

# M&G Sustainable Global High Yield Bond Fund Sterling Class I-H – 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, that is higher than the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index (USD Hedged) over any five-year period while applying ESG Criteria and Sustainability Criteria. At least 80% of the fund is invested in high yield (ie, lower quality) bonds issued by companies located in any country, including emerging markets, and denominated in any currency. Currency exposure is typically hedged back to the US dollar. The fund invests in securities that meet the ESG Criteria and Sustainability Criteria by applying a set of exclusions. The fund maintains a higher weighted ESG score and lower weighted average carbon intensity, a metric used to report carbon emissions, than the global high yield bond market, as represented by the ICE BofA Global High Yield Index (USD Hedged).

## 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 is exposed to different currencies. Derivatives are used to minimise, but may not always eliminate, the impact of movements in currency exchange rates.

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 may lose as much as or more than the amount invested.

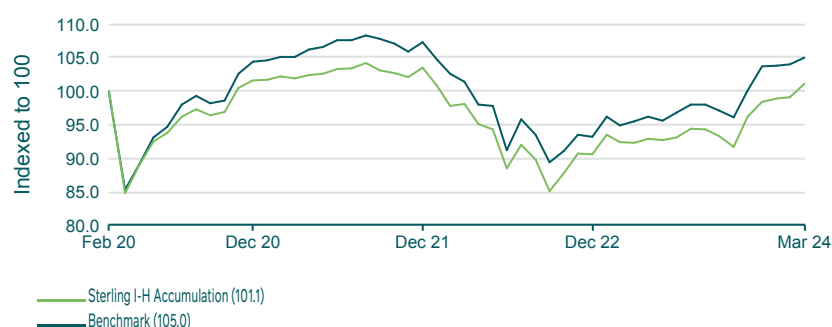
The hedging process seeks to minimise, but cannot eliminate, the effect of movements in exchange rates on the performance of the hedged share class. Hedging also limits the ability to gain from favourable movements in exchange rates.

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	8.6%	-12.5%	1.9%	-	-
Benchmark	11.3%	-13.2%	2.8%	-	-
Sector	10.9%	-9.8%	4.2%	-	-

## Performance since launch



## Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
Sterling I-H Accumulation	2.0%	2.7%	2.7%	9.6%	-0.3%	-
Benchmark	1.0%	1.2%	1.2%	9.9%	0.0%	-
Sector	0.9%	2.0%	2.0%	10.7%	1.7%	-

Past performance is not a guide to future performance.

**Benchmark:** With effect from 10th of May 2022 the benchmark will be Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index.

The fund changed its name, investment objective and investment strategy on 10th of May 2022. Prior to this date, the fund was named M&G Global High Yield ESG Bond Fund. Fund performance before this date was therefore achieved under different circumstances.

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 complete freedom in choosing which investments 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)	James Tomlins, Lu Yu
Fund manager tenure from	25 February 2020
ISIN	GB00BJRCD571
Launch date of fund	25 February 2020
Launch of share class	25 February 2020
Fund size (millions)	£ 37.91
Benchmark(s)	Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index USD hedged
Benchmark type	Target
Sector	IA Sterling High Yield sector
Number of issuers	151
Distribution yield	5.64%
Underlying yield	5.64%
Modified duration (years)	3.48
VaR	2.58%
Average coupon	4.90
Spread duration (years)	3.4
Payment dates	Feb, May, Aug, Nov
Ex-dividend dates	Jan, Apr, Jul, Oct

## Charges

Maximum entry charge	0.00%
Ongoing charge	0.63%

## Duration by currency and asset class (years)

	Fund	Futures	Swaps	Net
Euro	0.9	-0.2	0.0	0.8
British pound	0.3	0.0	0.0	0.3
US dollar	2.1	0.4	0.0	2.4
Other	0.0	0.0	0.0	0.0
Total	3.3	0.2	0.0	3.5

## Fund ratings as at 31 March 2024

Morningstar Medalist Rating™



Analyst-Driven %  
55  
Data Coverage %  
88

Overall Morningstar rating

Source of Morningstar ratings: Morningstar

★★

Ratings should not be taken as a recommendation.

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

	Fund
European Investment Bank	3.7
Telecom Italia	2.5
American Airlines	1.8
Teva Pharmaceutical Finance Netherlands III	1.7
Royal Caribbean Cruises	1.6
Tenet Healthcare Corporation	1.4
CSC Holdings	1.4
Ford Motor Company	1.3
Sirius XM Radio	1.1
Chs/community Health Systems	1.1

## Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
US	45.4	0.0	0.0	45.4
UK	9.9	0.0	0.0	9.9
Italy	5.4	0.0	0.0	5.4
Netherlands	3.7	0.0	0.0	3.7
Supranational	3.7	0.0	0.0	3.7
France	2.8	0.0	0.0	2.8
Germany	2.6	0.0	0.0	2.6
Spain	2.4	0.0	0.0	2.4
Other	18.8	0.0	0.0	18.8
Cash	5.4	0.0	0.0	5.4

## Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	3.7	0.0	0.0	3.7
AA	0.0	0.0	0.0	0.0
A	0.0	0.0	0.0	0.0
BBB	4.5	0.0	0.0	4.5
BB	51.2	0.0	0.0	51.2
B	25.9	0.0	0.0	25.9
CCC	8.6	0.0	0.0	8.6
CC	0.3	0.0	0.0	0.3
C	0.4	0.0	0.0	0.4
D	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0
Cash	5.4	0.0	0.0	5.4

## Top 5 companies by Industry Relative ESG Score

	Net
Kbc Groep	10.0
Rexel	10.0
European Investment Bank	9.5
British Telecommunications	8.5
Pra Health Sciences	8.5

## MSCI ESG score

	Fund
Fund average ESG score	6.2
Universe average ESG score	5.9

## Maturity breakdown (%)

	Physical
0 - 1 years	5.7
1 - 3 years	24.5
3 - 5 years	32.3
5 - 7 years	20.5
7 - 10 years	7.0
10 - 15 years	1.5
15+ years	3.0
Cash	5.4
Other	0.1

## Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Healthcare	13.9	0.0	0.0	13.9
Media	11.1	0.0	0.0	11.1
Telecommunications	10.4	0.0	0.0	10.4
Banking	8.5	0.0	0.0	8.5
Retail	5.7	0.0	0.0	5.7
Basic industry	5.3	0.0	0.0	5.3
Transportation	5.1	0.0	0.0	5.1
Automotive	4.8	0.0	0.0	4.8
Services	4.7	0.0	0.0	4.7
Consumer goods	4.6	0.0	0.0	4.6
Capital goods	4.4	0.0	0.0	4.4
Supranational	3.7	0.0	0.0	3.7
Technology & electronics	3.7	0.0	0.0	3.7
Leisure	2.4	0.0	0.0	2.4
Real Estate	2.4	0.0	0.0	2.4
Financial services	2.2	0.0	0.0	2.2
Utility	1.1	0.0	0.0	1.1
Asset backed	0.8	0.0	0.0	0.8
Equity	0.0	0.0	0.0	0.0
Futures	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Cash	5.4	0.0	0.0	5.4

## Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
<b>Government bonds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Investment grade corporate bonds</b>	<b>8.3</b>	<b>0.0</b>	<b>0.0</b>	<b>8.3</b>
Fixed rate	8.3	0.0	0.0	8.3
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
<b>High yield corporate bonds</b>	<b>85.5</b>	<b>0.0</b>	<b>0.0</b>	<b>85.5</b>
Fixed rate	85.1	0.0	0.0	85.1
Floating rate	0.4	0.0	0.0	0.4
Index linked	0.0	0.0	0.0	0.0
Credit Default Swaps & Indices	0.0	0.0	0.0	0.0
<b>Securitised</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>
<b>Equities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Other</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash</b>	<b>5.4</b>	<b>0.0</b>	<b>0.0</b>	<b>5.4</b>

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	GB00BJRCB864	MGYEBAH LN	GBP	25/02/2020	1.03%	5.24%	5.24%	£500	£100
Sterling A-H Inc	GB00BJRCD241	MGYEAGH LN	GBP	25/02/2020	1.03%	6.28%	5.24%	£500	£100
Sterling I-H Acc	GB00BJRCD571	MGHYEGI LN	GBP	25/02/2020	0.63%	5.64%	5.64%	£500,000	£10,000
Sterling I-H Inc	GB00BJRCD688	MGYEBGI LN	GBP	25/02/2020	0.63%	6.27%	5.64%	£500,000	£10,000
Sterling L-H Acc	GB00BJRCD795	MGYEBLH LN	GBP	25/02/2020	0.43%	5.84%	5.84%	£20,000,000	£50,000
Sterling R-H Acc	GB00BJRCD357	MGYEBGR LN	GBP	25/02/2020	0.88%	5.39%	5.39%	£500	£100
Sterling R-H Inc	GB00BJRCD464	MGYEGRH LN	GBP	25/02/2020	0.88%	6.28%	5.39%	£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	124.00	88.26%
Investment Universe	296.63	82.47%

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.

**The benchmark shown in the table is the funds' performance benchmark as stated in the key information section of this document. The benchmark used to report carbon emissions (WACI) for this fund is the global high yield bond market, as represented by the ICE BofA Global High Yield Index (USD Hedged), as at 31 March 2024 the 'Weighted Average Carbon Intensity' (WACI) is 296.63 and the 'Coverage by portfolio weight' is 82.47%.**

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.

Source: 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.

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 Sustainable Global High Yield Bond Fund is a sub-fund of M&G Investment Funds (10).

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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