M&G (Lux) European Strategic Value Fd

Europe All Cap Value

Portfolio Strategy

European value fund with distinctive features: diversified portfolio investing in cheapest stocks in all the sectors, providing sector diversification compared to others value competitors. The fund invests across the whole market cap spectrum. Simple but repeatable investment process based on quantitative screening of the universe, fundamental bottom-up stock selection and risk-aware portfolio construction to outperform the MSCI Europe Index over a full cycle.

Key Features

Asset Manager	M&G Luxembourg S.A.
Net Assets Value	7,665 (Mio Euro)
Inception Date	20/09/2018
UCITS	Yes
Base Currency	Euro
Liquidity	Daily
Share Class*	Euro Acc
Management Fees* (%)	1.50%
Performance Fees	No
CH Registered	Yes

Portfolio Style

Investment Process	Judgmental	Systematic
Style	Value	Growth
Market Cap	Large	Small
Alpha Driver	Bottom-Up	Top-Down
Portfolio Construction	Concentrated	Diversified
Investment Rationale	Core	Satellite

Investment Rationale

The fund provides access to Pan-European equities with a quality value approach and a diversified portfolio. Risk-managed stock selection and portfolio construction to avoid value traps and minimize biases. Consistent track record in different environments, driven by growth or value, with solid downside protection.

Investment Philosophy

- Screening: universe is quantitatively filtered to identify stocks in the cheapest quartile of each sector. Key criteria is a proprietary adjusted price-to-book ratio. The subdivision into sectors is intended to achieve a diversified sector allocation. Short list of 300 stocks reviewed on a monthly basis to monitor the universe.
- Fundamental analysis: focus on quality and downside risk to avoid value traps. Bottom-up research focused on 3 pillars: financial strength (assessment of balance sheet, risk and debt structure), business durability (avoid structural decline, unsustainable business models, assessment of competitive position and strategy), management behaviour (track record, execution, shareholder value). Watch List of 100-200 stocks.
- Portfolio construction: balanced portfolio of 80-85 stocks on average. The aim is to achieve a healthy balance between cyclical and defensive value stocks. Extensive interaction with the Risk Portfolio Team to identify unintended sensitivities and biases. Portfolio with positive skew and diversification, not high conviction. Stock's maximum weight is usually below 3%, even for Top 10. Structural overweight in small & mid-cap, usually 30-50% of the portfolio.
- Active: on average 25% name turnover annually, with 12 new and exited companies in the portfolio. Active share averages around 80% historically.

Fund Management Team

The fund is managed by Richard Halle since inception both in OEIC and UCITS format. He is an experienced and seasoned investor, supported by a junior analyst. Since 2021, the value team was combined with the global income, thematic and infrastructure teams, to form M&G's global equity platform. Solid research resources to support stock and sector insights. Shared and common philosophy based on high active share, internal research and ESG integration. Mr Halle is final decision maker for this portfolio.

Strengths

- Value specialist: Richar Halle is an experienced and seasoned value investor and long-lasting experience in European equities. The fund displays consistent high value bias with a quality overaly.
- Portfolio construction: solid risk-aware framework to avoid performance drift in adverse markets for value. Disciplined, well-executed process since inception in 2008. Despite a consistent value bias , the fund is well balanced and more diversified in its sector allocation than best value peers.
- Performance: 1st quartile risk-adjusted performance as measured by Sharpe, Sortino or Calmar ratios. Downside risk is very well managed over time and through different cycles. Consistent track record even in value-adverse environments, derived from sound portfolio construction and risk management.

Weaknesses

- Shared resources: the PM benefits from a lot of resources from other equity teams but he has minimal support from dedicated analysts specifically for this European Equity portfolio.

	1M	YTD	2025	2024	2023	3Y (Ann.)	5Y (Ann.)	Sharpe Ratio 3Y	Volatility 3Y	Max Drawdown 3Y
Fund	5.00	9.35	31.95	14.97	13.53	21.37	15.06	1.70	10.06	-11.40
Index	3.16	7.50	19.39	8.59	15.83	14.15	10.02	1.03	10.55	-12.39

*ISIN Code: LU1670707527. ISIN used for performance: LU1670707527 Performance data source and Key Points provided by Wealth Solutions Partners SA. - Past performance should not be seen as an indication of future performance. Index: MSCI Europe NR EUR. Data as of: 31/05/2026