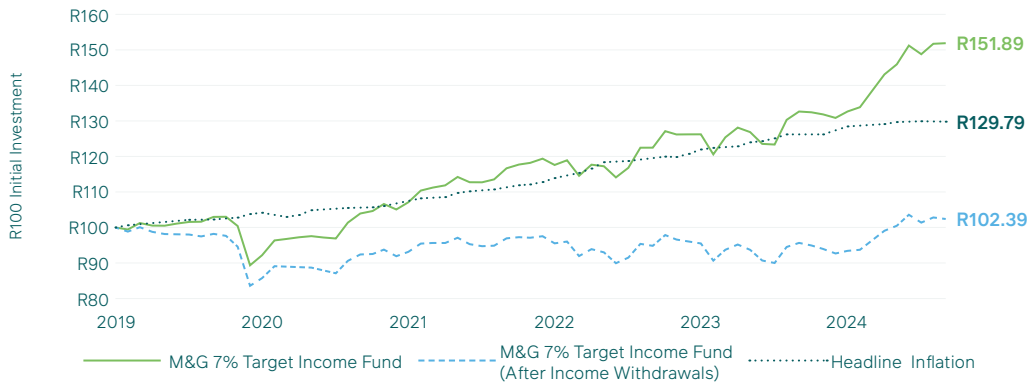


M&G 7% Target Income Fund

Target Income

December 2024

Since inception cumulative performance, distributions reinvested (A class)



Annualised performance

	A class	CPI	B class
1 year	14.5%	2.9%	14.9%
2 years	11.4%	4.2%	11.7%
3 years	9.2%	5.3%	9.6%
5 years	8.1%	4.9%	8.5%
Since inception	7.7%	4.7%	-

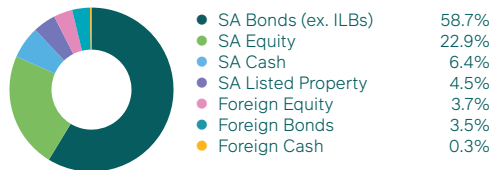
Returns since inception¹

	A class	Date
Highest annualised return	22.4%	30 Sep 2024
Lowest annualised return	-7.8%	30 Apr 2020

Top 10 holdings as at 31 Dec 2024

1. Republic of SA Bond 8.50% 310137 (R2037)	13.9%
2. Republic of SA Bond 9.00% 310140 (R2040)	9.8%
3. Eskom Holdings Bond 7.50% 150933	9.4%
4. Republic of SA Bond 8.875% 280235 (R2035)	7.7%
5. Naspers Ltd/Prosus NV	3.3%
6. Republic of SA Bond 10.50% 211226 (R186)	2.8%
7. Republic of SA Bond 10.875% 310338 (R2038)	2.5%
8. Republic of SA Bond 8.00% 310130 (R2030)	1.8%
9. Standard Bank Group Ltd	1.6%
10. Republic of SA Bond 8.25% 310332 (R2032)	1.6%

Asset allocation as at 31 Dec 2024



Risk measures

	A class
Monthly volatility (annualised)	8.6%
Maximum drawdown over any period	-13.3%
% of positive rolling 12 months	86.0%
Information Ratio	0.5
Sortino Ratio	0.4
Sharpe Ratio	0.2

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)	1.10%	0.75%
Transaction Costs (TC) ³	0.06%	0.06%
Total Investment Charges (TIC)	1.16%	0.81%

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 income return 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

Sandile Malinga
Michael Moyle
Leonard Krüger

ASISA category

Worldwide - Multi-Asset - Unclassified

Primary objective

7% Income return p.a.

Inception date

2 April 2019

Fund size

R345 942 016

M&G 7% Target Income Fund

Target Income

December 2024

Income Distributions⁴

	A Class		B Class	
	Total	12m yield	Total	12m yield
31 December 2024	1.46 cpu	5.81%	1.55 cpu	6.12%
30 September 2024	1.47 cpu	6.12%	1.57 cpu	6.42%
30 June 2024	1.69 cpu	6.60%	1.77 cpu	6.92%
31 March 2024	1.51 cpu	6.96%	1.60 cpu	7.30%

Fund commentary

The market decline in December only marginally diminished the lustre of an otherwise exceptional year for global equities (MSCI ACWI), which ended the year up over 18%, marking a continuation of a multi-year equity bull market. December's losses were relatively widespread, largely exacerbated by the continued strength of the US dollar and catalysed by negative macroeconomic sentiment. In context, December's losses followed a significant market rally the previous month, led by US mega-cap technology stocks, catalysed by the US election results and expectations of accelerated interest rate cuts by the US Federal Reserve. In a continuation of the macroeconomic narrative roller-coaster, the markets reacted poorly to Jerome Powell's confidence-weakening inflation outlook, which stated, 'we had a year-end inflation forecast, and it's kind of fallen apart'. The prevailing negative sentiment was only partially offset by a favourable inflation report later in the month. The Fed cut interest rates by 25 bps in December to a 4.25% - 4.5% range, while US CPI rose to 2.7% y/y in November, from 2.6% in October.

In partial contrast, stock markets in Europe remained relatively stable throughout December as positive economic growth numbers eased investor concerns of a near-term recession. This was further reinforced by the European Central Bank (ECB) narrative, emphasising its focus on economic growth in the region. The ECB cut key interest rates by 25 bps in December, as expected. Unfortunately, the economic data in the United Kingdom continued to be weak, with Q3 GDP growth marginally positive at 0.1% q/q, below expectations of 0.2%. In Asia, much of the positive price-action was driven by the continued processing of the ramifications of US election results on global trade; this partially reversed the November losses in the region. Deflationary pressure persists in China as CPI slowed to 0.2% y/y in November, from 0.3% in October. Japan rallied on its government stimulus plans, but the yen's weakness left equities flat in US dollar terms. On the local front, Q3 GDP growth was surprisingly weak at -0.3%, dragged down by a decline in agricultural output, and following a revised 0.3% growth in the second quarter. Meanwhile, SA CPI increased to 2.9% y/y in November, from 2.8% in October. The FTSE/JSE All Share Index returned -0.3% in December, while Listed Property (FTSE/JSE All Property Index) posted 0.7%. The FTSE/JSE All Bond Index returned -0.3%, inflation-linked bonds (the Composite ILB Index) posted 0.8%, 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 -2.3%, the Bloomberg Global Aggregate Bond Index returned -2.1%, while the FTSE EPRA/NAREIT Global REIT Index posted -7.2%. The rand weakened 4.6% against the US dollar, 3.2% against the pound sterling, and 2.8% against the euro.

Contributing the most to absolute performance for the month was the fund's exposure to SA equities (excluding property) and SA cash.

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 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.
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.
Transaction Costs (TC)	The percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's 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.
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, TC & TIC) should not be deducted from the fund returns.
Unit Classes	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

MandG Investments Unit Trusts (South Africa) (RF) Ltd (Registration number: 1999/0524/06) is an approved CISC management company (#29). Assets are managed by MandG Investment Managers (Pty) Ltd, which is an approved discretionary Financial Services Provider (#45199). The Trustee/Custodian details are: Standard Bank of South Africa limited – Trustees Services & Investor Services, 20th Floor, Main Tower, Standard Bank Centre, Heerengracht, Cape Town.

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 withdrawals 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.