M&G (Lux) Global Dividend Fund

Top 10 holdings

Stuart Rhodes, Fund Manager

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- 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.

Methanex

Country: US
Sector: Materials
Fund category: Assets

- World leader in the production of methanol with a global footprint and a highly competitive cost base. Potential for significant positive surprise over the long term should methanol establish itself as a transition fuel for the marine industry.
- The business model is highly cash generative, with a management team that has demonstrated capital discipline, returning significant amounts of cash to shareholders. The dividend has been raised twice in 2022, with a year-on-year growth rate of 40%.
- Cashflow is buoyant with the methanol price at current levels and we feel the valuation remains highly attractive.

Imperial Brands

Country: UK
Sector: Consumer staples
Fund category: Assets

- The tobacco industry remains highly profitable and cash generative despite its well-documented challenges. We see Imperial Brands as an extreme value opportunity in a defensive sector.
- Top positive contributor to fund performance in the first half of 2022, generating a positive return in a falling market. The stock benefited from its defensive qualities as well as its strong value characteristics, clearly apparent in a premium yield.
- The market remains sceptical about the company's ability to deliver on its growth strategy, but we believe this lack of confidence is more than reflected in the distressed valuation. The stock yields more than 7%, with potential for the dividend to grow over time.

Gibson Energy

Country: Canada
Sector: Energy
Fund category: Assets

- The midstream company has an attractive infrastructure business which generates reliable and growing cashflows. We believe that these assets have significant strategic value.
- Predominantly fee-for-service based business with limited sensitivity to commodity prices.
- Industry-leading sustainability strategy with a net zero target for scope 1 and 2 greenhouse gas (GHG) emissions by 2050.
- 6% dividend yield backed by a progressive dividend policy.

Microsoft

Country: US
Sector: Information technology (software)
Fund category: Quality

- The technology bellwether provides a rare opportunity to access the explosive growth in the new economy with a long established dividend track record.
- An important holding given that many new economy stocks are non-dividend payers and are therefore ineligible for our dividend growth strategy.
- Valuation is undemanding, especially after the recent downturn in technology stocks. We have been adding to the holding on weakness.

Keyera

Country: Canada
Sector: Energy
Fund category: Assets

- A midstream company which owns and operates pipelines, storage terminals and processing facilities, providing essential energy services across North

America. Long-term growth potential from exposure to some of the most prolific basins in the region.
- Unlike oil & gas producers, energy infrastructure businesses, which own and operate pipelines, storage terminals and processing facilities, have limited direct exposure to the underlying commodity price and generate stable and growing cashflows from long-term contracts.
- Attractive valuation with a dividend yield of 6%, which we believe is secure.

Analog Devices

Country: US
Sector: Information technology (semiconductors)
Fund category: Assets

- World leader in analogue technology, cemented by the recent acquisition of Maxim Integrated.
- Cyclical business with exposure to structural growth in automation, electrification and advanced connectivity.
- Strong commitment to cash returns to shareholders, with 100% of free cashflow earmarked for dividends and share buybacks. The dividend was raised by 10% in February, the nineteenth increase in 18 years.

Amcor

Country: Australia
Sector: Materials
Fund category: Quality

- Packaging company with a global footprint, serving defensive end markets such as consumer goods and pharmaceuticals. Consistent growth backed by progressive dividend policy.
- An innovative company which sees sustainability as an exciting growth opportunity (sustainable/recyclable packaging). Strong sustainability credentials with commitment to Science Based Targets (SBTs) and net zero emissions by 2050.
- Attractive valuation with a dividend yield of 4%, with potential for long-term growth.

Broadcom

Country: US
Sector: Information technology (semiconductors)
Fund category: Rapid growth

- World leader in semiconductor and infrastructure software solutions, which has expanded through the combination of strategic acquisitions and growth in its addressable markets.
- Exposure to long-term growth in networking (high-performance connectivity), server/storage connectivity (on-premise and cloud), broadband (end-to-end solutions), wireless (mobile device connectivity) and industrial (automation, renewable & automotive).
- The dividend has increased fourfold over the past five years and the shares look attractively valued to us on a dividend yield of 3%.

Trinseo

Country: US
Sector: Materials
Fund category: Assets

- Chemical company specialising in plastics and latex binders, which is undergoing transformation to become a more profitable, sustainable business.
- A delay in the sale of its styrenics business, due to market conditions, has been a setback for corporate strategy but the company remains highly cash generative.
- An extreme value situation where the distressed valuation does not reflect the company's cash generative qualities or the potential for long-term growth, in our view.

KLA Corp

Country: US
Sector: Information technology (semiconductors)
Fund category: Assets

- World leader in process-control equipment and services for the semiconductor industry.
- Revenue growth accelerating with the digitisation era, encompassing data centre and cloud expansion, automotive electrification as well as AI and 5G.
- Dividend raised by 24% in 2022, the thirteenth year of consecutive increases. Aiming to return more than 85% of free cashflow to shareholders through a combination of rising dividends and share buybacks.

The views expressed in this document should not be taken as a recommendation, advice or forecast.

Fund description

The fund has two aims: to provide combined income and capital growth that is higher than that of the global stockmarket (as measured by the MSCI ACWI Net Return Index) over any five-year period; and to increase the income stream every year in US dollar terms.

At least 80% of the fund is invested in the shares of companies from anywhere in the world. The fund usually holds shares in fewer than 50 companies. The investment manager focuses on companies with the potential to grow their dividends over the long term. Stocks are selected with different sources of dividend growth to build a fund that has the potential to cope in a variety of market conditions.

Fund benchmark

The fund benchmark is the MSCI ACWI Net Return Index.

The benchmark is a comparator against which the fund's performance can be measured. It is a net return index which includes dividends after the deduction of withholding taxes. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The investment manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

Other key fund risks

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

Investing in emerging markets involves a greater risk of loss due to greater political, tax, economic, foreign exchange, liquidity and regulatory risks, among other factors. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries.

Further details of the risks that apply to the fund can be found in the fund's Prospectus.

Other important information

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.

Investing in this fund means acquiring units or shares in a fund, and not in a given underlying asset such as a building or shares of a company, as these are only the underlying assets owned by the fund.

UCITS HAVE NO GUARANTEED RETURN, AND PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE

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