

**SHINING A LIGHT ON THE.....
M&G Global Dividend Fund**

AT A GLANCE

Investment Objective	
The fund invests globally in the shares of companies with the potential to grow their dividends over the long term. Its aim is to deliver a yield above the market average and grow distributions (in sterling terms) over the long term, whilst also maximising total return (the combination of income and growth of capital). The level of income may vary over time. The fund manager selects stocks with different drivers of dividend growth to construct a portfolio that can cope in a variety of market conditions.	

Inception Date	18 July 2008
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps-hot/snapshot.aspx?id=F0000021A1

Management	
Manager Name	Start Date
Stuart Rhodes	18 July 2008

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	48.70%
Large	23.01%
Medium	27.28%
Small	0.51%
Micro	0.50%

Top 10 Holdings		
Total number of holdings	45	
Assets in Top 10 Holdings	47.50	
Name	Sector	% of Assets
Methanex Corp	Basic Materials	8.58%
British American Tobacco PLC	Consumer Defensive	6.94%
Gibson Energy Inc	Energy	4.41%
Broadcom Ltd	Technology	4.31%
Las Vegas Sands Corp	Consumer Cyclical	4.15%
Wells Fargo & Co	Financial Services	4.14%
Pembina Pipeline Corp	Energy	3.87%
Arthur J. Gallagher & Co	Financial Services	3.80%
Microsoft Corp	Technology	3.66%
Imperial Brands PLC	Consumer Defensive	3.64%

Volatility Measurements	
3-Yr Std Dev (volatility)	12.16%
3-Yr Mean Return (average)	12.63%

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FUND PERFORMANCE

Performance from 1 January 2012 to 28 February 2017:

	2012	2013	2014	2015	2016	2017
M&G Global Dividend Fund	11.51%	23.79%	2.70%	-7.21%	39.82%	4.70%
iShares MSCI World Dis	7.46%	21.87%	10.53%	1.85%	26.88%	3.97%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since Launch
M&G Global Dividend Fund	41.06%	42.87%	77.61%	178.74%
iShares MSCI World Dis	32.40%	48.66%	82.89%	116.40%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

This fund was set up (and continues to be run) by Stuart Rhodes. The fund had a strong 2016 after a challenging 2014 and 2015. In this update, we discussed current investments as well outlining the main aims of the fund.

The focus for the fund is on a growing dividend yield. The fund is split into three buckets; quality (normally 50 -60%), assets (20 – 30%) and rapid growth (10-20%).

Currently the weighting to quality is at 47% and it has been as low as 41%. This reflects the fact that this part of the portfolio is becoming more expensive and other opportunities are arising. The assets part of the portfolio was where much of the damage was done, in terms of performance in 2014 and 2015.

The 'assets' portion has contributed significantly to returns, especially in 2009, 2010 and 2016. Currently Stuart is seeing good valuations and he believes these can continue to do well for the fund. The main areas are energy, materials, asset managers, emerging markets and industrials.

Examples of holdings would include Methanex, Lyondellbasel, Gibsons, Pembina, Keyera, Halliburton and Schlumberger. He has sold BlackRock as the valuations have moved up strongly.

Methanex is the largest position and a global leader in Methanol. This is an example of a stock where Stuart felt the market was mispricing, and he purchased it all the way down even when it felt really uncomfortable. The reason he believed in the business was that this has 14% of the world market share and is twice the size of its nearest competitor. It is a cash generative business, demand is robust and it is one of the fastest growing commodities. Dividend growth is at 8%, and the valuation even with the correction is extremely compelling.

The fund has around 10% in emerging markets but Stuart expects this to drift down. The holdings include Ambev, Imperial Holdings, Aberdeen and Las Vegas Sands.

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Some of the holdings in the 'quality' bucket include Time Warner, JP Morgan, Novartis and Imperial Brands. He believes tobacco looks attractive and expects to add healthcare in the future. Some of the stocks which have been sold include Yum! Brands, Roche and Handelsbanken.

With market volatility, this has enabled him to add to his 'rapid growth' bucket. This has included companies he has followed for some time but have been too expensive. This includes Mastercard, AIA, Sabre, St James's Place and Visa.

Stuart believes there are more opportunities within the fund and although 2014 and 2015 were difficult he believes investors were rewarded in 2016 and should continue to be.

In summary, this is a well-managed fund although we were concerned when it underperformed for two years. The question mark at the time was whether the size of the fund was a negative drag on performance. This fund isn't for everyone as Stuart is a contrarian investor which means he will not follow the crowd, and therefore at times it may feel uncomfortable.

The source of information in this note has been provided by M&G and is correct as at March 2017. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.