

# M&G (Lux) Asian Local Currency Bond Fund

EUR Class C – Accumulation shares



## Quarterly Fund Review as at 30 June 2025

Fund manager(s) – Guan Yi Low, Peerampa Janjumsang

Marketing Communication - for Professional Investors only

### Highlights

- During the quarter, Asian local bond markets achieved positive returns, despite global volatility from US policy changes and geopolitical tensions.
- During the quarter, the fund benefited from the rally in Asian currencies by maintaining an overweight stance in currencies such as the Malaysian ringgit and Korean won. This strategic positioning was favourable, although the decision to underweight the Singapore dollar dampened results slightly.
- Duration effects moderately detracted from the fund's relative performance. While it held a broad duration overweight in Asian government bonds, benefiting from declining interest rates, the underweight duration stance in the Singapore dollar and Hong Kong dollar government bonds offset these gains due to their notable outperformance.

### The main risks associated with this fund

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.

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.

The fund may invest in Chinese onshore bonds traded on the China Interbank Bond Market via Bond Connect. Investing in the onshore (domestic) market of the PRC is subject to the risks of investing in emerging markets and other risks of investments applicable to the PRC (as described in this section), as well as to additional risks that are specific to the PRC market.

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.

Investing in emerging markets involves a greater risk of loss due to greater political, tax, economic, foreign exchange, liquidity and regulatory risks, among other factors. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries.

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

ESG information from third-party data providers may be incomplete, inaccurate or unavailable. There is a risk that the investment manager may incorrectly assess a security or issuer, resulting in the incorrect inclusion or exclusion of a security in the portfolio of the fund.

Investing in this fund means acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company, as these are only the underlying assets owned by the fund.

Further details of the risks that apply to the fund can be found in the fund's Prospectus at [www.mandg.lu/literature](http://www.mandg.lu/literature)

Past performance is not a guide to future performance.

### Fund performance (10 years)

	3 months (%)	YTD to QTR end	YTD (%)	1 year (%)	3 years (%) p.a.	5 years (%) p.a.	10 years (%) p.a.
Euro C Accumulation	-	-	-	-	-	-	-
Benchmark	-	-	-	-	-	-	-
Sector	-	-	-	-	-	-	-
Quartile ranking	-	-	-	-	-	-	-

### Single year performance (10 years)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Euro C Accumulation	-	-	-	-	-	-	-	-	-	-
Benchmark	-	-	-	-	-	-	-	-	-	-
Sector	-	-	-	-	-	-	-	-	-	-
Quartile ranking	-	-	-	-	-	-	-	-	-	-

Benchmark= Markit iBoxx ALBI ex- China Onshore, ex-China Offshore ex-Taiwan Net of Tax Custom Index

Sector= Morningstar Asia Bond - Local Currency

#### Performance since launch of the Share Class (16 July 2024)

There is insufficient information available to provide a useful indication of past performance. Past performance information will be shown when the share class has been in existence for a year.

Source: Morningstar, Inc and M&G, as at 30 June 2025. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in EUR terms.

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## Industry breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
Sovereign	80,6	0,0	0,0	80,6
Real Estate	4,4	0,0	0,0	4,4
Banking	3,4	0,0	0,0	3,4
Financial services	3,2	0,0	0,0	3,2
Basic industry	1,8	0,0	0,0	1,8
Insurance	1,6	0,0	0,0	1,6
Utility	1,0	0,0	0,0	1,0
Technology & electronics	0,8	0,0	0,0	0,8
Consumer goods	0,5	0,0	0,0	0,5
Energy	0,5	0,0	0,0	0,5
Local-Authority	0,4	0,0	0,0	0,4
Retail	0,4	0,0	0,0	0,4
Transportation	0,3	0,0	0,0	0,3
Capital goods	0,3	0,0	0,0	0,3
Government Guaranteed	0,2	0,0	0,0	0,2
Covered Bonds	0,1	0,0	0,0	0,1
Agency	0,1	0,0	0,0	0,1
Leisure	0,1	0,0	0,0	0,1
Telecommunications	0,1	0,0	0,0	0,1
Services	0,0	0,0	0,0	0,0
Futures	0,0	0,0	0,0	0,0
Cash	0,2	0,0	0,0	0,2

## Country breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
India	16,6	0,0	0,0	16,6
South Korea	16,3	0,0	0,0	16,3
Malaysia	16,0	0,0	0,0	16,0
Indonesia	14,0	0,0	0,0	14,0
Thailand	11,6	0,0	0,0	11,6
Philippines	9,4	0,0	0,0	9,4
Singapore	8,6	0,0	0,0	8,6
Hong Kong	2,4	0,0	0,0	2,4
Other	5,2	0,0	0,0	5,2
Cash	0,2	0,0	0,0	0,2

## Maturity breakdown (%)

	Physical
0 - 1 years	2,6
1 - 3 years	9,2
3 - 5 years	17,3
5 - 7 years	15,1
7 - 10 years	17,7
10 - 15 years	11,8
15+ years	25,7
Cash	0,2
Other	0,4

## Currency breakdown (%)

	Fund
South Korean won	17,2
Malaysian ringgit	16,2
Indian rupee	15,1
Indonesian rupiah	14,1
Singapore dollar	12,1
Thai baht	11,2
Philippine peso	10,2
US dollar	2,9
Japanese yen	0,6
Other	0,4

## Duration by currency and asset class (years)

	Physical	Futures	Swaps	Net
Euro	0,0	0,0	0,0	0,0
British pound	0,0	0,0	0,0	0,0
US dollar	0,3	0,0	0,0	0,3
Other	7,6	0,0	0,0	7,6
Total	7,9	0,0	0,0	7,9

## Largest issuers (excl. government bonds and CDS indices, %)

	Fund
Suntec Real Estate Investment Trust	0,6
AIA	0,6
Indorama Ventures	0,5
Celestial Dynasty	0,4
Thai Beverage	0,4
Krunghthai Card	0,4
Aims Apac Reit	0,4
Muthoot Finance	0,4
CP ALL	0,4
ARA Asset Management	0,4

## Asset breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
<b>Government bonds</b>	<b>80,6</b>	<b>0,0</b>	<b>0,0</b>	<b>80,6</b>
<b>Investment grade corporate bonds</b>	<b>11,5</b>	<b>0,0</b>	<b>0,0</b>	<b>11,5</b>
Fixed rate	11,5	0,0	0,0	11,5
Floating rate	0,0	0,0	0,0	0,0
Index linked	0,0	0,0	0,0	0,0
Credit Default Swaps & Indices	0,0	0,0	0,0	0,0
<b>High yield corporate bonds</b>	<b>7,6</b>	<b>0,0</b>	<b>0,0</b>	<b>7,6</b>
Fixed rate	7,5	0,0	0,0	7,5
Floating rate	0,1	0,0	0,0	0,1
Index linked	0,0	0,0	0,0	0,0
Credit Default Swaps & Indices	0,0	0,0	0,0	0,0
<b>Securitised</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,1</b>
<b>Equities</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Other</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Cash</b>	<b>0,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,2</b>

## Credit rating breakdown (%)

	Physical	Short (via CDS)	Long (via CDS)	Net
AAA	4,4	0,0	0,0	4,4
AA	16,8	0,0	0,0	16,8
A	17,3	0,0	0,0	17,3
BBB	53,5	0,0	0,0	53,5
BB	6,6	0,0	0,0	6,6
B	0,7	0,0	0,0	0,7
CCC	0,3	0,0	0,0	0,3
CC	0,0	0,0	0,0	0,0
C	0,1	0,0	0,0	0,1
D	0,0	0,0	0,0	0,0
No rating	0,2	0,0	0,0	0,2
Cash	0,2	0,0	0,0	0,2

A mid-average credit rating for each security, where available from S&P, Fitch, Moody's, is calculated. Where a security has not been rated by S&P, Fitch or Moody's, we may use M&G's internal credit rating. Ratings should not be taken as a recommendation.

### Market commentary

During the quarter, Asian local bond markets achieved positive returns, despite global volatility from US policy changes and geopolitical tensions. The iBoxx ALBI index showed that Asian local currency bonds gained over 5% in US dollar terms, driven by lower interest rates and stronger Asian currencies against the US dollar. President Trump's tariff announcements, and the reciprocal measures by China initially decreased US Treasury yields due to risk aversion, only for the moves to reverse due to inflation concerns and fiscal policies. Despite the volatility, Asia's macroeconomic environment remained fairly stable, with fiscal measures and monetary easing as Asian governments shift their focus on supporting growth.

The easing policy backdrop led to decreased local interest rates. Asian local currency bonds and currencies also benefited from the de-dollarisation theme as US policy uncertainties drove investors to diversify outside of US assets or hedge their exposures there. As a result, Asian local currency bonds outperformed US Treasuries, with Singapore, Thailand, and Indonesia leading the pack due to liquidity conditions and growth outlook. Asian currencies generally strengthened against the US dollar, with the Singapore and Taiwan dollars being strong performers, while the Indian rupee slightly weakened due to bond outflows and oil price concerns. Combining both bonds and currency returns, Singapore and Taiwan delivered relatively stronger performance, whereas India and Hong Kong lagged behind in US dollar terms.

### Performance, portfolio positioning and activity

During the quarter, the fund benefited from the rally in Asian currencies by maintaining an overweight stance in currencies such as the Malaysian ringgit and Korean won. This strategic positioning was favourable, although the decision to underweight the Singapore dollar dampened results slightly.

Duration effects moderately detracted from the fund's relative performance. While the fund held a broad duration overweight in Asian government bond markets, benefiting from declining interest rates, its underweight duration stance in the Singapore dollar and Hong Kong dollar rates offset these gains due to their notable outperformance.

Additionally, the fund's modest allocation to Asian US dollar corporate bonds negatively impacted performance, as these credits generally underperformed in comparison to local Asian bonds. Credit selection further compounded the slight underperformance of the fund during this period.

Throughout the quarter, the fund maintained a duration overweight, increasing positions in Korea, Malaysia, and Thailand while reducing duration in US dollar and Indonesian rupiah assets. In response to strong Asian currency performance, the fund adjusted its strategy, selectively reducing its Asian currency exposure in Singapore dollar and Indonesian rupiah, while increasing in Philippine peso and Japanese yen.

### Outlook

Asian bond markets have remained resilient despite the 'Liberation Day' tariff hike and the Israel-Iran conflict. Meanwhile, notable volatility in US Treasury yields and the US dollar have raised questions about a potential reversal of US exceptionalism. However, Asian currencies remain constrained from fully benefiting from the dollar's weakness due to lingering concerns over a global economic slowdown. Encouragingly, the pessimism in Asia appears to have peaked, particularly regarding tariff uncertainties, with the China-US trade war easing since May. Asia has benefited from export frontloading and transshipment gains. While a market payback is expected later, there is room for fiscal and monetary policies to address anticipated gaps. Furthermore, the ongoing diversification away from US positions (or increase of FX hedges on them) will continue as investors take into account US policy volatility and fiscal position. The renewed focus on US data to assess the probability of Fed cuts is also expected to provide a conducive environment for Asian bonds.

Against this backdrop, we are overweight duration and currencies in Indonesia, Malaysia and Philippines as we expect inflows will continue to support these markets. We have increased overweight domestic corporate bonds versus government bonds in India, Singapore and Thailand due to relative valuation.

Approach to responsible investment

	Yes	No	N/A
ESG integration	✓		
Additional ESG specifications	✓		
Exclusions			
Cluster munitions & anti personnel landmines	✓		
Other exclusions or restrictions	✓		
Voting			✓
Engagement	✓		

Please see glossary for further explanation of these terms.

ESG Standard Glossary

**Additional ESG specifications:** In the context of M&G, these are funds that are managed in accordance with specific ESG criteria or, where relevant, with an explicit ESG objective. They will have a number of minimum exclusions in place.

**Engagement:** Interaction with company management on various financial and non-financial, including ESG, issues. Engagement allows investors to better understand how a company is undertaking its operations and how it is interacting with its stakeholders, as well as advising on and influencing company behaviour and disclosures where appropriate.

**ESG integration:** Describes the explicit and systematic inclusion of Environmental, Social and Governance factors in investment analysis and investment decisions. It underpins a responsible investment approach, and allows investors to better manage risk and generate sustainable, long-term returns.

**Exclusions:** The exclusion or restriction of investments based on the sector in which they operate, the products or services they provide or for other specific criteria, i.e. they are deemed to be in breach of the United Nations Global Compact principles on human rights, labour the environment and anti-corruption.

**Voting:** As the partial owners of a company, shareholders have the right to vote on resolutions put forward at a company's annual general meeting. These resolutions include the re-election of directors, executive remuneration and business strategy, among others, and may include resolutions put forward by shareholders.

## Fund description

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The fund aims to deliver a higher total return (a combination of capital growth and income) than that of the Asian bond markets over any three-year period, while applying ESG criteria using an exclusionary approach as described in the fund's prospectus. The fund invests at least 80% of its net asset value in debt denominated in Asian currencies from issuers in any country, and in debt denominated in non-Asian currencies issued or guaranteed by Asian governments and by other Asian public issuers, and by companies domiciled, listed or conducting a major part of their business in any Asian country. The fund can invest in bonds of any credit quality, and currency exposures are mainly in Asian currencies. The fund managers seek to identify thematic drivers of currency moves and assess correlations across asset sectors and currencies to manage risk or generate return. The investment approach combines top-down fundamental analysis and bottom-up security selection. The recommended holding period is at least three years. In normal market conditions, the fund's expected average leverage – how much it can increase its investment position by borrowing money or using derivatives – is 150% of its net asset value.

## Important information

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The M&G (Lux) Asian Local Currency Bond Fund is a sub-fund of M&G (Lux) Global Funds.

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This information is not an offer or solicitation of an offer for the purchase of investment shares in one of the funds referred to herein. Purchases of a fund should be based on the current Prospectus. The Instrument of Incorporation, Prospectus, Key Information Document, annual or interim Investment Report and Financial Statements, are available free of charge in English or in your local language from the Luxembourg paying agent: Société Générale Bank & Trust SA, Centre operational 28-32, place de la Gare L 1616 Luxembourg.

Before subscribing investors should read the Key Information Document and the Prospectus, which includes a description of the investment risks relating to these funds. M&G Luxembourg S.A. may terminate arrangements for marketing under the new Cross-Border Distribution Directive denotification process.

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## Contact

Luxembourg

[www.mandg.com/investments/lu](http://www.mandg.com/investments/lu)

## Glossary

This glossary provides an explanation of terms used in this factsheet. It may include terms that do not apply to this fund.

**Accumulation shares:** A type of share where distributions are automatically reinvested and reflected in the value of the shares.

**Asset allocation:** Allocating a portfolio's assets according to risk tolerance and investment goals.

**Asset-backed securities:** Bonds (fixed income securities) backed by assets that produce cashflows, such as mortgage loans, credit card receivables and auto loans.

**Benchmark (Constraint):** The portfolio must replicate the securities contained in the benchmark and their weights. The benchmark can be an index or a sector. Depending on the fund's mandate, the managers can replicate the positions directly or via derivatives, which are instruments whose value is derived from that of an underlying security or pool of securities.

**Benchmark (Target):** A benchmark, such as an index or sector, which the fund managers aim to match or exceed. The managers have freedom in choosing the securities and strategy by which they do so.

**Benchmark:** Measure, such as an index or sector, against which a portfolio's performance is judged.

**Benchmark (Comparator):** The fund managers choose the benchmark, which may be an index or a sector, as a comparator for the fund's performance, but they do not have to replicate its composition. The benchmark is not used for any other purpose, such as, for example, to serve as a reference when setting performance fees.

**Bond:** A loan in the form of a security, usually issued by a government or company. It normally pays a fixed rate of interest (also known as a coupon) over a given time period, at the end of which the initial amount borrowed is repaid.

**Cash equivalents:** Deposits or investments with similar characteristics to cash.

**Consumer prices index (CPI):** An index used to measure inflation, or the rate at which prices for a basket of goods and services bought by households change.

The contents of the basket are meant to be representative of products and services consumers typically spend money on, and are updated regularly.

**Convertible bonds:** Fixed income securities (bonds) that can be exchanged for predetermined amounts of company shares at certain times during their life.

**Corporate bonds:** Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky. Also referred to by investors as "credit."

**Coupon:** The interest paid by the government or company that has raised a loan by selling bonds. It is usually a fixed amount, calculated as a percentage of the total loan and paid out at regular intervals.

**Credit default swap (CDS):** An insurance-like contract that allows an investor to transfer the default risk of a bond to another investor. The buyer of the CDS pays regular premiums to the seller, who has to reimburse the buyer in the event of the underlying bond defaulting. A CDS is a type of derivative – a financial instrument whose value and price is dependent on the underlying asset.

**Credit rating agency:** A company that analyses the financial strength of issuers of fixed income securities (bonds) and attaches a rating to their debt. Examples include Standard & Poor's, Moody's and Fitch.

**Derivatives:** Financial instruments whose value and price depend on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or directly between two parties (over the counter).

**Distribution yield:** The amount that is expected to be distributed by the fund over the next 12 months expressed as a percentage of the share price as at a certain date. It is based on the expected gross income from the current portfolio calculated in accordance with the fund's distribution policies less the ongoing charges where they are deducted from income.

**Dividend yield:** Annual income distributed by a company as a percentage of its share price as at a certain date.

**Duration:** A measure of the sensitivity of a fixed income security (bond) or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Emerging economy or market:** Country in the process of catching up with developed economies, with rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

**Equities:** Shares of ownership in a company. They offer investors participation in the company's potential profits, but also the risk of losing all their investment if the company goes bankrupt.

Ex-dividend, ex-distribution or xd date: The date on which declared distributions officially belong to underlying investors. On the XD date, the stock's price usually falls by the amount of the dividend, reflecting the payout.

**Exposure:** The proportion of a fund invested in a particular share/fixed income security/index, sector/region, usually expressed as a percentage of the overall fund.

**Fixed income security:** A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

**Floating rate notes (FRNs):** Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

**Gilts:** Fixed income securities issued by the UK government. They are called gilts because they used to be issued on gilt-edged paper.

**Government bonds:** Loans issued in the form of fixed income securities by governments. They normally pay a fixed rate of interest over a given time period,

at the end of which the initial investment is repaid.

**Hard currency (bonds):** Fixed income securities (bonds) denominated in a highly traded, relatively stable international currency, rather than in the bond issuer's local currency. Bonds issued in a more stable hard currency, such as the US dollar, can be more attractive to investors where there are concerns that the local currency could lose value over time, eroding the value of bonds and their income.

**Hedging:** A method of reducing unnecessary or unintended risk.

**High yield bonds:** Loans taken out in the form of fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better-quality, higher-rated fixed income securities, but they have the potential for higher rewards. Default means that a bond issuer is unable to meet interest payments or repay the initial amount borrowed at the end of a security's life.

**Historic yield:** The historic yield reflects distributions declared over the past 12 months as a percentage of the share price as at the date shown.

**Income shares:** A type of share where distributions (also called dividends) are paid out as cash on the payment date.

**Index-linked bonds:** Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

**Investment association (IA):** The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

**Investment grade bonds:** Fixed income securities issued by a government or company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk of default than those issued by issuers with lower credit ratings. Default means that a borrower is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Leverage:** When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

**Local currency bonds:** Bonds denominated in the currency of the issuer's country, rather than in a highly traded international 'hard' currency, such as the US dollar.

The value of local currency bonds tends to fluctuate more than that of bonds issued in a hard currency, as these currencies tend to be less stable.

**Long position (exposure):** Holding a security in the expectation that its value will rise.

**Maturity:** The length of time until the initial amount invested in a fixed income security is due to be repaid to the holder of the security.

**Modified duration:** A measure of the sensitivity of a bond, or bond fund, to changes in interest rates, expressed in years. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Near cash:** Deposits or investments with similar characteristics to cash.

**Net asset value (NAV):** The current value of the fund's assets minus its liabilities.

**Ongoing charge figure:** The ongoing charge figure represents the operating costs investors can reasonably expect to pay under normal circumstances.

**Open-ended investment company (OEIC):** A type of managed fund whose value is directly linked to the value of the fund's underlying investments. The fund creates or cancels shares depending on whether investors want to redeem or purchase them.

**Options:** Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

**Payment date:** The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

**Physical assets:** An item of value that has tangible existence; for example cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

**Property expense ratio:** Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

**Retail prices index (RPI):** A UK inflation index that measures the rate of change of prices for a basket of goods and services in the UK, including mortgage payments and council tax.

**Share class hedging:** Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

**Share class:** Type of fund shares held by investors in a fund (share classes differ by levels of charge and/or by other features such as hedging against currency risk). Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the fund's Prospectus.

**Share:** An ownership stake in a company, usually in the form of a security. Also called equity. Shares offer investors participation in the company's potential profits, but also the risk of losing all their investment if the company goes bankrupt.

**Short position (exposure):** A way for an investor to express their view that the market might fall in value.

**SICAV:** In French, it stands for société d'investissement à capital variable. It is the western European version of an open-ended collective investment fund, much like

an OEIC. Common in Luxembourg, Switzerland, Italy and France, and regulated by regulators in the European Union.

**Swap:** A swap is a derivative contract where two parties agree to exchange separate streams of cashflows. A common type of swap is an interest rate swap, where one party swaps cashflows based on variable interest rates for those based on a fixed interest rate, to hedge against interest rate risk.

**UCITS:** Stands for Undertakings for Collective Investments in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

**Underlying yield:** The amount that is expected to be earned by the fund over the next 12 months expressed as a percentage of the share price as at a certain date. It is based on the expected gross income from the current portfolio calculated in accordance with the fund's accounting policies less all ongoing charges.

**Unit trust:** A type of managed fund whose value is directly linked to the value of the fund's underlying investments and which is structured as a trust, rather than as a company.

**United Nations Global Compact:** A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation.

**Valuation:** The worth of an asset or company, based on the present value of the cashflows it will generate.

**Yield:** This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.