

# M&G Japan Fund Sterling Class I – Accumulation shares

Monthly Fund Review as at 29 February 2024

For investment professionals only

## Highlights

- Japanese equities continued to rally in February with one of Japan's main benchmarks (the Nikkei 225 Index) reaching an all-time high.
- Stockpicking was the main driver of relative performance. The leading contributors were Sanrio, Seven & I Holdings, and Hitachi Zosen, one of Japan's leading industrial and engineering firms. Both Sanrio and Hitachi Zosen saw their share prices rally after the companies revised their earnings guidance upwards. Seven & I Holdings, the owner of 7-Eleven convenience stores, is introducing larger outlets offering greater product lines, which could potentially rival other supermarket chains such as Aeon's My Basket.
- Conversely, key detractors included our lack of exposure to Mitsubishi; its shares rose sharply after the announcement of a share buyback programme. Our holding in Nippon Telegraph and Telephone and underweight position in Tokyo Electron also hampered relative returns. During the month, there were no new holdings or positions closed.

## 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.

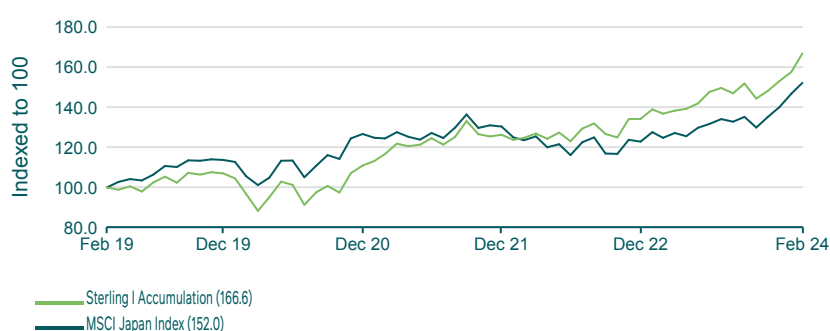
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

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	5.8%	12.6%	9.0%	21.9%	12.6%	10.7%
MSCI Japan Index	3.7%	12.6%	8.6%	21.9%	6.9%	8.7%
Sector	3.5%	10.4%	6.4%	16.3%	4.0%	7.3%

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 29 February 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	GB00B74CQP79
Launch date of fund	06 April 1971
Launch of share class	03 August 2012
Fund size (millions)	£ 3,028.80
Benchmark(s)	MSCI Japan Index
Benchmark type	Target
Sector	IA Japan sector
Number of companies	49
Historic yield	1.26%
Portfolio turnover over 12 months	24.00%
VaR	8.47%
Payment dates	Apr, Oct
Ex-dividend dates	Mar, Sep

## Charges

Maximum entry charge	0.00%
Ongoing charge	0.51%



## Risk characteristics

As at 29/02/2024	Fund
Alpha (%)	5.83
Information ratio	1.23
Sharpe Ratio	0.96
Historic tracking error (%)	4.61
Beta	0.87
Standard deviation (%)	10.72
Forecast tracking error (active risk, %)	3.04
Active share (%)	65.02

## 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 29 February 2024

Morningstar Medalist Rating™	Analyst-Driven %
 <b>Bronze</b>	100
	Data Coverage %
	100
Overall Morningstar rating	★★★★★
Financial Express Crown Rating	
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
Consumer discretionary	24.6	19.6	5.0
Industrials	23.8	21.9	1.8
Financials	14.1	13.0	1.1
Information technology	11.5	15.7	-4.2
Communication services	6.2	7.1	-1.0
Consumer staples	5.7	5.3	0.4
Real Estate	5.4	2.9	2.6
Health care	3.7	8.1	-4.4
Materials	2.8	4.5	-1.7
Utilities	0.0	1.1	-1.1
Energy	0.0	0.8	-0.8
Cash	2.4	0.0	2.4

## Largest overweights (%)

	Fund	Index	Relative weight
Seven & I Holdings	4.9	0.9	4.0
Orix Corporation	4.1	0.6	3.5
Mitsubishi UFJ	6.1	2.9	3.1
Nippon Telegraph and Telephone Corporation	3.8	0.9	2.8
Mitsui	4.2	1.5	2.8
Hitachi	4.5	2.0	2.5
Mitsubishi Estate	2.8	0.4	2.4
Toyota Industries Corporation	2.6	0.4	2.2
Credit Saison	2.2	0.0	2.2
Sanrio	2.0	0.0	2.0

## Largest underweights (%)

	Fund	Index	Relative weight
Shin-Etsu Chemical	0.0	2.0	-2.0
Mitsubishi Corporation	0.0	1.9	-1.9
Sumitomo Mitsui Financial Group	0.0	1.8	-1.8
Daiichi Sankyo	0.0	1.6	-1.6
Nintendo	0.0	1.5	-1.5
Keyence	0.9	2.3	-1.5
Tokio Marine	0.0	1.4	-1.4
Itochu Corporation	0.0	1.3	-1.3
Hoya	0.0	1.2	-1.2
Kddi Corporation	0.0	1.2	-1.2

## Largest holdings (%)

	Fund	Index	Relative weight
Toyota	6.4	6.6	-0.2
Mitsubishi UFJ	6.1	2.9	3.1
Seven & I Holdings	4.9	0.9	4.0
Hitachi	4.5	2.0	2.5
Mitsui	4.2	1.5	2.8
Orix Corporation	4.1	0.6	3.5
Nippon Telegraph and Telephone Corporation	3.8	0.9	2.8
Sony	3.2	2.8	0.4
Mitsubishi Estate	2.8	0.4	2.4
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	0.2	0.0	0.2
US dollar	0.0	0.0	0.0

## Country breakdown (%)

	Fund	Index	Relative weight
Japan	97.6	100.0	-2.4
Israel	0.0	0.0	0.0
Cash	2.4	0.0	2.4

## Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	40.4	44.8	-4.4
Large cap (\$10 - \$50bn)	29.4	42.8	-13.4
Mid cap (\$2 - \$10bn)	21.0	12.5	8.5
Small cap (< \$2bn)	6.9	0.0	6.9
Cash	2.4	0.0	2.4

## 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%*	0.95%	£500	£100
Sterling A Inc	GB0030938368	MGSJAPI LN	GBP	09/05/1977	0.91%*	1.72%	£500	£100
Sterling I Acc	GB00B74CQP79	MGJAPIA LN	GBP	03/08/2012	0.51%*	1.26%	£500,000	£10,000
Sterling I Inc	GB00B6Z42S01	MGJAPII LN	GBP	03/08/2012	0.51%*	1.71%	£500,000	£10,000
Sterling I-H Acc	GB00BDCQNH43	MGJPNIH LN	GBP	14/06/2023	0.54%*	1.21%	£500,000	£10,000
Sterling I-H Inc	GB00BQ66TV72	MGJPPPH LN	GBP	14/06/2023	0.44%*	1.28%	£50,000,000	£10,000
Sterling R Acc	GB00B56V4L08	MGJAPRA LN	GBP	03/08/2012	0.76%*	1.06%	£500	£100
Sterling R Inc	GB00B7MTFH57	MGJAPRI LN	GBP	03/08/2012	0.76%*	1.72%	£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.

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	54.03	99.99%
Benchmark	68.89	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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