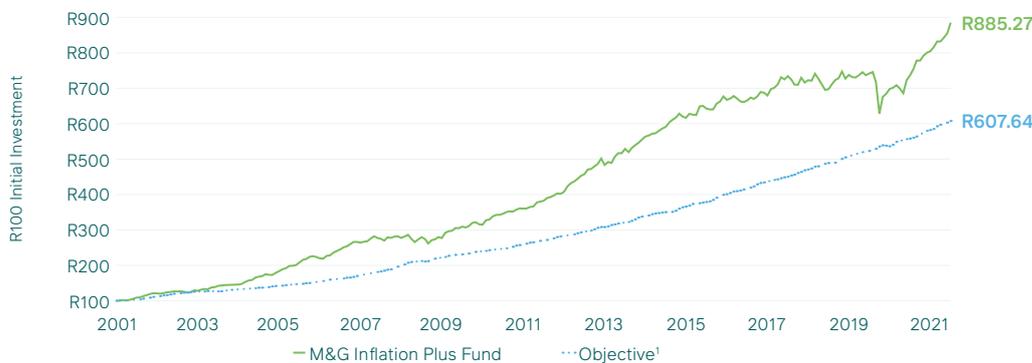


M&G Inflation Plus Fund

Multi-asset

December 2021

Since inception cumulative performance, distributions reinvested (A class)



Annualised performance	A class	Objective¹	T class	X class	B class
1 year	20.2%	8.9%	20.5%	20.2%	20.7%
3 years	8.3%	7.5%	8.6%	8.4%	8.9%
5 years	5.9%	7.8%	6.3%	6.0%	6.5%
7 years	5.9%	8.2%	-	6.1%	6.6%
10 years	8.8%	8.4%	-	9.0%	9.5%
Since inception	11.2%	9.2%	-	-	-

Returns since inception²	A class	Date
Highest annualised return	30.8%	30 Apr 2006
Lowest annualised return	-13.7%	31 Mar 2020

Top 10 holdings as at 31 Dec 2021

1. M&G Worldwide Real Return Fund	10.7%
2. Republic of SA Bond 8.875% 280235 (R2035)	8.0%
3. M&G Corporate Bond Fund	7.1%
4. M&G Worldwide Strategic Real Return Fund	6.1%
5. Republic of SA Bond 8.25% 310332 (R2032)	4.2%
6. US Dollar Cash	4.1%
7. Republic of SA Bond 8.75% 310144 (R2044)	3.1%
8. Republic of SA Bond 8.50% 310137 (R2037)	2.8%
9. Republic of SA ILB 3.45% 071233 (R202)	2.8%
10. Republic of SA Bond 9.00% 310140 (R2040)	2.3%

Risk measures	A class	Objective
Monthly volatility (annualised)	6.7%	1.6%
Maximum drawdown over any period	-15.9%	-0.7%
% of positive rolling 12 months	89.8%	100.0%
Information ratio	0.1	n/a
Sortino ratio	0.4	n/a
Sharpe ratio	0.3	n/a

Investment options	A Class	T Class	I Class	X Class	B Class
Minimum lump sum investment	R10 000	R10 000	R10 000	R10 000	R20 million
Minimum monthly debit order	R500 pm	R500 pm	R500 pm	R500 pm	n/a

Annual Management Fees (excl. VAT)	A Class	T Class	I Class	X Class	B Class
M&G³	1.00%	0.80%	1.25%	1.00%	0.60%
Financial adviser service fee (if applicable)⁴	n/a	n/a	0.50%	0.50%	n/a

Expenses (incl. VAT)	A Class	T Class	I Class	X Class	B Class
Total Expense Ratio (TER)	1.45%	1.13%	1.64%	1.36%	0.90%
Transaction Costs (TC)⁵	0.07%	0.07%	0.07%	0.07%	0.07%
Total Investment Charges (TIC)	1.52%	1.20%	1.71%	1.44%	0.97%

Asset allocation



- SA Bonds (ex. Inflation-linked Bonds) 31.9%
- SA Equity 28.9%
- SA Inflation-linked Bonds 12.5%
- Foreign Equity 9.6%
- Foreign Cash 6.5%
- SA Listed Property 5.3%
- Foreign Bonds 4.4%
- Africa Equity 1.3%
- SA Cash -0.5%

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 primary objective is to outperform CPI by 5% before fees (which is 3.4% after fees for the A class) over a rolling 3-year period. The secondary objective is to reduce the risk of capital loss over any rolling 12-month period.

Investor profile

Individuals looking for a low- to medium-risk multi-asset fund. Individuals and retirees who want to protect their investment from the detrimental effects of inflation over time. The recommended investment horizon is 3 years or longer.

Investment mandate

The Fund invests in a diversified mix of local and foreign equity, bonds, listed property and cash. The Fund may also invest in derivatives and other collective investment schemes. Asset allocation is actively and tactically managed to achieve the Fund's objectives. The intended maximum limits are Equity 40%, Listed Property 25%, Foreign 30%, and Africa (excl. SA) 5%. The Fund is managed to comply with regulations governing retirement fund investments (Regulation 28).

Fund managers

David Knee
Michael Moyle
Sandile Malinga
Leonard Krüger

ASISA category

South African - Multi-Asset - Low Equity

Objective (before fees)

CPI+5% p.a. over a rolling 3-year period

Inception date

1 June 2001

Fund size

R20 751 276 895

Awards

Raging Bull: 2013
Morningstar: 2015

¹ Objective: CPI + 5% p.a. over rolling 3 years gross of fees; less long-term TIC of applicable class. For A class objective above a TIC of -1.6% was used.

² 12-month rolling performance figure

³ 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.

⁴ The Financial Adviser Service Fee, if applicable, is included in M&G's annual management fee above. An Ongoing Adviser Fee, over and above the Financial Adviser Service Fee, may be negotiated between the Investor and Financial Adviser. Should you agree to an Ongoing Adviser Fee, it will be paid via the regular repurchase of units.

⁵ 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).

M&G Inflation Plus Fund

Multi-asset

December 2021

Income Distributions ⁶	A Class		T Class		X Class		B Class	
	Total	12m yield						
31 December 2021	8.54 cpu	2.59%	9.02 cpu	2.79%	8.54 cpu	2.59%	9.50 cpu	2.98%
30 June 2021	5.99 cpu	2.92%	6.43 cpu	3.12%	5.99 cpu	2.92%	6.88 cpu	3.32%

Fund commentary

It was a strong close to 2021 as investors shrugged off concerns around the Omicron variant of the Coronavirus and tightening global monetary policies – many equity markets reached fresh highs. Apart from renewed optimism over global growth, support also came from news that some progress had been made in developing a “universal” vaccine against any possible variant of the Coronavirus. However, the Federal Reserve’s shift to a more aggressive view on the interest rate hiking cycle in the US, as well as similar signals from some of the other major central banks, weighed on global bonds and US Treasuries. The Federal Reserve now projects three 0.25% rate hikes in 2022. In other news, Congressional opposition to President Biden’s nearly US\$2 trillion “Build Back Better” programme curbed some optimism for economic growth. In the UK, the Bank of England (BoE) hiked its base interest rate to 0.25%, finally moving off its historic 0.1% low, amid a jump in CPI to 5.1% y/y in November, far above the BoE’s 2% target. The OECD expects UK GDP growth of 6.9% in 2021, before slowing to 4.7% in 2022 and 2.1% in 2023. Meanwhile, the European Central Bank left its base rate unchanged at its December meeting, but cut its bond buying as planned, trying to balance soaring inflation with Omicron’s negative impact on economic growth. The OECD is projecting that Euro-area GDP growth will record a strong rebound of 5.3% for 2021 and then decelerate to 4.3% in 2022 and 2.5% in 2023.

Institutions including the World Bank lowered forecasts for China’s 2021 GDP growth to around 8.0%, the result of a slowdown towards year-end that was partly due to subdued consumer spending, Covid outbreaks and very strict government containment measures, as well as a slumping property market. China’s GDP growth is expected to be around 5% for 2022, the lowest in decades. Turning to South Africa, the MPC’s latest forecast shows a gradual rate hiking cycle, with the repo rate reaching approximately 5.0% by December 2022, 6.0% at the end of 2023 and 6.75% by end-2024. Forecasts for SA GDP growth show a consensus of around 5.1% for 2021, falling to around 2.0% in 2022 as the economy faces headwinds such as the continuation of the Coronavirus pandemic, slowing global growth, rising interest rates, further power constraints and lower government spending. Commodity prices, which provided a strong underpin to SARS revenue collections and the local equity market in 2021, are likely to be less supportive in 2022. In more positive news, global ratings agency Fitch unexpectedly upgraded South Africa’s sovereign credit rating outlook to stable from negative during the month, citing a faster-than-expected economic recovery and stronger fiscal position.

In December, the FTSE/JSE All Share Index returned 4.8%, the FTSE/JSE All Bond Index delivered 2.7%, inflation-linked bonds (the Composite ILB Index) posted 4.5%, and cash as measured by the STeFi Composite Index returned 0.3%. Looking at global market returns (in US\$), the MSCI All Country World Index delivered 4.0%, the Bloomberg Global Aggregate Bond Index returned -0.1%, while the FTSE EPRA/NAREIT Global REIT Index posted 7.4%. The rand weakened 0.2% against the US dollar and 1.4% against the pound sterling, but gained 0.2% against the euro.

Contributing the most to absolute performance for the month was the fund’s exposure to SA equities (excluding property), SA bonds (excluding inflation-linked bonds) and SA 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 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.
Information ratio	Measures the Fund’s active return (Fund return in excess of the benchmark) divided by the amount of risk that the manager takes relative to the benchmark. The higher the information ratio, the higher the active return of the Fund, given the amount of risk taken and the more consistent the manager. This is calculated over a 3-year period.
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).
Percentage of positive rolling 12 months	The percentage of months, since inception, that the Fund has shown a positive return over a rolling 12-month period.
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.
Sharpe ratio	The Sharpe ratio is used to measure how well the return of an asset compensates the investor for the risk taken. The higher the Sharpe ratio the better the Fund’s historical risk-adjusted performance has been. This is calculated by taking the difference between the Fund’s annualised return and the risk-free (cash) rate, divided by the standard deviation of the Fund’s returns. This is calculated over a 3-year period.
Sortino ratio	This is calculated by taking the difference between the Fund’s annualised return and the risk-free (cash) rate, divided by the downside deviation of the Fund’s returns i.e. the “bad” volatility. A high Sortino ratio indicates a low risk of large losses occurring in the Fund. This is calculated over a 3-year period.
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.

⁶ 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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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.