

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

Monthly Fund Review as at 29 February 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 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.

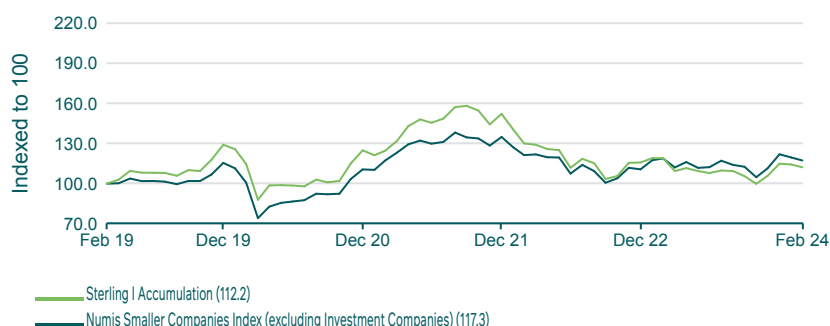
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.

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%
Numis Smaller Companies Index (excluding Investment Companies)	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	-1.9%	6.0%	-2.4%	-5.7%	-3.4%	2.3%
Numis Smaller Companies Index (excluding Investment Companies)	-1.9%	5.2%	-3.8%	-1.3%	0.0%	3.2%
Sector	-1.4%	5.4%	-1.6%	-4.0%	-5.4%	2.4%

Past performance is not a guide to future performance.

**Performance comparison:** 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 29 February 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)	£ 185.80
Benchmark(s)	Numis Smaller Companies Index (excluding Investment Companies)
Benchmark type	Target
Sector	IA UK Smaller Companies sector
Number of companies	71
Historic yield	2.20%
Portfolio turnover over 12 months	46.57%
VaR	9.92%
Payment dates	Feb, Aug
Ex-dividend dates	Jan, Jul

## Charges

Maximum entry charge	0.00%
Ongoing charge	0.93%

## Risk characteristics

As at 29/02/2024	Fund
Alpha (%)	-3.22
Information ratio	-0.57
Sharpe Ratio	-0.23
Historic tracking error (%)	6.06
Beta	1.03
Standard deviation (%)	17.95
Forecast tracking error (active risk, %)	4.32
Active share (%)	72.91

## 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 %
 Bronze	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	25.4	22.9	2.5
Consumer discretionary	20.0	18.5	1.5
Financials	14.4	19.8	-5.3
Technology	11.3	8.4	2.9
Basic materials	6.6	6.6	0.0
Real Estate	5.3	8.1	-2.8
Consumer staples	4.2	4.4	-0.2
Health care	3.8	3.9	-0.1
Energy	3.4	4.0	-0.6
Telecommunications	2.3	2.9	-0.7
Utilities	0.0	0.4	-0.4
Other	0.1	0.0	0.1
Cash	3.1	0.0	3.1

Largest holdings (%)

	Fund	Index	Relative weight
Hill & Smith Holdings	4.2	1.1	3.2
Premier Foods	3.2	0.9	2.3
Ascential	2.6	1.0	1.6
Lancashire Holdings	2.3	1.2	1.1
Chemring Group	2.2	0.7	1.5
Alfa Financial Software Holdings	2.2	0.4	1.8
Bytes Technology Group	2.2	1.0	1.2
Wilmington	2.1	0.2	1.9
M&C Saatchi	2.1	0.0	2.1
Coats Group	2.1	0.8	1.3

Largest overweights (%)

	Fund	Index	Relative weight
Hill & Smith Holdings	4.2	1.1	3.2
Premier Foods	3.2	0.9	2.3
M&C Saatchi	2.1	0.0	2.1
Wilmington	2.1	0.2	1.9
Mortgage Advice Bureau (Holdings)	1.9	0.0	1.9
Alfa Financial Software Holdings	2.2	0.4	1.8
Polar Capital Holdings	1.8	0.0	1.8
888 Holdings	2.0	0.3	1.8
Alpha FX Group	1.7	0.0	1.7
Gaming Realms	1.7	0.0	1.7

Largest underweights (%)

	Fund	Index	Relative weight
RHI Magnesita	0.0	1.3	-1.3
TBC Bank Group	0.0	1.2	-1.2
Pagegroup	0.0	1.1	-1.1
Trainline	0.0	1.1	-1.1
Ashmore Group	0.0	1.1	-1.1
Zegona Communications	0.0	1.1	-1.1
Mitie Group	0.0	1.1	-1.1
Delek North SEA	0.0	1.0	-1.0
Rathbone Brothers	0.0	1.0	-1.0
Mitchells & Butlers	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%	1.84%	£500	£100
Sterling A Inc	GB0031289324	MGSSMLI LN	GBP	27/09/1967	1.33%	3.11%	£500	£100
Sterling I Acc	GB00B75DFL82	MGSMCIA LN	GBP	03/08/2012	0.93%	2.20%	£500,000	£10,000
Sterling I Inc	GB00B7N1NG56	MGSMCII LN	GBP	03/08/2012	0.93%	3.10%	£500,000	£10,000
Sterling R Acc	GB00B6Z83898	MGSMCRA LN	GBP	03/08/2012	1.18%	1.96%	£500	£100
Sterling R Inc	GB00B79BM732	MGSMCRI LN	GBP	03/08/2012	1.18%	3.10%	£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	43.41	85.27%
Benchmark	80.77	87.13%

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.

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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