

M&G Smaller Companies Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 May 2024

For investment professionals only

Fund description

The fund aims to achieve a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, over five years than the Deutsche Numis Smaller Companies Index (excluding Investment Companies). The fund is a well-diversified but high-conviction portfolio of UK smaller company shares constructed via a bottom-up approach to stockpicking. A long-term perspective is adopted with particular focus placed on growth, competitive advantage, change, quality of management and valuation.

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

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)

	2023	2022	2021	2020	2019
■ Sterling I Accumulation	-0.8%	-23.8%	21.7%	-3.2%	38.7%
■ Benchmark	10.1%	-17.9%	21.9%	-4.3%	25.2%
■ Sector	0.4%	-25.6%	20.6%	7.0%	25.4%

Performance over 5 years



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	7.4%	15.3%	12.6%	18.3%	-4.4%	3.6%
■ Benchmark	6.2%	12.6%	8.3%	18.2%	0.0%	5.3%
■ Sector	6.2%	12.5%	10.7%	14.5%	-5.9%	3.4%

Past performance is not a guide to future performance.

Performance comparison: Prior to 23 April 2024, the benchmark was Numis Smaller Companies Index (excluding Investment Companies). With effect from 23 April 2024 the benchmark is Deutsche Numis Smaller Companies Index (excluding Investment Companies). The fund is actively managed. The Numis index is a target benchmark which the fund seeks to outperform. The Numis index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The Numis index, together with the FTSE All-Share Index and Alternative Investment Market, act as constraints on the fund's portfolio construction as they define the investment universe of the fund.

Source: Morningstar, Inc and M&G, as at 31 May 2024. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in GBP terms.

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Key information

Fund manager(s)	James Taylor
Fund manager tenure from	30 June 2021
Deputy fund manager(s)	Garfield Kiff, Hilary Aldridge
ISIN	GB00B75DFL82
Launch date of fund	27 September 1967
Launch of share class	03 August 2012
Fund size (millions)	£ 209.84
Benchmark(s)	Deutsche Numis Smaller Companies Index (excluding Investment Companies)
Benchmark type	Target
Sector	IA UK Smaller Companies sector
Number of companies	70
Historic yield	1.91%
Portfolio turnover over 12 months	35.11%
VaR	9.18%
Payment dates	Feb, Aug
Ex-dividend dates	Jan, Jul

Charges

Maximum entry charge	0.00%
Ongoing charge	0.93%

Risk characteristics

As at 31/05/2024	Fund
Alpha (%)	-4.22
Information ratio	-0.77
Sharpe Ratio	-0.32
Historic tracking error (%)	5.67
Beta	1.01
Standard deviation (%)	17.61
Forecast tracking error (active risk, %)	4.44
Active share (%)	72.84

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 May 2024

Morningstar Medalist Rating™	Analyst-Driven %
Neutral TM	10
	Data Coverage %
	96

Overall Morningstar rating

Financial Express Crown Rating



Source of Morningstar ratings: Morningstar
Source: Financial Express

Ratings should not be taken as a recommendation.

Industry breakdown (%)

	Fund	Index	Relative weight
Industrials	26.4	22.6	3.8
Consumer discretionary	19.7	17.8	1.9
Financials	16.1	20.5	-4.4
Technology	8.6	7.1	1.5
Basic materials	6.9	7.0	-0.1
Real Estate	5.7	8.1	-2.4
Consumer staples	4.8	4.9	-0.1
Health care	4.0	3.6	0.4
Telecommunications	2.9	3.8	-0.9
Energy	1.9	4.3	-2.3
Utilities	0.0	0.4	-0.4
Other	0.0	0.0	0.0
Cash	3.0	0.0	3.0

Largest overweights (%)

	Fund	Index	Relative weight
Hill & Smith Holdings	4.0	1.1	2.9
Premier Foods	3.5	1.0	2.5
M&C Saatchi	2.2	0.0	2.2
Alpha FX Group	1.9	0.0	1.9
Wilmington	2.1	0.2	1.9
Polar Capital Holdings	1.8	0.0	1.8
Mortgage Advice Bureau (Holdings)	1.8	0.0	1.8
Alfa Financial Software Holdings	2.1	0.4	1.7
888 Holdings	1.9	0.3	1.6
Avon Rubber	1.8	0.3	1.6

Largest holdings (%)

	Fund	Index	Relative weight
Hill & Smith Holdings	4.0	1.1	2.9
Premier Foods	3.5	1.0	2.5
M&C Saatchi	2.2	0.0	2.2
Coats Group	2.2	0.9	1.3
Alfa Financial Software Holdings	2.1	0.4	1.7
Wilmington	2.1	0.2	1.9
AJ Bell	2.1	1.1	1.0
Lancashire Holdings	1.9	1.0	0.9
Alpha FX Group	1.9	0.0	1.9
888 Holdings	1.9	0.3	1.6

Largest underweights (%)

	Fund	Index	Relative weight
Mitchells & Butlers	0.0	1.2	-1.2
Zegona Communications	0.0	1.2	-1.2
Plus500	0.0	1.2	-1.2
TP Icap Group	0.0	1.1	-1.1
RHI Magnesita	0.0	1.1	-1.1
Paragon Group	0.0	1.1	-1.1
Bank of Cyprus Holdings	0.0	1.1	-1.1
Mitie Group	0.0	1.1	-1.1
Rathbone Brothers	0.0	1.1	-1.1
Trainline	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	GB0031289431	MGSSMLA LN	GBP	27/09/1967	1.33%	1.60%	£500	£100
Sterling A Inc	GB0031289324	MGSSMLI LN	GBP	27/09/1967	1.33%	2.70%	£500	£100
Sterling I Acc	GB00B75DFL82	MGSMCIA LN	GBP	03/08/2012	0.93%	1.91%	£500,000	£10,000
Sterling I Inc	GB00B7N1NG56	MGSMCII LN	GBP	03/08/2012	0.93%	2.69%	£500,000	£10,000
Sterling R Acc	GB00B6Z83898	MGSMCRA LN	GBP	03/08/2012	1.18%	1.70%	£500	£100
Sterling R Inc	GB00B79BM732	MGSMCRI LN	GBP	03/08/2012	1.18%	2.69%	£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 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

The M&G Smaller Companies Fund is a sub-fund of M&G Investment Funds (3).

The Morningstar Overall Rating based on the fund's Sterling Class I shares. Copyright © 2024 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. **For financial advisers only. Not for onward distribution. No other persons should rely on any information contained within.**

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