

M&G Global High Yield Bond Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 May 2024

For investment professionals only

Highlights

- May was a positive month for high yield bond markets. The fund's relative underperformance was mainly due to a moderate overweight to Europe and stock selection in the CCC segment, where a few distressed names to which we have no exposure did well.
- Momentum continued in the primary market, where we played Barclays AT1 and Gray TV. We were priced out of an Iliad tap issue (tap issues have the same maturity, face value and coupon as the original issue, but are sold at market prices), Alstom and Coty. As market demand remains strong, many deals are pricing at, or inside guidance.
- In the secondary market, we sold Selecta, Tegna and Huhtamaki. We increased our exposure to OI and Telefonica to reduce our underweight. We also sold Liquid Tecoms and Cellnex and added exposure to Unity and Iheart Media. We continued to trim our exposure to Ford. We remain very modestly underweight risk, with duration and spread duration slightly below the benchmark.

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 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.

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.

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

Key information

Fund manager(s)	Stefan Isaacs, Luke Coha
Fund manager tenure from	30 September 2010
ISIN	GB00B4Z1M213
Launch date of fund	16 October 1998
Launch of share class	03 August 2012
Fund size (millions)	£ 1,288.71
Benchmark(s)	ICE BofAML Global High Yield Index (GBP Hedged)
Benchmark type	Target
Sector	IA Sterling High Yield sector
Number of issuers	264
Distribution yield	5.55%
Underlying yield	5.55%
Average credit rating	BB
Modified duration (years)	3.29
VaR	2.32%
Average coupon	5.46
Spread duration (years)	3.2
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	0.58%

Things you should know

The fund allows for the extensive use of derivatives.

Fund ratings as at 31 May 2024

Morningstar Medalist Rating™	Analyst-Driven %
 Bronze	100
	Data Coverage %
	100

Overall Morningstar rating

Financial Express Crown Rating

Source of Morningstar ratings: Morningstar
Source: Financial Express

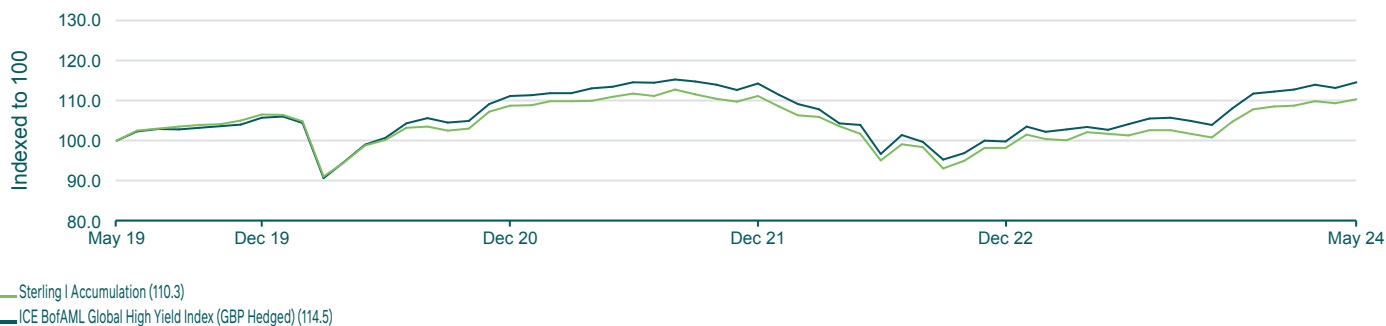
Ratings should not be taken as a recommendation.



Single year performance (5 years)

	2023	2022	2021	2020	2019
■ Sterling I Accumulation	9.8%	-11.6%	2.2%	2.0%	12.8%
■ ICE BofAML Global High Yield Index (GBP Hedged)	11.9%	-12.6%	2.8%	5.1%	12.3%
■ Sector	10.9%	-9.8%	4.2%	3.5%	11.4%

Performance over 5 years



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	0.9%	1.5%	2.3%	8.5%	-0.2%	2.0%
■ ICE BofAML Global High Yield Index (GBP Hedged)	1.2%	1.6%	2.5%	11.4%	0.3%	2.7%
■ Sector	0.9%	1.5%	2.6%	10.8%	1.5%	3.1%

Past performance is not a guide to future performance.

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 freedom in choosing which assets 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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Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Government bonds	0.9	0.0	0.0	0.9
Investment grade corporate bonds	7.5	0.0	0.0	7.5
Fixed rate	7.5	0.0	0.0	7.5
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	84.9	0.0	0.0	84.9
Fixed rate	84.4	0.0	0.0	84.4
Floating rate	0.5	0.0	0.0	0.5
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	6.0	0.0	0.0	6.0

Largest issuers (%)

	Fund
Petroleos Mexicanos	2.8
Ford Motor Credit Company	1.9
CHoldings	1.2
Pilgrims Pride	1.2
EQM Midstream Partners LP	1.1
Royal Caribbean Cruises	1.0
Ecopetrol	1.0
American Airlines	0.9
Levi Strauss	0.8
Targa Resources Partners LP	0.8

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Energy	15.2	0.0	0.0	15.2
Healthcare	9.8	0.0	0.0	9.8
Media	8.7	0.0	0.0	8.7
Leisure	6.6	0.0	0.0	6.6
Telecommunications	5.9	0.0	0.0	5.9
Automotive	5.6	0.0	0.0	5.6
Consumer goods	5.5	0.0	0.0	5.5
Basic industry	5.3	0.0	0.0	5.3
Retail	5.0	0.0	0.0	5.0
Services	4.8	0.0	0.0	4.8
Banking	4.2	0.0	0.0	4.2
Capital goods	4.0	0.0	0.0	4.0
Financial services	2.7	0.0	0.0	2.7
Real Estate	2.5	0.0	0.0	2.5
Transportation	2.4	0.0	0.0	2.4
Utility	2.3	0.0	0.0	2.3
Technology & electronics	1.9	0.0	0.0	1.9
Sovereign	0.9	0.0	0.0	0.9
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	6.0	0.0	0.0	6.0

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	0.0	0.0	0.0	0.0
AA	0.9	0.0	0.0	0.9
A	0.3	0.0	0.0	0.3
BBB	12.6	0.0	0.0	12.6
BB	52.2	0.0	0.0	52.2
B	20.4	0.0	0.0	20.4
CCC	7.0	0.0	0.0	7.0
CC	0.3	0.0	0.0	0.3
C	0.2	0.0	0.0	0.2
D	0.1	0.0	0.0	0.1
No rating	0.0	0.0	0.0	0.0
Cash	6.0	0.0	0.0	6.0

Maturity breakdown (%)

	Physical
0 - 1 years	5.1
1 - 3 years	23.1
3 - 5 years	38.6
5 - 7 years	18.3
7 - 10 years	6.5
10 - 15 years	1.4
15+ years	0.8
Cash	6.0
Other	0.2

Duration by currency and asset class (years)

	Physical	Futures	Swaps	Net
Euro	0.7	-0.2	0.0	0.6
British pound	0.3	-0.2	0.0	0.2
US dollar	2.2	0.4	0.0	2.6
Other	0.0	0.0	0.0	0.0
Total	3.3	0.0	0.0	3.3

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
US	51.2	0.0	0.0	51.2
UK	9.1	0.0	0.0	9.1
France	4.8	0.0	0.0	4.8
Germany	3.6	0.0	0.0	3.6
Mexico	3.2	0.0	0.0	3.2
Netherlands	2.8	0.0	0.0	2.8
Luxembourg	1.6	0.0	0.0	1.6
Sweden	1.5	0.0	0.0	1.5
Other	16.4	0.0	0.0	16.4
Cash	6.0	0.0	0.0	6.0

Currency breakdown (%)

	Fund
British pound	99.1
US dollar	0.5
Euro	0.4
South African rand	0.0

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	GB0031957219	MGHYCAA LN	GBP	01/10/2002	0.98%	5.15%	5.15%	£500	£100
Sterling A Inc	GB0031957102	MGHYCAI LN	GBP	01/10/2002	0.98%	6.13%	5.15%	£500	£100
Sterling I Acc	GB00B4Z1M213	MGHYCIA LN	GBP	03/08/2012	0.58%	5.55%	5.55%	£500,000	£10,000
Sterling I Inc	GB00B6ZD1B32	MGHYCII LN	GBP	03/08/2012	0.58%	6.13%	5.55%	£500,000	£10,000
Sterling R Acc	GB00B3ZG2Y18	MGHYCRA LN	GBP	03/08/2012	0.83%	5.30%	5.30%	£500	£100
Sterling R Inc	GB00B7K97Y86	MGHYCRI LN	GBP	03/08/2012	0.83%	6.13%	5.30%	£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

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

The M&G Global High Yield Bond Fund is a sub-fund of M&G Investment Funds (2).

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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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