

# M&G Japan Smaller Companies Fund

Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 March 2025

For investment professionals only

## Highlights

- In March, the Japanese stockmarket broadly remained unchanged. The Bank of Japan held rates at 0.5% against a backdrop of potential trade tariffs from the US and weaker global growth. Small caps outperformed their large counterparts over the month.
- Key contributors included Mitsubishi Logisnext, Ichigo and Mitsubishi Estate.
- Conversely, key detractors to the relative performance of the fund included Ushio, Tazmo and Hino Motors. Despite the underperformance of Hino Motors, we see significant opportunities for unlocking value in the turnaround.
- During the month, we exited our position in M3 and began a new position in Japan Post Bank, participating in the secondary offering. The bank has a wide reach in Japan and provides diversification in the banking sector. We also added Horiba as we feel the business offers an interesting product line-up and has valuable UK land, which adds margin of safety.

## 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.

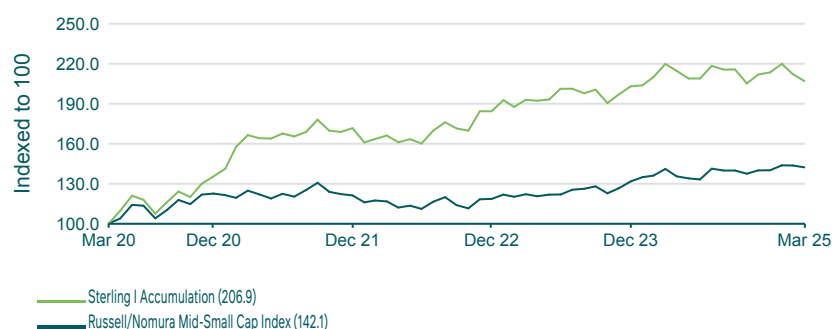
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

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

## Single year performance (5 years)

	2024	2023	2022	2021	2020
■ Sterling I Accumulation	5.2%	10.1%	7.4%	26.8%	5.4%
■ Russell/Nomura Mid-Small Cap Index	6.4%	11.1%	-2.2%	-1.1%	5.9%
■ Sector	8.5%	11.0%	-8.4%	1.6%	13.9%

## Performance over 5 years



## Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	-2.5%	-3.0%	-3.0%	-5.8%	7.6%	15.7%
■ Russell/Nomura Mid-Small Cap Index	-1.0%	1.6%	1.6%	0.9%	6.8%	7.3%
■ Sector	-2.0%	-1.6%	-1.6%	-2.2%	4.9%	7.8%

Past performance is not a guide to future performance.

**Performance comparison:** The benchmark is a target which the Fund seeks to outperform. 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 fund 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. For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID.

**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 GBP 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.

## Key information

<b>Fund manager(s)</b>	Carl Vine
<b>Fund manager tenure from</b>	20 September 2019
<b>Deputy fund manager(s)</b>	Sabrina Gleeson
<b>ISIN</b>	GB00B7FGLY29
<b>Launch date of fund</b>	15 May 1984
<b>Launch of share class</b>	03 August 2012
<b>Fund size (millions)</b>	£ 167.64
<b>Benchmark(s)</b>	Russell/Nomura Mid-Small Cap Index
<b>Benchmark type</b>	Target
<b>Sector</b>	IA Japan sector
<b>Number of companies</b>	59
<b>Historic yield</b>	1.43%
<b>Portfolio turnover over 12 months</b>	52.19%
<b>Payment dates</b>	Oct
<b>Ex-dividend date</b>	Sep

## Charges

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

## Risk characteristics

As at 31/03/2025	Fund
Alpha (%)	0.86
Information ratio	0.13
Sharpe Ratio	0.35
Historic tracking error (%)	5.83
Beta	1.01
Standard deviation (%)	11.18
Forecast tracking error (active risk, %)	5.01
Active share (%)	91.82

## 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 as at 31 March 2025

Morningstar Medalist Rating™	Analyst-Driven %
	55
	Data Coverage %
	100

Overall Morningstar rating  
Financial Express Crown Rating



Fund Calibre Rating  
Source of Morningstar ratings: Morningstar  
Source: Financial Express  
Source: FundCalibre

Yes

Ratings should not be taken as a recommendation.

## Industry breakdown (%)

	Fund	Index	Relative weight
Industrials	35.4	23.9	11.5
Consumer discretionary	18.2	23.2	-5.0
Technology	13.1	11.8	1.3
Financials	8.2	11.4	-3.3
Basic materials	8.0	7.4	0.6
Consumer staples	6.9	9.3	-2.4
Real Estate	5.1	2.7	2.3
Health care	2.4	4.9	-2.5
Utilities	0.0	2.9	-2.9
Energy	0.0	1.8	-1.8
Telecommunications	0.0	0.6	-0.6
Cash	2.8	0.0	2.8

## Largest overweights (%)

	Fund	Index	Relative weight
Sparx Group	3.9	0.0	3.9
Noritsu Koki	3.0	0.0	3.0
Ichigo	2.8	0.0	2.8
CKD Corporation	2.6	0.0	2.5
NGK Spark Plug CO. Ltd.	2.7	0.2	2.5
Simplex Holdings	2.5	0.0	2.5
Toray Industries	2.8	0.4	2.4
Credit Saison	2.5	0.2	2.4
Peptidream	2.4	0.1	2.4
Nihon Unisys	2.2	0.1	2.1

## Largest underweights (%)

	Fund	Index	Relative weight
Panasonic	0.0	1.2	-1.2
Sompo Holdings	0.0	1.2	-1.2
NEC Corporation	0.0	1.2	-1.2
Bridgestone Corp	0.0	1.0	-1.0
Japan Post Holdings	0.0	0.9	-0.9
Nippon Steel & Sumitomo Metal	0.0	0.9	-0.9
KAO Corporation	0.0	0.9	-0.9
Bandai Namco Holdings	0.0	0.9	-0.9
Resona Holdings	0.0	0.8	-0.8
Renesas Electronics	0.0	0.8	-0.8

## Largest holdings (%)

	Fund	Index	Relative weight
Sparx Group	3.9	0.0	3.9
Noritsu Koki	3.0	0.0	3.0
Toray Industries	2.8	0.4	2.4
Ichigo	2.8	0.0	2.8
NGK Spark Plug CO. Ltd.	2.7	0.2	2.5
CKD Corporation	2.6	0.0	2.5
Toyota Industries Corporation	2.5	0.6	1.9
Credit Saison	2.5	0.2	2.4
Simplex Holdings	2.5	0.0	2.5
Peptidream	2.4	0.1	2.4

## Country breakdown (%)

	Fund	Index	Relative weight
Japan	97.1	100.0	-2.9
US	0.2	0.0	0.2
Cash	2.8	0.0	2.8

Breakdown in table is based on country of listing.

## Currency breakdown (%)

	Fund	Index	Relative weight
Japanese yen	99.9	100.0	-0.2
US dollar	0.2	0.0	0.2
British pound	0.0	0.0	0.0

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

## Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	0.0	0.0	0.0
Large cap (\$10 - \$50bn)	17.3	40.4	-23.1
Mid cap (\$2 - \$10bn)	30.8	41.2	-10.4
Small cap (< \$2bn)	49.1	18.4	30.7
Cash	2.8	0.0	2.8

## 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	GB0030939002	MGSJSCA LN	GBP	15/05/1984	1.10%	1.05%	£500	£100
Sterling A Inc	GB0030938707	MGSJSCI LN	GBP	15/05/1984	1.10%	2.16%	£500	£100
Sterling I Acc	GB00B7FGLY29	MGJSCIA LN	GBP	03/08/2012	0.70%	1.43%	£500,000	£10,000
Sterling I Inc	GB00B62S8P46	MGJSCII LN	GBP	03/08/2012	0.70%	2.15%	£500,000	£10,000
Sterling R Acc	GB00B731FV44	MGJSCRA LN	GBP	03/08/2012	0.95%	1.19%	£500	£100
Sterling R Inc	GB00B7FGMR27	MGJSCRI LN	GBP	03/08/2012	0.95%	2.15%	£500	£100

Any 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 note that not all of the share classes listed above might be available in your country. Please see the Important Information for Investors document and the relevant fund's Prospectus for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

## Important information

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Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

The M&G Japan Smaller Companies 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 © 2025 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

The value of investments will fluctuate, which will cause fund prices to fall as well as rise and investors may not get back the original amount invested.

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