

M&G Global Floating Rate High Yield Fund Sterling Class I-H – Accumulation shares

Monthly Fund Review as at 29 February 2024

For investment professionals only

Highlights

- High yield floating rate notes (HY FRNs) had positive returns in February, helped by their lack of sensitivity to changes in interest rates. The fund's off-benchmark position in the credit default swap (CDS) index, which we hold for liquidity and diversification purposes, helped relative performance, as it outperformed cash. Another positive contributor was our zero exposure to Deutsche Pfandbriefbank, heavily hit by the US commercial real estate troubles.
- There were no new issues in the month. We focused on flow management, trimming bonds from European retailer Selecta and German wood products manufacturer Pfeleiderer.
- Market liquidity remains decent, and demand for FRNs strong. We maintain a slight bias to below-benchmark risk, but are not inclined to go shorter. If a strong rally takes place we may underperform modestly, but hopefully outperform in the event of a sell-off from these levels.

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.

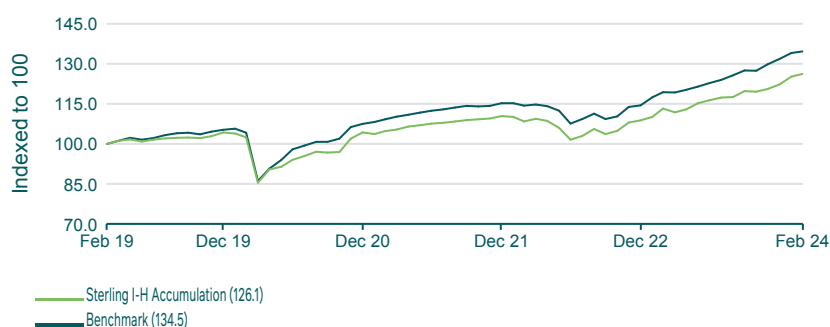
The hedging process seeks to minimise, but cannot eliminate, the effect of movements in exchange rates on the performance of the hedged share class. Hedging also limits the ability to gain from favourable movements in exchange rates.

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

Single year performance (5 years)

	2023	2022	2021	2020	2019
■ Sterling I-H Accumulation	12.3%	-1.4%	5.8%	0.0%	7.0%
■ Benchmark	15.1%	-0.8%	7.2%	2.1%	8.1%
■ 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-H Accumulation	0.7%	4.6%	3.2%	11.4%	6.4%	4.7%
■ Benchmark	0.4%	3.7%	2.2%	12.8%	7.2%	6.1%
■ Sector	0.4%	4.1%	1.1%	9.3%	1.5%	3.1%

Past performance is not a guide to future performance.

Currency breakdown - Hedged to relevant share class currency.

Benchmark: Prior to 31 March 2016 the benchmark was the ICE BofAML Global Floating Rate high Yield (GBP Hedged) Index. Thereafter it is the ICE BofAML Global Floating Rate High Yield (3% Constrained) GBP Hedged Index.

Performance comparison: The fund is actively managed. The benchmark is a comparator against which the fund's performance can be measured. The index has been chosen as the fund's comparator benchmark as it best reflects the scope of the fund's investment policy. The comparator benchmark does not constrain the fund's portfolio construction.

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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Key information

Fund manager(s)	James Tomlins, Lu Yu, Stefan Isaacs
Fund manager tenure from	11 September 2014
ISIN	GB00BMP3SC51
Launch date of fund	11 September 2014
Launch of share class	11 September 2014
Fund size (millions)	£ 254.43
Benchmark(s)	ICE BofAML Global Floating Rate High Yield Index (3% Constrained) GBP Hedged
Benchmark type	Target
Sector	IA Sterling High Yield sector
Number of issuers	67
Distribution yield	7.78%
Underlying yield	7.78%
Modified duration (years)	0.12
VaR	1.58%
Average coupon	7.17
Spread duration (years)	1.6
Payment dates	Mar, Jun, Sep, Dec
Ex-dividend dates	Feb, May, Aug, Nov

Charges

Maximum entry charge	0.00%
Ongoing charge	0.63%

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	55
	Data Coverage %
	98
Overall Morningstar rating	★★★★★
Financial Express Crown Rating	F
Rayner Spencer Mills (RSM) Rating	Yes
Square Mile Rating	A
Source of Morningstar ratings: Morningstar	
Source: Financial Express	
Source: RSMR Group	
Source: Square Mile	
Ratings should not be taken as a recommendation.	

Asset breakdown (%)

	Net
Corporate floating rate notes	80.8
Fixed rate bonds + Swaps	1.3
Credit default swaps	0.0
Credit default indices	9.9
Other	8.3
Cash	9.0

Largest issuers (excl. government bonds and CDS indices, %)

	Fund
Teamsystem	3.4
Cedacri Mergeco	3.3
Paganini Bidco	3.1
Castor	2.8
Lion/Polaris Lux 4	2.6
Evoca	2.3
Kapla Holding	2.2
Gamenet Group	2.0
Sisalpay Group	2.0
888 Acquisitions	2.0

Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Services	16.9	0.0	0.0	16.9
Leisure	10.4	0.0	0.0	10.4
Retail	9.6	0.0	0.0	9.6
Financial services	9.4	0.0	0.0	9.4
Capital goods	8.6	0.0	0.0	8.6
Sovereign	8.3	0.0	0.0	8.3
Basic industry	8.0	0.0	0.0	8.0
Technology & electronics	5.9	0.0	0.0	5.9
Automotive	3.1	0.0	0.0	3.1
Healthcare	2.6	0.0	0.0	2.6
Telecommunications	2.4	0.0	0.0	2.4
Transportation	1.7	0.0	0.0	1.7
Consumer goods	1.7	0.0	0.0	1.7
Energy	1.5	0.0	0.0	1.5
Insurance	0.4	0.0	0.0	0.4
Real Estate	0.0	0.0	0.0	0.0
High Yield indices	0.7	0.0	9.2	9.9
Cash	9.0	0.0	0.0	9.0

Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	0.0	0.0	0.0	0.0
AA	8.3	0.0	0.0	8.3
A	0.0	0.0	0.0	0.0
BBB	0.0	0.0	0.0	0.0
BB	9.9	0.0	0.0	9.9
B	71.7	0.0	9.2	80.9
CCC	1.1	0.0	0.0	1.1
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	9.0	0.0	0.0	9.0

Maturity breakdown (%)

	Physical
0 - 1 years	42.2
1 - 3 years	21.2
3 - 5 years	23.5
5 - 7 years	2.6
7 - 10 years	0.0
10 - 15 years	0.0
15+ years	1.5
Cash	9.0
Other	0.0

Duration by currency and asset class (years)

	Fund	Futures	Swaps	Net
Euro	0.0	0.0	0.0	0.0
British pound	0.0	0.0	0.0	0.0
US dollar	0.1	0.0	0.0	0.1
Other	0.0	0.0	0.0	0.0
Total	0.1	0.0	0.0	0.1

Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Italy	33.6	0.0	0.0	33.6
US	13.4	0.0	0.0	13.4
UK	10.4	0.0	0.0	10.4
France	9.2	0.0	0.0	9.2
Germany	7.2	0.0	0.0	7.2
Luxembourg	4.9	0.0	0.0	4.9
Sweden	3.2	0.0	0.0	3.2
Netherlands	2.7	0.0	0.0	2.7
Other	5.9	0.0	0.0	5.9
High Yield indices	0.7	0.0	9.2	9.9
Cash	9.0	0.0	0.0	9.0

Currency breakdown (%)

	Fund
US dollar	99.5
Euro	0.5
British pound	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-H Acc	GB00BMP3S923	MGFGAHA LN	GBP	11/09/2014	1.03%	7.39%	7.39%	£500	£100
Sterling A-H Inc	GB00BMP3SB45	MGFGAHI LN	GBP	11/09/2014	1.03%	8.41%	7.39%	£500	£100
Sterling EH Acc	GB00BMTRV795	MGFGEHA LN	GBP	11/09/2014	0.43%	7.98%	7.98%	£5,000,000	£5,000,000
Sterling E-H Inc	GB00BQ26NS64	MGFGEHI LN	GBP	03/10/2014	0.43%	8.41%	7.98%	£5,000,000	£5,000,000
Sterling I-H Acc	GB00BMP3SC51	MGFGIHA LN	GBP	11/09/2014	0.63%	7.78%	7.78%	£500,000	£10,000
Sterling I-H Inc	GB00BMP3SD68	MGFGIHI LN	GBP	11/09/2014	0.63%	8.41%	7.78%	£500,000	£10,000
Sterling R-H Acc	GB00BP4VN824	MGFGRHA LN	GBP	11/09/2014	0.88%	7.54%	7.54%	£500	£100
Sterling R-H Inc	GB00BP4VN931	MGFGRHI LN	GBP	11/09/2014	0.88%	8.41%	7.54%	£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.

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 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 Floating Rate High Yield Fund is a sub-fund of M&G Investment Funds (7).

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