

# M&G UK Sustain Paris Aligned Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 March 2024

For investment professionals only

## Fund description

The fund aims to provide a combination of capital growth and income to deliver a return, net of the Ongoing Charge Figure, that is higher than that of the FTSE All-Share Index over any five-year period, and to invest in companies that contribute towards the Paris Agreement climate change goal. At least 80% of the fund is invested in the shares of companies that are based, or do most of their business, in the UK. The fund is a concentrated portfolio of fewer than 50 holdings. The fund invests in companies which contribute towards the long-term global warming objectives of the Paris Agreement by having a low and/or reducing Carbon Intensity (Carbon Intensity less than half that of the benchmark), or delivering solutions to the challenge of climate change. The fund manager analyses companies for their potential to deliver sustainable growth. Relevant factors include high returns, robust competitive advantages, balanced capital allocation and culture aligned to environmental, social and governance (ESG) goals. The fund manager also looks for favourable exposure to sustainable growth themes that are aligned to a lower carbon, healthier, more equal and connected future.

## 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.

The fund holds a small number of investments, and therefore a fall in the value of a single investment may have a greater impact than if it held a larger number of investments.

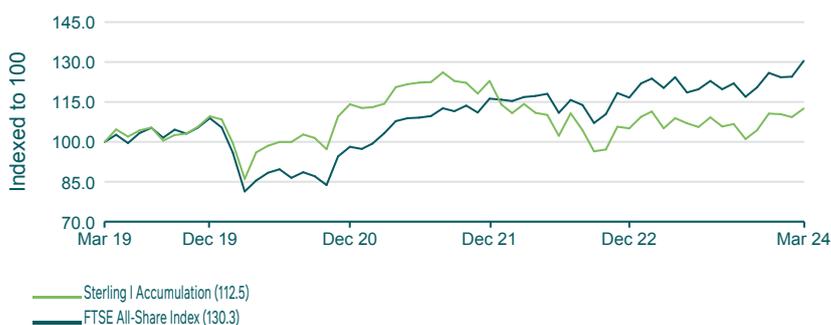
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

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	5.1%	-14.4%	7.6%	4.1%	21.9%
■ FTSE All-Share Index	7.9%	0.3%	18.3%	-9.8%	19.2%
■ Sector	7.3%	-9.2%	17.1%	-6.2%	22.4%

## Performance over 5 years



## Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	2.9%	1.7%	1.7%	7.0%	-0.5%	2.4%
■ FTSE All-Share Index	4.8%	3.6%	3.6%	8.4%	8.0%	5.4%
■ Sector	3.9%	2.9%	2.9%	7.6%	3.6%	4.3%

Past performance is not a guide to future performance.

The fund changed its name, investment objective and investment strategy. Prior to this date, the fund was named M&G UK Select Fund. Fund performance before this date was therefore achieved under different circumstances.

**Performance comparison:** The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

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.

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## Key information

Fund manager(s)	Rory Alexander
Fund manager tenure from	30 April 2019
Deputy fund manager(s)	Kathryn Leonard
ISIN	GB00B6677B69
Launch date of fund	17 December 1968
Launch of share class	03 August 2012
Fund size (millions)	£ 446.75
Benchmark(s)	FTSE-ALL-Share Index
Benchmark type	Target
Sector	IA UK All Companies sector
Number of companies	45
Historic yield	1.97%
Portfolio turnover over 12 months	18.51%
VaR	8.00%
Payment dates	Jan, Jul
Ex-dividend dates	Jun, Dec

## Charges

Maximum entry charge	0.00%
Ongoing charge	0.73%

## Risk characteristics

As at 31/03/2024	Fund
Alpha (%)	-8.80
Information ratio	-1.23
Sharpe Ratio	-0.14
Historic tracking error (%)	6.95
Beta	1.16
Standard deviation (%)	14.42
Forecast tracking error (active risk, %)	4.71
Active share (%)	70.38

## 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 March 2024

Morningstar Medalist Rating™	Analyst-Driven %
<b>Neutral</b> <sup>TM</sup>	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.

## Industry breakdown (%)

	Fund	Index	Relative weight
Financials	23.2	23.6	-0.5
Industrials	21.1	12.5	8.5
Consumer staples	17.6	13.6	4.0
Health care	16.6	11.4	5.2
Consumer discretionary	6.7	12.5	-5.8
Technology	6.6	1.4	5.2
Real Estate	3.1	2.6	0.5
Basic materials	1.3	6.8	-5.4
Energy	1.0	11.0	-10.0
Utilities	0.0	3.5	-3.5
Telecommunications	0.0	1.1	-1.1
Other	0.1	0.0	0.1
Cash	2.9	0.0	2.9

## Largest overweights (%)

	Fund	Index	Relative weight
Burford Capital	2.8	0.0	2.8
Intertek Group	2.9	0.3	2.6
Experian	3.8	1.3	2.5
London Stock Exchange Group	4.2	1.9	2.3
Cranswick	2.4	0.1	2.3
Man Group	2.4	0.1	2.2
Hollywood Bowl Group	2.2	0.0	2.2
Clarkson	2.2	0.0	2.1
Segro	2.6	0.5	2.1
Coats Group	2.1	0.1	2.1

## Capitalisation breakdown (%)

	Fund	Index	Relative weight
Large	54.6	84.2	-29.6
Medium	26.6	13.7	12.9
Small	2.3	2.1	0.2
Preference shares	0.0	0.0	0.0
FTSE AIM	8.5	0.0	8.5
Non-FTSE All-Share	5.2	0.0	5.2
Cash	2.9	0.0	2.9

## Country breakdown (%)

	Fund	Index	Relative weight
UK	82.0	77.2	4.8
US	13.2	5.7	7.4
Hong Kong	1.5	0.9	0.6
China	0.5	0.0	0.5
Netherlands	0.0	7.2	-7.2
Australia	0.0	4.6	-4.6
South Africa	0.0	1.0	-1.0
Guernsey	0.0	0.6	-0.6
Other	0.0	2.8	-2.8
Cash	2.9	0.0	2.9

## Largest underweights (%)

	Fund	Index	Relative weight
Royal Dutch Shell	0.0	7.2	-7.2
BP	0.0	3.5	-3.5
RELX	0.0	2.8	-2.8
Rio Tinto	0.0	2.3	-2.3
Glencore	0.0	2.2	-2.2
BAT	0.0	2.1	-2.1
BAE Systems	0.0	1.7	-1.7
Compass Group	0.0	1.7	-1.7
National Grid	0.0	1.7	-1.7
Rolls-Royce Holdings	0.0	1.5	-1.5

## Largest holdings (%)

	Fund	Index	Relative weight
Astrazeneca	8.5	6.7	1.8
HSBC	6.6	5.0	1.6
Unilever	6.0	4.2	1.8
Glaxosmithkline	4.6	2.9	1.6
Diageo	4.4	2.7	1.6
London Stock Exchange Group	4.2	1.9	2.3
Experian	3.8	1.3	2.5
Reckitt Benckiser	3.0	1.4	1.6
Intertek Group	2.9	0.3	2.6
Burford Capital	2.8	0.0	2.8

## Currency breakdown (%)

	Fund	Index	Relative weight
British pound	95.7	100.0	-4.4
US dollar	2.4	0.0	2.4
Hong Kong dollar	2.0	0.0	2.0
Canadian dollar	0.0	0.0	0.0

## 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	GB0031111817	MGSCMPA LN	GBP	17/12/1968	1.13%	1.62%	£500	£100
Sterling A Inc	GB0031111700	MGSCMPI LN	GBP	19/10/1982	1.13%	2.65%	£500	£100
Sterling I Acc	GB00B6677B69	MGUKGIA LN	GBP	03/08/2012	0.73%	1.97%	£500,000	£10,000
Sterling I Inc	GB00B3R2HL98	MGUKGII LN	GBP	03/08/2012	0.73%	2.64%	£500,000	£10,000
Sterling R Acc	GB00B62XW350	MGUKGRA LN	GBP	03/08/2012	0.98%	1.75%	£500	£100
Sterling R Inc	GB00B6Z1RF34	MGUKGRI LN	GBP	03/08/2012	0.98%	2.65%	£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.

## 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	19.13	98.93%
Benchmark	81.86	98.87%

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 CO<sub>2</sub> 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

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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.

The M&G UK Sustain Paris Aligned 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.

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