

**M&G  
Recovery (OEIC)**

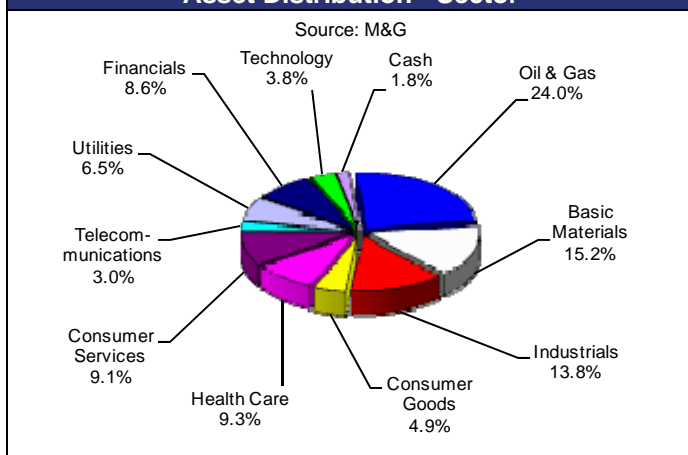
**OBSR Fund Rating  
AAA /  Gold**

**obsr FUND  
RATINGS**

**Key Information**

<b>Launch Date</b>	9 May 1969	
<b>Fund Size</b>	£7206.8m	
<b>Type of Shares Available</b>	Income & Accumulation	
<b>Distribution Dates</b>	28 February, 31 August	
<b>Historic Yield</b>	0.67%	
<b>ISA</b>	Yes	
<b>ISA Transfer</b>	Yes	
<b>Standard Fund Management Charges</b>	<b>Initial</b>	4.00%
	<b>Annual</b>	1.50%

**Asset Distribution - Sector**



**Top Ten Holdings**

	<b>%</b>
BP	6.4
Royal Dutch Shell	6.2
GlaxoSmithKline	5.8
Tullow Oil	4.4
HSBC Holdings	3.5
Unilever	3.4
Kenmare Resources	2.4
First Quantum Minerals	2.4
Vodafone Group	2.4
National Grid Transco	2.4
Concentration (Top 10)	39.4
Total Number of Holdings	101

Source: M&G

**Classification**

<b>Sector</b>	UK All Companies
<b>Market Cap / Style</b>	All Cap / Value Bias
<b>Benchmark/Index</b>	FTSE All-Share

**Management/Investment Style**

<b>Fund Manager</b>	Tom Dobell (March 2000)
---------------------	-------------------------

This specialist UK equity portfolio offers a multi-cap approach with an emphasis on those stocks which (for a variety of reasons) are suffering from poor market sentiment.

**Investment Objective & Methodology**

The fund primarily invests in a diversified range of companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market. The sole aim of the fund is capital growth and there is no particular income yield target. The fund aims to achieve top quartile performance within the Micropal UK All Companies Sector and to outperform the FTSE All-Share Index.

The fund has been managed since March 2000 by Tom Dobell, who is a member of the UK Smaller Companies team, and he is assisted by Deputy Fund Managers, David Williams and Michael Stiasny. They are supported by a team of analysts, each of whom has specific sector responsibilities. The managers also draw upon the expertise of other fund managers in the UK Equity team.

As its name suggests, the fund invests in companies that are in recovery situations, generating a portfolio that is contrarian in nature and long term in its investment horizon. The manager particularly seeks companies that have undergone management changes or have underperformed the market, companies that are experiencing difficulties but have excellent recovery potential and companies that consider to be undervalued relative to their long-term earnings potential, thus indicating that recovery prospects are more visible. This approach leads to invest in young companies and new industries as well as companies operating in more traditional sectors such as industrials and manufacturing. The manager tends to take meaningful stakes in companies but, in doing so, insists on a thorough understanding of stocks through company visits and regular contact with management. Furthermore, M&G operates a policy of engagement and if appropriate a small team, dedicated to this area of expertise, works actively with company management in order to advise and support turnaround situations. In selecting stocks, the manager seeks to understand the position of a company and its current stage of development. In doing this, he allocates companies into four main categories: stage one consists of companies that are new to the fund or are showing no improvement yet; stage two consists of companies that are showing early signs of progress; stage three consists of companies that are recovering well and stage four consists of mature companies that are a source of cash. In diversifying the portfolio, the manager ensures that the portfolio is invested in companies that are spread across these four main stages. Companies are sold when the market has re-rated the stock and the recovery process is complete.

The fund invests across the market-cap spectrum but with a bias towards mid-cap and smaller UK companies. FTSE 100 stocks will however usually comprise at least 40% of the portfolio: the maximum permitted weighting in small cap stocks is 20%. Economic group weightings are limited to +/- 10% of the index position. The fund will typically hold between 80 and 100 stocks. The fund's unconstrained approach may lead it to hold large individual positions of up to 10%. The managers have scope within the investment remit to include a small amount of overseas exposure, if they deem it to be appropriate. The average holding period for stocks is three to five years.

[www.obsrfundratings.co.uk](http://www.obsrfundratings.co.uk)

Data as at 31 December 2011  
Last Updated January 2012