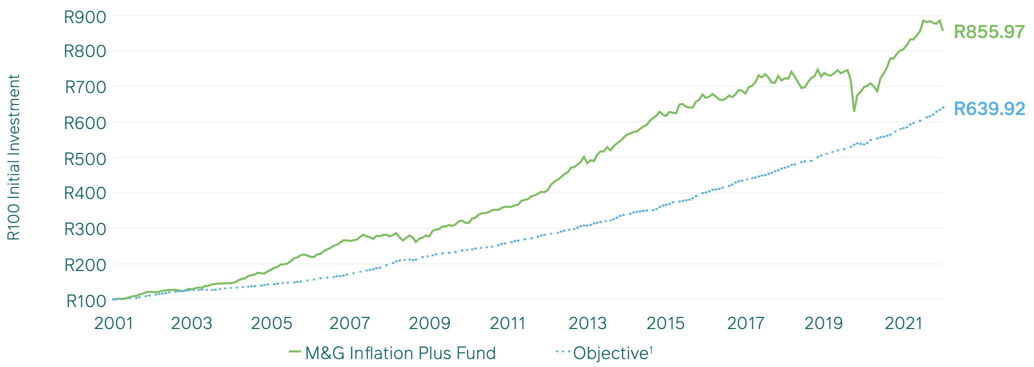
M&G Inflation Plus Fund

Multi-asset

June 2022

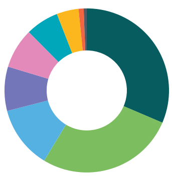
Since inception cumulative performance, distributions reinvested (A class)



Annualised performance	A class	Objective[1]	T class	X class	B class
1 year	6.4%	9.9%	6.7%	6.4%	6.9%
3 years	5.1%	8.0%	5.4%	5.1%	5.6%
5 years	4.7%	7.9%	5.1%	4.9%	5.3%
7 years	4.8%	8.3%	5.2%	5.0%	5.5%
10 years	7.7%	8.5%	-	7.9%	8.4%
Since inception	10.8%	9.2%	-	-	-

Returns since inception[2]	A class	Date
Highest annualised return	30.8%	30 Apr 2006
Lowest annualised return	-13.7%	31 Mar 2020

Asset allocation



- SA Bonds (ex. Inflation-linked Bonds) 31.4%
- SA Equity 27.2%
- SA Inflation-linked Bonds 12.3%
- Foreign Equity 8.7%
- Foreign Cash 7.9%
- Foreign Bonds 6.5%
- SA Listed Property 4.3%
- Africa Equity 1.0%
- SA Cash 0.6%

Top 10 holdings as at 30 Jun 2022

1.	M&G Worldwide Real Return Fund	11.4%
2.	Republic of SA Bond 8.875% 280235 (R2035)	7.6%
3.	M&G Corporate Bond Fund	7.3%
4.	M&G Worldwide Strategic Real Return Fund	6.4%
5.	Republic of SA Bond 8.25% 310332 (R2032)	4.0%
6.	US Dollar Cash	3.6%
7.	Republic of SA Bond 8.75% 310144 (R2044)	2.9%
8.	Republic of SA ILB 3.45% 071233 (R202)	2.7%
9.	Republic of SA Bond 8.50% 310137 (R2037)	2.7%
10.	Republic of SA Bond 10.50% 211226 (R186)	2.7%

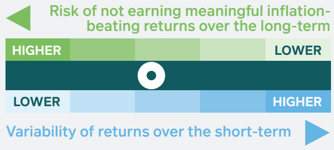
Risk measures	A class	Objective
Monthly volatility (annualised)	6.7%	1.5%
Maximum drawdown over any period	-15.9%	-0.7%
% of positive rolling 12 months	90.0%	100.0%
Information ratio	-0.3	n/a
Sortino ratio	0.0	n/a
Sharpe ratio	0.0	n/a

Investment options	A Class	T Class	I Class	X Class	B Class
Minimum lump sum investment	R10 000	R10 000	R10 000	R10 000	R20 million
Minimum monthly debit order	R500 pm	R500 pm	R500 pm	R500 pm	n/a

Annual Management Fees (excl. VAT)	A Class	T Class	I Class	X Class	B Class
M&G[3]	1.00%	0.80%	1.25%	1.00%	0.60%
Financial adviser service fee (if applicable) [4]	n/a	n/a	0.50%	0.50%	n/a

Expenses (incl. VAT)	A Class	T Class	I Class	X Class	B Class
Total Expense Ratio (TER)	1.39%	1.12%	1.63%	1.35%	0.89%
Transaction Costs (TC)[5]	0.08%	0.08%	0.08%	0.08%	0.08%
Total Investment Charges (TIC)	1.47%	1.20%	1.71%	1.43%	0.97%

Risk profile



Fund facts

Fund objective

The primary objective is to outperform CPI by 5% before fees (which is 3.4% after fees for the A class) over a rolling 3-year period. The secondary objective is to reduce the risk of capital loss over any rolling 12-month period.

Investor profile

Individuals looking for a low- to medium-risk multi-asset fund. Individuals and retirees who want to protect their investment from the detrimental effects of inflation over time. The recommended investment horizon is 3 years or longer.

Investment mandate

The Fund invests in a diversified mix of local and foreign equity, bonds, listed property and cash. The Fund may also invest in derivatives and other collective investment schemes. Asset allocation is actively and tactically managed to achieve the Fund's objectives. The intended maximum limits are Equity 40%, Listed Property 25% and Foreign 45%. The Fund is managed to comply with regulations governing retirement fund investments (Regulation 28).

Fund managers

David Knee
Michael Moyle
Sandile Malinga
Leonard Krüger

ASISA category

South African - Multi-Asset - Low Equity

Objective (before fees)

CPI+5% p.a. over a rolling 3-year period

Inception date

1 June 2001

Fund size

R20 208 705 123

Awards

Raging Bull: 2013
Morningstar: 2015

[1] Objective: CPI + 5% p.a. over rolling 3 years gross of fees; less long-term TIC of applicable class. For A class objective above a TIC of -1.6% was used.
[2] 12-month rolling performance figure
[3] The Fund can invest portions of its assets into underlying foreign investments (incl. investments into Africa). This would mainly be achieved by investing into the sub-funds of the M&G (South Africa) Global Funds ICAV and the M&G Africa Equity Fund. These funds will charge an additional asset management fee which is included in the Fund's NAV and the Fund's TER. The Manager receives a marketing and distribution fee in respect of the M&G (South Africa) Global Funds.
[4] The Financial Adviser Service Fee, if applicable, is included in M&G's annual management fee above. An Ongoing Adviser Fee, over and above the Financial Adviser Service Fee, may be negotiated between the Investor and Financial Adviser. Should you agree to an Ongoing Adviser Fee, it will be paid via the regular repurchase of units.
[5] Where a transaction cost is not readily available, a reasonable best estimate has been used. Estimated transaction costs may include Bond, Money Market, and FX costs (where applicable).

 Sources: M&G and Morningstar

Fund Fact Sheet/MDD

M&G Inflation Plus Fund

Multi-asset

June 2022

Income Distributions[6]	A Class		T Class		X Class		B Class	
	Total	12m yield	Total	12m yield	Total	12m yield	Total	12m yield
30 June 2022	8.30 cpu	3.60%	8.78 cpu	3.82%	8.29 cpu	3.60%	9.26 cpu	4.04%
31 December 2021	8.54 cpu	2.59%	9.02 cpu	2.79%	8.54 cpu	2.59%	9.50 cpu	2.98%

Fund commentary

Global equity and bond market returns were broadly negative in June, reflecting growing investor concern that surging inflation and aggressive monetary tightening by major central banks could tip the global economy into recession. Added to this, the Russia-Ukraine war showed little sign of abating, contributing to further spikes in energy prices. In the US, the Federal Reserve (the Fed) increased its federal funds rate by 75bps to a range of 1.5%-1.75% in June, above market forecasts of a 50bp hike. US CPI accelerated to 8.6% y/y in May, the highest reading since December 1981, and above the market consensus of 8.3%. Meanwhile, policymakers revised their growth outlook meaningfully lower in June, with the US economy now expected to expand 1.7% in 2022 (from 2.8%), 1.7% for 2023 (from 2.2%) and 1.9% for 2024 (from 2%). Fed Chairman Jerome Powell acknowledged that steep interest rate hikes may cause a recession in the US, and that avoiding it mostly depended on factors beyond the Fed's control. In the UK, the Bank of England raised its key bank rate by 25bps to 1.25% in June as consumer inflation increased to 9.1% y/y in May. Policymakers expect inflation to exceed 11% y/y in October, while GDP growth is forecast to slow sharply. Turning to the Eurozone, annual inflation increased to a new record high of 8.6% in June, from 8.1% in May. In keeping with previous guidance, the ECB signalled it would soon hike interest rates by 25 bps after discontinuing its net asset purchases. Meanwhile, the growth outlook for the block was revised lower to 2.8% for 2022 and 2.1% for 2023.

In China, signs of a gradual economic recovery began to emerge after the government started lifting its "Zero-Covid" lockdown restrictions earlier in the year. Manufacturing PMI climbed to 51.7 in June from 48.1 in May, while non-manufacturing PMI surged to 54.7 in June from 47.8 in May. In Japan, the Bank of Japan (BoJ) left its key short-term interest rate unchanged at -0.1% and its 10-year bond yields around 0% in June. The decision was widely expected; however, it leaves the BoJ's ultra-easy policy at odds with other major central banks. On the local front, growth concerns for Q2 dominated market sentiment in June as interest rate and inflation expectations were revised upward, and Eskom introduced stage six nationwide loadshedding. Consumer inflation increased to 6.5% y/y in May from 5.9% y/y in April, breaking through the upper limit of the SARB's 3%-6% target range for the first time since January 2017. The SARB indicated that it would continue to aggressively hike interest rates in a bid to maintain price stability, prompting economists to forecast a rate hike of between 50-75bps in July and another 25bp hike in September. In June, the FTSE/JSE All Share Index returned -8.0%, the FTSE/JSE All Bond Index delivered -3.1%, inflation-linked bonds (the Composite ILB Index) posted -0.9%, and cash as measured by the STeFI Composite Index returned 0.4%. Looking at global market returns (in US$), the MSCI All Country World Index delivered -8.4%, the Bloomberg Global Aggregate Bond Index returned -3.2%, while the FTSE EPRA/NAREIT Global REIT Index posted -8.3%. The rand weakened 5.1% against the US dollar, 1.2% against the pound sterling and 2.6% against the euro.

Detracting the most from absolute performance for the month was the fund's exposure to SA equities (excluding property), SA bonds (excluding inflation-linked bonds) and SA listed property.

Glossary

12-month yield	A measure of the Fund's income distributions as a percentage of the Fund's net asset value (NAV). This is calculated by summing the income distributions over a rolling 12-month period, then dividing by the sum of the NAV at the end of the period and any capital gains distributed over the same period.
Annualised performance	The average amount of money (total return) earned by an investment each year over a given time period. For periods longer than one year, total returns are expressed as compounded average returns on a yearly basis.
Cumulative performance graph	This illustrates how an initial investment of R100 or N$100 (for example) placed into the Fund would change over time, taking ongoing fees into account, with all distributions reinvested.
Income distribution	The dividend income and/or interest income that is generated by the underlying Fund investments and that is periodically declared and distributed to investors in the Fund after all annual service fees.
Information ratio	Measures the Fund's active return (Fund return in excess of the benchmark) divided by the amount of risk that the manager takes relative to the benchmark. The higher the information ratio, the higher the active return of the Fund, given the amount of risk taken and the more consistent the manager. This is calculated over a 3-year period.
Intended maximum limits	This indicates the Fund's intended maximum exposure to an asset class. These limits may be reviewed subject to the Fund's Supplemental Deed and/or Regulation 28 for those Funds managed in accordance with Regulation 28 of the Pension Funds Act.
Maximum drawdown	The largest drop in the Fund's cumulative total return from peak to trough over any period.
Monthly volatility (annualised)	Also known as standard deviation. This measures the amount of variation or difference in the monthly returns on an investment. The larger the annualised monthly volatility, the more the monthly returns are likely to vary from the average monthly return (i.e. the more volatile the investment).
Percentage of positive rolling 12 months	The percentage of months, since inception, that the Fund has shown a positive return over a rolling 12-month period.
Regulation 28	The South African retirement fund industry is governed by the Pension Funds Act, No 24 of 1956. Regulation 28 of the Pension Funds Act prescribes the maximum limits in asset classes that an approved retirement fund may invest in.
Sharpe ratio	The Sharpe ratio is used to measure how well the return of an asset compensates the investor for the risk taken. The higher the Sharpe ratio the better the Fund's historical risk-adjusted performance has been. This is calculated by taking the difference between the Fund's annualised return and the risk-free (cash) rate, divided by the standard deviation of the Fund's returns. This is calculated over a 3-year period.
Sortino ratio	This is calculated by taking the difference between the Fund's annualised return and the risk-free (cash) rate, divided by the downside deviation of the Fund's returns i.e. the "bad" volatility. A high Sortino ratio indicates a low risk of large losses occurring in the Fund. This is calculated over a 3-year period.
Total Expense Ratio (TER)	This shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated for the year to the end of the most recent completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.
Total Investment Charges (TIC)	The percentage of the value of the Fund incurred as costs, relating to the investment of the Fund. As fund returns are reported after deducting all fees and expenses, these costs (the TER and TC) should not be deducted from the fund returns.
Transaction Costs (TC)	The percentage of the value of the Fund incurred as costs relating to the buying and selling of the Funds underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.
Unit class	M&G's Funds are offered in different unit classes to allow different types of investors (individuals and institutions) to invest in the same fund. Different investment minimums and fees apply to different unit classes. A Class: for individuals only. B & D Class: retirement funds and other large institutional investors only. X Class: the special fee class that was made available to investors that were invested in the Dividend Income Feeder Fund. T Class: for investors in tax-free unit trusts. F Class: for Discretionary Fund Managers.

[6] If the income earned in the form of dividends and interest exceeds the total expenses, the Fund will make a distribution (cpu = cents per unit).

Sources: M&G and Morningstar

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Application forms

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