M&G Global Target Return Fund Sterling Class I – Accumulation shares

Fund Factsheet as at 30 September 2019

Fund description

The fund targets a combined income and capital growth of at least three-month GBP LIBOR plus 4% a year over any three-year period, before any charges and in any market condition. Three-month GBP LIBOR is the rate at which banks borrow money from each other. The fund aims to achieve this while seeking to minimise the degree to which the value of the fund fluctuates over time, and also seeking to limit monthly losses. Managing the fund in this way reduces its ability to achieve returns significantly above three-month LIBOR plus 4%. The fund has a highly flexible investment approach with the freedom to invest in different types of investment assets from anywhere in the world. The fund will mostly gain exposure to these assets by investing through derivatives, and by investing directly. The fund manager's approach combines in-depth research to determine the value of assets over the medium to long term, together with analysis of market reactions to events, to identify investment opportunities. There is no guarantee that the fund will achieve a positive return over any period. Investors may not get back the original amount they invested.

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.
An 'absolute return' fund may not move in line with market trends or fully benefit from a positive market environment.
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 can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.
Further risk factors that apply to the fund can be found in the fund's Key Investor Information Document (KIID).

Things you should know

The fund allows for the extensive use of derivatives.

Largest exposures (excl. cash, %)

	Fund
Indonesia Government 15Y	2.4
M&G (Lux) European Strategic Value Fund	2.3
UK Government 10Y	-3.4
UK Government 30Y	-5.4
Brazilian government 5Y CDS	-5.8
Chilean government 2Y CDS	-8.8
Korean government CDS	-11.4
Chinese government 10Y CDS	-11.4
Philippines government 5Y CDS	-13.8
German government 10Y	-22.3

Currency breakdown (%)

	Fund
British pound	98.7
US dollar	7.6
Indonesian rupiah	2.4
Mexican peso	2.3
South African rand	2.2
Russian ruble	2.1
Indian rupee	2.1
Brazilian real	2.1
Turkish lira	1.6
Other	-21.2

Key information

Fund manager	Tristan Hanson
Fund manager tenure from	13 December 2016
Deputy fund manager	Craig Simpson
ISIN	GB00BYM55C75
Launch date of fund	13 December 2016
Launch of share class	13 December 2016
Fund size (millions)	£ 88.24
Benchmark	3-month GBP LIBOR + 4%
Benchmark type	Target
Sector	IA Target Absolute Return Average
Average credit rating	A
Modified duration (years)	-3.36
Payment dates	Jun
Ex-dividend dates	May

Charges

Entry charge	0.00%
Ongoing charge	0.65%

Risk and reward profile

Low risk — High risk

Typically lower rewards — Typically higher rewards

1	2	3	**4**	5	6	7

The above risk number is based on the rate at which the value of the fund has moved up and down in the past. It may not be a reliable indicator of the future risk profile of the fund. The risk number shown is not guaranteed and may change over time. The lowest risk number does not mean risk free.

Fund ratings

Defaqto Rating — 5 Diamonds

Source: Defaqto, as at 30 September 2019

Ratings should not be taken as a recommendation.

Contact M&G

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Fund codes and charges

Share class	ISIN	Bloomberg	Currency	Launch date of fund	Ongoing charge	Minimum initial investment	Minimum top up investment
Sterling A Acc	GB00BYM55D82	MGGTAAG LN	GBP	13/12/2016	0.85%*	£500	£100
Sterling I Acc	GB00BYM55C75	MGGTIAG LN	GBP	13/12/2016	0.65%*	£500,000	£10,000
Sterling L Acc	GB00BD3F7J05	MGGTLAG LN	GBP	24/02/2017	0.25%*	£20,000,000	£50,000

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 see the Important Information for Investors document and the relevant Key Investor Information Document for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

Asset breakdown (%)

	Long exposure	Short exposure	Net exposure
Equity	**21.7**	**0.0**	**21.7**
UK	6.1	0.0	6.1
Europe	4.4	0.0	4.4
US	1.6	0.0	1.6
Japan	1.2	0.0	1.2
Asia Pacific ex Japan	6.1	0.0	6.1
Global equity funds	2.4	0.0	2.4
Other	0.0	0.0	0.0
Equity options (nominal)	0.0	0.0	0.0
Government bonds	**9.3**	**-31.1**	**-21.8**
UK	0.0	-8.8	-8.8
Europe	0.0	-22.3	-22.3
US	1.3	0.0	1.3
Japan	0.0	0.0	0.0
Asia Pacific ex Japan	2.4	0.0	2.4
Other	5.6	0.0	5.6
Corporate bonds	**1.3**	**0.0**	**1.3**
Investment grade	1.3	0.0	1.3
High yield	0.0	0.0	0.0
Bond options (nominal)	0.0	0.0	0.0
CDS	0.0	-51.3	-51.3
Other	0.0	0.0	0.0
Convertible bonds	**0.0**	**0.0**	**0.0**
Property funds/Infrastructure	0.0	0.0	0.0
Private Loans	0.0	0.0	0.0

Options (%)

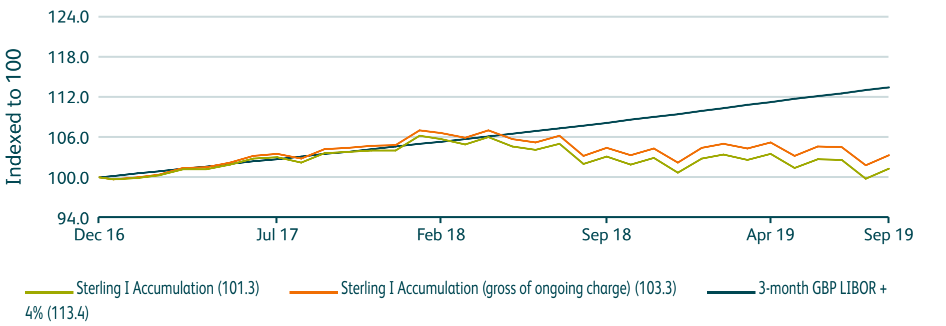
	Fund
Equity options valuation (delta adjusted)	0.0
Fixed interest options valuation (delta adjusted)	0.0

Single year performance (5 years)

From To	01/10/18 30/09/19	01/10/17 30/09/18	01/10/16 30/09/17	01/10/15 30/09/16	01/10/14 30/09/15
Sterling I Accumulation	-1.8%	-0.5%	-	-	-
Sterling I Accumulation (gross of ongoing charge)	-1.1%	0.2%	-	-	-
3-month GBP LIBOR + 4%	4.9%	4.5%	-	-	-

Annual performance 2018 : -3.2%

Performance since launch



Past performance is not a guide to future performance.

Performance comparison: The fund is actively managed. The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's target benchmark as it is an achievable performance target given the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

Source: Morningstar, Inc and M&G, as at 30 September 2019. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in GBP terms.
The past performance shown here is both gross returns (before the Ongoing Charge Figure is taken) in line with the objective of the fund and net returns (after the Ongoing Charge Figure has been taken) to illustrate how charges affected the performance. Investors should note that the net return is what they would receive and is therefore the more relevant figure.

Important information

The fund's physical holdings include a significant proportion of cash or cash equivalents, which are used as backing for the derivatives positions.
The fund's neutral currency positioning is 100% in sterling. Deviations from this figure, therefore, represent long/short exposure.

The M&G Global Target Return Fund is a sub-fund of M&G Investment Funds (11).

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Glossary

This glossary provides an explanation of terms used in this factsheet and in our literature.

Asset class: category of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

Asset: anything having commercial or exchange value that is owned by a business, institution or individual.

Asset-backed securities: bonds whose income is derived from a pool of underlying assets, such as mortgages.

Bond: a loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Capital: refers to the financial assets, or resources, that a company has to fund its business operations.

Capitalisation: the total market value of all of a company's outstanding shares.

Comparative sector: a group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the investment association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

Convertible bonds: fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

Corporate bonds: Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

Credit default swaps (CDS): Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

Credit rating: An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Credit spread: The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value.

Credit: the borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

Default: when a borrower does not maintain interest payments or repay the amount borrowed when due.

Derivatives: financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

Developed economy/market: Well-established economies with a high degree of industrialisation, standard of living and security.

Distribution Yield: expresses the amount that is expected to be distributed by the fund over the next 12 months as a percentage of the share price as at a certain date. It is based on the expected gross income less the ongoing charges.

Dividend: dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

Duration: a measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Emerging economy or market: economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Episode: a phase during which investors allow their emotions to affect their decision making, which can cause financial markets to move irrationally.

Equities: shares of ownership in a company.

Ex-dividend, ex-distribution or XD date: The date on which declared distributions officially belong to underlying investors.

Exposure: the proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

Fixed coupon high yield credit: bonds issued by companies with a low credit rating from a recognised credit rating agency.

Fixed income security: a loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

Floating rate notes (FRNs): Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

Gilts: Fixed income securities issued by the UK government.

Government bonds: Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

Hard currency (bonds): refers to bonds denominated in a highly traded, relatively stable international currency, rather than in the bond issuer's local currency. Bonds issued in a more stable hard currency, such as the us dollar, can be more attractive to investors where there are concerns that the local currency could lose value over time, eroding the value of bonds and their income.

Hedging: a method of reducing unnecessary or unintended risk.

High yield bonds: Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

High yield floating rate notes: bonds issued by companies with a low credit rating from a recognised credit rating agency, which pay a variable level of income and have a very low sensitivity to movements in interest rates.

High-conviction credit (single name or thematic): encompassing the fund managers' key convictions across developed and emerging market corporate bond markets.

Historic Yield: the historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown.

Index: an index represents a particular market or a portion of it, serving as a performance indicator for that market.

Index-linked bonds: fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

Inflation: strategy to identify opportunities across global inflation-linked bond markets, which are bonds where both the interest payments and face value are adjusted in line with inflation.

Inflation: The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

Investment Association (IA): The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

Investment grade bonds: Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Issuer: an entity that sells securities, such as fixed income securities and company shares.

Leverage: when referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

Local currency (bonds): refers to bonds denominated in the currency of the issuer's country, rather than in a highly traded international currency, such as the us dollar. The value of local currency bonds tends to fluctuate more than bonds issued in a hard currency, as these currencies tend to be less stable.

Long position: refers to ownership of a security held in the expectation that the security will rise in value.

Long-dated investment grade credit: bonds issued by companies with a high credit rating from a recognised credit rating agency, which are due to mature in more than 5 years.

Macroeconomic: refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

Maturity: The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

Modified duration: A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Monetary policy: A central bank's regulation of money in circulation and interest rates.

Morningstar™: A provider of independent investment research, including performance statistics and independent fund ratings.

Near cash: deposits or investments with similar characteristics to cash.

Net asset value (NAV): A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

Net: the proportion of a fund invested in, for example, different sectors. Derivatives are included. The latter are financial instruments whose value, and price, are dependent on one or more underlying assets.

Open-ended investment company (OEIC): A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Options: financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

Overweight: if a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

Payment date: the date on which distributions will be paid by the fund to investors, usually the last business day of the month.

Physical: the fund's exposure excluding derivatives, which are financial instruments whose value, and price, is dependent on one or more underlying securities.

Property expense ratio: Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

Retail prices index (RPI): A UK inflation index that measures the rate of change of prices for a basket of goods and services in the UK, including mortgage payments and council tax.

'Risk-free', duration, and currencies: Strategy to identify opportunities across global government bond and currency markets including the fund's 'risk-free' exposure, typically consisting of bonds issued by highly rated governments (such as the UK, the US or Germany).

Securitise/securitisation: The creation and issuance of tradable securities, such as bonds, that are backed by the income generated by an illiquid asset or group of assets. By pooling a collection of illiquid assets, such as mortgages, securities backed by the mortgages' income payments can be packaged and sold to a wider range of investors.

Share class: Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the Key Investor Information Documents.

Short position: a way for a fund manager to express his or her view that the market might fall in value.

Short-dated corporate bonds: fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds: fixed income securities issued by governments and repaid over relatively short periods.

Short-dated investment grade credit: bonds issued by companies with a high credit rating from a recognised credit rating agency, which are due to mature within 5 years.

Swap: a swap is a derivative contract where two parties agree to exchange separate streams of cashflows. A common type of swap is an interest rate swap to hedge against interest rate risk.

Synthetic inflation-linked bonds: refers to securities created using a combination of assets to simulate the characteristics of inflation-linked bonds. By buying inflation-linked government bonds and selling protection against companies defaulting on their debts, using credit default swaps, the combined synthetic investment will behave similarly to a physical inflation-linked bond, had one had been issued. Synthetic inflation-linked bonds are usually created where a company does not have any inflation-linked bonds in issue.

Tactical credit hedge: strategy to adjust the fund's overall credit exposure, typically implemented through the use of the derivatives.

Total return: the term for the gain or loss derived from an investment over a period. Total return includes income (in the form of interest or dividend payments) and capital gains.

Unit trust: a type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Underlying Yield: refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

Valuation: the worth of an asset or company based on its current price.

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Volatility: the degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given period. The higher the volatility, the riskier the security tends to be.

Yield: this refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

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