

M&G Sustainable Multi Asset Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 29 February 2024
For investment professionals only

Highlights

- February saw several equity markets hit record highs thanks to underlying corporate strength, particularly in the US tech sector. Government bond markets were pressured by stronger economic data and upside surprises in inflation data.
- We continued to observe signs that equity/bond price behaviour has finally decoupled, as major equity indices continued to be resilient despite ongoing interest rate pressure.
- The fund was able to register a small positive return thanks to its equity allocations. The decision to add tactical exposure to Hong Kong/China equities during January was rewarded as markets bounced back there. Recent addition US solar company Enphase Energy was also a strong contributor following an upbeat earnings announcement. The fund's fixed income exposure detracted from returns given renewed pressure on government bond markets as investors delayed their expectations of interest rate cuts.
- There were no material changes to allocations during February.

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.

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.

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	9.1%	-13.3%	8.7%	4.0%	-
Sector	6.9%	-9.6%	6.3%	3.5%	-

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%	2.5%	-1.5%	4.6%	1.0%	3.3%
Sector	0.5%	3.9%	0.1%	4.7%	1.0%	2.8%

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 total return of 4-8% per annum over any five-year period.

Source: Morningstar, Inc and M&G, as at 29 February 2024. Returns are calculated on a price to price basis with income reinvested.

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Key information

Fund manager(s)	Maria Municchi
Fund manager tenure from	14 February 2019
Deputy fund manager(s)	Steven Andrew
ISIN	GB00BHR43049
Launch date of fund	14 February 2019
Launch of share class	20 February 2019
Fund size (millions)	£ 48.24
Benchmark(s)	None
Benchmark type	N/A
Sector	IA Mixed Investment 20-60% Shares sector
Number of holdings	129
Historic yield	2.83%
Modified duration (years)	3.48
VaR	4.78%
Payment dates	Mar, Jun, Sep, Dec
Ex-dividend dates	Feb, May, Aug, Nov

Charges

Maximum entry charge	0.00%
Ongoing charge	0.72%

Things you should know

The fund allows for the extensive use of derivatives.

Fund ratings as at 29 February 2024

Morningstar Medalist Rating™	Analyst-Driven %
Bronze	10
Overall Morningstar rating	Data Coverage %
3D Investing (Square Mile) Rating	93
Defaqto Risk Rating	*** A
Dynamic Planner Rating	4
Financial Express Crown Rating	5 - Low Medium Risk
Source of Morningstar ratings: Morningstar	FE
Source: Square Mile	
Source: Defaqto	
Source: Distribution Technology	
Source: Financial Express	
Ratings should not be taken as a recommendation.	

Asset breakdown (%)

	Fund
Equity	39.0
UK	1.9
Europe	10.0
North America	14.9
Japan	2.6
Asia Pacific ex Japan	3.0
Other Developed Markets	0.0
Emerging markets	6.6
Equity options (nominal)	0.0
Government bonds	22.5
UK	6.8
Europe	5.0
North America	6.5
Japan	0.0
Asia Pacific ex Japan	0.0
Other Developed Markets	0.0
Emerging markets	4.2
Corporate bonds	24.1
Investment grade bonds	21.9
High yield bonds	2.2
Convertible bonds	0.0
Bond options (nominal)	0.0
Infrastructure	6.3
Property	0.0
Other	0.0
Cash	8.2

Currency breakdown (%)

	Fund
British pound	78.9
US dollar	6.0
Japanese yen	2.6
South African rand	2.5
Brazilian real	2.4
Mexican peso	2.0
Indonesian rupiah	2.0
Chilean peso	2.0
Colombian peso	1.2
Other	0.4

MSCI ESG rating (%)

	Fund
AAA	7.8
AA	11.5
A	10.3
BBB	2.1
BB	0.0
Lower than BB	0.0
No rating	0.0
Positive impact holdings	60.1
Residual Cash	8.3
Total	100.0

Sustainable Development Goal breakdown (%)

	Fund
SDG1: No Poverty	2.0
SDG3: Good Health and Wellbeing	5.3
SDG4: Quality Education	0.6
SDG5: Gender Equality	0.6
SDG6: Clean Water and Sanitation	1.2
SDG7: Affordable and Clean Energy	27.7
SDG8: Decent Work and Economic Growth	10.5
SDG9: Industry, Innovation and Infrastructure	5.8
SDG10: Reduced Inequalities	0.5
SDG11: Sustainable Cities and Communities	3.1
SDG12: Responsible Production and Consumption	2.9

Largest exposures (excl. cash, %)

	Fund
US Equity	14.5
Supranational Fixed	14.1
UK Government 10Y	4.7
UK Equity	3.7
US Fixed	3.3
Germany Government 10Y	3.2
Japan Equity	2.6
Denmark Equity	2.4
US Government 5Y	2.3
Taiwan Equity	2.2

MSCI ESG score

	Fund
Corporate holdings score (0-10)	7.7
Portfolio score (0-10)	7.6
Government bonds score (0-10)	5.7
Weighted average carbon intensity (corporate only)	41.9
Weighted average carbon intensity (MSCI ACWI)	118.0

Positive impact holdings by asset class (%)

	Fund
Equity	14.8
Corporate bonds	22.4
Infrastructure	6.9
Government	16.0
Total	60.1

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	GB00BHR41H73	MV2LP03 LN	GBP	20/02/2019	1.12%	2.53%	£500	£100
Sterling A Inc	GB00BHR42X07	MV2LNY1 LN	GBP	20/02/2019	1.12%	3.63%	£500	£100
Sterling I Acc	GB00BHR43049	MV2LP76 LN	GBP	20/02/2019	0.72%	2.83%	£500,000	£10,000
Sterling I Inc	GB00BHR43155	MV2LP21 LN	GBP	20/02/2019	0.72%	3.54%	£500,000	£10,000
Sterling L Acc	GB00BD2PHY60	MV2LP67 LN	GBP	20/02/2019	0.52%	2.98%	£20,000,000	£50,000
Sterling L Inc	GB00BD2PGP05	MV2LP58 LN	GBP	20/02/2019	0.52%	3.51%	£20,000,000	£50,000
Sterling R Acc	GB00BHR42Y14	MV2LP30 LN	GBP	20/02/2019	0.97%	2.64%	£500	£100
Sterling R Inc	GB00BHR42Z21	MV2LNZ0 LN	GBP	20/02/2019	0.97%	3.59%	£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.

Approach to responsible investment

	Yes	No	N/A
ESG integration	✓		
Additional ESG specifications	✓		
Exclusions	✓		
Cluster munitions & anti personnel landmines	✓		
Other exclusions or restrictions	✓		
Voting	✓		
Engagement	✓		

Please see glossary for further explanation of these terms.

Climate Metrics

	Weighted Average Carbon Intensity	Coverage by portfolio weight (%)
Sterling I Accumulation	38.88	91.36%
Benchmark	0.00	0.00%

Source: MSCI

ESG Standard Glossary

Additional ESG specifications: In the context of M&G, these are funds managed with an explicit ESG objective, outcome or in accordance with specific ESG criteria, and will have a number of minimum exclusions in place.

Engagement: Interaction with company management on various financial and non-financial, including ESG, issues. Engagement allows investors to better understand how a company is undertaking its operations and how it is interacting with its stakeholders, as well as advising on and influencing company behaviour and disclosures where appropriate.

ESG integration: Describes the explicit and systematic inclusion of Environmental, Social and Governance factors in investment analysis and investment decisions. It underpins a responsible investment approach, and allows investors to better manage risk and generate sustainable, long-term returns.

Exclusions: The exclusion or restriction of investments based on the sector in which they operate, the products or services they provide or for other specific criteria, i.e. they are deemed to be in breach of the United Nations Global Compact principles on human rights, labour the environment and anti-corruption.

Voting: As the partial owners of a company, shareholders have the right to vote on resolutions put forward at a company's annual general meeting. These resolutions include the re-election of directors, executive remuneration and business strategy, among others, and may include resolutions put forward by shareholders.

Explanation of our climate metrics

The Weighted Average Carbon Intensity (WACI) is the metric used to report our funds' carbon emissions. It is a measure of how much CO2 is being emitted per US\$ million of sales by each company that the fund invests in. This can be used to determine the likely effect a company is having on the environment. It can also help to compare the impact different companies have on the environment, and to compare companies against the broad market or the financial benchmark for the fund. However, this metric does not take into account the difference in carbon characteristics among sectors.

The WACI metric is one of many greenhouse gas emissions data points, each offering a different aspect of analysis on climate impact. M&G have selected this metric as it is applicable to multi-asset, equity and fixed income funds and it is aligned to the recommendations from the Taskforce for Climate Related Financial Disclosures (TCFD). The WACI metric does not include carbon intensity data attributable to government bond securities. It has also been chosen to align with M&G's groupwide target of transparency when it comes to the disclosure of climate emissions. At M&G we currently use MSCI as our main third-party data provider for carbon intensity data as we consider its coverage to be the broadest of the current providers. As with any mass data collection, there are methodology limitations; this also applies to MSCI. We make every effort to check its data and are currently building our own tools which will use a variety of data sources to gather and map the carbon emissions of our funds.

For the avoidance of doubt, this fund is not managed to a carbon emission objective and, the benchmark WACI (should funds have a benchmark) have been included for information purposes only.

Important information

With effect from November 2023, we are reporting using our internal accounting book of record (ABOR) moving away from the investment book of record (IBOR) used for reporting up to October 2023.

Carbon Intensity allows comparison of emissions across companies of different sizes and in different industries. At a company level, MSCI ESG Research calculates Carbon Intensity as carbon emissions per dollar of sales. The portfolio-level Weighted Average Carbon Intensity is the sum product of the constituent weights and intensities.

The M&G Sustainable Multi Asset Fund is a sub-fund of M&G Investment Funds (4).

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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