

M&G (Lux) Emerging Markets Income Opportunities Fund USD Class A – Accumulation shares



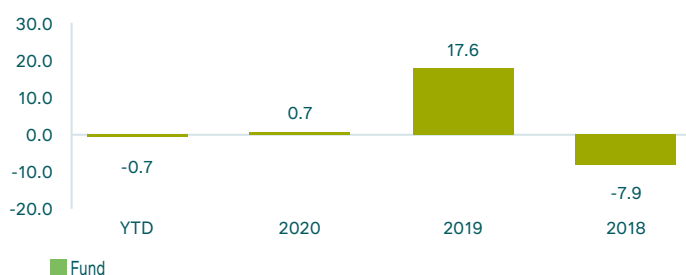
Monthly Fund Review as at 31 January 2021

For investment professionals only

Highlights

- Financial markets had a mixed start to the year in January as investors' initial positive sentiment faded later in the month. Emerging market equities maintained their upward momentum though, and outperformed developed market stocks.
- The fund declined, with weakness among Brazilian and financial stocks contributing to performance.
- There were no significant changes to the portfolio.

Annual performance (%)



Performance since launch



Fund performance

	1 month (%)	3 months (%)	YTD (%)	1 year (%)	3 years (%)	5 years (%)
					p.a.	p.a.
US Dollar A Accumulation	-0.7%	16.2%	-0.7%	1.9%	1.3%	-
Sector	1.8%	15.6%	1.8%	15.4%	1.2%	-

Past performance is not a guide to future performance. The fund is actively managed and has no benchmark. Investors can assess the performance of the fund by its objective to provide an annual yield of 4-6% and grow capital over any five-year period.

Source: Morningstar, Inc and M&G, as at 31 January 2021. Returns are calculated on a price to price basis with income reinvested.

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Key information

Fund manager(s)	Michael Bourke, Charles de Quinsonas
Fund manager tenure from	22 May 2017
ISIN	LU1582980154
Launch date of fund	22 May 2017
Launch of share class	22 May 2017
Fund size (millions)	\$ 28.83
Fund type	SICAV
Sector	Morningstar Global Emerging Markets Allocation sector
Number of holdings	84
VaR	12.97%

Charges

Maximum entry charge	4.00%
Ongoing charge	1.74%

Asset breakdown (%)

	Fund
Equities	59.8
Credit	35.8
Cash and cash equivalents	4.4
Other	0.0

Things you should know

The fund allows for the extensive use of derivatives.

Fund ratings

Overall Morningstar rating **★★**

Source of Morningstar ratings: Morningstar, as at 31 January 2021

Ratings should not be taken as a recommendation.

Country breakdown (%)

	Fund	Equity	Fixed income
China	17.9	14.4	3.5
Mexico	9.2	5.3	3.9
Russia	8.5	6.7	1.7
South Korea	6.8	6.8	0.0
Turkey	6.2	2.8	3.4
South Africa	6.0	5.2	0.8
Brazil	5.3	4.1	1.2
Hong Kong	4.0	4.0	0.0
Other	33.3	10.5	22.8
Cash	2.8	0.0	2.8

Industry breakdown (%)

	Fund	Equity	Fixed income
Basic materials	7.2	7.2	0.0
Communications	4.2	1.6	2.5
Consumer cyclical	1.6	0.0	1.6
Consumer non-cyclical	6.2	1.4	4.8
Diversified	3.3	1.2	2.1
Energy	13.1	6.8	6.3
Financial	38.3	27.0	11.3
Government	3.0	0.0	3.0
Industrial	8.0	2.3	5.7
Technology	7.8	7.8	0.0
Utilities	4.5	4.5	0.0
Cash and cash equivalents	2.8	0.0	2.8

Currency breakdown (%)

	Fund
US dollar	42.4
Hong Kong dollar	18.4
Korean won	7.0
Mexican peso	5.4
South African rand	5.2
Brazilian real	4.1
British pound	4.1
Turkish lira	2.8
Russian ruble	2.7
Other	7.8

Largest exposures (excluding cash, %)

	Fund
Sberbank of Russia PJSC	2.7
Samsung Electronics	2.7
Vtech Holdings	2.6
Fibra UNO Administracion SA de CV	2.6
HON HAI Precision Industry	2.5
NK Lukoil PAO	2.3
DBS	2.2
Nine Dragons Paper Holdings	2.1
BHP Group	2.1
Greatview Aseptic Packaging	2.0

Commentary

Financial markets had a mixed start to the new year in January. To begin with, investor sentiment remained positive amid optimism that the rollout of COVID-19 vaccines would support a global economic recovery. The prospect of a massive new economic stimulus package in the US after the Democrats secured control of the Senate also contributed to the upbeat mood. Increased expectations of the 'reflation' trade saw oil prices rally, supported by producers' plans to cut supply.

However, the month ended on a weak note as growing concerns about new coronavirus variants and the economic impact of further lockdowns caused some stockmarkets to reverse earlier gains. In the US, volatility increased as a number of stocks soared in a trading frenzy driven by retail investors linked to the Reddit website.

Emerging market equities managed to maintain their positive momentum and continued to outperform developed market stocks. The MSCI Emerging Markets Index climbed 3.1%, ahead of the MSCI ACWI Index which ended the month down 0.4% (returns in US dollars). China was one of the best-performing markets, supported by robust economic growth. Taiwan's technology-dominated market also outperformed the broader market amid strong demand for memory chips.

Fixed income assets suffered in January. US government bonds fell as investors worried about the impact of a multi-trillion dollar stimulus package and potential inflation. Other sovereign debt and corporate bonds also declined. High yield corporate bonds were the only assets to register a positive return, buoyed by the risk-on mood at the start of the month.

In emerging markets, hard currency-denominated EM corporate bonds were the most resilient, declining 0.1%. Government bonds denominated in US dollars and local currencies both fell 1.1%.

Against this background, the fund delivered a negative return, with weakness among Brazilian and financial holdings contributing to the overall decline.

Key changes

There were no significant changes to the portfolio.

Fund codes and charges

Share class	ISIN	Bloomberg	Currency	Share class launch date	Ongoing charge	Historic yield	Minimum initial investment	Minimum top up investment
USD A Acc	LU1582980154	MGIUJAA LX	USD	22/05/2017	1.74%*	-	\$1,000	\$75
USD A Inc	LU1582980238	MGIUJAI LX	USD	22/05/2017	1.74%*	5.05%	\$1,000	\$75
USD A M Inc	LU1582980311	MGIUAMI LX	USD	22/05/2017	1.74%*	5.03%	\$1,000	\$75
USD C Acc	LU1582980667	MGIUCA LX	USD	22/05/2017	0.84%*	-	\$500,000	\$50,000
USD C Inc	LU1582980741	MGIUCI LX	USD	22/05/2017	0.84%*	5.05%	\$500,000	\$50,000
USD C M Inc	LU1582980402	MGIUCMI LX	USD	22/05/2017	0.84%*	5.02%	\$500,000	\$50,000
USD CI Acc	LU1582980584	MGIUCIA LX	USD	22/05/2017	0.80%*	-	\$500,000	\$50,000

The above ongoing charge figure is an estimate of the charges because of a change to the charging structure with effect from 1st October 2020.

The ongoing charge figure may vary from year to year and excludes portfolio transaction costs. The audit fees and custody transaction charges are borne by M&G until the fund size increases to above 200 million euros. The fund's annual report for each financial year will include details on the exact charges made. Any ongoing charge figure with * indicates an estimate. The fund's annual report for each financial year will include details of the exact charges.

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 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.

ESG Integrated funds



Funds that integrate financially material ESG data into the risk management and decision-making process, as well as our company-wide exclusions (cluster munitions and anti-personnel mines). Some strategies may have some additional ESG exclusions.

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

The M&G (Lux) Emerging Markets Income Opportunities Fund is a sub-fund of M&G (Lux) Investment Funds 1.

The Morningstar Overall Rating based on the fund's US Dollar Class A shares. Copyright © 2021 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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