M&G Investments
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Global investing: Giving you the world

The first rule of investing is to avoid putting all your proverbial eggs into a single basket. In investment parlance, this is called "diversification" and means investing your portfolio across a variety of different investment opportunities. Diversification has two major benefits: greater investment opportunities and lower portfolio risk, and at M&G Investments, we have a long history of investing successfully around the world.

Greater opportunities

Given their size, South African markets offer investors a fairly limited set of opportunities. Looking at equities, there are some 500 companies listed on the Johannesburg Stock Exchange. Compare that to the New York Stock Exchange with over 2,400 listed companies. Then there's the London Stock Exchange, with just over 2,000 listed companies. And those are just three of the approximately 60 major stock exchanges around the world! There is also the fact that most of the world's greatest companies are listed on exchanges other than the JSE. Clearly, 'going global' provides far more opportunities for investors to enhance their returns than simply 'staying home'.

Lower risk

The second benefit of diversification is that it lowers the risk of your portfolio overall. It makes sense that if you're only invested on one stock exchange, for example, your return potential is highly correlated to that exchange, commonly referred to as concentration risk. However, when investing across multiple stock exchanges, the underperformance of one market can be balanced out by the fact that other markets may be doing well; this not only diversifies your returns, but also reduces your overall risk of being overly exposed to certain sectors (like Resources on the JSE), certain currencies or certain countries.

So far, we've been talking about diversifying across different countries. Now let's look at the second level of diversification, which is investing across different types of assets. This is the domain of multi-asset, or balanced funds, which in addition to equities can also give you exposure to a mixture of bonds, property and cash.

Each type of asset has a different risk/return profile. As their value can fluctuate frequently, equities are considered one of the riskier assets. However, they also come with the highest potential for rewards over time – as the prices of stocks typically increase the longer you hold them. Listed property is next in line on the risk/reward spectrum, followed by bonds and then cash. It's easy to see that adding assets with lower risk profiles to your equities will help to lower the risk profile of your portfolio as a whole. Have a look at our Guide to Investing to find out more about the various asset classes, their characteristics, as well as their risk/return profiles.

Designed with SA investors in minds

The M&G global funds range has been designed specifically for South African investors and their unique investment circumstances and needs. They are managed by our UK-based investment team, which has a strong, long-term global track record and over 80 years of combined experience. They work closely with colleagues from around the globe who have specialist expertise across regions and markets. This means local investors gain access to our best global investment views and practices. The funds take into account the level of exposure local investors have to certain sectors and companies on the JSE, avoiding unnecessary duplication across global markets and thereby creating a truly diverse portfolio when combined with local funds.

Two types of multi-asset funds, for two types of investment goals

If you're looking for long-term capital growth from a diversified portfolio of global assets, and your investment horizon is five years or longer, the M&G Global Balanced Fund could be a good choice. It invests in a combination of equities (including property), cash, bonds, currencies and commodities. It can invest up to a maximum of 75% in equities (excluding property) and up to 25% in property securities, as well as in other collective investment schemes and financial derivatives.

The M&G Global Inflation Plus Fund has a somewhat different mandate. It also invests in a diversified portfolio of global assets, but specifically aims to outperform global inflation while preserving capital over the medium term. As such, it's a good choice for investors looking to protect their capital from the detrimental effect of inflation over time and who have an investment horizon of three years or longer.

Two different currencies

Our global unit trusts are available in two currencies - US dollars and rands.

Local investors can invest in our US dollar funds through a range of leading offshore investment platforms in South Africa. Visit our website or contact us to find out which of the funds are available on which platform.

Those who want exposure to global funds but prefer to invest in rands rather than US dollars can do so directly through our five rand-denominated feeder funds. Each feeder fund invests uniquely in their corresponding M&G US dollar global fund, thereby giving you the identical underlying global exposure. And because the funds are rand-denominated, you don't have to go through the hassle of exchange-control regulations or utilise any of your offshore allowance.

Including global investments in your portfolio is a great way to increase the range of investment opportunities your capital is exposed to. And doing so by means of a multi-asset fund introduces even more investment opportunities that help to both grow and preserve your capital with the added benefit of lowering the risk of your portfolio overall.

For more information on investing with M&G Investments, please feel free to contact our Client Services Team on 0860 105 775 or email us at info@mandg.co.za.