Fund Profile

For Investment Professionals only

M&G Absolute Return Bond Fund

Fixed income investing for steady target returns

Jim Leaviss
Co-Fund Manager

Wolfgang Bauer
Co-Fund Manager

"With our significant expertise in all of the major fixed income asset classes, we believe we are well placed to generate steady, positive returns."

Fund facts

31 Aug 2019

Fund size: £43.41 million

Launch date:
13 December 2016

Benchmark:
3-month GBP LIBOR + 2.5% pa

1. Reasons to consider absolute returns

- Absolute return funds generally target specific, positive returns over a defined time period.
- They can benefit from both rising and falling markets by being long or short of any asset.
- This means they can potentially perform in a variety of market conditions and help to diversify an investor's portfolio.

2. Why invest in the M&G Absolute Return Bond Fund?

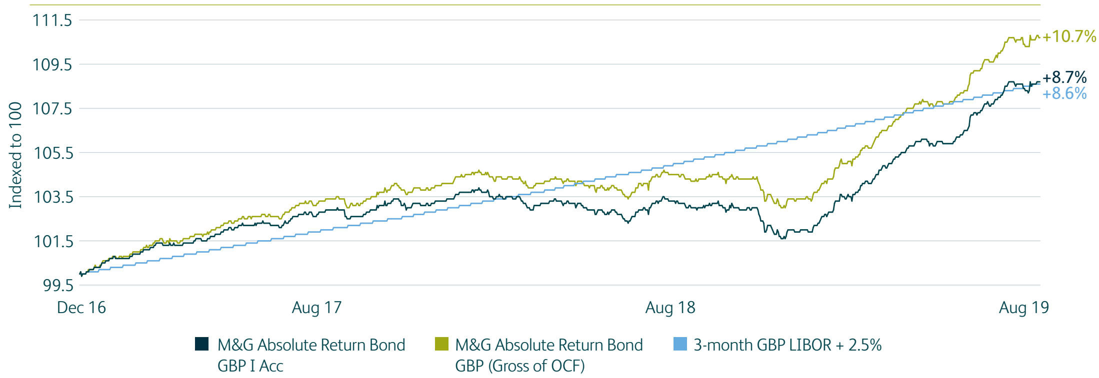
- A flexible, multi-strategy bond fund that aims to deliver combined income and capital growth of at least **2.5% pa above three-month GBP LIBOR** before any charges, over any three-year period and in any market condition.
- The fund managers apply a rigorous risk control framework designed to minimise volatility and drawdowns.
- They believe their approach should keep one-month, ex-post **volatility below 5%** and one-month current **drawdowns below 2%** (with formal reviews triggered at the internally defined drawdown threshold of 1%). Managing the fund in this way reduces its ability to significantly outperform its targeted return.

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

An 'absolute return' fund may not move in line with market trends or fully benefit from a positive market environment.

Fund performance since launch



	YTD 2019	2018	2017	2016	2015	2014	Annualised since launch
M&G Absolute Return Bond Fund £I Acc (Net of OCF)	+6.6%	-1.4%	+3.0%	N/A	N/A	N/A	+3.1%
M&G Absolute Return Bond Fund £I Acc (Gross of OCF)	+7.1%	-0.7%	+3.8%	N/A	N/A	N/A	+3.8%
3-month GBP LIBOR + 2.5%	+2.3%	+3.2%	+2.8%	+3.1%	+3.1%	+3.1%	+3.1%

Source: Morningstar Inc. and M&G, as at 31.08.19. Sterling Class I Acc shares, income reinvested, price-to-price basis. 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.

Past performance is not a guide to future performance.

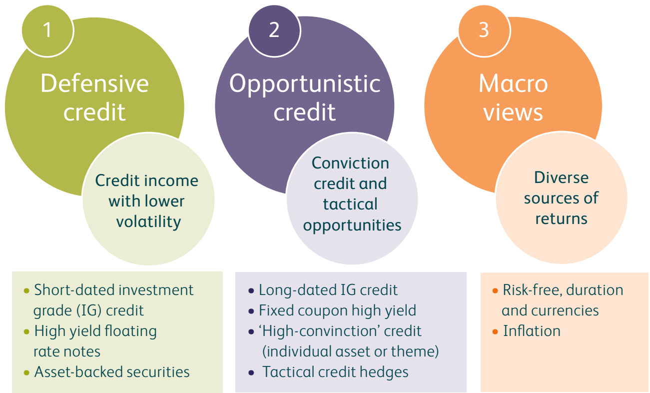
The fund is actively managed. The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's target benchmark as it is an achievable performance target given the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does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

M&G INVESTMENTS

A flexible, diversified investment approach

The fund managers use a highly flexible investment approach that combines top-down macroeconomic analysis with individual credit selection. They have the freedom to capitalise on the most compelling opportunities across global bond markets.

Asset allocation strategies



The fund's investment strategies are designed to blend a range of assets with different risk profiles.

- The fund can therefore invest in fixed and variable rate securities (including, but not limited to, corporate bonds and government and public securities), currencies, cash, near cash and deposits from anywhere in the world, denominated in any currency.

The fund may use derivatives to profit from an unexpected 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 value 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 and you may get back less than you originally invested.

Team and risk management

- The fund managers draw on the best ideas of M&G's Retail Fixed Interest team, giving investors access to a wealth of knowledge across global bond markets.
- The team has extensive experience in managing risk during periods of heightened volatility, such as the global financial crisis and eurozone debt crisis.
- A strict risk management process is applied should the fund exceed its volatility and drawdown thresholds, with formal investment manager and risk oversight reviews being completed.

The fund allows for the extensive use of derivatives

The fund may invest more than 35% in securities issued by any one or more of the governments listed in the fund prospectus. Such exposure may be combined with the use of derivatives in pursuit of the fund objective. It is currently envisaged that the fund's exposure to such securities may exceed 35% in the governments of Germany, Japan, UK, USA although these may vary subject only to those listed in the prospectus.

Contact

www.mandg.co.uk/contact-us

@mandgprof

www.bondvigilantes.com

M&G INVESTMENTS