

M&G Sustainable Global High Yield Bond Fund Sterling Class I-H – 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, that is higher than the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index (USD Hedged) over any five-year period while applying ESG Criteria and Sustainability Criteria. At least 80% of the fund is invested in high yield (ie, lower quality) bonds issued by companies located in any country, including emerging markets, and denominated in any currency. Currency exposure is typically hedged back to the US dollar. The fund invests in securities that meet the ESG Criteria and Sustainability Criteria by applying a set of exclusions. The fund maintains a higher weighted ESG score and lower weighted average carbon intensity, a metric used to report carbon emissions, than the global high yield bond market, as represented by the ICE BofA Global High Yield Index (USD Hedged).

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 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 may lose as much as or more than the amount invested.

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	8.6%	-12.5%	1.9%	-	-
■ Benchmark	11.3%	-13.2%	2.8%	-	-
■ Sector	10.9%	-9.8%	4.2%	-	-

Performance since launch



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I-H Accumulation	0.7%	1.3%	2.1%	8.4%	-0.7%	-
■ Benchmark	1.2%	1.2%	1.5%	10.1%	-0.4%	-
■ Sector	0.9%	1.5%	2.6%	10.8%	1.5%	-

Past performance is not a guide to future performance.

Benchmark: With effect from 10th of May 2022 the benchmark will be Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index. The fund changed its name, investment objective and investment strategy on 10th of May 2022. Prior to this date, the fund was named M&G Global High Yield ESG Bond Fund. Fund performance before this date was therefore achieved under different circumstances.

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 investments 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)	James Tomlins, Lu Yu
Fund manager tenure from	25 February 2020
ISIN	GB00BJRCD571
Launch date of fund	25 February 2020
Launch of share class	25 February 2020
Fund size (millions)	£ 30.75
Benchmark(s)	Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index USD hedged
Benchmark type	Target
Sector	IA Sterling High Yield sector
Number of issuers	147
Distribution yield	5.69%
Underlying yield	5.69%
Average credit rating	BB
Modified duration (years)	3.48
VaR	2.55%
Average coupon	5.12
Spread duration (years)	3.5
Payment dates	Feb, May, Aug, Nov
Ex-dividend dates	Jan, Apr, Jul, Oct

Charges

Maximum entry charge	0.00%
Ongoing charge	0.63%

Duration by currency and asset class (years)

	Physical	Futures	Swaps	Net
Euro	0.9	-0.2	0.0	0.7
British pound	0.3	0.0	0.0	0.3
US dollar	2.0	0.4	0.0	2.4
Other	0.0	0.0	0.0	0.0
Total	3.3	0.2	0.0	3.5

Fund ratings as at 31 May 2024

Morningstar Medalist Rating™	Analyst-Driven %
Bronze	55
	Data Coverage %
	88

Overall Morningstar rating **★★**
Source of Morningstar ratings: Morningstar

Ratings should not be taken as a recommendation.

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

	Fund
European Investment Bank	1.9
Barclays	1.9
Teva Pharmaceutical Finance Netherlands III	1.6
American Airlines	1.6
Tenet Healthcare Corporation	1.5
Millicom International Cellular S.a.	1.3
Royal Caribbean Cruises	1.3
Intesa Sanpaolo	1.2
Rakuten	1.2
Unicredit	1.2

Top 5 companies by Industry Relative ESG Score

	Net
European Investment Bank	10.0
Uniti Group	10.0
Kbc Groep	10.0
Rexel	8.5
B&M European Value Retail	8.5

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Healthcare	13.2	0.0	0.0	13.2
Media	11.2	0.0	0.0	11.2
Telecommunications	10.7	0.0	0.0	10.7
Banking	9.9	0.0	0.0	9.9
Basic industry	6.2	0.0	0.0	6.2
Retail	6.1	0.0	0.0	6.1
Consumer goods	5.7	0.0	0.0	5.7
Services	4.9	0.0	0.0	4.9
Automotive	4.1	0.0	0.0	4.1
Transportation	3.7	0.0	0.0	3.7
Real Estate	3.7	0.0	0.0	3.7
Capital goods	3.6	0.0	0.0	3.6
Technology & electronics	3.2	0.0	0.0	3.2
Financial services	2.7	0.0	0.0	2.7
Leisure	2.3	0.0	0.0	2.3
Supranational	1.9	0.0	0.0	1.9
Utility	0.8	0.0	0.0	0.8
Asset backed	0.7	0.0	0.0	0.7
Equity	0.0	0.0	0.0	0.0
Futures	0.0	0.0	0.0	0.0
Cash	5.3	0.0	0.0	5.3

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
US	43.4	0.0	0.0	43.4
UK	11.4	0.0	0.0	11.4
Netherlands	4.1	0.0	0.0	4.1
Italy	4.0	0.0	0.0	4.0
France	3.2	0.0	0.0	3.2
Spain	2.8	0.0	0.0	2.8
Germany	2.6	0.0	0.0	2.6
Supranational	1.9	0.0	0.0	1.9
Other	21.2	0.0	0.0	21.2
Cash	5.3	0.0	0.0	5.3

MSCI ESG score

	Fund
Fund average ESG score	6.3
Universe average ESG score	6.0

Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Government bonds	1.9	0.0	0.0	1.9
Investment grade corporate bonds	4.8	0.0	0.0	4.8
Fixed rate	4.8	0.0	0.0	4.8
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
High yield corporate bonds	87.3	0.0	0.0	87.3
Fixed rate	86.8	0.0	0.0	86.8
Floating rate	0.6	0.0	0.0	0.6
Index linked	0.0	0.0	0.0	0.0
Credit Default Swaps & Indices	0.0	0.0	0.0	0.0
Securitised	0.7	0.0	0.0	0.7
Equities	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Cash	5.3	0.0	0.0	5.3

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	1.9	0.0	0.0	1.9
AA	0.0	0.0	0.0	0.0
A	0.0	0.0	0.0	0.0
BBB	8.3	0.0	0.0	8.3
BB	57.3	0.0	0.0	57.3
B	17.8	0.0	0.0	17.8
CCC	8.4	0.0	0.0	8.4
CC	0.8	0.0	0.0	0.8
C	0.2	0.0	0.0	0.2
D	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0
Cash	5.3	0.0	0.0	5.3

Maturity breakdown (%)

	Physical
0 - 1 years	3.2
1 - 3 years	24.2
3 - 5 years	37.2
5 - 7 years	21.9
7 - 10 years	4.9
10 - 15 years	1.0
15+ years	2.2
Cash	5.3
Other	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	GB00BJRCB864	MGYEBAH LN	GBP	25/02/2020	1.03%	5.30%	5.30%	£500	£100
Sterling A-H Inc	GB00BJRCD241	MGYEAGH LN	GBP	25/02/2020	1.03%	6.33%	5.30%	£500	£100
Sterling I-H Acc	GB00BJRCD571	MGHYEGI LN	GBP	25/02/2020	0.63%	5.69%	5.69%	£500,000	£10,000
Sterling I-H Inc	GB00BJRCD688	MGYEBGI LN	GBP	25/02/2020	0.63%	6.32%	5.69%	£500,000	£10,000
Sterling L-H Acc	GB00BJRCD795	MGYEBLH LN	GBP	25/02/2020	0.43%	5.89%	5.89%	£20,000,000	£50,000
Sterling R-H Acc	GB00BJRCD357	MGYEBGR LN	GBP	25/02/2020	0.88%	5.45%	5.45%	£500	£100
Sterling R-H Inc	GB00BJRCD464	MGYEGRH LN	GBP	25/02/2020	0.88%	6.32%	5.45%	£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 Sustainable Global High Yield Bond Fund is a sub-fund of M&G Investment Funds (10).

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

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