

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

Monthly Fund Review as at 29 February 2024

For investment professionals only

Highlights

- Government bond yields rose in February, as investors continued to reassess the chances of interest rate cuts and the state of the global and regional economies following the strong rally in the last part of 2023. Most of the fund's holdings are government bonds, which detracted from performance.
- Despite the pullback, we still think the main opportunity remains in duration and are comfortable retaining a long position here. We believe the more likely scenario for this year is not a soft landing, but a slowdown followed by central banks cutting rates. We have a bias to reduce inflation-linked positions as they outperformed fixed rates in the US.
- We continued to reduce credit risk at the margin, and we maintain our very selective approach to new issues. We reduced some utilities names where we have seen spreads narrowing strongly, and sold some financial floating rate bonds. We maintained our short exposure to high yield corporate bonds, which we initiated a year ago.

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.

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 hedging process seeks to minimise, but cannot eliminate, the effect of movements in exchange rates on the performance of the hedged share class. Hedging also limits the ability to gain from favourable movements in exchange rates.

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-H Accumulation	4.0%	-15.0%	-5.5%	11.2%	6.0%
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-H Accumulation	-1.6%	0.6%	-4.2%	-0.2%	-6.2%	-1.6%
Benchmark	-0.6%	1.5%	-1.9%	-1.9%	-3.2%	-0.2%
Sector	-0.4%	2.4%	-0.7%	3.7%	-1.6%	0.7%

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 29 February 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)	Jim Leaviss, Eva Sun-Wai
Fund manager tenure from	15 October 1999
ISIN	GB00BVGJ0Y38
Launch date of fund	15 October 1999
Launch of share class	07 August 2015
Fund size (millions)	£ 996.57
Benchmark(s)	Bloomberg Global Aggregate Index Unhedged USD
Benchmark type	Target
Sector	IA Global Mixed Bond sector
Number of issuers	108
Distribution yield	3.87%
Underlying yield	3.87%
Modified duration (years)	7.72
VaR	6.31%
Average coupon	3.46
Spread duration (years)	1.8
Payment dates	Mar, Jun, Sep, Dec
Ex-dividend dates	Feb, May, Aug, Nov



Charges

Maximum entry charge	0.00%
Ongoing charge	0.66%

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 29 February 2024

Morningstar Medalist Rating™	Analyst-Driven %
 Silver™	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.	

Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Government bonds	53.2	0.0	0.0	53.2
Investment grade corporate bonds	20.8	-18.6	0.0	2.1
Fixed rate	20.7	0.0	0.0	20.7
Floating rate	0.2	0.0	0.0	0.2
Index linked	0.0	0.0	0.0	0.0
Credit Default Swaps & Indices	-0.1	-18.6	0.0	-18.7
High yield corporate bonds	0.4	-4.5	0.0	-4.1
Fixed rate	0.8	0.0	0.0	0.8
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	-4.5	0.0	-4.9
Securitised	4.0	0.0	0.0	4.0
Emerging markets	18.4	0.0	0.0	18.4
Equities	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Cash	3.2	0.0	0.0	3.2

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	15.5	0.0	0.0	15.5
AA	38.8	0.0	0.0	38.8
A	7.9	-10.3	0.0	-2.4
BBB	28.2	-8.3	0.0	19.9
BB	6.0	-1.5	0.0	4.5
B	0.0	-3.0	0.0	-3.0
CCC	0.1	0.0	0.0	0.1
CC	0.2	0.0	0.0	0.2
C	0.1	0.0	0.0	0.1
D	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0
Cash	3.2	0.0	0.0	3.2

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
US	33.4	0.0	0.0	33.4
UK	13.2	0.0	0.0	13.2
Germany	8.1	0.0	0.0	8.1
France	3.8	0.0	0.0	3.8
Mexico	3.2	0.0	0.0	3.2
New Zealand	2.8	0.0	0.0	2.8
Indonesia	2.5	0.0	0.0	2.5
Spain	2.4	0.0	0.0	2.4
Other	27.8	0.0	0.0	27.8
High Yield indices	-0.4	-4.5	0.0	-4.9
Investment Grade indices	-0.1	-18.6	0.0	-18.7
Cash	3.2	0.0	0.0	3.2

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Sovereign	67.0	0.0	0.0	67.0
Banking	7.9	0.0	0.0	7.9
Foreign Sovereign	3.8	0.0	0.0	3.8
Utility	3.6	0.0	0.0	3.6
Asset backed	3.2	0.0	0.0	3.2
Insurance	2.2	0.0	0.0	2.2
Media	1.6	0.0	0.0	1.6
Technology & electronics	1.3	0.0	0.0	1.3
Financial services	1.2	0.0	0.0	1.2
Consumer goods	1.1	0.0	0.0	1.1
Mortgage backed	0.9	0.0	0.0	0.9
Supranational	0.8	0.0	0.0	0.8
Capital goods	0.6	0.0	0.0	0.6
Local-Authority	0.5	0.0	0.0	0.5
Services	0.4	0.0	0.0	0.4
Healthcare	0.4	0.0	0.0	0.4
Telecommunications	0.4	0.0	0.0	0.4
Retail	0.3	0.0	0.0	0.3
Transportation	0.1	0.0	0.0	0.1
Futures	0.0	0.0	0.0	0.0
Investment Grade indices	-0.1	-18.6	0.0	-18.7
High Yield indices	-0.4	-4.5	0.0	-4.9
Cash	3.2	0.0	0.0	3.2

Largest issuers (%)

	Fund
US	24.7
Germany	7.3
UK	6.0
Mexico	3.2
New Zealand	2.8
Indonesia	2.5
Norway	2.3
Spain	2.0
Italy	2.0
Peru	2.0

Currency breakdown (%)

	Fund
US dollar	37.6
Euro	21.7
Japanese yen	19.4
Indonesian rupiah	2.5
Swedish krona	2.3
Canadian dollar	2.3
Norwegian krone	2.3
Brazilian real	2.0
Australian dollar	1.6
Other	8.4

Maturity breakdown (%)

	Physical
0 - 1 years	9.7
1 - 3 years	22.5
3 - 5 years	8.3
5 - 7 years	8.6
7 - 10 years	15.1
10 - 15 years	7.8
15+ years	24.9
Cash	3.2
Other	0.0

Duration by currency and asset class (years)

	Fund	Futures	Swaps	Net
Euro	1.4	0.1	0.0	1.5
British pound	1.1	0.0	0.0	1.1
US dollar	2.9	0.7	0.0	3.6
Other	1.6	0.0	-0.1	1.5
Total	7.0	0.8	-0.1	7.7

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	MGSGMBA LN	GBP	15/10/1999	1.03%	3.52%	3.52%	£500	£100
Sterling A Inc	GB0031616708	MGSGMBI LN	GBP	15/10/1999	1.03%	4.55%	3.52%	£500	£100
Sterling A-H Acc	GB00BVYJ0W14	MGSSAHA LN	GBP	07/08/2015	1.06%	3.47%	3.47%	£500	£100
Sterling A-H Inc	GB00BVYJ0X21	MGGSRAI LN	GBP	07/08/2015	1.06%	4.53%	3.47%	£500	£100
Sterling I Acc	GB00B78PGS53	MGMGIGA LN	GBP	16/12/2011	0.63%	3.92%	3.92%	£500,000	£10,000
Sterling I Inc	GB00B78PH601	MGMGIMI LN	GBP	16/12/2011	0.63%	4.55%	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%	4.53%	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%	4.55%	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%	4.53%	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 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.

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.

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

Currency breakdown - Hedged to relevant share class currency.

The way we report our FRN's has changed to categorise the coupon more accurately, which may result in changes to the percentage allocation.

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

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