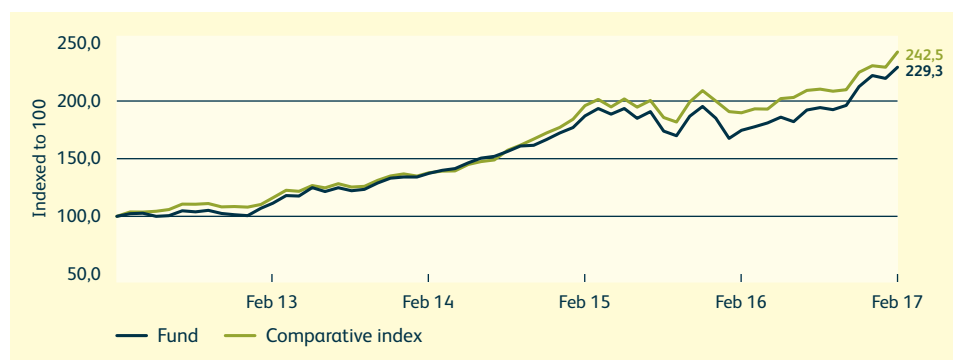


Euro Class A

Summary

- US equities climbed to record highs in February amid ongoing optimism about the macroeconomic environment and encouraging corporate results.
- The fund rose but trailed the S&P 500 Index. Value as a style underperformed, which created a headwind for the fund.
- Fund Manager Daniel White started positions in Affiliated Managers, an asset manager, Euronav, an oil tanker business and Mellanox, a technology firm.

Performance over 5 years



Key information

Fund manager	Daniel White
Fund manager tenure from	1 September 2013
Deputy fund manager	Richard Halle
Launch date	1 July 2005
Launch of share class	1 July 2005
Fund size (millions)	€586,52
Fund type	OEIC, incorporated in the UK
Comparative index	S&P 500 Index
Comparative sector	Morningstar US Large-Cap Value Equity sector
Number of companies	85
Historic yield (Acc)	0.26 %
Share type	Accumulation
Ongoing charge	1.66 %

The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown above. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Fund performance

	1 month (%)	3 months (%)	YTD (%)	1 year (%)	3 years (%) p.a.	5 years (%) p.a.	Since tenure (%) p.a.	Since inception (%) p.a.
Fund	+4,4	+7,9	+3,2	+31,3	+18,6	+18,0	+19,7	+6,5
Index	+5,7	+7,9	+5,2	+27,8	+20,7	+19,4	+20,8	+9,4
Russell 1000 Value Index	+5,4	+6,8	+3,6	+32,0	+19,9	+19,4	+19,6	+8,6
Sector	+5,2	+6,2	+3,8	+28,2	+16,8	+16,4	+16,7	+7,0
Ranking	45/52	6/51	32/51	10/50	7/44	7/33	3/40	19/26
Quartile ranking	4	1	3	1	1	1	1	3

Fund ratings

Overall Morningstar rating	★★★
Morningstar Analyst rating	Neutral

Source of Morningstar ratings: Morningstar, as at 31 January 2017

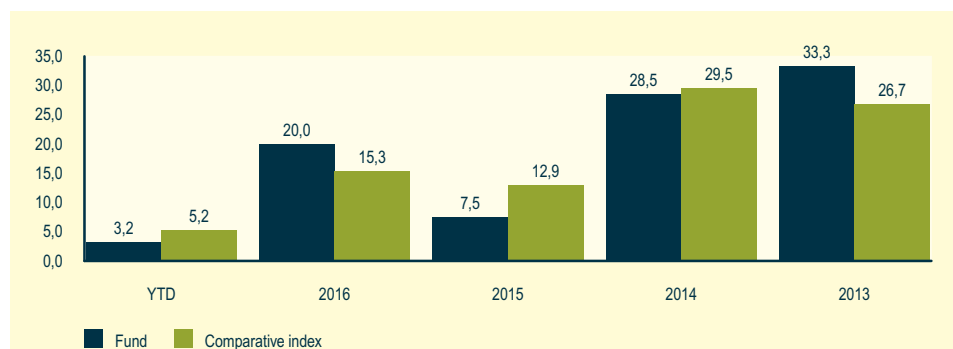
Ratings should not be taken as a recommendation.

Risk characteristics

As at 31/01/17	
Alpha:	0,73
Information ratio:	0,21
Sharpe ratio:	1,01
Historic tracking error:	3,08
Beta:	1,01
Standard deviation:	10,83
Forecast tracking error (active risk):	2,88
Active share	77,89

Alpha: Portfolio return less comparative index return, annualised. **Information ratio:** Risk-adjusted relative return, measured as the ratio of active return (difference between portfolio return and index return), divided by tracking error (standard deviation of active returns). **Sharpe ratio:** Risk-adjusted absolute return, measured as the ratio of portfolio excess return (difference between mean portfolio return and the risk-free rate) divided by the standard deviation of portfolio returns. **Historic tracking error:** Measure of the actual deviation of portfolio returns from comparative index returns. These four risk measures are calculated using realised, rolling, three-year fund returns. **Beta:** Forecast sensitivity of portfolio returns to the comparative index. **Standard deviation:** Forecast absolute volatility of portfolio returns. **Forecast tracking error (active risk):** Forecast standard deviation of a portfolio's returns relative to its comparative index. **Active share:** Sum of overweight and underweight positions within the portfolio away from the comparative index, divided by two. These four risk measures are calculated with reference to the returns of underlying securities portfolios, not fund returns. Numbers are based on four years of daily data using a 3-6 month horizon.

Annual performance (%)



Past performance is not a guide to future performance.

The value of investments and the income from them will fluctuate. This will cause the fund price to fall as well as rise. There is no guarantee the fund objective will be achieved and you may not get back the original amount you invested.

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.

Industry breakdown (%)

	Fund	Index	Relative weight
Information technology	18,6	21,5	-2,9
Financials	17,7	14,8	3,0
Healthcare	15,0	14,1	0,9
Consumer discretionary	11,4	12,1	-0,7
Consumer staples	10,0	9,4	0,5
Energy	9,0	6,6	2,3
Industrials	5,2	10,2	-5,0
Materials	3,1	2,8	0,2
Telecommunications	2,9	2,4	0,4
Utilities	1,7	3,2	-1,5
Real estate	0,0	2,9	-2,9
Cash and near cash	5,4	0,0	5,4

Largest holdings (%)

	Fund	Index	Relative weight
Alphabet	3,8	2,4	1,3
Microsoft	3,1	2,4	0,7
Pfizer	2,9	1,0	1,9
JP Morgan	2,8	1,6	1,3
Johnson & Johnson	2,8	1,6	1,2
Citigroup	2,3	0,8	1,5
AT&T	2,0	1,3	0,7
Chevron	2,0	1,0	0,9
Comcast	1,9	0,9	1,0
Merck	1,8	0,9	0,9

Largest overweights (%)

	Fund	Index	Relative weight
Pfizer	2,9	1,0	1,9
Anthem	1,8	0,2	1,6
Molson Coors Brewing	1,7	0,1	1,6
Exelon	1,7	0,2	1,5
Citigroup	2,3	0,8	1,5
Coca-Cola European Partners	1,4	0,0	1,4
ConocoPhillips	1,7	0,3	1,4
Carnival	1,5	0,1	1,4
Xerox	1,4	0,0	1,4
Kimberly-Clark	1,6	0,2	1,4

Largest underweights (%)

	Fund	Index	Relative weight
Apple	0,0	3,6	-3,6
Exxon Mobil	0,0	1,7	-1,7
Amazon	0,0	1,6	-1,6
Berkshire Hathaway	0,0	1,6	-1,6
Facebook	0,0	1,6	-1,6
General Electric	0,0	1,3	-1,3
Bank of America	0,0	1,2	-1,2
Procter & Gamble	0,0	1,2	-1,2
Verizon Communications	0,0	1,0	-1,0
Home Depot	0,0	0,9	-0,9

Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	44,6	63,6	-19,0
Large cap (\$10 - \$50bn)	27,9	33,0	-5,1
Mid cap (\$2 - \$10bn)	19,2	3,4	15,7
Small cap (< \$2bn)	3,0	0,0	3,0
Cash	5,4	0,0	5,4

Performance review

US stockmarkets rallied to record highs in February amid ongoing optimism about President Trump's plans to boost economic growth. Robust economic data and encouraging corporate results also contributed to the positive mood.

At the sector level, defensives fared slightly better in February after being out of favour recently. Healthcare stocks led the way, while consumer staples and utilities also outperformed. Financials and information technology performed well too. In contrast, energy and materials were laggards as they paused for breath after a period of strong performance.

Small- and mid-cap stocks trailed their larger counterparts, while in terms of style, value's recovery stalled for another month. Value underperformed the broader market, which created a headwind for the fund's approach.

Against this backdrop, the fund delivered positive returns but was behind the S&P 500 Index. Stock selection detracted, most notably in the information technology sector where not owning shares in large index constituent **Apple** hurt relative performance. Apple's stock climbed to the highest ever level on better-than-expected quarterly earnings and optimism about forthcoming products.

Stock selection in the consumer discretionary sector cost some performance as well, with retailer **Target** among the leading detractors. Target's share price fell on the back of a decline in quarterly earnings, following a disappointing holiday season, and a weak outlook for sales. The company is investing in its stores, logistics and supply chain, which is expected to weigh on profits in the short term. Daniel believes Target has the financial resources to support this investment, which could enable Target to take market share and improve margins over the longer term.

In the materials sector, gold miner **Newmont Mining**, detracted after reporting earnings below consensus, citing the impact of ongoing higher extraction costs. As energy stocks underperformed, the fund's overweight in the energy sector cost some performance too, with **Hess** and **Kosmos Energy**, two oil & gas explorers, among the leading detractors.

On a positive note, stock selection in the healthcare sector added value. The holding in **Pfizer**, a pharmaceutical firm, was a notable contributor as investors welcomed some encouraging results from trials of new drugs.

Meanwhile, shares in **Johnson & Johnson**, a global healthcare firm with personal care products and medical devices businesses, also rose. The company has recently announced a multi-billion dollar acquisition of Swiss drug company Actelion, which should provide Johnson & Johnson with a range of new medicines.

In the financials sector, the holdings in **Goldman Sachs** and **Citigroup** were notable contributors. Shares in the financial groups were lifted by optimism about a potential regulatory reform of the banking sector and higher interest rates.

Key changes

Daniel started a new position in **Affiliated Managers**, an asset management company that owns stakes in a number of boutique asset managers and private equity firms. The company's shares have fallen on concerns about slowing flows into active investment managers; however, Daniel believes Affiliated Managers has repeatedly demonstrated its ability to generate inflows greater than the rest of the market.

Euronav, a global shipping company focused on the transport of oil, also joined the portfolio. Euronav has suffered from the falling daily rental rate of tankers, resulting from a supply-demand imbalance in the shipping market. Over the long term, however, Daniel believes day-rates should normalise as fewer ships are built and the existing fleet is ageing.

Another newcomer was **Mellanox**, a technology firm which makes products used in servers and data storage systems. Mellanox's connectors increase the efficiency and performance of data centres and, in Daniel's view, the company should benefit from the future growth in data consumption and the use of data centres.

There were no complete sales.

Fund codes and charges

Share class	ISIN	Bloomberg	Annual management charge	Ongoing charge	Minimum initial investment	Minimum top up investment
Euro A Acc	GB00B0BHJH99	MGNAEAA LN	1,50 %	1,66 %	€1.000	€75
Euro C Acc	GB00B0BHJJ14	MGNAECA LN	0,75 %	0,91 %	€500.000	€50.000

The ongoing charge figures disclosed above include direct costs to the fund, such as the annual management charge (AMC), administration charge and custodian charge, but does not include portfolio transaction costs (including research costs). They are based on expenses for the period ending 31 August 2016.

Please note that not all of the share classes listed above might be available in your country.

Important information

Cash and near cash may be held on deposit and/or in the Northern Trust Cash Funds (a range of collective investment schemes) and/or in short-dated government bonds.

Source of performance data: Morningstar, Inc., as at 28 February 2017, Euro Class A shares, net income reinvested, price to price basis. Past performance is not a guide to future performance. All other statistics from M&G internal sources, as at 28 February 2017 unless indicated otherwise.

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