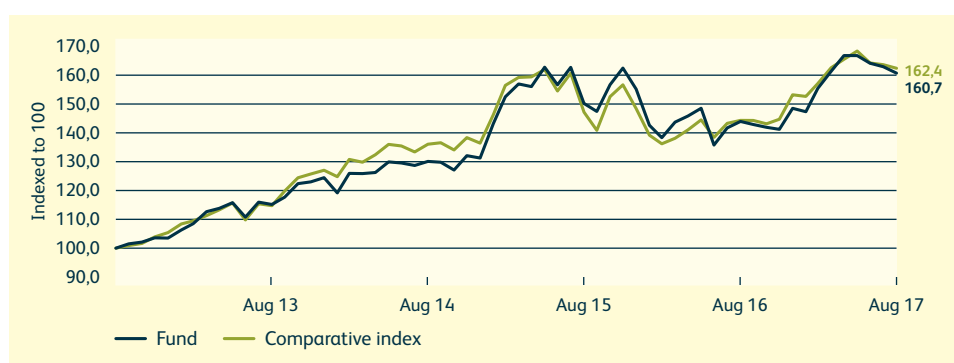


Euro Class A

Summary

- The fund's product returns underperformed the MSCI Europe Index, although the shortfall is entirely due to market timing differences
- SCA was sold after the spinoff of Essity
- Prudential raised its interim dividend by 12 %

Performance over 5 years



Key information

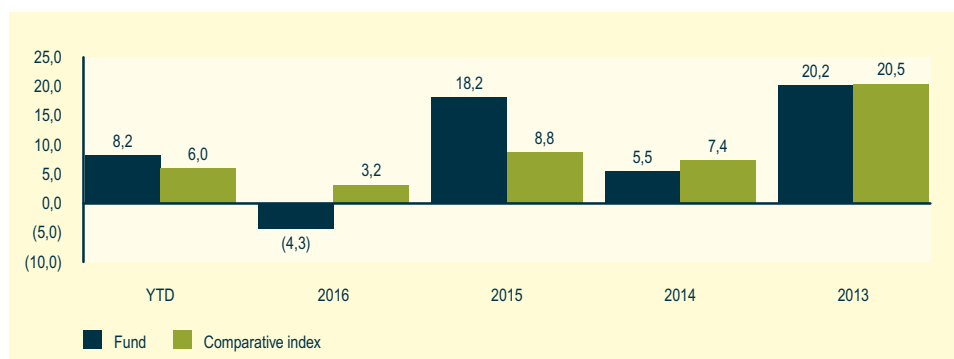
Fund manager	Phil Cliff
Fund manager tenure from	2 April 2012
Deputy fund managers	Sam Ford
Launch date	18 July 2008
Launch of share class	18 July 2008
Fund size (millions)	€166,70
Fund type	OEIC, incorporated in the UK
Comparative index	MSCI Europe
Comparative sector	Morningstar Europe Equity-Income sector
Number of companies	38
Historic yield (Acc)	2,72 %
Historic yield (Inc)	4,07 %
Share type	Acc & Inc
Ongoing charge	1,69 %

Fund performance

	1 month (%)	3 months (%)	YTD (%)	1 year (%)	3 years (%) p.a.	5 years (%) p.a.	Since tenure (%) p.a.	Since inception (%) p.a.
Fund	-1,4	-3,6	+8,2	+11,6	+7,3	+10,0	+10,2	+6,4
Index	-0,8	-3,6	+6,0	+12,5	+6,1	+10,2	+10,1	+6,6
Sector	-1,2	-4,2	+3,8	+8,6	+3,8	+8,2	+8,2	+5,2
Ranking	17/30	11/30	1/30	4/30	1/26	4/24	3/23	4/14
Quartile ranking	3	2	1	1	1	1	1	1

The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The fund's charging policy has recently changed and, rather than being decided at fund level, certain charges are now deducted from income for accumulation share classes and from capital for income share classes. These charges include the annual management charge, administration fee and share class hedging fee (for hedged share classes). To ensure that yields quoted are representative of the fund's charging policy, for some share classes an estimated historic yield is shown. This is based on the historic yield, but adjusted for the impact of the new charging policy. This adjustment will be applied until distributions have been declared for a full year after the changes, from which time the historic yield will again be on the same basis as the distributions. For the fund's Euro Class A income shares, the policy of deducting certain charges from capital has the effect of increasing distribution(s) for the year by 1,69 % and constraining capital performance to an equivalent extent.

Annual performance (%)



Fund ratings

Overall Morningstar rating **★★★★**
 Source of Morningstar ratings: Morningstar, as at 31 July 2017
 Ratings should not be taken as a recommendation.

Past performance is not a guide to future performance.

The value of investments and the income from them will fluctuate. This will cause the fund price to fall as well as rise. There is no guarantee the fund objective will be achieved and you may not get back the original amount you invested.

The fund invests mainly in company shares and is therefore more likely to be subject to sudden and large falls in value than funds that invest in bonds and/or cash. As a result, you could lose the total value of your initial investment.

Risk characteristics

As at 31/07/17	
Alpha (%)	3,01
Information ratio	0,64
Sharpe ratio	1,37
Historic tracking error (%)	4,24
Beta	0,95
Standard deviation (%)	10,01
Forecast tracking error (active risk, %)	3,57
Active share	89,93

Alpha: Portfolio return less comparative index return, annualised. **Information ratio:** Risk-adjusted relative return, measured as the ratio of active return (difference between portfolio return and index return), divided by tracking error (standard deviation of active returns). **Sharpe ratio:** Risk-adjusted absolute return, measured as the ratio of portfolio excess return (difference between mean portfolio return and the risk-free rate) divided by the standard deviation of portfolio returns. **Historic tracking error:** Measure of the actual deviation of portfolio returns from comparative index returns. These four risk measures are calculated using realised, rolling, three-year fund returns. **Beta:** Forecast sensitivity of portfolio returns to the comparative index. **Standard deviation:** Forecast absolute volatility of portfolio returns. **Forecast tracking error (active risk):** Forecast standard deviation of a portfolio's returns relative to its comparative index. **Active share:** Sum of overweight and underweight positions within the portfolio away from the comparative index, divided by two. These four risk measures are calculated with reference to the returns of underlying securities portfolios, not fund returns. Numbers are based on four years of daily data using a 3-6 month horizon.

Industry breakdown (%)

	Fund	Index	Relative weight
Financials	21,7	21,3	0,4
Industrials	20,7	13,3	7,4
Consumer discretionary	18,7	10,4	8,3
Healthcare	13,4	12,5	0,9
Consumer staples	7,6	14,1	-6,6
Materials	7,1	7,9	-0,8
Information technology	6,1	4,6	1,5
Energy	2,6	6,6	-4,0
Real estate	1,2	1,4	-0,1
Telecommunications	0,0	4,0	-4,0
Utilities	0,0	3,8	-3,8
Cash and near cash	0,8	0,0	0,8

Largest holdings (%)

	Fund	Index	Relative weight
Alfa Laval	4,4	0,1	4,4
Roche	4,3	2,0	2,3
SES	3,9	0,1	3,8
Sampo	3,8	0,3	3,5
Micro Focus International	3,5	0,0	3,5
Novo Nordisk	3,5	1,0	2,5
Siemens	3,4	1,1	2,3
Novartis	3,3	2,1	1,3
Prudential	3,3	0,7	2,6
Kone	3,3	0,2	3,1

Largest overweights (%)

	Fund	Index	Relative weight
Alfa Laval	4,4	0,1	4,4
SES	3,9	0,1	3,8
Micro Focus International	3,5	0,0	3,5
Sampo	3,8	0,3	3,5
Kone	3,3	0,2	3,1
Essentra	3,0	0,0	3,0
Banca Ifis	2,9	0,0	2,9
Nokian Renkaat	2,9	0,1	2,8
DS Smith	2,6	0,0	2,6
CTS Eventim	2,6	0,0	2,6

Largest underweights (%)

	Fund	Index	Relative weight
Nestle	0,0	2,9	-2,9
Royal Dutch Shell	0,0	2,5	-2,5
HSBC	0,0	2,1	-2,1
Unilever	0,0	1,9	-1,9
Total	0,0	1,3	-1,3
Sanofi	0,0	1,3	-1,3
BP	0,0	1,2	-1,2
Bayer	0,0	1,2	-1,2
Banco Santander	0,0	1,2	-1,2
SAP	0,0	1,1	-1,1

Country breakdown (%)

	Fund	Index	Relative weight
UK	27,6	27,4	0,1
Finland	9,9	1,6	8,3
Sweden	9,7	4,5	5,2
Germany	8,6	14,7	-6,1
Denmark	8,0	3,0	5,0
Switzerland	7,7	12,9	-5,3
Italy	5,6	3,8	1,8
Netherlands	5,3	5,7	-0,4
Other	16,9	26,4	-9,4
Cash and near cash	0,8	0,0	0,8

Capitalisation breakdown (%)

	Fund	Index	Relative weight
> €50 billion	22,8	46,2	-23,4
€25 - €50 billion	8,4	19,2	-10,8
€5 - €25 billion	33,1	30,2	3,0
€2.5 - €5 billion	12,1	4,0	8,1
< €2.5 billion	22,7	0,4	22,3
Cash	0,8	0,0	0,8

Performance review

European equities continued to drift in August with the MSCI Europe Index falling in euros for a third consecutive month, not helped by the relative strength of the currency. Index returns in the weaker currencies of sterling and US dollars ended the month in positive territory. Financials delivered the worst returns having performed strongly in the previous two months, closely followed by telecoms which

proved to be an outlier among the defensive sectors. Utilities was the best-performing sector during the month, while consumer staples and healthcare also outperformed albeit marginally. Materials and real estate were the other strong performers of note. From a country perspective, Switzerland and the UK dragged the index lower, offsetting the positive returns from the Nordic markets of Denmark, Norway and Sweden. Portugal and Italy were among the other countries to end the month higher in euros.

Against this background, the fund's product returns were behind the MSCI Europe Index as a result of market timing differences. Product returns are priced at midday in London, in contrast to the index, which is calculated at the end of the trading day. The fund's investment return, which is calculated at the end of the day, was marginally ahead of the index with positive stock selection accounting for the difference.

Financials and healthcare accounted for the most added value. Nordea, the Scandinavian bank, and Italy's Banca IFIS were among the top positive contributors, although they were eclipsed by Novo Nordisk, which made the biggest impact. The Danish company, the world's leading provider of diabetes care and insulin products, was a beneficiary of better-than-expected results during the month.

Other strong performers included Methanex, which rose sharply with the rally in the methanol price, and Scandinavian Tobacco, which recovered after a difficult July.

The detractors were led by Prosafe and Golar LNG, which struggled as the oil price drifted from \$50 per barrel. Pandora came under pressure after its second-quarter results fell short of expectations. The underperformance was driven by the market's lack of confidence in the management's ability to deliver. The company reiterated its guidance for the full year, but investors are clearly unconvinced. The jewellery company has struggled this year because of concerns about a slowdown in the US, but the fund manager takes comfort from the impressive growth in other parts of the world, most notably Asia. He believes the stock is cheap and continues to have confidence in the valuation.

Key changes

The fund manager sold SCA, which is now focused on forestry products after spinning off Essity. Essity, the Swedish provider of personal care, consumer tissue and professional hygiene products, remains a core holding in the portfolio.

The fund manager also reduced the fund's position in VolkerWessels, which is up more than 10% since its initial public offering in May and took profits in Jupiter Fund Management, which has rallied more than 25% over the past six months.

In terms of purchases, the fund manager continued to build the holding in Bureau Veritas which he first bought in July, and he added to Micro Focus on weakness.

Following these transactions, the number of holdings dropped to 38. The fund manager remains committed to the aim of providing a concentrated portfolio of best ideas.

Dividend announcements

Prudential raised its interim dividend by 12% in sterling. The insurer reported continued progress in the first half of the year driven by a strong contribution from its Asian business.

Fund codes and charges

Share class	ISIN	Bloomberg	Annual management charge	Ongoing charge	Minimum initial investment	Minimum top up investment
Euro A Inc	GB00B955DL47	MGPEAIN LN	1,50 %	1,69 %	€1.000	€75
Euro A Acc	GB00B39R4H73	MGPEAAE LN	1,50 %	1,69 %	€1.000	€75
Euro B Acc	GB00BDCQN633	MGPEBAE LN	2,00 %	2,19 %	€1.000	€75
Euro B Inc	GB00BDCQMN38	MGPEEBA LN	2,00 %	2,19 %	€1.000	€75
Euro C Acc	GB00B39R4J97	MGPECAE LN	0,75 %	0,94 %	€500.000	€50.000
Euro C Inc	GB00BK6MBZ10	MGPECIE LN	0,75 %	0,94 %	€ 500.000	€ 50.000

The ongoing charge figures disclosed above include direct costs to the fund, such as the annual management charge (AMC), administration charge and custodian charge, but does not include portfolio transaction costs. They are based on expenses for the period ending 31 January 2017.

Please note that not all of the share classes listed above might be available in your country.

Important information

Cash and near cash may be held on deposit and/or in the Northern Trust Cash Funds (a range of collective investment schemes) and/or in short-dated government bonds.

Source of performance data: Morningstar, Inc., as at 31 August 2017, Euro Class A shares, net income reinvested, price to price basis. Past performance is not a guide to future performance. All other statistics from M&G internal sources, as at 31 August 2017 unless indicated otherwise.

The Morningstar Overall Rating based on the fund's Euro Class A shares. Copyright © 2017 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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The Instrument of Incorporation, Prospectus, Key Investor Information Document, annual or interim Investment Report and Financial Statements, are available free of charge, in paper form, from the ACD: M&G Securities Limited, Laurence Pountney Hill, London, EC4R 0HH, GB; or one of the following - M&G International Investments Limited, German branch, mainBuilding, Taunusanlage 19, 60325 Frankfurt am Main; the Austrian paying agent: Soci t  G n rale Vienna Branch, Zweigniederlassung Wien Prinz Eugen-Strasse, 8-10/5/Top 11 A-1040 Wien, Austria; the Luxembourg paying agent: Soci t  G n rale Bank & Trust SA, Centre operational 28-32, place de la Gare L-1616 Luxembourg; the Danish paying agent: Nordea Bank Danmark A/S Issuer Services, Securities Services, Hermes Hus, Helgesh j All  33, Postbox 850, DK-0900, Copenhagen C, Denmark; Allfunds Bank, Calle Estafeta, No 6 Complejo Plaza de la Fuente, La Moraleja, 28109, Alcobendas, Madrid, Spain; M&G International Investments Limited, the French branch; the French centralising agent of the Fund: RBC Investors Services Bank, France; or the Swedish paying agent: Nordea Bank AB (publ), Sml ndsgatan 17, 105 71 Stockholm, Sweden. 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M&G International Limited is duly passported into Portugal to provide certain investment services in such jurisdiction on a cross-border basis and is registered for such purposes with the CMVM and is therefore authorised to conduct the marketing (comercializa o) of funds in Portugal.

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