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The M&G Global Property Fund: An excellent diversifier

Global property is an often-overlooked asset class among South Africans, but it is actually a valuable addition to any investment portfolio due to its excellent diversification benefits. Now that the SA government has raised the investment limit for offshore assets to 45% of a retirement portfolio, local investors may want to reassess their offshore holdings and consider including more global listed property among them. It was the top-performing global asset class in 2021, with the FTSE EPRA/NAREIT Global REIT Index returning an impressive 31.3% (in US\$).

As part of our efforts to find new ways to improve our clients' investment opportunities and outcomes, M&G Investments launched the [M&G Global Property Fund](#) (denominated in US\$) and the [M&G Global Property Feeder Fund](#) (denominated in rands) last year as part of the M&G (South Africa) Global Funds range. It gives South African investors access to our preferred selection of global property securities, and is diversified across some 40 to 80 companies out of the universe of around 450 global Real Estate Investment Trusts (REITs). The funds are designed to offer returns above the FTSE EPRA/NAREIT Global REIT Index in US dollars by investing in companies the portfolio managers expect to outperform this benchmark.

Managed by M&G's London investment team using machine learning

Like the other funds in the M&G (South Africa) Global Funds range, the M&G Global Property Fund is managed by M&G Investments' large and experienced investment team in London, which has an excellent long-term track record. And like the well-established [M&G Global Equity Fund](#), the M&G Global Property Fund is managed using M&G's unique investment strategy that [combines artificial intelligence \(AI\) and machine learning with fundamental active management conducted by the team](#). Over the past few years of managing the M&G Global Equity Fund in this way, we have seen significant evidence to suggest using machine learning as input has enhanced our ability to identify the most appropriate opportunities when constructing investment portfolios. Approximately 90% of the fund is managed on this basis, with the balance invested in global real estate ETFs and futures for liquidity purposes.

Investing in general – especially across a global universe of over 8,500 listed stocks (those comprising the MSCI All Country World Index) -- is a complex process that requires a significant amount of human involvement. So, rather than outsourcing the entire investment process to an automated system, human judgment serves as a key input and the final overlay in the M&G strategy. The management team's fundamental investment knowledge and expertise are still vital components required in the selection of appropriate data inputs, the interpretation of the outputs, and the construction of an optimised portfolio that can deliver on the fund's investment objectives.

Who should invest?

Those investors wanting long-term capital growth and with a relatively high risk tolerance can benefit from the diversification provided by the M&G Global Property Fund and the rand-denominated feeder fund. Unlike most other equity sectors, REITs generally offer investors relatively steady income distributions underpinned by the long-term leases of their clients, which often

increase annually by the inflation rate. An investment horizon of a minimum of seven years is recommended.

How to invest

Investors can now invest directly in the M&G Global Property Feeder Fund in rands via M&G Investments [online](#). The US dollar M&G Global Property Fund will soon be available on leading global [investment platforms](#).

To find out more about the fund or to invest, please feel free to contact our Client Services Team on 0860 105 775 or email us at info@mandg.co.za.