

M&G Japan Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 31 March 2024

For investment professionals only

Highlights

- Japanese stockmarkets rose again in March, ending the quarter with strong gains. Against this backdrop, relative performance was aided by stockpicking. The top contributors included major property companies Mitsubishi Estate and Mitsui Fudosan as well as Sumitomo Forestry, one of Japan's largest private forest owners. The property sector outperformed in March after a government survey revealed Japan's land prices are on an upward trend and rose at the fastest pace in several decades in 2023. There is also optimism in the sector about the Bank of Japan's monetary policy being accommodative despite ending its negative interest rate policy (NIRP) in March.
- Conversely, key detractors were Keisei Electric Railway, Seven & I Holdings and biotech firm PeptiDream.
- During the month, we exited beverage company Kirin Holdings and construction firm Taisei Corporation. We started new positions in robotics company FANUC and Yaskawa Electric, a leading manufacturer of industrial automation and robotics.

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 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	14.0%	6.3%	13.8%	3.6%	8.4%
MSCI Japan Index	14.0%	-5.8%	3.0%	11.4%	15.4%
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	4.2%	13.5%	13.5%	25.6%	12.5%	11.9%
MSCI Japan Index	3.3%	12.2%	12.2%	23.5%	7.2%	8.8%
Sector	2.7%	9.3%	9.3%	17.5%	4.1%	7.5%

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.

Source: Morningstar, Inc and M&G, as at 31 March 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)	Carl Vine
Fund manager tenure from	20 September 2019
Deputy fund manager(s)	Dave Perrett
ISIN	GB00B74CQP79
Launch date of fund	06 April 1971
Launch of share class	03 August 2012
Fund size (millions)	£ 3,276.11
Benchmark(s)	MSCI Japan Index
Benchmark type	Target
Sector	IA Japan sector
Number of companies	49
Historic yield	1.19%
Portfolio turnover over 12 months	21.65%
VaR	8.56%
Payment dates	Apr, Oct
Ex-dividend dates	Mar, Sep

Charges

Maximum entry charge	0.00%
Ongoing charge	0.51%

Risk characteristics

As at 31/03/2024	Fund
Alpha (%)	5.55
Information ratio	1.18
Sharpe Ratio	0.94
Historic tracking error (%)	4.54
Beta	0.86
Standard deviation (%)	10.70
Forecast tracking error (active risk, %)	2.91
Active share (%)	64.34

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 2024

Morningstar Medalist Rating™	Analyst-Driven %	100
Bronze	Data Coverage %	100
	Overall Morningstar rating	★★★★★
Financial Express Crown Rating		F
Rayner Spencer Mills (RSM) Rating		Yes
Source of Morningstar ratings: Morningstar		
Source: Financial Express		
Source: RSMR Group		

Ratings should not be taken as a recommendation.

Industry breakdown (%)

	Fund	Index	Relative weight
Industrials	24.9	22.2	2.7
Consumer discretionary	24.5	19.6	4.9
Financials	13.8	13.3	0.5
Information technology	11.9	15.6	-3.7
Real Estate	6.2	3.1	3.1
Communication services	6.0	6.8	-0.9
Consumer staples	4.6	5.2	-0.6
Health care	3.6	7.6	-4.0
Materials	2.7	4.5	-1.8
Utilities	0.0	1.1	-1.1
Energy	0.0	0.9	-0.9
Cash	1.9	0.0	1.9

Largest holdings (%)

	Fund	Index	Relative weight
Toyota	6.3	6.7	-0.4
Mitsubishi UFJ	5.8	2.9	2.9
Hitachi	4.6	2.1	2.5
Seven & I Holdings	4.6	0.8	3.7
Mitsui	4.3	1.5	2.8
Orix Corporation	4.1	0.6	3.4
Nippon Telegraph and Telephone Corporation	3.6	0.9	2.7
Mitsubishi Estate	3.2	0.5	2.7
Sony	3.0	2.7	0.3
Mitsui Fudosan	2.9	0.7	2.2

Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	39.9	46.0	-6.1
Large cap (\$10 - \$50bn)	31.3	42.0	-10.8
Mid cap (\$2 - \$10bn)	20.4	12.0	8.4
Small cap (< \$2bn)	6.5	0.0	6.5
Cash	1.9	0.0	1.9

Largest overweights (%)

	Fund	Index	Relative weight
Seven & I Holdings	4.6	0.8	3.7
Orix Corporation	4.1	0.6	3.4
Mitsubishi UFJ	5.8	2.9	2.9
Mitsui	4.3	1.5	2.8
Nippon Telegraph and Telephone Corporation	3.6	0.9	2.7
Mitsubishi Estate	3.2	0.5	2.7
Hitachi	4.6	2.1	2.5
Credit Saison	2.2	0.0	2.2
Mitsui Fudosan	2.9	0.7	2.2
Toyota Industries Corporation	2.6	0.4	2.2

Currency breakdown (%)

	Fund	Index	Relative weight
Japanese yen	99.8	100.0	-0.2
British pound	0.1	0.0	0.1
US dollar	0.1	0.0	0.1

Largest underweights (%)

	Fund	Index	Relative weight
Mitsubishi Corporation	0.0	2.0	-2.0
Shin-Etsu Chemical	0.0	2.0	-2.0
Sumitomo Mitsui Financial Group	0.0	1.9	-1.9
Daiichi Sankyo	0.0	1.5	-1.5
Keyence	0.8	2.2	-1.4
Nintendo	0.0	1.4	-1.4
Tokio Marine	0.0	1.4	-1.4
Itochu Corporation	0.0	1.3	-1.3
Mizuho Financial Group	0.0	1.2	-1.2
Tokyo Electron	2.0	3.1	-1.1

Country breakdown (%)

	Fund	Index	Relative weight
Japan	98.0	100.0	-2.0
Israel	0.1	0.0	0.1
Cash	1.9	0.0	1.9

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	GB0030938475	MGSJAPA LN	GBP	06/04/1971	0.91%*	0.87%	£500	£100
Sterling A Inc	GB0030938368	MGSJAPI LN	GBP	09/05/1977	0.91%*	1.65%	£500	£100
Sterling I Acc	GB00B74CQP79	MGJAPIA LN	GBP	03/08/2012	0.51%*	1.19%	£500,000	£10,000
Sterling I Inc	GB00B6Z42S01	MGJAPII LN	GBP	03/08/2012	0.51%*	1.64%	£500,000	£10,000
Sterling I-H Acc	GB00BDCQNH43	MGJPNIH LN	GBP	14/06/2023	0.54%*	1.15%	£500,000	£10,000
Sterling I-H Acc	GB00BQ66TV72	MGJPPPH LN	GBP	14/06/2023	0.44%*	1.23%	£50,000,000	£10,000
Sterling R Acc	GB00B56V4L08	MGJAPRA LN	GBP	03/08/2012	0.76%*	0.99%	£500	£100
Sterling R Inc	GB00B7MTFH57	MGJAPRI LN	GBP	03/08/2012	0.76%*	1.65%	£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.

Approach to responsible investment

	Yes	No	N/A
ESG integration	✓		
Additional ESG specifications		✓	
Exclusions	✓		
Cluster munitions & anti personnel landmines	✓		
Other exclusions or restrictions		✓	
Voting	✓		
Engagement	✓		

Please see glossary for further explanation of these terms.

Climate Metrics

	Weighted Average Carbon Intensity	Coverage by portfolio weight (%)
Sterling I Accumulation	51.18	99.93%
Benchmark	67.87	100.00%

Source: MSCI

ESG Standard Glossary

Additional ESG specifications: In the context of M&G, these are funds managed with an explicit ESG objective, outcome or in accordance with specific ESG criteria, and 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 CO2 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.

At M&G 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. As with any mass data collection, there are methodology limitations; this also applies to MSCI. We make every effort to check its data and are currently building our own tools which will use a variety of data sources to gather and map the carbon emissions of our funds.

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.

Important information

With effect from November 2023, we are reporting using our internal accounting book of record (ABOR) moving away from the investment book of record (IBOR) used for reporting up to October 2023. Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

The M&G Japan 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.**

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