

# M&G European Select Fund Sterling Class I – Accumulation shares



Monthly Fund Review as at 30 September 2020

For investment professionals only

## Fund description

The fund aims to provide a combination of capital growth and income to deliver a return, net of the Ongoing Charge Figure, that is higher than that of the FTSE World Europe ex UK Index over any five-year period. At least 80% of the fund is invested in the shares of companies that are based, or do most of their business, in Europe (excluding the UK). The fund is a concentrated portfolio of fewer than 50 holdings. The strategy invests in companies with sustainable competitive advantages that have the opportunity to reinvest their capital in projects that can deliver the highest rates of return. The fund manager seeks to identify companies that generate rising cashflows, and primarily allocate them to grow their businesses and dividends.

## The main risks associated with this fund

For any past performance shown, please note that past performance is not a guide to future performance.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

The fund holds a small number of investments, and therefore a fall in the value of a single investment may have a greater impact than if it held a larger number of investments.

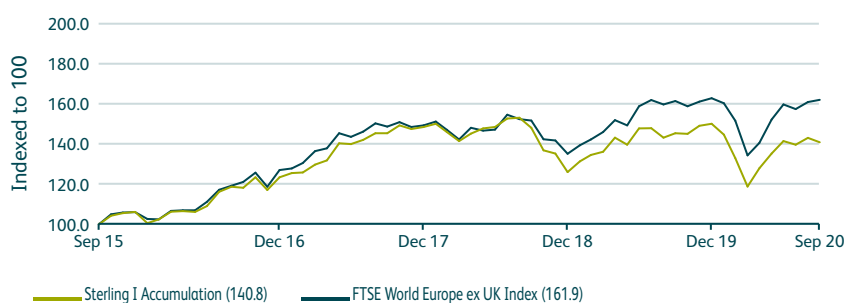
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

Further risk factors that apply to the fund can be found in the fund's Key Investor Information Document (KIID).

## Single year performance (5 years)

	2019	2018	2017	2016	2015
■ Sterling I Accumulation	19.0%	-15.1%	20.3%	16.2%	9.9%
■ FTSE World Europe ex UK Index	20.4%	-9.5%	17.5%	19.7%	5.3%
■ Sector	20.4%	-12.2%	17.4%	17.0%	9.2%

## Performance over 5 years



## Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	-1.5%	-0.5%	-6.1%	-3.1%	-1.0%	7.1%
■ FTSE World Europe ex UK Index	0.7%	1.4%	-0.5%	0.4%	2.9%	10.1%
■ Sector	0.3%	2.7%	0.6%	3.2%	2.4%	9.3%

Past performance is not a guide to future performance.

**Performance comparison:** The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

Source: Morningstar, Inc and M&G, as at 30 September 2020. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in GBP terms.

Performance charts © 2020 Morningstar Inc., All Rights Reserved. The information contained within: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

## Key information

<b>Fund manager(s)</b>	Richard Halle
<b>Fund manager tenure from</b>	05 July 2019
<b>Deputy fund manager(s)</b>	Daniel White
<b>ISIN</b>	GB00B7L27463
<b>Launch date of fund</b>	24 July 1972
<b>Launch of share class</b>	03 August 2012
<b>Fund size (millions)</b>	£ 128.92
<b>Benchmark(s)</b>	FTSE World Europe ex UK Index
<b>Benchmark type</b>	Target
<b>Sector</b>	IA Europe excluding UK sector
<b>Number of companies</b>	50
<b>Historic yield</b>	1.80%
<b>Portfolio turnover over 12 months</b>	16.99%
<b>VaR</b>	15.67%
<b>Payment dates</b>	Oct
<b>Ex-dividend dates</b>	Sep

## Charges

<b>Maximum entry charge</b>	0.00%
<b>Ongoing charge</b>	0.70%

## Risk characteristics

As at 30/09/2020	Fund
Alpha (%)	-2.74
Information ratio	-0.66
Sharpe Ratio	-0.04
Historic tracking error (%)	4.34
Beta	0.98
Standard deviation (%)	24.26
Forecast tracking error (active risk, %)	4.64
Active share (%)	77.30

## Things you should know

The fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

## Fund ratings

Overall Morningstar rating  
Defaqto Rating  
Financial Express Crown Rating



Source of Morningstar ratings: Morningstar, as at 30 September 2020

Source: Defaqto, as at 30 September 2020

Source: Financial Express

Ratings should not be taken as a recommendation.

## Country breakdown (%)

	Fund	Index	Relative weight
Germany	19.5	19.5	0.0
Switzerland	16.7	20.6	-3.9
France	12.1	20.4	-8.3
Belgium	7.5	1.9	5.6
Finland	7.2	2.9	4.3
Sweden	5.6	7.0	-1.4
Netherlands	5.5	8.1	-2.5
Spain	4.2	4.6	-0.4
Other	18.4	15.0	3.4
Cash	3.3	0.0	3.3

## Industry breakdown (%)

	Fund	Index	Relative weight
Industrials	20.3	16.9	3.4
Health care	20.0	17.3	2.7
Consumer services	13.2	4.5	8.7
Consumer goods	11.8	19.5	-7.7
Financials	10.6	15.8	-5.1
Basic materials	9.1	5.5	3.6
Oil & gas	5.4	3.4	1.9
Technology	3.8	9.3	-5.5
Utilities	2.4	5.0	-2.5
Telecommunications	0.0	2.9	-2.9
Cash and near cash	3.3	0.0	3.3

## Capitalisation breakdown (%)

	Fund	Index	Relative weight
> €50 billion	31.8	37.5	-5.7
€25 - €50 billion	13.4	23.9	-10.5
€5 - €25 billion	31.3	34.5	-3.2
€2.5 - €5 billion	10.9	3.6	7.3
< €2.5 billion	9.3	0.5	8.8
Cash and near cash	3.3	0.0	3.3

## Largest holdings (%)

	Fund	Index	Relative weight
Nestle	6.3	4.8	1.5
Novartis	5.7	2.7	3.0
Roche	4.7	3.6	1.1
UCB	3.9	0.2	3.7
Koninklijke Ahold Delhaize	3.8	0.5	3.4
Total	3.8	1.2	2.6
Siemens	3.7	1.4	2.3
Securitas	3.4	0.1	3.3
Bayer	3.1	0.9	2.3
UPM-Kymmene	3.0	0.2	2.7

## Largest overweights (%)

	Fund	Index	Relative weight
UCB	3.9	0.2	3.7
Koninklijke Ahold Delhaize	3.8	0.5	3.4
Securitas	3.4	0.1	3.3
Novartis	5.7	2.7	3.0
UPM-Kymmene	3.0	0.2	2.7
Total	3.8	1.2	2.6
Ipsen	2.6	0.1	2.5
Buzzi Unicem	2.4	0.0	2.4
Siemens	3.7	1.4	2.3
KBC Groep	2.5	0.2	2.3

## Largest underweights (%)

	Fund	Index	Relative weight
SAP	0.0	2.5	-2.5
ASML	0.0	2.1	-2.1
LVMH	0.0	1.7	-1.7
Novo Nordisk	0.0	1.6	-1.6
Sanofi	0.0	1.6	-1.6
Allianz	0.0	1.2	-1.2
Loreal	0.0	1.1	-1.1
Air Liquide	0.0	1.1	-1.1
Iberdrola	0.0	1.1	-1.1
Enel	0.0	1.0	-1.0

## Fund codes and charges

Share class	ISIN	Bloomberg	Currency	Share class launch date	Ongoing charge	Historic yield	Minimum initial investment	Minimum top up investment
Sterling A Acc	GB0030928773	MGSEURA LN	GBP	24/07/1972	1.20%*	1.29%	£500	£100
Sterling A Inc	GB0030928229	MGSEURI LN	GBP	27/06/1977	1.20%*	2.60%	£500	£100
Sterling I Acc	GB00B7L27463	MGEURIA LN	GBP	03/08/2012	0.70%*	1.80%	£500,000	£10,000
Sterling I Inc	GB00B76N7B10	MGEURII LN	GBP	03/08/2012	0.70%*	2.59%	£500,000	£10,000
Sterling R Acc	GB00B7GWVY91	MGEURRA LN	GBP	03/08/2012	0.95%*	1.54%	£500	£100
Sterling R Inc	GB00B5WM2M46	MGEURRI LN	GBP	03/08/2012	0.95%*	2.59%	£500	£100
Sterling X Acc	GB0031950446	MGEURXA LN	GBP	01/10/2002	1.20%*	1.29%	£500	£100
Sterling X Inc	GB0031950339	MGEURXI LN	GBP	01/10/2002	1.20%*	2.60%	£500	£100

An ongoing charge figure with \* indicates an estimate. The ongoing charge figure may vary from year to year and excludes portfolio transaction costs. The charges are mostly, if not exclusively, the Annual Charge which may be discounted depending on the size of the fund. For further details, please see the fund's Key Investor Information Document (KIID). The fund's annual report for each financial year will include details on the exact charges made.

Please go to [www.mandg.co.uk/literature](http://www.mandg.co.uk/literature) to view the Costs and charges illustration which contains information on the costs and charges applicable to your chosen fund and share class.

Please see the Important Information for Investors document and the relevant Key Investor Information Document for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

### ESG Integrated funds



Funds that integrate financially material ESG data into the risk management and decision-making process, as well as our company-wide exclusions (cluster munitions and anti-personnel mines). Some strategies may have some additional ESG exclusions.

## Approach to responsible investment

	Yes	No	N/A
ESG integration	✓		
Additional ESG specifications		✓	
Exclusions	✓		
Cluster munitions & anti personnel landmines	✓		
Other exclusions or restrictions		✓	
Voting	✓		
Engagement	✓		

Please see glossary for further explanation of these terms.

## ESG Standard Glossary

**Additional ESG specifications:** In the context of M&G, these are funds managed with an explicit ESG objective, outcome or in accordance with specific ESG criteria, and will have a number of minimum exclusions in place.

**Engagement:** Interaction with company management on various financial and non-financial, including ESG, issues. Engagement allows investors to better understand how a company is undertaking its operations and how it is interacting with its stakeholders, as well as advising on and influencing company behaviour and disclosures where appropriate.

**ESG integration:** Describes the explicit and systematic inclusion of Environmental, Social and Governance factors in investment analysis and investment decisions. It underpins a responsible

investment approach, and allows investors to better manage risk and generate sustainable, long-term returns.

**Exclusions:** The exclusion or restriction of investments based on the sector in which they operate, the products or services they provide or for other specific criteria, i.e. they are deemed to be in breach of the United Nations Global Compact principles on human rights, labour the environment and anti-corruption.

**Voting:** As the partial owners of a company, shareholders have the right to vote on resolutions put forward at a company's annual general meeting. These resolutions include the re-election of directors, executive remuneration and business strategy, among others, and may include resolutions put forward by shareholders.

## Important information

The M&G European Select Fund is a sub-fund of M&G Investment Funds (1).

The Morningstar Overall Rating based on the fund's Sterling Class I shares. Copyright © 2020 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

II\_MFR\_QFR\_ALT\_SingaporeREG\_OEIC\_RT

## Contact M&G

Private Investors  
[www.mandg.co.uk/investor](http://www.mandg.co.uk/investor)  
 0800 390 390  
 Charities  
[www.mandg.co.uk/charities](http://www.mandg.co.uk/charities)

Intermediary & Wealth  
[www.mandg.co.uk/adviser](http://www.mandg.co.uk/adviser)  
 Institutional  
[www.mandg.co.uk/institutions](http://www.mandg.co.uk/institutions)

For your protection calls may be recorded or monitored.