

M&G UK Inflation Linked Corporate Bond Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 March 2024

For investment professionals only

Highlights

- The Bank of England kept interest rates unchanged in March, but governor Andrew Bailey said that it was “reasonable” for financial markets to price in two or three interest rate cuts this year. This followed a positive surprise in the UK CPI numbers for February. 10-year UK government bonds (gilts) outperformed other developed market sovereigns in March after a disappointing start to 2024.
- We still see good value in government bond yields, despite recent weakness, and believe duration presents the biggest opportunity for the fund. This month, we reduced US dollar duration and increased sterling duration.
- Credit risk remains light in the fund. It was a quiet month in terms of activity within corporate bonds. We are monitoring the new issue market but finding it hard to identify opportunities at reasonable prices, so remain disciplined.

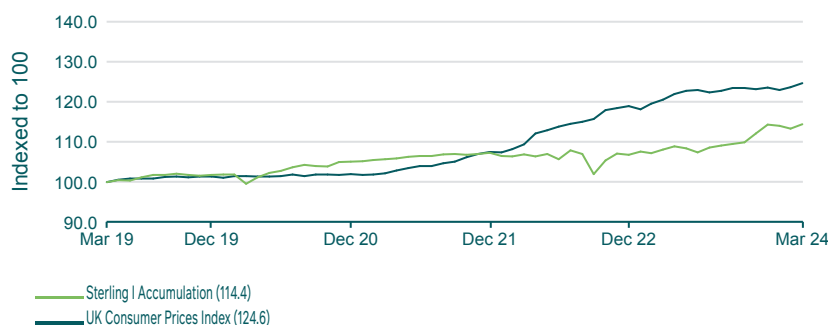
The main risks associated with this fund

For any past performance shown, please note that past performance is not a guide to future performance. 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 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.

Single year performance (5 years)

	2023	2022	2021	2020	2019
Sterling I Accumulation	7.0%	-0.4%	2.1%	3.3%	3.8%
UK Consumer Prices Index	3.9%	10.6%	5.4%	0.6%	1.3%
Sector	8.0%	-11.7%	0.9%	6.1%	9.2%

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%	0.1%	0.1%	5.9%	2.7%	2.7%
UK Consumer Prices Index	0.7%	0.8%	0.8%	3.4%	6.8%	4.5%
Sector	1.6%	1.0%	1.0%	7.3%	-0.6%	1.7%

Past performance is not a guide to future performance.

Please note that the Current month UK Consumer Prices Index value is estimated applying the rate 12 months ago and the actual figure may be higher or lower than that shown. 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 complete freedom in choosing which assets to buy, hold and sell in the fund.

Source: Morningstar, Inc and M&G, as at 31 March 2024. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in GBP terms.

Performance charts © 2024 Morningstar Inc., All Rights Reserved. The information contained within: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Key information

Fund manager(s)	Ben Lord, Matthew Russell
Fund manager tenure from	17 September 2010
ISIN	GB00B460GC50
Launch date of fund	16 September 2010
Launch of share class	16 September 2010
Fund size (millions)	£ 890.46
Benchmark(s)	UK Consumer Prices Index
Benchmark type	Target
Sector	IA Sterling Strategic Bond sector
Number of issuers	86
Distribution yield	0.73%
Underlying yield	0.73%
Modified duration (years)	3.05
VaR	2.06%
Average coupon	2.50
Spread duration (years)	2.3
Payment dates	May, Nov
Ex-dividend dates	Apr, Oct

Charges

Maximum entry charge	0.00%
Ongoing charge	0.43%

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 UK government, 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 31 March 2024

Morningstar Medalist Rating™	Analyst-Driven %
Silver	55
	Data Coverage %
	100
Overall Morningstar rating	★★★★★
Financial Express Crown Rating	F
Rayner Spencer Mills (RSM) Rating	Yes
Square Mile Rating	A
Source of Morningstar ratings: Morningstar	
Source: Financial Express	
Source: RSMR Group	
Source: Square Mile	

Ratings should not be taken as a recommendation.

Asset breakdown (%)

	Net
Government inflation linked	55.0
Corporate inflation linked	7.8
Synthetic inflation linked	40.2
Fixed rate bonds	33.4
Floating rate notes	1.3
Cash	1.7

Largest issuers (excl. government bonds and CDS indices, %)

	Fund
Tesco	3.6
Bank of America	2.1
Morgan Stanley	1.9
DWR Cymru Financing UK	1.8
JP Morgan	1.8
Wells Fargo & Company	1.7
Lloyds Banking Group	1.7
Banco Santander	1.5
Imperial Brands Finance	1.2
RBS	1.1

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Sovereign	55.0	0.0	0.0	55.0
Banking	20.3	0.0	0.0	20.3
Financial services	4.4	0.0	1.4	5.7
Retail	3.6	0.0	0.6	4.2
Utility	3.3	0.0	2.2	5.4
Consumer goods	3.1	0.0	0.5	3.6
Asset backed	2.2	0.0	0.0	2.2
Mortgage backed	1.1	0.0	0.0	1.1
Leisure	1.0	0.0	0.0	1.0
Telecommunications	1.0	0.0	2.6	3.6
Supranational	0.8	0.0	0.0	0.8
Real Estate	0.6	0.0	0.0	0.6
Media	0.4	0.0	1.8	2.2
Healthcare	0.3	0.0	0.0	0.3
Basic industry	0.3	0.0	0.0	0.3
Technology & electronics	0.2	0.0	0.0	0.2
Insurance	0.2	0.0	0.0	0.2
Foreign Sovereign	0.1	0.0	0.0	0.1
Services	0.1	0.0	0.0	0.1
Automotive	0.1	0.0	0.0	0.1
Capital goods	0.0	0.0	1.1	1.2
Transportation	0.0	0.0	1.0	1.0
Energy	0.0	0.0	1.0	1.0
Futures	0.0	0.0	0.0	0.0
Investment Grade indices	0.5	-3.0	27.7	25.2
Cash	1.8	-0.7	3.3	4.4

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	1.8	0.0	0.0	1.8
AA	55.3	0.0	0.0	55.3
A	16.5	-3.7	23.6	36.4
BBB	23.6	0.0	16.4	40.0
BB	0.6	0.0	0.0	0.6
B	0.3	0.0	0.0	0.3
CCC	0.0	0.0	0.0	0.0
CC	0.0	0.0	0.0	0.0
C	0.0	0.0	0.0	0.0
D	0.0	0.0	0.0	0.0
No rating	0.2	0.0	3.0	3.2
Cash	1.7	0.0	0.0	1.7

Maturity breakdown (%)

	Physical
0 - 1 years	28.0
1 - 3 years	26.7
3 - 5 years	39.6
5 - 7 years	1.6
7 - 10 years	0.6
10 - 15 years	1.8
15+ years	0.0
Cash	1.7

Duration by currency and asset class (years)

	Fund	Futures	Swaps	Net
Euro	0.2	0.5	0.0	0.7
British pound	1.6	-0.4	0.3	1.5
US dollar	0.4	0.6	0.0	0.9
Other	0.0	0.0	0.0	0.0
Total	2.2	0.6	0.3	3.1

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
UK	71.2	0.0	3.5	74.7
US	13.3	0.0	6.6	19.9
Spain	2.4	0.0	0.0	2.4
France	2.3	0.0	3.8	6.1
Switzerland	1.4	0.0	0.0	1.4
Sweden	1.2	0.0	0.0	1.2
Denmark	1.1	0.0	0.0	1.1
Supranational	0.8	0.0	0.0	0.8
Other	4.1	-0.7	1.5	4.9
Investment Grade indices	0.5	-3.0	27.7	25.2
Cash	1.7	0.0	0.0	1.7

Currency breakdown (%)

	Fund
British pound	100.0
US dollar	0.1
Euro	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	GB00B44VX079	MGUKIAA LN	GBP	16/09/2010	0.83%	0.33%	0.33%	£500	£100
Sterling A Inc	GB00B3WZMB82	MGUKIAI LN	GBP	16/09/2010	0.83%	1.16%	0.33%	£500	£100
Sterling I Acc	GB00B460GC50	MGUKIIA LN	GBP	16/09/2010	0.43%	0.73%	0.73%	£500,000	£10,000
Sterling I Inc	GB00B44JC482	MGUKIII LN	GBP	16/09/2010	0.43%	1.16%	0.73%	£500,000	£10,000
Sterling R Acc	GB00B7FV9F40	MGILCRA LN	GBP	03/08/2012	0.68%	0.48%	0.48%	£500	£100
Sterling R Inc	GB00B6WVM393	MGILCRI LN	GBP	03/08/2012	0.68%	1.16%	0.48%	£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	36.02	92.46%
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). 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) has 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. Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

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 UK Inflation Linked Corporate Bond Fund is a sub-fund of M&G Investment Funds (10).

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.

Where a security has not been rated by Standard & Poor's, Fitch or Moody's, we may use M&G's internal credit rating. Based on a comparison of all available ratings for each security, the most conservative rating (S&P, Fitch, Moody's or M&G's internal rating) is taken into consideration. The ratings so identified are then expressed or converted into M&G's ratings format to obtain uniform information for all securities in the portfolio.

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.**

This financial promotion is issued by M&G Securities Limited which is authorised and regulated by the Financial Conduct Authority in the UK and provides ISAs and other investment products. The company's registered office is 10 Fenchurch Avenue, London EC3M 5AG. Registered in England and Wales. Registered Number 90776.

Contact M&G

Private Investors
www.mandg.com/investments/private-investor/en-gb
0800 390 390

Charities
www.mandg.com/investments/charities/en-gb

Professional investor
www.mandg.com/investments/professional-investor/en-gb

Institutional
www.mandg.com/investments/institutional/en-gb

For your protection calls may be recorded or monitored.