

M&G Global Floating Rate High Yield Fund

A high yield fund for a rising rate environment



James Tomlins
Fund Manager

“With the prospect of further increases in global interest rates over the coming years, we believe high yield FRNs offer an appealing combination of features, providing a steady income stream along with the potential to benefit from any future rate rises.”

Fund facts



Launch date:

11 September 2014

Comparative sector:

Morningstar Global High Yield Bond - EUR Hedged sector

Euro A-H share class

ISIN (Acc): GB00BMP3SF82

ISIN (Inc): GB00BMP3SG99

Initial Charge:

Max 4,00%

AMC:

1,25%

Ongoing charge*:

1,43%

Minimum investment:

€1.000

Minimum top-up investment:

€75

* The ongoing charge is based on expenses for the year ending 31.01.18.

M&G Statistics as at 31.03.18.

Fund philosophy

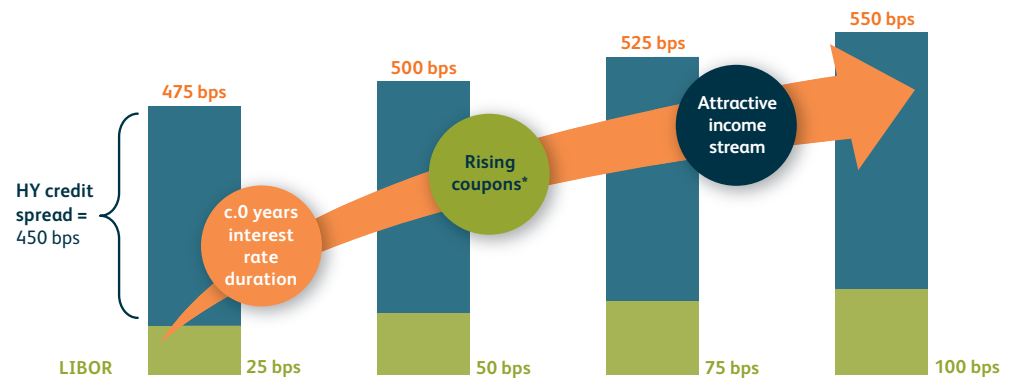
- The M&G Global Floating Rate High Yield Fund provides access to a globally diversified portfolio of high yield floating rate notes (FRNs).
- Unlike conventional bonds – which typically suffer in a rising rate environment – FRNs pay a coupon which is automatically adjusted in line with interest rates, providing not only protection, but a way of benefiting from any future increase in interest rates.
- In the current low-yield environment, we believe high yield FRNs offer an attractive level of income which can help offset the negative impact of rising interest rates.

Changes in currency exchange rates will affect the value of your investment.

Generating income without undue interest rate risk

How high yield floating rate notes work

Illustrative example: Providing an attractive income stream as interest rates rise



Delivering a growing income stream in a yield-starved environment

Source: M&G, 2018. For illustrative purposes only. *Floating rate coupon automatically adjusted in line with changes in interest rates.

Reasons to invest

- Focusing on FRNs issued by high yield companies, this innovative fund is designed to generate an attractive income stream along with a natural hedge against rising interest rates.
- High yield FRNs also provide a relatively defensive approach to high yield investing and have exhibited lower volatility than conventional high yield bonds.
- A globally diversified portfolio, the fund manager has the flexibility to invest in the most compelling opportunities across the US, Europe and emerging markets.

The value of investments and the income from them will rise and fall. This will cause the fund price, as well as any income paid by the fund, to fall as well as rise and investors may not get back the original amount invested.

A defensive approach to high yield

- To help limit downside risks, the manager focuses on senior secured issues – a type of bond which provides a strong claim on a company’s assets in the event that it gets into financial difficulties.
- With minimal level of interest rate risk, the fund also offers protection against any future sell-off in government bond markets.
- Careful bond selection is based on a thorough analysis of individual credits, with the fund manager supported by a large and experienced team of analysts based in London and Chicago.

The fund allows for the extensive use of derivatives.

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