

# M&G Prudent Allocation Fund

A flexible fund designed to cautiously grow capital



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Co-Fund Manager



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Co-Fund Manager

“A multi-asset fund designed for investors who are looking for a cautious and flexible investment approach over the long term.”

## Fund facts

as at 31.10.17

**Launch date:**  
23 April 2015

**Fund size:**  
€1.892,4 m

**Comparative sector:**  
Morningstar EUR Cautious Allocation – Global sector

**Euro A share class**

**ISIN (Acc):** GB00BV8BTV53

**ISIN (Inc):** GB00BV8BTW60

**Initial Charge:** Max 4,00%

**AMC:** 1,40%

**Ongoing charge<sup>†</sup>:** 1.68%

**Minimum investment:**  
€1.000

**Minimum top-up investment:** €75

<sup>†</sup>The ongoing charge is based on expenses for the year ending 30.04.17.

Source of fund facts unless stated otherwise: M&G Statistics, as at 31.10.17.

## Fund philosophy

The M&G Prudent Allocation Fund seeks to deliver positive returns over any three-year period and manage risk by investing globally in a range of assets such as equity, fixed income and foreign exchange. There is no guarantee that the fund will achieve a positive return over this or any other period and investors may not recoup the original amount they invested.

The fund has the potential to deliver returns between 3% and 6% per annum with volatility between 3% and 7% per annum, over the medium term<sup>‡</sup>. However, this is not guaranteed and may be revised in the future.

The fund managers believe that asset allocation is the main driver of returns over time and they have significant flexibility to move capital between asset classes as markets move and different opportunities and risks are presented.

<sup>‡</sup> The potential return is quoted net of charges on a total return basis (combination of income and capital growth) and calculated over a three- to five-year period. The potential volatility figures are calculated on a monthly basis over the medium term. Please note, these figures are not guaranteed and may be revised in the future.

Changes in currency exchange rates will affect the value of your investment.

## Reasons to invest

- A fund designed for investors seeking a prudent approach to capital growth and wishing to limit their equity exposure in order to manage volatility.
- A flexible multi-asset fund that can invest across global asset classes and geographies to deliver its returns. The fund also uses derivatives to manage risk.
- An innovative investment approach that combines in-depth valuation analysis with elements of behavioural finance. This approach has been developed and operated by the M&G Multi Asset team for over 15 years.

The value of investments will fluctuate, which will cause fund prices to fall as well as rise and investors may not get back the original amount invested.

Past performance is not a guide to future performance.

## Asset allocation

Asset class	Allocation ranges
Equity	0% – 35%
Fixed income*	0% – 100%
Others**	0% – 20%

Please note that the allocation ranges are internal guidelines only and are subject to change.

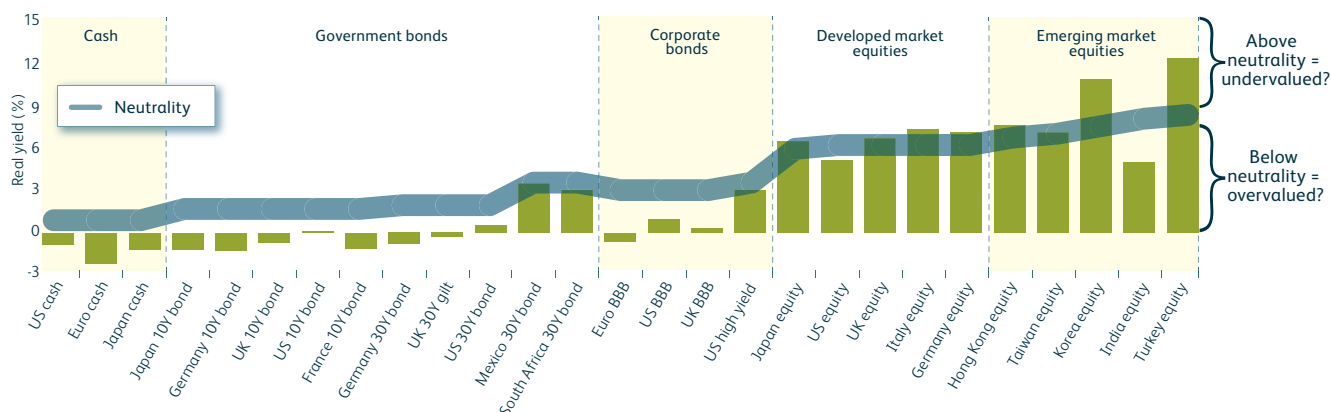
\* Excluding cash and cash equivalents.

\*\*Others: mainly comprises real estate-related securities and convertibles.

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## Valuation framework: Sample of assets, showing real yield against neutrality

The fund managers evaluate the macroeconomic environment and look for instances where investor emotion has moved asset classes away from what the managers assess to be their long-term 'fair value' or 'neutrality'.



Source: M&G 2017, for illustrative purposes only. The green columns show the expected return or real yield from each type of asset. The grey neutrality band is the level where the fund managers perceive the real yield to be a 'fair' reflection of the assets' underlying value. Please note that this chart represents just the starting point for the team's investment process and that behavioural finance insights are crucial to its interpretation. M&G does not have house views.

The fund allows for the extensive use of derivatives.

### Contact



[www.mandg.com](http://www.mandg.com)



[www.allocationblog.com](http://www.allocationblog.com)



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