

M&G (Lux) Global Macro Bond Fund

Fund update

FOR INVESTMENT PROFESSIONALS ONLY

20 march 2020



- We have added credit so far this month on the huge moves. This activity has included closing most credit default swap (CDS) protection positions, as well as adding some exposure in both investment grade and high yield corporate bonds, mostly in Europe. This was achieved via CDS instruments and purchases of good-quality investment grade securities that we felt had become oversold.
- The fund's investment grade allocation has risen to around 27%, while high yield exposure has increased to around 8%, which has edged up from almost 0% at the start of the month. The fund's spread duration is now 1.7 years.
- We took some profits from USD duration during the month-to-date period, taking overall duration down by just over 1.5 years to around 5.8 years.
- Currency changes remain an active part of our strategy. We have been adding incrementally to the USD position over the last few weeks, while sterling exposure was among those reduced.

Investing in emerging markets involves a greater risk of loss as there may be difficulties in buying, selling, safekeeping or valuing investments in such countries.

	YTD and calendar-year performance, 5 years					
	YTD	2019	2018	2017	2016	2015
	(%)	(%pa)	(%pa)	(%pa)	(%pa)	(%pa)
M&G (Lux) Global Macro Bond Fund EUR A	-0.6	9.8	1.8	-7.5	7.1	6.5
Benchmark* EUR	0.8	8.2	n/a	n/a	n/a	n/a
M&G (Lux) Global Macro Bond Fund USD A	-4.9	7.7	-2.8	5.0	3.8	-4.6
Benchmark* USD	-3.9	6.8	n/a	n/a	n/a	n/a

Past performance is not a guide to future performance.

* Benchmark is Bloomberg Barclays Global Aggregate Index. The Bloomberg Barclays Global Aggregate Index was introduced as the fund's benchmark on 26 October 2018.

The benchmark is a comparator against which the fund's performance can be measured. The composite 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 investment 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.

Fund performance prior to 26 October 2018 is that of the equivalent UK-authorized OEIC, which merged into this fund on 26 October 2018. Tax rates and charges may differ.

Source: Morningstar Inc. and M&G as at 18 March 2020, Euro A Acc and USD A Acc share classes, income reinvested, price-to-price basis. Please note that not all share classes are registered for sale in all countries. Please see the Prospectus for details.

The value and income generated by the fund's assets will fluctuate up and down. As a result, the value of your investment may go down as well as up. There is no guarantee that the fund will achieve its objective and you may not get back all of your initial investment.

Investments in bonds are affected by interest rates, inflation and credit ratings. Bond issuers may not pay interest or repay principal. All of these events may decrease the value of the bonds held by the fund.

The fund may use derivatives to take advantage of an expected rise or fall in the value of an asset. If the value of the asset changes unexpectedly, the fund will incur a loss. The fund's use of derivatives may be significant and may exceed the value of its assets (leverage). This has the effect of increasing the size of losses and gains, resulting in greater fluctuations in the value of the fund.

Investing in emerging markets involves a higher risk of loss, as it may be difficult to buy, sell, hold or value investments in these countries.

Other risks associated with this fund can be found in the Key Investor Information Document (KIID).

Past performance is no guarantee of future performance.

M&G
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The Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários, the "CMVM") has received a passporting notification under Directive 2009/65/EC of the European Parliament and of the Council and the Commission Regulation (EU) 584/2010 enabling the fund to be distributed to the public in Portugal.