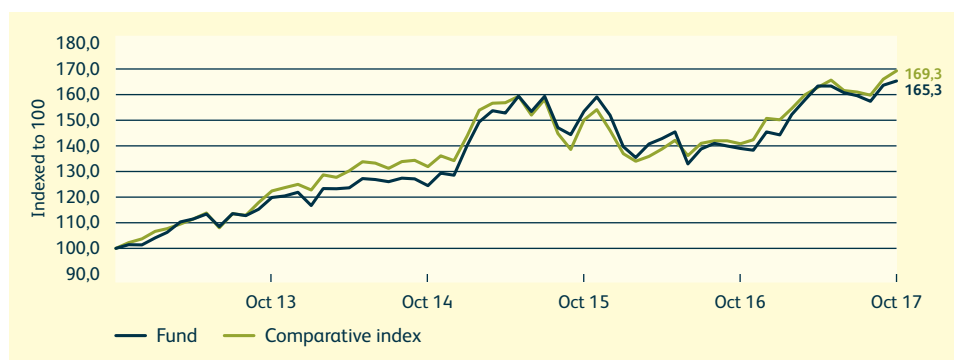


## Summary

- The fund delivered positive returns but underperformed the MSCI Europe Index.
- SES led the detractors after the satellite company reported disappointing results.
- Jupiter Fund Management was sold after a strong run.

## Performance over 5 years



## Key information

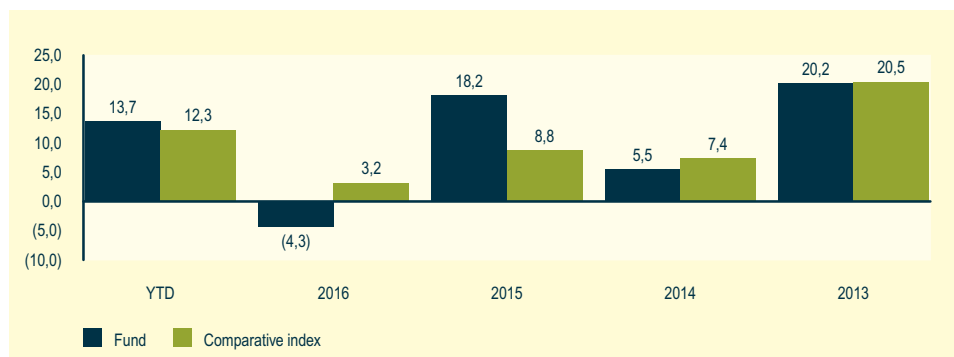
<b>Fund manager</b>	Phil Cliff
<b>Fund manager tenure from</b>	2 April 2012
<b>Deputy fund managers</b>	Sam Ford
<b>Launch date</b>	18 July 2008
<b>Launch of share class</b>	18 July 2008
<b>Fund size (millions)</b>	€179,04
<b>Fund type</b>	OEIC, incorporated in the UK
<b>Comparative index</b>	MSCI Europe
<b>Comparative sector</b>	Morningstar Europe Equity-Income sector
<b>Number of companies</b>	38
<b>Historic yield (Acc)</b>	2,59 %
<b>Historic yield (Inc)</b>	3,88 %
<b>Share type</b>	Acc & Inc
<b>Ongoing charge</b>	1,68 %

## 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	+1,0	+3,6	+13,7	+19,0	+9,9	+10,6	+10,9	+6,9
Index	+2,0	+5,1	+12,3	+20,2	+8,7	+11,1	+10,9	+7,1
Sector	+1,3	+3,6	+8,8	+14,7	+6,2	+9,0	+8,9	+5,7
Ranking	22/29	14/29	1/29	1/29	1/27	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 30 September 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 30/09/17	
Alpha (%)	3,72
Information ratio	0,80
Sharpe ratio	1,49
Historic tracking error (%)	4,16
Beta	0,94
Standard deviation (%)	9,82
Forecast tracking error (active risk, %)	3,37
Active share	88,28

**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
Industrials	22,0	13,3	8,7
Consumer discretionary	18,1	10,6	7,4
Financials	17,9	21,0	-3,0
Healthcare	12,1	12,3	-0,2
Consumer staples	8,0	13,8	-5,8
Materials	7,8	8,1	-0,3
Information technology	5,0	4,9	0,0
Energy	3,9	7,3	-3,4
Real estate	2,1	1,3	0,8
Telecommunications	0,0	3,7	-3,7
Utilities	0,0	3,7	-3,7
Cash and near cash	3,1	0,0	3,1

## Largest holdings (%)

	Fund	Index	Relative weight
Roche	3,7	1,7	2,0
Alfa Laval	3,5	0,1	3,4
Siemens	3,5	1,2	2,4
Sampo	3,5	0,2	3,3
Essentra	3,4	0,0	3,4
Bureau Veritas	3,4	0,1	3,3
Relx	3,1	0,5	2,6
DS Smith	3,1	0,0	3,1
Novartis	3,1	2,0	1,1
Kone	3,1	0,2	2,9

## Largest overweights (%)

	Fund	Index	Relative weight
Alfa Laval	3,5	0,1	3,4
Essentra	3,4	0,0	3,4
Bureau Veritas	3,4	0,1	3,3
Sampo	3,5	0,2	3,3
DS Smith	3,1	0,0	3,1
Volkerwessels	3,0	0,0	3,0
Nokian Renkaat	3,0	0,1	3,0
Kone	3,1	0,2	2,9
Micro Focus International	2,9	0,2	2,7
Essity	2,9	0,2	2,7

## Largest underweights (%)

	Fund	Index	Relative weight
Nestle	0,0	2,8	-2,8
Royal Dutch Shell	0,0	2,8	-2,8
HSBC	0,0	2,1	-2,1
Unilever	0,0	1,8	-1,8
Total	0,0	1,4	-1,4
SAP	0,0	1,2	-1,2
Banco Santander	0,0	1,2	-1,2
Bayer	0,0	1,1	-1,1
Sanofi	0,0	1,1	-1,1
Allianz	0,0	1,1	-1,1

## Country breakdown (%)

	Fund	Index	Relative weight
UK	30,4	27,5	2,8
Finland	9,6	1,5	8,1
Sweden	8,6	4,4	4,2
Germany	7,9	15,2	-7,4
Denmark	7,2	2,9	4,3
Switzerland	6,8	12,4	-5,7
Netherlands	6,1	5,7	0,4
France	5,8	16,2	-10,5
Other	14,5	14,0	0,5
Cash and near cash	3,1	0,0	3,1

## Capitalisation breakdown (%)

	Fund	Index	Relative weight
> €50 billion	23,8	49,7	-25,9
€25 - €50 billion	10,2	17,7	-7,5
€5 - €25 billion	30,6	28,8	1,8
€2.5 - €5 billion	13,9	3,5	10,4
< €2.5 billion	18,4	0,2	18,2
Cash	3,1	0,0	3,1

## Performance review

European equities extended their gains in October with the MSCI Europe Index ending the month just shy of this year's peak back in May. Energy was the best-performing sector led by Royal Dutch Shell and BP, closely followed by technology, materials and industrials. Defensive sectors were mixed with healthcare and telecoms generating negative returns in a rising market, while utilities and consumer staples outperformed.

Financials were notable laggards with banks in particular coming under pressure. From a country perspective, the core markets of France and Germany outperformed at the expense of Spain and Italy in the periphery. The UK rose with the help of the oil majors, but Switzerland lost ground as Roche and Novartis held back returns.

Against this background, the fund delivered positive returns but underperformed the MSCI Europe Index, with SES leading the detractors after the satellite company reported disappointing results. The stock is under review.

Nordea Bank was another leading laggard after third-quarter results from the Nordic region's largest lender fell short of market expectations and the additional costs associated with job cuts were poorly received. We continue to believe the stock is cheap on a dividend yield of more than 6%.

Roche declined in an underperforming healthcare sector despite third-quarter results which were in line with estimates. The Swiss company maintained its outlook for the full year and reiterated its guidance for a higher dividend. The shares are attractively valued on a yield of 3.5%, in our view. Stock selection in healthcare was positive overall, however, as Novo Nordisk outperformed. Not owning GlaxoSmithKline, Sanofi and Bayer also added value.

GVC led the positive contributors after the shares rallied 14% during the month in sterling. The online gaming company reported continued momentum in the business with underlying growth in the third quarter accelerating to the fastest pace since the bwin.party acquisition in February 2016. Essity, the hygiene and health company spun off by SCA, was another beneficiary of the results season as operating margin exceeded estimates.

Micro Focus and Infineon delivered double-digit returns in a strong technology sector, while RELX, the provider of information and analytics, rallied after maintaining its full-year outlook for organic growth. DS Smith, the packaging company, also added value after a reassuring trading update.

## Key changes

We sold Jupiter Fund Management, which was a successful investment. The shares have returned more than 100% since their initial purchase in September 2013, driven by the combination of strong net inflows, high margins and the tailwind of rising markets. Ordinary dividends have increased 90% during that time, augmented by the payment of three special dividends. The business continues to make progress, but we believe the valuation is up with events.

We also took profits in strong performers such as Alfa Laval (industrials) and Novo Nordisk (healthcare) which have returned 43 % and 29 % this year respectively in local currency. We added to our existing holdings in VolkerWessels (industrials), NewRiver Retail (financials) and Essentra (materials).

Following these transactions, the number of holdings dropped to 37. We remain committed to our aim of providing a concentrated portfolio of best ideas.

## Fund codes and charges

Share class	ISIN	Bloomberg	Annual management charge	Ongoing charge	Minimum initial investment	Minimum top up investment
Euro A Acc	GB00B39R4H73	MGPEAAE LN	1,50 %	1,68 %	€1.000	€75
Euro A Inc	GB00B955DL47	MGPEAIN LN	1,50 %	1,68 %	€1.000	€75
Euro B Inc	GB00BDCQMN38	MGPEEBA LN	2,00 %	2,18 %	€1.000	€75
Euro B Acc	GB00BDCQN633	MGPEBAE LN	2,00 %	2,18 %	€1.000	€75
Euro C Acc	GB00B39R4J97	MGPECAE LN	0,75 %	0,93 %	€500.000	€50.000
Euro C Inc	GB00BK6MBZ10	MGPECIE LN	0,75 %	0,93 %	€ 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 July 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.

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: Société Générale Vienna Branch, Zweigniederlassung Wien Prinz Eugen-Strasse, 8-10/5/Top 11 A-1040 Wien, Austria; the Luxembourg paying agent: Société Générale Bank & Trust SA, Centre opérationnel 28-32, place de la Gare L-1616 Luxembourg; the Danish paying agent: Nordea Bank Danmark A/S Issuer Services, Securities Services, Hermes Hus, Helgeshøj Allé 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), Smålandsgatan 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 (comercialização) of funds in Portugal.

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