

# M&G Emerging Markets Bond Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 29 February 2024

For investment professionals only

## Highlights

- Emerging market bonds regained some ground in February after a poor start to the year. Local currency government bonds underperformed the other segments due to a sell-off in US Treasuries coupled with a slight strengthening in the US dollar.
- Relative performance benefited from our above-benchmark exposure to high yield (riskier) names. In contrast, the fund's below-benchmark exposure to some of the top performers such as Ecuador, Zambia, Sri Lanka, and Pakistan proved unhelpful.
- In government bonds, we participated in new issues from Paraguay, Benin, Turkey and Panama, while adding exposure to bonds from Panama. We reduced exposure to Albania over valuation concerns and moved to a neutral position in Malaysia following a slump in the currency. We closed our position in Russia (although we continue to hold sanctioned entities we are unable to sell). We added new corporate issues including Banco de Crédito, HIS and state-owned QatarEnergy. We reduced selected names on valuation grounds, notably Greenko, Abu Dhabi Commercial Bank and Ecopetrol. In currencies, we reduced exposure to the euro by selling bonds from Albania and Croatia. We increased our holdings in Malaysian local currency bonds on the back of positive fundamental trends.

## 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.

Investing in emerging markets involves a greater risk of loss as there may be difficulties in buying, selling, safekeeping or valuing investments in such countries.

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

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.

Further risk factors that apply to the fund can be found in the fund's Prospectus.

## Key information

<b>Fund manager(s)</b>	Claudia Calich
<b>Fund manager tenure from</b>	30 November 2013
<b>Deputy fund manager(s)</b>	Charles De Quinsonas
<b>ISIN</b>	GB00B7GNKY53
<b>Launch date of fund</b>	15 October 1999
<b>Launch of share class</b>	19 April 2012
<b>Fund size (millions)</b>	£ 1,581.87
<b>Benchmark(s)</b>	1/3 JPM EMBI Global Diversified Index, 1/3 JPM CEMBI Broad Diversified Index, 1/3 JPM GBI-EM Global Diversified Index
<b>Benchmark type</b>	Target
<b>Sector</b>	IA Global Emerging Markets Bond – Blended sector
<b>Number of issuers</b>	198
<b>Distribution yield</b>	6.60%
<b>Underlying yield</b>	6.60%
<b>Modified duration (years)</b>	5.80
<b>VaR</b>	5.08%
<b>Average coupon</b>	6.12
<b>Spread duration (years)</b>	3.9
<b>Payment dates</b>	Feb, Aug
<b>Ex-dividend dates</b>	Jan, Jul



## Charges

<b>Maximum entry charge</b>	0.00%
<b>Ongoing charge</b>	0.68%

## Things you should know

The fund allows for the extensive use of derivatives.

## Fund ratings as at 29 February 2024

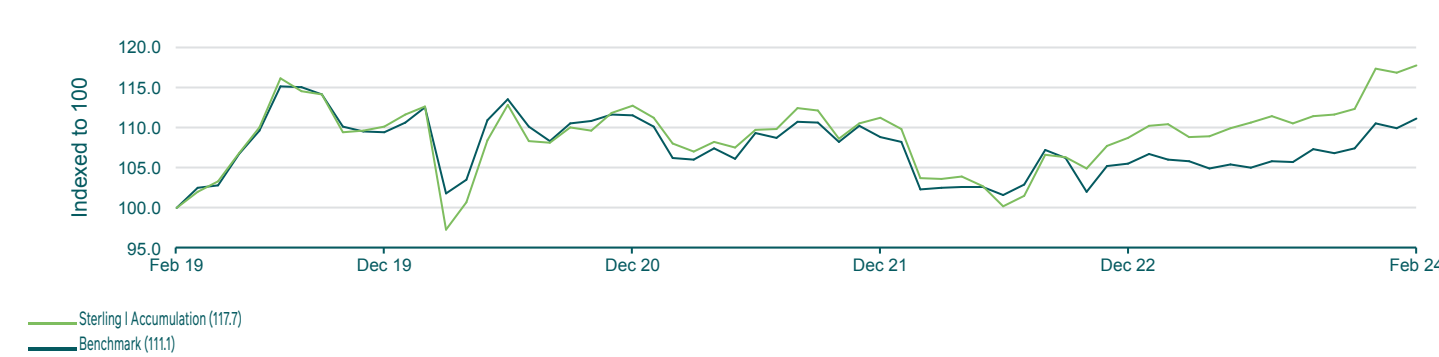
Morningstar Medalist Rating™	Analyst-Driven %
 Silver	10
	Data Coverage %
	96
Overall Morningstar rating	★★★★★
Financial Express Crown Rating	
Fund Calibre Rating	Yes
Rayner Spencer Mills (RSM) Rating	Yes
Square Mile Rating	A
The Adviser Centre Rating	Recommended
Source of Morningstar ratings: Morningstar	
Source: Financial Express	
Source: FundCalibre	
Source: RSMR Group	
Source: Square Mile	
Source: Embark Investments Limited	

Ratings should not be taken as a recommendation.

Single year performance (5 years)

	2023	2022	2021	2020	2019
■ Sterling I Accumulation	7.9%	-2.2%	-1.3%	2.3%	12.1%
■ Benchmark	4.7%	-3.0%	-2.4%	1.9%	9.5%
■ Sector	8.5%	-8.0%	-3.7%	3.5%	10.2%

Performance over 5 years



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	0.8%	4.8%	0.3%	6.6%	2.9%	3.3%
■ Benchmark	1.0%	3.5%	0.5%	4.8%	1.5%	2.1%
■ Sector	0.7%	3.7%	-0.1%	7.9%	-0.2%	1.4%

Past performance is not a guide to future performance.

The benchmark is a target which the fund seeks to outperform. The composite 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. 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.

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Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Government bonds - local currency	34.9	0.0	0.0	34.9
Government bonds - hard currency	37.6	0.0	0.0	37.6
Credit - local currency	2.8	0.0	0.0	2.8
Credit - hard currency	24.7	0.0	0.0	24.7
Other	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	3.4	0.0	0.0	3.4
AA	1.0	0.0	0.0	1.0
A	7.1	0.0	0.0	7.1
BBB	28.1	0.0	0.0	28.1
BB	33.6	0.0	0.0	33.6
B	15.3	0.0	0.0	15.3
CCC	6.3	0.0	0.0	6.3
CC	2.1	0.0	0.0	2.1
C	0.3	0.0	0.0	0.3
D	0.9	0.0	0.0	0.9
No rating	2.0	0.0	0.0	2.0
Cash	0.0	0.0	0.0	0.0

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Mexico	6.3	0.0	0.0	6.3
Brazil	5.9	0.0	0.0	5.9
Indonesia	4.3	0.0	0.0	4.3
Colombia	4.1	0.0	0.0	4.1
Poland	3.7	0.0	0.0	3.7
South Africa	3.5	0.0	0.0	3.5
Malaysia	3.3	0.0	0.0	3.3
Romania	2.9	0.0	0.0	2.9
Other	66.0	0.0	0.0	66.0
Cash	0.0	0.0	0.0	0.0

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Sovereign	37.0	0.0	0.0	37.0
Foreign Sovereign	35.6	0.0	0.0	35.6
Energy	6.0	0.0	0.0	6.0
Banking	4.3	0.0	0.0	4.3
Basic industry	2.0	0.0	0.0	2.0
Supranational	1.9	0.0	0.0	1.9
Utility	1.5	0.0	0.0	1.5
Agency	1.3	0.0	0.0	1.3
Telecommunications	1.2	0.0	0.0	1.2
Financial services	1.2	0.0	0.0	1.2
Government Guaranteed	1.1	0.0	0.0	1.1
Healthcare	1.0	0.0	0.0	1.0
Technology & electronics	0.9	0.0	0.0	0.9
Real Estate	0.8	0.0	0.0	0.8
Consumer goods	0.8	0.0	0.0	0.8
Capital goods	0.5	0.0	0.0	0.5
Local-Authority	0.5	0.0	0.0	0.5
Media	0.5	0.0	0.0	0.5
Insurance	0.5	0.0	0.0	0.5
Transportation	0.4	0.0	0.0	0.4
Leisure	0.4	0.0	0.0	0.4
Retail	0.4	0.0	0.0	0.4
Automotive	0.1	0.0	0.0	0.1
Cash	0.0	0.0	0.0	0.0

Largest issuers (%)

	Fund
Mexico	3.6
Poland	3.5
Indonesia	3.4
Malaysia	3.3
Brazil	3.2
Colombia	2.7
South Africa	2.7
Romania	2.7
Dominican Republic	2.3
Hungary	2.1

Currency breakdown (%)

	Fund
US dollar	57.8
Brazilian real	3.9
Mexican peso	3.6
Indonesian rupiah	3.4
Malaysian ringgit	3.3
South African rand	2.4
Colombian peso	2.4
Peruvian sol	2.1
Polish zloty	2.1
Other	19.0

Maturity breakdown (%)

	Physical
0 - 1 years	5.5
1 - 3 years	10.6
3 - 5 years	19.1
5 - 7 years	9.5
7 - 10 years	22.1
10 - 15 years	12.5
15+ years	19.7
Cash	0.0
Other	1.0

Duration by currency and asset class (years)

	Fund	Futures	Swaps	Net
Euro	0.5	0.0	0.0	0.5
British pound	0.0	0.0	0.0	0.0
US dollar	3.1	0.0	0.0	3.1
Other	2.1	0.0	0.0	2.1
Total	5.8	0.0	0.0	5.8

## 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	GB0031958738	MGEMBAA LN	GBP	01/10/2002	1.08%	6.22%	6.22%	£500	£100
Sterling A Inc	GB0031958621	MGEMBAI LN	GBP	01/10/2002	1.08%	7.30%	6.22%	£500	£100
Sterling I Acc	GB00B7GNKY53	MGEMSIA LN	GBP	19/04/2012	0.68%	6.60%	6.60%	£500,000	£10,000
Sterling I Inc	GB00B4TL2D89	MGEMSII LN	GBP	19/04/2012	0.68%	7.30%	6.60%	£500,000	£10,000
Sterling I-H Acc	GB00BZ0YDS58	MGEMSIH LN	GBP	24/07/2015	0.71%	6.56%	6.56%	£500,000	£10,000
Sterling I-H Inc	GB00BZ0YDT65	MGEMIHI LN	GBP	24/07/2015	0.71%	7.27%	6.56%	£500,000	£10,000
Sterling R Acc	GB00B777RC30	MGEBSRA LN	GBP	03/08/2012	0.93%	6.36%	6.36%	£500	£100
Sterling R Inc	GB00B74C4S61	MGEBSRI LN	GBP	03/08/2012	0.93%	7.30%	6.36%	£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.

ESG Standard Glossary

<p><b>Additional ESG specifications:</b> In the context of M&amp;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.</p> <p><b>Engagement:</b> 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.</p> <p><b>ESG integration:</b> 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</p>	<p>better manage risk and generate sustainable, long-term returns.</p> <p><b>Exclusions:</b> 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.</p> <p><b>Voting:</b> 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.</p>
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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 M&G Emerging Markets Bond Fund is a sub-fund of M&G Investment Funds (3).

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.

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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