

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



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

Highlights

- The fund posted a positive return in February but underperformed its benchmark. Relative performance was hampered by our defensive bias (below-benchmark positions in semi-distressed issuers). However, credit selection, notably our overweights in Glatfelter and AdaptHealth, contributed positively.
- In the secondary market, we switched from Virgin Media to a British Telecom hybrid bond (a higher-rated bond) and exchanged positions in Iliad for Ziggo, which we felt offered a better valuation. We also purchased Flora Food, Canadian telecommunications firm Vidéotron and added to our holdings in Teva Pharmaceuticals and Verisure. These were partially funded by reducing exposure to Ford, which is now fully investment grade.
- We maintain a slightly below-benchmark duration (sensitivity to changes in interest rates) and spread duration (sensitivity to changes in creditworthiness) positioning.

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)	£ 1,283.12
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	5.54%
Underlying yield	5.54%
Modified duration (years)	3.47
VaR	2.55%
Average coupon	5.43
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.

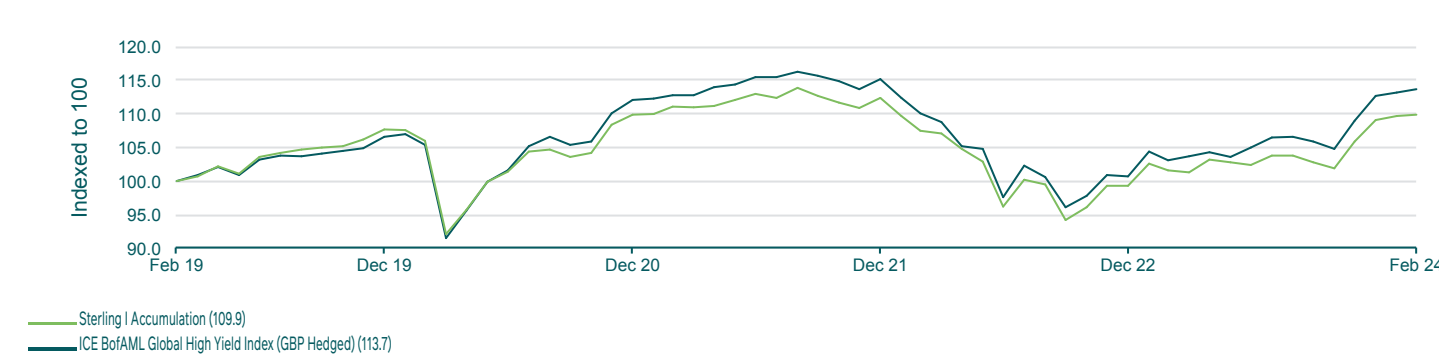
Fund ratings as at 29 February 2024

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	0.2%	3.8%	0.8%	8.2%	-0.3%	1.9%
■ ICE BofAML Global High Yield Index (GBP Hedged)	0.5%	4.3%	0.9%	10.3%	0.3%	2.6%
■ Sector	0.4%	4.1%	1.1%	9.3%	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 29 February 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.

Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Government bonds	0.9	0.0	0.0	0.9
Investment grade corporate bonds	6.1	0.0	0.0	6.1
Fixed rate	6.1	0.0	0.0	6.1
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	88.4	0.0	0.0	88.4
Fixed rate	87.8	0.0	0.0	87.8
Floating rate	0.6	0.0	0.0	0.6
Index linked	0.0	0.0	0.0	0.0
Credit Default Swaps & Indices	0.0	0.0	0.0	0.0
Securitised	0.4	0.0	0.0	0.4
Equities	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Cash	4.2	0.0	0.0	4.2

Largest issuers (%)

	Fund
Petroleos Mexicanos	2.7
Ford Motor Credit Company	1.9
CHoldings	1.4
Pilgrims Pride	1.2
EQM Midstream Partners LP	1.1
Royal Caribbean Cruises	1.0
Ecopetrol	1.0
American Airlines	1.0
Levi Strauss	0.9
Targa Resources Partners LP	0.8

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Energy	15.0	0.0	0.0	15.0
Healthcare	10.0	0.0	0.0	10.0
Media	8.7	0.0	0.0	8.7
Leisure	6.5	0.0	0.0	6.5
Telecommunications	6.0	0.0	0.0	6.0
Basic industry	5.6	0.0	0.0	5.6
Retail	5.5	0.0	0.0	5.5
Consumer goods	5.4	0.0	0.0	5.4
Services	5.2	0.0	0.0	5.2
Automotive	5.1	0.0	0.0	5.1
Capital goods	5.1	0.0	0.0	5.1
Banking	4.3	0.0	0.0	4.3
Transportation	2.9	0.0	0.0	2.9
Financial services	2.9	0.0	0.0	2.9
Technology & electronics	2.4	0.0	0.0	2.4
Utility	2.3	0.0	0.0	2.3
Real Estate	1.8	0.0	0.0	1.8
Sovereign	0.9	0.0	0.0	0.9
Asset backed	0.4	0.0	0.0	0.4
Equity	0.0	0.0	0.0	0.0
Futures	0.0	0.0	0.0	0.0
Cash	4.2	0.0	0.0	4.2

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	0.0	0.0	0.0	0.0
AA	1.0	0.0	0.0	1.0
A	0.2	0.0	0.0	0.2
BBB	5.8	0.0	0.0	5.8
BB	46.3	0.0	0.0	46.3
B	34.2	0.0	0.0	34.2
CCC	7.8	0.0	0.0	7.8
CC	0.2	0.0	0.0	0.2
C	0.3	0.0	0.0	0.3
D	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0
Cash	4.2	0.0	0.0	4.2

Maturity breakdown (%)

	Physical
0 - 1 years	4.2
1 - 3 years	21.9
3 - 5 years	39.9
5 - 7 years	18.4
7 - 10 years	8.4
10 - 15 years	1.4
15+ years	1.4
Cash	4.2
Other	0.1

Duration by currency and asset class (years)

	Fund	Futures	Swaps	Net
Euro	0.8	-0.2	0.0	0.6
British pound	0.2	-0.1	0.0	0.2
US dollar	2.4	0.3	0.0	2.7
Other	0.0	0.0	0.0	0.0
Total	3.4	0.1	0.0	3.5

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
US	52.6	0.0	0.0	52.6
UK	8.6	0.0	0.0	8.6
Germany	5.0	0.0	0.0	5.0
France	4.7	0.0	0.0	4.7
Mexico	3.1	0.0	0.0	3.1
Netherlands	2.5	0.0	0.0	2.5
Luxembourg	1.9	0.0	0.0	1.9
Italy	1.6	0.0	0.0	1.6
Other	15.9	0.0	0.0	15.9
Cash	4.2	0.0	0.0	4.2

Currency breakdown (%)

	Fund
British pound	99.2
US dollar	0.6
Euro	0.1
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%	5.14%	5.14%	£500	£100
Sterling A Inc	GB0031957102	MGHYCAI LN	GBP	01/10/2002	0.98%	6.12%	5.14%	£500	£100
Sterling I Acc	GB00B4Z1M213	MGHYCIA LN	GBP	03/08/2012	0.58%	5.54%	5.54%	£500,000	£10,000
Sterling I Inc	GB00B6ZD1B32	MGHYCII LN	GBP	03/08/2012	0.58%	6.12%	5.54%	£500,000	£10,000
Sterling R Acc	GB00B3ZG2Y18	MGHYCRA LN	GBP	03/08/2012	0.83%	5.29%	5.29%	£500	£100
Sterling R Inc	GB00B7K97Y86	MGHYCRI LN	GBP	03/08/2012	0.83%	6.12%	5.29%	£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	229.38	81.58%
Benchmark	290.57	82.86%

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.

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

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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.**

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