M&G European Credit Investment Fund

Monthly fund review as at 31 May 2025

The value of investments will fluctuate, which will cause prices to fall and rise and investors may not get back the original amount they invested.

Fund objective and description

The M&G European Credit Investment Fund ('The fund') aims to take advantage of opportunities primarily in investment grade corporate bonds denominated in Euros whilst meeting ESG criteria. The fund may also invest in GBP, USD and CHF denominated debt, and use futures and swaps for efficient portfolio management. The fund utilises M&G's global research and fund management capabilities to identify fundamental value in corporate and asset backed bonds. The fund focuses on credit management; currency, interest rate, and other macro-economic risks are closely controlled. The fund aims to outperform the ICE BofA Euro Corporate Index.

Key Information

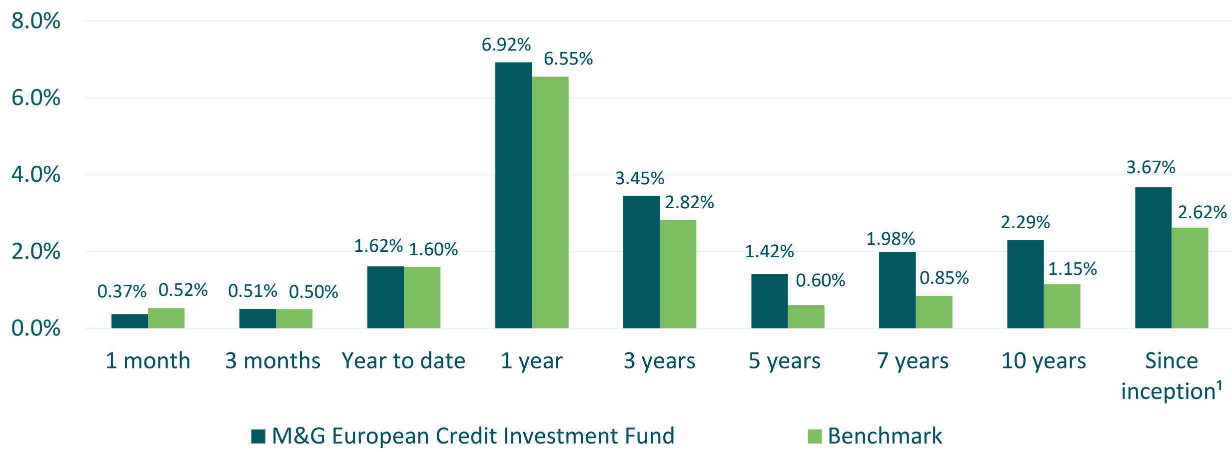
Fund manager	Gaurav Chatley
Fund launch date	12 April 2011
Fund type	Luxembourg SICAV (UCITS)
SFDR Classification	Article 8
Dealing and valuation dates	Daily (settlement t+2)
Available share classes	EUR, GBP, CHF, USD and JPY (Accumulation and Income)
Fund size (EUR)	€7,490,044,999.11

Source: M&G as at 31st May 2025.

Investment objective

The fund seeks a total return (capital growth plus income) of the Benchmark plus 0.75% (gross of fees per annum), over any five-year period while applying ESG Criteria.

Fund performance



Source: M&G as at 31st May 2025.
Gross returns of E Euro (Accumulation) Share class.
[1] Inception date 12 April 2011. All returns greater than 1 year are annualised.

Fund performance (%)

Total returns	1 month	3 months	Year to date	1 year	3 years	5 years	7 years	10 years	Since inception[1]
Class A Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.33
Class A Euro (Accumulation) (Net)	0.36	0.46	1.54	6.73	3.26	-	-	-	0.15
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.30
Class A Euro (Income) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.21
Class A Euro (Income) (Net)	0.36	0.46	1.54	6.73	3.26	-	-	-	0.03
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.52
Class A Sterling (Accumulation) (Gross)	0.53	0.99	2.38	8.61	-	-	-	-	8.27
Class A Sterling (Accumulation) (Net)	0.52	0.94	2.30	8.42	-	-	-	-	8.08
Benchmark[2]	0.69	1.01	2.40	8.27	-	-	-	-	7.44
Class A Sterling (Income) (Gross)	0.53	0.99	2.37	8.61	-	-	-	-	8.39
Class A Sterling (Income) (Net)	0.52	0.94	2.30	8.42	-	-	-	-	8.19
Benchmark[2]	0.69	1.01	2.40	8.27	-	-	-	-	7.44
Class A Swiss Francs (Income) (Gross)	0.20	-0.08	0.61	4.19	1.36	-	-	-	-1.51
Class A Swiss Francs (Income) (Net)	0.18	-0.13	0.53	4.01	1.17	-	-	-	-1.69
Benchmark[2]	0.34	-0.12	0.55	3.78	0.67	-	-	-	-2.25
Class A US Dollars (Accumulation) (Gross)	0.55	1.00	2.35	8.71	5.50	-	-	-	1.99
Class A US Dollars (Accumulation) (Net)	0.54	0.96	2.28	8.52	5.31	-	-	-	1.80
Benchmark[2]	0.71	1.02	2.38	8.40	4.99	-	-	-	1.43
Class A US Dollars (Income) (Gross)	0.55	1.00	2.36	8.71	5.51	-	-	-	1.99
Class A US Dollars (Income) (Net)	0.54	0.95	2.28	8.52	5.32	-	-	-	1.81
Benchmark[2]	0.71	1.02	2.38	8.40	4.99	-	-	-	1.43
Class B Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.21
Class B Euro (Accumulation) (Net)	0.36	0.47	1.55	6.75	3.28	-	-	-	0.05
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.52
Class B Euro (Income) (Gross)	0.37	0.51	1.62	6.93	3.45	-	-	-	-0.01
Class B Euro (Income) (Net)	0.36	0.47	1.55	6.76	3.29	-	-	-	-0.17
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.69
Class E Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	3.45	1.42	1.98	2.29	3.67
Class E Euro (Accumulation) (Net)	0.36	0.48	1.57	6.82	3.35	1.32	1.88	2.09	3.40
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	0.60	0.85	1.15	2.62

Past performance is not a guide to future performance. There is no guarantee the objective will be achieved.

Total returns	1 month	3 months	Year to date	1 year	3 years	5 years	7 years	10 years	Since inception[1]
Class E Euro (Income) (Gross)	0.37	0.51	1.62	6.92	3.45	1.42	-	-	1.02
Class E Euro (Income) (Net)	0.36	0.48	1.57	6.82	3.35	1.32	-	-	0.92
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	0.60	-	-	-0.09
Class E Sterling (Accumulation) (Gross)	0.53	0.99	2.38	8.60	4.92	2.55	-	-	3.37
Class E Sterling (Accumulation) (Net)	0.52	0.96	2.33	8.50	4.82	2.45	-	-	3.27
Benchmark[2]	0.69	1.01	2.40	8.27	4.28	1.75	-	-	2.16
Class F Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	3.45	1.42	-	-	1.62
Class F Euro (Accumulation) (Net)	0.36	0.46	1.54	6.73	3.26	1.24	-	-	1.44
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	0.60	-	-	0.72
Class P Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	-	-	-	-	4.94
Class P Euro (Accumulation) (Net)	0.33	0.39	1.41	6.40	-	-	-	-	4.43
Benchmark[2]	0.52	0.50	1.60	6.55	-	-	-	-	4.51
Class P Euro (Income) (Gross)	0.39	0.57	1.72	7.18	-	-	-	-	5.38
Class P Euro (Income) (Net)	0.33	0.39	1.41	6.40	-	-	-	-	4.43
Benchmark[2]	0.52	0.50	1.60	6.55	-	-	-	-	4.51
Class Q Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.48
Class Q Euro (Accumulation) (Net)	0.35	0.45	1.51	6.66	3.19	-	-	-	0.23
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.25
Class Q Euro (Income) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.48
Class Q Euro (Income) (Net)	0.35	0.45	1.51	6.66	3.19	-	-	-	0.23
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.25
Class QI Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.48
Class QI Euro (Accumulation) (Net)	0.36	0.46	1.53	6.70	3.23	-	-	-	0.27
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.25
Class QI Euro (Income) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.48
Class QI Euro (Income) (Net)	0.36	0.46	1.53	6.70	3.23	-	-	-	0.27
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.25
Class W Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.21
Class W Euro (Accumulation) (Net)	0.35	0.44	1.49	6.61	3.15	-	-	-	-0.08
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.52
Class W Euro (Income) (Gross)	0.37	0.51	1.62	6.91	3.68	-	-	-	0.39
Class W Euro (Income) (Net)	0.35	0.44	1.49	6.61	3.38	-	-	-	0.10
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.52

Past performance is not a guide to future performance. There is no guarantee the objective will be achieved.

Total returns	1 month	3 months	Year to date	1 year	3 years	5 years	7 years	10 years	Since inception[1]
Class WI Euro (Accumulation) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.21
Class WI Euro (Accumulation) (Net)	0.35	0.45	1.51	6.66	3.19	-	-	-	-0.04
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.52
Class WI Euro (Income) (Gross)	0.37	0.51	1.62	6.92	3.45	-	-	-	0.21
Class WI Euro (Income) (Net)	0.35	0.45	1.51	6.66	3.19	-	-	-	-0.04
Benchmark[2]	0.52	0.50	1.60	6.55	2.82	-	-	-	-0.52
Class W Swiss Francs (Accumulation) (Gross)	0.20	-0.09	0.60	4.19	-	-	-	-	2.86
Class W Swiss Francs (Accumulation) (Net)	0.17	-0.16	0.48	3.89	-	-	-	-	2.57
Benchmark[2]	0.34	-0.12	0.55	3.78	-	-	-	-	1.86

Source: M&G as at 31st May 2025.
[1] Please refer to the since inception dates in the pricing table. All returns greater than 1 year are annualised.
[2] Benchmark: ICE of BofA Euro Corporate Index (currency hedged where applicable)

Single year performance (%)

Yearly return (gross of fees)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class A Euro (Accumulation) (Gross)	6.06	8.95	-13.67	-	-	-	-	-	-	-
Benchmark[1]	4.65	8.02	-13.94	-	-	-	-	-	-	-
Class B Euro (Accumulation) (Gross)	6.06	8.95	-13.67	-	-	-	-	-	-	-
Benchmark[1]	4.65	8.02	-13.94	-	-	-	-	-	-	-
Class E Euro (Accumulation) (Gross)	6.08	8.95	-13.67	-0.61	6.29	7.55	-0.53	3.75	7.76	-0.85
Benchmark[1]	4.66	8.02	-13.94	-1.02	2.65	6.25	-1.14	2.42	4.75	-0.43
Class A Sterling (Accumulation) (Gross)	7.47	-	-	-	-	-	-	-	-	-
Benchmark[1]	6.06	-	-	-	-	-	-	-	-	-
Class A US Dollars (Accumulation) (Gross)	7.71	11.09	-11.92	-	-	-	-	-	-	-
Benchmark[1]	6.33	10.43	-11.92	-	-	-	-	-	-	-

Source: M&G as at 31st May 2025.
[1] Benchmark is the ICE BofA Euro Corporate Index. (currency hedged where applicable).

Fund Analytics

Key characteristics	Fund	Benchmark
Number of issues	669	4,458
Number of issuers	355	854
Average credit rating[1]	A	A-
Running yield	2.76	2.71
Yield to worst	3.15%	3.08%
Yield to maturity	3.09%	3.17%
Coupon	2.89%	2.65%
Spread duration (years)	3.71	4.64
Modified duration to worst	4.49	4.48
WAL to worst (years)	4.70	5.17
OAS	108.84	98.29
PV01	0.0460%	–
CR01	0.0370%	–
IE01	0.0000%	–
99% 20 day value at risk	1.92%	–

Source: M&G as at 31st May 2025.
[1] Linear average credit rating.

Ex-Post Risk statistics (%)

Ex-post risk statistics	3 years	5 years	7 years	10 years	Since inception
Volatility (gross)[1]	6.18	5.40	5.61	5.08	4.71
Volatility (net)[1]	6.18	5.40	5.61	5.08	4.71
Sharpe ratio (gross)	0.12	0.01	0.20	0.35	0.68
Sharpe ratio (net)	0.10	-0.01	0.18	0.31	0.62

Source: M&G as at 31st May 2025.
Based on gross and net returns of Euro E Accumulation share class. [1] Ex-post volatility.

Positioning

Sector breakdown[1]	Fund %	Benchmark %	Relative %
Covered	4.81	0.00	4.81
Financial	37.59	38.39	-0.80
Industrial	33.59	51.01	-17.42
Utility	10.36	10.60	-0.24
Sovereign	7.77	0.00	7.77
Quasi & Foreign Government	0.09	0.00	0.09
Net cash and derivatives	5.79	0.00	5.79
Total	**100**	**100**	**0**

Source: M&G as at 31st May 2025.
[1] ICE BofA level 2 industry sectors.

Credit rating breakdown[1]	Fund %	Benchmark %	Relative %
AAA	12.33	0.42	11.91
AA	8.76	6.54	2.22
A	36.76	42.05	-5.29
BBB	32.47	50.00	-17.53
BB and below	3.89	0.99	2.90
Net cash and derivatives	5.79	0.00	5.79
Total	**100**	**100**	**0**

Source: M&G as at 31st May 2025.
[1] Average of S&P, Moodys and Fitch or M&G internal rating.

Top five corporates overweight's by issuer[1]	Fund %	Benchmark %	Relative %
Arion Banki	0.50	0.02	0.48
Deutsche Pfandbriefbank	0.53	0.05	0.48
MassMutual	0.50	0.02	0.48
Triodos Bank	0.48	0.01	0.47
Landsbankinn	0.49	0.03	0.46

Source: M&G as at 31st May 2025.
[1] Excludes sovereign and quasi government instruments.

Top five corporates underweights by issuer[1]	Fund %	Benchmark %	Relative %
Orange	0.00	0.70	-0.70
HSBC	0.13	0.74	-0.61
AT&T	0.00	0.57	-0.57
Anheuser Busch Inbev	0.25	0.74	-0.49
Deutsche Bahn	0.13	0.57	-0.44

Source: M&G as at 31st May 2025.
[1] Excludes sovereign and quasi government instruments.

Currency of assets before hedging[1]	Fund %	Benchmark %	Relative %
EUR	98.96%	100.00%	-1.04%
GBP	0.30%	0.00%	0.30%
USD	0.74%	0.00%	0.74%
Net derivatives	0.00%	0.00%	0.00%
Total	**100**	**100**	**0**

Source: M&G as at 31st May 2025.
[1] Unhedged currency of assets in fund, all non-EUR investments are fully currency hedged.

Pricing

Share class	Inception date	ISIN	Bloomberg code	Price per share	Dividend rate[1]
EUR A (Acc)	25-Feb-21	LU2255705829	ESMGEAA LX	€100.65	-
EUR A (Inc)	27-Sep-21	LU2255706041	ESMGEAD LX	€92.05	-
GBP A (Acc)	26-Apr-23	LU2101366578	EUCIAGA LX	£117.69	-
GBP A (Inc)	26-Apr-23	LU2101366735	EUECIAG LX	£110.49	-
CHF A (Inc)	27-Sep-21	LU2101366909	EUCIACI LX	CHF86.39	-
USD A (Acc)	27-Sep-21	LU2242359417	EECAUHA LX	$106.78	-
USD A (Inc)	27-Sep-21	LU2242359680	EECAUHI LX	$98.24	-
EUR B (Acc)	27-Sep-21	LU0617481725	ESMGECB LX	€139.99	-
EUR B (Inc)	22-Jul-21	LU2355145918	ESECIBE LX	€91.21	-
EUR E (Acc)	12-Apr-11	LU0617482376	ESMECAE LX	€160.34	-
EUR E (Inc)	16-Aug-19	LU0617481303	ESMEEDE LX	€94.97	-
GBP E (Acc)	28-Nov-18	LU1877940137	ESMGEHG LX	£123.24	-
EUR F (Acc)	07-May-20	LU2101367030	EUECIAE LX	€107.50	-
EUR P (Acc)	21-Jun-22	LU2482630162	MGSJTPA LX	€114.20	-
EUR P (Inc)	21-Jun-22	LU2482630246	ESMRCPD LX	€106.33	-
EUR Q (Acc)	03-Nov-20	LU2188668169	EECIQAE LX	€101.06	-
EUR Q (Inc)	03-Nov-20	LU2188668243	EECIQDE LX	€92.77	-
EUR QI (Acc)	03-Nov-20	LU2188668326	EUECIQA LX	€101.25	-
EUR QI (Inc)	03-Nov-20	LU2188668599	EUECIQD LX	€92.79	-
EUR W (Acc)	27-Sep-21	LU2377004903	EUECIWE LX	€99.70	-
EUR W (Inc)	27-Sep-21	LU2377005033	EUECICD LX	€92.02	-
EUR WI (Acc)	27-Sep-21	LU2377005207	EUECIWA LX	€99.84	-
EUR WI (Inc)	27-Sep-21	LU2377005389	EUECICW LX	€92.02	-
CHF W (Acc)	19-Dec-23	LU2713266968	ESMGWAC LX	CHF103.74	-

Source: M&G as at 31st May 2025.
[1] The dividend rate is a preliminary rate and is subject to change.

Investment commentary

May proved to be a robust month for most financial assets, driven by encouraging economic data and reduced U.S.-China trade tariffs, which prompted investors to dial back expectations of a global economic slowdown. However, US Treasuries faced significant challenges amid rising concerns over the fiscal outlook, exacerbated by a credit rating downgrade from Moody's. Additionally, attention centred on a tax bill progressing through Congress, contributing to a tough environment for Treasuries. As a result, Treasuries declined, with the 30-year yield reaching an intraday high of 5.15%, reflecting a wider global sell-off in longer-dated bonds.

In the Euro area, May saw aggregate inflation at 2.2%, although CPI Core inflation rebounded from 2.4% YoY to 2.7%. Q1 GDP growth landed at 0.3% QoQ vs. the expected 0.4% and the unemployment rate remained steady at its historical low of 6.2%.

Talks between the EU trade commissioner and his US counterparts took place in early June on occasion of the OECD ministerial meeting, even though the US Court of International Trade had ruled that Trump's "Liberation Day" tariff programme was illegal. The ruling affects duties announced by Trump on April 2, including a baseline 10% tariff, but Sectoral levies on imports of cars, steel and aluminium from the EU at 25% remain in place. Trump had initially declared a 50% blanket tariff rate on goods from the bloc but subsequently pulled back, following a call with European Commission president Ursula von der Leyen.

In the US, robust April jobs report marked one of the first significant data points following Liberation Day. The report revealed nonfarm payrolls rose by 177k, with the unemployment rate holding steady at 4.2%, signalling to investors that the U.S. economy was not facing an abrupt decline. This positive sentiment was further bolstered when the ISM services index unexpectedly climbed to 51.6, solidifying the view of sustained economic resilience. The US and the UK announced a trade deal on May 8, raising hopes that this could be the first of many trade deals. On May 12, markets received a positive jolt when the U.S. and China announced a 90-day tariff reduction, with the U.S. lowering its rate on Chinese goods from 145% to 30%. This unexpected development uplifted investor sentiment, particularly as it contrasted with former President Trump's recent statement advocating for an "80% tariff on China" and his campaign rhetoric pushing for a 60% rate. Mid-month though, a growing unease about the U.S. fiscal outlook took hold. The tipping point came with a Moody's downgrade, amplifying existing worries about persistent U.S. deficits exceeding 6% of GDP in 2023 and 2024. This sparked a rise in long-end Treasuries yields, with the 30-year Treasury yield surpassing 5% by May 21. Although it eased slightly by month-end to close at 4.93%, this still reflected a 25-basis-point increase for May overall.

In the UK, the Monetary Policy Committee (MPC) voted by a majority of 5–4 to reduce the Bank Rate by 0.25 percentage points, from 4.5% to 4.25%. The decision was driven by concerns over lacklustre economic growth and the expected impact of U.S. trade tariffs, despite inflation remaining above the BoE's 2% target at 2.6% in March 2025. CPI numbers for April surprised to the upside with Core YoY at 3.8% and headline at 3.5%, proving to be stickier than surveys expected.

Across Europe, US and the UK, spreads on Investment Grade corporate bonds tightened in May 2025. Spreads across geographies are now close to levels last seen prior to the tariff-related volatility. In the Investment Grade markets, EUR, USD and GBP finished May at 98bps (-13bps), 92bps (-17bps) and 108bps (-10bps) respectively. Total returns for May were positive across the EUR IG (+0.523%) and US IG (+0.003%) but negative for UK IG (-0.155%). Finally, Government bonds struggled throughout the month and underperformed across Europe (-0.383%), US (-1.071%) and the UK (+1.361%).

The Global high Yield index returned +1.58% (USD-H) in May and YTD performance remains at a respectable +2.7%. Given that government bond yields were volatile during the month, gains were driven by tighter High Yield spreads tightened across the board in May, led by US High Yield which benefitted from a rebound in risk appetite from the US/China de-escalation and generally recent positive economic surprises. Spreads tightened c. 50-75bp during the month to close at 332bp (US HY), 327bp (EU HY) and 462bp (HY FRN). US High Yield has now erased most of its tariff-related losses, and spreads in other High Yield markets are now inside of Liberation Day levels.

Monthly positioning

The overall theme was focused on de-risking during the month, whilst credit markets strengthened overall during May, whereby spreads tightened to similar levels, and in some cases to tighter levels, as seen before "Liberation Day". While European credit market spreads remain at historical tights, we continue to decrease our exposure to certain core industrial, utility, and financial issuers that no longer appear attractive in relative value terms. In terms of positioning, the fund maintained an overweight position in the covered bond sector and an underweight position in the industrial sector from a spread duration contribution perspective. Overall risk levels in the fund increased during the month, as represented by the DxS Ratio which increased from 0.83x to 0.86x.

At the beginning of the month, we saw attractive opportunities across specific of the market, following the re-opening of the primary market towards the end of April, with some attractive new issue premia on offer as credit spreads remained somewhat elevated for certain issuers. Therefore, the fund selectively increased its exposure to industrial names such as BMW, Booking, Equinix, Magna and Swisscom, as well as utilities including Ellevio and Iberdrola.

Similarly in the secondary market, we added exposure to individual bonds that appeared attractive on a relative value basis, including Aker BP, Anheuser Busch, BPCE, LyondellBasell, Reno de Medici and Vallourec. Since credit spreads in the automotive sector remain wide relative to the broader industrial sector, we increased our exposure to Aptiv, Volkswagen and ZF, where we were compensated to do so for the underlying credit risk.

As the market rallied in the latter half of the month, the fund sold out of positions which had performed well. Sales included Acea, Coca-Cola, Nestle, Terna and Toyota.

The fund executed a number of relative value switches throughout the month, moving into longer-dated bonds issued by Bank of America and Blackstone Property. Elsewhere in the industrials sector, we moved into longer dated bonds issued by IBM, which became relatively more attractive vs the shorter dated bonds, as the yield curve steepened.

Outlook

May saw a reversal of the earlier volatility seen post "Trump Tariffs". Over the month we saw spreads retracing, ending the period at levels seen pre Liberation Day. Broadly speaking, credit spreads remain at historically expensive levels, albeit idiosyncratic opportunities persist. We believe that a patient and highly selective approach to fixed income investment is the best strategy to take advantage of opportunities in today's market.

Investment process

At the core of our investment process is our proprietary analysis of the fundamental creditworthiness of issuers, driven by our very well resourced and highly experienced credit research team. Our career analysts are industry sector specialists, and cover both high yield and investment grade issuers. This breadth of coverage gives us unique insights into idiosyncratic company characteristics and global sector dynamics which, in turn, allow us to form an independent and timely view of credit quality and rating migration. The fund manager then compares our fundamental credit assessment with the relative market valuations to identify mispriced and under / over-valued securities. After the manager has established the investment thesis, the risk / reward of the opportunity and optimal bond issue / currency / maturity / instrument to implement the idea, our trading desk's dedicated credit and asset backed dealers are responsible for trade execution. The independent risk management team monitors and regularly reviews the fund's risk positions with the fund manager. Our investment process and highly diversified approach to fund construction aim to deliver consistent returns above the fund's benchmark.

Benchmark

ICE BofA Euro Corporate Index.

The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's benchmark as it is an achievable performance target and 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 assets to buy, hold and sell in the fund, subject to the investment restrictions set out in the fund's prospectus, and there are no restrictions on the extent to which the fund's performance may deviate from the one of the benchmark.

For unhedged and currency hedged share classes, the benchmark is shown in the share class currency.

Fund manager

Gaurav Chatley joined M&G Investments in 2005 as an assistant fund manager in the fixed income team. He became a Credit Fund Manager, managing a range of institutional corporate bond funds, in 2006.

Prior to joining M&G, Gaurav worked for London and Capital Asset Management as an investment analyst, with responsibility for the analysis of quantitative investment strategies.

Gaurav graduated from the London School of Economics with a MSc. in Finance and Economics and holds a degree in Mathematics and Scientific Computing from the Indian Institute of Technology. He is a CFA charterholder.

Key risk guidelines

Key risk guidelines	Maximum %
All individual AAA issuers (with the exception of sovereign / supranational / government guaranteed issuers)	Benchmark + 5
All individual AA and A issuers	Benchmark + 3
All individual BBB issuers	Benchmark +2
Aggregate exposure to issuers downgraded to below BBB-	15
Aggregate purchases of issuers below BBB-	10
Aggregate exposure to asset backed securities	20
Duration limit	Benchmark +/- 1 year

Source: M&G, as at 31st May 2025.

Risks associated with this fund

Market risk: The value of investments and the income from them will rise and fall. This will cause the sub-fund price, as well as any income paid by the sub-fund, to fall as well as rise. There is no guarantee the sub-fund will achieve its objective, and you may not get back the amount you originally invested.

Credit Risk: The value of the sub-fund may fall if the issuer of a fixed income security held is unable to pay income payments or repay its debt (known as a default).

Interest Rate Risk: When interest rates rise, the value of the sub-fund is likely to fall.

Derivatives Risk: The sub-fund may use derivatives to gain exposure to investments and this may cause greater changes in the sub-fund's price and increase the risk of loss.

Counterparty Risk: Some transactions the sub-fund makes, such as placing cash on deposit, require the use of other financial institutions. If one of these institutions defaults on their obligations or becomes insolvent, the sub-fund may incur a loss.

Asset-Backed Securities Risk: The assets backing mortgage and asset-backed securities may be repaid earlier than required, resulting in a lower return.

Contingent Convertible Debt Securities Risk: investing in contingent convertible debt securities may adversely impact the fund should specific trigger events occur and the fund may be at increased risk of capital loss.

Hedged share classes use currency hedging strategies to minimise currency exchange rate risk. There will be imperfections with any hedging strategy, and it cannot be guaranteed that the hedging objective will be achieved. The hedging strategy may substantially limit holders of the hedged share class from benefiting if the hedged share class currency fails against the reference currency.

Please note this is not an exhaustive list, you should ensure you understand the risk profile of the products or services you plan to purchase.

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M&G Investments

concerning the Key Information Document, please refer to www.afm.nl/eid. For Ireland, they are available in English language and can also be obtained from the Irish facilities agent, Société Générale SA, Dublin Branch, 3rd Floor IFSC House – The IFSC Dublin 1, Ireland. For Germany and Austria, copies of the Instrument of incorporation, annual or interim Investment Report, Financial Statements and Prospectus are available in English and the Prospectus and Key Information Document/s are available in German.

Before subscribing investors should read the Key Information Document and the Prospectus, which includes a description of the investment risks relating to these funds. The value of the assets managed by the funds may greatly fluctuate as a result of the investment policy.
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