

# M&G Global Macro Bond Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 May 2024

For investment professionals only

## Highlights

- May was largely positive for bond markets, with Federal Reserve chairman Jerome Powell pushing back on the view that further interest rate hikes were on the table after some hot recent inflation prints. Coupled with a slowing in the pace of quantitative tightening, this gave fixed income investors confidence. The fund's relative underperformance is largely due to our long duration and more defensive stance.
- We maintain our view that a defensive stance is appropriate and continue to believe the main opportunity remains in duration. We retain a long duration position here, as in our view a more likely scenario for this year is not a soft landing, but a slowdown followed by central banks cutting interest rates. Therefore, we want to be exposed to government bonds and longer in interest rate duration, which we would expect to perform well in such a scenario.
- We continued to have a high bar to add credit here. We retained a long Japanese yen position.

## 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 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.

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.

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

## Key information

|                                  |  |
|----------------------------------|--|
| <b>Fund manager(s)</b>           | Jim Leaviss, Eva Sun-Wai                         |
| <b>Fund manager tenure from</b>  | 15 October 1999                                  |
| <b>ISIN</b>                      | GB00B78PGS53                                     |
| <b>Launch date of fund</b>       | 15 October 1999                                  |
| <b>Launch of share class</b>     | 16 December 2011                                 |
| <b>Fund size (millions)</b>      | £ 877.14   |
| <b>Benchmark(s)</b>              | Bloomberg Global Aggregate Index Unhedged<br>USD |
| <b>Benchmark type</b>            | Target   |
| <b>Sector</b>                    | IA Global Mixed Bond sector                      |
| <b>Number of issuers</b>         | 98   |
| <b>Distribution yield</b>        | 3.92%  |
| <b>Underlying yield</b>          | 3.92%  |
| <b>Average credit rating</b>     | A+   |
| <b>Modified duration (years)</b> | 7.83   |
| <b>VaR</b>                       | 5.91%  |
| <b>Average coupon</b>            | 3.46   |
| <b>Spread duration (years)</b>   | 1.6  |
| <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>       | 0.63% |

## 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 governments of Germany, Japan, UK, USA 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 % |
|  | 100              |
|  | Data Coverage %  |
|  | 100              |

Overall Morningstar rating  
Financial Express Crown Rating



Fund Calibre Rating Yes  
Rayner Spencer Mills (RSM) Rating Yes

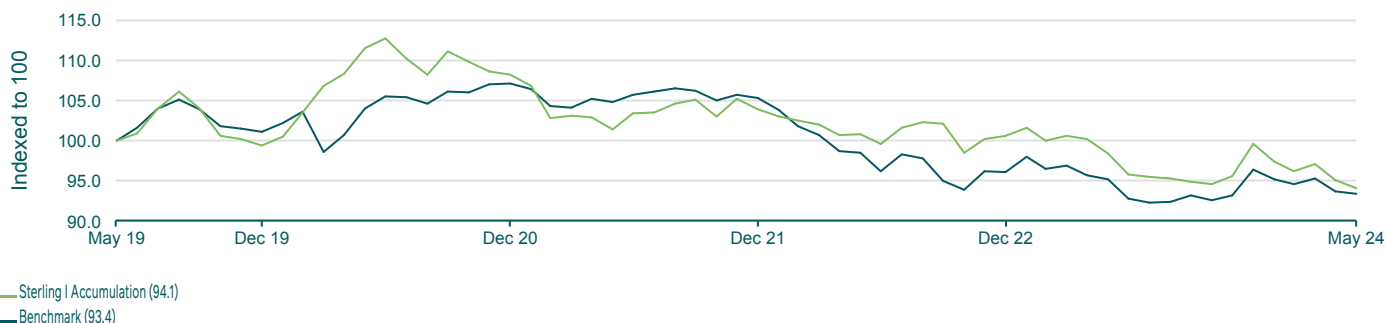
Source of Morningstar ratings: Morningstar  
Source: Financial Express  
Source: FundCalibre  
Source: RSMR Group

Ratings should not be taken as a recommendation.

## Single year performance (5 years)

|                           | 2023  | 2022  | 2021  | 2020 | 2019 |
|---------------------------|-------|-------|-------|------|------|
| ■ Sterling I Accumulation | -0.9% | -3.2% | -4.0% | 8.8% | 4.4% |
| ■ Benchmark               | 0.3%  | -8.7% | -1.7% | 5.9% | 5.6% |
| ■ Sector                  | 4.9%  | -8.8% | -2.2% | 5.7% | 5.2% |

## Performance over 5 years



## Fund performance

|                           | 1 month | 3 months | YTD   | 1 year | 3 years p.a. | 5 years p.a. |
|---------------------------|---------|----------|-------|--------|--------------|--------------|
| ■ Sterling I Accumulation | -1.1%   | -2.2%    | -5.6% | -4.4%  | -2.5%        | -1.2%        |
| ■ Benchmark               | -0.4%   | -1.3%    | -3.2% | -1.9%  | -3.8%        | -1.4%        |
| ■ Sector                  | 0.5%    | 0.2%     | -0.6% | 3.7%   | -1.5%        | -0.1%        |

Past performance is not a guide to future performance.

**Benchmark:** Prior to 19 April 2021 the benchmark was the IA Global Bond Sector average. From 19 April 2021 to 5th March 2023 it was the IA Global Mixed Bond Sector average. Thereafter it is Bloomberg Global Aggregate Index Unhedged USD.

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the fund's benchmark as the fund is a constituent of the sector. 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.

**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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## Asset breakdown (%)

|                                   | Physical    | Short<br>(via CDS) | Long<br>(via CDS) | Net         |
|-----------------------------------|-------------|--------------------|-------------------|-------------|
| <b>Government bonds</b>           | <b>52.3</b> | <b>0.0</b>         | <b>0.0</b>        | <b>52.3</b> |
| Investment grade corporate bonds  | 22.2        | -22.3              | 0.0               | -0.1        |
| Fixed rate                        | 22.3        | 0.0                | 0.0               | 22.3        |
| Floating rate                     | 0.2         | 0.0                | 0.0               | 0.2         |
| Index linked                      | 0.0         | 0.0                | 0.0               | 0.0         |
| Credit Default Swaps & Indices    | -0.3        | -22.3              | 0.0               | -22.5       |
| <b>High yield corporate bonds</b> | <b>-0.4</b> | <b>-5.1</b>        | <b>0.0</b>        | <b>-5.5</b> |
| Fixed rate                        | 0.0         | 0.0                | 0.0               | 0.0         |
| Floating rate                     | 0.0         | 0.0                | 0.0               | 0.0         |
| Index linked                      | 0.0         | 0.0                | 0.0               | 0.0         |
| Credit Default Swaps & Indices    | -0.4        | -5.1               | 0.0               | -5.5        |
| <b>Securitised</b>                | <b>3.0</b>  | <b>0.0</b>         | <b>0.0</b>        | <b>3.0</b>  |
| <b>Emerging markets</b>           | <b>19.5</b> | <b>0.0</b>         | <b>0.0</b>        | <b>19.5</b> |
| Equities                          | 0.0         | 0.0                | 0.0               | 0.0         |
| Other                             | 0.0         | 0.0                | 0.0               | 0.0         |
| Cash                              | 3.4         | 0.0                | 0.0               | 3.4         |

## Industry breakdown (%)

|                          | Physical | Short<br>(via CDS) | Long<br>(via CDS) | Net   |
|--------------------------|----------|--------------------|-------------------|-------|
| Sovereign                | 67.4     | 0.0                | 0.0               | 67.4  |
| Banking                  | 8.8      | 0.0                | 0.0               | 8.8   |
| Foreign Sovereign        | 3.8      | 0.0                | 0.0               | 3.8   |
| Asset backed             | 2.8      | 0.0                | 0.0               | 2.8   |
| Utility                  | 2.5      | 0.0                | 0.0               | 2.5   |
| Supranational            | 2.2      | 0.0                | 0.0               | 2.2   |
| Insurance                | 2.2      | 0.0                | 0.0               | 2.2   |
| Technology & electronics | 1.4      | 0.0                | 0.0               | 1.4   |
| Financial services       | 1.3      | 0.0                | 0.0               | 1.3   |
| Media                    | 1.2      | 0.0                | 0.0               | 1.2   |
| Consumer goods           | 0.7      | 0.0                | 0.0               | 0.7   |
| Capital goods            | 0.7      | 0.0                | 0.0               | 0.7   |
| Telecommunications       | 0.6      | 0.0                | 0.0               | 0.6   |
| Local-Authority          | 0.5      | 0.0                | 0.0               | 0.5   |
| Retail                   | 0.4      | 0.0                | 0.0               | 0.4   |
| Healthcare               | 0.3      | 0.0                | 0.0               | 0.3   |
| Mortgage backed          | 0.2      | 0.0                | 0.0               | 0.2   |
| Services                 | 0.2      | 0.0                | 0.0               | 0.2   |
| Transportation           | 0.1      | 0.0                | 0.0               | 0.1   |
| Futures                  | 0.0      | 0.0                | 0.0               | 0.0   |
| Investment Grade indices | -0.3     | -22.3              | 0.0               | -22.5 |
| High Yield indices       | -0.4     | -5.1               | 0.0               | -5.5  |
| Cash                     | 3.4      | 0.0                | 0.0               | 3.4   |

## Maturity breakdown (%)

|               | Physical |
|---------------|----------|
| 0 - 1 years   | 11.3     |
| 1 - 3 years   | 18.0     |
| 3 - 5 years   | 8.2      |
| 5 - 7 years   | 8.5      |
| 7 - 10 years  | 17.5     |
| 10 - 15 years | 8.7      |
| 15+ years     | 24.5     |
| Cash          | 3.4      |
| Other         | -0.1     |

## Credit rating breakdown (%)

|           | Physical | Short<br>(via CDS) | Long<br>(via CDS) | Net  |
|-----------|----------|--------------------|-------------------|------|
| AAA       | 23.4     | 0.0                | 0.0               | 23.4 |
| AA        | 31.7     | 0.0                | 0.0               | 31.7 |
| A         | 14.6     | -11.8              | 0.0               | 2.9  |
| BBB       | 22.3     | -10.5              | 0.0               | 11.8 |
| BB        | 4.7      | -1.7               | 0.0               | 3.0  |
| B         | -0.3     | -3.4               | 0.0               | -3.7 |
| CCC       | 0.1      | 0.0                | 0.0               | 0.1  |
| CC        | 0.1      | 0.0                | 0.0               | 0.1  |
| 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      | 3.4      | 0.0                | 0.0               | 3.4  |

## Largest issuers (%)

|             | Fund |
|-------------|------|
| US          | 23.0 |
| Germany     | 7.1  |
| UK          | 5.6  |
| Mexico      | 3.3  |
| New Zealand | 3.2  |
| Indonesia   | 2.6  |
| Norway      | 2.4  |
| Spain       | 2.2  |
| Peru        | 2.2  |
| Brazil      | 2.0  |

## Country breakdown (%)

|                          | Physical | Short<br>(via CDS) | Long<br>(via CDS) | Net   |
|--------------------------|----------|--------------------|-------------------|-------|
| US                       | 31.4     | 0.0                | 0.0               | 31.4  |
| UK                       | 11.9     | 0.0                | 0.0               | 11.9  |
| Germany                  | 8.0      | 0.0                | 0.0               | 8.0   |
| Mexico                   | 3.3      | 0.0                | 0.0               | 3.3   |
| France                   | 3.2      | 0.0                | 0.0               | 3.2   |
| New Zealand              | 3.2      | 0.0                | 0.0               | 3.2   |
| Spain                    | 2.7      | 0.0                | 0.0               | 2.7   |
| Indonesia                | 2.6      | 0.0                | 0.0               | 2.6   |
| Other                    | 31.1     | 0.0                | 0.0               | 31.1  |
| High Yield indices       | -0.4     | -5.1               | 0.0               | -5.5  |
| Investment Grade indices | -0.3     | -22.3              | 0.0               | -22.5 |
| Cash                     | 3.4      | 0.0                | 0.0               | 3.4   |

## Currency breakdown (%)

|                   | Fund |
|-------------------|------|
| US dollar         | 40.4 |
| Euro              | 18.7 |
| Japanese yen      | 17.3 |
| Indonesian rupiah | 2.6  |
| Norwegian krone   | 2.4  |
| Canadian dollar   | 2.4  |
| Brazilian real    | 2.0  |
| British pound     | 1.9  |
| Australian dollar | 1.8  |
| Other             | 10.4 |

## Duration by currency and asset class (years)

|               | Physical | Futures | Swaps | Net |
|---------------|----------|---------|-------|-----|
| Euro          | 1.5      | 0.1     | 0.0   | 1.6 |
| British pound | 1.2      | 0.0     | 0.0   | 1.2 |
| US dollar     | 2.9      | 0.7     | 0.0   | 3.6 |
| Other         | 1.6      | 0.0     | -0.1  | 1.5 |
| Total         | 7.1      | 0.8     | -0.1  | 7.8 |

## 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   | GB0031616815 | MGGSMBA LN  | GBP      | 15/10/1999              | 1.03%          | 3.52%              | 3.52%            | £500                       | £100                      |
| Sterling A Inc   | GB0031616708 | MGGSMBI LN  | GBP      | 15/10/1999              | 1.03%          | 4.56%              | 3.52%            | £500                       | £100                      |
| Sterling A-H Acc | GB00BVYJ0W14 | MGGSAHA LN  | GBP      | 07/08/2015              | 1.06%          | 3.47%              | 3.47%            | £500                       | £100                      |
| Sterling A-H Inc | GB00BVYJ0X21 | MGGSSRAI LN | GBP      | 07/08/2015              | 1.06%          | 4.54%              | 3.47%            | £500                       | £100                      |
| Sterling I Acc   | GB00B78PGS53 | MGGMIGA LN  | GBP      | 16/12/2011              | 0.63%          | 3.92%              | 3.92%            | £500,000                   | £10,000                   |
| Sterling I Inc   | GB00B78PH601 | MGGMIGI LN  | GBP      | 16/12/2011              | 0.63%          | 4.56%              | 3.92%            | £500,000                   | £10,000                   |
| Sterling I-H Acc | GB00BVYJ0Y38 | MGGSIHA LN  | GBP      | 07/08/2015              | 0.66%          | 3.87%              | 3.87%            | £500,000                   | £10,000                   |
| Sterling I-H Inc | GB00BVYJ0Z45 | MGGSIHI LN  | GBP      | 07/08/2015              | 0.66%          | 4.54%              | 3.87%            | £500,000                   | £10,000                   |
| Sterling R Acc   | GB00B78PLC47 | MGGMBRA LN  | GBP      | 03/08/2012              | 0.88%          | 3.67%              | 3.67%            | £500                       | £100                      |
| Sterling R Inc   | GB00B45PMD45 | MGGMBRI LN  | GBP      | 03/08/2012              | 0.88%          | 4.56%              | 3.67%            | £500                       | £100                      |
| Sterling R-H Acc | GB00BVYJ1063 | MGGSRHA LN  | GBP      | 07/08/2015              | 0.91%          | 3.62%              | 3.62%            | £500                       | £100                      |
| Sterling R-H Inc | GB00BVYJ1170 | MGGSRHI LN  | GBP      | 07/08/2015              | 0.91%          | 4.54%              | 3.62%            | £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

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

The M&G Global Macro Bond Fund is a stand alone OEIC.

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