

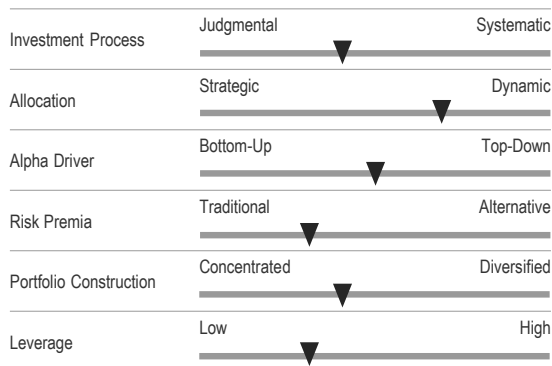
Portfolio Strategy

Unique investment philosophy combining valuation discipline and behavioural finance influences. The fund invests globally in different types of assets / regions and takes long and short positions. Absolute investment objective: the fund aims to provide a combination of capital growth and income of 4-8% a year above the risk-free rate over any five-year period

Key Features

Asset Manager	M&G Luxembourg S.A.
Net Assets Value	791 (Mio US Dollar)
Inception Date	26/10/2018
UCITS	Yes
Base Currency	US Dollar
Liquidity	Daily
Share Class*	US Dollar Acc
Management Fees* (%)	1.75%
Performance Fees	No
CH Registered	Yes

Portfolio Style



Investment Rationale

Daily liquid discretionary global macro strategy with more than 20 years of proven track record. In addition to the strategy's compelling performance, the nature of the return delivery and correlation characteristics compared to the major asset classes are attractive as part of a broader portfolio. Varying exposure to market beta can be especially attractive to long only portfolios in phases of heightened volatility and offer material risk/return benefits.

Investment Philosophy

- Episode approach: the process does not rely on forecasting (profits, interest rates, inflation), it aims to identify when asset prices have moved away from fundamental value, as a result of human emotion (overconfidence/pessimism). Rigorous framework which exploits emotional bias in the pricing of risk.
- Investment universe: Highly flexible, investing across equities, fixed income and currencies across developed and emerging markets. Typically, the fund will invest via derivatives, and very liquid instruments (futures, forwards and CDX/CDS contracts for credit and occasionally through ETFs and baskets), offering a genuine liquid portfolio
- Implementation: The portfolio typically consists of a combination of value trades (trend following) and episodic trades (price contrarian). The strategy can invest flexibly (both long and short) and is focused on directional and relative value bets across all investible asset classes.
- Research framework: the approach combines in-depth research to estimate the fair value of assets over the medium to long term (quantitative), with analysis of market reactions to events to identify investment opportunities (qualitative). Behavioural opportunities are derived from non-fundamental reasons (rapid price action, single story or price move inconsistent with factual newsflow). This framework requires extensive research and experience.
- Portfolio construction: the position size is a function of conviction, volatility and correlation of each asset. Risk is controlled at the aggregate portfolio level, not individual positions.

Fund Management Team

The fund is managed by David Fishwick, Head of Macro Investing, since inception in 2010. He has created and developed the Multi Asset team's unique Episode investment philosophy applied since 1999. He is supported by his deputy fund managers, Gautam Samarth, Stuart Canning and Tristan Hanson, all of whom have worked closely with Dave for the majority of their tenure at M&G.

Strengths

- Diversification: since the fund often seeks to capture tactical opportunities in a contrarian way, it can behave differently to other macro strategies that have an emphasis on trending behaviour (such as CTAs) and/or economic forecasting-based approaches. The strategy's uncommon approach and philosophy means that it has also delivered returns uncorrelated with other alternative investments, and within the global macro peer group.
- Proven approach: the edge is in understanding the emotional drivers of volatility. The strategy employs a unique combination of both objective and subjective assessments as part of the idea generation process. Flexible and dynamic investment strategy. Repeatable process applicable to the most liquid asset classes
- Performance: since inception the fund has produced a consistent return stream and has delivered on its stated investment objective since inception and most investment horizons. In the life of the UCITS vehicle, the strategy has shown modest positive equity correlation, and close to zero correlation to global bonds. The approach tends to perform well when volatility is heightened, which creates episodes (ex: the equity collapse in H1 2020, or in bonds in H2 2023) or periods in which valuations dislocations adjust (ex: the bond sell-off in 2022 and even in less volatile phases like 2019). The fund is likely to do less well when valuations on major assets are not at extremes and volatility is low (such as in 2021) or when valuation dislocations persist or increase (ex: cheap assets getting cheaper such as 2012).

Weaknesses

- Transitioning period: from 1st October 2024, Dave Fishwick will be retiring from full-time portfolio management, while remaining in a Senior Advisor role to the Multi Asset team. He has been the true architect of the Episode investment philosophy. We think it is a major change, but the transition has been well handled internally. The 3 co-PMs, will continue the team-based approach that has made the strategy successful.

	1M	YTD	2025	2024	2023	3Y (Ann.)	5Y (Ann.)	Sharpe Ratio 3Y	Volatility 3Y	Max Drawdown 3Y
Fund	0.65	-0.39	8.03	0.51	8.87	4.60	6.85	0.00	6.92	-6.67