

M&G Gilt & Fixed Interest Income 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, net of the Ongoing Charge Figure, higher than that of the FTSE Actuaries UK Conventional Gilts All Stocks Index over any five-year period. At least 70% of the fund is invested in UK government bonds of different maturities. Investments are selected based on those which offer the “best value”, combined with an assessment of macroeconomic, asset, sector and stock-level factors.

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.

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 invests mainly in one type of asset. This type of fund can experience larger-than-average price changes when compared to a fund which invests in a broader range of assets.

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	4.2%	-23.1%	-4.8%	7.9%	5.3%
■ FTSE Actuaries UK Conventional Gilts All Stocks Index	3.7%	-23.8%	-5.2%	8.3%	6.9%
■ Sector	3.6%	-24.3%	-5.3%	9.0%	7.2%

Performance over 5 years



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	2.5%	-1.8%	-1.8%	0.3%	-7.0%	-3.8%
■ FTSE Actuaries UK Conventional Gilts All Stocks Index	1.7%	-1.6%	-1.6%	0.0%	-7.4%	-3.8%
■ Sector	2.2%	-1.7%	-1.7%	-0.2%	-7.6%	-3.9%

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 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)	Miles Tym
Fund manager tenure from	31 October 2020
Deputy fund manager(s)	Robert Burrows
ISIN	GB00B734BY83
Launch date of fund	09 December 1980
Launch of share class	03 August 2012
Fund size (millions)	£ 372.03
Benchmark(s)	FTSE Actuaries UK Conventional Gilts All Stocks Index
Benchmark type	Target
Sector	IA UK Gilts sector
Number of issuers	3
Distribution yield	4.14%
Underlying yield	4.14%
Modified duration (years)	8.54
VaR	6.00%
Average coupon	3.06
Spread duration (years)	0.0
Payment dates	Jan, Apr, Jul, Oct
Ex-dividend dates	Mar, Jun, Sep, Dec

Charges

Maximum entry charge	0.00%
Ongoing charge	0.25%

Things you should know

The fund manager invests at least 70% of the portfolio in securities issued by the UK government. The fund allows for the extensive use of derivatives.

Fund ratings as at 31 March 2024

Morningstar Medalist Rating™	Analyst-Driven %
Silver	10
	Data Coverage %
	93

Overall Morningstar rating

Financial Express Crown Rating

Rayner Spencer Mills (RSM) Rating

Source of Morningstar ratings: Morningstar

Source: Financial Express

Source: RSMR Group

Ratings should not be taken as a recommendation.



★★★

Yes

Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Government bonds	98.2	0.0	0.0	98.2
Investment grade corporate bonds	0.8	0.0	0.0	0.8
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	0.0	0.0	0.0	0.0
High yield corporate bonds	0.0	0.0	0.0	0.0
Fixed rate	0.0	0.0	0.0	0.0
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
Securitised	0.0	0.0	0.0	0.0
Equities	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Cash	0.9	0.0	0.0	0.9

Largest issuers (%)

	Fund
PRS Finance	0.8

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Sovereign	98.2	0.0	0.0	98.2
Government Guaranteed	0.8	0.0	0.0	0.8
Cash	0.9	0.0	0.0	0.9

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	0.0	0.0	0.0	0.0
AA	99.1	0.0	0.0	99.1
A	0.0	0.0	0.0	0.0
BBB	0.0	0.0	0.0	0.0
BB	0.0	0.0	0.0	0.0
B	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0
Cash	0.9	0.0	0.0	0.9

Maturity breakdown (%)

	Physical
0 - 1 years	1.9
1 - 3 years	31.5
3 - 5 years	27.6
5 - 7 years	0.0
7 - 10 years	0.0
10 - 15 years	4.0
15+ years	34.1
Cash	0.9

Duration by currency and asset class (years)

	Fund	Futures	Swaps	Net
Euro	0.0	0.0	0.0	0.0
British pound	8.5	0.0	0.0	8.5
US dollar	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	8.5	0.0	0.0	8.5

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
UK	99.1	0.0	0.0	99.1
Cash	0.9	0.0	0.0	0.9

Currency breakdown (%)

	Fund
British pound	100.0
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	GB0031108433	MGSGLTA LN	GBP	09/12/1980	0.55%	3.85%	3.85%	£500	£100
Sterling A Inc	GB0031107807	MGSGLTI LN	GBP	09/12/1980	0.55%	4.39%	3.84%	£500	£100
Sterling I Acc	GB00B734BY83	MGGFIIA LN	GBP	03/08/2012	0.25%	4.14%	4.14%	£500,000	£10,000
Sterling I Inc	GB00B7454D07	MGGFIII LN	GBP	03/08/2012	0.25%	4.39%	4.14%	£500,000	£10,000

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.

The settlement date for this fund is T+1.

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 Gilt & Fixed Interest Income 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.

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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