I Acc	GB00B73RVW51	MGCMSIA LN	GBP	03/08/2012	0.71%	3.04%	£500,000	£10,000
Sterling I Inc	GB00B71QKV66	MGCMSII LN	GBP	03/08/2012	0.71%	3.73%	£500,000	£10,000
Sterling R Acc	GB00B7FPWG84	MGCMSRA LN	GBP	03/08/2012	0.96%	2.85%	£500	£100
Sterling R Inc	GB00B74F4523	MGCMSRI LN	GBP	03/08/2012	0.96%	3.79%	£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](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

---

The M&G Episode Allocation Fund is a sub-fund of M&G Investment Funds (4).

Where a security has not been rated by Standard & Poor's, Fitch or Moody's, we may use M&G's internal credit rating. Based on a comparison of all available ratings for each security, the most conservative rating (S&P, Fitch, Moody's or M&G's internal rating) is taken into consideration. The ratings so identified are then expressed or converted into M&G's ratings format to obtain uniform information for all securities in the portfolio.

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](http://www.mandg.com/investments/private-investor/en-gb)  
0800 390 390

#### Charities

[www.mandg.com/investments/charities/en-gb](http://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](http://www.mandg.com/investments/professional-investor/en-gb)

#### Institutional

[www.mandg.com/investments/institutional/en-gb](http://www.mandg.com/investments/institutional/en-gb)