

30 June 2023

View from the Desk



M&G (Lux) Global Floating Rate High Yield Fund

Fund manager – James Tomlins

This document is intended for use with existing clients. Some of the data shown below is preliminary and subject to change. All portfolio data and performance attribution are based on internal databases and are unaudited. Please see the Monthly Fund Review for final verified data. Past performance is not a guarantee of future performance.

Highlights

Lower volatility and tighter credit spreads helped high yield debt in June, when the asset class outperformed assets such as government bonds and investment grade corporate bonds, which are considered safer. Central banks continued to raise interest rates and put out hawkish comments, and this benefited HY bonds, which have a lower sensitivity to changes in interest rates (duration). Returns from global HY floating rate bonds were positive, but lagged the broader HY debt asset class.

Performance %

JUN 2023	EUR		USD	
	0.8 Fund	0.9 BM*	1.0 Fund	1.1 BM*

Calendar-year performance

	2023 YTD	YTQ	2022	2021	2020	2019
Fund (EUR)	6.1	6.1	-3.3	4.5	-0.8	4.3
BM* (EUR)	6.5	6.5	-2.2	6.6	2.0	6.8
Fund (USD)	7.4	7.4	-1.1	5.4	1.0	7.4
BM* (USD)	7.7	7.7	0.0	7.4	3.6	10.0
	2018	2017	2016	2015	2014	2013
Fund (EUR)	-2.6	1.6	6.5	-0.4	n/a	n/a
BM* (EUR)	-1.3	2.7	11.1	-0.7	2.1	n/a
Fund (USD)	0.2	3.7	7.8	0.1	n/a	n/a
BM* (USD)	1.5	4.8	12.7	-0.2	2.2	n/a

YTQ = year to most recent quarter.

*Benchmark: ICE BofAML Global Floating Rate High Yield 3% Constrained (USD Hedged) Index.

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

Benchmark prior to 01 April 2016 is the ICE BofAML Global Floating Rate High Yield (Hedged) Index. Thereafter it is the ICE BofAML Global Floating Rate High Yield 3% Constrained (Hedged) Index.

Fund performance prior to 21 September 2018 is that of the equivalent UK-authorized OEIC, which merged into this fund on 7 December 2018.

Tax rates and charges may differ.

Source: Morningstar, Inc., as at 30 June 2023, EUR Class A-Hedged Acc and USD Class A Acc shares, price-to-price, income reinvested. Not all share classes registered for sale in all countries. Details in Prospectus.

UCITS HAVE NO GUARANTEED RETURN, AND PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE.

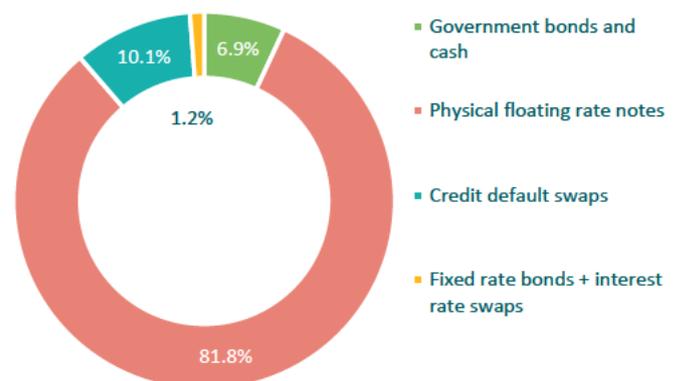
The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

	30 June 2023	31 May 2023
Fund size	€1.68bn US\$1.83bn	€1.66bn US\$1.77bn
Duration	0.1 yrs	0.1 yrs
Spread duration	2.9 yrs	3.0 yrs
Yield to worst*	10.77%	11.04%
% in senior secured bonds	76.5%	72.6%
Average credit rating	B+	B+

*Calculated in fund base currency (USD), gross of fees. The yield is calculated as the worst possible outcome by using various call dates.

The duration figure shown above is calculated using an external system, which does not adjust for EURIBOR floors (a common feature in European high yield floating rate notes) in the duration calculation. This figure will therefore be overstated when EURIBOR is negative. The fund's duration is expected to be closely in line with the benchmark index, which will be close to zero, given the floating rate properties of the assets held.

Asset allocation



Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund. High yield bonds often carry greater risk that the bond issuers may not be able to pay interest or return the capital.

Fund manager notes

- The fund was broadly in line with the benchmark in June, helped by our off-benchmark credit default swap (CDS) index position, which we hold for liquidity and diversification purposes. Our below-index exposure to distressed name Oriflame also boosted relative performance.
- In primary markets, we bought bonds from Nordic-based installer of building systems Assemblin Group. We put funds to work in secondary markets by topping up positions in car parking operator APCOA, IT services firm Cedacri and business software provider Infopro Digital.
- In terms of spread duration, we continue to hold an underweight exposure to some of the most distressed names. Senior secured bonds make up over three quarters of our exposure.

Top 5 holdings = net of CDS collateral

Holding	%
1 CDX North American high yield indices	9.6%
2 United Group	3.1%
3 Team System	3.1%
4 Paganini Bidco	3.0%
5 Cedacri Polaris	2.9%

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.

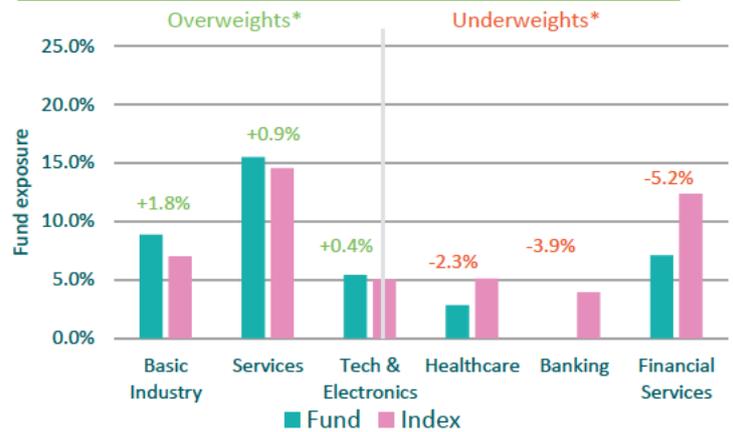
Other important information

The fund allows for the extensive use of derivatives.

For an explanation of technical terms, please refer to the glossary via the link <https://www.mandg.com/dam/global/shared/en/documents/glossary-master-en.pdf>

Further risks associated with the fund can be found in the fund's Prospectus.

Sector positioning



*Relative to ICE BoAML Global Floating Rate High Yield 3% Constrained (USD Hedged) Index.

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