

# M&G (Lux) European Strategic Value Fund

EUR Class A – Accumulation shares



Monthly Fund Review as at 31 March 2025

Marketing Communication - for investment professionals only

## Highlights

- European equities sustained their strong start to the year, outpacing the US market in March. In particular, Germany continued to shine, driven by robust defence sector performance and internationally exposed mega caps, despite ongoing political uncertainties.
- Both stock selection and sector allocation contributed positively to relative performance. We saw relative strength in consumer discretionary and no exposure to LVMH added to returns as the stock faced additional pressure from tariff threats on French wines and champagnes. Technology and healthcare also added value. No exposure to Novo Nordisk was the top individual relative contributor as softer 2025 guidance and potential tariffs worried investors. In contrast, retailer Tesco was our largest individual relative detractor amid concerns about a potential price war with Asda, rising costs, and broader UK economic uncertainty.
- We added Deutsche Lufthansa providing both short-term and long-term upside opportunity, in our view, and JD Sports Fashion offering an attractive valuation with a reasonable balance sheet. We completely exited Vivendi since it has struggled post split into separate companies, and BIC which has performed decently for us.

## 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 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

<b>Fund manager(s)</b>	Richard Halle
<b>Fund manager tenure from</b>	31 January 2008
<b>Deputy fund manager(s)</b>	Shane Kelly
<b>ISIN</b>	LU1670707527
<b>Launch date of fund</b>	18 September 2018
<b>Launch of share class</b>	20 September 2018
<b>Fund size (millions)</b>	€ 2,935.33
<b>Fund type</b>	SICAV
<b>Benchmark</b>	MSCI Europe Net Return Index
<b>Sector</b>	Morningstar Europe Large-Cap Value Equity sector
<b>Number of companies</b>	88
<b>Portfolio turnover over 12 months</b>	26.02%
<b>SFDR Article Classification</b>	8
<b>Recommended Holding Period</b>	5 years

## Charges

<b>Maximum entry charge</b>	4.00%
<b>Management fees and other costs</b>	1.70%
<b>Transaction costs</b>	0.12%

## Risk characteristics

As at 31/03/2025	Fund
Alpha (%)	3.92
Information ratio	0.53
Sharpe Ratio	0.74
Historic tracking error (%)	6.16
Beta	0.84
Standard deviation (%)	12.77
Forecast tracking error (active risk, %)	4.35
Active share (%)	77.61

## Fund ratings as at 31 March 2025

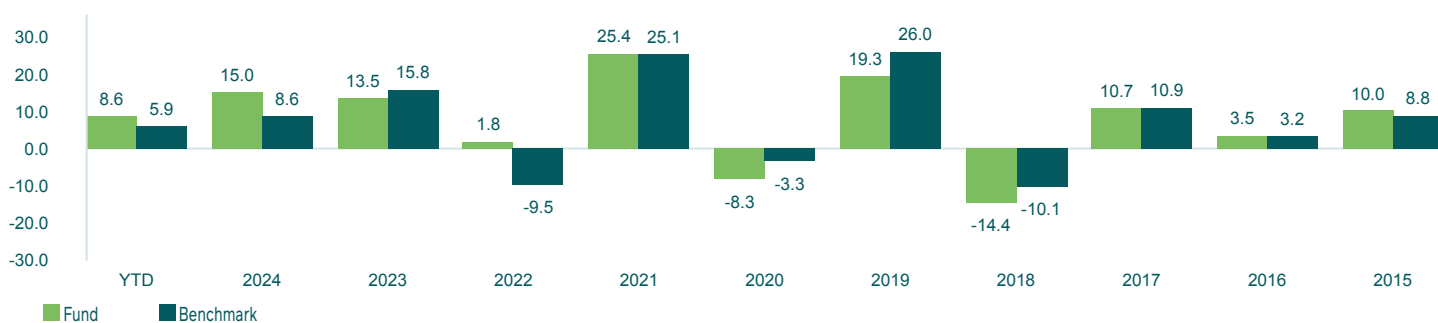
Morningstar Medalist Rating™	Analyst-Driven %
<b>Bronze</b>	100
	Data Coverage %
	100

Overall Morningstar rating **★★★★★**  
Source of Morningstar ratings: Morningstar

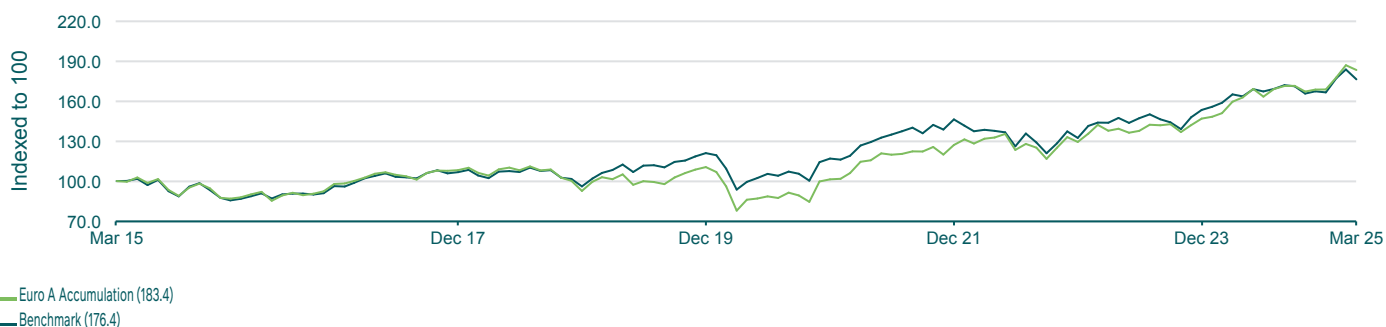
Ratings should not be taken as a recommendation.

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	-1.9%	8.6%	8.6%	8.6%	14.9%	11.7%	18.7%	6.3%
Benchmark	-4.0%	5.9%	5.9%	5.9%	6.8%	8.4%	13.5%	5.8%
Sector	-1.9%	7.7%	7.7%	7.7%	9.9%	8.7%	14.1%	4.2%

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 20 September 2018 is that of the EUR Class A Accumulation of the M&G European Strategic Value Fund (a UK-authorized OEIC), which merged into this fund on 7 December 2018. Tax rates and charges may differ. From 1 January 2012 to 19 September 2018 the benchmark is the MSCI Europe Index stated as Gross Return. From 20 September 2018, the benchmark is the MSCI Europe Net Return Index.

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

Performance charts © 2025 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.

## Country breakdown (%)

	Fund	Index	Relative weight
UK	29.1	22.7	6.4
Germany	17.8	15.0	2.7
France	13.6	17.2	-3.5
Netherlands	5.3	6.4	-1.1
Ireland	4.7	0.5	4.2
Spain	4.6	4.7	-0.1
Switzerland	4.3	14.9	-10.6
Finland	4.1	1.5	2.5
Other	10.3	17.0	-6.7
Cash	6.3	0.0	6.3

Breakdown in table is based on country of listing.

## Industry breakdown (%)

	Fund	Index	Relative weight
Financials	20.7	22.3	-1.6
Industrials	15.9	17.7	-1.8
Health care	10.4	14.6	-4.2
Consumer staples	8.3	10.1	-1.8
Materials	8.3	5.6	2.7
Consumer discretionary	8.0	8.7	-0.7
Utilities	7.9	4.1	3.8
Energy	7.0	4.9	2.1
Communication services	2.7	4.2	-1.4
Information technology	2.5	7.0	-4.5
Real Estate	2.0	0.8	1.3
Cash	6.3	0.0	6.3

## Capitalisation breakdown (%)

	Fund	Index	Relative weight
> €50 billion	27.8	60.4	-32.6
€25 - €50 billion	22.0	18.4	3.6
€5 - €25 billion	25.6	20.9	4.8
€2.5 - €5 billion	10.4	0.3	10.1
< €2.5 billion	7.9	0.0	7.9
Cash	6.3	0.0	6.3

## Currency breakdown (%)

	Fund	Index	Relative weight
Euro	62.6	51.9	10.7
British pound	29.2	22.7	6.5
Swiss franc	4.4	14.9	-10.6
Swedish krona	2.4	4.8	-2.4
Norwegian krone	1.4	1.0	0.4
US dollar	0.0	1.1	-1.0
Danish krone	0.0	3.6	-3.6

Currency exposures in the table above show positions after hedging to the fund's base currency.

## Largest overweights (%)

	Fund	Index	Relative weight
Tesco	2.9	0.3	2.6
Bank of Ireland Group	2.6	0.1	2.5
RWE	2.5	0.2	2.3
Erste Group Bank	2.3	0.2	2.1
Caixabank	2.2	0.3	2.0
Arcelormittal	2.1	0.1	1.9
Nordea Bank ABP	2.1	0.4	1.8
Daimler Truck Holding	1.9	0.2	1.8
BBVA	2.3	0.7	1.7
Carrefour	1.6	0.1	1.5

## Largest underweights (%)

	Fund	Index	Relative weight
SAP	0.0	2.4	-2.4
Nestle	0.0	2.3	-2.3
ASML	0.0	2.3	-2.3
Novo Nordisk	0.0	1.9	-1.9
Novartis	0.0	1.9	-1.9
HSBC	0.0	1.8	-1.8
LVMH	0.0	1.5	-1.5
Unilever	0.0	1.3	-1.3
Allianz	0.0	1.3	-1.3
Sanofi	0.0	1.1	-1.1

## Largest holdings (%)

	Fund	Index	Relative weight
Siemens	2.9	1.5	1.4
Tesco	2.9	0.3	2.6
Bank of Ireland Group	2.6	0.1	2.5
Astrazeneca	2.5	2.0	0.6
Royal Dutch Shell	2.5	2.0	0.5
RWE	2.5	0.2	2.3
BBVA	2.3	0.7	1.7
TotalEnergies	2.3	1.2	1.1
Erste Group Bank	2.3	0.2	2.1
Caixabank	2.2	0.3	2.0

## 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	LU1670707527	MGSVEAA LX	EUR	20/09/2018	1.50%	1.70%	-	€1,000	€75
Euro A Inc	LU2057292596	MGSVEAD LX	EUR	06/12/2019	1.50%	1.71%	3.24%	€1,000	€75
Euro B Acc	LU2057292679	MGSEEB A LX	EUR	06/12/2019	2.00%	2.21%	-	-	-
Euro C Acc	LU1670707873	MGSVECA LX	EUR	20/09/2018	0.75%	0.95%	-	€500,000	€50,000
Euro C Inc	LU2057292752	MGESECD LX	EUR	06/12/2019	0.75%	0.96%	3.20%	€500,000	€50,000
Euro CI Acc	LU1797811236	MGSECIA LX	EUR	20/09/2018	0.75%	0.91%	-	€500,000	€50,000
Euro CI Inc	LU2057292836	MGSVECI LX	EUR	06/12/2019	0.75%	0.91%	3.20%	€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 30 September 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
<b>ESG integration</b>	✓		
<b>Additional ESG specifications</b>	✓		
<b>Exclusions</b>	✓		
Cluster munitions & anti personnel landmines	✓		
Other exclusions or restrictions	✓		
<b>Voting</b>	✓		
<b>Engagement</b>	✓		

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 <sub>2</sub> e / US\$m sales)	Coverage by portfolio weight (%)
Euro A Accumulation	212.75	98.58%
Benchmark	80.30	99.87%

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 CO<sub>2</sub> 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 European stockmarket (as measured by the MSCI Europe Net Return Index) over any five-year period while applying ESG (environmental, social and governance) criteria. At least 80% of the fund is invested in a value-style portfolio of shares in companies domiciled, or conducting the major part of their economic activity, in Europe. The fund is invested in cheap, out-of-favour companies whose share price, in the investment manager's view, does not reflect the underlying value of the business. Stocks are selected on the basis of their individual merits, through a combination of value-focused screening and qualitative assessment. 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.

## Important information

**On 7 December 2018 the non-sterling assets of the M&G European Strategic Value Fund, a UK-authorized OEIC which launched on 2 January 2008, merged into the M&G (Lux) European Strategic Value Fund, a Luxembourg-authorized SICAV, which launched on 18 September 2018. The SICAV is run by the same fund manager, applying the same investment strategy, as the UK-authorized OEIC. The past performance for the fund and the index includes recoverable withholding tax which may not be applicable to the SICAV.**

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

The Morningstar Medalist Rating™. © 2025 Morningstar. All Rights Reserved. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Ratings should not be taken as recommendation.

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.

**For Investment Professionals, Institutional Investors, Accredited Investors and Professional Investors only. Not for onward distribution. No other persons should rely on any information contained within.** In Hong Kong, this financial promotion is issued by M&G Investments (Hong Kong) Limited. Office: Unit 1002, LHT Tower, 31 Queen's Road Central, Hong Kong; in Singapore by M&G Investments (Singapore) Pte. Ltd. (Co. Reg. No. 201131425R), regulated by the Monetary Authority of Singapore; and in Taiwan by M&G International Investments S.A. Registered Office: 16, boulevard Royal, L-2449, Luxembourg.

For Hong Kong only: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer of any funds mentioned in it. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. Shares, units or other interests in the funds mentioned in this document may only be offered or sold in Hong Kong to persons who are "professional investors" as defined in the Securities and Futures Ordinance ("Ordinance") and any rules made under the Ordinance – or in circumstances which are permitted under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. In addition, distribution of this document in Hong Kong is restricted. It may not be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere, and shares, units or other interests in the funds mentioned may not be disposed of to any person unless such person is a "professional investor" as defined in the Ordinance and any rules made under the Ordinance or as otherwise may be permitted under Hong Kong law.

For Singapore only: For "accredited investors" and "institutional investors" as defined under the Securities and Futures Act (Cap. 289) of Singapore ("SFA") only. This document forms part of, and should be read in conjunction with, the Information Memorandum of the Fund and other communications permitted for offers made in reliance of prospectus exemptions under the SFA. All forms of investments carry risks. Such investments may not be suitable for everyone.

For Taiwan only: The financial product(s) offered herein has not been reviewed or approved by the competent authorities and is not subject to any filing or reporting requirement. The financial product(s) offered herein is only permitted to be recommended or introduced to or purchased by customers of an offshore banking unit of a bank ("OBU")/offshore securities unit of a securities firm ("OSU") which customers reside outside the R.O.C. Customers of an OBU/OSU are not eligible to use the financial consumer dispute resolution mechanism under the Financial Consumer Protection Law. This product(s) may be made available for purchase by Taiwan OBUs/OSUs acting on behalf of non-Taiwan customers of such units but may not otherwise be offered or sold in Taiwan.

M&G Investments (Hong Kong) Limited, M&G International Investments S.A., M&G Investments (Singapore) Pte. Ltd and the funds referred to in this document may not be authorised, recognised or regulated by the local regulator in your jurisdiction. This information is not an offer or solicitation of an offer for the purchase or sale of investment shares in one of the funds referred to herein.

## Contact M&G

Asia / Global Banks

[www.mandg.com/investments/professional-investor/en-sg](http://www.mandg.com/investments/professional-investor/en-sg)

[www.mandg.com/investments/professional-investor/en-hk](http://www.mandg.com/investments/professional-investor/en-hk)

## Glossary

This glossary provides an explanation of terms used in this factsheet. It may include terms that do not apply to this fund.

**Accumulation shares:** A type of share where distributions are automatically reinvested and reflected in the value of the shares.

**Asset allocation:** Allocating a portfolio's assets according to risk tolerance and investment goals.

**Asset-backed securities:** Bonds (fixed income securities) backed by assets that produce cashflows, such as mortgage loans, credit card receivables and auto loans.

**Benchmark (Constraint):** The portfolio must replicate the securities contained in the benchmark and their weights. The benchmark can be an index or a sector. Depending on the fund's mandate, the managers can replicate the positions directly or via derivatives, which are instruments whose value is derived from that of an underlying security or pool of securities.

**Benchmark (Target):** A benchmark, such as an index or sector, which the fund managers aim to match or exceed. The managers have freedom in choosing the securities and strategy by which they do so.

**Benchmark:** Measure, such as an index or sector, against which a portfolio's performance is judged.

**Benchmark (Comparator):** The fund managers choose the benchmark, which may be an index or a sector, as a comparator for the fund's performance, but they do not have to replicate its composition. The benchmark is not used for any other purpose, such as, for example, to serve as a reference when setting performance fees.

**Bond:** A loan in the form of a security, usually issued by a government or company. It normally pays a fixed rate of interest (also known as a coupon) over a given time period, at the end of which the initial amount borrowed is repaid.

**Cash equivalents:** Deposits or investments with similar characteristics to cash.

**Consumer prices index (CPI):** An index used to measure inflation, or the rate at which prices for a basket of goods and services bought by households change.

The contents of the basket are meant to be representative of products and services consumers typically spend money on, and are updated regularly.

**Convertible bonds:** Fixed income securities (bonds) that can be exchanged for predetermined amounts of company shares at certain times during their life.

**Corporate bonds:** Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky. Also referred to by investors as "credit."

**Coupon:** The interest paid by the government or company that has raised a loan by selling bonds. It is usually a fixed amount, calculated as a percentage of the total loan and paid out at regular intervals.

**Credit default swap (CDS):** An insurance-like contract that allows an investor to transfer the default risk of a bond to another investor. The buyer of the CDS pays regular premiums to the seller, who has to reimburse the buyer in the event of the underlying bond defaulting. A CDS is a type of derivative – a financial instrument whose value and price is dependent on the underlying asset.

**Credit rating agency:** A company that analyses the financial strength of issuers of fixed income securities (bonds) and attaches a rating to their debt. Examples include Standard & Poor's, Moody's and Fitch.

**Derivatives:** Financial instruments whose value and price depend on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or directly between two parties (over the counter).

**Distribution yield:** The amount that is expected to be distributed by the fund over the next 12 months expressed as a percentage of the share price as at a certain date. It is based on the expected gross income from the current portfolio calculated in accordance with the fund's distribution policies less the ongoing charges where they are deducted from income.

**Dividend yield:** Annual income distributed by a company as a percentage of its share price as at a certain date.

**Duration:** A measure of the sensitivity of a fixed income security (bond) or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Emerging economy or market:** Country in the process of catching up with developed economies, with rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

**Equities:** Shares of ownership in a company. They offer investors participation in the company's potential profits, but also the risk of losing all their investment if the company goes bankrupt.

**Ex-dividend, ex-distribution or xd date:** The date on which declared distributions officially belong to underlying investors. On the XD date, the stock's price usually falls by the amount of the dividend, reflecting the payout.

**Exposure:** The proportion of a fund invested in a particular share/fixed income security/index, sector/region, usually expressed as a percentage of the overall fund.

**Fixed income security:** A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

**Floating rate notes (FRNs):** Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

**Gilts:** Fixed income securities issued by the UK government. They are called gilts because they used to be issued on gilt-edged paper.

**Government bonds:** Loans issued in the form of fixed income securities by governments. They normally pay a fixed rate of interest over a given time period,

at the end of which the initial investment is repaid.

**Hard currency (bonds):** Fixed income securities (bonds) denominated in a highly traded, relatively stable international currency, rather than in the bond issuer's local currency. Bonds issued in a more stable hard currency, such as the US dollar, can be more attractive to investors where there are concerns that the local currency could lose value over time, eroding the value of bonds and their income.

**Hedging:** A method of reducing unnecessary or unintended risk.

**High yield bonds:** Loans taken out in the form of fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better-quality, higher-rated fixed income securities, but they have the potential for higher rewards. Default means that a bond issuer is unable to meet interest payments or repay the initial amount borrowed at the end of a security's life.

**Historic yield:** The historic yield reflects distributions declared over the past 12 months as a percentage of the share price as at the date shown.

**Income shares:** A type of share where distributions (also called dividends) are paid out as cash on the payment date.

**Index-linked bonds:** Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

**Investment association (IA):** The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

**Investment grade bonds:** Fixed income securities issued by a government or company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk of default than those issued by issuers with lower credit ratings. Default means that a borrower is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Leverage:** When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

**Local currency bonds:** Bonds denominated in the currency of the issuer's country, rather than in a highly traded international 'hard' currency, such as the US dollar. The value of local currency bonds tends to fluctuate more than that of bonds issued in a hard currency, as these currencies tend to be less stable.

**Long position (exposure):** Holding a security in the expectation that its value will rise.

**Maturity:** The length of time until the initial amount invested in a fixed income security is due to be repaid to the holder of the security.

**Modified duration:** A measure of the sensitivity of a bond, or bond fund, to changes in interest rates, expressed in years. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Near cash:** Deposits or investments with similar characteristics to cash.

**Net asset value (NAV):** The current value of the fund's assets minus its liabilities.

**Ongoing charge figure:** The ongoing charge figure represents the operating costs investors can reasonably expect to pay under normal circumstances.

**Open-ended investment company (OEIC):** A type of managed fund whose value is directly linked to the value of the fund's underlying investments. The fund creates or cancels shares depending on whether investors want to redeem or purchase them.

**Options:** Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

**Payment date:** The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

**Physical assets:** An item of value that has tangible existence; for example cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

**Property expense ratio:** Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

**Retail prices index (RPI):** A UK inflation index that measures the rate of change of prices for a basket of goods and services in the UK, including mortgage payments and council tax.

**Share class hedging:** Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

**Share class:** Type of fund shares held by investors in a fund (share classes differ by levels of charge and/or by other features such as hedging against currency risk). Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the fund's Prospectus.

**Share:** An ownership stake in a company, usually in the form of a security. Also called equity. Shares offer investors participation in the company's potential profits, but also the risk of losing all their investment if the company goes bankrupt.

**Short position (exposure):** A way for an investor to express their view that the market might fall in value.

**SICAV:** In French, it stands for société d'investissement à capital variable. It is the western European version of an open-ended collective investment fund, much like

an OEIC. Common in Luxembourg, Switzerland, Italy and France, and regulated by regulators in the European Union.

**Swap:** A swap is a derivative contract where two parties agree to exchange separate streams of cashflows. A common type of swap is an interest rate swap, where one party swaps cashflows based on variable interest rates for those based on a fixed interest rate, to hedge against interest rate risk.

**UCITS:** Stands for Undertakings for Collective Investments in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

**Underlying yield:** The amount that is expected to be earned by the fund over the next 12 months expressed as a percentage of the share price as at a certain date. It is based on the expected gross income from the current portfolio calculated in accordance with the fund's accounting policies less all ongoing charges.

**Unit trust:** A type of managed fund whose value is directly linked to the value of the fund's underlying investments and which is structured as a trust, rather than as a company.

**United Nations Global Compact:** A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation.

**Valuation:** The worth of an asset or company, based on the present value of the cashflows it will generate.

**Yield:** This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.