

M&G (Lux) Japan Smaller Companies Fund

EUR Class A – Accumulation shares



Monthly Fund Review as at 31 July 2025

Marketing Communication - for Professional Investors only

Highlights

- Japanese equities closed higher this month, supported by improved sentiment following the tariff agreement with the US, which stands at 15%. While this is more than what it was prior to April, the increased certainty has been positive for the market. Autos have led the rally. Any unintended consequences from the new tariff remain to be seen, but for now, the market can go back to focusing on fundamentals. Small-cap stocks have outperformed their larger counterparts, although the Russell Nomura Mid-Small Index performed broadly in line with the wider market.
- Key contributors included Shibaura Machine, Nippon Thompson and SBS Holdings. Our positions in a range of companies across sectors contributed positively, indicating a return to a more conducive, alpha-generating environment for Japanese smaller companies. Conversely key detractors included Seven & i Holdings, Keisei Electric Railway and Ichigo.
- There were no new holdings or full exits during the month.

The main risks associated with this fund

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 invests in shares of smaller companies which may be less liquid and more volatile in price than shares of larger companies.

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.

Investing in this fund means acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company, as these are only the underlying assets owned by the fund.

Further risk factors that apply to the fund can be found in the fund's Prospectus.

Key information

Fund manager(s)	Carl Vine
Fund manager tenure from	20 September 2019
Deputy fund manager(s)	Sabrina Gleeson
ISIN	LU1670715975
Launch date of fund	26 October 2018
Launch of share class	26 October 2018
Fund size (millions)	€ 305.77
Fund type	SICAV
Benchmark	Russell/Nomura Mid-Small Cap Net Return Index
Sector	Morningstar Japan Small/Mid-Cap Equity sector
Number of companies	55
Portfolio turnover over 12 months	59.45%
SFDR Article Classification	8
Recommended Holding Period	5 years


Charges

Maximum entry charge	5.00%
Management fees and other costs	1.73%
Transaction costs	0.39%

Risk characteristics

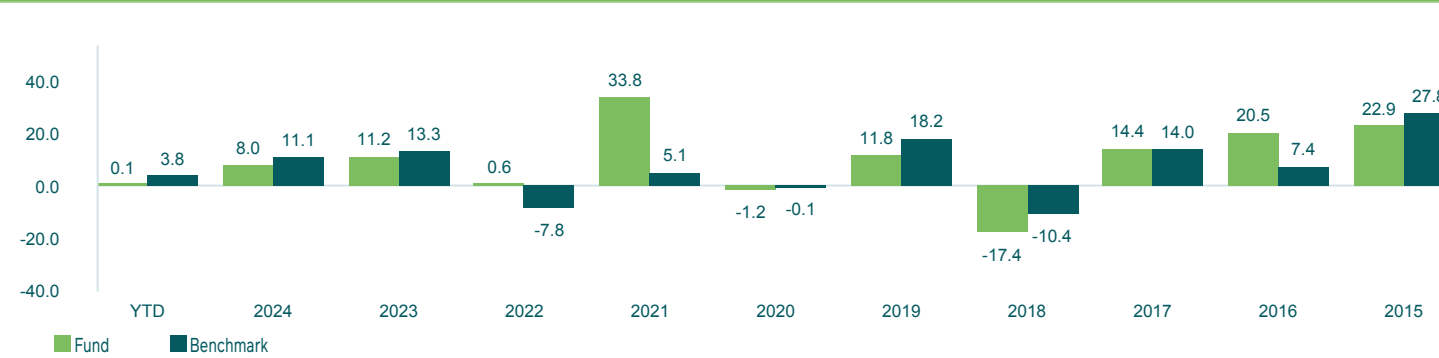
As at 31/07/2025	Fund
Alpha (%)	-0.57
Information ratio	-0.10
Sharpe Ratio	0.40
Historic tracking error (%)	6.24
Beta	1.03
Standard deviation (%)	11.89
Forecast tracking error (active risk, %)	4.67
Active share (%)	89.71

Fund ratings as at 31 July 2025

Morningstar Medalist Rating™	Analyst-Driven %	★★★
	55	
Overall Morningstar rating	Data Coverage %	
Source of Morningstar ratings: Morningstar	100	
Ratings should not be taken as a recommendation.		

Past performance is not a guide to future performance.

Annual performance (%)



Performance over 10 years



Fund performance (10 years)

	1 month	3 months	YTD to QTR end	YTD	1 year	3 years p.a.	5 years p.a.	10 years p.a.
Euro A Accumulation	2.8%	6.2%	-2.6%	0.1%	-1.4%	7.2%	15.3%	7.3%
Benchmark	1.9%	4.0%	1.8%	3.8%	4.7%	7.8%	8.4%	5.1%
Sector	3.3%	7.5%	1.7%	5.1%	6.7%	5.2%	6.3%	5.4%

The benchmark is a comparator against which the fund's performance can be measured. It is a net return index which includes dividends after the deduction of withholding taxes. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

The fund is actively managed. The investment manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. Fund performance prior to 26 October 2018 is that of the EUR Class A Accumulation of the M&G Japan Smaller Companies Fund (a UK-authorised OEIC), which merged into this fund on 26 October 2018. Tax rates and charges may differ. Benchmark prior to 28 March 2013 is the Japan TSE Second Section Index. Thereafter it is the Russell/Nomura Mid-Small Index. Benchmark is Gross Return to 26 October 2018 and Net Return after this date.

Source: Morningstar, Inc and M&G, as at 31 July 2025. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in EUR terms.

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Country breakdown (%)

	Fund	Index	Relative weight
Japan	99.2	100.0	-0.8
US	0.0	0.0	0.0
Cash	0.8	0.0	0.8

Breakdown in table is based on country of listing.

Currency breakdown (%)

	Fund	Index	Relative weight
Japanese yen	100.0	100.0	0.0
US dollar	0.0	0.0	0.0
Euro	0.0	0.0	0.0

Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	1.3	0.0	1.3
Large cap (\$10 - \$50bn)	23.1	42.5	-19.4
Mid cap (\$2 - \$10bn)	28.4	40.3	-11.9
Small cap (< \$2bn)	46.3	17.2	29.1
Cash	0.8	0.0	0.8

Largest holdings (%)

	Fund	Index	Relative weight
CKD Corporation	4.0	0.0	3.9
Mitsubishi Estate	3.2	0.8	2.4
Sparx Group	3.1	0.0	3.1
Noritsu Koki	2.8	0.0	2.8
Ichigo	2.8	0.0	2.8
Credit Saison	2.7	0.2	2.6
DIP	2.7	0.0	2.6
Seven & I Holdings	2.6	0.0	2.6
Simplex Holdings	2.5	0.0	2.4
NGK Spark Plug CO. Ltd.	2.5	0.2	2.2

Largest overweights (%)

	Fund	Index	Relative weight
CKD Corporation	4.0	0.0	3.9
Sparx Group	3.1	0.0	3.1
Noritsu Koki	2.8	0.0	2.8
Ichigo	2.8	0.0	2.8
DIP	2.7	0.0	2.6
Seven & I Holdings	2.6	0.0	2.6
Credit Saison	2.7	0.2	2.6
Simplex Holdings	2.5	0.0	2.4
Mitsubishi Estate	3.2	0.8	2.4
Sumitomo Bakelite	2.4	0.1	2.3

Largest underweights (%)

	Fund	Index	Relative weight
Sompo Holdings	0.0	1.1	-1.1
Ajinomoto	0.0	1.0	-1.0
Bridgestone Corp	0.0	0.9	-0.9
Panasonic	0.0	0.9	-0.9
Aeon	0.0	0.9	-0.9
KAO Corporation	0.0	0.8	-0.8
Nomura Holdings	0.0	0.8	-0.8
Resona Holdings	0.0	0.8	-0.8
Astellas Pharma	0.0	0.8	-0.8
Bandai Namco Holdings	0.0	0.8	-0.8

Industry breakdown (%)

	Fund	Index	Relative weight
Industrials	33.3	25.0	8.3
Technology	15.4	12.1	3.4
Consumer discretionary	15.0	22.7	-7.7
Financials	8.9	11.3	-2.4
Basic materials	8.1	7.5	0.7
Consumer staples	7.8	9.2	-1.3
Real Estate	6.1	2.6	3.5
Health care	4.6	4.6	-0.1
Utilities	0.0	2.9	-2.9
Energy	0.0	1.7	-1.7
Telecommunications	0.0	0.5	-0.5
Cash	0.8	0.0	0.8

Fund codes and charges

Share class	ISIN	Bloomberg	Currency	Share class launch date	Annual Management Charge	Management fees and other costs	Historic yield	Minimum initial investment	Minimum top up investment
Euro A Acc	LU1670715975	MGJSCEA LX	EUR	26/10/2018	1.50%	1.73%	-	€1,000	€75
Euro A-H Acc	LU1797817787	MJSEAHA LX	EUR	06/11/2018	1.50%	1.75%	-	€1,000	€75
Euro C Acc	LU1670716197	MGJSCEC LX	EUR	26/10/2018	0.75%	0.98%	-	€500,000	€50,000
Euro C-H Acc	LU1797817944	MJSECHA LX	EUR	06/11/2018	0.75%	1.00%*	-	€500,000	€50,000
Euro CI Acc	LU1797817860	MJSECIA LX	EUR	06/11/2018	0.75%	0.94%	-	€500,000	€50,000

Management fees and other administrative or operating costs figures disclosed above include direct costs to the fund, such as the annual management charge (AMC), administration charge and custodian charge, as well as portfolio transaction costs. They are based on expenses for the period ending 31 December 2024. Any ongoing costs figure with * indicates an estimate. Not all costs are presented. The fund's annual report for each financial year will include details of the exact charges. Please note that not all of the share classes listed above might be available in your country. Please see the 'Important information' at the end of this document, the fund's Prospectus and the KID for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

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.

SFDR Article Classification: Article 8 fund. The decision to invest in this fund should be based on all objectives and characteristics and not solely its non-financial objectives and characteristics.

Climate metrics

	Weighted Average Carbon Intensity (tCO ₂ e / US\$m sales)	Coverage by portfolio weight (%)
Euro A Accumulation	67.19	100.00%
Benchmark	128.86	100.00%

Source: We use a variety of data sources to gather and map the carbon emissions of our funds. This allows for data gaps from some data providers on some issuers. We currently use MSCI as our main third-party data provider for carbon intensity data as we consider its coverage to be the broadest of the current providers.

ESG Standard Glossary

Additional ESG specifications: In the context of M&G, these are funds that are managed in accordance with specific ESG criteria or, where relevant, with an explicit ESG objective. They 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.

Explanation of our climate metrics

The Weighted Average Carbon Intensity (WACI) is the metric used to report our funds' carbon emissions. It is a measure of how much CO₂ is being emitted per US\$ million of sales by each company that the fund invests in. This can be used to determine the likely effect a company is having on the environment. It can also help to compare the impact different companies have on the environment, and to compare companies against the broad market or the financial benchmark for the fund. However, this metric does not take into account the difference in carbon characteristics among sectors.

The WACI metric is one of many greenhouse gas emissions data points, each offering a different aspect of analysis on climate impact. M&G have selected this metric as it is applicable to multi-asset, equity and fixed income funds and it is aligned to the recommendations from the Taskforce for Climate Related Financial Disclosures (TCFD). It has also been chosen to align with M&G's groupwide target of transparency when it comes to the disclosure of climate emissions.

For the avoidance of doubt, this fund is not managed to a carbon emission objective and, the benchmark WACI (should funds have a benchmark) has been included for information purposes only.

Fund description

The fund aims to provide combined income and capital growth that is higher than that of the Japanese smaller companies stockmarket (as measured by the Russell Nomura Mid-Small Net Return Index) over any five-year period, while applying environmental, social and governance (ESG) criteria. At least 80% of the fund is invested in the shares of smaller companies domiciled, or conducting the major part of their economic activity, in Japan. The fund usually holds shares in fewer than 60 companies. The investment manager's focus is on stocks where it is believed that the share price is not fully valuing the company's sustainable earnings. The fund invests in securities that meet the ESG criteria, applying an exclusionary approach and positive ESG tilt as described in the prospectus. The fund's recommended holding period is five years.

Glossary

Please find a link to our [glossary page](#) which provides an explanation of terms used in this document across our fund ranges.

Important information

On 26 October 2018, the non-sterling assets of the M&G Japan Smaller Companies Fund, a UK-authorised OEIC, merged into the M&G (Lux) Japan Smaller Companies Fund, a Luxembourg-authorised SICAV, which launched on 26 October 2018. The SICAV is run by the same fund manager, applying the same investment strategy, as the UK-authorised OEIC.
Past performance of the fund and index includes recoverable withholding tax which may not be applicable to the SICAV.

The M&G (Lux) Japan Smaller Companies Fund is a sub-fund of M&G (Lux) Investment Funds 1.

The Morningstar Overall Rating based on the fund's Euro Class A shares. Copyright © 2025 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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