

M&G Global Listed Infrastructure Fund Sterling Class I – Accumulation shares



Monthly Fund Review as at 30 September 2020

For investment professionals only

Highlights

- Global equities gave back some of their recent gains in September. The fund lagged the MSCI ACWI Index, with energy infrastructure stocks leading the detractors.
- Infrastrutture Wireless Italiane and Crown Castle outperformed in 'evolving' infrastructure, while Naturgy Energy (utilities) and Transurban (transport) added value in 'economic' infrastructure.
- The fund's utilities exposure rose to all-time highs after we added to ContourGlobal and NextEra Energy Partners on weakness.
- American Tower raised its dividend in 'evolving' infrastructure. There were no dividend cuts.

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.

The fund holds a small number of investments, and therefore a fall in the value of a single investment may have a greater impact than if it held a larger number of investments.

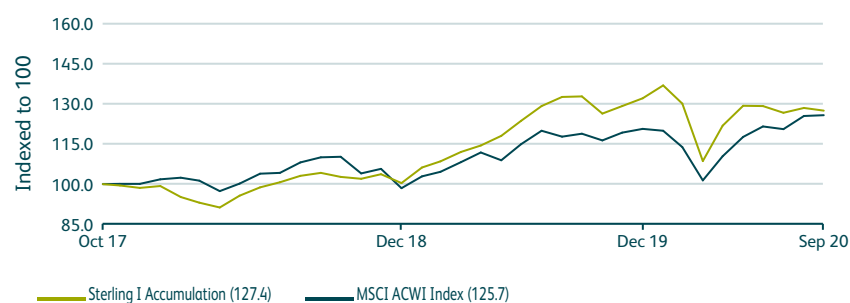
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

Further risk factors that apply to the fund can be found in the fund's Key Investor Information Document (KIID).

Single year performance (5 years)

	2019	2018	2017	2016	2015
■ Sterling I Accumulation	31.4%	1.1%	-	-	-
■ MSCI ACWI Index	22.4%	-3.3%	-	-	-
■ Sector	22.0%	-5.7%	-	-	-

Performance since launch



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	-0.8%	-1.3%	-3.4%	-3.9%	-	-
■ MSCI ACWI Index	0.3%	3.5%	4.3%	5.8%	-	-
■ Sector	0.5%	4.1%	4.7%	6.8%	-	-

Past performance is not a guide to future performance.

Performance comparison: 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 30 September 2020. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in GBP terms.

Performance charts © 2020 Morningstar Inc., All Rights Reserved. The information contained within: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Key information

Fund manager(s)	Alex Araujo
Fund manager tenure from	05 October 2017
Deputy fund manager(s)	John Weavers
ISIN	GB00BF00R928
Launch date of fund	05 October 2017
Launch of share class	05 October 2017
Fund size (millions)	£ 297.79
Benchmark(s)	MSCI ACWI Index
Benchmark type	Target
Sector	IA Global sector
Number of companies	46
Historic yield	2.50%
Portfolio turnover over 12 months	32.28%
VaR	17.09%
Payment dates	Feb, May, Aug, Nov
Ex-dividend dates	Jan, Apr, Jul, Oct

Charges

Maximum entry charge	0.00%
Ongoing charge	0.85%

Things you should know

The fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

Fund ratings

The Adviser Centre rating	Positive Watch
RSM rating	Yes
Source: Adviser Centre	
Source: RSM	

Ratings should not be taken as a recommendation.

Country breakdown (%)

	Fund	Index	Relative weight
US	33.0	57.4	-24.4
Canada	14.8	2.5	12.2
UK	12.7	4.1	8.6
Italy	8.7	0.5	8.2
Spain	5.3	0.6	4.7
Australia	4.9	1.8	3.1
Guernsey	4.1	0.0	4.1
Germany	2.9	2.5	0.4
Other	12.6	30.5	-18.0
Cash	1.1	0.0	1.1

Largest holdings (%)

	Fund	Index	Relative weight
Contourglobal	4.1	0.0	4.1
Enel	4.0	0.1	3.8
Sdcl Energy Efficiency Income Trust	3.8	0.0	3.8
CoreSite Realty	3.5	0.0	3.5
Gibson Energy	3.5	0.0	3.5
Transurban Group	3.3	0.1	3.3
Naturgy Energy Group	3.2	0.0	3.2
Crown Castle International	3.1	0.1	3.0
A2A	3.1	0.0	3.1
Keyera	2.9	0.0	2.9

Industry breakdown (%)

	Fund
Utilities	37.9
Transport	16.5
Energy	13.7
Communications	13.3
Education	9.2
Transactional	5.0
Royalty	3.3
Cash	1.1

Currency breakdown (%)

	Fund
US dollar	38.2
Euro	20.2
British pound	17.5
Canadian dollar	9.8
Australian dollar	4.9
Hong Kong dollar	3.1
Singapore dollar	2.0
Brazilian real	1.8
Danish krone	1.5
Other	0.9

Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	26.2	59.5	-33.2
Large cap (\$10 - \$50bn)	35.7	32.1	3.7
Mid cap (\$2 - \$10bn)	28.1	8.4	19.8
Small cap (< \$2bn)	8.8	0.1	8.7
Cash	1.1	0.0	1.1

Commentary

Global equities gave back some of their recent gains. The US underperformed the MSCI ACWI Index as the S&P 500 Index and the Nasdaq Composite retreated from their record highs. Europe was another laggard as the UK weighed on returns once again. Japan was the standout performer among the major markets. Asia Pacific ex Japan and emerging markets also outperformed, helped by the strength of South Korea and Taiwan.

Defensive sectors outperformed, with utilities, consumer staples and healthcare among the most resilient. Sharp falls in Apple and Facebook shares weighed on technology and communication services, respectively. Cyclical produced mixed results: industrials and materials outperformed in contrast to the weakness in financials, especially banks. Energy brought up the rear.

The fund lagged the MSCI ACWI Index, with energy infrastructure stocks leading the detractors, having led the list of positive contributions in the previous month. Keyera and Gibson Energy underperformed after reversing their August gains. Enbridge and TC Energy were also among the detractors as sentiment weighed on the energy sector. The midstream companies, which own and operate pipelines and storage terminals, remain cash-generative and continue to pay dividends. We strongly believe that our holdings in energy infrastructure offer attractive long-term prospects, driven by their exposure to some of the most prolific basins in North America. We added to the holdings on weakness.

Vinci and Ferrovial performed in a similar vein in transportation infrastructure.

ContourGlobal was an outlier among our utilities holdings as the shares drifted lower despite reassurances from the company that cashflows remain robust and the balance sheet is still strong. The UK-listed company with a broad geographic footprint extended its share buyback programme in the belief that the stock price does not reflect the value and resilience of the underlying business. The stock remains a core holding.

Communications infrastructure featured prominently among the top contributors after a lacklustre August. Infrastrutture Wireless Italiane (INWIT) added the most value in September and its US counterpart Crown Castle also outperformed.

Naturgy Energy (Spain) and China Gas Holdings (Hong Kong) outperformed in a resilient utilities sector. AES Corp (US) and A2A (Italy) also added value.

Transurban (toll roads) and Union Pacific (railroads) were the standout performers in transportation infrastructure.

Key changes

There were no new purchases or complete sales during the month after a period of relatively high portfolio activity between March and July. During that time, we bought six new holdings, all in utilities, following the market downturn as we sought to access reliable income and growth at attractive valuations. Portfolio turnover returned to more normal levels in August and remained consistent with our long-term, buy-and-hold approach in September.

The fund's utilities exposure rose to 38%, up from 25% at the start of the year, after we bought more ContourGlobal and NextEra Energy Partners on weakness. We view the utilities sector as having the most reliable revenue, cashflow and dividend prospects in a period of ongoing economic uncertainty.

The weighting in energy infrastructure fell below 14% as the broader sector came under pressure. We added to our holdings on weakness. In transportation infrastructure, we continued to reduce our railroads holdings Union Pacific and CSX into strength.

Outside 'economic' infrastructure, we added to Crown Castle and CoreSite in the 'evolving' category under communications infrastructure. We reduced INWIT after its strong run.

Dividend announcements

In an uncertain environment for dividends, American Tower continued to deliver reliable growth. The owner and operator of communications towers with a significant presence in emerging markets raised its dividend by 4% from the previous quarter and extended its long sequence of consecutive increases which stretches back to 2012. The latest payment was 20% higher compared to the same period last year.

In 'social' infrastructure, International Public Partnerships (INPP) raised its first-half dividend by 2.5%, in line with its guidance. The UK-listed investment trust reiterated its dividend targets for the years ahead.

There were no dividend cuts. We remain vigilant about the dividend environment and the reality that dividends will continue to be tested.

Being selective will be paramount. We continue to believe that the majority of our holdings can sustain dividend growth over the long term.

Fund codes and charges

Share class	ISIN	Bloomberg	Currency	Share class launch date	Ongoing charge	Historic yield	Minimum initial investment	Minimum top up investment
Sterling A Acc	GB00BF00RC53	MGLIGAA LN	GBP	05/10/2017	1.10%*	2.26%	£500	£100
Sterling A Inc	GB00BF00RB47	MGLIGAI LN	GBP	05/10/2017	1.10%*	3.44%	£500	£100
Sterling I Acc	GB00BF00R928	MGLIGIA LN	GBP	05/10/2017	0.85%*	2.50%	£500,000	£10,000
Sterling I Inc	GB00BF00R811	MGLIGII LN	GBP	05/10/2017	0.85%*	3.44%	£500,000	£10,000
Sterling L Acc	GB00BF00R696	MGLIGLA LN	GBP	05/10/2017	0.60%*	2.75%	£20,000,000	£50,000
Sterling L Inc	GB00BF00R704	MGLIGLI LN	GBP	05/10/2017	0.60%*	3.44%	£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.

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		✓	
Impact		✓	
Sustainability/Sustainable		✓	
Exclusions	✓		
Cluster munitions & anti personnel landmines	✓		
Other exclusions or restrictions	✓		
Voting	✓		
Engagement	✓		

Please see glossary for further explanation of these terms.

*Other exclusions or restrictions

This fund excludes:

- Adult entertainment
- Alcohol
- Controversial weapons
- Power generation – nuclear
- Tobacco
- Thermal coal

*Thresholds may apply

ESG Range 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.

Controversial weapons: refers to chemical and biological weapons, white phosphorus, weapons and armour made from depleted uranium, nuclear weapons and nuclear weapons outside the Nuclear Non-Proliferation Treaty.

Conventional oil and gas: conventional oil and gas production – deepwater, shallow water and other onshore/offshore.

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 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.

GMO: genetically modified crops.

Impact: Investment with the purpose of generating a measurable social or environmental return, alongside a financial return.

Sustainability/Sustainable: Our sustainable funds are those where the investment universe is driven by sustainability themed considerations, which might include climate change mitigation, pollution prevention, sustainability solutions and approaches that address one or more of the UN Sustainable Development Goals (SDGs).

Tobacco: understood as those companies whose business models are based on the production, trading and distribution of tobacco.

Unconventional oil and gas: oil sands (production), shale oil, shale gas and arctic drilling.

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.

Weapons: refers to systems, components, and support systems and services.

Important information

The M&G Global Listed Infrastructure Fund is a sub-fund of M&G Investment Funds (10).

For financial advisers only. Not for onward distribution. No other persons should rely on any information contained within. This financial promotion is issued by M&G Securities Limited which is authorised and regulated by the Financial Conduct Authority in the UK and provides ISAs and other investment products. The company's registered office is 10 Fenchurch Avenue, London EC3M 5AG. Registered in England No. 90776

Contact M&G

Private Investors
www.mandg.co.uk/investor
 0800 390 390
 Charities
www.mandg.co.uk/charities

Intermediary & Wealth
www.mandg.co.uk/adviser
 Institutional
www.mandg.co.uk/institutions

For your protection calls may be recorded or monitored.