

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

Monthly Fund Review as at 31 May 2024

For investment professionals only

## Fund description

The fund aims to provide: a higher annual yield than the FTSE All-Share Index; an income stream that increases annually; and a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than a composite index (comprising 70% FTSE All-Share Index and 30% FTSE Actuaries UK Conventional Gilts All Stocks Index) over any five-year period. At least 70% of the fund is invested in UK company shares. It may also invest in investment grade government and corporate bonds denominated in sterling. The fund typically invests in a portfolio of high-yielding UK stocks, meaning it tends to have a bias towards out-of-favour, undervalued stocks. The fund's allocation to bonds is primarily aimed at reducing volatility, whilst providing an alternative stable source 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.

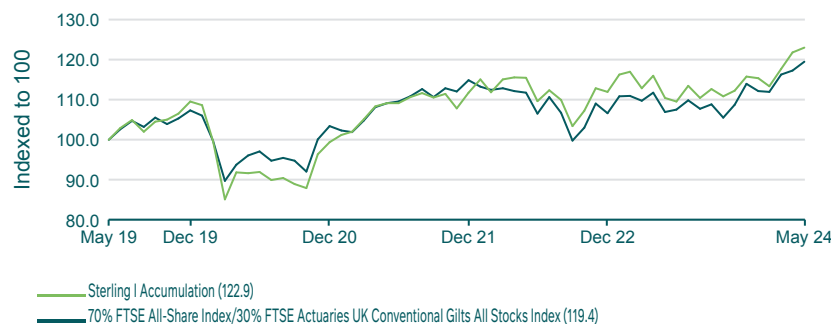
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

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	3.4%	0.2%	12.4%	-9.2%	18.1%
■ 70% FTSE All-Share Index/30% FTSE Actuaries UK Conventional Gilts All Stocks Index	6.9%	-7.1%	11.0%	-3.7%	15.6%
■ Sector	7.3%	-9.1%	11.4%	7.0%	15.6%

## Performance over 5 years



## Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	1.0%	8.4%	6.2%	11.3%	4.0%	4.2%
■ 70% FTSE All-Share Index/30% FTSE Actuaries UK Conventional Gilts All Stocks Index	1.9%	6.7%	4.8%	11.7%	3.1%	3.6%
■ Sector	0.9%	3.2%	4.9%	10.6%	2.6%	5.6%

Past performance is not a guide to future performance.

Performance comparison:

Target benchmarks:

Yield - FTSE All-Share Index

Total return - a composite index comprising:

- 70% FTSE All-Share Index

- 30% FTSE Actuaries UK Conventional Gilts All Stocks Index

The benchmarks are targets which the Fund seeks to outperform, and have been chosen as they best reflect the scope of the Fund's investment policy. The benchmarks are used solely to measure the Fund's performance and do 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 constituents of the benchmarks. The total return benchmark is shown in the share class currency.

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)	Elina Symon
Fund manager tenure from	31 March 2021
Deputy fund manager(s)	Michael Stiasny
ISIN	GB00B7C4NQ54
Launch date of fund	30 June 2000
Launch of share class	03 August 2012
Fund size (millions)	£ 450.19
Benchmark(s)	FTSE All-Share Index (yield), 70% FTSE All Share Index/30% FTSE Actuaries UK Conventional Gilts All Stocks Index (total return)
Benchmark type	Target & Comparator
Sector	IA Flexible Investment sector
Number of companies	173
Historic yield	4.56%
Index yield (FTSE All-Share Index)	3.62%
Portfolio turnover over 12 months	16.49%
VaR	8.53%
Payment dates	Jan, Apr, Jul, Oct
Ex-dividend dates	Mar, Jun, Sep, Dec

## Charges

Maximum entry charge	0.00%
Ongoing charge	0.73%

## Risk characteristics

As at 31/05/2024	Fund
Alpha (%)	1.07
Information ratio	0.19
Sharpe Ratio	0.18
Historic tracking error (%)	5.29
Beta	0.89
Standard deviation (%)	9.92

## Things you should know

The fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

## Fund ratings as at 31 May 2024

Morningstar Medalist Rating™	Analyst-Driven %
<b>Neutral</b>	10
	Data Coverage %
	96

Overall Morningstar rating

Financial Express Crown Rating



Source of Morningstar ratings: Morningstar

Source: Financial Express

Ratings should not be taken as a recommendation.

## Asset breakdown (%)

	Fund
Equities	72.8
Credit	25.6
Cash and cash equivalents	1.6
Other	0.0

## Largest holdings (%)

	Fund	Index	Relative weight
HSBC	6.0	5.5	0.5
BP	5.5	3.4	2.2
Glaxosmithkline	3.9	2.9	1.0
Astrazeneca	3.7	7.4	-3.7
Rio Tinto	3.6	2.5	1.1
BAT	3.1	2.0	1.1
Imperial Brands	2.9	0.7	2.2
Royal Dutch Shell	2.6	7.5	-5.0
Lloyds Banking Group	2.3	1.5	0.9
National Grid	2.2	1.7	0.5

## Industry breakdown (%)

	Fund
Financials	35.5
Energy	9.2
Consumer staples	8.5
Health care	8.3
Utilities	7.0
Consumer discretionary	6.9
Industrials	6.4
Basic materials	5.0
Real Estate	5.0
Telecommunications	2.8
Technology	0.8
Other	4.2
Cash	0.5

## Country breakdown (%)

	Fund
UK	61.6
US	18.4
Australia	3.7
Germany	2.9
France	2.2
Supranational	1.3
Guernsey	1.1
Netherlands	0.7
Other	6.6
Cash	1.6

## Currency breakdown (%)

	Fund
British pound	99.2
US dollar	0.6
Hong Kong dollar	0.2
Euro	0.0

## Largest overweights (%)

	Fund	Index	Relative weight
Imperial Brands	2.9	0.7	2.2
BP	5.5	3.4	2.2
UK	1.5	0.0	1.5
Aviva	2.0	0.5	1.5
Phoenix Group Holdings	1.6	0.2	1.5
Rio Tinto	3.6	2.5	1.1
General Accident	1.1	0.0	1.1
BAT	3.1	2.0	1.1
Taylor Wimpey	1.2	0.2	1.0
BT Group	1.4	0.3	1.0

## Largest underweights (%)

	Fund	Index	Relative weight
Royal Dutch Shell	2.6	7.5	-5.0
Astrazeneca	3.7	7.4	-3.7
Unilever	1.0	4.4	-3.4
RELX	0.0	2.7	-2.7
Glencore	0.0	2.4	-2.4
Diageo	0.0	2.4	-2.4
London Stock Exchange Group	0.0	1.8	-1.8
BAE Systems	0.0	1.7	-1.7
Rolls-Royce Holdings	0.0	1.6	-1.6
Compass Group	0.0	1.5	-1.5

## Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	30.8	47.9	-17.1
Large cap (\$10 - \$50bn)	14.3	27.0	-12.8
Mid cap (\$2 - \$10bn)	13.7	17.1	-3.4
Small cap (< \$2bn)	13.6	7.7	5.9
Other	27.1	0.3	26.8
Cash	0.5	0.0	0.5

## 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	GB0031107468	MGSEXTA LN	GBP	19/11/1973	1.13%	4.24%	£500	£100
Sterling A Inc	GB0031107021	MGSEXTI LN	GBP	19/11/1973	1.13%	5.47%	£500	£100
Sterling I Acc	GB00B7C4NQ54	MGEXIIA LN	GBP	03/08/2012	0.73%	4.56%	£500,000	£10,000
Sterling I Inc	GB00B70D5799	MGEXIII LN	GBP	03/08/2012	0.73%	5.45%	£500,000	£10,000
Sterling R Acc	GB00B7H4B441	MGEXIRA LN	GBP	03/08/2012	0.98%	4.35%	£500	£100
Sterling R Inc	GB00B75HWH59	MGEXIRI LN	GBP	03/08/2012	0.98%	5.46%	£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 fund originally launched on 30 June 2000. On 16 December 2016, the fund's name and objective changed. Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

The M&G UK Income Distribution Fund is a sub-fund of M&G Investment Funds (2).

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.

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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