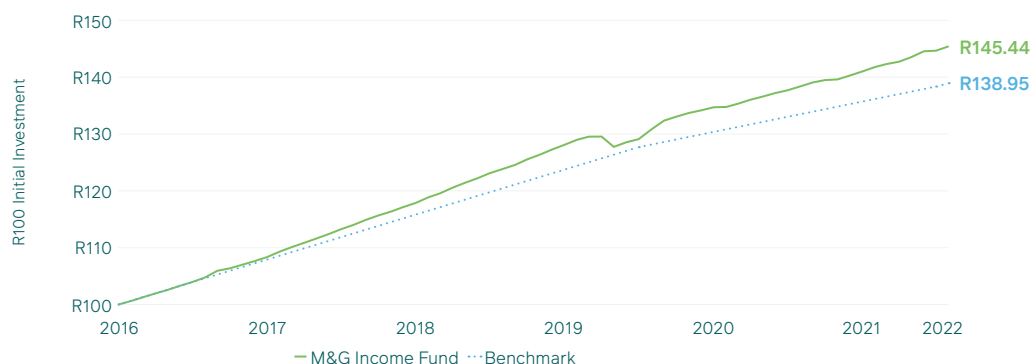


M&G Income Fund

Income

July 2022

Since inception cumulative performance, distributions reinvested (A class)



Annualised performance

	A class	Benchmark	D class
1 year	5.1%	4.3%	5.2%
2 years	5.4%	4.1%	5.6%
3 years	5.5%	4.9%	5.6%
5 years	6.8%	5.9%	6.9%
Since inception	6.9%	6.1%	-

1-year income return

	A class	D class
Fund yield (net of fees)	5.2%	5.3%

Returns since inception¹

	A class	Date
Highest annualised return	8.9%	30 Jun 2018
Lowest annualised return	4.4%	31 Oct 2021

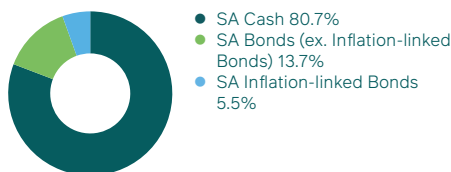
Top issuers as at 30 Jun 2022

1. The Standard Bank of South Africa Ltd	21.3%
2. Republic of South Africa	13.6%
3. Nedbank Ltd	11.1%
4. Firstrand Bank Ltd	8.0%
5. Absa Bank Ltd	7.2%

Fund characteristics

Weighted average duration	284 days
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Asset allocation



Investment options

	A Class	D Class
Minimum lump sum investment	R10 000	R20 million
Minimum monthly debit order	R500 pm	n/a

Annual Management Fees (excl. VAT)

	A Class	D Class
M&G	0.50%	0.40%

Expenses (incl. VAT)

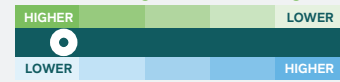
	A Class	D Class
Total Expense Ratio (TER)	0.60%	0.49%
Transaction Costs (TC) ²	0.00%	0.00%
Total Investment Charges (TIC)	0.60%	0.49%

¹ 12-month rolling performance figure

² 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).

Risk profile

◀ Risk of not earning meaningful inflation-beating returns over the long-term



Variability of returns over the short-term ▶

Fund facts

Fund objective

The Fund's objective is to maximise income while providing investors with relative capital stability. This is achieved by investing in a diversified portfolio of non-equity securities in the South African market.

Investor profile

Investors who are looking to maximise their income return over the short-to-medium term without assuming too much risk of capital loss. The recommended investment horizon is 1-2 years, or longer depending on income needs and risk profile.

Investment mandate

The Fund invests in a flexible mix of non-equity securities in the South African market. It is suitable for short-to-medium term investors looking for an actively managed interest-bearing fund. Compared to traditional money market and enhanced cash funds, the Fund can have a longer weighted average duration (max 24 months) with no limit on the maximum maturity period for any one instrument. The Fund is managed to comply with regulations governing retirement fund investments (Reg. 28).

Fund managers

Roshen Harry
René Prinsloo

ASISA category

South African - Interest Bearing - Short Term

Benchmark

STeFI Composite Index measured over a rolling 12-month period

Inception date

6 December 2016

Fund size

R596 178 337

M&G Income Fund

Income

July 2022

Income Distributions³

	A Class		D Class	
	Total	12m yield	Total	12m yield
31 July 2022	0.42 cpu	5.07%	0.43 cpu	5.20%
30 June 2022	0.48 cpu	4.95%	0.49 cpu	5.09%
31 May 2022	0.43 cpu	4.50%	0.44 cpu	4.63%
30 April 2022	0.41 cpu	4.85%	0.42 cpu	4.98%
31 March 2022	0.44 cpu	4.83%	0.45 cpu	4.96%
28 February 2022	0.39 cpu	4.77%	0.40 cpu	4.90%
31 January 2022	0.42 cpu	4.72%	0.43 cpu	4.85%
31 December 2021	0.41 cpu	4.75%	0.44 cpu	4.86%
30 November 2021	0.42 cpu	4.72%	0.43 cpu	4.84%
31 October 2021	0.38 cpu	4.79%	0.39 cpu	4.91%
30 September 2021	0.41 cpu	4.78%	0.42 cpu	4.90%
31 August 2021	0.40 cpu	5.07%	0.41 cpu	5.19%

Fund commentary

Global equity and bond markets rebounded in July on the back of brighter prospects for the path of interest rates, as investors embraced the idea that the US and other major economies were slowing enough so that further interest rate hikes were likely to be less aggressive than anticipated. However, the inflation outlook remained a concern, especially in Europe, as energy prices remained high. A positive development was the release of Ukrainian wheat exports from Russian blockades in a bid to help ease the food crises in many countries. In the US, the Federal Reserve (the Fed) increased its federal funds rate by 75bps for the second month in a row to a range of 2.25%-2.50%. However, Fed Chairman Jerome Powell signalled that the next hikes may not be as aggressive, depending on the data. US inflation accelerated to 9.1% y/y in June from 8.6% in May. Q2 2022 GDP surprised to the downside, contracting by 0.9% (q/q annualised) compared to the consensus forecast of a 0.5% expansion.

In South Africa, the SARB hiked the repo rate by 0.75% in July, more than expected, in a bid to curb inflation which hit 7.4% y/y in June. The SARB followed other central banks which have also been hiking aggressively in order not to lag too far behind the US Fed and risk currency weakness, although SA is somewhat less vulnerable to capital outflows now than in the past due to its current account surplus. The central bank also downgraded its growth forecasts, expecting GDP growth of 2%, 1.3% and 1.5% for 2022, 2023 and 2024, respectively. July's more positive global investor sentiment was more muted in the local market by ongoing loadshedding, which is expected to weigh significantly on economic growth. The FNB/BER Consumer Confidence plunged to -25 points in Q2 2022 from -13 points the previous quarter. In July, the FTSE/JSE All Bond Index delivered 2.4%, inflation-linked bonds (the Composite ILB Index) posted -1.2%, and cash as measured by the STeFI Composite Index returned 0.4%.

The fund returned 5.1% over the past 12 months, and 5.5% p.a. over the past 3 years.

Glossary

1-year income return	The portion of the return of the Fund that is attributed to income generated over the last 12 months, assuming the investor reinvests all distributions and incurs no transaction fees or taxes.
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.
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.
Weighted average duration	The average length of time to maturity of all the underlying instruments in the portfolio, weighted to reflect the relative holdings of each instrument.

³ 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).

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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.