

# M&G Global Convertibles Fund Sterling Class I-H – Accumulation shares

Monthly Fund Review as at 29 February 2024

For investment professionals only

## Highlights

- In February, the fund's relative performance was supported by holdings in convertibles issued by Uber, cable manufacturer Prysmian and radiopharmaceutical-focused company Lantheus. Uber reported its first annual profit, which sent its shares higher, while Lantheus's share price rallied following the release of its fourth quarter results.
- Conversely, holdings in convertibles from Dexus Property, Akamai Technologies and BNP Paribas held back relative returns.
- During the month we closed the fund's positions in convertibles issued by FEMSA, Leg Immobilien and Winnebago. We also switched out of a convertible issued by Lyft, into another issued by the US ride-hailing company, but with a longer maturity and lower strike price. We also switched convertibles in Live Nation, to one more sensitive to the underlying share price. Other new positions included convertibles issued by Global Payments, Sanrio, which owns the intellectual property for the Hello Kitty franchise and a synthetic bond issued by Barclays, which has Microsoft as the underlying exposure.

## 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.

Convertibles are subject to the risks associated with both bonds and company shares, and to risks specific to the asset class. Their value may change significantly depending on economic and interest rate conditions, the creditworthiness of the issuer and the performance of the underlying company shares. In addition, issuers of convertibles may fail to meet payment obligations and their credit ratings may be downgraded. Convertibles may also be harder to sell than the underlying company shares.

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 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.

## Key information

<b>Fund manager(s)</b>	Léonard Vinville
<b>Fund manager tenure from</b>	13 July 2007
<b>Deputy fund manager(s)</b>	David Romani, Yannis Karachalios
<b>ISIN</b>	GB00B8J73758
<b>Launch date of fund</b>	13 July 2007
<b>Launch of share class</b>	28 September 2012
<b>Fund size (millions)</b>	£ 188.12
<b>Benchmark(s)</b>	Refinitiv Global Focus GBP Hedged Convertible Bond Index
<b>Benchmark type</b>	Target
<b>Sector</b>	Morningstar Convertible Bond - Global, GBP Hedged sector
<b>Number of holdings</b>	74
<b>Historic yield</b>	2.34%
<b>Modified duration (years)</b>	0.99
<b>Portfolio turnover over 12 months</b>	49.80%
<b>VaR</b>	8.72%
<b>Average coupon</b>	1.29
<b>Delta</b>	0.53
<b>Convexity</b>	4.0%
<b>Points over bond floor to maturity</b>	0.2%
<b>Elasticity</b>	51.0%
<b>Expected life</b>	2.0
<b>Portfolio yield (%)</b>	-1.62%
<b>Payment dates</b>	Mar
<b>Ex-dividend dates</b>	Feb

## Charges

<b>Maximum entry charge</b>	0.00%
<b>Ongoing charge</b>	0.88%

## Things you should know

The fund allows for the extensive use of derivatives.

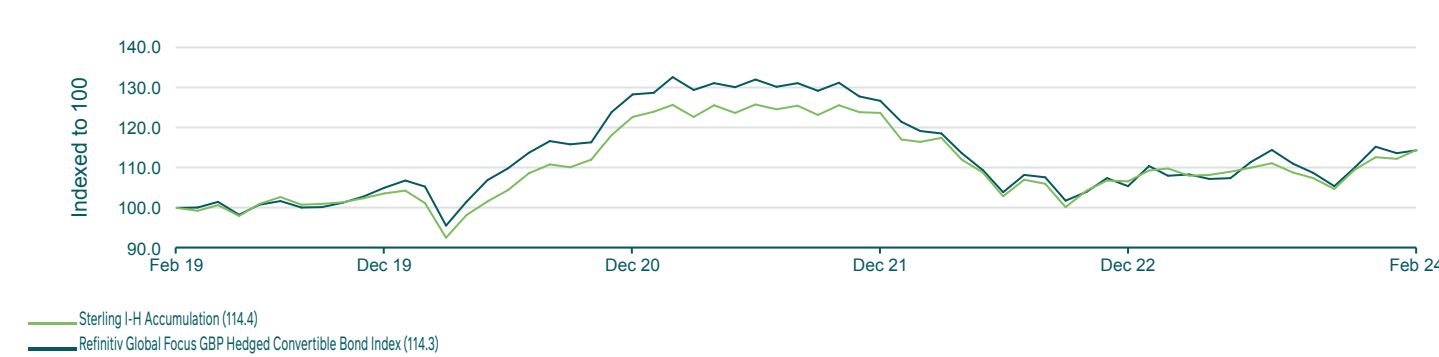
## Fund ratings as at 29 February 2024

Morningstar Medalist Rating™	Analyst-Driven %	
 <b>Bronze</b>	10	
	Data Coverage %	
	95	
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-H Accumulation	5.6%	-13.7%	0.7%	18.4%	9.4%
■ Refinitiv Global Focus GBP Hedged Convertible Bond Index	9.2%	-16.7%	-1.3%	22.1%	11.4%
■ Sector	7.2%	-15.8%	0.3%	18.6%	10.4%

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	1.9%	4.5%	1.6%	4.2%	-3.1%	2.7%
■ Refinitiv Global Focus GBP Hedged Convertible Bond Index	0.7%	3.9%	-0.7%	5.8%	-4.8%	2.7%
■ Sector	1.1%	3.8%	0.2%	5.2%	-4.1%	2.5%

Past performance is not a guide to future performance.

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.

Until 24 February 2020 the name of the benchmark was Thomson Reuters Global Focus Convertible Bond Index.

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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Industry breakdown (%)

	Fund
Consumer discretionary	23.0
Technology	20.9
Health care	15.1
Industrials	14.0
Financials	8.1
Telecommunications	6.6
Real Estate	3.9
Basic materials	3.8
Energy	2.5
Consumer staples	1.9
Utilities	1.3
Cash	-0.9

Credit rating breakdown (%)

	Net exposure
AAA	0.0
AA	0.0
A	8.2
BBB	19.7
BB	9.1
B	6.0
CCC	1.2
CC	0.0
C	0.0
D	0.0
No rating	55.9

Currency breakdown (%)

	Fund
US dollar	66.5
Euro	21.2
Hong Kong dollar	4.6
British pound	4.0
Japanese yen	2.3
Australian dollar	1.4
Singapore dollar	0.0

Largest holdings (%)

	Fund
Uber Technologies	4.7
Seagate Technology HDD Holdings	3.5
Prysmian	3.5
Barclays Bank	3.4
BOX	3.0
Lantheus Holdings	2.9
JPMorgan Chase Financial Company	2.9
Cellnex Telecom	2.7
Jazz Investments I	2.6
Southwest Airlines	2.6

Country breakdown (%)

	Fund
US	48.9
China	14.7
UK	7.9
Italy	6.4
France	4.5
Germany	3.9
Spain	2.7
Japan	2.3
Other	9.6
Cash	-0.9

## 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	GB00B1Z68163	MGGLCON LN	GBP	13/07/2007	1.25%	2.05%	£500	£100
Sterling A Inc	GB00B1Z68270	MGGLCAI LN	GBP	13/07/2007	1.25%	3.52%	£500	£100
Sterling A-H Acc	GB00B8J73Y29	MGCVAHG LN	GBP	28/09/2012	1.28%	1.99%	£500	£100
Sterling I Acc	GB00B1Z68387	MGGLCIA LN	GBP	13/07/2007	0.85%	2.43%	£500,000	£10,000
Sterling I Inc	GB00B758PJ12	MGGCVII LN	GBP	03/08/2012	0.85%	3.49%	£500,000	£10,000
Sterling I-H Acc	GB00B8J73758	MGCVIHG LN	GBP	28/09/2012	0.88%	2.34%	£500,000	£10,000
Sterling R Acc	GB00B7L56P93	MGGCVRA LN	GBP	03/08/2012	1.10%	2.19%	£500	£100
Sterling R Inc	GB00B6T8JQ52	MGGCVRI LN	GBP	03/08/2012	1.10%	3.52%	£500	£100
Sterling R-H Acc	GB00B8J72X47	MGCVRHG LN	GBP	28/09/2012	1.13%	2.12%	£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-H Accumulation	75.58	92.29%
Benchmark	335.94	93.29%

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.

Currency breakdown - Hedged to relevant share class currency.

The M&G Global Convertibles Fund is a sub-fund of M&G Investment Funds (7).

The Morningstar Overall Rating based on the fund's Sterling Class I-H 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.**

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