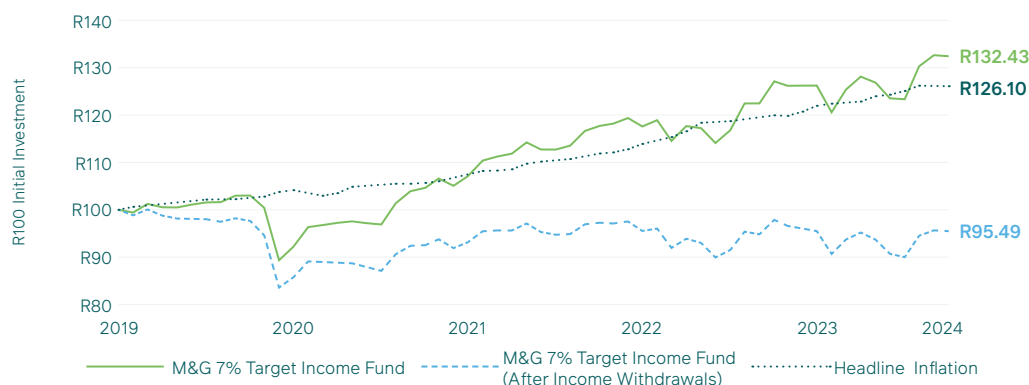


M&G 7% Target Income Fund

Target Income

January 2024

Since inception cumulative performance, distributions reinvested (A class)



Annualised performance

	A class	CPI	B class
1 year	4.2%	5.1%	4.5%
2 years	6.1%	6.2%	6.4%
3 years	8.2%	6.1%	8.5%
Since inception	6.1%	5.0%	-

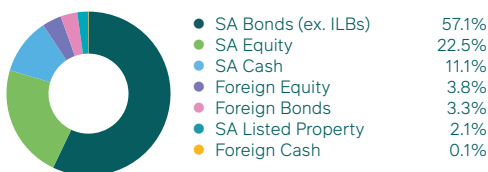
Returns since inception¹

	A class	Date
Highest annualised return	17.6%	31 Mar 2021
Lowest annualised return	-7.8%	30 Apr 2020

Top 10 holdings as at 31 Dec 2023

1. Republic of SA Bond 8.50% 310137 (R2037)	13.6%
2. Republic of SA Bond 9.00% 310140 (R2040)	9.2%
3. Eskom Holdings Bond 7.50% 150933	8.3%
4. Republic of SA Bond 8.875% 280235 (R2035)	7.0%
5. Republic of SA Bond 7.00% 280231 (R213)	5.3%
6. Republic of SA Bond 8.25% 310332 (R2032)	5.0%
7. Naspers Ltd/Prosus NV	3.2%
8. Standard Bank Group Ltd	1.5%
9. MTN Group Ltd	1.5%
10. Republic of SA Bond 10.50% 211226 (R186)	1.5%

Asset allocation



Risk measures

	A class
Monthly volatility (annualised)	8.9%
Maximum drawdown over any period	-13.3%
% of positive rolling 12 months	82.6%
Information Ratio	0.3
Sortino Ratio	0.5
Sharpe Ratio	0.3

Comparison of Target Income Funds

	2.5%	5%	7%
Exposure to growth assets	Higher	Medium	Lower
Exposure to income assets	Lower	Medium	Higher
Risk of not receiving targeted income return	Lower	Medium	Higher
Potential to grow invested capital	Higher	Medium	Lower
Likely volatility of total returns	Higher	Medium	Lower

Investment options

	A Class	B Class
Minimum lump sum investment	R10 000	R20 million
Minimum monthly debit order	n/a	n/a

Annual Management Fees (excl. VAT)

	A Class	B Class
M&G ²	0.85%	0.55%

Expenses (incl. VAT)

	A Class	B Class
Total Expense Ratio (TER)	1.06%	0.72%
Transaction Costs (TC) ³	0.05%	0.05%
Total Investment Charges (TIC)	1.11%	0.77%

¹ 12-month rolling performance figure

² 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.

³ 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).

Fund facts

Fund objective

To target an annual income return of 7%, with a secondary objective of growing capital invested. While a 7% annual income return is targeted, the actual income return may vary.

Investor profile

Income drawing investors who want to invest in a fund that aims to earn 7% income per year. Subject to this being achieved, investors also want capital growth over time. The very high level of targeted income return means it is most likely that the real value of capital after targeted income drawdowns will be eroded over the long term.

Investment mandate

The Fund invests in a flexible mix of local and foreign equity, bonds, property and cash. The Fund can also invest in derivatives and other collective investment schemes. The Fund is not managed to conform to the regulations governing retirement fund investments (Reg. 28). Besides a max. total equity exposure of 70%, the Fund is not limited in terms of allocation to asset classes, currencies or geographies.

Income distribution

The income earned from the Fund's underlying assets will be distributed quarterly. Typically, investors will reinvest these distributions. Regular drawdowns, which could be made monthly, quarterly, half-yearly or yearly, will be funded through the sale of units.

Fund managers

Michael Moyle
Sandile Malinga
Leonard Krüger

ASISA category

Worldwide - Multi Asset - Unclassified

Primary objective

7% Income return p.a.

Inception date

2 April 2019

Fund size

R352 327 728

M&G 7% Target Income Fund

Target Income

January 2024

Income Distributions⁴

	A Class		B Class	
	Total	12m yield	Total	12m yield
31 December 2023	1.35 cpu	7.21%	1.44 cpu	7.55%
30 September 2023	1.86 cpu	7.56%	1.95 cpu	7.92%
30 June 2023	1.71 cpu	7.36%	1.80 cpu	7.70%
31 March 2023	1.60 cpu	7.30%	1.69 cpu	7.63%

Fund commentary

Financial assets had a mixed month in January, which was a stark contrast to the sharp rally seen in the final two months of 2023. On the one hand, the S&P 500 Index reached an all-time high, but on the fixed income front, there was some weakness in DM sovereign bonds, most notably UK gilts, as investors pushed out their expectations for rate cuts beyond Q1. Economic news out of the US was broadly positive, even as Fed Chairman Jerome Powell's remarks on rate cuts were cautionary, saying it was better to be "too late" with reductions than too early, in the fight against inflation. US Q4 GDP came in at a better-than-expected 3.3% (q/q, annualised), averting fears of a recession, while US inflation ticked up to 3.4% y/y in December from 3.1% y/y in November. In the UK, the Bank of England held interest rates steady at its February meeting, but finally indicated that it foresaw rate cuts in 2024. UK inflation inched up to 4.0% y/y in December from November's 3.9% y/y. The European Central Bank also left interest rates unchanged at a record high 4%, but was less clear about the prospects for lower interest rates. Seasonally adjusted Q4 GDP grew by 0.1% y/y, and was flat compared with Q3.

In China, the pace of the equity market sell-off accelerated amid ongoing uncertainty around economic growth, triggering new stimulus from the authorities. The PBOC lowered bank reserve requirements, while funding was injected into the capital market to stabilise conditions. Additional fiscal spending is also expected to further stimulate growth. China's Q4 GDP grew 5.2% y/y (versus Q3's 4.9%), hitting the government's target for 2023. Locally, the MPC kept rates unchanged at 8.25% in a unanimous decision, while SA GDP growth for 2023 was revised down slightly to 0.6% (from 0.8% previously). Meanwhile SA CPI came in at 5.1% y/y in December, down from 5.5% y/y in November. The FTSE/JSE All Share Index returned -2.9% in January, while Listed Property (FTSE/JSE All Property Index) posted 4.4%. The FTSE/JSE All Bond Index returned 0.7%, inflation-linked bonds (the Composite ILB Index) posted 0.1%, and cash as measured by the STeFI Composite Index delivered 0.7%. Looking at global market returns (in US\$), the MSCI All Country World Index delivered 0.6%, the Bloomberg Global Aggregate Bond Index returned -1.4%, while the FTSE EPRA/NAREIT Global REIT Index posted -4.0%. The rand strengthened 0.2% against the US dollar, but weakened 2.5% against the euro and 4.8% against the pound sterling.

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

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 placed into the Fund would change over time, taking ongoing fees into account.
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.
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).
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.
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.
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.

⁴ 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).

Contact us

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Application forms

An electronic copy of this document is available at www.mandg.co.za

Disclaimer

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Collective Investment Schemes (unit trusts) are generally medium-to long-term investments. Past performance is not necessarily a guide to future investment performance. Unit trust prices are calculated on a net asset value basis. This means the price is the total net market value of all assets of the unit trust fund divided by the total number of units of the fund. Any market movements – for example in share prices, bond prices, money market prices or currency fluctuations – relevant to the underlying assets of the fund may cause the value of the underlying assets to go up or down. As a result, the price of your units may go up or down. Unit trusts are traded at the ruling forward price of the day, meaning that transactions are processed during the day before you or the Manager know what the price at the end of the day will be. The price and therefore the number of units involved in the transaction are only known on the following day. The unit trust fund may borrow up to 10% of the fund value, and it may also lend any scrip (proof of ownership of an investment instrument) that it holds to earn additional income. A M&G unit trust fund may consist of different fund classes that are subject to different fees and charges. Where applicable, the Manager will pay your financial adviser an agreed standard ongoing adviser fee, which is included in the overall costs of the fund. A unit trust summary with all fees and maximum initial and ongoing adviser fees is available on our website. One can also obtain additional information on M&G products on the M&G website. The Fund may hold foreign securities including foreign CIS funds. As a result, the fund may face material risks. The volatility of the fund may be higher and the liquidity of the underlying securities may be restricted due to relative market sizes and market conditions. The fund's ability to settle securities and to repatriate investment income, capital or the proceeds of sales of securities may be adversely affected for multiple reasons including market conditions, macro-economic and political circumstances. Further, the return on the security may be affected (positively or negatively) by the difference in tax regimes between the domestic and foreign tax jurisdictions. The availability of market information and information on any underlying sub-funds may be delayed. The Manager may, at its discretion, close your chosen unit trust fund to new investors and additional investments by existing investors to make sure that it is managed in accordance with its mandate. It may also stop your existing debit order investment. The Manager makes no guarantees as to the capital invested in the fund or the returns of the fund. Excessive withdrawals from the fund may place the fund under liquidity pressure and, in certain circumstances, a process of ring fencing withdrawal instructions may be followed. Fund prices are published daily on the M&G website. These are also available upon request. The performance is calculated for the portfolio. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Purchase and repurchase requests must be received by the Manager by 13h30 (11h30 for the Money Market Fund) SA time each business day. All online purchase and repurchase transactions must be received by the Manager by 10h30 (for all Funds) SA time each business day.