

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

Monthly Fund Review as at 31 May 2024

For investment professionals only

Highlights

- In May, Japan underperformed other major equity indices. The recent earnings season has continued to paint a picture of health overall, but there have been some erratic share price moves. This is perhaps unsurprising, given the long period during which the market has been trending higher.
- In an environment where interest rate rises are widely anticipated, the fund's underweight in financials proved to be a drag on performance. Stockpicking also held back relative returns, with Nippon Pillar Packing, which has a dominant market share in supplying a niche component for semiconductor clean rooms, retail company Trial Holdings and Rohm, an electronic parts manufacturer detracting. We remain invested in all three. Conversely, the fund's long term holdings in Noritsu Koki and Credit Saison added value. Toyo Suisan, a manufacturer and marketer of instant noodles also contributed to performance.
- We began new holdings in Morinaga, Astroscale Holdings, Mitsubishi Logisnext, and Biprogly and exited our positions in Nomura Holdings, Hu Group Holdings and Megachips.

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 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)

	2023	2022	2021	2020	2019
■ Sterling I Accumulation	10.1%	7.4%	26.8%	5.4%	8.8%
■ Russell/Nomura Mid-Small Cap Index	11.1%	-2.2%	-1.1%	5.9%	12.0%
■ Sector	11.0%	-8.4%	1.6%	13.9%	17.1%

Performance over 5 years



Fund performance

	1 month	3 months	YTD	1 year	3 years p.a.	5 years p.a.
■ Sterling I Accumulation	-2.6%	-0.5%	2.9%	8.1%	8.5%	13.0%
■ Russell/Nomura Mid-Small Cap Index	-1.1%	-1.5%	1.7%	10.1%	4.1%	4.9%
■ Sector	-0.5%	-1.6%	4.6%	10.8%	3.4%	6.4%

Past performance is not a guide to future performance.

Performance comparison: The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

Prior to 30 September 2023 sector performance was represented by the IA Japan Smaller Companies. Following its closure, sector performance is now represented by the IA Japan sector.

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.

Performance charts © 2024 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

Fund manager(s)	Carl Vine
Fund manager tenure from	20 September 2019
Deputy fund manager(s)	Dave Perrett
ISIN	GB00B7FGLY29
Launch date of fund	15 May 1984
Launch of share class	03 August 2012
Fund size (millions)	£ 220.78
Benchmark(s)	Russell/Nomura Mid-Small Cap Index
Benchmark type	Target
Sector	IA Japan sector
Number of companies	57
Historic yield	1.29%
Portfolio turnover over 12 months	67.83%
VaR	8.99%
Payment dates	Oct
Ex-dividend dates	Sep

Charges

Maximum entry charge	0.00%
Ongoing charge	0.70%

Risk characteristics

As at 31/05/2024	Fund
Alpha (%)	4.30
Information ratio	0.80
Sharpe Ratio	0.53
Historic tracking error (%)	5.46
Beta	0.98
Standard deviation (%)	11.50
Forecast tracking error (active risk, %)	5.11
Active share (%)	92.47

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 %
Bronze	55
	Data Coverage %
	100

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	31.3	24.4	6.9
Consumer discretionary	28.7	20.9	7.8
Technology	12.6	12.0	0.6
Consumer staples	8.9	9.2	-0.3
Basic materials	5.1	7.8	-2.8
Real Estate	4.6	2.7	1.9
Financials	4.5	10.8	-6.3
Health care	2.2	6.3	-4.2
Utilities	0.0	3.5	-3.5
Energy	0.0	2.0	-2.0
Telecommunications	0.0	0.4	-0.4
Cash	2.2	0.0	2.2

Largest overweights (%)

	Fund	Index	Relative weight
Orix Corporation	2.9	0.0	2.9
Noritsu Koki	2.8	0.0	2.7
Seven & I Holdings	2.7	0.0	2.7
Ushio	2.6	0.1	2.5
CKD Corporation	2.4	0.0	2.4
Toyota Industries Corporation	2.9	0.6	2.3
Trial Holdings	2.2	0.0	2.2
Rohm Ltd.	2.4	0.2	2.2
Sumitomo Forestry	2.4	0.2	2.2
KYB	2.2	0.0	2.1

Largest underweights (%)

	Fund	Index	Relative weight
Mitsubishi Heavy Industries Ltd.	0.0	1.2	-1.2
MS&AD Insurance Group Holdings	0.0	1.2	-1.2
Terumo Corporation	0.0	1.0	-1.0
Sompo Holdings	0.0	0.9	-0.9
KAO Corporation	0.0	0.9	-0.9
TDK Corporation	0.0	0.9	-0.9
Lasertec	0.0	0.9	-0.9
Olympus	0.0	0.9	-0.9
Nomura Holdings	0.0	0.8	-0.8
Fast Retailing	0.0	0.8	-0.8

Largest holdings (%)

	Fund	Index	Relative weight
Toyota Industries Corporation	2.9	0.6	2.3
Orix Corporation	2.9	0.0	2.9
Noritsu Koki	2.8	0.0	2.7
Mitsubishi Estate	2.7	0.8	1.9
Seven & I Holdings	2.7	0.0	2.7
Ushio	2.6	0.1	2.5
CKD Corporation	2.4	0.0	2.4
Sumitomo Forestry	2.4	0.2	2.2
Rohm Ltd.	2.4	0.2	2.2
Trial Holdings	2.2	0.0	2.2

Country breakdown (%)

	Fund	Index	Relative weight
Japan	97.7	100.0	-2.3
Israel	0.1	0.0	0.1
Cash	2.2	0.0	2.2

Currency breakdown (%)

	Fund	Index	Relative weight
Japanese yen	99.9	100.0	-0.1
US dollar	0.1	0.0	0.1
British pound	0.0	0.0	0.0

Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	0.0	0.8	-0.8
Large cap (\$10 - \$50bn)	21.7	39.7	-18.1
Mid cap (\$2 - \$10bn)	26.4	40.2	-13.9
Small cap (< \$2bn)	49.6	19.2	30.4
Other	0.2	0.0	0.2
Cash	2.2	0.0	2.2

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%	0.97%	£500	£100
Sterling A Inc	GB0030938707	MGSJSCI LN	GBP	15/05/1984	1.10%	1.89%	£500	£100
Sterling I Acc	GB00B7FGLY29	MGJSCIA LN	GBP	03/08/2012	0.70%	1.29%	£500,000	£10,000
Sterling I Inc	GB00B62S8P46	MGJSCII LN	GBP	03/08/2012	0.70%	1.88%	£500,000	£10,000
Sterling R Acc	GB00B731FV44	MGJSCRA LN	GBP	03/08/2012	0.95%	1.09%	£500	£100
Sterling R Inc	GB00B7FGMR27	MGJSCRI LN	GBP	03/08/2012	0.95%	1.89%	£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

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 © 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.**

This financial promotion is issued by M&G Securities Limited which is authorised and regulated by the Financial Conduct Authority in the UK and provides ISAs and other investment products. The company's registered office is 10 Fenchurch Avenue, London EC3M 5AG. Registered in England and Wales. Registered Number 90776.

Contact M&G

Private Investors

www.mandg.com/investments/private-investor/en-gb
0800 390 390

Charities

www.mandg.com/investments/charities/en-gb

For your protection calls may be recorded or monitored.

Professional investor

www.mandg.com/investments/professional-investor/en-gb

Institutional

www.mandg.com/investments/institutional/en-gb