

All statistics from M&G internal sources as at 30.09.20, unless indicated otherwise.

## Fund description

The fund gains its exposure through the M&G Global Emerging Markets Fund, an M&G OEIC.

The fund is actively managed and performance is compared to the MSCI Emerging Markets Index. At least 80% of the Fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or do most of their business in Emerging Market countries. The Fund employs a bottom-up stock picking approach to identify companies whose long-term prospects are, in the fund manager's opinion, being undervalued. The Fund's approach incorporates three elements: return on capital, valuations and corporate governance. It is the core belief of the fund manager that company-specific factors, in particular their profitability (which is measured in terms of return on capital), drive share prices over the long run. The Fund's country and sector exposure is not influenced by top-down views.

## Performance objective

The fund aims to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than that of the MSCI Emerging Markets Index over any five-year period.

## Key facts

<b>Style</b>	Active
<b>Fund manager</b>	Michael Bourke
<b>Benchmark</b>	MSCI Emerging Markets Index
<b>Number of holdings</b>	57
<b>Fund size</b>	£48.76m
<b>Current bid/offer spread</b>	0.57%
<b>Offer price</b>	£92.96
<b>AMC/OCE†</b>	0.75%/0.01%

†AMC - annual management charge; OCE - other charges and expenses.

## Performance

Percentage change in bid price since 1 Jan 2020, offer price prior to 1 Jan 2020 (net of fees)

12 months to end of September	2020	2019	2018	2017	2016
Fund	-16.7	8.3	3.2	14.3	40.6
Benchmark	5.7	4.1	2.4	19.0	36.7

	Qtr	1 yr	3 yrs*	5 yrs*
Fund	-2.3	-16.7	-2.4	8.4
Benchmark	4.8	5.7	4.1	12.9

\* Annualised

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.

Investing in emerging markets involves a greater risk of loss due to greater political, tax, economic, foreign exchange, liquidity and regulatory risks, among other factors. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries.

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

## Performance and attribution

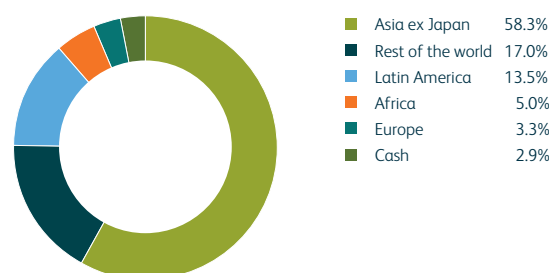
- In the third quarter, emerging market equities continued to bounce back from the downturn in March. They outperformed their developed market counterparts.

- The fund declined and lagged the MSCI Emerging Markets Index, with energy holdings CNOOC from China, US-based Kosmos Energy and Lukoil from Russia notable detractors as oil prices remained depressed. Turkish conglomerate Sabanci was a drag on relative performance as Turkey's currency and stockmarket declined. Not owning Chinese e-commerce firm Alibaba held back relative returns too as the large index constituent rose 30% during the quarter.
- On the other hand, Chinese holdings paper company Nine Dragons Paper (NDP) and biotechnology company BeiGene made positive contributions. BeiGene benefited from positive sentiment towards the pharmaceutical sector, while the continual growth of online delivery fuelled demand for NDP's products. South Korean car maker Hyundai Motor added value as investors reacted positively to the company's plan to expand its range of electric vehicles.

## Strategy

- The portfolio has a bias towards economically sensitive areas such as energy, financials and industrials. These are where the manager sees the most attractive opportunities currently. In contrast, the fund has below-index positions in communication services and consumer-related sectors. In the manager's view, stocks in these areas have benefited from investors' recent search for companies with reliable growth prospects and are, in many cases, expensive.
- During the quarter, the fund manager started positions in Brazilian hydro-electric utility Eletrobras and South African mining firm Sibanye-Stillwater, which he believes are attractively valued. In his opinion, the growth in the hybrid vehicle market could boost demand for Sibanye's platinum output, while Eletrobras is making strategic shifts that he thinks could improve profitability levels. In contrast, the small stakes in South African industrial equipment supplier Barloworld and Catcher Technology from Taiwan were sold. Catcher makes casings for smartphones and iPads and the arrival of new Chinese entrants to the sector has eroded the company's profitability.

## Geographical weighting



Please note that the data may not always add up to 100.0% due to rounding.

## Top 10 holdings

	(% of fund)
Samsung	9.1
Taiwan Semiconductor Manufacturing	3.8
Baidu 'A'	3.1
Sberbank of Russia	2.8
Delta Electronics	2.8
Greatview Aseptic Packaging	2.8
Hana Financial	2.7
Ping An Insurance	2.6
CNOOC	2.6
Shinhan Financial Group	2.5

## Risk rating

Minimal

Lower

Lower to Medium

Medium

Medium to Higher

Higher

What type of funds are in this risk category? These are specialist equity funds that focus on set geographical regions or a particular type of share, eg shares of smaller companies or those that conform to certain criteria.

## M&G Investments Pooled Pensions

M&G Investments Pooled Pensions manage a full range of funds on both an active and passive basis for defined benefit and defined contribution clients. We believe that the quality of client service is an important part of our overall pooled fund service.

Our team of Directors is responsible for all aspects of our relationships with individual clients, including regular attendance at trustee meetings to present performance and investment strategy.

### Client Directors

Lian Golton	020 3977 1666	Equities.Client.Team@mandg.co.uk
Orla Haughey	020 3977 3638	Equities.Client.Team@mandg.co.uk
Alec Spooner	020 3977 2505	Equities.Client.Team@mandg.co.uk

For security purposes and to improve the quality of our service, we may record and monitor telephone calls.

Please note that information contained within an email cannot be guaranteed as secure. We advise that you do not include any sensitive information when corresponding with M&G in this way.

## For scheme members

If you require further information about your pension please talk to your sponsoring employer.

For all general enquiries and administration please contact The Bank of New York Mellon Asset Servicing - Customer Services Desk on 0344 892 1812.

## Regulatory and technical information

### Usage

- This factsheet is intended for trustees, sponsors, advisers and “defined contribution” members of occupational pension schemes and personal pensions invested in M&G Pooled Pensions fund range.
- This factsheet reports upon the investment management of the fund during the quarter.
- There is no guarantee the fund objective will be achieved.

### Advice

- This factsheet is provided for information purposes only. Any changes to your investment arrangements should be discussed with your advisers.
- The commentary in this factsheet reflects the general views of M&G and should not be taken as a recommendation or advice as to how a specific market or fund is likely to perform.

### Performance

- Performance is measured on a bid price to bid price basis since 1 Jan 2020, offer price to offer price prior to 1 Jan 2020 (net of fees).
- The annual management charges are deducted before the unit prices are set and hence before the net performance figures shown here are calculated.
- To obtain unit price information for all funds in the M&G Pooled Pensions fund range, Pension Schemes can log on to [www.mandg.co.uk/institutions/resource-centre/pooledfundprices/](http://www.mandg.co.uk/institutions/resource-centre/pooledfundprices/)

### Fund availability

- Not all of the funds available may be used by your scheme.
- If you are in any doubt as to which M&G funds are applicable to you, please contact your personnel or pensions department as appropriate.

### How are fund prices calculated?

- M&G Pooled Pensions funds operate on a “single swinging” price basis. Although we create both bid and offer prices for each dealing day, the basis on which units in the fund are transacted is dependent upon the cash flow into/out of the fund on any day. If the fund has net positive cash flow on the day then it will be priced on an offer basis. If the fund has net negative cash flow on the day then it will be priced on a bid basis.
- The annual management charges are deducted from the fund before the unit prices are calculated.
- M&G Pooled Pensions funds are “forward” priced, which means that the unit price is set after money is invested. Money is invested on a “T+0” dealing cycle, which means that money received before 12.00 will be invested by close of business that day and the unit price applicable for that “valuation date” would be published by 12.00 on the following day.

### What is the risk rating?

- Risk ratings have been developed by Prudential to help provide an indication of a fund’s potential level of risk and reward based on the type of assets which may be held by the fund. Other companies may use different descriptions and as such these risk ratings should not be considered as generic across the fund management industry.
- We regularly review our fund risk ratings, so they may change in the future. If, in our view, there is a material change in the fund’s level of risk, for example due to a significant change to the assets held by the fund or in the way the fund is managed, we will provide information on the new risk rating. We recommend that you make sure you understand the risk rating of any fund before you invest.
- You should also consider discussing your decision and the appropriateness of a fund’s risk rating with an adviser.

## Glossary

For definitions of the investment terminology used within this document please see the glossary at: [www.mandg.co.uk/investor/help-centre/glossary](http://www.mandg.co.uk/investor/help-centre/glossary)

M&G Financial Services Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. M&G Pooled Pension funds are provided under an insurance contract issued by Prudential Pensions Limited and Prudential Pensions Limited has appointed M&G Financial Services Limited as a distributor of its products. The registered office of both companies is 10 Fenchurch Avenue, London EC3M 5AG. Both companies are registered in England and Wales under numbers 923891 and 992726 respectively. **OCT 20/60081**