

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

Monthly Fund Review as at 31 May 2024

For investment professionals only

## Highlights

- Global stocks, as measured by the MSCI ACWI, reached an all-time high in May, recovering strongly from their losses in April. However, the performance of developed market sovereign bonds was more mixed.
- The fund recorded a positive return in the month, which was mainly due to holdings in equities, particularly Europe, on the back of a positive growth outlook and expectations of an interest rate cut in June. In fixed income, positions in US Treasuries and UK gilts added value. Overall, currency exposure had a negative impact on performance.
- In May, we switched German bunds into US Treasuries. The spread between the two had widened since March, which gave us an opportunity to close our bund position. Duration was unchanged as a result of the trade. We also increased the number of holdings in the global high dividend yield basket and adjusted for sector/geographical biases that are inherent in dividend-paying stocks. The new exposure increases diversification of income.

## 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.

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.

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 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.

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	8.8%	-11.0%	10.3%	-1.4%	15.3%
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	0.3%	2.0%	0.8%	7.2%	1.3%	3.2%
Sector	0.9%	2.6%	2.7%	8.5%	0.8%	2.9%

Past performance is not a guide to future performance.

**Performance comparison:** The fund is actively managed and it has no benchmark. Investors can assess the performance of the fund by its objective to provide a growing level of income and capital growth of 2-4% per annum, both measured over any three-year period.

Source: Morningstar, Inc and M&G, as at 31 May 2024. Returns are calculated on a price to price basis with income reinvested.

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## Key information

Fund manager(s)	Steven Andrew, Stefano Amato
Fund manager tenure from	11 November 2010
Deputy fund manager(s)	Maria Municchi
ISIN	GB00B4QHRP64
Launch date of fund	11 November 2010
Launch of share class	03 August 2012
Fund size (millions)	£ 332.12
Benchmark(s)	None
Benchmark type	N/A
Sector	IA Mixed Investment 20-60% Shares sector
Number of holdings	324
Historic yield	3.49%
Modified duration (years)	3.64
VaR	4.24%
Payment dates	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Ex-dividend dates	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec

## Charges

Maximum entry charge	0.00%
Ongoing charge	0.66%

## 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  
Fund Calibre Rating  
Square Mile Rating  
The Adviser Centre Rating  
Source of Morningstar Medalist Rating: Morningstar  
Source: Defaqto  
Source: Distribution Technology  
Source: Financial Express  
Source: FundCalibre  
Source: Square Mile  
Source: Embark Investments Limited

5 - Low Medium Risk  
FE  
Yes  
A  
Recommended

Ratings should not be taken as a recommendation.

## Largest exposures (excl. cash, %)

	Fund
US Equity	25.4
ISHARES S&P INFO TECHNOLOG SCTR UC	6.3
US Government 30Y	6.3
UK Government 30Y	5.9
US Fixed	5.1
US Government 10Y	5.1
UK Government 10Y	5.0
Japan Equity	3.1
ISHARES S&P COMMUNICATION SCTR UC	2.0
E-MINI CONSUMER STAPLES JUN 24 EQUITY INDEX FUTURE	-3.5

## Currency breakdown (%)

	Fund
British pound	71.4
US dollar	14.9
Mexican peso	1.7
Brazilian real	1.6
South African rand	1.6
Colombian peso	1.6
Peruvian sol	1.2
Philippine peso	1.2
Polish zloty	1.2
Other	3.5

## Portfolio construction (%)

	Net allocation range	Neutrality
Equity	20-50	30.0
Fixed income	40-80	60.0
Other	0-20	10.0
Currency	Min 70% sterling or sterling hedged	

## Asset breakdown (%)

	Fund
<b>Equity</b>	<b>43.9</b>
UK	1.5
Europe	6.3
North America	28.3
Japan	3.1
Asia Pacific ex Japan	3.1
Other Developed Markets	0.0
Emerging markets	1.6
Equity options (nominal)	0.0
<b>Government bonds</b>	<b>35.3</b>
UK	10.9
Europe	0.0
North America	11.3
Japan	0.0
Asia Pacific ex Japan	0.0
Other Developed Markets	0.0
Emerging markets	13.1
<b>Corporate bonds</b>	<b>15.8</b>
Investment grade bonds	7.7
High yield bonds	8.2
<b>Convertible bonds</b>	<b>0.0</b>
Bond options (nominal)	0.0
<b>Infrastructure</b>	<b>0.2</b>
<b>Property</b>	<b>0.0</b>
<b>Other</b>	<b>0.0</b>
<b>Cash</b>	<b>4.8</b>

## Credit rating breakdown (%)

	Net exposure
AAA	1.8
AA	22.2
A	2.4
BBB	12.4
BB	6.9
B	4.6
CCC	0.9
CC	0.0
C	0.0
D	0.0
No rating	0.0

## 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	GB00B48VC629	MGIMAAA LN	GBP	11/11/2010	1.05%	3.19%	£500	£100
Sterling A Inc	GB00B4054K09	MGIMAAI LN	GBP	11/11/2010	1.05%	4.32%	£500	£100
Sterling I Acc	GB00B4QHHP64	MGIMAIA LN	GBP	03/08/2012	0.66%	3.49%	£500,000	£10,000
Sterling I Inc	GB00B7FSJ224	MGIMAIL LN	GBP	03/08/2012	0.66%	4.23%	£500,000	£10,000
Sterling R Acc	GB00B7P09066	MGIMARA LN	GBP	03/08/2012	0.90%	3.31%	£500	£100
Sterling R Inc	GB00B7JL3W55	MGIMARI LN	GBP	03/08/2012	0.90%	4.29%	£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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The M&G Episode Income Fund is a sub-fund of M&G Investment Funds (11).

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