



M&G Investment Funds (7)

Interim Long Report and unaudited Financial Statements
for the six months ended 31 July 2018

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M&G Investment Funds (7)

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (7) presents its Interim Long Report and unaudited Financial Statements for the six months ended 31 July 2018.

The unaudited financial statements of M&G Investment Funds (7) and the investment report and unaudited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

Please note that we have included an explanation of key investment terminology in the 'Glossary' (at the back of this report).

Company information

M&G Investment Funds (7) is an umbrella Open-Ended Investment Company (OEIC) and contains five sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 29 June 2007. The M&G Global Convertibles Fund was launched on 13 July 2007, the M&G European Strategic Value Fund was launched on 1 February 2008, the M&G Pan European Dividend Fund was launched on 18 July 2008, the M&G Global Emerging Markets Fund was launched on 5 February 2009 and the M&G Global Floating Rate High Yield Fund was launched on 11 September 2014.

The Company's principal activity is to carry on business as an OEIC. The Company is structured as an umbrella company, and different funds may be established by the ACD from time to time with the agreement of the Depositary and approval from the FCA. The funds are operated separately and the assets of each fund are managed in accordance with the investment objective and policy applicable to that fund.

As at 31 July 2018, none of the funds held shares of the other funds within this OEIC.

A shareholder is not liable for the debts of the Company and will never be liable to make any further payment to the Company after paying the purchase price of the shares.

Fund managers

The following fund managers are employed by M&G Limited which is an associate of M&G Securities Limited.

M&G European Strategic Value Fund
Richard Halle

M&G Global Convertibles Fund
Léonard Vinville

M&G Global Emerging Markets Fund
Matthew Vaight

M&G Global Floating Rate High Yield Fund
James Tomlins

M&G Pan European Dividend Fund
Phil Cliff

ACD

M&G Securities Limited,
Laurence Pountney Hill, London EC4R 0HH, UK
Telephone: 0800 390 390 (UK only)

(Authorised and regulated by the Financial Conduct Authority. M&G Securities Limited is a member of the Investment Association and of the Tax Incentivised Savings Association.)

Directors of the ACD

Margaret Ammon*, G N Cotton, N M Donnelly, P R Jelfs,
G W MacDowall, L J Mumford

* Appointed 26 July 2018.

Investment manager

M&G Investment Management Limited,
Laurence Pountney Hill, London EC4R 0HH, UK
Telephone: +44 (0)20 7626 4588

(Authorised and regulated by the Financial Conduct Authority)

Registrar

DST Financial Services Europe Ltd,
DST House, St. Nicholas Lane, Basildon, Essex SS15 5FS, UK
(Authorised and regulated by the Financial Conduct Authority)

Depositary

NatWest Trustee & Depositary Services Limited, Drummond House,
1 Redheughs Avenue, Edinburgh EH12 9RH, UK
(Authorised and regulated by the Financial Conduct Authority)

Independent auditor

Ernst & Young LLP
Atria One, 144 Morrison Street, Edinburgh EH3 8EX, UK

Important information

The M&G Episode Defensive Fund was closed on 12 January 2018. The termination was completed on 6 July 2018, at which point the ACD was satisfied that all assets had been recovered and liabilities settled.

On 4 May 2018, Euro Class 'J' Accumulation and USD Class 'J' Accumulation share classes were launched in the M&G Global Emerging Markets Fund.

On 28 September 2018, the Depositary changed from National Westminster Bank Plc to NatWest Trustee & Depositary Services Limited.

Please note that, subject to approval at an Extraordinary General Meeting of Shareholders on 4 October 2018, the non-sterling share classes within the M&G Investment Funds (7) sub-funds will merge into corresponding sub-funds of M&G (Lux) Investment Funds 1.

Formal notification of the proposal, including details on timings, will be sent to shareholders in September this year.

M&G Investment Funds (7)

Authorised Corporate Director's Report

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, Costs and charges illustration, the latest Annual or Interim Investment Report and Financial Statements as well as a list of purchases and sales are available free of charge on request from the following addresses. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depositary.

Customer services and administration for UK clients:

M&G Securities Limited,
PO Box 9039, Chelmsford CM99 2XG, UK

Please remember to quote your name and M&G client reference and sign any written communication to M&G. Failure to provide this will affect your ability to transact with us.

Telephone: 0800 390 390 (UK only)

For security purposes and to improve the quality of our service, we may record and monitor telephone calls. You will require your M&G client reference. Failure to provide this will affect your ability to transact with us.

Customer services and administration for non-UK clients:

M&G Securities Limited,
c/o RBC I&TS, 14, Porte de France, L-4360 Esch-sur-Alzette,
Grand Duchy of Luxembourg

Please remember to quote your name and M&G client reference and sign any written communication to M&G. Failure to provide this will affect your ability to transact with us.

Telephone: +352 2605 9944

Email: csmandg@rbc.com

For security purposes and to improve the quality of our service, we may record and monitor telephone calls. You will require your M&G client reference. Failure to provide this will affect your ability to transact with us.

Austrian paying and information agent:

Société Générale, Vienna Branch,
Prinz Eugen-Strasse 8-10/5/Top 11, 1040 Wien, Austria

Belgian financial agent:

Société Générale Private Banking NV,
Kortrijksesteenweg 302, 9000 Gent, Belgium

Danish representative agent:

Nordea Bank Danmark A/S,
Client Relations DK, Investor Services & Solutions,
Postbox 850, Reg.no.6428. HH. 6.1., 0900 København C, Denmark

French centralising agent:

RBC Investor Services, Bank France S.A.,
105 rue Réaumur, 75002 Paris, France

German information agent:

M&G International Investments Limited,
mainBuilding, Taunusanlage 19, 60325 Frankfurt am Main, Germany

Greek paying agent and distributor:

Eurobank Ergasias S.A.,
8, Othonos Street, 10557 Athens, Greece

Irish facilities agent:

Société Générale S.A., Dublin Branch,
3rd Floor IFSC House – The IFSC, Dublin 1, Ireland

Italian paying agents:

Allfunds Bank, S.A.,
Via Santa Margherita 7, 20121 Milano, Italy

Banca Monte dei Paschi di Siena S.p.A.,
Piazza Salimbeni 3, 53100 Siena, Italy

Banca Sella Holding S.p.A.,
Piazza Gaudenzio Sella 1, 13900 Biella, Italy

BNP PARIBAS Securities Services,
Piazza Lina Bo Bardi 3, 20124 Milano, Italy

CACEIS Bank Luxembourg,
Milan Branch, Piazza Cavour 2, 20121 Milano, Italy

RBC Investor Services Bank S.A., Milan Branch
Via Vittor Pisani 26, 20124 Milano, Italy

State Street Bank S.p.A.,
Via Ferrante Aporti 10, 20125 Milano, Italy

Société Générale Securities Services S.A.,
Via Benigno Crespi 19A - MAC 2, 20159 Milano, Italy

Luxembourg paying and information agent:

Société Générale Bank & Trust S.A.,
Centre opérationnel, 28-32, place de la Gare, 1616 Luxembourg,
Grand Duchy of Luxembourg

Portuguese distributor:

Best - Banco Electrónico de Serviço Total, S.A.,
Praça Marquês de Pombal, no. 3 - 3º, 1250-161 Lisboa, Portugal

Spanish representative:

Allfunds Bank, S.A.,
Calle Estafeta, No 6 Complejo Plaza de la Fuente,
La Moraleja 28109, Alcobendas, Madrid, Spain

Swedish paying agent:

Nordea Bank AB (publ),
Smålandsgatan 17, 105 71 Stockholm, Sweden

Swiss paying agent and representative:

Société Générale, Paris, Zurich Branch,
Talacker 50, 8021 Zurich, Switzerland

M&G Investment Funds (7)

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim long reports for the Company. The ACD must ensure that the financial statements, contained in this report, for each of the funds are prepared in accordance with the Investment Association Statement of Recommended Practice for Financial Statements of UK Authorised Funds (SORP) and UK Financial Reporting Standards, and give a true and fair view of the net revenue or expenses and net capital gains or losses for the accounting period, and the financial position at the end of that period.

The ACD is required to keep proper accounting records, and to manage the Company in accordance with the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA, the Instrument of Incorporation and the Prospectus, and to take reasonable steps for the prevention and detection of fraud or other irregularities.

Directors' statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes sourcebook, as issued and amended by the Financial Conduct Authority.

G W MACDOWALL }
L J MUMFORD } Directors

13 September 2018

M&G Investment Funds (7)

Financial statements and notes

The financial statements for M&G Investment Funds (7) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 January 2018. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014.

M&G European Strategic Value Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to maximise long term total return (the combination of income and growth of capital) to investors by investing predominantly in undervalued European equities.

Investment policy

The fund seeks to maximise total return to investors through investment in European equities of companies whose share prices do not, in the opinion of the Investment Manager, fully reflect their potential value. The fund will invest across a wide range of geographies, sectors and market capitalisations. The fund may also invest in other assets including other non EU transferable securities, collective investment schemes, money market instruments, cash and near cash, deposits and derivative instruments. Derivative instruments may be used in support of achieving the fund's investment objective.

Investment approach

The M&G European Strategic Value Fund employs a bottom-up stockpicking approach to identify shares of European (including UK) companies that the fund manager believes are undervalued. He seeks to identify companies that are mispriced, while trying to avoid firms that are cheap for a reason and whose share prices are unlikely to improve over time.

The fund's approach combines strict value-focused screening with rigorous qualitative analysis to ensure the fund has a consistent and disciplined value bias, without compromising on the robustness of the companies in the portfolio. Stock selection involves three stages: screening, fundamental analysis and portfolio construction. The screening process is used to find the cheapest 25% of companies in each sector. The manager then undertakes fundamental analysis of these companies to identify and exclude those with structural and financial problems that could prevent the share price recovering. The final stage is portfolio construction where the aim is to create a diversified portfolio of 60-100 companies whose true value the manager believes is being mispriced. The main driver of returns is expected to be the value style rather than any individual sector or stock.

The fund has a long-term investment horizon (stocks are typically held for three to five years) to give time for share prices to reach a valuation that reflects the true value of the business.

Risk profile

The fund invests in the shares of European (including UK) companies and is, therefore, subject to the price volatility of the European stockmarkets and the performance of individual companies. The fund's focus is on companies that are deemed to be undervalued or out of favour with the market, and whose potential value, in the fund manager's view, is yet to be reflected in the share price. These stocks could potentially experience a degree of illiquidity in times of market distress. However, the fund is mainly invested in the shares of large and medium-sized companies, which are normally traded with relative ease. The fund also invests in the shares of smaller companies, which

can be more unpredictable and difficult to buy and sell. Diversification across industries and market capitalisation is therefore key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

The following table shows the risk number associated with the fund and is based on Sterling Class 'A' shares.



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has not changed during this period.

Investment review

As at 1 August 2018, for the six months ended 31 July 2018

Performance against objective

Between 1 February 2018 (the start of the review period) and 1 August 2018, the M&G European Strategic Value Fund produced a positive total return (the combination of income and growth of capital) in the euro and sterling share classes, while the US dollar share classes declined.*

Currency movements played a significant role in the varied returns from the fund's different share classes. The negative returns from the US dollar share classes reflected the weakening of the euro against the dollar. In contrast, the fund's sterling returns were flattered by the weakening of the pound against major currencies during the period, which boosted the value of the fund's overseas assets for sterling-based investors.

The fund's returns in all share classes were behind a comparative index, the MSCI Europe Index. In the six months, returns for the index were 1.6%, 3.2% and -4.9% in euros, sterling and US dollars, respectively.

Over the longer term of five years, the fund met its objective; it delivered a positive total return, supported by successful stock selection amid the recovery of European stockmarkets following the turmoil caused by the eurozone debt crisis in 2011 and 2012.

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Fund performance' section of this report.

Investment performance

Following a relatively calm period of steady gains in 2017, European stockmarkets experienced a significant increase in turbulence during the six months under review. Investor sentiment was dampened by concerns about a potential global trade war, political uncertainty in Italy and slowing economic activity in the eurozone. These worries outweighed some encouraging corporate results.

M&G European Strategic Value Fund

Authorised Corporate Director's Report

Investment review

Investment performance (continued)

Share prices fell sharply at the beginning of the period amid fears about the pace of future interest rate rises in the US. The risk-averse mood deepened when the US announced a raft of import taxes on goods, including aluminium and steel and European vehicles.

Over the next few months, the US proposed additional tariffs on billions of dollars' worth of Chinese products, which sparked retaliatory measures from the Chinese government. By the end of the period, the trade dispute between the world's two largest economies had escalated to such a level that investors feared it would have a damaging impact on global growth and trade.

Another source of anxiety for investors was the prospect of a coalition government in Italy made up of anti-establishment parties. The prices of Italian government bonds and stocks fell amid concerns about the country's lacklustre economy and the possibility that the populist government might seek to take Italy out of the euro. Bonds are essentially loans that investors make to businesses or governments, usually in exchange for regular payments of interest for the duration of the loan, and repayment of the entire sum at the end. When interest rates rise, prices of existing bonds fall, as investors have the opportunity to invest at better interest rates in new bonds.

The actions of major central banks also attracted much attention during the period. The US Federal Reserve raised interest rates twice in the six months, in response to solid economic growth in the US.

In the UK, after much anticipation, the Bank of England raised the cost of borrowing immediately after the review period ended.

However, there was no change in interest rates in the eurozone. Against a background of slowing economic growth in the region, the European Central Bank (ECB) said that rates would remain the same until next summer. But the ECB announced that it would wind down its economic stimulus efforts and stop the current monthly asset purchases at the end of 2018.

In addition, uncertainty about the terms of the UK's departure from the European Union persisted during the period. As the chances that the UK would fail to reach a trade agreement before leaving – so-called 'no deal Brexit' – appeared to increase, the pound weakened against the euro.

Turning to stocks, energy companies were the standout performers over the six months, supported by higher oil prices. To reduce the global supply glut of crude, leading oil producers have cut their output recently. These measures, combined with robust demand, have seen oil prices climb to the highest level since 2014.

Investors also favoured information technology, utilities and healthcare companies.

On the other hand, financials were notable laggards, dragged down by the Italian political crisis and the expectation that interest rates will remain low for the foreseeable future. The telecommunication services sector also underperformed, while proposed import tariffs on cars from the European Union weighed on automobile stocks.

Over the period, cheap, out-of-favour 'value' stocks trailed the broader market index. (Value stocks are deemed to be trading below their true worth or long-term prospects). Amid the turbulence, investors turned to companies with reliable earnings and prospects, typically known as growth stocks.

This environment presented a style headwind for our value-focused approach and contributed in part to the fund's underperformance relative to a comparable index. For instance, not holding any shares in some luxury consumer goods firms such as Kering and LVMH, the owner of Louis Vuitton, detracted as these growth stocks outperformed.

Two of the biggest detractors during the period were our holdings in German airline Deutsche Lufthansa and German car maker Volkswagen. Both stocks were among our best performers in 2017, but their share prices have retreated this year. Fears of US import tariffs on European cars have weighed on Volkswagen, while Lufthansa has been hurt by rising oil prices and worries about the costs of acquiring part of rival Air Berlin.

Still, we remain comfortable about both holdings, and believe there has been no significant change to their prospects. In our view, Lufthansa is well-placed to thrive in future: it has a healthy balance sheet and a strong market position following the collapse of some competitors.

Stock selection in materials also had a negative impact on relative performance. Our holdings in stainless steelmakers Aperam and Outokumpu were notable detractors, as their share prices fell on concern about the impact of US tariffs on steel imports. We believe the market's fears are excessive and the companies will be able to cope with the measures.

Meanwhile, our holding in Italian cement maker Buzzi Unicem cost some performance, as the company's shares declined on disappointing results. Buzzi is currently investing in its US operations, which has resulted in costs rising. However, cement sales are continuing to rise, and we are happy with our position.

On a positive note, our meaningful above-index position in energy was a key contributor to relative performance, as the sector outperformed. Stock selection in the sector was also positive. As oil prices reached the highest level since late 2014, our holdings in Petroleum Geo-Services (PGS), a provider of marine seismic services from Norway, French energy firm Total and oil & gas explorer Kosmos Energy were leading contributors. Shares in PGS have more than doubled in 2018, buoyed by expectations that rising oil prices would boost demand for its services.

M&G European Strategic Value Fund

Authorised Corporate Director's Report

Investment review

Investment performance (continued)

Elsewhere, our holdings in UK supermarket chain J Sainsbury and Danish telecoms firm TDC both benefited from takeover activity. TDC's share price climbed after receiving a takeover bid, while shares in J Sainsbury rose as investors welcomed the company's proposed takeover of rival grocery chain Asda. The planned merger would create the country's largest supermarket group.

In Finland, our holdings in mobile network equipment firm Nokia and pulp and paper company UPM-Kymmene made positive contributions to performance.

As a leading producer of raw materials used in cardboard, UPM has benefited recently from expectations of increased demand for packaging, driven by the growth of e-commerce and consumer trends in Asia. Meanwhile, Nokia's share price has been lifted by optimism about the next cycle of investment in mobile networks, as the roll-out of new 5G networks looks likely to begin sooner than expected.

Investment activities

We took advantage of the market turbulence during the review period to invest in several new holdings, as well as sell some stocks that had performed well.

In Spain, we bought shares in financial group CaixaBank and Mapfre, an insurance company. In our view, the Spanish banking sector is attractive, as it has been through a period of consolidation, while the Spanish economy has made a steady recovery from the global financial crisis of 2007/8.

Swiss pharmaceutical firm Roche was another newcomer. The maker of cancer treatments has suffered recently from concerns about the competition to its best-selling drugs. However, we believe Roche has an attractive pipeline of new drugs that could replace any lost sales resulting from patents expiring.

We also invested in Spire Healthcare, a UK operator of private hospitals, which is well-positioned in our view to capture increasing demand for healthcare. Spire is currently going through a turnaround process, with a new management team focusing on improving utilisation of the company's hospitals.

In contrast, we sold our entire stake in LivaNova, a UK medical devices firm, on valuation grounds, after good share price performance.

Danish telecoms firm TDC also left the portfolio as we sold our shares to the company that had acquired it.

Other notable trades during the period included taking some profits by selling shares in several holdings that had performed well, notably J Sainsbury, Nokia and energy stocks BP and Kosmos.

Outlook

We are still positive about the outlook for European stockmarkets and companies given the broadly encouraging global economic backdrop. However, we recognise that uncertainty about geopolitical events, in particular the increase in trade tensions between the US and China, represents a key risk to financial markets in the near term.

After impressive earnings growth in 2017, forecasts for European company earnings have moderated this year, reflecting a general downturn in business and consumer confidence. If the current trade dispute continues to escalate, we would expect increased tariffs to eventually translate into a negative environment for companies and have a damaging impact on their operational performance.

Despite the rise in market turbulence and increasing anxiety among investors, we will stick with our long-term value-focused strategy. We believe uncertainty and risk aversion can present opportunities for selective investors to find mispriced stocks. Indeed, during the recent turbulence, we identified a number of potential ideas for the portfolio. We are willing to take advantage of price movements that are driven by sentiment and fear, rather than any change in company fundamentals.

Although the period under review was once again challenging for the value style, we continue to believe that investing in cheap stocks can deliver superior performance over the long term. We remain focused on applying our patient and disciplined stock-picking approach to identify unloved stocks that are being undervalued by the market.

Richard Halle Fund manager

An employee of M&G Limited which is an associate of M&G Securities Limited.

Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial Adviser.

M&G European Strategic Value Fund

Authorised Corporate Director's Report

Investments

Portfolio statement

as at Holding	31.07.18 €'000	31.07.18 %	31.01.18 %
EQUITIES			
Energy equipment & services			
2,925,998 Borr Drilling	46,796	1.86	1.37
4,590,323 Lamprell	4,747	0.19	
1,040,485 Northern Drilling	7,924	0.31	
5,462,728 Petroleum Geo-Services	22,584	0.90	
Oil, gas & consumable fuels			
11,296,765 BP	289,324	11.47	10.54
228,883 Cobalt International Energy [a]	72,351	2.87	
1,805,155 Euronav (EUR)	0	0.0	
954,722 Euronav (USD)	13,214	0.52	
4,030,714 Kosmos Energy	6,833	0.27	
6,257,796 Ophir Energy	26,378	1.05	
342,201 Royal Dutch Shell 'A'	3,092	0.12	
1,750,501 Royal Dutch Shell 'B'	10,100	0.40	
1,399,823 Total	52,777	2.09	
10,409,408 Tullow Oil	77,970	3.09	
	26,609	1.06	
Chemicals			
163,290 Lenzing	36,470	1.45	1.12
496,525 Yara International	17,651	0.70	
	18,819	0.75	
Construction materials			
2,114,445 Buzzi Unicem	41,041	1.63	1.58
89,360 Buzzi Unicem Pref. (non voting)	40,090	1.59	
	951	0.04	
Containers & packaging			
3,875 Vetropack	6,518	0.26	0.27
	6,518	0.26	
Metals & mining			
1,034,222 Aperam	77,045	3.05	2.88
6,284,561 Outokumpu	41,462	1.64	
	35,583	1.41	
Paper & forest products			
1,302,287 UPM-Kymmene	39,238	1.56	1.54
	39,238	1.56	
Aerospace & defence			
8,889,432 Chemring Group	56,836	2.25	1.65
1,562,492 Leonardo	22,484	0.89	
6,112,775 QinetiQ	15,758	0.62	
	18,594	0.74	
Construction & engineering			
792,175 Boskalis Westminster	20,826	0.83	0.96
	20,826	0.83	
Industrial conglomerates			
179,335 Rheinmetall	18,328	0.73	0.93
	18,328	0.73	
Machinery			
659,801 Alstom	25,191	1.00	1.24
	25,191	1.00	
Commercial services & supplies			
646,549 Bilfinger	107,813	4.27	3.77
3,675,552 Securitas 'B'	28,914	1.14	
255,132 Societe BIC	57,927	2.30	
	20,972	0.83	
Professional services			
650,028 Randstad Holding	49,327	1.96	2.24
275,675 Wolters Kluwer	35,141	1.40	
	14,186	0.56	
Airlines			
1,645,349 Deutsche Lufthansa	58,853	2.33	2.45
1,085,592 easyJet	39,176	1.55	
	19,677	0.78	
Marine			
29,918 AP Moller - Maersk	35,791	1.42	0.39
	35,791	1.42	
Automobiles			
353,535 Volkswagen Pref. (non voting)	53,539	2.12	2.49
	53,539	2.12	

Portfolio statement (continued)

as at Holding	31.07.18 €'000	31.07.18 %	31.01.18 %
Household durables			
2,232 Metall Zug	5,891	0.23	0.67
	5,891	0.23	
Textiles, apparel & luxury goods			
2,591,808 Safilo Group	11,287	0.45	0.50
	11,287	0.45	
Hotels, restaurants & leisure			
18,544,360 Ei Group	86,292	3.42	3.39
17,513,379 GVC CVR	32,490	1.29	
2,274,212 GVC Holdings	0	0.00	
7,191,988 William Hill	29,819	1.18	
	23,983	0.95	
Media			
1,442,645 Vivendi	32,258	1.28	1.39
	32,258	1.28	
Multiline retail			
401,925 Next	26,796	1.06	1.45
	26,796	1.06	
Specialty retail			
1,278,886 Ceconomy	51,053	2.02	3.08
153,951 Fnac Darty	8,998	0.36	
506,409 Hornbach Holding	11,924	0.47	
	30,131	1.19	
Food & staples retailing			
7,360,059 J Sainsbury	63,002	2.50	2.52
1,654,337 Koninklijke Ahold Delhaize	27,003	1.07	
	35,999	1.43	
Beverages			
3,790,350 Britvic	34,288	1.36	1.05
	34,288	1.36	
Food products			
1,825,811 Orkla	13,235	0.52	0.89
	13,235	0.52	
Tobacco			
792,269 Scandinavian Tobacco Group	11,050	0.44	0.69
	11,050	0.44	
Personal products			
426,718 Ontex Group	24,008	0.95	1.21
450,805 Oriflame	11,103	0.44	
	12,905	0.51	
Health care equipment & supplies			
	0	0.00	0.62
Health care providers & services			
6,830,866 McCarthy & Stone	24,696	0.98	0.49
5,909,036 Spire Healthcare	8,206	0.33	
	16,490	0.65	
Pharmaceuticals			
845,194 AstraZeneca	302,218	11.98	8.85
420,256 Bayer	54,842	2.17	
1,090,421 Novartis (Regd.)	39,878	1.58	
368,696 Roche Holdings 'Gennusscheine'	78,385	3.11	
455,853 Sanofi	77,231	3.06	
20,570,863 Vectura Group	33,423	1.33	
	18,459	0.73	
Banks			
6,941,653 Bank of Ireland	330,180	13.09	13.07
7,020,414 Bankia	50,466	2.00	
800,570 BNP Paribas	23,918	0.95	
5,499,724 CaixaBank	44,680	1.77	
781,144 Erste Group	21,982	0.87	
2,629,980 ING Groep	28,832	1.14	
4,103,216 Intesa Sanpaolo	34,563	1.37	
53,104,341 Lloyds Banking Group	10,718	0.43	
11,721,357 Permanent TSB Group	37,251	1.48	
9,492,697 Royal Bank of Scotland Group	22,997	0.91	
714,897 Société Générale	27,417	1.09	
	27,356	1.08	
Capital markets			
411,304 Deutsche Bank	6,250	0.25	1.38
115,957 UBS Group	4,615	0.18	
	1,635	0.07	

M&G European Strategic Value Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)			
as at Holding	31.07.18 €'000	31.07.18 %	31.01.18 %
Insurance	91,672	3.63	4.14
2,400,859 FBD Holdings	24,249	0.96	
5,006,692 Mapfre	13,438	0.53	
175,288 Munich Re	33,243	1.32	
2,849,070 Storebrand	20,742	0.82	
IT services	16,686	0.66	0.94
620,297 Tieto	16,686	0.66	
Communications equipment	59,237	2.35	2.16
2,361,560 Ericsson 'B'	15,964	0.63	
9,272,062 Nokia	43,273	1.72	
Technology hardware, storage & peripherals	19,379	0.77	0.69
871,364 Neopost	19,379	0.77	
Semiconductors & semiconductor equipment	14,103	0.56	0.59
288,288 ASM International	14,103	0.56	
Diversified telecommunication services	76,941	3.05	3.46
2,083,560 Deutsche Telekom	29,545	1.17	
536,388 Elisa	20,077	0.80	
1,862,252 Orange	27,319	1.08	
Wireless telecommunication services	42,783	1.70	1.26
20,388,625 Vodafone Group	42,783	1.70	
Electric utilities	21,641	0.86	0.88
378,421 BKW	21,641	0.86	
Multi-utilities	44,017	1.74	1.86
3,116,524 E.ON	30,208	1.20	
375,446 Innogy	13,809	0.54	
Equity real estate investment trusts (REITs)	14,803	0.59	1.26
463,182 Wereldhave	14,803	0.59	
Real estate management & development	30,021	1.19	1.63
3,344,237 St. Modwen Properties	14,951	0.59	
3,929,564 Technopolis	15,070	0.60	
Portfolio of investments	2,416,723	95.82	95.54
CASH EQUIVALENTS	86,097	3.41	3.97
'AAA' rated money market funds [b]	86,097	3.41	3.97
76,760,000 Northern Trust Global Fund - Sterling	86,097	3.41	
Total portfolio	2,502,820	99.23	99.51
Net other assets	19,457	0.77	0.49
Net assets attributable to shareholders	2,522,277	100.00	100.00

All securities are on an official stock exchange listing except where referenced.

[a] Delisted.

[b] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

Top ten portfolio transactions

for the six months to 31 July 2018

	€'000
Largest purchases	
Roche Holdings 'Gennusscheine'	73,316
Koninklijke Ahold Delhaize	33,543
AP Moller - Maersk	29,165
CaixaBank	21,380
Deutsche Telekom	21,337
Bayer	19,633
Total	18,445
Vodafone Group	16,623
Spire Healthcare	16,143
QinetiQ	14,904
Other purchases	290,190
Total purchases	554,679
Largest sales	€'000
J Sainsbury	40,423
TDC	37,954
Aviva	35,313
UBS Group	23,718
Kosmos Energy	18,863
Next	18,812
Livanova	16,474
Wereldhave	15,041
BP	14,908
Nokia	13,659
Other sales	368,280
Total sales	603,445

Purchases and sales exclude the cost and proceeds of 'AAA' rated money market funds.

M&G European Strategic Value Fund

Financial highlights

Fund performance

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

The following chart and tables show the performance for two of the fund's share classes – Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A' (Accumulation) share is what most individuals investing directly with M&G have received. It has the highest ongoing charge of all the sterling share classes. Performance is shown after deduction of this charge. All UK investors in the fund therefore received this performance or better.
- The performance of the Sterling Class 'I' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share class used by the Investment Association in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (7), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	31.07.18 €'000	31.01.18 €'000	31.01.17 €'000
Fund net asset value (NAV)	2,522,277	2,589,772	1,778,904

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.



To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested.

Long-term performance by share class

	Six months 01.02.18 % [a]	Three years 03.08.15 % p.a.	Five years 01.08.13 % p.a.	Since launch % p.a.
Euro [b]				
Class 'A'	+0.5	+2.7	+8.9	+5.5 [c]
Class 'C'	+0.9	+3.5	+9.7	+6.4 [c]
Sterling [d]				
Class 'A'	+2.3	+11.2	+9.4	+7.3 [c]
Class 'I'	+2.7	+12.0	+10.2	+8.2 [c]
Class 'R'	+2.6	+11.7	+9.9	+13.7 [e]
US dollar [b]				
Class 'A'	-5.5	+4.9	n/a	+4.5 [f]
Class 'C'	-5.2	+5.7	n/a	+5.3 [f]

[a] Absolute basis.

[b] Price to price with net income reinvested.

[c] 1 February 2008, the launch date of the fund.

[d] Price to price with income reinvested.

[e] 3 August 2012, the launch date of the share class.

[f] 8 August 2014, the launch date of the share class.

M&G European Strategic Value Fund

Financial highlights

Fund performance

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. Operating charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are the same as the ongoing charges shown in the Key Investor Information Document, other than where an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

For this fund there is no difference between operating charges and ongoing charges figures, unless disclosed under the specific share class performance table.

Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and method of execution. They are made up of direct and indirect portfolio transaction costs:

- **Direct portfolio transaction costs:** Broker execution commission and taxes.
- **Indirect portfolio transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The table below shows direct portfolio transaction costs paid by the fund before and after that part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.04	0.03	0.04	0.04
Taxes	0.06	0.11	0.09	0.08
Costs before dilution adjustments	0.10	0.14	0.13	0.12
Dilution adjustments ^[c]	(0.08)	(0.07)	(0.07)	(0.07)
Total direct portfolio transaction costs	0.02	0.07	0.06	0.05
as at	31.07.18	31.01.18	31.01.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.11	0.11	0.16	0.13

^[a] Average of first three columns.

^[b] As a percentage of average net asset value.

^[c] In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

M&G European Strategic Value Fund

Financial highlights

Specific share class performance

The following tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

Historic yields for the current period are calculated as at 10 August 2018.

Euro Class 'A' Accumulation share performance

The share class was launched on 1 February 2008.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,742.83	1,557.57	1,384.98
Return before operating charges and after direct portfolio transaction costs	30.91	213.02	198.04
Operating charges	(14.13)	(27.76)	(25.45)
Return after operating charges	16.78	185.26	172.59
Distributions	0.00	(16.14)	(18.04)
Retained distributions	0.00	16.14	18.04
Closing NAV	1,759.61	1,742.83	1,557.57
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.80	2.27	2.02
Dilution adjustments ^[a]	(0.69)	(1.20)	(1.06)
Total direct portfolio transaction costs	0.11	1.07	0.96
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	1.66	1.67	1.72*
Return after operating charges	+0.96	+11.89	+12.46
Historic yield	0.93	0.99	1.15
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	378,717	345,788	229,666
Closing NAV percentage of total fund NAV (%)	15.01	13.35	12.91
Number of shares	21,522,752	19,840,664	14,745,125
Highest share price (Euro ¢)	1,789.56	1,789.86	1,590.13
Lowest share price (Euro ¢)	1,635.24	1,565.21	1,247.65

* Due to inflows, the share class NAV increased significantly towards the end of the year, therefore 1.67% is a more reliable estimate of the year to 31.01.17 ongoing charges.

Euro Class 'C' Accumulation share performance

The share class was launched on 1 February 2008.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,894.33	1,679.47	1,482.93
Return before operating charges and after direct portfolio transaction costs	33.85	231.47	210.74
Operating charges	(8.47)	(16.61)	(14.20)
Return after operating charges	25.38	214.86	196.54
Distributions	0.00	(30.95)	(30.92)
Retained distributions	0.00	30.95	30.92
Closing NAV	1,919.71	1,894.33	1,679.47
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.87	2.47	2.05
Dilution adjustments ^[a]	(0.75)	(1.30)	(1.07)
Total direct portfolio transaction costs	0.12	1.17	0.98
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	0.91	0.92	0.92
Return after operating charges	+1.34	+12.79	+13.25
Historic yield	1.63	1.74	1.82
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	2,044,564	2,160,324	1,542,462
Closing NAV percentage of total fund NAV (%)	81.06	83.42	86.71
Number of shares	106,503,718	114,041,264	91,842,316
Highest share price (Euro ¢)	1,949.57	1,945.25	1,714.55
Lowest share price (Euro ¢)	1,779.70	1,688.62	1,336.25

Sterling Class 'A' Income share performance

The share class was launched on 1 February 2008.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	172.82	155.32	124.65
Return before operating charges and after direct portfolio transaction costs	5.46	24.76	36.10
Operating charges	(1.40)	(2.82)	(2.34)
Return after operating charges	4.06	21.94	33.76
Distributions	0.00	(4.44)	(3.09)
Closing NAV	176.88	172.82	155.32
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.23	0.19
Dilution adjustments ^[a]	(0.07)	(0.12)	(0.10)
Total direct portfolio transaction costs	0.01	0.11	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	1.66	1.67	1.68
Return after operating charges	+2.35	+14.13	+27.08
Historic yield	2.56	2.74	1.97
Effect on yield of charges offset against capital	1.65	1.65	1.65
Other information			
Closing NAV (€'000)	1,379	1,357	1,335
Closing NAV percentage of total fund NAV (%)	0.05	0.05	0.08
Number of shares	694,828	690,599	741,545
Highest share price (UK p)	177.52	182.81	162.19
Lowest share price (UK p)	161.30	154.56	115.72

M&G European Strategic Value Fund

Financial highlights

Specific share class performance

Sterling Class 'A' Accumulation share performance

The share class was launched on 1 February 2008.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	204.73	179.39	141.17
Return before operating charges and after direct portfolio transaction costs	6.49	28.54	40.87
Operating charges	(1.66)	(3.20)	(2.65)
Return after operating charges	4.83	25.34	38.22
Distributions	0.00	(1.90)	(2.08)
Retained distributions	0.00	1.90	2.08
Closing NAV	209.56	204.73	179.39
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.26	0.21
Dilution adjustments ^[a]	(0.08)	(0.14)	(0.11)
Total direct portfolio transaction costs	0.01	0.12	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	1.66	1.67	1.68
Return after operating charges	+2.36	+14.13	+27.07
Historic yield	0.92	0.99	1.15
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	1,400	1,053	943
Closing NAV percentage of total fund NAV (%)	0.06	0.04	0.05
Number of shares	595,600	452,407	453,424
Highest share price (UK p)	210.32	211.18	183.68
Lowest share price (UK p)	191.11	178.50	131.05

Sterling Class 'I' Income share performance

The share class was launched on 1 February 2008.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	174.90	156.01	124.65
Return before operating charges and after direct portfolio transaction costs	5.55	24.93	36.28
Operating charges	(0.78)	(1.57)	(1.29)
Return after operating charges	4.77	23.36	34.99
Distributions	0.00	(4.47)	(3.63)
Closing NAV	179.67	174.90	156.01
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.23	0.19
Dilution adjustments ^[a]	(0.07)	(0.12)	(0.10)
Total direct portfolio transaction costs	0.01	0.11	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	0.91	0.92	0.92
Return after operating charges	+2.73	+14.97	+28.07
Historic yield	2.53	2.73	2.31
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (€'000)	931	1,023	615
Closing NAV percentage of total fund NAV (%)	0.04	0.04	0.03
Number of shares	461,810	514,566	340,215
Highest share price (UK p)	180.33	184.93	163.39
Lowest share price (UK p)	163.42	155.23	115.76

Sterling Class 'I' Accumulation share performance

The share class was launched on 1 February 2008.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	222.60	193.59	151.21
Return before operating charges and after direct portfolio transaction costs	7.07	30.96	43.94
Operating charges	(1.00)	(1.95)	(1.56)
Return after operating charges	6.07	29.01	42.38
Distributions	0.00	(3.64)	(3.56)
Retained distributions	0.00	3.64	3.56
Closing NAV	228.67	222.60	193.59
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.29	0.23
Dilution adjustments ^[a]	(0.09)	(0.15)	(0.12)
Total direct portfolio transaction costs	0.01	0.14	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	0.91	0.92	0.92
Return after operating charges	+2.73	+14.99	+28.03
Historic yield	1.62	1.74	1.82
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	7,082	5,953	3,360
Closing NAV percentage of total fund NAV (%)	0.28	0.23	0.19
Number of shares	2,761,153	2,351,848	1,497,468
Highest share price (UK p)	229.49	229.49	198.16
Lowest share price (UK p)	207.98	192.64	140.41

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	190.47	170.31	136.28
Return before operating charges and after direct portfolio transaction costs	4.96	27.23	39.60
Operating charges	0.00	(2.19)	(1.78)
Return after operating charges	4.96	25.04	37.82
Distributions	0.00	(4.88)	(3.79)
Closing NAV	195.43	190.47	170.31
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.26	0.20
Dilution adjustments ^[a]	(0.08)	(0.14)	(0.11)
Total direct portfolio transaction costs	0.01	0.12	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	1.16	1.16	1.16
Return after operating charges	+2.60	+14.70	+27.75
Historic yield	2.55	2.74	2.20
Effect on yield of charges offset against capital	1.15	1.15	1.15
Other information			
Closing NAV (€'000)	99	53	19
Closing NAV percentage of total fund NAV (%)	0.01	0.00	0.00
Number of shares	45,117	24,653	9,393
Highest share price (UK p)	196.13	201.43	178.22
Lowest share price (UK p)	177.91	169.47	126.55

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Financial highlights

Specific share class performance

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	210.31	183.37	143.56
Return before operating charges and after direct portfolio transaction costs	6.67	29.32	41.69
Operating charges	(1.20)	(2.38)	(1.88)
Return after operating charges	5.47	26.94	39.81
Distributions	0.00	(2.94)	(2.96)
Retained distributions	0.00	2.94	2.96
Closing NAV	215.78	210.31	183.37
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.28	0.21
Dilution adjustments ^[a]	(0.08)	(0.15)	(0.11)
Total direct portfolio transaction costs	0.02	0.13	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	1.16	1.17	1.16
Return after operating charges	+2.60	+14.69	+27.73
Historic yield	1.39	1.49	1.60
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	519	250	44
Closing NAV percentage of total fund NAV (%)	0.02	0.01	0.00
Number of shares	214,698	104,631	20,766
Highest share price (UK p)	216.57	216.86	187.72
Lowest share price (UK p)	196.43	182.47	133.29

US dollar Class 'A' Accumulation share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Change in NAV per share			
Opening NAV	1,259.59	970.36	876.73
Return before operating charges and after direct portfolio transaction costs	(52.50)	307.77	110.35
Operating charges	(9.90)	(18.54)	(16.72)
Return after operating charges	(62.40)	289.23	93.63
Distributions	0.00	(11.65)	(11.13)
Retained distributions	0.00	11.65	11.13
Closing NAV	1,197.19	1,259.59	970.36
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.56	1.52	1.41
Dilution adjustments ^[a]	(0.48)	(0.80)	(0.74)
Total direct portfolio transaction costs	0.08	0.72	0.67
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	1.66	1.67	1.89*
Return after operating charges	-4.95	+29.81	+10.68
Historic yield	1.00	0.98	1.14
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	2,132	1,201	158
Closing NAV percentage of total fund NAV (%)	0.08	0.05	0.01
Number of shares	209,040	118,744	17,489
Highest share price (US ¢)	1,261.88	1,290.65	987.70
Lowest share price (US ¢)	1,150.93	970.59	820.28

* Due to inflows, the share class NAV increased significantly towards the end of the year, therefore 1.67% is a more reliable estimate of the year to 31.01.17 ongoing charges.

US dollar Class 'C' Accumulation share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Change in NAV per share			
Opening NAV	1,292.07	988.88	886.65
Return before operating charges and after direct portfolio transaction costs	(52.70)	313.72	110.74
Operating charges	(5.58)	(10.53)	(8.51)
Return after operating charges	(58.28)	303.19	102.23
Distributions	0.00	(21.11)	(18.21)
Retained distributions	0.00	21.11	18.21
Closing NAV	1,233.79	1,292.07	988.88
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.58	1.56	1.23
Dilution adjustments ^[a]	(0.49)	(0.82)	(0.64)
Total direct portfolio transaction costs	0.09	0.74	0.59
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.07	0.06
Operating charges	0.91	0.92	0.92
Return after operating charges	-4.51	+30.66	+11.53
Historic yield	1.75	1.74	1.83
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	85,454	72,770	302
Closing NAV percentage of total fund NAV (%)	3.39	2.81	0.02
Number of shares	8,128,168	7,014,462	32,868
Highest share price (US ¢)	1,295.66	1,325.04	1,006.45
Lowest share price (US ¢)	1,185.42	989.26	829.80

^[a] In respect of direct portfolio transaction costs.

^[b] As a percentage of average net asset value.

M&G European Strategic Value Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 July	2018		2017	
	€'000	€'000	€'000	€'000
Income				
Net capital gains / (losses)		(10,929)		73,131
Revenue	67,246		47,784	
Expenses	(13,239)		(11,073)	
Net revenue / (expense) before taxation	54,007		36,711	
Taxation	(3,947)		(2,191)	
Net revenue / (expense) after taxation		50,060		34,520
Total return before equalisation		39,131		107,651
Equalisation		(4,620)		3,190
Change in net assets attributable to shareholders from investment activities		34,511		110,841

Statement of change in net assets attributable to shareholders

for the six months to 31 July	2018		2017	
	€'000	€'000	€'000	€'000
Opening net assets attributable to shareholders		2,589,772		1,778,904
Amounts received on issue of shares	387,087		460,870	
Amounts paid on cancellation of shares	(490,676)		(35,774)	
		(103,589)		425,096
Dilution adjustments		1,583		1,304
Change in net assets attributable to shareholders from investment activities (see above)		34,511		110,841
Closing net assets attributable to shareholders		2,522,277		2,316,145

The opening net assets attributable to shareholders for 2018 differs to the closing position in 2017 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	31 July 2018	31 January 2018
	€'000	€'000
Assets		
Fixed assets		
Investments	2,416,723	2,474,131
Current assets		
Debtors	7,620	14,165
Cash and bank balances	13,028	6,956
Cash equivalents	86,097	102,826
Total assets	2,523,468	2,598,078
Liabilities		
Creditors		
Distribution payable	0	(63)
Other creditors	(1,191)	(8,243)
Total liabilities	(1,191)	(8,306)
Net assets attributable to shareholders	2,522,277	2,589,772

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 4.

Distribution policy

In determining the amount available for distribution to Income shares, the annual management charge and administration charge are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

Marginal tax relief has not been taken into account in respect of expenses offset against capital.

M&G European Strategic Value Fund

Financial statements and notes

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M&G Global Convertibles Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to maximise long term total return (the combination of income and growth of capital) to investors by investing mainly in global convertible assets.

Investment policy

The fund seeks to maximise the risk-reward profile through investment in convertible assets whose issuers may be in any country, including emerging markets. Global convertible assets includes all assets that either directly or via a combination of instruments achieve exposure of a convertible bond nature. Such exposure can be achieved by investing directly or through the use of derivative instruments. Additionally, derivative instruments may be used to manage the risk characteristics of the fund. The remainder of the fund may be invested in securities in support of the fund objective, such as, equities, bonds, collective investment schemes, derivative instruments, money market instruments, cash and near cash.

Investment approach

Convertibles are investments that share the characteristics of both shares and fixed income securities issued by companies. They are initially issued as a fixed interest instrument, usually with regular interest payments and a fixed date when they will be repaid. Importantly, however, they also give the holder the opportunity to convert into a set number of company shares. This means that convertibles have the potential to participate when share prices are rising but can also provide a degree of protection against share price falls since they will eventually be repaid.

The fund manager aims to take advantage of the special characteristics of convertibles, which can mean they participate to a greater extent in share price rises than in share price falls. The fund manager invests in convertibles that he expects will provide the best combination of risk and reward, giving the maximum potential gains in the event of higher share prices while minimising the potential losses if share prices fall.

The fund has no set geographical or industry sector guidelines and no target return. The fund manager takes a global approach to selecting his investments, based on a thorough assessment of the individual characteristics of each convertible, rather than an overall view of the economic background. The fund is diversified in terms of region, industry and currency. At least 70% of the fund will be held in convertibles, although it can also hold company shares, fixed income investments and derivatives, which are financial instruments whose value is linked to the expected future price movements of an underlying asset.

Risk profile

The fund invests globally in a diversified portfolio of convertible bonds. These are a form of debt issued by companies that can be converted into shares, either of the issuer or another company. It is, therefore, subject to the price volatility of the global stocks and fixed income markets as well as the performance of individual issuers. The fund is also subject to fluctuations in currency exchange rates.

The fund may use derivatives to achieve the manager's desired exposure to convertibles. Additionally, derivative instruments may be used to manage the risk characteristics of the fund. In association with the use of derivatives, including those instruments not traded through an exchange, collateral is deposited, in order to mitigate the risk that a counterparty may default on its obligations or become insolvent.

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

The following table shows the risk number associated with the fund and is based on Sterling Class 'A' shares.



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has not changed during this period.

Investment review

As at 1 August 2018, for the six months ended 31 July 2018

Performance against objective

Between 1 February 2018 (the start of the review period) and 1 August 2018, the unhedged share classes of the M&G Global Convertibles Fund produced a positive total return (the combination of income and growth of capital). The currency hedged share classes produced negative returns.* Returns for the unhedged share classes were positively impacted by the strength of the US dollar against both sterling and the euro during the period, as assets denominated in US dollars make up the majority of the universe for convertible bonds (convertibles). Convertibles are fixed income securities (essentially, loans) that can be exchanged for predetermined amounts of company shares at certain times during their life. Returns from the hedged share classes are not influenced by currency movements.

The fund's returns lagged a comparative index, the UBS Thomson Reuters Global Focus Convertible Index, in each share class. (In the six months, returns for the index were 4.1% in sterling (hedged -2.0%), 2.6% in euros (hedged -2.5%), -1.3% in US dollar-hedged and -2.6% in Swiss franc-hedged terms.

During the period under review, the fund continued to invest mainly in global convertibles, with the aim of maximising long-term total return (the combination of income and growth of capital). The fund achieved this objective, with a positive performance in terms of total return across all its share classes over five years and since launch.

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Fund performance' section of this report.

M&G Global Convertibles Fund

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Investment review

Investment performance

The market highlights of the period included a sudden return of significant volatility in equity markets and, to a lesser degree, bond markets. Though the FTSE 100 Index in the UK was stronger, indices for most major stockmarkets of the US, Europe and Japan were lower over the six-month period, with most weakness concentrated in February and March. This followed marked setbacks in bond markets during January, as bond yields (measures of return which move inversely to prices) increased. Those declines persisted for the remainder of the period in the US but were largely recovered in Europe and the UK. Shares prices in emerging markets were notably weak also, particularly in China, which ended the six-month period lower by more than 14%.

The divergence in the paths of the world's main government bond markets was notable. Bonds are loans in the form of a security, usually issued by a government (government bonds) or company (corporate bonds), which normally pay a fixed rate of interest over a given period of time, at the end of which the initial amount borrowed is also repaid. Yields on most US government bonds (Treasuries) ended the period generally higher than when they began (and accordingly, their prices were lower). German government bonds, which are typically considered to represent the core of the European government bond market, recovered after having declined in January as their yields declined (and prices rose) once more. The UK government bond market broadly mirrored the directional moves of the German market. Corporate bonds were generally weaker, as the market reassessed the value of credit risk.

The mixed picture of performance across the world's equity and bond markets meant that returns across the convertible bond market were also variable. However, the strength of the US dollar relative to most other major currencies boosted returns in sterling and euro terms. As most convertibles are denominated in US dollars, when the US currency strengthens or weakens significantly, it can have a meaningful impact on returns measured in other currencies. Hedged currency share classes aim to mitigate the impact of currency movements on holdings of the fund that are denominated in currencies other than the currency of the hedged share class, and therefore did not benefit from the US dollar's strength.

Lower volatility (or variability in returns) relative to shares is a basic feature of convertibles. When share prices are weak, convertibles are supported by the value of their regular interest payments and potential repayment, known as the bond value. But when share prices recover, the value of convertibles rises as the value of the shares that would be received on conversion increases.

Among the key drivers of the recent volatility has been the gradual escalation of trade tensions, generated by US President Trump's implementation of increased tariffs on a significant number of US imports. Although the actions are directed primarily at China, they have also affected most other countries and regions, raising concerns that softer global economic activity will follow. Although some of the most affected sectors and companies have been technology companies that rely heavily on Chinese-produced inputs and others that have substantial revenue streams from China, the technology-heavy Nasdaq Index did register positive returns during the period.

All the fund's unhedged share classes generated positive returns over the review period, while the currency hedged share classes had negative returns. However, all lagged the comparative index. As is often the case, due to the US being the largest component of the convertible universe, holdings from the US provided the largest influence on returns. This effect will have been significantly influenced by the strength of the US dollar against sterling and the euro during the period.

One of the most influential fund holdings over the period was a convertible from Citrix Systems, the US cloud-computing company. The company reported stronger earnings than the market had widely expected, which had positive impacts on the share price and the price of the convertible. At the same time the fund also held a put option on Citrix shares, to mitigate some of the risk of holding the convertible, which had a higher sensitivity to the share price than the manager desired. Put options give the holder the right, but not the obligation, to sell an asset at a predetermined price. The value of the put option declined as the Citrix share price increased, which offset some of the positive returns from the convertible.

Other convertible bond holdings that had a positive impact on returns included Chart Industries, a manufacturer of gas production and storage equipment, which performed very strongly having reported positive results. The convertible from RPM International, a US chemicals company, benefited as the company reached an agreement with Elliott Management, an activist investor, regarding a plan to improve its operational and financial performance. Unicharm, a Japanese producer of personal products, was another of the fund's holdings that reported stronger earnings than the market expected and produced positive returns as a result.

NXP Semiconductors was the holding with the most significant negative impact, having experienced a volatile period. The company was a takeover target of Qualcomm from the US, and the share price was buffeted during the period by changing perceptions and expectations regarding official approval of the takeover by Chinese authorities. The ongoing trade dispute between the US and China may also have affected the progress of the takeover, and consequently, the NXP share price. In July, Qualcomm decided to abandon its bid and the NXP share price declined. We believe the company continues to offer a good value opportunity, so maintain the holding in the fund. Other detractors included Wereldhave, a Dutch property company which reported disappointing results early in the period.

Investment activities

Although the six-month review period witnessed some significant volatility in equity and bond prices, the manager maintained a focus on holdings that offered attractive risk and return characteristics.

Holdings of some convertible bonds were reduced where their prices had become too sensitive to the price of the underlying equity. Citrix Systems and Altaba, the equity investment company that has ownership stakes in Yahoo and Alibaba, were examples of that risk reduction exercise in practice. The manager also scaled back some of the holding in Red Hat, the US software developer, before removing it completely later in the period.

M&G Global Convertibles Fund

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Investment review

Investment activities (continued)

New holdings added to the fund during the period included Supernus Pharmaceutical, a US drug developer that has a promising pipeline of new drugs. Another attractively priced convertible that was added was RingCentral, a telecommunications company from the US that develops cloud-based systems. Outside the US, the manager purchased convertible bonds from Outokumpu, the Finnish steel producer, and built a position in Dainippon Screen, a Japanese semiconductor equipment maker. A second convertible bond from ams, another semiconductor maker, this time from Austria, was also added alongside an existing ams convertible, already held in the fund.

Some individual shares were also purchased. Stock in CRRC, the Chinese railway rolling stock manufacturer, was bought as the convertible bond holding did not have sufficient sensitivity to the share price at the prevailing level. In addition, the manager took on shares in US photo services provider Shutterfly, by converting the convertible bond as it matured. The Shutterfly shares were sold from the fund later in the period.

Outlook

The uncertainty that global stockmarkets have occasionally felt in 2018, often in response to President Trump announcing new or extended tariffs on a range of US imports, has the potential to continue. Though the measures are currently mainly targeted on China, few countries have escaped without impact from the protectionist tactics, which threaten to fall on substantial amounts of global trade. Stockmarkets may react negatively again, should the trade war escalate or widen further. However, the source of any uncertainty or volatility may not be confined to the US president. Other potential catalysts include such things as more geopolitical tensions and the UK Brexit negotiations.

At the same time, however, the prospects for the global economy remain broadly positive. This should be generally supportive for equities, although there may be differences in the outlook across the various global regions. In the US, growth appears relatively strong, although in the UK and Europe the economic picture is more mixed, with some countries showing more robust activity than others. Some emerging market countries are experiencing stress, though the reasons for that are not uniform and may be country specific.

Valuations in the equity markets remain quite elevated. Similarly, corporate credit spreads are still tight by historic standards, despite some widening having taken place in the first half of the year. We retain a positive outlook for the convertibles market, given the asymmetric risk profile they possess, participating in equity market rallies, yet being protected to some degree when stocks weaken by their bond characteristics. We continue to look for opportunities to enhance the asymmetry of the fund, by increasing convexity to improve the risk/return profile, and by reducing or removing holdings that have become too equity-sensitive.

There has been a significant increase in the amount of new issuance of convertible bonds in the six months to June 2018, much of it coming from issuers that are new to the market. We believe that conditions should remain in place for that strong pace of issuance to continue. As convertible bond holders can also benefit as the share price rises, convertibles can typically offer lower interest rates than conventional bonds. As interest rates and corporate bond yields have been gradually rising in most regions so far in 2018, particularly in the US which represents the bulk of the market, companies seeking new capital may prefer to issue convertibles. Companies may also take advantage of equity markets that are trading at something of a premium to secure relatively cheaper equity-related funding.

Léonard Vinville

Fund manager

An employee of M&G Limited which is an associate of M&G Securities Limited.

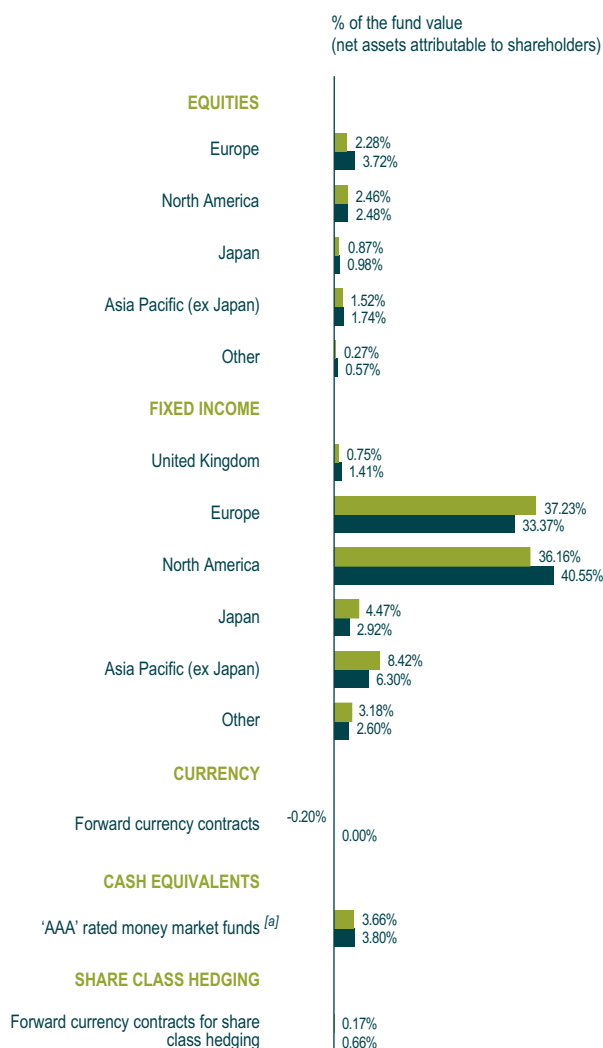
Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial Adviser.

M&G Global Convertibles Fund

Authorised Corporate Director's Report

Investment review

Classification of investments



^[a] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

■ 31 July 2018
■ 31 January 2018

Source: M&G

Investments

Portfolio statement

as at Holding ^[a]	31.07.18 \$'000	31.07.18 %	31.01.18 %
EQUITIES	150,568	7.40	9.49
Europe	46,352	2.28	3.72
European equities	46,352	2.28	3.72
821,000 Eni	15,861	0.78	
89,000 Gemalto	5,217	0.26	
419,542 Metro AG	5,182	0.25	
520,000 Outokumpu	3,455	0.17	
3,441,009 Veon ADR	10,426	0.51	
165,597 Wereldhave REIT	6,211	0.31	
North America	50,097	2.46	2.48
North American equities	48,758	2.39	2.36
87,645 Allergan	16,126	0.79	
1,330,000 Cemex ADR	10,002	0.49	
720,000 Helix Energy Solutions	7,394	0.36	
253,911 Horizon Pharma	4,438	0.22	
51,280 Medidata Solutions	3,713	0.18	
384,000 Owens-Illinois	7,085	0.35	
North American equity options	1,339	0.07	0.12
375,000 Citrix Systems Jan 2019 Put	450	0.02	
3,600,000 Glencore Dec 2019 Call	889	0.05	
Japan	17,635	0.87	0.98
Japanese equities	17,635	0.87	0.98
364,500 Asics	5,921	0.29	
244,000 MinebeaMitsumi	4,364	0.22	
453,100 Orix	7,350	0.36	
Asia Pacific (ex Japan)	30,964	1.52	1.74
Asia Pacific equities	30,964	1.52	1.74
5,034,540 CapitalLand Commercial Trust REIT	6,433	0.31	
12,797,000 CRRRC	11,185	0.55	
12,991,987 Hui Xian REIT	6,261	0.31	
8,350,000 Zhejiang Expressway	7,085	0.35	
Other	5,520	0.27	0.57
Other equities	5,520	0.27	0.57
12,626 Teva Pharmaceutical Industries 7% 2018 (Teva Pharmaceutical Industries)	5,520	0.27	
FIXED INCOME	1,836,823	90.21	87.15
United Kingdom	15,179	0.75	1.41
UK investment grade corporate bonds	0	0.00	0.43
UK below investment grade corporate bonds	15,179	0.75	0.80
\$15,086,000 Inmarsat Finance 6.5% 2024	15,179	0.75	
UK corporate bonds with no credit rating	0	0.00	0.18
Europe	758,134	37.23	33.37
European investment grade corporate bonds	308,739	15.16	13.51
\$5,200,000 Aperam 0.625% 2021 (Aperam)	6,307	0.31	
€32,500,000 Bayer 0.05% 2020 (Covestro)	44,598	2.19	
€27,200,000 Fresenius Medical Care 1.125% 2020 (Fresenius Medical Care)	38,982	1.92	
€11,800,000 Grand City Properties 0.25% 2022 (Grand City Properties)	14,466	0.71	
€23,900,000 Haniel Finance Deutschland 0% 2020 (Ceconomy)	27,540	1.35	
\$3,500,000 NXP 4.125% 2020	3,519	0.17	
\$3,500,000 NXP 4.625% 2022	3,535	0.17	

M&G Global Convertibles Fund

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Investments

Portfolio statement (continued)				
as at Holding ^[a]	31.07.18 \$'000	31.07.18 %	31.01.18 %	
European investment grade corporate bonds (continued)				
\$55,000,000 Siemens Financieringsmaatschappij 1.65% 2019	65,637	3.22		
\$3,062,000 Steel Capital 5.9% 2022	3,173	0.16		
\$6,800,000 STMicroelectronics 0% 2022 (STMicroelectronics)	8,090	0.40		
\$48,000,000 Telenor East Holding 0.25% 2019 (Vimpelcom)	46,697	2.29		
\$28,400,000 Total 0.5% 2022 (Total)	32,461	1.59		
\$12,600,000 Vinci 0.375% 2022 (Vinci)	13,734	0.68		
	67,398	3.31	2.55	
European below investment grade corporate bonds				
€10,100,000 Bayer Capital 5.625% 2019 (Bayer Capital)	12,609	0.62		
\$49,631,000 NXP Semiconductors 1% 2019 (NXP Semiconductors)	54,789	2.69		
	381,997	18.76	17.31	
European corporate bonds with no credit rating				
\$22,400,000 Abigrove 0% 2022 (Severstal)	22,983	1.13		
\$16,600,000 Abigrove 0.5% 2021 (Severstal)	26,208	1.29		
€10,000,000 ams 0% 2025 (ams)	10,170	0.50		
\$7,000,000 ams 0.875% 2022 (ams)	7,017	0.34		
\$3,600,000 Borr Drilling 3.875% 2023 (Borr Drilling)	3,534	0.17		
\$12,200,000 ELM 3.25% 2024	12,203	0.60		
€16,600,000 Fugro 4% 2021 (Fugro)	18,942	0.93		
£13,400,000 Great Portland Estates 1% 2018 (Great Portland Estates)	17,638	0.87		
€19,300,000 Indra Sistemas 1.75% 2018 (Indra Sistemas)	22,632	1.11		
€3,500,000 International Consolidated Airlines 0.625% 2022 (International Consolidated Airlines)	4,018	0.20		
\$34,200,000 Michelin 0% 2023 (Michelin)	29,446	1.45		
€15,700,000 Outokumpu 3.25% 2020 (Outokumpu)	19,592	0.96		
€6,400,000 PT (Jersey) 0.5% 2019 (Playtech)	7,248	0.35		
\$8,400,000 Qiagen 0.5% 2023 (Qiagen)	8,886	0.44		
€46,100,000 RAG-Stiftung 0% 2021 (Evonik)	59,474	2.92		
€41,900,000 RAG-Stiftung 0% 2023 (Evonik)	52,947	2.60		
€9,240,422 Safran 0% 2020 (Safran)	13,194	0.65		
€15,400,000 Wereldhave 1% 2019 (Wereldhave)	18,201	0.89		
\$28,148,000 Yandex 1.125% 2018 (Yandex)	27,664	1.36		
	736,268	36.16	40.55	
North America				
North American investment grade corporate bonds				
€9,200,000 América Móvil 0% 2020 (KON KPN)	10,600	0.52		
€17,600,000 América Móvil 5.5% 2018 (KON KPN)	15,615	0.77		
\$15,035,000 Ares Capital 3.5% 2023	14,350	0.70		
\$14,200,000 Ares Capital 3.75% 2022 (Ares Capital)	14,289	0.70		
\$37,520,000 Booking (formerly Priceland Group) 0.9% 2021 (Booking)	44,644	2.19		
\$34,262,000 Citrix Systems 0.5% 2019 (Citrix Systems)	52,305	2.57		
\$12,100,000 Citrix Systems 4.5% 2027	11,636	0.57		
\$14,250,000 Johnson Electric 1% 2021 (Johnson Electric)	15,225	0.75		
\$11,175,000 JPMorgan Chase Financial 0.25% 2023 (Voya Finl)	10,977	0.54		
¥75,000,000 Kunlun Energy 1.625% 2019 (Kunlun Energy)	11,701	0.57		

Portfolio statement (continued)

as at Holding ^[a]	31.07.18 \$'000	31.07.18 %	31.01.18 %
North American investment grade corporate bonds (continued)			
£8,600,000 National Grid North America 0.9% 2020 (National Grid North America)	11,105	0.56	
\$8,992,000 QVC 4.375% 2023	8,846	0.43	
\$13,217,000 RPM International 2.25% 2020 (RPM International)	16,776	0.82	
	265,971	13.06	12.40
North American below investment grade corporate bonds			
\$35,310,000 Cemex 3.72% 2020 (Cemex)	35,994	1.77	
€3,870,000 Cemex Finance 4.625% 2024	4,789	0.23	
\$22,754,000 Cemex Sub. 3.72% 2020 (Cemex)	23,166	1.14	
\$15,467,000 Horizon Pharma 2.5% 2022 (Horizon Pharma)	14,919	0.73	
\$6,000,000 Integrated Device 0.875% 2022 (Integrated Device)	7,006	0.34	
\$14,162,000 Jazz Investments I 1.875% 2021 (Jazz Pharma)	15,235	0.75	
\$6,236,000 NRG Yield 3.25% 2020 (NRG Yield)	6,214	0.31	
\$11,450,000 NRG Yield 3.5% 2019 (NRG Yield)	11,414	0.56	
\$35,000,000 Nuance Communications 1.25% 2025 (Nuance Communications)	33,507	1.65	
\$21,531,000 Nuance Communication 1.5% 2035 (Nuance Communication)	20,978	1.03	
\$19,395,000 ON Semiconductor 1% 2020 (ON Semiconductor)	25,438	1.25	
\$39,898,000 Teva Pharmaceutical Finance 0.25% 2026 (Teva Pharmaceutical)	37,137	1.82	
\$31,350,000 Western Digital 1.5% 2024 (Western Digital)	30,174	1.48	
	232,228	11.41	11.77
North American corporate bonds with no credit rating			
\$27,455,000 Akamai Technologies 0% 2019 (Akamai Technologies)	27,318	1.34	
\$18,623,000 Altaba 0% 2018 (Altaba)	25,172	1.24	
\$5,250,000 Asia View 1.5% 2019 (Yuxiu Transport)	5,893	0.29	
\$4,521,000 Chart Industries 1% 2024 (Chart Industries)	6,296	0.31	
\$11,968,000 Electronics for Imaging 0.75% 2019 (Electronics for Imaging)	11,918	0.59	
\$41,144,000 Extra Space Storage 3.125% 2035 (Extra Space Storage)	45,130	2.22	
\$9,980,000 Helix Energy Solutions 4.25% 2022 (Helix Energy Solutions)	11,103	0.55	
\$14,055,000 Huron Consulting 1.25% 2019 (Huron Consulting)	13,348	0.65	
\$16,585,000 II-VI 0.25% 2022 (II-VI)	18,160	0.89	
\$10,263,000 Oil States International 1.5% 2023 (Oil States International)	11,167	0.55	
\$10,500,000 OSI Systems 1.25% 2022 (OSI Systems)	10,034	0.49	
CAD12,550,000 Osisko Gold Royalties 4% 2022 (Osisko Gold Royalties)	9,594	0.47	
\$12,475,000 RingCentral 0% 2023 (RingCentral)	13,656	0.67	
\$20,694,000 Supernus Pharmaceuticals 0.625% 2023 (Supernus Pharmaceuticals)	23,439	1.15	
	91,028	4.47	2.92
Japan			
Japanese investment grade corporate bonds			
	0	0.00	0.52
Japanese corporate bonds with no credit rating			
¥890,000,000 Dainippon Screen 0% 2022	8,158	0.40	
¥880,000,000 Dainippon Screen 0% 2025	8,315	0.41	
¥2,670,000,000 Mitsubishi Chemical Holdings 0% 2022 (Mitsubishi Chemical Holdings)	24,715	1.21	
¥2,450,000,000 Mitsubishi Chemical Holdings 0% 2024 (Mitsubishi Chemical Holdings)	23,095	1.14	

M&G Global Convertibles Fund

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Investments

Portfolio statement (continued)			
as at Holding ^[a]	31.07.18 \$'000	31.07.18 %	31.01.18 %
Japanese corporate bonds with no credit rating (continued)			
¥80,000,000 Mitsumi Electric 0% 2022	861	0.04	
¥519,000,000 Sony 0% 2022 (Sony)	6,161	0.30	
¥1,560,000,000 Unicharm 0% 2020 (Unicharm)	19,723	0.97	
Asia Pacific (ex Japan)	171,470	8.42	6.30
Asia Pacific investment grade corporate bonds			
SGD62,500,000 CapitaLand 1.95% 2023 (CapitaLand)	45,798	2.25	
SGD11,500,000 CapitaLand 2.80% 2025 (CapitaLand)	8,276	0.40	
\$38,250,000 CRRC 0% 2021 (CRRC)	38,007	1.87	
\$18,200,000 LG Chemical 0% 2021 (LG Chemical)	18,522	0.91	
Asia Pacific corporate bonds with no credit rating			
SGD25,000,000 Suntec Real Estate Investment Trust 1.75% 2024	17,946	0.88	
\$4,171,000 Weibo Corporation 1.25% 2022 (Weibo Corporation)	4,073	0.20	
€35,100,000 Zhejiang Expressway 0% 2022 (Zhejiang Expressway)	38,848	1.91	
Other	64,744	3.18	2.60
Other corporate bonds with no credit rating			
\$63,600,000 DP World 1.75% 2024 (DP World)	64,744	3.18	
CURRENCY	(4,090)	(0.20)	0.00
Forward currency contracts			
¥20,500,000,000 Bought for \$188,372,025 (expires 12.09.18)	(4,090)	(0.20)	
Portfolio of investments	1,983,301	97.41	96.64
CASH EQUIVALENTS			
'AAA' rated money market funds ^[b]			
74,521,000 Northern Trust Global Fund - US dollar	74,521	3.66	3.80
SHARE CLASS HEDGING			
Forward currency contracts for share class hedging			
CAD40,183 Bought for \$30,480 (expires 22.08.18)	0	0.00	
CAD3,417 Bought for €2,240 (expires 22.08.18)	0	0.00	
CAD(517,303) Sold for \$390,605 (expires 22.08.18)	(6)	0.00	
€315,576,988 Bought for \$367,303,015 (expires 22.08.18)	3,577	0.17	
€4,968,265 Bought for HKD45,388,525 (expires 22.08.18)	53	0.00	
€16,483,313 Bought for £14,708,307 (expires 22.08.18)	(5)	0.00	
€5,775,621 Bought for CHF6,705,042 (expires 22.08.18)	(10)	0.00	
€2,546,438 Bought for CAD3,924,050 (expires 22.08.18)	(16)	0.00	
€78,334,304 Bought for ¥10,272,660,015 (expires 22.08.18)	(152)	(0.01)	
€20,965,580 Bought for SGD33,371,226 (expires 23.08.18)	128	0.01	
€(26,530,685) Sold for \$30,962,047 (expires 22.08.18)	(218)	(0.01)	
HKD315,999 Bought for \$40,275 (expires 22.08.18)	0	0.00	
HKD407 Bought for €45 (expires 22.08.18)	0	0.00	
HKD(5,805,909) Sold for \$739,978 (expires 22.08.18)	0	0.00	

Portfolio statement (continued)

as at Holding ^[a]	31.07.18 \$'000	31.07.18 %	31.01.18 %
Forward currency contracts for share class hedging (continued)			
¥104,303,907 Bought for \$931,677 (expires 22.08.18)	5	0.00	
¥7,348,765 Bought for €56,534 (expires 22.08.18)	0	0.00	
¥(1,356,168,398) Sold for \$12,033,374 (expires 22.08.18)	(140)	(0.01)	
£66,614 Bought for CAD115,051 (expires 22.08.18)	0	0.00	
£350,546 Bought for CHF455,993 (expires 22.08.18)	(1)	0.00	
£9,581,565 Bought for €10,734,872 (expires 22.08.18)	6	0.00	
£132,343 Bought for HKD1,354,979 (expires 22.08.18)	2	0.00	
£2,096,613 Bought for ¥308,093,794 (expires 22.08.18)	(4)	0.00	
£9,217,722 Bought for \$12,030,074 (expires 22.08.18)	113	0.01	
£548,175 Bought for SGD977,792 (expires 23.08.18)	4	0.00	
£(2,139,912) Sold for \$2,792,878 (expires 22.08.18)	(26)	0.00	
SGD342,232 Bought for \$250,233 (expires 23.08.18)	1	0.00	
SGD26,459 Bought for €16,584 (expires 23.08.18)	0	0.00	
SGD(4,396,789) Sold for \$3,214,538 (expires 23.08.18)	(15)	0.00	
CHF12,735,766 Bought for \$12,767,232 (expires 22.08.18)	145	0.01	
CHF5,514,011 Bought for €4,749,892 (expires 22.08.18)	8	0.00	
CHF197,644 Bought for HKD1,555,181 (expires 22.08.18)	2	0.00	
CHF648,997 Bought for £498,778 (expires 22.08.18)	1	0.00	
CHF99,717 Bought for CAD132,367 (expires 22.08.18)	0	0.00	
CHF3,066,777 Bought for ¥346,434,196 (expires 22.08.18)	(1)	0.00	
CHF820,595 Bought for SGD1,124,952 (expires 23.08.18)	6	0.00	
CHF(1,386,915) Sold for \$1,393,909 (expires 22.08.18)	(12)	0.00	
Total portfolio	2,061,267	101.24	101.10
Net other assets / (liabilities)	(25,204)	(1.24)	(1.10)
Net assets attributable to shareholders	2,036,063	100.00	100.00

All securities are on an official stock exchange listing except where referenced.

^[a] The underlying stock for each convertible bond is shown in brackets.

^[b] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

Portfolio transactions

for the six months to 31 July	2018 \$'000	2017 \$'000
Portfolio transactions		
Total purchases	360,971	456,564
Total sales	645,851	410,479

Purchases and sales exclude the cost and proceeds of 'AAA' rated money market funds.

M&G Global Convertibles Fund

Financial highlights

Fund performance

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

The following chart and tables show the performance for two of the fund's share classes – Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A' (Accumulation) share is what most individuals investing directly with M&G have received. It has the highest ongoing charge of all the sterling share classes. Performance is shown after deduction of this charge. All UK investors in the fund therefore received this performance or better.
- The performance of the Sterling Class 'I' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share class used by the Investment Association in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (7), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	31.07.18 \$'000	31.01.18 \$'000	31.01.17 \$'000
Fund net asset value (NAV)	2,036,063	2,452,079	2,278,773

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.



To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested.

	Six months	Three years	Five years	Since launch
	01.02.18 % [a]	03.08.15 % p.a.	01.08.13 % p.a.	% p.a.
Euro [b]				
Class 'A'	+0.6	+0.1	+5.1	+4.4 [c]
Class 'A-H'	-3.9	+0.8	+2.6	+4.2 [d]
Class 'B'	+0.4	-0.4	+4.5	+4.6 [e]
Class 'B-H'	-4.0	+0.4	+2.1	+2.1 [e]
Class 'C'	+1.0	+0.9	+5.9	+5.2 [c]
Class 'C-H'	-3.5	+1.6	+3.4	+5.1 [d]
Sterling [f]				
Class 'A'	+2.4	+8.3	+5.4	+6.7 [c]
Class 'A-H'	-3.4	+1.3	+3.2	+4.6 [g]
Class 'I'	+2.8	+9.0	+6.1	+7.3 [c]
Class 'I-H'	-3.0	+2.1	+3.8	+5.2 [g]
Class 'R'	+2.7	+8.7	+5.8	+7.7 [h]
Class 'R-H'	-3.3	+2.2	+3.8	+5.2 [g]
Swiss franc [b]				
Class 'A-H'	-4.1	+0.3	+2.1	+3.5 [g]
Class 'C-H'	-3.7	+1.0	+2.8	+4.3 [g]
US dollar [b]				
Class 'A-H'	-2.6	+2.5	+3.8	+5.0 [g]
Class 'C-H'	-2.2	+3.4	+4.6	+5.8 [g]

[a] Absolute basis.

[b] Price to price with gross income reinvested.

[c] 13 July 2007, the launch date of the fund.

[d] 21 May 2010, the launch date of the share class.

[e] 26 July 2013, the launch date of the share class.

[f] Price to price with income reinvested.

[g] 28 September 2012, the launch date of the share class.

[h] 3 August 2012, the launch date of the share class.

M&G Global Convertibles Fund

Financial highlights

Fund performance

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. Operating charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are the same as the ongoing charges shown in the Key Investor Information Document, other than where an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

For this fund there is no difference between operating charges and ongoing charges figures, unless disclosed under the specific share class performance table.

Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and method of execution. They are made up of direct and indirect portfolio transaction costs:

- **Direct portfolio transaction costs:** Broker execution commission and taxes.
- **Indirect portfolio transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The table below shows direct portfolio transaction costs paid by the fund before and after that part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.01	0.01	0.01	0.01
Taxes	0.00	0.00	0.00	0.00
Costs before dilution adjustments	0.01	0.01	0.01	0.01
Dilution adjustments ^[c]	0.00	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.01	0.01	0.01
as at	31.07.18	31.01.18	31.01.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.65	0.54	0.63	0.61

^[a] Average of first three columns.

^[b] As a percentage of average net asset value.

^[c] In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

M&G Global Convertibles Fund

Financial highlights

Specific share class performance

The following tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,465.91	1,590.58	1,474.69
Return before operating charges and after direct portfolio transaction costs	29.69	(59.21)	172.20
Operating charges	(12.18)	(26.32)	(26.25)
Return after operating charges	17.51	(85.53)	145.95
Distributions	0.00	(39.14)	(30.06)
Closing NAV	1,483.42	1,465.91	1,590.58
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.06	0.15	0.19
Dilution adjustments ^[a]	(0.02)	(0.05)	(0.04)
Total direct portfolio transaction costs	0.04	0.10	0.15
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.66	1.67	1.68
Return after operating charges	+1.19	-5.38	+9.90
Distribution yield	2.81	2.60	2.80
Effect on yield of charges offset against capital	1.65	1.65	1.65
Other information			
Closing NAV (\$'000)	16,864	168,302	176,826
Closing NAV percentage of total fund NAV (%)	0.83	6.86	7.76
Number of shares	968,717	9,218,342	10,340,042
Highest share price (Euro ¢)	1,510.30	1,657.45	1,655.56
Lowest share price (Euro ¢)	1,428.25	1,492.48	1,415.31

Euro Class 'A' Accumulation share performance

The share class was launched on 13 July 2007.

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,585.35	1,675.63	1,524.78
Return before operating charges and after direct portfolio transaction costs	31.98	(62.62)	177.65
Operating charges	(13.18)	(27.66)	(26.80)
Return after operating charges	18.80	(90.28)	150.85
Distributions	0.00	(16.17)	(17.08)
Retained distributions	0.00	16.17	17.08
Closing NAV	1,604.15	1,585.35	1,675.63
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.06	0.16	0.19
Dilution adjustments ^[a]	(0.02)	(0.05)	(0.05)
Total direct portfolio transaction costs	0.04	0.11	0.14
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.66	1.67	1.67
Return after operating charges	+1.19	-5.39	+9.89
Distribution yield	1.17	0.96	1.16
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	157,413	216,829	264,584
Closing NAV percentage of total fund NAV (%)	7.73	8.84	11.61
Number of shares	8,361,691	10,981,621	14,686,456
Highest share price (Euro ¢)	1,633.21	1,745.88	1,711.71
Lowest share price (Euro ¢)	1,544.48	1,572.10	1,463.33

Euro Class 'A-H' Income share performance

The share class was launched on 12 July 2013.

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,337.83	1,334.80	1,261.22
Return before operating charges and after direct portfolio transaction costs	(31.39)	61.95	121.10
Operating charges	(10.92)	(23.28)	(22.43)
Return after operating charges	(42.31)	38.67	98.67
Distributions	0.00	(35.64)	(25.09)
Closing NAV	1,295.52	1,337.83	1,334.80
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.05	0.14	0.16
Dilution adjustments ^[a]	(0.01)	(0.05)	(0.04)
Total direct portfolio transaction costs	0.04	0.09	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.68	1.69	1.70
Return after operating charges	-3.16	+2.90	+7.82
Distribution yield	2.80	2.58	2.78
Effect on yield of charges offset against capital	1.67	1.67	1.67
Other information			
Closing NAV (\$'000)	19,464	18,066	9,191
Closing NAV percentage of total fund NAV (%)	0.95	0.74	0.40
Number of shares	1,280,238	1,084,270	640,398
Highest share price (Euro ¢)	1,346.99	1,392.67	1,372.16
Lowest share price (Euro ¢)	1,281.51	1,335.34	1,233.12

M&G Global Convertibles Fund

Financial highlights

Specific share class performance

Euro Class 'A-H' Accumulation share performance

The share class was launched on 21 May 2010.

Change in NAV per share	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Opening NAV	1,443.68	1,402.60	1,301.15
Return before operating charges and after direct portfolio transaction costs	(34.30)	65.29	124.58
Operating charges	(11.89)	(24.21)	(23.13)
Return after operating charges	(46.19)	41.08	101.45
Distributions	0.00	(14.35)	(14.02)
Retained distributions	0.00	14.35	14.02
Closing NAV	1,397.49	1,443.68	1,402.60
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.06	0.14	0.16
Dilution adjustments ^[a]	(0.02)	(0.05)	(0.04)
Total direct portfolio transaction costs	0.04	0.09	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.68	1.69	1.69
Return after operating charges	-3.20	+2.93	+7.80
Distribution yield	1.14	0.93	1.14
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	45,737	81,270	81,108
Closing NAV percentage of total fund NAV (%)	2.25	3.31	3.56
Number of shares	2,788,794	4,519,970	5,378,479
Highest share price (Euro ¢)	1,453.50	1,463.81	1,415.31
Lowest share price (Euro ¢)	1,382.38	1,402.90	1,272.35

Euro Class 'B' Income share performance

The share class was launched on 11 September 2015.

Change in NAV per share	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Opening NAV	977.29	1,065.81	990.74
Return before operating charges and after direct portfolio transaction costs	19.73	(39.41)	115.20
Operating charges	(10.51)	(22.95)	(22.61)
Return after operating charges	9.22	(62.36)	92.59
Distributions	0.00	(26.16)	(17.52)
Closing NAV	986.51	977.29	1,065.81
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.04	0.10	0.12
Dilution adjustments ^[a]	(0.01)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.03	0.07	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	2.16	2.17	2.18
Return after operating charges	+0.94	-5.85	+9.35
Distribution yield	2.81	2.60	2.80
Effect on yield of charges offset against capital	2.15	2.15	2.15
Other information			
Closing NAV (\$'000)	352	395	159
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.01
Number of shares	30,444	32,478	13,853
Highest share price (Euro ¢)	1,005.02	1,110.25	1,107.06
Lowest share price (Euro ¢)	952.01	997.18	950.65

Euro Class 'B' Accumulation share performance

The share class was launched on 26 July 2013.

Change in NAV per share	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Opening NAV	1,237.11	1,314.15	1,201.82
Return before operating charges and after direct portfolio transaction costs	24.90	(48.84)	139.72
Operating charges	(13.34)	(28.20)	(27.39)
Return after operating charges	11.56	(77.04)	112.33
Distributions	0.00	(6.71)	(6.93)
Retained distributions	0.00	6.71	6.93
Closing NAV	1,248.67	1,237.11	1,314.15
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.05	0.13	0.15
Dilution adjustments ^[a]	(0.01)	(0.04)	(0.04)
Total direct portfolio transaction costs	0.04	0.09	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	2.16	2.17	2.17
Return after operating charges	+0.93	-5.86	+9.35
Distribution yield	0.67	0.46	0.67
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	8,269	11,319	8,081
Closing NAV percentage of total fund NAV (%)	0.41	0.46	0.35
Number of shares	564,260	734,624	571,961
Highest share price (Euro ¢)	1,272.10	1,368.79	1,342.90
Lowest share price (Euro ¢)	1,205.01	1,229.38	1,153.19

Euro Class 'B-H' Income share performance

The share class was launched on 11 September 2015.

Change in NAV per share	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Opening NAV	1,020.35	1,022.49	969.30
Return before operating charges and after direct portfolio transaction costs	(23.52)	48.33	92.22
Operating charges	(10.80)	(23.22)	(22.24)
Return after operating charges	(34.32)	25.11	69.98
Distributions	0.00	(27.25)	(16.79)
Closing NAV	986.03	1,020.35	1,022.49
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.04	0.10	0.12
Dilution adjustments ^[a]	(0.01)	(0.04)	(0.03)
Total direct portfolio transaction costs	0.03	0.06	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	2.18	2.19	2.19
Return after operating charges	-3.36	+2.46	+7.22
Distribution yield	2.80	2.58	2.79
Effect on yield of charges offset against capital	2.17	2.17	2.17
Other information			
Closing NAV (\$'000)	240	254	73
Closing NAV percentage of total fund NAV (%)	0.01	0.01	0.00
Number of shares	20,710	20,006	6,636
Highest share price (Euro ¢)	1,027.32	1,062.26	1,048.61
Lowest share price (Euro ¢)	975.47	1,020.24	947.55

M&G Global Convertibles Fund

Financial highlights

Specific share class performance

Euro Class 'B-H' Accumulation share performance

The share class was launched on 26 July 2013.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,150.38	1,123.45	1,046.66
Return before operating charges and after direct portfolio transaction costs	(26.34)	52.17	100.89
Operating charges	(12.19)	(25.24)	(24.10)
Return after operating charges	(38.53)	26.93	76.79
Distributions	0.00	(5.93)	(5.69)
Retained distributions	0.00	5.93	5.69
Closing NAV	1,111.85	1,150.38	1,123.45
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.04	0.11	0.13
Dilution adjustments ^[a]	(0.01)	(0.04)	(0.03)
Total direct portfolio transaction costs	0.03	0.07	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	2.18	2.19	2.19
Return after operating charges	-3.35	+2.40	+7.34
Distribution yield	0.65	0.44	0.64
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	8,786	8,193	3,869
Closing NAV percentage of total fund NAV (%)	0.43	0.33	0.17
Number of shares	673,350	571,804	320,278
Highest share price (Euro ¢)	1,158.22	1,166.51	1,133.52
Lowest share price (Euro ¢)	1,100.25	1,120.53	1,023.67

Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,582.65	1,704.19	1,573.73
Return before operating charges and after direct portfolio transaction costs	32.08	(64.12)	184.25
Operating charges	(7.24)	(15.33)	(15.26)
Return after operating charges	24.84	(79.45)	168.99
Distributions	0.00	(42.09)	(38.53)
Closing NAV	1,607.49	1,582.65	1,704.19
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.06	0.16	0.20
Dilution adjustments ^[a]	(0.02)	(0.05)	(0.05)
Total direct portfolio transaction costs	0.04	0.11	0.15
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.91	0.92	0.91
Return after operating charges	+1.57	-4.66	+10.74
Distribution yield	2.81	2.60	2.80
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (\$'000)	1,287	1,345	7,488
Closing NAV percentage of total fund NAV (%)	0.06	0.06	0.33
Number of shares	68,241	68,241	408,696
Highest share price (Euro ¢)	1,635.08	1,776.67	1,779.27
Lowest share price (Euro ¢)	1,542.27	1,606.01	1,510.85

Euro Class 'C' Accumulation share performance

The share class was launched on 13 July 2007.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,715.61	1,799.80	1,625.44
Return before operating charges and after direct portfolio transaction costs	34.66	(67.76)	190.07
Operating charges	(7.86)	(16.43)	(15.71)
Return after operating charges	26.80	(84.19)	174.36
Distributions	0.00	(29.70)	(31.59)
Retained distributions	0.00	29.70	31.59
Closing NAV	1,742.41	1,715.61	1,799.80
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.07	0.18	0.20
Dilution adjustments ^[a]	(0.02)	(0.06)	(0.05)
Total direct portfolio transaction costs	0.05	0.12	0.15
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.91	0.92	0.91
Return after operating charges	+1.56	-4.68	+10.73
Distribution yield	1.91	1.70	1.91
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	418,797	500,991	594,288
Closing NAV percentage of total fund NAV (%)	20.57	20.43	26.08
Number of shares	20,480,965	23,446,910	30,711,731
Highest share price (Euro ¢)	1,772.32	1,876.07	1,837.51
Lowest share price (Euro ¢)	1,671.72	1,695.87	1,560.35

M&G Global Convertibles Fund

Financial highlights

Specific share class performance

Euro Class 'C-H' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,424.28	1,408.89	1,326.08
Return before operating charges and after direct portfolio transaction costs	(34.09)	66.94	127.60
Operating charges	(6.48)	(13.75)	(13.12)
Return after operating charges	(40.57)	53.19	114.48
Distributions	0.00	(37.80)	(31.67)
Closing NAV	1,383.71	1,424.28	1,408.89
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.05	0.14	0.17
Dilution adjustments ^[a]	(0.02)	(0.05)	(0.04)
Total direct portfolio transaction costs	0.03	0.09	0.13
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.93	0.94	0.93
Return after operating charges	-2.85	+3.78	+8.63
Distribution yield	2.80	2.58	2.78
Effect on yield of charges offset against capital	0.92	0.92	0.92
Other information			
Closing NAV (\$'000)	22,494	30,575	14,308
Closing NAV percentage of total fund NAV (%)	1.10	1.25	0.63
Number of shares	1,385,199	1,723,635	944,560
Highest share price (Euro ¢)	1,434.07	1,482.47	1,453.43
Lowest share price (Euro ¢)	1,367.76	1,409.56	1,297.03

Euro Class 'C-H' Accumulation share performance

The share class was launched on 21 May 2010.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,544.66	1,488.74	1,370.24
Return before operating charges and after direct portfolio transaction costs	(36.28)	70.29	132.03
Operating charges	(7.02)	(14.37)	(13.53)
Return after operating charges	(43.30)	55.92	118.50
Distributions	0.00	(26.37)	(25.79)
Retained distributions	0.00	26.37	25.79
Closing NAV	1,501.36	1,544.66	1,488.74
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.06	0.15	0.17
Dilution adjustments ^[a]	(0.02)	(0.05)	(0.04)
Total direct portfolio transaction costs	0.04	0.10	0.13
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.93	0.94	0.93
Return after operating charges	-2.80	+3.76	+8.65
Distribution yield	1.89	1.67	1.88
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	542,689	633,249	494,957
Closing NAV percentage of total fund NAV (%)	26.65	25.82	21.72
Number of shares	30,800,995	32,916,546	30,922,814
Highest share price (Euro ¢)	1,555.18	1,566.23	1,502.14
Lowest share price (Euro ¢)	1,484.11	1,489.13	1,340.21

Sterling Class 'A' Income share performance

The share class was launched on 13 July 2007.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	168.06	178.89	146.70
Return before operating charges and after direct portfolio transaction costs	5.74	(3.34)	38.36
Operating charges	(1.40)	(3.01)	(2.79)
Return after operating charges	4.34	(6.35)	35.57
Distributions	0.00	(4.48)	(3.38)
Closing NAV	172.40	168.06	178.89
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments ^[a]	0.00	(0.01)	0.00
Total direct portfolio transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.66	1.67	1.67
Return after operating charges	+2.58	-3.55	+24.25
Distribution yield	2.81	2.60	2.80
Effect on yield of charges offset against capital	1.65	1.65	1.65
Other information			
Closing NAV (\$'000)	228,630	198,691	185,307
Closing NAV percentage of total fund NAV (%)	11.23	8.10	8.13
Number of shares	100,750,667	83,487,897	83,126,265
Highest share price (UK p)	174.14	186.18	186.11
Lowest share price (UK p)	161.53	172.30	143.50

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 July 2007.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	199.28	206.63	166.65
Return before operating charges and after direct portfolio transaction costs	6.79	(3.86)	43.59
Operating charges	(1.66)	(3.49)	(3.18)
Return after operating charges	5.13	(7.35)	40.41
Distributions	0.00	(2.03)	(2.12)
Retained distributions	0.00	2.03	1.69
Closing NAV	204.41	199.28	206.63
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments ^[a]	0.00	(0.01)	(0.01)
Total direct portfolio transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.66	1.67	1.67
Return after operating charges	+2.57	-3.56	+24.25
Distribution yield	1.17	0.96	1.16
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	309,019	279,136	146,667
Closing NAV percentage of total fund NAV (%)	15.18	11.38	6.44
Number of shares	114,850,437	98,914,572	56,961,269
Highest share price (UK p)	206.47	215.03	211.73
Lowest share price (UK p)	191.52	199.00	163.01

M&G Global Convertibles Fund

Financial highlights

Specific share class performance

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 28 September 2012.

Change in NAV per share	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Opening NAV	133.43	129.40	119.56
Return before operating charges and after direct portfolio transaction costs	(2.42)	6.28	12.43
Operating charges	(1.10)	(2.25)	(2.26)
Return after operating charges	(3.52)	4.03	10.17
Distributions	0.00	(1.30)	(1.66)
Retained distributions	0.00	1.30	1.33
Closing NAV	129.91	133.43	129.40
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.68	1.69	1.66
Return after operating charges	-2.64	+3.10	+8.51
Distribution yield	1.14	0.93	1.13
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	334	446	176
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.01
Number of shares	195,593	235,900	109,296
Highest share price (UK p)	134.39	135.32	129.74
Lowest share price (UK p)	128.38	128.63	116.85

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Opening NAV	1,388.71	1,466.99	1,198.28
Return before operating charges and after direct portfolio transaction costs	47.52	(27.71)	314.44
Operating charges	(6.36)	(13.66)	(12.57)
Return after operating charges	41.16	(41.37)	301.87
Distributions	0.00	(36.91)	(33.16)
Closing NAV	1,429.87	1,388.71	1,466.99
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.15	0.16
Dilution adjustments ^[a]	(0.02)	(0.05)	(0.04)
Total direct portfolio transaction costs	0.03	0.10	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.91	0.92	0.92
Return after operating charges	+2.96	-2.82	+25.19
Distribution yield	2.81	2.60	2.80
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (\$'000)	70,562	85,282	63,903
Closing NAV percentage of total fund NAV (%)	3.47	3.48	2.80
Number of shares	3,749,028	4,336,628	3,495,634
Highest share price (UK p)	1,443.93	1,528.15	1,530.00
Lowest share price (UK p)	1,336.79	1,423.42	1,172.38

Sterling Class 'I' Accumulation share performance

The share class was launched on 13 July 2007.

Change in NAV per share	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Opening NAV	212.46	218.65	175.28
Return before operating charges and after direct portfolio transaction costs	7.25	(4.15)	45.99
Operating charges	(0.97)	(2.04)	(1.84)
Return after operating charges	6.28	(6.19)	44.15
Distributions	0.00	(3.68)	(3.86)
Retained distributions	0.00	3.68	3.08
Closing NAV	218.74	212.46	218.65
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments ^[a]	0.00	(0.01)	(0.01)
Total direct portfolio transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.91	0.92	0.92
Return after operating charges	+2.96	-2.83	+25.19
Distribution yield	1.91	1.70	1.91
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	65,649	78,683	88,773
Closing NAV percentage of total fund NAV (%)	3.22	3.21	3.90
Number of shares	22,800,158	26,151,460	32,580,346
Highest share price (UK p)	220.90	227.75	224.00
Lowest share price (UK p)	204.51	212.14	171.49

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 28 September 2012.

Change in NAV per share	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Opening NAV	137.78	132.21	121.22
Return before operating charges and after direct portfolio transaction costs	(2.48)	6.90	12.66
Operating charges	(0.63)	(1.33)	(1.19)
Return after operating charges	(3.11)	5.57	11.47
Distributions	0.00	(2.38)	(2.40)
Retained distributions	0.00	2.38	1.92
Closing NAV	134.67	137.78	132.21
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.93	0.94	0.93
Return after operating charges	-2.26	+4.21	+9.46
Distribution yield	1.88	1.66	1.88
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	18,723	17,912	100
Closing NAV percentage of total fund NAV (%)	0.92	0.73	0.00
Number of shares	10,561,916	9,180,780	60,928
Highest share price (UK p)	138.74	139.71	133.39
Lowest share price (UK p)	132.67	132.25	118.49

M&G Global Convertibles Fund

Financial highlights

Specific share class performance

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	138.35	146.52	119.84
Return before operating charges and after direct portfolio transaction costs	4.74	(2.75)	31.41
Operating charges	(0.81)	(1.74)	(1.60)
Return after operating charges	3.93	(4.49)	29.81
Distributions	0.00	(3.68)	(3.13)
Closing NAV	142.28	138.35	146.52
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.16	1.17	1.17
Return after operating charges	+2.84	-3.06	+24.87
Distribution yield	2.81	2.60	2.80
Effect on yield of charges offset against capital	1.15	1.15	1.15
Other information			
Closing NAV (\$'000)	409	433	266
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.01
Number of shares	218,445	221,146	145,531
Highest share price (UK p)	143.69	152.59	152.69
Lowest share price (UK p)	133.11	141.82	117.25

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	151.81	156.62	125.81
Return before operating charges and after direct portfolio transaction costs	5.17	(2.96)	32.97
Operating charges	(0.88)	(1.85)	(1.68)
Return after operating charges	4.29	(4.81)	31.29
Distributions	0.00	(2.27)	(2.38)
Retained distributions	0.00	2.27	1.90
Closing NAV	156.10	151.81	156.62
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments ^[a]	0.00	(0.01)	0.00
Total direct portfolio transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.16	1.17	1.17
Return after operating charges	+2.83	-3.07	+24.87
Distribution yield	1.67	1.46	1.66
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	437	397	189
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.01
Number of shares	212,558	184,688	96,927
Highest share price (UK p)	157.65	163.20	160.45
Lowest share price (UK p)	146.04	151.58	123.08

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 28 September 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	137.87	132.02	120.52
Return before operating charges and after direct portfolio transaction costs	(2.76)	7.48	13.48
Operating charges	(0.80)	(1.63)	(1.57)
Return after operating charges	(3.56)	5.85	11.91
Distributions	0.00	(2.04)	(2.03)
Retained distributions	0.00	2.04	1.62
Closing NAV	134.31	137.87	132.02
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.18	1.19	1.18
Return after operating charges	-2.58	+4.43	+9.88
Distribution yield	1.64	1.42	1.61
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	57	76	51
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	32,430	39,116	31,206
Highest share price (UK p)	138.83	139.79	133.21
Lowest share price (UK p)	132.72	132.07	117.80

M&G Global Convertibles Fund

Financial highlights

Specific share class performance

Swiss franc Class 'A-H' Accumulation share performance

The share class was launched on 28 September 2012.

Change in NAV per share	Six months to 31.07.18 Swiss ¢	Year to 31.01.18 Swiss ¢	Year to 31.01.17 Swiss ¢
Opening NAV	1,265.79	1,236.45	1,151.95
Return before operating charges and after direct portfolio transaction costs	(32.70)	50.64	104.95
Operating charges	(10.35)	(21.30)	(20.45)
Return after operating charges	(43.05)	29.34	84.50
Distributions	0.00	(12.73)	(12.32)
Retained distributions	0.00	12.73	12.32
Closing NAV	1,222.74	1,265.79	1,236.45
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.05	0.12	0.14
Dilution adjustments ^[a]	(0.01)	(0.04)	(0.03)
Total direct portfolio transaction costs	0.04	0.08	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.68	1.69	1.69
Return after operating charges	-3.40	+2.37	+7.34
Distribution yield	1.14	0.92	1.13
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	666	1,121	851
Closing NAV percentage of total fund NAV (%)	0.03	0.05	0.04
Number of shares	53,769	82,638	68,337
Highest share price (Swiss ¢)	1,274.31	1,283.36	1,247.54
Lowest share price (Swiss ¢)	1,210.04	1,232.40	1,126.61

Swiss franc Class 'C-H' Accumulation share performance

The share class was launched on 28 September 2012.

Change in NAV per share	Six months to 31.07.18 Swiss ¢	Year to 31.01.18 Swiss ¢	Year to 31.01.17 Swiss ¢
Opening NAV	1,318.68	1,278.18	1,183.98
Return before operating charges and after direct portfolio transaction costs	(33.59)	52.84	105.82
Operating charges	(5.98)	(12.34)	(11.62)
Return after operating charges	(39.57)	40.50	94.20
Distributions	0.00	(22.66)	(22.08)
Retained distributions	0.00	22.66	22.08
Closing NAV	1,279.11	1,318.68	1,278.18
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.05	0.13	0.15
Dilution adjustments ^[a]	(0.01)	(0.04)	(0.04)
Total direct portfolio transaction costs	0.04	0.09	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.93	0.94	0.93
Return after operating charges	-3.00	+3.17	+7.96
Distribution yield	1.88	1.65	1.88
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	21,288	20,619	20,970
Closing NAV percentage of total fund NAV (%)	1.05	0.84	0.92
Number of shares	1,644,130	1,458,670	1,628,386
Highest share price (Swiss ¢)	1,327.70	1,337.00	1,289.69
Lowest share price (Swiss ¢)	1,264.91	1,278.51	1,156.89

US dollar Class 'A-H' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,278.17	1,249.72	1,163.82
Return before operating charges and after direct portfolio transaction costs	(13.44)	84.43	130.25
Operating charges	(10.51)	(21.90)	(20.78)
Return after operating charges	(23.95)	62.53	109.47
Distributions	0.00	(34.08)	(23.57)
Closing NAV	1,254.22	1,278.17	1,249.72
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.05	0.13	0.15
Dilution adjustments ^[a]	(0.01)	(0.04)	(0.04)
Total direct portfolio transaction costs	0.04	0.09	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.68	1.69	1.69
Return after operating charges	-1.87	+5.00	+9.41
Distribution yield	2.82	2.62	2.81
Effect on yield of charges offset against capital	1.67	1.67	1.67
Other information			
Closing NAV (\$'000)	763	1,470	1,110
Closing NAV percentage of total fund NAV (%)	0.04	0.06	0.05
Number of shares	60,835	115,000	88,843
Highest share price (US ¢)	1,287.29	1,330.84	1,284.75
Lowest share price (US ¢)	1,231.89	1,250.20	1,137.59

US dollar Class 'A-H' Accumulation share performance

The share class was launched on 28 September 2012.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,358.25	1,293.66	1,182.90
Return before operating charges and after direct portfolio transaction costs	(14.14)	87.15	131.86
Operating charges	(11.15)	(22.56)	(21.10)
Return after operating charges	(25.29)	64.59	110.76
Distributions	0.00	(13.65)	(12.96)
Retained distributions	0.00	13.65	12.96
Closing NAV	1,332.96	1,358.25	1,293.66
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.05	0.13	0.15
Dilution adjustments ^[a]	(0.02)	(0.04)	(0.04)
Total direct portfolio transaction costs	0.03	0.09	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	1.68	1.69	1.69
Return after operating charges	-1.86	+4.99	+9.36
Distribution yield	1.15	0.94	1.15
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	34,376	35,256	25,704
Closing NAV percentage of total fund NAV (%)	1.69	1.44	1.13
Number of shares	2,578,934	2,595,667	1,986,919
Highest share price (US ¢)	1,367.80	1,377.42	1,305.32
Lowest share price (US ¢)	1,309.00	1,294.05	1,156.34

M&G Global Convertibles Fund

Financial highlights

Specific share class performance

US dollar Class 'C-H' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,303.87	1,265.72	1,173.95
Return before operating charges and after direct portfolio transaction costs	(13.41)	85.18	132.15
Operating charges	(5.96)	(12.34)	(11.87)
Return after operating charges	(19.37)	72.84	120.28
Distributions	0.00	(34.69)	(28.51)
Closing NAV	1,284.50	1,303.87	1,265.72
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.05	0.13	0.15
Dilution adjustments ^[a]	(0.01)	(0.04)	(0.04)
Total direct portfolio transaction costs	0.04	0.09	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.93	0.94	0.94
Return after operating charges	-1.49	+5.75	+10.25
Distribution yield	2.82	2.62	2.81
Effect on yield of charges offset against capital	0.92	0.92	0.92
Other information			
Closing NAV (\$'000)	1,058	1,074	1,232
Closing NAV percentage of total fund NAV (%)	0.05	0.04	0.05
Number of shares	82,347	82,347	97,347
Highest share price (US ¢)	1,313.19	1,357.41	1,305.86
Lowest share price (US ¢)	1,256.89	1,266.24	1,147.97

US dollar Class 'C-H' Accumulation share performance

The share class was launched on 28 September 2012.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,414.62	1,337.57	1,211.35
Return before operating charges and after direct portfolio transaction costs	(14.53)	90.06	138.40
Operating charges	(6.47)	(13.01)	(12.18)
Return after operating charges	(21.00)	77.05	126.22
Distributions	0.00	(24.27)	(23.21)
Retained distributions	0.00	24.27	23.21
Closing NAV	1,393.62	1,414.62	1,337.57
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.05	0.14	0.15
Dilution adjustments ^[a]	(0.02)	(0.05)	(0.04)
Total direct portfolio transaction costs	0.03	0.09	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.01	0.01
Operating charges	0.93	0.94	0.93
Return after operating charges	-1.48	+5.76	+10.42
Distribution yield	1.90	1.69	1.88
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	41,700	60,695	88,542
Closing NAV percentage of total fund NAV (%)	2.05	2.48	3.89
Number of shares	2,992,177	4,290,546	6,619,606
Highest share price (US ¢)	1,424.59	1,434.59	1,349.55
Lowest share price (US ¢)	1,363.54	1,338.02	1,184.37

^[a] In respect of direct portfolio transaction costs.

^[b] As a percentage of average net asset value.

M&G Global Convertibles Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 July	2018		2017	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains / (losses)		(155,914)		178,087
Revenue	31,109		35,133	
Expenses	(14,036)		(14,861)	
Net revenue / (expense) before taxation	17,073		20,272	
Taxation	(439)		(554)	
Net revenue / (expense) after taxation		16,634		19,718
Total return before equalisation		(139,280)		197,805
Equalisation		(2,074)		(842)
Change in net assets attributable to shareholders from investment activities		(141,354)		196,963

Statement of change in net assets attributable to shareholders

for the six months to 31 July	2018		2017	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		2,452,079		2,278,773
Amounts received on issue of shares	193,421		444,406	
Amounts paid on cancellation of shares	(469,639)		(450,460)	
		(276,218)		(6,054)
Dilution adjustments		1,556		1,799
Change in net assets attributable to shareholders from investment activities (see above)		(141,354)		196,963
Closing net assets attributable to shareholders		2,036,063		2,471,481

The opening net assets attributable to shareholders for 2018 differs to the closing position in 2017 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	31 July 2018	31 January 2018
	\$'000	\$'000
Assets		
Fixed assets		
Investments	1,991,442	2,388,115
Current assets		
Debtors	9,590	72,063
Cash and bank balances	8,117	17,322
Cash equivalents	74,521	93,154
Total assets	2,083,670	2,570,654
Liabilities		
Investment liabilities	(4,696)	(2,137)
Creditors		
Bank overdrafts	(39,707)	(2,887)
Overdrawn positions at futures clearing houses and collateral manager	(6)	(3,194)
Distribution payable	0	(14,545)
Other creditors	(3,198)	(95,812)
Total liabilities	(47,607)	(118,575)
Net assets attributable to shareholders	2,036,063	2,452,079

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 4.

Distribution policy

In determining the amount available for distribution to Income shares, the annual management charge, administration charge and share class hedging charge are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

M&G Global Convertibles Fund

Financial statements and notes

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M&G Global Emerging Markets Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to maximise long term total return (the combination of capital growth and income) by investing in emerging market countries.

Investment policy

The fund will invest mainly in the securities of companies domiciled in or conducting the major part of their economic activity in emerging market countries*. Exposure to these securities may be gained through the use of derivatives. The fund may invest across a wide range of geographies, sectors and market capitalisations. The fund may also invest in other assets including collective investment schemes, other transferable securities, cash and near cash, deposits, warrants, money market instruments and derivatives.

* The current reference point for defining emerging market countries are those included within the MSCI Emerging Markets Index and/or those included in the World Bank definition of developing economies as updated from time to time.

Investment approach

The M&G Global Emerging Markets Fund employs a bottom-up stockpicking approach to identify companies whose ability to improve their profitability or sustain high levels of profitability over time is, in the fund manager's opinion, being undervalued.

It is the core belief of the fund manager that company-specific factors, not economic growth levels, drive share prices over the long run. Consequently, investment decisions are determined by fundamental analysis of individual companies with a specific focus on their use of capital and profitability. The fund manager applies a strict valuation discipline and looks for companies whose future profitability is, in his opinion, being under-appreciated by the market. He also assesses their corporate governance practices to find companies that are run for the benefit of their shareholders. The fund's country and sector exposure is not influenced by top-down views.

The fund invests in two specific types of company. The first comprises firms with the potential to improve their profitability, either through external change or internal change. The fund also invests in businesses with high levels of profitability where the market does not believe these levels of returns are sustainable over time; we define these as asset growth and quality companies. Investing in these different types of company is designed to create a balanced portfolio that has the potential to perform in a variety of market conditions.

The fund manager aims to hold between 50 and 70 stocks, with a typical holding period of three to five years. Taking a long-term view enables the manager to align his interest with the strategic value-creating decisions of company management. It also enables him to take advantage of valuation anomalies created by the short-term nature of emerging market investors.

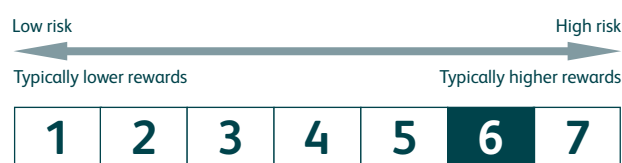
Risk profile

The fund invests mainly in company shares issued by companies located in emerging markets. It is, therefore, subject to the price volatility of the global stockmarket and the performance of individual issuers. The fund is also subject to fluctuations in currency exchange rates.

The fund's focus is on emerging markets, and hence it may be more volatile compared to a fund that invests mainly in the securities of companies in developed countries. The reasons for this greater volatility include: the financial infrastructure in emerging markets is typically less mature, the regulatory systems and disclosure standards are less developed and adverse market and political circumstances are more likely to occur in these markets.

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

The following table shows the risk number associated with the fund and is based on Sterling Class 'A' shares.



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has not changed during this period.

Investment review

As at 1 August 2018, for the six months ended 31 July 2018

Performance against objective

Between 1 February 2018 (the start of the review period) and 1 August 2018, the M&G Global Emerging Markets Fund produced a negative total return (the combination of income and growth of capital) across all its share classes.*

Currency exchange rate movements affected the performance of the fund's different share classes. During the period, emerging market currencies weakened against developed market currencies, notably the US dollar, which had the effect of exacerbating the decline in value of the fund's overseas assets for US dollar and Swiss franc-based investors, in particular.

The fund's returns in all share classes were behind a comparative index, the MSCI Emerging Markets Index. In the six months, returns for the index were -5.3%, -3.9%, -11.4%, -7.9% and -5.2% in euros, sterling, US dollars, Singapore dollars and Swiss francs, respectively.

Over the longer term of five years, the fund has achieved its performance objective of maximising long-term total return. All share classes produced positive returns over the period.

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Fund performance' section of this report.

M&G Global Emerging Markets Fund

Authorised Corporate Director's Report

Investment review

Investment performance

After a period of steady gains in 2017, share prices of emerging market companies (equities) experienced a sharp reversal in the six months under review. The relative calm that had prevailed in financial markets was replaced by turbulence and risk aversion, driven by concerns about a potential global trade war and the prospect of higher interest rates in the US. These worries outweighed some encouraging corporate results.

The impressive rally in emerging market equities, which had lasted for nearly two years, came to an end at the start of the period amid fears about the pace of future interest rate rises in the US. In response to solid economic growth, the Federal Reserve (Fed) raised interest rates twice during the period as it continued to unwind the stimulus measures that were put in place after the global financial crisis of 2008/9.

The Fed's actions and the strengthening of the US dollar in the period also contributed to the negative sentiment towards emerging markets as they could be perceived to make the US a more attractive place to invest capital than emerging markets.

The risk-averse mood deepened when the US announced a raft of trade tariffs, starting with aluminium and steel imports. Over the next few months, the US proposed additional tariffs on billions of dollars' worth of Chinese products, which sparked retaliatory measures from the Chinese government.

By the end of the period, the trade dispute between the world's two largest economies had escalated to such a level that investors feared it would have a damaging impact on global growth and trade.

Against this background, emerging market equities declined over the six months. They also lagged the returns from developed market company shares, in a reversal of the outperformance last year.

Turkey was one of the worst performing markets. Investors were concerned about the steep decline in the Turkish lira and outlook for the country's economy, given high levels of inflation, and possible political influence on economic policy decisions.

China's stockmarket also declined amid concerns about the ongoing trade war with the US and slowing economic growth. As the yuan weakened against the US dollar, China introduced a range of stimulus policies, including infrastructure spending, to support the economy.

In Brazil, share prices fell as investors worried about the country's economic outlook following a fall in the value of the Brazilian real and widespread protests against fuel prices. Uncertainty about the forthcoming presidential election also weighed on investor sentiment.

In contrast, Mexico was one of the best performing markets. Share prices and the peso recovered from a period of weakness as investors were encouraged by Andres Manuel Lopez Obrador's convincing victory in the presidential election and the possibility of an improved relationship with the US.

Indian stocks also performed well, supported by strong demand from local investors who have started to look more favourably on investing in equities in place of real estate.

Oil-producing nations Qatar, Russia and the United Arab Emirates outperformed as well, supported by rising crude prices.

At the sector level, returns were mixed. Energy stocks were the stand-out performers over the six months as oil prices continued to rise. To reduce the global supply glut of crude, leading oil producers have cut their output recently. These measures, combined with robust demand, have seen oil prices climb to the highest level since 2014.

Materials and utilities also performed well.

In contrast, some of the more economically sensitive sectors struggled, given the risk-averse environment. Consumer discretionary was one of the weakest areas, with shares in automobiles companies dragged down by concerns about potential US tariffs on vehicle imports.

Financials and industrials declined as well.

Against this background, the fund declined and lagged the return of a comparative index. Although our energy and Mexican holdings performed well, their contributions were outweighed by declines among our Brazilian and Turkish stocks. Our below-index weighting in India also cost some performance, as the country outperformed.

In Turkey, our holding in Haci Omer Sabanci, a conglomerate with leading financial, energy, retailing and industrial businesses, was a notable detractor as the company's share price fell amid Turkey's currency crisis. In our view, Sabanci is well-positioned to capture Turkey's economic growth and the company is implementing changes that could improve operational performance. In light of these considerations, we took advantage of the share price weakness to increase our position.

In Brazil, as the stockmarket declined, our holdings in Cyrela Brazil Realty, a housebuilder, Cosan, a conglomerate with interests in logistics and fuel distribution, and CCR, a toll-road operator, cost some performance. CCR's share price came under pressure on weaker-than-expected revenues and concerns about potential involvement in the so-called 'Carwash' corruption scandal that has engulfed Brazil's political and business elites.

During the period, South Africa's stockmarket also retreated as earlier optimism surrounding the new president faded, and investors worried about the country's weakening currency and its economy. Against this background, our holdings in Barloworld, a distributor of industrial equipment, and logistics and vehicle hire firm Imperial Holdings held back performance.

Elsewhere, in the technology sector, Luxoft, a Russian IT services firm, was a notable detractor as the stock price fell when the company lowered its revenue guidance. The holdings in Taiwanese tech firms Casetek and Delta Electronics also cost some performance. Delta has invested in new areas including industrial automation, but has not yet seen significant returns on these investments.

On a positive note, the fund's allocation to the energy sector made a significant contribution to relative performance - the above-index position and stock selection were both positive. Oil prices continued to rise during the period, as cuts in crude output helped to reduce the global supply glut and robust global economic activity supported demand. Buoyed by higher oil prices, our positions in oil and gas explorers Kosmos Energy and Tullow Oil, and Chinese energy stocks CNOOC and China Petroleum & Chemical added value.

M&G Global Emerging Markets Fund

Authorised Corporate Director's Report

Investment review

Investment performance (continued)

Stock selection in China was positive and our holding in sportswear retailer Li Ning was a leading contributor. The company's stock has risen recently, as investors are becoming increasingly positive about Li Ning's turnaround efforts: the founder has returned to lead the firm after a period of unsuccessful expansion, stores have been closed and cost savings made.

Our holding in Chinese internet search firm Baidu also added value. The stock rose after the company reported earnings that were better than expected, as the company's core search and news feed services performed well.

Elsewhere, our holding in Mexican conglomerate Alfa was a leading contributor as investor sentiment towards Mexico improved following the election of Andres Manuel Lopez Obrador as president.

Meanwhile, not holding any shares in Tencent made a significant contribution to relative performance as the large index constituent underperformed. The Chinese internet firm was one of the best performing stocks in the market in 2017, driven by optimism about its popular messaging application and smartphone games. However, this year Tencent has lost momentum as investors have started to worry about its growth prospects and its elevated valuation.

Investment activities

During the review period, we continued to focus our efforts on finding undervalued stocks that are being overlooked by other market participants. This approach led us towards the Mexican stockmarket, which had struggled amid concerns about the country's trade relationship with the US and uncertainty about the outcome of the presidential election. As the Mexican peso had also weakened, we started a position in Mexican real estate trust Fibrá Uno. In our view, Fibrá has a diversified portfolio of good-quality assets and the company's stock was trading at an attractive valuation.

Towards the end of the review period, we took advantage of the fall in Turkey's stockmarket to invest in Koç, a conglomerate with interests in finance, energy and automotive services. Some of the group's businesses are involved in exporting goods and could, in our view, benefit from the weakness in the lira. We believe the company has sound finances and is currently very attractively valued.

We also added to our existing position in another Turkish conglomerate Hacı Ömer Sabancı, where the share price performance has been weak too.

China is another market where we currently see value and we continued to buy shares in several Chinese holdings, including Xinyi Solar, a Chinese manufacturer of solar glass panels, financial group China Construction Bank and China Railway Signal and Communication (CRSC), a railway signalling firm. CRSC has faced a slowdown in new rail projects in the past couple of years, but activity is expected to pick up with the opening of new lines and replacement programmes.

South Korean shipbuilder Samsung Heavy Industries (SHI) also joined the portfolio. After a severe downturn there are signs that the shipbuilding market is improving, and orders are picking up. We believe SHI is attractively valued and is well-placed for any recovery in demand.

In terms of sales, our main activity was taking profits from stocks that had performed well. In the energy sector we trimmed our positions in Chinese holding China Petroleum & Chemical, Russian oil company Lukoil and Sasol, a South African energy firm, after they had risen on higher oil prices.

In China, we sold some of our shares in Baidu, an internet search firm, and sportswear retailer Li Ning after share price gains. We also reduced our position in South African holdings Barclays Africa (currently known as Absa), a financial group, after a period of gains.

We sold our entire holding in Ambev, a Brazilian drinks company, on valuation grounds after good share price performance.

The small position in Juhayna Food Industries, an Egyptian dairy company, left the portfolio on concerns about Egypt's economic / political backdrop.

Outlook

Investor sentiment towards emerging markets has deteriorated in recent months amid concerns about a potential global trade war and rising interest rates in the US. The currency crisis in Turkey has also sparked risk aversion among investors.

Despite the current turbulence and uncertainty, we believe the long-term prospects for emerging market companies are attractive.

From a macroeconomic perspective, we remain upbeat about the global economy despite the potential drag from trade tariffs. However, we recognise that an escalation of the current trade dispute represents a key risk to financial markets and company performance.

Having said that, we are encouraged by developments at the company level. We are currently observing improving levels of profitability at emerging market firms, which we believe reflect better cost management and use of capital by company management teams. At present, we think this improvement in operational performance is not fully recognised in valuations.

While there is likely to be an increased level of stockmarket turbulence ahead compared with the relative calm of recent years, we believe this trend could be favourable for our selective stock-picking approach. Sudden sentiment-driven market movements could provide us with opportunities to find mispriced stocks.

In this environment, we will continue to apply our disciplined, long-term investment approach, focused on finding out of favour companies whose prospects are being underappreciated by the market.

Matthew Vaight

Fund manager

An employee of M&G Limited which is an associate of M&G Securities Limited.

Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial Adviser.

M&G Global Emerging Markets Fund

Authorised Corporate Director's Report

Investments

Portfolio statement

as at Holding	31.07.18 \$'000	31.07.18 %	31.01.18 %
EQUITIES			
Brazil			
4,344,477 Banco Bradesco Pref.	36,227	1.76	
8,907,683 CCR	25,579	1.24	
3,599,911 Cosan	30,527	1.48	
6,359,144 Cyrela Brazil Realty	19,983	0.97	
3,590,782 EDP - Energias do Brasil	13,142	0.64	
5,670,767 MRV Engenharia	20,526	1.00	
2,174,991 TOTVS	17,991	0.87	
Canada			
2,016,803 First Quantum Minerals	29,553	1.44	1.19
China			
10,731,000 AMVIG Holdings	2,639	0.13	
55,523,000 China Construction Bank	50,225	2.44	
53,271,000 China Lesso	32,781	1.59	
42,330,000 China Petroleum & Chemical	40,826	1.98	
19,844,000 China Railway Signal & Communication	14,032	0.68	
8,533,051 China Resources Power Holdings	16,438	0.80	
21,860,027 China Unicom (Hong Kong)	26,932	1.31	
26,641,000 CNOOC	44,464	2.16	
48,679,000 Greatview Aseptic Packaging	31,506	1.53	
1,465,195 HollySys Automation Technologies	33,992	1.65	
27,355,500 Li-Ning	29,764	1.45	
28,460,500 PICC Property & Casualty	32,090	1.56	
75,860,000 Xinyi Solar Holdings	22,616	1.10	
Egypt			
	0	0.00	0.18
Hong Kong			
3,292,000 AIA Group	28,730	1.40	
40,817,000 Far East Horizon	39,315	1.91	
56,672,085 First Pacific	26,282	1.28	
51,096,000 Lenovo	28,253	1.37	
India			
3,462,867 Axis Bank	27,716	1.35	2.45
7,855,516 NTPC	17,753	0.86	
Indonesia			
44,574,400 Bank Mandiri	20,556	1.00	1.06
Mexico			
34,634,278 Alfa	47,052	2.29	2.66
10,184,029 Fibra Uno Administracion REIT	14,919	0.73	
4,326,868 Grupo Financiero Banorte	30,342	1.47	
Philippines			
38,347,919 Energy Development	3,647	0.18	0.18
Russia			
7,464,181 Etalon	20,788	1.01	5.74
682,895 Lukoil ADR	48,403	2.35	
3,699,216 O'Key	7,398	0.36	
3,651,711 Sberbank of Russia ADR	51,526	2.51	
Singapore			
51,269,060 Ezion Holdings	3,050	0.15	
40,956,396 Ezion Holdings wts. 2018	0	0.00	
10,178,430 Ezion Holdings wts. 2020	30	0.00	
9,614,100 Sembcorp Industries	18,921	0.92	

Portfolio statement (continued)

as at Holding	31.07.18 \$'000	31.07.18 %	31.01.18 %
South Africa			
3,130,353 Absa Group (formerly Barclays Africa Group)	40,621	1.97	
2,427,717 Barloworld	23,356	1.14	
1,587,152 Imperial Holdings	25,887	1.26	
4,692,456 Sanlam	27,130	1.32	
960,570 Sasol	38,103	1.85	
South Korea			
	318,682	15.49	15.15
1,185,071 Hana Financial Group	47,566	2.31	
198,594 Hyundai Motor	22,901	1.11	
448,306 Kia Motors	12,684	0.62	
3,161,405 Samsung Electronic	130,565	6.35	
146,253 Samsung Fire & Marine Insurance	35,692	1.74	
1,971,543 Samsung Heavy Industries	11,403	0.55	
1,488,201 Shinhan Financial Group	57,871	2.81	
Taiwan			
	282,893	13.75	14.09
8,120,719 Casetek Holdings	18,860	0.92	
3,233,000 Catcher Technology	39,708	1.93	
13,976,000 Cathay Financial Holdings	24,013	1.17	
16,140,982 Chicony Electronics	36,116	1.75	
9,597,535 Delta Electronics	33,231	1.61	
1,556,000 eMemory Technology	16,671	0.81	
11,948,000 Taiwan Semiconductor Manufacturing	95,813	4.66	
25,371,000 TECO Electric & Machinery	18,481	0.90	
Turkey			
	32,030	1.55	1.32
15,826,522 Haci Omer Sabanci	27,439	1.33	
1,640,975 Koç	4,591	0.22	
United Kingdom			
	84,820	4.12	3.77
10,966,480 Ophir Energy	6,358	0.31	
2,460,240 Petrofac	20,473	1.00	
3,714,690 Standard Chartered	32,798	1.59	
8,397,314 Tullow Oil	25,191	1.22	
United States			
	157,182	7.64	7.02
291,285 Baidu ADR	73,203	3.56	
831,491 Ctrip.com International ADR	34,789	1.69	
3,149,862 Kosmos Energy	24,191	1.18	
656,997 Luxoft	24,999	1.21	
Portfolio of investments			
	2,037,218	99.01	98.11
CASH EQUIVALENTS			
	36,676	1.78	2.06
'AAA' rated money market funds [a]			
36,676,000 Northern Trust Global Fund - US dollar	36,676	1.78	2.06
SHARE CLASS HEDGING			
	223	0.01	0.02
Forward currency contracts for share class hedging			
	223	0.01	0.02
€17,076,593 Bought for \$19,874,134 (expires 22.08.18)	195	0.01	
€(5,621,755) Sold for \$6,559,378 (expires 22.08.18)	(47)	0.00	
CHF7,563,558 Bought for \$7,580,056 (expires 22.08.18)	88	0.00	
CHF(1,901,832) Sold for \$1,915,262 (expires 22.08.18)	(13)	0.00	
Total portfolio	2,074,117	100.80	100.19
Net other assets / (liabilities)	(16,549)	(0.80)	(0.19)
Net assets attributable to shareholders	2,057,568	100.00	100.00

All securities are on an official stock exchange listing except where referenced.

[a] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

M&G Global Emerging Markets Fund

Authorised Corporate Director's Report

Investments

Top ten portfolio transactions

for the six months to 31 July 2018

Largest purchases	\$'000
China Construction Bank	17,728
Samsung Heavy Industries	15,947
Fibra Uno Administracion REIT	15,592
China Railway Signal & Communication	15,489
First Pacific	14,198
CCR	13,071
Haci Omer Sabanci	9,386
Banco Bradesco Pref.	7,395
Sberbank of Russia ADR	6,322
Kosmos Energy	6,196
Other purchases	79,602
Total purchases	200,926
Largest sales	\$'000
Ambev	56,579
Samsung Electronic	39,594
Absa Group (formerly Barclays Africa Group)	33,546
Baidu ADR	29,558
Taiwan Semiconductor Manufacturing	27,019
Sasol	25,273
China Petroleum & Chemical	20,434
HollySys Automation Technologies	18,893
AIA Group	16,462
Li-Ning	14,031
Other sales	434,515
Total sales	715,904

Purchases and sales exclude the cost and proceeds of 'AAA' rated money market funds.

M&G Global Emerging Markets Fund

Financial highlights

Fund performance

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

The following chart and tables show the performance for two of the fund's share classes – Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A' (Accumulation) share is what most individuals investing directly with M&G have received. It has the highest ongoing charge of all the sterling share classes. Performance is shown after deduction of this charge. All UK investors in the fund therefore received this performance or better.
- The performance of the Sterling Class 'I' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share class used by the Investment Association in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (7), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	31.07.18 \$'000	31.01.18 \$'000	31.01.17 \$'000
Fund net asset value (NAV)	2,057,568	2,979,840	2,250,229

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.



To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested.

Long-term performance by share class

	Six months 01.02.18 % [a]	Three years 03.08.15 % p.a.	Five years 01.08.13 % p.a.	Since launch % p.a.
Euro [b]				
Class 'A'	-7.2	+5.0	+4.8	+11.3 [c]
Class 'A-H'	-14.2	n/a	n/a	+2.9 [d]
Class 'C'	-6.8	+6.0	+5.9	+12.4 [c]
Class 'C-H'	-13.8	n/a	n/a	+3.9 [d]
Class 'J'	n/a	n/a	n/a	-2.4 [e]
Singapore dollar [b]				
Class 'A'	-9.6	+6.8	n/a	+5.0 [f]
Class 'C'	-9.2	+7.9	n/a	+6.0 [f]
Sterling [g]				
Class 'A'	-5.4	+13.9	+5.6	+11.6 [c]
Class 'I'	-5.1	+14.7	+6.4	+12.4 [c]
Class 'R'	-5.2	+14.5	+6.1	+3.5 [h]
Swiss franc [b]				
Class 'A-H'	-14.4	n/a	n/a	+2.6 [d]
Class 'C-H'	-14.0	n/a	n/a	-9.5 [d]
US dollar [b]				
Class 'A'	-12.8	+7.2	+2.3	+10.1 [c]
Class 'C'	-12.4	+8.3	+3.3	+11.2 [c]
Class 'J'	n/a	n/a	n/a	-4.7 [e]

[a] Absolute basis.

[b] Price to price with net income reinvested.

[c] 5 February 2009, the launch date of the fund.

[d] 24 February 2017, the launch date of the share class.

[e] 4 May 2018, the launch date of the share class. Absolute basis.

[f] 16 January 2015, the launch date of the share class.

[g] Price to price with income reinvested.

[h] 3 August 2012, the launch date of the share class.

M&G Global Emerging Markets Fund

Financial highlights

Fund performance

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. Operating charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are the same as the ongoing charges shown in the Key Investor Information Document, other than where an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

For this fund there is no difference between operating charges and ongoing charges figures, unless disclosed under the specific share class performance table.

Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and method of execution. They are made up of direct and indirect portfolio transaction costs:

- **Direct portfolio transaction costs:** Broker execution commission and taxes.
- **Indirect portfolio transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The table below shows direct portfolio transaction costs paid by the fund before and after that part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.04	0.05	0.06	0.05
Taxes	0.07	0.06	0.04	0.05
Costs before dilution adjustments	0.11	0.11	0.10	0.10
Dilution adjustments ^[c]	(0.11)	(0.08)	(0.06)	(0.08)
Total direct portfolio transaction costs	0.00	0.03	0.04	0.02
as at	31.07.18	31.01.18	31.01.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.22	0.17	0.25	0.21

^[a] Average of first three columns.

^[b] As a percentage of average net asset value.

^[c] In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

M&G Global Emerging Markets Fund

Financial highlights

Specific share class performance

The following tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

Historic yields for the current period are calculated as at 10 August 2018.

Euro Class 'A' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	2,824.66	2,591.24	1,930.28
Return before operating charges and after direct portfolio transaction costs	(161.00)	343.70	750.16
Operating charges	(26.58)	(54.67)	(49.21)
Return after operating charges	(187.58)	289.03	700.95
Distributions	0.00	(55.61)	(39.99)
Closing NAV	2,637.08	2,824.66	2,591.24
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.48	2.89	2.53
Dilution adjustments ^[a]	(1.48)	(2.10)	(1.36)
Total direct portfolio transaction costs	0.00	0.79	1.17
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.99	1.99	2.06*
Return after operating charges	-6.64	+11.15	+36.31
Historic yield	2.15	2.00	1.41
Effect on yield of charges offset against capital	1.90	1.90	1.90
Other information			
Closing NAV (\$'000)	10,945	13,702	2,056
Closing NAV percentage of total fund NAV (%)	0.53	0.46	0.09
Number of shares	353,662	389,476	73,794
Highest share price (Euro ¢)	2,836.93	2,938.26	2,675.10
Lowest share price (Euro ¢)	2,527.53	2,589.18	1,818.49

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 2.04% is a more reliable estimate of the year to 31.01.17 ongoing charges.

Euro Class 'A' Accumulation share performance

The share class was launched on 5 February 2009.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	2,958.40	2,661.52	1,953.81
Return before operating charges and after direct portfolio transaction costs	(168.39)	352.10	755.24
Operating charges	(27.82)	(55.22)	(47.53)
Return after operating charges	(196.21)	296.88	707.71
Distributions	0.00	(9.11)	(14.87)
Retained distributions	0.00	9.11	14.87
Closing NAV	2,762.19	2,958.40	2,661.52
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.55	2.92	2.45
Dilution adjustments ^[a]	(1.55)	(2.13)	(1.33)
Total direct portfolio transaction costs	0.00	0.79	1.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.99	1.99	2.03
Return after operating charges	-6.63	+11.15	+36.22
Historic yield	0.34	0.18	0.46
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	163,324	193,508	163,054
Closing NAV percentage of total fund NAV (%)	7.94	6.49	7.25
Number of shares	5,038,422	5,251,896	5,698,146
Highest share price (Euro ¢)	2,966.92	3,017.96	2,705.88
Lowest share price (Euro ¢)	2,647.43	2,659.42	1,837.70

Euro Class 'A-H' Accumulation share performance

The share class was launched on 24 February 2017.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,212.75	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	(152.24)	234.12	n/a
Operating charges	(10.99)	(21.37)	n/a
Return after operating charges	(163.23)	212.75	n/a
Distributions	0.00	(4.05)	n/a
Retained distributions	0.00	4.05	n/a
Closing NAV	1,049.52	1,212.75	n/a
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.61	1.12	n/a
Dilution adjustments ^[a]	(0.61)	(0.82)	n/a
Total direct portfolio transaction costs	0.00	0.30	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	n/a
Operating charges	2.01	2.01	n/a
Return after operating charges	-13.46	+21.28	n/a
Historic yield	0.40	0.22	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
Other information			
Closing NAV (\$'000)	5,616	7,638	n/a
Closing NAV percentage of total fund NAV (%)	0.27	0.26	n/a
Number of shares	455,931	505,674	n/a
Highest share price (Euro ¢)	1,214.18	1,231.91	n/a
Lowest share price (Euro ¢)	1,002.05	972.79	n/a

M&G Global Emerging Markets Fund

Financial highlights

Specific share class performance

Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	3,006.89	2,731.61	2,022.67
Return before operating charges and after direct portfolio transaction costs	(169.39)	363.25	787.79
Operating charges	(14.09)	(28.13)	(25.31)
Return after operating charges	(183.48)	335.12	762.48
Distributions	0.00	(59.84)	(53.54)
Closing NAV	2,823.41	3,006.89	2,731.61
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.57	2.99	2.59
Dilution adjustments ^[a]	(1.57)	(2.18)	(1.40)
Total direct portfolio transaction costs	0.00	0.81	1.19
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	0.99	0.99	1.03
Return after operating charges	-6.10	+12.27	+37.70
Historic yield	2.16	2.00	1.81
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (\$'000)	6,290	4,782	8,693
Closing NAV percentage of total fund NAV (%)	0.31	0.16	0.39
Number of shares	189,838	127,698	296,002
Highest share price (Euro ¢)	3,021.27	3,128.62	2,831.57
Lowest share price (Euro ¢)	2,704.22	2,741.74	1,906.58

Euro Class 'C' Accumulation share performance

The share class was launched on 5 February 2009.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	3,233.97	2,880.46	2,092.38
Return before operating charges and after direct portfolio transaction costs	(183.61)	383.50	813.92
Operating charges	(15.18)	(29.99)	(25.84)
Return after operating charges	(198.79)	353.51	788.08
Distributions	0.00	(37.70)	(43.00)
Retained distributions	0.00	37.70	43.00
Closing NAV	3,035.18	3,233.97	2,880.46
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.70	3.19	2.66
Dilution adjustments ^[a]	(1.70)	(2.32)	(1.44)
Total direct portfolio transaction costs	0.00	0.87	1.22
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	0.99	0.99	1.02
Return after operating charges	-6.15	+12.27	+37.66
Historic yield	1.27	1.12	1.37
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	299,195	608,807	472,412
Closing NAV percentage of total fund NAV (%)	14.54	20.43	20.99
Number of shares	8,399,785	15,115,308	15,254,166
Highest share price (Euro ¢)	3,243.37	3,298.54	2,928.40
Lowest share price (Euro ¢)	2,906.45	2,890.65	1,969.64

Euro Class 'C-H' Accumulation share performance

The share class was launched on 24 February 2017.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,223.84	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	(153.57)	234.77	n/a
Operating charges	(5.53)	(10.93)	n/a
Return after operating charges	(159.10)	223.84	n/a
Distributions	0.00	(13.87)	n/a
Retained distributions	0.00	13.87	n/a
Closing NAV	1,064.74	1,223.84	n/a
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.61	1.14	n/a
Dilution adjustments ^[a]	(0.61)	(0.83)	n/a
Total direct portfolio transaction costs	0.00	0.31	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	n/a
Operating charges	1.01	1.01	n/a
Return after operating charges	-13.00	+22.38	n/a
Historic yield	1.36	1.11	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
Other information			
Closing NAV (\$'000)	6,758	4,831	n/a
Closing NAV percentage of total fund NAV (%)	0.33	0.16	n/a
Number of shares	540,802	316,927	n/a
Highest share price (Euro ¢)	1,225.32	1,243.18	n/a
Lowest share price (Euro ¢)	1,015.51	973.08	n/a

Euro Class 'J' Accumulation share performance

The share class was launched on 4 May 2018.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,000.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	(18.67)	n/a	n/a
Operating charges	(2.07)	n/a	n/a
Return after operating charges	(20.74)	n/a	n/a
Distributions	0.00	n/a	n/a
Retained distributions	0.00	n/a	n/a
Closing NAV	979.26	n/a	n/a
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.54	n/a	n/a
Dilution adjustments ^[a]	(0.54)	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges	0.88	n/a	n/a
Return after operating charges	-2.07	n/a	n/a
Historic yield	1.37	n/a	n/a
Effect on yield of charges offset against capital	0.00	n/a	n/a
Other information			
Closing NAV (\$'000)	35	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.00	n/a	n/a
Number of shares	3,000	n/a	n/a
Highest share price (Euro ¢)	1,032.48	n/a	n/a
Lowest share price (Euro ¢)	937.89	n/a	n/a

M&G Global Emerging Markets Fund

Financial highlights

Specific share class performance

Singapore dollar Class 'A' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.07.18 Singapore ¢	Year to 31.01.18 Singapore ¢	Year to 31.01.17 Singapore ¢
Opening NAV	1,252.87	1,074.05	817.53
Return before operating charges and after direct portfolio transaction costs	(93.83)	226.77	292.33
Operating charges	(11.67)	(23.31)	(19.45)
Return after operating charges	(105.50)	203.46	272.88
Distributions	0.00	(24.64)	(16.36)
Closing NAV	1,147.37	1,252.87	1,074.05
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.64	1.41	0.96
Dilution adjustments ^[a]	(0.64)	(1.03)	(0.52)
Total direct portfolio transaction costs	0.00	0.38	0.44
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	2.01	2.02	2.03
Return after operating charges	-8.42	+18.94	+33.38
Historic yield	2.20	1.98	1.40
Effect on yield of charges offset against capital	1.90	1.90	1.90
Other information			
Closing NAV (\$'000)	4	5	4
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (Singapore ¢)	1,261.72	1,296.73	1,109.15
Lowest share price (Singapore ¢)	1,096.41	1,082.34	780.35

Singapore dollar Class 'A' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.07.18 Singapore ¢	Year to 31.01.18 Singapore ¢	Year to 31.01.17 Singapore ¢
Opening NAV	1,307.69	1,099.18	824.09
Return before operating charges and after direct portfolio transaction costs	(97.84)	232.25	296.14
Operating charges	(12.08)	(23.74)	(21.05)
Return after operating charges	(109.92)	208.51	275.09
Distributions	0.00	(3.98)	(6.42)
Retained distributions	0.00	3.98	6.42
Closing NAV	1,197.77	1,307.69	1,099.18
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.67	1.26	1.08
Dilution adjustments ^[a]	(0.67)	(0.91)	(0.58)
Total direct portfolio transaction costs	0.00	0.35	0.50
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.99	1.99	2.06*
Return after operating charges	-8.41	+18.97	+33.38
Historic yield	0.34	0.17	0.49
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	950	857	210
Closing NAV percentage of total fund NAV (%)	0.05	0.03	0.01
Number of shares	108,041	85,692	27,088
Highest share price (Singapore ¢)	1,315.01	1,327.33	1,118.07
Lowest share price (Singapore ¢)	1,144.54	1,106.64	785.72

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 2.03% is a more reliable estimate of the year to 31.01.17 ongoing charges.

Singapore dollar Class 'C' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.07.18 Singapore ¢	Year to 31.01.18 Singapore ¢	Year to 31.01.17 Singapore ¢
Opening NAV	1,270.36	1,078.16	815.64
Return before operating charges and after direct portfolio transaction costs	(95.19)	228.84	293.44
Operating charges	(5.93)	(11.79)	(9.97)
Return after operating charges	(101.12)	217.05	283.47
Distributions	0.00	(24.85)	(20.95)
Closing NAV	1,169.24	1,270.36	1,078.16
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.65	1.41	0.98
Dilution adjustments ^[a]	(0.65)	(1.03)	(0.53)
Total direct portfolio transaction costs	0.00	0.38	0.45
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.00	1.01	1.04*
Return after operating charges	-7.96	+20.13	+34.75
Historic yield	2.18	1.97	1.81
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (\$'000)	4	5	4
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (Singapore ¢)	1,279.38	1,314.46	1,117.85
Lowest share price (Singapore ¢)	1,116.38	1,086.54	779.01

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 1.03% is a more reliable estimate of the year to 31.01.17 ongoing charges.

Singapore dollar Class 'C' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.07.18 Singapore ¢	Year to 31.01.18 Singapore ¢	Year to 31.01.17 Singapore ¢
Opening NAV	1,347.55	1,121.69	832.65
Return before operating charges and after direct portfolio transaction costs	(100.91)	238.45	299.27
Operating charges	(6.22)	(12.59)	(10.23)
Return after operating charges	(107.13)	225.86	289.04
Distributions	0.00	(15.31)	(16.41)
Retained distributions	0.00	15.31	16.41
Closing NAV	1,240.42	1,347.55	1,121.69
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.70	1.43	1.06
Dilution adjustments ^[a]	(0.70)	(1.04)	(0.57)
Total direct portfolio transaction costs	0.00	0.39	0.49
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	0.99	1.01	1.04*
Return after operating charges	-7.95	+20.14	+34.71
Historic yield	1.27	1.08	1.34
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	15	51	4
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	1,661	5,000	500
Highest share price (Singapore ¢)	1,355.14	1,367.58	1,140.83
Lowest share price (Singapore ¢)	1,184.31	1,129.33	794.21

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 1.03% is a more reliable estimate of the year to 31.01.17 ongoing charges.

M&G Global Emerging Markets Fund

Financial highlights

Specific share class performance

Sterling Class 'A' Income share performance

The share class was launched on 5 February 2009.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	277.02	248.67	163.61
Return before operating charges and after direct portfolio transaction costs	(12.24)	38.44	92.89
Operating charges	(2.28)	(4.61)	(3.74)
Return after operating charges	(14.52)	33.83	89.15
Distributions	0.00	(5.48)	(4.09)
Closing NAV	262.50	277.02	248.67
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.28	0.22
Dilution adjustments ^[a]	(0.15)	(0.20)	(0.12)
Total direct portfolio transaction costs	0.00	0.08	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.74	1.74	1.77
Return after operating charges	-5.24	+13.60	+54.49
Historic yield	2.14	2.01	1.51
Effect on yield of charges offset against capital	1.65	1.65	1.65
Other information			
Closing NAV (\$'000)	98,769	123,050	109,775
Closing NAV percentage of total fund NAV (%)	4.80	4.13	4.88
Number of shares	28,584,632	31,366,638	35,425,606
Highest share price (UK p)	276.67	288.17	255.33
Lowest share price (UK p)	249.60	247.62	156.99

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 February 2009.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	299.87	263.97	170.90
Return before operating charges and after direct portfolio transaction costs	(13.24)	40.80	97.00
Operating charges	(2.47)	(4.90)	(3.93)
Return after operating charges	(15.71)	35.90	93.07
Distributions	0.00	(1.56)	(2.16)
Retained distributions	0.00	1.56	2.16
Closing NAV	284.16	299.87	263.97
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.30	0.23
Dilution adjustments ^[a]	(0.16)	(0.22)	(0.13)
Total direct portfolio transaction costs	0.00	0.08	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.74	1.74	1.77
Return after operating charges	-5.24	+13.60	+54.46
Historic yield	0.56	0.41	0.71
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	357,254	415,364	345,284
Closing NAV percentage of total fund NAV (%)	17.36	13.94	15.34
Number of shares	95,511,819	97,816,094	104,963,849
Highest share price (UK p)	299.04	305.89	266.66
Lowest share price (UK p)	270.19	262.63	163.80

Sterling Class 'I' Income share performance

The share class was launched on 5 February 2009.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	280.24	249.65	163.50
Return before operating charges and after direct portfolio transaction costs	(12.40)	38.77	93.23
Operating charges	(1.31)	(2.65)	(2.18)
Return after operating charges	(13.71)	36.12	91.05
Distributions	0.00	(5.53)	(4.90)
Closing NAV	266.53	280.24	249.65
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.28	0.22
Dilution adjustments ^[a]	(0.15)	(0.21)	(0.12)
Total direct portfolio transaction costs	0.00	0.07	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	0.99	0.99	1.02
Return after operating charges	-4.89	+14.47	+55.69
Historic yield	2.13	2.00	1.82
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (\$'000)	165,427	196,164	151,863
Closing NAV percentage of total fund NAV (%)	8.04	6.58	6.75
Number of shares	47,152,047	49,431,022	48,815,032
Highest share price (UK p)	279.89	291.49	257.03
Lowest share price (UK p)	253.29	248.61	156.95

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 February 2009.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	320.60	280.13	179.99
Return before operating charges and after direct portfolio transaction costs	(14.14)	43.44	102.53
Operating charges	(1.51)	(2.97)	(2.39)
Return after operating charges	(15.65)	40.47	100.14
Distributions	0.00	(3.72)	(4.16)
Retained distributions	0.00	3.72	4.16
Closing NAV	304.95	320.60	280.13
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.17	0.32	0.25
Dilution adjustments ^[a]	(0.17)	(0.23)	(0.13)
Total direct portfolio transaction costs	0.00	0.09	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	0.99	0.99	1.02
Return after operating charges	-4.88	+14.45	+55.64
Historic yield	1.25	1.11	1.36
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	472,244	586,547	477,128
Closing NAV percentage of total fund NAV (%)	22.95	19.69	21.20
Number of shares	117,649,013	129,194,519	136,680,904
Highest share price (UK p)	319.73	327.02	282.89
Lowest share price (UK p)	289.80	278.70	172.56

M&G Global Emerging Markets Fund

Financial highlights

Specific share class performance

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	143.79	128.40	84.23
Return before operating charges and after direct portfolio transaction costs	(6.39)	19.94	47.94
Operating charges	(0.84)	(1.72)	(1.39)
Return after operating charges	(7.23)	18.22	46.55
Distributions	0.00	(2.83)	(2.38)
Closing NAV	136.56	143.79	128.40
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.15	0.11
Dilution adjustments ^[a]	(0.08)	(0.11)	(0.06)
Total direct portfolio transaction costs	0.00	0.04	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.24	1.24	1.27
Return after operating charges	-5.03	+14.19	+55.27
Historic yield	2.12	2.00	1.72
Effect on yield of charges offset against capital	1.15	1.15	1.15
Other information			
Closing NAV (\$'000)	706	894	455
Closing NAV percentage of total fund NAV (%)	0.04	0.03	0.02
Number of shares	392,677	439,344	284,407
Highest share price (UK p)	143.60	149.55	132.10
Lowest share price (UK p)	129.80	127.88	80.84

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	155.89	136.56	87.96
Return before operating charges and after direct portfolio transaction costs	(6.90)	21.21	50.06
Operating charges	(0.91)	(1.88)	(1.46)
Return after operating charges	(7.81)	19.33	48.60
Distributions	0.00	(1.48)	(1.73)
Retained distributions	0.00	1.48	1.73
Closing NAV	148.08	155.89	136.56
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.16	0.12
Dilution adjustments ^[a]	(0.08)	(0.12)	(0.06)
Total direct portfolio transaction costs	0.00	0.04	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.24	1.24	1.27
Return after operating charges	-5.01	+14.15	+55.25
Historic yield	1.02	0.88	1.15
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	2,249	1,847	432
Closing NAV percentage of total fund NAV (%)	0.11	0.06	0.02
Number of shares	1,153,932	836,661	253,659
Highest share price (UK p)	155.47	159.02	137.92
Lowest share price (UK p)	140.76	135.86	84.32

Swiss franc Class 'A-H' Accumulation share performance

The share class was launched on 24 February 2017.

	Six months to 31.07.18 Swiss ¢	Year to 31.01.18 Swiss ¢	Year to 31.01.17 Swiss ¢
Change in NAV per share			
Opening NAV	1,210.33	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	(154.85)	231.03	n/a
Operating charges	(10.97)	(20.70)	n/a
Return after operating charges	(165.82)	210.33	n/a
Distributions	0.00	(4.17)	n/a
Retained distributions	0.00	4.17	n/a
Closing NAV	1,044.51	1,210.33	n/a
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.60	1.08	n/a
Dilution adjustments ^[a]	(0.60)	(0.79)	n/a
Total direct portfolio transaction costs	0.00	0.29	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	n/a
Operating charges	2.01	2.01	n/a
Return after operating charges	-13.70	+21.03	n/a
Historic yield	0.41	0.22	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
Other information			
Closing NAV (\$'000)	1,802	2,050	n/a
Closing NAV percentage of total fund NAV (%)	0.09	0.07	n/a
Number of shares	170,446	157,992	n/a
Highest share price (Swiss ¢)	1,211.68	1,229.62	n/a
Lowest share price (Swiss ¢)	997.78	972.39	n/a

Swiss franc Class 'C-H' Accumulation share performance

The share class was launched on 24 February 2017.

	Six months to 31.07.18 Swiss ¢	Year to 31.01.18 Swiss ¢	Year to 31.01.17 Swiss ¢
Change in NAV per share			
Opening NAV	1,221.04	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	(156.51)	231.44	n/a
Operating charges	(5.52)	(10.40)	n/a
Return after operating charges	(162.03)	221.04	n/a
Distributions	0.00	(14.08)	n/a
Retained distributions	0.00	14.08	n/a
Closing NAV	1,059.01	1,221.04	n/a
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.61	1.08	n/a
Dilution adjustments ^[a]	(0.61)	(0.79)	n/a
Total direct portfolio transaction costs	0.00	0.29	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	n/a
Operating charges	1.01	1.01	n/a
Return after operating charges	-13.27	+22.10	n/a
Historic yield	1.37	1.10	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
Other information			
Closing NAV (\$'000)	3,959	4,771	n/a
Closing NAV percentage of total fund NAV (%)	0.19	0.16	n/a
Number of shares	369,332	364,506	n/a
Highest share price (Swiss ¢)	1,222.59	1,240.65	n/a
Lowest share price (Swiss ¢)	1,010.84	972.68	n/a

M&G Global Emerging Markets Fund

Financial highlights

Specific share class performance

US dollar Class 'A' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	2,732.97	2,164.13	1,637.16
Return before operating charges and after direct portfolio transaction costs	(302.78)	671.48	600.12
Operating charges	(24.71)	(47.85)	(40.84)
Return after operating charges	(327.49)	623.63	559.28
Distributions	0.00	(54.79)	(32.31)
Closing NAV	2,405.48	2,732.97	2,164.13
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	1.37	2.53	2.11
Dilution adjustments ^[a]	(1.37)	(1.84)	(1.14)
Total direct portfolio transaction costs	0.00	0.69	0.97
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.99	1.99	2.03
Return after operating charges	-11.98	+28.82	+34.16
Historic yield	2.34	2.03	1.37
Effect on yield of charges offset against capital	1.90	1.90	1.90
Other information			
Closing NAV (\$'000)	2,271	1,556	937
Closing NAV percentage of total fund NAV (%)	0.11	0.05	0.04
Number of shares	94,411	56,946	43,303
Highest share price (US ¢)	2,740.65	2,832.24	2,217.86
Lowest share price (US ¢)	2,290.92	2,186.27	1,596.33

US dollar Class 'A' Accumulation share performance

The share class was launched on 5 February 2009.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	2,861.60	2,222.27	1,655.73
Return before operating charges and after direct portfolio transaction costs	(317.86)	688.44	606.77
Operating charges	(26.06)	(49.11)	(40.23)
Return after operating charges	(343.92)	639.33	566.54
Distributions	0.00	(9.06)	(13.13)
Retained distributions	0.00	9.06	13.13
Closing NAV	2,517.68	2,861.60	2,222.27
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	1.45	2.60	2.08
Dilution adjustments ^[a]	(1.45)	(1.89)	(1.12)
Total direct portfolio transaction costs	0.00	0.71	0.96
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	1.99	1.99	2.02
Return after operating charges	-12.02	+28.77	+34.22
Historic yield	0.37	0.19	0.50
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	50,713	123,745	87,429
Closing NAV percentage of total fund NAV (%)	2.46	4.15	3.89
Number of shares	2,014,281	4,324,337	3,934,208
Highest share price (US ¢)	2,865.42	2,907.22	2,243.97
Lowest share price (US ¢)	2,397.58	2,244.14	1,612.60

US dollar Class 'C' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	2,911.64	2,282.40	1,716.00
Return before operating charges and after direct portfolio transaction costs	(322.75)	711.36	632.84
Operating charges	(13.16)	(25.32)	(21.49)
Return after operating charges	(335.91)	686.04	611.35
Distributions	0.00	(56.80)	(44.95)
Closing NAV	2,575.73	2,911.64	2,282.40
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	1.47	2.69	2.20
Dilution adjustments ^[a]	(1.47)	(1.96)	(1.19)
Total direct portfolio transaction costs	0.00	0.73	1.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	0.99	0.99	1.02
Return after operating charges	-11.54	+30.06	+35.63
Historic yield	2.27	1.97	1.84
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (\$'000)	2,723	4,919	4,132
Closing NAV percentage of total fund NAV (%)	0.13	0.17	0.18
Number of shares	105,705	168,941	181,060
Highest share price (US ¢)	2,919.63	3,015.17	2,349.80
Lowest share price (US ¢)	2,449.39	2,307.14	1,674.15

US dollar Class 'C' Accumulation share performance

The share class was launched on 5 February 2009.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	3,129.89	2,406.57	1,775.07
Return before operating charges and after direct portfolio transaction costs	(348.40)	750.11	653.42
Operating charges	(14.18)	(26.79)	(21.92)
Return after operating charges	(362.58)	723.32	631.50
Distributions	0.00	(36.30)	(35.90)
Retained distributions	0.00	36.30	35.90
Closing NAV	2,767.31	3,129.89	2,406.57
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	1.59	2.84	2.25
Dilution adjustments ^[a]	(1.59)	(2.07)	(1.22)
Total direct portfolio transaction costs	0.00	0.77	1.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.03	0.04
Operating charges	0.99	0.99	1.02
Return after operating charges	-11.58	+30.06	+35.58
Historic yield	1.35	1.11	1.38
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	406,190	684,747	426,357
Closing NAV percentage of total fund NAV (%)	19.74	22.98	18.95
Number of shares	14,678,163	21,877,655	17,716,425
Highest share price (US ¢)	3,134.20	3,179.30	2,429.76
Lowest share price (US ¢)	2,633.08	2,430.32	1,729.49

M&G Global Emerging Markets Fund

Financial highlights

Specific share class performance

US dollar Class 'J' Accumulation share performance

The share class was launched on 4 May 2018.

	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Change in NAV per share			
Opening NAV	1,000.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	(37.65)	n/a	n/a
Operating charges	(2.04)	n/a	n/a
Return after operating charges	(39.69)	n/a	n/a
Distributions	0.00	n/a	n/a
Retained distributions	0.00	n/a	n/a
Closing NAV	960.31	n/a	n/a
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.53	n/a	n/a
Dilution adjustments ^[a]	(0.53)	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges	0.88	n/a	n/a
Return after operating charges	-3.97	n/a	n/a
Historic yield	1.45	n/a	n/a
Effect on yield of charges offset against capital	0.00	n/a	n/a
Other information			
Closing NAV (\$'000)	125	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.01	n/a	n/a
Number of shares	13,025	n/a	n/a
Highest share price (US ¢)	1,025.15	n/a	n/a
Lowest share price (US ¢)	913.67	n/a	n/a

^[a] In respect of direct portfolio transaction costs.

^[b] As a percentage of average net asset value.

M&G Global Emerging Markets Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 July	2018		2017	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains / (losses)		(374,202)		271,517
Revenue	50,076		43,316	
Expenses	(15,753)		(15,945)	
Net revenue / (expense) before taxation	34,323		27,371	
Taxation	(3,952)		(3,770)	
Net revenue / (expense) after taxation		30,371		23,601
Total return before equalisation		(343,831)		295,118
Equalisation		(4,593)		753
Change in net assets attributable to shareholders from investment activities		(348,424)		295,871

Statement of change in net assets attributable to shareholders

for the six months to 31 July	2018		2017	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		2,979,840		2,250,229
Amounts received on issue of shares	254,567		620,982	
Amounts paid on cancellation of shares	(830,767)		(332,698)	
		(576,200)		288,284
Dilution adjustments		2,352		1,827
Change in net assets attributable to shareholders from investment activities (see above)		(348,424)		295,871
Closing net assets attributable to shareholders		2,057,568		2,836,211

The opening net assets attributable to shareholders for 2018 differs to the closing position in 2017 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	31 July 2018	31 January 2018
	\$'000	\$'000
Assets		
Fixed assets		
Investments	2,037,501	2,924,216
Current assets		
Debtors	45,162	53,390
Cash and bank balances	51,201	22,023
Cash equivalents	36,676	61,195
Total assets	2,170,540	3,060,824
Liabilities		
Investment liabilities	(60)	(12)
Creditors		
Bank overdrafts	0	(37,550)
Distribution payable	0	(6,814)
Other creditors	(112,912)	(36,608)
Total liabilities	(112,972)	(80,984)
Net assets attributable to shareholders	2,057,568	2,979,840

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 4.

Distribution policy

In determining the amount available for distribution to Income shares, the annual management charge, administration charge and share class hedging charge are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

Marginal tax relief has not been taken into account in respect of expenses offset against capital.

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

M&G Global Emerging Markets Fund

Financial statements and notes

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M&G Global Floating Rate High Yield Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to maximise total return (the combination of income and growth of capital).

Investment policy

The fund invests on a global basis mainly in high yield corporate or government floating rate notes and asset backed securities denominated in any currency. Floating rate note exposure may be achieved either directly or synthetically, through various combinations of government securities, corporate bonds, cash, credit default swaps, interest rate swaps, asset swaps or other credit derivatives.

The fund may also invest in other government and public securities and other transferable securities, collective investment schemes, cash and near cash, deposits, warrants, money market instruments and other derivative instruments.

Any currency exposures within the fund may be managed by currency hedges.

Derivatives may be used in pursuit of the fund's objective and for efficient portfolio management purposes.

Investment approach

The M&G Global Floating Rate High Yield Fund is designed to provide an attractive level of income, along with a natural hedge against rising interest rates, by investing mainly in high yield floating rate notes (FRNs). FRNs are bonds which pay a variable rate of income, which is regularly reset in line with changes in interest rates. If interest rates rise, investors in FRNs will benefit from a higher income as their coupons are automatically adjusted upwards (equally, should interest rates fall, then the coupons will be adjusted downwards). The fund invests predominantly in FRNs issued by high yield companies, which typically pay higher rates of interest to compensate investors for the greater risk of default. The fund is globally diversified and the fund manager has the flexibility to invest in the best opportunities across different regions, including the US, continental Europe and the UK.

Risk profile

The fund invests globally in high yield corporate or government floating rate notes and asset-backed securities denominated in any currency. It is, therefore, subject to the price volatility of the global bond market and the performance of individual issuers. It is also subject to fluctuations in currency exchange rates.

The fund's exposure to the above assets may be gained through the use of derivatives. In association with the use of derivatives, including those instruments not traded through an exchange, collateral is deposited, in order to mitigate the risk that a counterparty may default on its obligations or become insolvent.

The fund focuses on floating rate notes issued by companies with a low credit rating, which typically pay higher levels of interest to compensate investors for the greater risk of default. These higher risk assets could potentially experience a degree of illiquidity in times of market distress.

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

The following table shows the risk number associated with the fund and is based on Sterling Class 'A-H' shares.



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has not changed during this period.

Investment review

As at 1 August 2018, for the six months ended 31 July 2018

Performance against objective

Between 1 February 2018 (the start of the review period) and 1 August 2018, the M&G Global Floating Rate High Yield Fund delivered a mixed performance in terms of the total return (the combination of income and growth of capital) across different share classes. Whereas the US dollar, sterling and Singapore dollar share classes produced positive returns, a number of the euro and Swiss franc share classes delivered marginally negative returns.*

In this reporting period, the fund has not met its objective of providing income** and capital growth, although it has over three and five years and since launch.

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Fund performance' section of this report.

** The fund's distribution and distribution yield are as shown in the 'Specific share class performance' tables in the 'Financial highlights' section of this report. This fund provides a variable level of income.

Investment performance

The M&G Global Floating Rate High Yield Fund is designed to provide an attractive level of income, along with a natural hedge against rising interest rates, by investing mainly in floating rate notes (FRNs). These are securities whose interest payments, or coupons, are periodically adjusted depending on the change in a reference interest rate.

If interest rates rise, investors in FRNs will benefit from a higher income as coupons are automatically adjusted upwards (equally, should interest rates fall, then the coupons will be adjusted downwards).

The fund invests predominantly in FRNs issued by high yield companies, so called because they generally pay relatively high rates of interest to compensate investors for the greater risk that they might fail to repay the money they have borrowed.

M&G Global Floating Rate High Yield Fund

Authorised Corporate Director's Report

Investment review

Investment performance (continued)

The six months under review was a challenging period for high yield bond markets. Following steady investment returns throughout much of 2016 and 2017, high yield markets came under pressure in the early months of 2018 as concerns over rising US interest rates and a potential trade war between the US and China weighed on sentiment.

US high yield markets generally proved more resilient than elsewhere, helped by the recent strength in oil prices and the relative strength of the US economy. In contrast, European high yield bonds experienced heightened volatility against a backdrop of political uncertainty in the aftermath of the Italian election.

High yield FRNs also held up relatively well in the period, with these assets delivering a small positive return. These instruments benefited from their more defensive characteristics and bias towards less cyclical sectors, as well as their very low sensitivity to movements in interest rates.

The fund's relative performance was helped by its relatively modest exposure to Italian issues and an avoidance of the Italian banking sector in the aftermath of the Italian election. Individual bond selection also proved helpful, especially in the financial services and telecom sectors. However, cautious positioning in retailers only partially paid off. While having only a minimal exposure to House of Fraser and HEMA helped relative performance, our cautious positioning in New Look detracted from relative returns, as the company's bonds recovered some of their earlier losses.

Investment activities

While remaining defensively positioned overall, we have taken advantage of recent market weakness by adding back a small amount of credit risk. We continue to see attractively valued opportunities in the European primary high yield FRN market, where we are able to capture an additional yield compared to equivalent bonds trading in the secondary market. We also took the opportunity to add some high-quality names at attractive levels following the Italian election, including issues from financial services provider Nexi Capital and software company TeamSystem Group.

In the primary high yield FRN market, we participated in a diverse range of new deals at attractive levels, including issues from French car parts distributor Autodis, Italian paper manufacturer Fabric (BC) S.p.A and LHMC, a newly formed entity to fund the acquisition of Spanish gaming company Cirsa. We continue to view the steady level of new issuance over the past 18 months as a positive development which should help to bring additional liquidity and diversification to the high yield FRN market.

In terms of sales, we took the opportunity to sell down some of our lower conviction names during a period of favourable market conditions, including heat exchange manufacturer Galapagos and medical outsourcer IDH.

The fund remains relatively defensively positioned from a sector perspective, with a continued focus on businesses backed by high-quality assets and which should be able to perform well in a variety of economic conditions, such as healthcare providers, global packaging companies and cable operators. However, we are maintaining minimal exposure to companies that are more exposed to the economic cycle, such as energy companies and miners, where we believe valuations in general appear stretched following strong performance over the past couple of years.

Outlook

In the current environment where interest rates are low and many assets are generating a low prospective return, or yield, we think high yield FRNs continue to offer an attractive source of income. Despite recent market strength, we believe these assets remain fairly priced in the context of the current low default environment and against a backdrop of economic expansion. Moreover, we believe the fund's floating rate characteristics give it the ability to cope in an environment where markets start to price in the likelihood of higher global inflation and rising interest rates.

However, given where we are in the market cycle, we believe a cautious approach is warranted and we maintain our preference for defensive businesses offering stable cashflows and healthy balance sheets. With valuations in parts of the high yield market at relatively heightened levels, we also believe that careful individual bond selection and in-depth company analysis will become increasingly important to help identify the remaining pockets of value.

In our view, high yield investing is as much about avoiding the losers as picking the winners. On this basis, we remain cautiously positioned in the retail sector. UK fashion retailers in particular have been experiencing higher input costs as a result of the depreciation in sterling, coupled with signs of a slowdown in consumer spending. The sector is also facing longer term headwinds as shoppers increasingly move towards online spending and away from traditional bricks-and-mortar stores. While some of these businesses will be able to adapt, we continue to be very selective in this space.

James Tomlins

Fund manager

An employee of M&G Limited which is an associate of M&G Securities Limited.

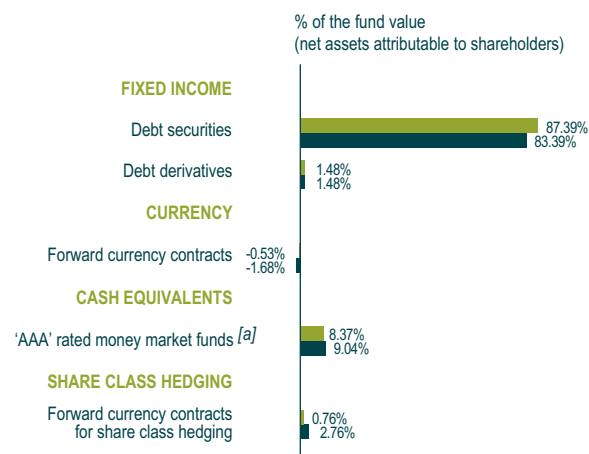
Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial Adviser.

M&G Global Floating Rate High Yield Fund

Authorised Corporate Director's Report

Investment review

Classification of investments



^[a] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

■ 31 July 2018
■ 31 January 2018

Source: M&G

Investments

Portfolio statement

as at Holding	31.07.18 \$'000	31.07.18 %	31.01.18 %
FIXED INCOME	4,272,556	88.87	84.87
Debt securities	4,201,155	87.39	83.39
'AA' credit rated bonds	784,524	16.32	17.79
€8,279,000 Paragon Mortgages No.15 FRN 2039	8,942	0.19	
\$175,000,000 US Treasury FRN 2018 (31 Oct)	175,095	3.64	
\$350,000,000 US Treasury FRN 2019 (31 Jan)	350,291	7.29	
\$250,000,000 US Treasury FRN 2019 (30 Apr)	250,196	5.20	
'A' credit rated bonds	141,029	2.93	2.66
\$22,000,000 Bank of America FRN 2023 (20 Jan)	22,331	0.46	
\$10,000,000 Bank of America FRN 2023 (24 Apr)	10,102	0.21	
\$10,000,000 ING Groep FRN 2022	10,130	0.21	
\$15,000,000 JPMorgan Chase FRN 2023	15,301	0.32	
€13,492,320 Magellan Mortgages No.4 FRN 2059	15,068	0.31	
£3,644,006 Mitchells & Butlers Finance FRN 2030 GBP	4,443	0.09	
\$12,448,338 Mitchells & Butlers Finance FRN 2030 USD	11,453	0.24	
\$38,000,000 UBS Switzerland FRN 2023	38,428	0.80	
\$13,500,000 Wells Fargo & Company FRN 2023	13,773	0.29	
'BBB' credit rated bonds	230,340	4.79	4.56
€14,600,000 American International Group Var. Rate 2067 (4.875%)	16,106	0.33	
\$4,000,000 Bank of America 1.0401% 2026	3,848	0.08	
\$10,950,000 Barclays Bank FRN 2021	11,357	0.24	
\$28,195,000 Barclays Bank 0% 2023	28,698	0.60	
\$7,000,000 Citigroup FRN 2021	7,119	0.15	
\$29,000,000 Citigroup FRN 2023	29,680	0.62	
\$12,100,000 Citigroup FRN 2036	10,086	0.21	
\$2,500,000 CoreStates Capital III FRN 2027	2,340	0.05	
\$4,000,000 Crédit Agricole London FRN 2023	3,999	0.08	
\$12,000,000 Credit Suisse Group Funding FRN 2021	12,515	0.26	
\$38,000,000 HCA 4.5% 2027	36,819	0.76	
\$15,948,000 HCA 5.5% 2047	14,972	0.31	
€10,912,848 Lusitano Mortgages No.5 FRN 2059	11,979	0.25	
£334,000 Mitchells & Butlers Finance FRN 2033	374	0.01	
\$9,000,000 Morgan Stanley FRN 2024	9,121	0.19	
\$20,507,000 Royal Bank of Scotland FRN 2023	20,649	0.43	
\$2,500,000 Sabine Pass Liquefaction 5.625% 2021	2,614	0.05	
\$7,500,000 Sabine Pass Liquefaction 5.75% 2024	8,064	0.17	
'BB' credit rated bonds	1,045,943	21.76	21.53
\$5,000,000 ADT 3.5% 2022	4,718	0.10	
\$25,000,000 Altice US Finance I 5.375% 2023	25,213	0.53	
€32,500,000 AnaCap Financial FRN 2024	34,517	0.72	
€25,000,000 Ardagh Packaging Finance 2.75% 2024	29,461	0.61	
€10,000,000 Ardagh Packaging Finance 4.125% 2023	12,231	0.25	
\$36,000,000 Ardagh Packaging Finance 4.625% 2023	35,550	0.74	
€5,000,000 Arena Luxembourg Finance 2.875% 2024	5,750	0.12	
€12,500,000 Arena Luxembourg Finance FRN 2023	14,596	0.30	
€40,000,000 Arrow Global Finance FRN 2025	43,806	0.91	
€22,938,000 Arrow Global Finance FRN 2026	25,654	0.53	
€3,000,000 Cable Communications Systems 5% 2023	3,696	0.08	
\$15,000,000 Cemex 5.7% 2025	15,239	0.32	

M&G Global Floating Rate High Yield Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)			
as at Holding	31.07.18 \$'000	31.07.18 %	31.01.18 %
'BB' credit rated bonds (continued)			
\$10,000,000 Cemex Finance 6% 2024	10,312	0.22	
€10,373,000 Ceva Logistics Finance 5.25% 2025	12,127	0.25	
\$28,502,000 Chesapeake Energy 8% 2022	30,141	0.63	
\$5,000,000 Credit Suisse Group Var. Rate Perp. (7.125%)	5,167	0.11	
\$53,746,000 Energy Transfer Partners (formerly Energy Transfer) FRN 2066	46,599	0.97	
€41,500,000 HT1 Funding Var. Rate Perp. (6.352%)	46,298	0.96	
€30,000,000 Intrum (formerly Intrum Justitia) FRN 2022	33,884	0.71	
\$13,161,000 Liberty Mutual Group Var. Rate 2067 (7%)	12,941	0.27	
€24,905,000 Naviera Armas FRN 2023	29,373	0.61	
€29,630,000 Naviera Armas FRN 2024	33,990	0.71	
€16,000,000 Nomad Foods 3.25% 2024	18,698	0.39	
€15,000,000 Progroup FRN 2024	17,471	0.36	
€7,500,000 Quintiles IMS 3.25% 2025	8,815	0.18	
€4,000,000 Smurfit Kappa Acquisitions 2.375% 2024	4,832	0.10	
€24,750,000 Smurfit Kappa Acquisitions FRN 2020	30,477	0.63	
\$29,200,000 Standard Chartered Var. Rate Perp. (6.409%)	24,501	0.51	
€24,300,000 Telenet Finance VI 4.875% 2027	30,228	0.63	
\$52,670,000 Tenet Healthcare 4.625% 2024	50,967	1.06	
\$10,000,000 Tenet Healthcare 4.75% 2020	10,086	0.21	
€15,000,000 Unitymedia Hessen 3.5% 2027	18,486	0.38	
€40,000,000 Unitymedia Hessen 4% 2025	49,177	1.02	
\$9,000,000 Unitymedia Hessen 5% 2025	9,113	0.19	
\$14,500,000 Virgin Media Secured Finance 5.25% 2026	13,529	0.28	
€168,000,000 Wind Tre FRN 2024	184,836	3.84	
€5,215,000 Ziggo (formerly Ziggo Secured Finance) 3.75% 2025	6,084	0.13	
€45,000,000 Ziggo 4.25% 2027	52,646	1.10	
\$5,000,000 Ziggo (formerly Ziggo Secured Finance) 5.5% 2027	4,734	0.10	
'B' credit rated bonds	1,862,469	38.74	34.60
€17,500,000 3AB Optique Development FRN 2023	19,408	0.40	
€15,000,000 Algeco Scotsman Global Finance FRN 2023	17,735	0.37	
€15,000,000 Altice France (formerly SFR Group) 5.625% 2024	18,263	0.38	
\$5,000,000 Altice France (formerly SFR Group) 6% 2022	5,151	0.11	
\$18,000,000 Altice France (formerly SFR Group) 6.25% 2024	17,793	0.37	
\$10,000,000 Altice France (formerly SFR Group) 7.375% 2026	9,766	0.20	
€37,571,000 Autodis FRN 2022	44,312	0.92	
€13,800,000 Bausch Health (formerly Valeant Pharmaceuticals International) 4.5% 2023	15,619	0.32	
€28,000,000 Bormioli Pharma Bidco FRN 2024	32,044	0.67	
€25,000,000 Burger King France 6% 2024	31,209	0.65	
€26,581,000 Burger King France FRN 2023	31,444	0.65	
€15,000,000 Cabot Financial Luxembourg 7.5% 2023	19,262	0.40	
€30,350,000 Cabot Financial Luxembourg FRN 2021	35,719	0.74	
€32,100,000 Carlson Travel FRN 2023	36,941	0.77	
€13,500,000 Fabric FRN 2024	15,566	0.32	

Portfolio statement (continued)

as at Holding	31.07.18 \$'000	31.07.18 %	31.01.18 %
'B' credit rated bonds (continued)			
€30,000,000 Federal-Mogul FRN 2024	35,382	0.74	
€15,000,000 Galaxy Bidco FRN 2020	19,460	0.40	
€19,500,000 Gamenet Group FRN 2023	21,896	0.46	
€37,000,000 Garfunkelux Holdco 3 8.5% 2022	47,281	0.98	
€38,000,000 Garfunkelux Holdco 3 FRN 2023 (2 Sep)	39,522	0.82	
€41,500,000 Garfunkelux Holdco 3 FRN 2023 (13 Sep)	42,114	0.88	
€50,997,000 Guala Closures FRN 2021	59,585	1.24	
€30,900,000 HEMA Bondco I FRN 2022	34,812	0.72	
€30,000,000 Iceland Bondco 4.625% 2025	36,341	0.75	
€8,000,000 Iceland Bondco 6.75% 2024	10,897	0.23	
€5,417,025 Iceland Bondco FRN 2020	7,095	0.15	
€17,500,000 Infopro Digital FRN 2022	20,697	0.43	
€21,765,000 Lecta FRN 2022	25,287	0.53	
€10,000,000 LGE Holdco 7.125% 2024	12,565	0.26	
€27,500,000 LHMC Finco FRN 2023	32,474	0.68	
€27,500,000 Limacorporate FRN 2023	31,769	0.66	
€18,423,000 LSF10 Wolverine Investments FRN 2024	21,566	0.45	
€25,000,000 Marcolin FRN 2023	29,174	0.61	
€32,500,000 Masaria Investments FRN 2024	35,982	0.75	
€45,000,000 Matterhorn Telecom 3.875% 2022	53,688	1.12	
€40,000,000 Matterhorn Telecom 4% 2027	44,614	0.93	
€7,428,569 Matterhorn Telecom FRN 2023	8,709	0.18	
€16,730,000 Montichem Holdco FRN 2021	19,482	0.41	
€15,000,000 Nemean Bondco FRN 2023	18,567	0.39	
€54,000,000 Nexi Capital FRN 2023	62,929	1.31	
€15,466,000 Novafives FRN 2025	17,888	0.37	
€20,000,000 Paprec Holding FRN 2025	23,552	0.49	
€124,000,000 Picard Groupe FRN 2023	143,979	2.99	
€20,496,000 Premier Foods Finance FRN 2022	27,117	0.56	
€20,000,000 Promontoria Holding 264 FRN 2023	23,442	0.49	
\$5,000,000 Reynolds Group 5.125% 2023	4,948	0.10	
\$56,208,247 Reynolds Group 5.75% 2020	56,208	1.17	
\$75,000,000 Reynolds Group FRN 2021	75,788	1.58	
€16,000,000 Royal Bank of Scotland Var. Rate Perp. (7.0916%)	18,288	0.38	
\$100,000 Royal Bank of Scotland Var. Rate Perp. (7.64%)	95	0.00	
€26,842,000 Schumann Group FRN 2022	31,343	0.65	
€32,370,000 Selecta Group FRN 2024	37,685	0.78	
€20,364,000 Snaitech FRN 2021	24,018	0.50	
€20,000,000 Stonegate Pub Company 4.875% 2022	25,994	0.54	
€19,000,000 Stonegate Pub Company FRN 2022	24,770	0.52	
€90,938,000 Synlab Bondco FRN 2022	106,720	2.22	
€12,350,000 TVL Finance FRN 2023	16,049	0.33	
€10,000,000 United Group 4.875% 2024	11,979	0.25	
€45,000,000 United Group FRN 2023	52,868	1.10	
\$5,000,000 Veritas 7.5% 2023	4,735	0.10	
€4,000,000 Vue International Bidco 7.875% 2020	5,272	0.11	
€4,900,000 Vue International Bidco FRN 2020	5,749	0.12	
\$2,000,000 Ziggo Bond Finance 5.875% 2025	1,862	0.04	
'CCC' credit rated bonds	51,723	1.08	1.30
\$14,675,000 Chesapeake Energy FRN 2019	14,602	0.30	
€29,900,000 New Look FRN 2022	18,126	0.38	
SEK164,990,000 Verisure Holding FRN 2023	18,995	0.40	
'D' credit rated bonds	14,008	0.29	0.00
€17,500,000 House of Fraser Funding FRN 2020	14,008	0.29	
Bonds with no credit rating	71,119	1.48	0.95
€10,140,000 Ardonagh Midco 3 8.375% 2023	13,480	0.28	
€22,657,000 Care UK Health FRN 2019	29,531	0.61	
€23,900,000 TeamSystem FRN 2023	28,108	0.59	

M&G Global Floating Rate High Yield Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)			
as at Holding	31.07.18 \$'000	31.07.18 %	31.01.18 %
Debt derivatives	71,401	1.48	1.48
Credit default swaps	76,470	1.59	1.68
€(3,000,000) Iceland Bondco Dec 2021	290	0.01	
€(25,000,000) Iceland Bondco Jun 2022	2,320	0.05	
\$(604,800,000) Markit CDX North American High Yield Series 25 5 Year Dec 2020	40,243	0.84	
\$(239,120,000) Markit CDX North American High Yield Series 26 5 Year Jun 2021	17,512	0.36	
€(21,000,000) Markit iTraxx Europe Xover Series 26 5 Year Dec 2021	2,471	0.05	
€(50,000,000) Markit iTraxx Europe Xover Series 27 5 Year Jun 2022	5,500	0.11	
€(5,000,000) Selecta Group Dec 2021	480	0.01	
€(10,000,000) Stonegate Pub Financing Jun 2022	1,500	0.03	
€(2,500,000) Vougeot Bidco Jun 2020	231	0.00	
€(25,000,000) Vue International Bidco Dec 2021	3,213	0.07	
€(20,000,000) Vue International Bidco Jun 2022	2,710	0.06	
Interest rate swaps	(14)	0.00	0.00
€10,373,000 Pay 5.25% Receive VAR Aug 2025	0	0.00	
\$5,000,000 Pay 5.375% Receive VAR Jul 2021	(14)	0.00	
Asset swaps	(5,055)	(0.11)	(0.20)
\$2,000,000 ADT Pay 3.5% Receive VAR Jul 2022	126	0.00	
\$20,000,000 Altice US Finance Pay 5.375% Receive VAR Jul 2023	19	0.00	
€20,000,000 Ardagh Packaging Finance Pay 2.75% Receive VAR Mar 2024	(260)	(0.01)	
€10,000,000 Ardagh Packaging Finance Pay 4.125% Receive VAR May 2023	(436)	(0.01)	
\$31,000,000 Ardagh Packaging Finance Pay 4.625% Receive VAR May 2023	647	0.01	
\$5,000,000 Ardagh Packaging Finance Pay 4.875% Receive VAR May 2027	113	0.00	
€5,000,000 Arena Luxembourg 2.875% Receive VAR Nov 2024	4	0.00	
\$1,000,000 BACR Pay 8.25% Receive VAR Dec 2018	4	0.00	
\$3,000,000 Bombardier Pay 8.75% Receive VAR Dec 2021	106	0.00	
€25,000,000 Burger King France Pay 6% Receive VAR May 2024	(1,683)	(0.04)	
€15,000,000 Cabot Financial Pay 7.5% Receive VAR Oct 2023	(986)	(0.02)	
€3,000,000 CBLCSY Pay 5% Receive VAR Oct 2023	19	0.00	
\$5,000,000 Cemex Finance Pay 5.7% Receive VAR Jan 2025	(136)	0.00	
\$10,000,000 Cemex Finance Pay 5.75% Receive VAR Jan 2025	340	0.01	
\$10,000,000 Cemex Finance Pay 6% Receive VAR Apr 2024	(105)	0.00	
\$30,000,000 Chesapeake Energy Pay 8% Receive VAR Dec 2022	(585)	(0.01)	
€5,000,000 Credit Suisse Pay 7.125% Receive VAR Perpetual	(217)	0.00	
\$5,000,000 Credit Suisse Pay 7.125% Receive VAR Perpetual	142	0.00	
€35,000,000 Garfunkelux Pay 8.5% Receive VAR Nov 2022	(1,659)	(0.03)	
€5,000,000 HCA Pay 4.5% Receive VAR Feb 2027	297	0.01	
\$38,000,000 HCA Pay 4.5% Receive VAR Feb 2027	2,423	0.05	
\$16,000,000 HCA Pay 5.5% Receive VAR Jun 2047	1,992	0.04	
€25,000,000 Iceland Bondco Pay 4.625% Receive VAR Mar 2025	1,030	0.02	

Portfolio statement (continued)

as at Holding	31.07.18 \$'000	31.07.18 %	31.01.18 %
Asset swaps (continued)			
£8,000,000 Iceland Bondco Pay 6.75% Receive VAR Jul 2024	(581)	(0.01)	
€40,000,000 Matterhorn Telecom Pay 4% Receive VAR Nov 2027	343	0.01	
€13,000,000 Nomad Foods Pay 3.25% Receive VAR May 2024	(43)	0.00	
€7,500,000 Quintiles Pay 3.25% Receive VAR Mar 2025	22	0.00	
\$5,000,000 Reynolds Pay 5.25% Receive VAR Jul 2023	32	0.00	
\$7,500,000 Sabine Pass Liquef Pay 5.75% Receive VAR Feb 2024	(248)	(0.01)	
€5,000,000 SFR Group Pay 5.625% VAR May 2024	(245)	(0.01)	
\$18,000,000 SFR Group Pay 6.25% VAR May 2024	102	0.00	
\$10,000,000 SFR Group Pay 7.375% VAR May 2026	120	0.00	
€4,000,000 Smurfit Kappa Pay 2.375% Receive VAR Feb 2024	(5)	0.00	
£1,000,000 Société Générale Pay 8.25% Receive VAR Nov 2018	1	0.00	
€20,000,000 Stonegate Pub Pay 4.875% Receive VAR Mar 2022	(59)	0.00	
€27,000,000 Telenet Finance Pay 4.875% Receive VAR Jul 2027	(1,891)	(0.04)	
\$5,000,000 THC Escrow Pay 4.625% VAR Apr 2024	214	0.01	
€10,000,000 United Group Pay 4.875% Receive VAR Jul 2024	(170)	0.00	
€10,000,000 Unity Media Kabelbw gmbh Pay 4% Receive VAR Jan 2025	(447)	(0.01)	
€5,000,000 Unity Pay 3.5% Receive VAR Jan 2027	(44)	0.00	
€25,000,000 Unity Pay 4% Receive VAR Jan 2025	(1,369)	(0.03)	
\$5,000,000 Unity Pay 5% Receive VAR Jan 2023	40	0.00	
\$4,000,000 Unity Pay 5% Receive VAR Jan 2025	174	0.00	
\$5,000,000 Veritas Pay 7.5% Receive VAR Feb 2023	313	0.01	
\$14,500,000 Virgin Media Pay 5.25% Receive VAR Jan 2026	619	0.01	
€2,000,000 Ziggo Pay 3.75% Receive VAR Jan 2023	(44)	0.00	
€4,000,000 Ziggo Pay 3.75% Receive VAR Jan 2025	(88)	0.00	
€45,000,000 Ziggo Pay 4.25% Receive VAR Jan 2027	(2,502)	(0.05)	
\$5,000,000 Ziggo Pay 5.5% Receive VAR Jan 2027	284	0.01	
\$2,000,000 Ziggo Pay 5.875% Receive VAR Jan 2025	125	0.00	
€10,000,000 Ziggo Pay 7.125% Receive VAR May 2024	(903)	(0.02)	
CURRENCY	(25,601)	(0.53)	(1.68)
Forward currency contracts	(25,601)	(0.53)	(1.68)
€(1,920,137,300) Sold for \$2,234,516,729 (expires 22.08.18)	(22,114)	(0.46)	
£(261,007,430) Sold for \$340,546,623 (expires 22.08.18)	(3,300)	(0.07)	
SEK(164,854,310) Sold for \$18,691,266 (expires 22.08.18)	(187)	0.00	
Portfolio of investments	4,246,955	88.34	83.19
CASH EQUIVALENTS	402,183	8.37	9.04
'AAA' rated money market funds [a]	402,183	8.37	9.04
402,183,000 Northern Trust Global Fund - US dollar	402,183	8.37	

M&G Global Floating Rate High Yield Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)				
as at		31.07.18	31.07.18	31.01.18
Holding		\$'000	%	%
	SHARE CLASS HEDGING	36,460	0.76	2.76
	Forward currency contracts for share class hedging	36,460	0.76	2.76
€2,355,220,591	Bought for \$2,740,700,751 (expires 22.08.18)	27,259	0.57	
€(6,207,537)	Sold for \$7,274,247 (expires 22.08.18)	(21)	0.00	
£572,149,536	Bought for \$746,069,648 (expires 22.08.18)	7,669	0.16	
£(17,995,958)	Sold for \$23,460,448 (expires 22.08.18)	(247)	(0.01)	
SGD64,705,922	Bought for \$47,303,851 (expires 23.08.18)	228	0.01	
SGD(1,102,906)	Sold for \$807,884 (expires 23.08.18)	(2)	0.00	
CHF136,352,610	Bought for \$136,648,781 (expires 22.08.18)	1,592	0.03	
CHF(1,753,865)	Sold for \$1,759,899 (expires 22.08.18)	(18)	0.00	
Total portfolio		4,685,598	97.47	94.99
Net other assets / (liabilities)		121,837	2.53	5.01
Net assets attributable to shareholders		4,807,435	100.00	100.00

All securities are on an official stock exchange listing except where referenced.

[a] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

Portfolio transactions		
for the six months to 31 July	2018	2017
Portfolio transactions	\$'000	\$'000
Total purchases	435,270	2,964,709
Total sales	553,453	644,859

Purchases and sales exclude the cost and proceeds of 'AAA' rated money market funds.

M&G Global Floating Rate High Yield Fund

Financial highlights

Fund performance

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

The following chart and tables show the performance for two of the fund's share classes – Sterling Class 'A-H' (Accumulation) shares and Sterling Class 'I-H' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A-H' (Accumulation) share is what most individuals investing directly with M&G have received. It has the highest ongoing charge of all the sterling share classes. Performance is shown after deduction of this charge. All UK investors in the fund therefore received this performance or better.
- The performance of the Sterling Class 'I-H' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share class used by the Investment Association in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

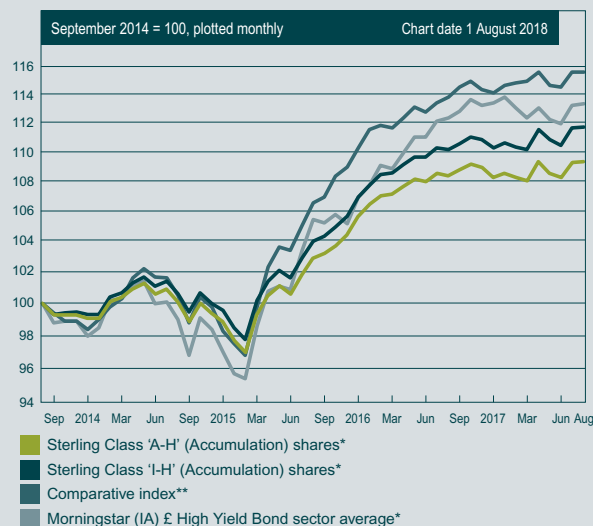
The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (7), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	31.07.18 \$'000	31.01.18 \$'000	31.01.17 \$'000
Fund net asset value (NAV)	4,807,435	5,456,246	2,160,036

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A-H' (Accumulation) shares and Sterling Class 'I-H' (Accumulation) shares.



* Income reinvested

** Past performance shown from 11 September 2014 to 31 March 2016 is the ICE BofAML Global Floating Rate High Yield (GBP Hedged) Index. Past performance shown from 1 April 2016 to 1 August 2018 is the ICE BofAML Global Floating Rate High Yield 3% Constrained (GBP Hedged) Index.

Source: Morningstar, Inc. and M&G

M&G Global Floating Rate High Yield Fund

Financial highlights

Fund performance

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested.

Long-term performance by share class				
	Six months 01.02.18 % ^[a]	Three years 03.08.15 % p.a.	Five years 01.08.13 % p.a.	Since launch % p.a.
Euro^[b]				
Class 'A-H'	+0.2	+2.1	n/a	+1.8 ^[c]
Class 'B-H'	-0.0	n/a	n/a	+1.9 ^[d]
Class 'C-H'	+0.5	+2.7	n/a	+2.4 ^[c]
Singapore dollar^[b]				
Class 'A-H'	+0.0	+3.4	n/a	+3.5 ^[e]
Class 'A-H M'	+0.8	n/a	n/a	+4.3 ^[f]
Class 'C-H M'	+1.1	n/a	n/a	+4.9 ^[f]
Sterling^[g]				
Class 'A-H'	+0.7	+2.7	n/a	+2.3 ^[c]
Class 'E-H'	+1.2	+3.5	n/a	+3.2 ^[c]
Class 'I-H'	+1.0	+3.3	n/a	+2.9 ^[c]
Class 'R-H'	+0.9	+3.0	n/a	+2.6 ^[c]
Swiss franc^[b]				
Class 'A-H'	-0.0	+1.6	n/a	+1.3 ^[c]
Class 'C-H'	+0.3	+2.2	n/a	+1.9 ^[c]
US dollar^[b]				
Class 'A'	+1.5	+3.8	n/a	+3.3 ^[c]
Class 'A M'	+1.2	n/a	n/a	+4.4 ^[f]
Class 'C'	+1.8	+4.5	n/a	+3.9 ^[c]
Class 'C M'	+1.5	n/a	n/a	+5.0 ^[f]

^[a] Absolute basis.

^[b] Price to price with gross income reinvested.

^[c] 11 September 2014, the launch date of the fund.

^[d] 11 September 2015, the launch date of the share class.

^[e] 16 January 2015, the launch date of the share class.

^[f] 9 October 2015, the launch date of the share class.

^[g] Price to price with income reinvested.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depository, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. Operating charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are the same as the ongoing charges shown in the Key Investor Information Document, other than where an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

For this fund there is no difference between operating charges and ongoing charges figures, unless disclosed under the specific share class performance table.

Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and method of execution. They are made up of direct and indirect portfolio transaction costs:

- **Direct portfolio transaction costs:** Broker execution commission and taxes.
- **Indirect portfolio transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. As the fund invests wholly in fixed interest securities no direct portfolio transaction costs are applicable. To give an indication of the indirect portfolio dealing costs the table below shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs				
as at	31.07.18	31.01.18	31.01.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.63	0.51	0.66	0.60

^[a] Average of first three columns.

M&G Global Floating Rate High Yield Fund

Financial highlights

Specific share class performance

The following tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

Euro Class 'A-H' Income share performance

The share class was launched on 11 September 2014.

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	950.86	974.87	930.76
Return before operating charges and after direct portfolio transaction costs	1.36	30.74	93.98
Operating charges	(6.73)	(14.16)	(13.85)
Return after operating charges	(5.37)	16.58	80.13
Distributions	(21.01)	(40.59)	(36.02)
Closing NAV	924.48	950.86	974.87
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.45
Return after operating charges	-0.56	+1.70	+8.61
Distribution yield	4.47	4.10	4.14
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (\$'000)	336,003	348,615	99,028
Closing NAV percentage of total fund NAV (%)	6.99	6.39	4.59
Number of shares	30,970,197	29,437,700	9,448,121
Highest share price (Euro ¢)	956.92	989.60	992.01
Lowest share price (Euro ¢)	932.75	959.35	923.39

Euro Class 'A-H' Accumulation share performance

The share class was launched on 11 September 2014.

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,070.83	1,052.67	968.33
Return before operating charges and after direct portfolio transaction costs	1.86	33.67	99.03
Operating charges	(7.64)	(15.51)	(14.69)
Return after operating charges	(5.78)	18.16	84.34
Distributions	(16.42)	(29.38)	(30.48)
Retained distributions	16.42	29.38	30.48
Closing NAV	1,065.05	1,070.83	1,052.67
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.45
Return after operating charges	-0.54	+1.73	+8.71
Distribution yield	3.07	2.71	2.74
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	1,398,141	1,715,358	585,633
Closing NAV percentage of total fund NAV (%)	29.08	31.44	27.11
Number of shares	111,860,786	128,620,587	51,744,585
Highest share price (Euro ¢)	1,077.72	1,080.71	1,059.45
Lowest share price (Euro ¢)	1,062.04	1,058.51	960.04

Euro Class 'B-H' Income share performance

The share class was launched on 11 September 2015.

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	965.39	994.48	952.41
Return before operating charges and after direct portfolio transaction costs	1.67	31.74	95.64
Operating charges	(9.21)	(19.51)	(19.11)
Return after operating charges	(7.54)	12.23	76.53
Distributions	(21.32)	(41.32)	(34.46)
Closing NAV	936.53	965.39	994.48
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.94	1.93	1.97
Return after operating charges	-0.78	+1.23	+8.04
Distribution yield	4.48	4.11	4.14
Effect on yield of charges offset against capital	1.92	1.92	1.92
Other information			
Closing NAV (\$'000)	47,788	52,998	8,944
Closing NAV percentage of total fund NAV (%)	1.00	0.97	0.41
Number of shares	4,348,073	4,407,914	836,515
Highest share price (Euro ¢)	970.40	1,008.40	1,012.02
Lowest share price (Euro ¢)	945.25	974.46	944.87

M&G Global Floating Rate High Yield Fund

Financial highlights

Specific share class performance

Euro Class 'B-H' Accumulation share performance

The share class was launched on 11 September 2015.

Change in NAV per share	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Opening NAV	1,056.49	1,043.92	965.30
Return before operating charges and after direct portfolio transaction costs	2.42	33.39	98.49
Operating charges	(10.13)	(20.82)	(19.87)
Return after operating charges	(7.71)	12.57	78.62
Distributions	(13.63)	(23.77)	(25.27)
Retained distributions	13.63	23.77	25.27
Closing NAV	1,048.78	1,056.49	1,043.92
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.94	1.93	1.98*
Return after operating charges	-0.73	+1.20	+8.14
Distribution yield	2.57	2.21	2.26
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	111,455	118,135	22,795
Closing NAV percentage of total fund NAV (%)	2.32	2.16	1.06
Number of shares	9,055,465	8,978,117	2,030,993
Highest share price (Euro ¢)	1,062.16	1,067.63	1,050.60
Lowest share price (Euro ¢)	1,046.20	1,049.63	956.79

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 1.94% is a more reliable estimate of the year to 31.01.17 ongoing charges.

Euro Class 'C-H' Income share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Opening NAV	958.55	976.78	930.22
Return before operating charges and after direct portfolio transaction costs	1.51	30.84	93.55
Operating charges	(3.97)	(8.27)	(8.07)
Return after operating charges	(2.46)	22.57	85.48
Distributions	(21.22)	(40.80)	(38.92)
Closing NAV	934.87	958.55	976.78
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.84	0.83	0.84
Return after operating charges	-0.26	+2.31	+9.19
Distribution yield	4.47	4.10	4.13
Effect on yield of charges offset against capital	0.82	0.82	0.82
Other information			
Closing NAV (\$'000)	103,037	113,986	54,289
Closing NAV percentage of total fund NAV (%)	2.14	2.09	2.51
Number of shares	9,391,580	9,547,870	5,169,530
Highest share price (Euro ¢)	965.89	992.91	994.03
Lowest share price (Euro ¢)	942.77	966.10	923.19

Euro Class 'C-H' Accumulation share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Opening NAV	1,091.18	1,066.28	975.64
Return before operating charges and after direct portfolio transaction costs	1.81	34.07	99.24
Operating charges	(4.54)	(9.17)	(8.60)
Return after operating charges	(2.73)	24.90	90.64
Distributions	(19.94)	(36.35)	(36.96)
Retained distributions	19.94	36.35	36.96
Closing NAV	1,088.45	1,091.18	1,066.28
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.84	0.83	0.84
Return after operating charges	-0.25	+2.34	+9.29
Distribution yield	3.66	3.30	3.33
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	760,009	984,744	408,045
Closing NAV percentage of total fund NAV (%)	15.81	18.05	18.89
Number of shares	59,499,126	72,460,427	35,593,143
Highest share price (Euro ¢)	1,099.59	1,099.42	1,073.24
Lowest share price (Euro ¢)	1,084.70	1,072.30	967.42

Singapore dollar Class 'A-H' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.07.18 Singapore ¢	Year to 31.01.18 Singapore ¢	Year to 31.01.17 Singapore ¢
Opening NAV	1,017.39	1,027.42	964.63
Return before operating charges and after direct portfolio transaction costs	11.31	48.08	115.11
Operating charges	(7.24)	(14.87)	(14.48)
Return after operating charges	4.07	33.21	100.63
Distributions	(22.58)	(43.24)	(37.84)
Closing NAV	998.88	1,017.39	1,027.42
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.46
Return after operating charges	+0.40	+3.23	+10.43
Distribution yield	4.48	4.13	4.14
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (\$'000)	7,825	8,273	3,450
Closing NAV percentage of total fund NAV (%)	0.16	0.15	0.16
Number of shares	1,066,747	1,063,585	475,439
Highest share price (Singapore ¢)	1,028.02	1,046.75	1,045.03
Lowest share price (Singapore ¢)	1,005.48	1,023.21	957.84

M&G Global Floating Rate High Yield Fund

Financial highlights

Specific share class performance

Singapore dollar Class 'A-H M' Income share performance

The share class was launched on 9 October 2015.

Change in NAV per share	Six months to 31.07.18 Singapore ¢	Year to 31.01.18 Singapore ¢	Year to 31.01.17 Singapore ¢
Opening NAV	1,017.64	1,026.93	964.67
Return before operating charges and after direct portfolio transaction costs	11.07	48.67	114.33
Operating charges	(7.19)	(14.89)	(14.65)
Return after operating charges	3.88	33.78	99.68
Distributions	(22.76)	(43.07)	(37.42)
Closing NAV	998.76	1,017.64	1,026.93
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.58*
Return after operating charges	+0.38	+3.29	+10.33
Distribution yield	4.48	4.13	4.14
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (\$'000)	37,480	31,062	3,904
Closing NAV percentage of total fund NAV (%)	0.78	0.57	0.18
Number of shares	5,110,198	3,992,367	538,137
Highest share price (Singapore ¢)	1,022.10	1,040.74	1,037.50
Lowest share price (Singapore ¢)	998.48	1,019.15	957.87

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 1.45% is a more reliable estimate of the year to 31.01.17 ongoing charges.

Singapore dollar Class 'C-H M' Income share performance

The share class was launched on 9 October 2015.

Change in NAV per share	Six months to 31.07.18 Singapore ¢	Year to 31.01.18 Singapore ¢	Year to 31.01.17 Singapore ¢
Opening NAV	1,026.09	1,028.97	963.54
Return before operating charges and after direct portfolio transaction costs	11.07	49.13	114.11
Operating charges	(4.26)	(8.72)	(8.36)
Return after operating charges	6.81	40.41	105.75
Distributions	(22.99)	(43.29)	(40.32)
Closing NAV	1,009.91	1,026.09	1,028.97
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.84	0.83	0.84
Return after operating charges	+0.66	+3.93	+10.98
Distribution yield	4.48	4.13	4.14
Effect on yield of charges offset against capital	0.82	0.82	0.82
Other information			
Closing NAV (\$'000)	1,106	1,349	47
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.00
Number of shares	149,079	172,012	6,401
Highest share price (Singapore ¢)	1,030.98	1,044.87	1,039.54
Lowest share price (Singapore ¢)	1,009.18	1,026.99	956.98

Sterling Class 'A-H' Income share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Opening NAV	97.97	99.59	94.16
Return before operating charges and after direct portfolio transaction costs	0.70	3.99	10.58
Operating charges	(0.70)	(1.44)	(1.41)
Return after operating charges	0.00	2.55	9.17
Distributions	(2.18)	(4.17)	(3.74)
Closing NAV	95.79	97.97	99.59
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.44
Return after operating charges	0.00	+2.56	+9.74
Distribution yield	4.46	4.08	4.12
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (\$'000)	19,090	20,134	9,680
Closing NAV percentage of total fund NAV (%)	0.40	0.37	0.45
Number of shares	15,139,973	14,513,032	7,799,962
Highest share price (UK p)	98.81	101.29	101.12
Lowest share price (UK p)	96.54	98.72	93.38

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Opening NAV	108.50	105.77	96.95
Return before operating charges and after direct portfolio transaction costs	0.83	4.29	10.91
Operating charges	(0.78)	(1.56)	(1.46)
Return after operating charges	0.05	2.73	9.45
Distributions	(1.68)	(2.97)	(3.18)
Retained distributions	1.68	2.97	2.55
Closing NAV	108.55	108.50	105.77
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.44
Return after operating charges	+0.05	+2.58	+9.75
Distribution yield	3.06	2.69	2.74
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	17,723	23,374	12,046
Closing NAV percentage of total fund NAV (%)	0.37	0.43	0.56
Number of shares	12,402,750	15,212,723	9,138,957
Highest share price (UK p)	109.44	109.20	106.45
Lowest share price (UK p)	107.86	106.36	96.09

M&G Global Floating Rate High Yield Fund

Financial highlights

Specific share class performance

Sterling Class 'E-H' Income share performance

The share class was launched on 3 October 2014.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	99.19	99.94	94.15
Return before operating charges and after direct portfolio transaction costs	0.69	4.03	10.52
Operating charges	(0.29)	(0.59)	(0.58)
Return after operating charges	0.40	3.44	9.94
Distributions	(2.22)	(4.19)	(4.15)
Closing NAV	97.37	99.19	99.94
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.59	0.58	0.59
Return after operating charges	+0.40	+3.44	+10.56
Distribution yield	4.46	4.08	4.12
Effect on yield of charges offset against capital	0.57	0.57	0.57
Other information			
Closing NAV (\$'000)	34,827	40,804	42,029
Closing NAV percentage of total fund NAV (%)	0.73	0.75	1.95
Number of shares	27,172,607	29,048,554	33,748,077
Highest share price (UK p)	100.21	102.00	101.47
Lowest share price (UK p)	98.02	99.81	93.39

Sterling Class 'E-H' Accumulation share performance

The share class was launched on 11 September 2014.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	111.38	107.69	98.01
Return before operating charges and after direct portfolio transaction costs	0.88	4.33	11.10
Operating charges	(0.33)	(0.64)	(0.61)
Return after operating charges	0.55	3.69	10.49
Distributions	(2.19)	(3.94)	(4.07)
Retained distributions	2.19	3.94	3.26
Closing NAV	111.93	111.38	107.69
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.59	0.58	0.59
Return after operating charges	+0.49	+3.43	+10.70
Distribution yield	3.90	3.52	3.57
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	8,610	9,486	40,008
Closing NAV percentage of total fund NAV (%)	0.18	0.17	1.85
Number of shares	5,844,404	6,013,824	29,813,464
Highest share price (UK p)	112.65	112.04	108.38
Lowest share price (UK p)	110.76	108.29	97.15

Sterling Class 'I-H' Income share performance

The share class was launched on 11 September 2014.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	98.88	99.87	94.11
Return before operating charges and after direct portfolio transaction costs	0.69	4.05	10.60
Operating charges	(0.41)	(0.84)	(0.81)
Return after operating charges	0.28	3.21	9.79
Distributions	(2.21)	(4.20)	(4.03)
Closing NAV	96.95	98.88	99.87
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.84	0.83	0.84
Return after operating charges	+0.28	+3.21	+10.40
Distribution yield	4.46	4.08	4.13
Effect on yield of charges offset against capital	0.82	0.82	0.82
Other information			
Closing NAV (\$'000)	314,034	312,252	215,208
Closing NAV percentage of total fund NAV (%)	6.53	5.72	9.96
Number of shares	246,092,445	222,997,145	172,929,829
Highest share price (UK p)	99.83	101.80	101.40
Lowest share price (UK p)	97.62	99.53	93.34

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 11 September 2014.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	110.56	107.11	97.69
Return before operating charges and after direct portfolio transaction costs	0.79	4.38	11.03
Operating charges	(0.46)	(0.93)	(0.86)
Return after operating charges	0.33	3.45	10.17
Distributions	(2.04)	(3.68)	(3.79)
Retained distributions	2.04	3.68	3.04
Closing NAV	110.89	110.56	107.11
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.84	0.83	0.84
Return after operating charges	+0.30	+3.22	+10.41
Distribution yield	3.65	3.28	3.32
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	330,383	373,628	113,868
Closing NAV percentage of total fund NAV (%)	6.87	6.85	5.27
Number of shares	226,344,390	238,628,804	85,306,938
Highest share price (UK p)	111.65	111.21	107.80
Lowest share price (UK p)	109.96	107.72	96.83

M&G Global Floating Rate High Yield Fund

Financial highlights

Specific share class performance

Sterling Class 'R-H' Income share performance

The share class was launched on 11 September 2014.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	98.33	99.68	94.13
Return before operating charges and after direct portfolio transaction costs	0.69	4.06	10.57
Operating charges	(0.58)	(1.22)	(1.16)
Return after operating charges	0.11	2.84	9.41
Distributions	(2.19)	(4.19)	(3.86)
Closing NAV	96.25	98.33	99.68
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.19	1.18	1.19
Return after operating charges	+0.11	+2.85	+10.00
Distribution yield	4.46	4.09	4.13
Effect on yield of charges offset against capital	1.17	1.17	1.17
Other information			
Closing NAV (\$'000)	1,059	1,158	106
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.01
Number of shares	835,751	831,563	85,320
Highest share price (UK p)	99.23	101.46	101.21
Lowest share price (UK p)	96.98	99.04	93.36

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 11 September 2014.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	109.51	106.43	97.31
Return before operating charges and after direct portfolio transaction costs	0.83	4.39	11.01
Operating charges	(0.64)	(1.31)	(1.21)
Return after operating charges	0.19	3.08	9.80
Distributions	(1.83)	(3.28)	(3.41)
Retained distributions	1.83	3.28	2.73
Closing NAV	109.70	109.51	106.43
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.19	1.18	1.20
Return after operating charges	+0.17	+2.89	+10.07
Distribution yield	3.31	2.95	2.97
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	577	388	68
Closing NAV percentage of total fund NAV (%)	0.01	0.01	0.00
Number of shares	399,254	250,227	51,567
Highest share price (UK p)	110.51	110.15	107.11
Lowest share price (UK p)	108.87	107.02	96.44

Swiss franc Class 'A-H' Income share performance

The share class was launched on 14 December 2015.

	Six months to 31.07.18 Swiss ¢	Year to 31.01.18 Swiss ¢	Year to 31.01.17 Swiss ¢
Change in NAV per share			
Opening NAV	996.61	1,025.62	984.32
Return before operating charges and after direct portfolio transaction costs	(0.35)	28.44	93.84
Operating charges	(7.06)	(14.76)	(14.65)
Return after operating charges	(7.41)	13.68	79.19
Distributions	(22.06)	(42.69)	(37.89)
Closing NAV	967.14	996.61	1,025.62
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.45
Return after operating charges	-0.74	+1.33	+8.05
Distribution yield	4.46	4.06	4.12
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (\$'000)	8,946	10,099	645
Closing NAV percentage of total fund NAV (%)	0.19	0.18	0.03
Number of shares	913,780	945,305	62,397
Highest share price (Swiss ¢)	1,001.96	1,040.18	1,043.65
Lowest share price (Swiss ¢)	976.08	1,006.11	976.45

Swiss franc Class 'A-H' Accumulation share performance

The share class was launched on 11 September 2014.

	Six months to 31.07.18 Swiss ¢	Year to 31.01.18 Swiss ¢	Year to 31.01.17 Swiss ¢
Change in NAV per share			
Opening NAV	1,050.85	1,037.16	958.85
Return before operating charges and after direct portfolio transaction costs	(0.19)	28.87	92.71
Operating charges	(7.48)	(15.18)	(14.40)
Return after operating charges	(7.67)	13.69	78.31
Distributions	(16.16)	(29.01)	(30.09)
Retained distributions	16.16	29.01	30.09
Closing NAV	1,043.18	1,050.85	1,037.16
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.44
Return after operating charges	-0.73	+1.32	+8.17
Distribution yield	3.06	2.68	2.74
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	19,601	21,858	5,087
Closing NAV percentage of total fund NAV (%)	0.41	0.40	0.24
Number of shares	1,856,197	1,940,425	486,868
Highest share price (Swiss ¢)	1,056.76	1,061.99	1,043.88
Lowest share price (Swiss ¢)	1,040.55	1,043.02	950.53

M&G Global Floating Rate High Yield Fund

Financial highlights

Specific share class performance

Swiss franc Class 'C-H' Income share performance

The share class was launched on 14 December 2015.

Change in NAV per share	Six months to 31.07.18 Swiss ¢	Year to 31.01.18 Swiss ¢	Year to 31.01.17 Swiss ¢
Opening NAV	1,005.03	1,027.93	983.59
Return before operating charges and after direct portfolio transaction costs	0.08	28.68	93.71
Operating charges	(4.15)	(8.63)	(8.72)
Return after operating charges	(4.07)	20.05	84.99
Distributions	(22.29)	(42.95)	(40.65)
Closing NAV	978.67	1,005.03	1,027.93
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.84	0.83	0.87*
Return after operating charges	-0.40	+1.95	+8.64
Distribution yield	4.46	4.06	4.09
Effect on yield of charges offset against capital	0.82	0.82	0.82
Other information			
Closing NAV (\$'000)	27,003	28,187	5,220
Closing NAV percentage of total fund NAV (%)	0.56	0.52	0.24
Number of shares	2,725,787	2,616,376	504,019
Highest share price (Swiss ¢)	1,011.89	1,043.61	1,045.63
Lowest share price (Swiss ¢)	987.15	1,013.35	976.04

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 0.84% is a more reliable estimate of the year to 31.01.17 ongoing charges.

Swiss franc Class 'C-H' Accumulation share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 Swiss ¢	Year to 31.01.18 Swiss ¢	Year to 31.01.17 Swiss ¢
Opening NAV	1,073.11	1,053.01	968.51
Return before operating charges and after direct portfolio transaction costs	(0.11)	29.11	93.11
Operating charges	(4.46)	(9.01)	(8.61)
Return after operating charges	(4.57)	20.10	84.50
Distributions	(19.65)	(35.93)	(36.81)
Retained distributions	19.65	35.93	36.81
Closing NAV	1,068.54	1,073.11	1,053.01
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.84	0.83	0.84
Return after operating charges	-0.43	+1.91	+8.72
Distribution yield	3.65	3.26	3.33
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	80,774	91,551	15,968
Closing NAV percentage of total fund NAV (%)	1.68	1.68	0.74
Number of shares	7,467,813	7,958,867	1,505,156
Highest share price (Swiss ¢)	1,080.57	1,082.73	1,059.67
Lowest share price (Swiss ¢)	1,065.35	1,058.82	959.43

US dollar Class 'A' Income share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	993.68	997.78	939.87
Return before operating charges and after direct portfolio transaction costs	15.12	52.43	108.40
Operating charges	(7.00)	(14.30)	(13.90)
Return after operating charges	8.12	38.13	94.50
Distributions	(22.18)	(42.23)	(36.59)
Closing NAV	979.62	993.68	997.78
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.42	1.41	1.42
Return after operating charges	+0.82	+3.82	+10.05
Distribution yield	4.50	4.16	4.19
Effect on yield of charges offset against capital	1.40	1.40	1.40
Other information			
Closing NAV (\$'000)	143,584	133,320	40,252
Closing NAV percentage of total fund NAV (%)	2.99	2.44	1.86
Number of shares	14,657,120	13,416,855	4,034,134
Highest share price (US ¢)	1,005.72	1,019.64	1,015.20
Lowest share price (US ¢)	984.93	998.42	932.30

US dollar Class 'A' Accumulation share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,116.21	1,074.83	975.60
Return before operating charges and after direct portfolio transaction costs	16.96	57.05	113.95
Operating charges	(7.90)	(15.67)	(14.72)
Return after operating charges	9.06	41.38	99.23
Distributions	(17.36)	(30.77)	(31.02)
Retained distributions	17.36	30.77	31.02
Closing NAV	1,125.27	1,116.21	1,074.83
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.42	1.41	1.43
Return after operating charges	+0.81	+3.85	+10.17
Distribution yield	3.11	2.76	2.79
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	375,538	377,860	120,204
Closing NAV percentage of total fund NAV (%)	7.81	6.93	5.57
Number of shares	33,373,165	33,852,188	11,183,488
Highest share price (US ¢)	1,132.54	1,122.65	1,081.80
Lowest share price (US ¢)	1,110.37	1,081.00	967.03

M&G Global Floating Rate High Yield Fund

Financial highlights

Specific share class performance

US dollar Class 'A M' Income share performance

The share class was launched on 9 October 2015.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,016.28	1,020.49	961.47
Return before operating charges and after direct portfolio transaction costs	15.26	53.42	110.95
Operating charges	(7.13)	(14.59)	(14.63)
Return after operating charges	8.13	38.83	96.32
Distributions	(22.79)	(43.04)	(37.30)
Closing NAV	1,001.62	1,016.28	1,020.49

Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.42	1.41	1.52*
Return after operating charges	+0.80	+3.81	+10.02
Distribution yield	4.50	4.16	4.19
Effect on yield of charges offset against capital	1.40	1.40	1.40

Other information

Closing NAV (\$'000)	150,799	165,494	38,940
Closing NAV percentage of total fund NAV (%)	3.14	3.03	1.80
Number of shares	15,055,622	16,284,356	3,815,836
Highest share price (US ¢)	1,021.58	1,035.67	1,030.99
Lowest share price (US ¢)	1,000.79	1,017.23	953.71

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 1.43% is a more reliable estimate of the year to 31.01.17 ongoing charges.

US dollar Class 'C' Income share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,002.78	1,000.85	939.85
Return before operating charges and after direct portfolio transaction costs	15.27	52.72	108.52
Operating charges	(4.08)	(8.30)	(8.25)
Return after operating charges	11.19	44.42	100.27
Distributions	(22.42)	(42.49)	(39.27)
Closing NAV	991.55	1,002.78	1,000.85

Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.82	0.81	0.83
Return after operating charges	+1.12	+4.44	+10.67
Distribution yield	4.50	4.16	4.18
Effect on yield of charges offset against capital	0.80	0.80	0.80

Other information

Closing NAV (\$'000)	81,838	84,464	23,260
Closing NAV percentage of total fund NAV (%)	1.70	1.55	1.08
Number of shares	8,253,520	8,422,982	2,323,991
Highest share price (US ¢)	1,016.22	1,025.85	1,018.31
Lowest share price (US ¢)	996.11	1,006.63	932.50

US dollar Class 'C' Accumulation share performance

The share class was launched on 11 September 2014.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,138.74	1,089.98	983.41
Return before operating charges and after direct portfolio transaction costs	17.34	57.92	115.11
Operating charges	(4.66)	(9.16)	(8.54)
Return after operating charges	12.68	48.76	106.57
Distributions	(21.10)	(38.02)	(37.70)
Retained distributions	21.10	38.02	37.70
Closing NAV	1,151.42	1,138.74	1,089.98

Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.82	0.81	0.82
Return after operating charges	+1.11	+4.47	+10.84
Distribution yield	3.70	3.36	3.39
Effect on yield of charges offset against capital	0.00	0.00	0.00

Other information

Closing NAV (\$'000)	371,751	369,700	284,326
Closing NAV percentage of total fund NAV (%)	7.73	6.78	13.16
Number of shares	32,286,413	32,465,819	26,085,507
Highest share price (US ¢)	1,158.82	1,145.20	1,097.02
Lowest share price (US ¢)	1,133.06	1,096.25	975.00

US dollar Class 'C M' Income share performance

The share class was launched on 9 October 2015.

Change in NAV per share	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Opening NAV	1,024.38	1,022.45	960.36
Return before operating charges and after direct portfolio transaction costs	15.45	53.62	110.51
Operating charges	(4.16)	(8.44)	(8.15)
Return after operating charges	11.29	45.18	102.36
Distributions	(23.01)	(43.25)	(40.27)
Closing NAV	1,012.66	1,024.38	1,022.45

Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.82	0.81	0.88*
Return after operating charges	+1.10	+4.42	+10.66
Distribution yield	4.50	4.16	4.19
Effect on yield of charges offset against capital	0.80	0.80	0.80

Other information

Closing NAV (\$'000)	18,454	17,969	6,986
Closing NAV percentage of total fund NAV (%)	0.38	0.33	0.32
Number of shares	1,822,354	1,754,172	683,249
Highest share price (US ¢)	1,031.04	1,040.23	1,032.97
Lowest share price (US ¢)	1,011.31	1,024.74	952.84

* Due to investor inflows, the share class NAV increased significantly towards the end of the year, therefore 0.83% is a more reliable estimate of the year to 31.01.17 ongoing charges.

^[a] In respect of direct portfolio transaction costs.

^[b] As a percentage of average net asset value.

M&G Global Floating Rate High Yield Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 July	2018		2017	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains / (losses)		(328,307)		283,793
Revenue	113,873		81,350	
Expenses	(29,583)		(22,543)	
Net revenue / (expense) before taxation	84,290		58,807	
Taxation	(2)		(89)	
Net revenue / (expense) after taxation		84,288		58,718
Total return before distributions		(244,019)		342,511
Distributions		(90,929)		(63,262)
Change in net assets attributable to shareholders from investment activities		(334,948)		279,249

Statement of change in net assets attributable to shareholders

for the six months to 31 July	2018		2017	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		5,456,246		2,160,036
Amounts received on issue of shares	383,426		2,683,650	
Amounts paid on cancellation of shares	(758,071)		(357,524)	
		(374,645)		2,326,126
Dilution adjustments		1,675		6,425
Change in net assets attributable to shareholders from investment activities (see above)		(334,948)		279,249
Retained distributions on Accumulation shares		59,107		48,359
Closing net assets attributable to shareholders		4,807,435		4,820,195

The opening net assets attributable to shareholders for 2018 differs to the closing position in 2017 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	31 July 2018	31 January 2018
	\$'000	\$'000
Assets		
Fixed assets		
Investments	4,324,024	4,803,824
Current assets		
Debtors	50,619	185,653
Cash and bank balances	148,680	351,303
Cash equivalents	402,183	493,073
Total assets	4,925,506	5,833,853
Liabilities		
Investment liabilities	(40,609)	(114,266)
Creditors		
Distribution payable	(14,954)	(14,544)
Other creditors	(62,508)	(248,797)
Total liabilities	(118,071)	(377,607)
Net assets attributable to shareholders	4,807,435	5,456,246

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 4.

Distribution policy

In determining the amount available for distribution to Income shares, the annual management charge, administration charge and share class hedging charge are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

M&G Pan European Dividend Fund

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Investment objective

The fund has three aims:

- to deliver an income stream that increases every year.
- to deliver a yield above that available from the MSCI Europe Index over any five-year period.
- to deliver a higher total return (the combination of income and growth of capital) than that of the MSCI Europe Index over any five-year period.

Investment policy

At least 70% of the fund is invested in a range of European equities. The fund may invest across a wide range of geographies, sectors and market capitalisations. The fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities, warrants and derivatives. The fund's exposure to European equities may be gained through the use of derivatives. Derivatives may be used for efficient portfolio management.

Investment approach

The fund manager employs a bottom-up stockpicking approach, driven by the fundamental analysis of individual companies. The fund manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The fund manager believes rising dividends create upward pressure on the value of shares. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a diversified portfolio with exposure to a broad range of countries and sectors. The fund manager selects stocks with different drivers of dividend growth to construct a portfolio that has the potential to cope in a variety of market conditions. The Fund invests with a long-term view of typically three to five years. When attempting to grow distributions, the fund manager's main focus is on delivering an increase in euro terms.

Risk profile

The fund invests in the shares of European-listed companies and is, therefore, subject to the price volatility of the European stockmarket and the performance of its individual companies. The fund's focus is on shares of companies that have the potential to grow their dividends over the long term. Income distributions from the fund's holdings, however, are not guaranteed and may vary. Diversification is therefore key both in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

The following table shows the risk number associated with the fund and is based on Sterling Class 'A' shares.



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has not changed during this period.

Investment review

As at 1 August 2018, for the six months ended 31 July 2018

Distribution summary

Over the six-month review period, the fund distributed income of 27.33 cents per Euro Class 'A' (Income) share. This is 2.0% higher than the distribution for the same period in the previous financial year. The Sterling Class 'A' (Income) shares distributed 2.65 pence per share, an increase of 1.5%. The payout for the Euro Class 'A' (Income) share represented a yield (distributed income as a percentage of the share price) of 4.20% versus a yield of 3.37% for the MSCI Europe Index, a comparative index; for Sterling Class 'A' (Income) shares, the yield was 4.17%.

We are pleased that fund distributions have increased compared to the same period last year, especially in the context of continued uncertainty around Brexit putting further strain on the UK economy and currency.

The higher distributions were also achieved in an environment where dividends from Europe's biggest companies have struggled to grow. This has favoured our investment bias towards large companies (but not 'mega caps') with scope to grow and this has enabled us to harvest good dividend growth across the portfolio, from financials – with Erste Bank, for example, increasing its dividend by 20% – to industrials, such as Kone which raised its dividend by nearly 7%. (Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.)

In terms of dividend growth, it is worth highlighting the differences between stocks with a high yield and stocks offering growing dividends, as their dynamics can be substantially different. Companies able to deliver growing dividends tend to reflect a combination of competitiveness and financial discipline, while companies which offer a static high yield may possibly be short of growth opportunities. The latter companies may also, at times, be paying high dividends with the aim of fulfilling investors' expectations at the expense of their balance sheets or at the expense of investment into future growth.

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Investment review

Distribution summary (continued)

In this context, we think there are excellent opportunities for those who are prepared to look beneath the surface. Being selective regarding the quality of dividends and the ability of companies to remain competitive and grow their payments remains paramount. In this context, we are pleased that the majority of the fund's holdings continued to deliver dividend growth in the region of 5% to 15%. Our top 10 holdings were well represented in this core group, including financial companies Banca Intesa San Paolo and Sampo, as well as the more defensive British American Tobacco (BAT) and RELX (defensive companies tend to have steady earnings and are less affected by the peaks and troughs in the economy). BAT raised its dividend for 2018 by 15% in sterling, up from 10% in 2017, while RELX, the provider of information and analytics, stepped up its rate of dividend growth from 8% to nearly 10% in euros, as the company reported results for the first half of 2018.

Financial stocks featured particularly strongly, with Erste Group reporting a 20% dividend increase – as mentioned above – Banca IFIS delivering a 22% dividend increase and Banca Intesa San Paolo, our other Italian bank, announcing a 14% dividend increase, closely matched by insurer Sampo with a 13% increase. KBC and Nordea Bank closed the ranks for the sector with dividend increases of 7% and 4% respectively. Tobacco stocks remained reliable, with dividend increases of 15% for BAT and 10% for Imperial Tobacco. Finally, GVC Holdings, the online gaming company, also deserves a mention, with a 13% dividend increase.

In addition to growth in regular dividends, we saw the continuation of special dividends as a theme, although a less prominent one than in the previous year. Special dividends should be treated as 'bonus' events, which should not be expected to occur on a regular basis, in our opinion.

However, not all of our holdings delivered dividend growth. To some extent, we need to expect that holdings might, at times, struggle to deliver the growth we anticipate, whether because of an opportunistic situation (such as an acquisition to support future growth) or a specific and temporary issue. We have to remain pragmatic about this, as we run an active portfolio exposed to companies balancing growth prospects and dividend payments. As an example, Essentra kept its dividend flat as its new management team began to deliver the operational turnaround of its collection of niche growth businesses. AstraZeneca lowered its dividend, having hit the growth phase in its new drug pipeline. We had a few other dividend cuts, including ams, the Austrian microchip sensor company, and SES, the Luxembourg-based satellite company – these were linked to operational issues, as both companies had to reduce their expectations for the year on the back of softer order books.

Against this backdrop, we managed to maintain a yield above that of the MSCI Europe Index. We are very aware that the combination of a high yield and rising distributions is important to many of our investors, and we remain focused on meeting these twin income objectives. These should help investors protect against inflation.

The fund's distribution and distribution yield are shown in the 'Specific share class performance' tables in this report. The distribution is subject to changes in the market environment, and there is no guarantee that the fund will increase the distribution in every reporting period. In keeping with prior years under the fund manager's tenure, special dividends formed a component of the fund's income, and these dividends should be seen as special and not necessarily recurring.

Performance against objective

Between 1 February 2018 (the start of the review period) and 1 August 2018, the fund underperformed the MSCI Europe Index, with dollar and sterling share classes falling for the six-month period and euro share classes delivering a modestly positive return. The MSCI Europe Index returned 1.6% in euros, 3.2% in sterling and -4.9% in US dollars. The fund achieved two of its three objectives during the review period by growing distributions and generating a yield higher than that of the MSCI Europe Index, however it did not deliver a higher total return than the index over the five year period.*

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Fund performance' section of this report.

Performance review

The fund lagged the MSCI Europe Index for the six-month review period, with underperformance largely driven by stock selection within the information technology, consumer staples and industrial sectors. The fund's below-index position in the energy sector – the top performer for the period – also weighed on relative returns, but this was counterbalanced by positioning within the industrial and consumer discretionary sectors.

At a stock level, the largest detractor was Austrian microchip sensor producer ams, which lowered guidance on its second-quarter revenues and was affected by market pressure based on assumptions of a slowing smartphone market, as well as inventory issues specifically related to Apple's newest smartphone. We continue to believe that ams is ideally positioned to benefit from the strong growth that is expected in sensor technology, thanks to its high-end positioning, but acknowledge that issues around near-term profitability might hamper further progress in the very short term.

Detractors within the financial sector included some of our larger holdings, namely KBC, Erste Group, Banca IFIS and Intesa San Paolo, all of which suffered in the fallout from the Italian constitutional crisis after having notably outperformed the sector earlier in the year. In spite of reporting positive results, they all failed to recover significantly. We think this is a short-term issue and remain positive on the sector for both structural and opportunistic – ie, attractive valuation – reasons.

Elsewhere, IMI, a UK engineering company specialised in precision tools for fluid management, saw its shares fall early in the period under review on concerns about slowing growth. As we moved through the period, it reported stronger results, with good revenue growth, a very healthy order book and improving margins. We remain positive on the shares, which naturally go through cycles of peaks and troughs, given the company's exposure to energy markets.

M&G Pan European Dividend Fund

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Investment review

Performance review (continued)

On the upside, our holdings within the consumer discretionary sector led the list of positive contributors, thanks to strong performances from SES and GVC. SES, a satellite company listed in France and Luxembourg, rebounded sharply following a string of profit warnings, as new management took over the strategic direction of the company with positive results. GVC, an online gaming company, reported a strong set of numbers showing excellent progress on the acquisition of UK competitor Ladbroke-Coral, with cost savings already exceeding investors' expectations. The share price also benefited from positive news linked to the company's opportunities in the US, where the online gaming market has opened up following a favourable ruling by the US Supreme Court.

Other key contributors included pharmaceutical companies Roche and AstraZeneca – both of which managed to successfully allay investor concerns over declining revenues in light of some of their main blockbuster drugs coming off patent, with robust product pipelines helping to compensate. We added to our core positioning in Roche when other investors were highly negative on the company, resulting in a very attractive purchase price, while taking a long-term view with Astra, believing that it can materially grow by the beginning of the next decade, breaking into new cancer therapies.

Finally, Methanex and BP were also supportive, boosted respectively by rising methanol and oil prices. Pleasingly, BP announced an increase in its dividend (ahead of our expectations), while Methanex was boosted by better pricing and increased demand for methanol.

Investment activities

We made three new purchases and nine complete sales during the six months under review.

We pivoted the fund's real estate positioning by selling our holdings in NewRiver (retail real estate) and Countryside Properties (UK home builder and urban regeneration specialist) and starting a position in Tritax EuroBox (logistics real estate), in order to gain exposure to one of the few fast-growing segments of the European real estate market. To us, this is a solid opportunity to directly capitalise on the infrastructure required to fulfil e-commerce capabilities, as European retail moves online.

Another new position was ams, the Austrian sensor business mentioned in the performance section of this report. We believe the company will be a key beneficiary of long-term trends in AI (artificial intelligence) technology. We think its sensor technology (face recognition apps in particular) will grow market share in a number of end products, enabling superior user experience.

Finally, we bought shares in asset manager Intermediate Capital. The company has a long track record in managing alternative assets, producing exceptional returns for clients, and it has now developed its brand into a European leader in the alternatives fund management space. It has been rapidly growing its assets under management, which has led to fast dividend growth.

In terms of sales, as mentioned above, we sold our shares in NewRiver and Countryside Properties in light of a very difficult environment for traditional retailers. We exited Pandora, the Danish jewellery company, having lost faith in the company's management, and preferring to reallocate funds to companies with stronger execution and a clearer path to growth.

We divested from VolkerWessels, the Dutch construction services company, over operational concerns, and health and hygiene business Essity, on concerns over long-term pricing in raw materials used for its products.

We also took profits on capital goods company Alfa Laval and semiconductor business Infineon, both of which have delivered very strong performance and are looking relatively expensive, in our opinion.

As a result of our investment activities over the period under review, the fund now consists of 32 holdings. We remain committed to our aim of providing a concentrated fund of best ideas.

Outlook

The six months under review were eventful for European markets, between talks of tariff wars, chatter about Italy leaving the eurozone and worries over Deutsche Bank, to name a few. Meanwhile, US markets continued to rally, supported by central bank policy and momentum behind the share prices of some of the big technology firms. Positive sentiment has been aided by economic data on both sides of the Atlantic, as well as good company earnings.

However, towards the end of the period we started to witness more questions on the sustainability of some of the momentum-driven US technology companies' earnings, as well as an awareness that the US Federal Reserve is looking to continue raising interest rates (providing room to cut them back in the next downturn). Having been driven largely by momentum and riskier assets over the last few years, market forces seem to indicate a possible reversal in favour of the 'value' style and more defensive names, which have been mostly overlooked.

European companies have continued to perform well in 2018 as the coordinated global recovery continued, with the exception of the UK. This remained the laggard in terms of economic activity and growth, as the uncertainties surrounding Brexit continued to deepen. Interestingly, we have witnessed a solid earnings season both in continental Europe and in the UK, which has not always led to share prices being rewarded accordingly. We remain positive on the overall economic backdrop – but are mindful that we are in the latter stages of the economic cycle. We will continue to focus our attention on the selection of competitive companies offering the prospect of growing earnings and dividends, thanks to their competitive positioning and solid financial discipline. However, the importance of being selective cannot be emphasised enough. Europe continues to offer excellent opportunities for long-term stock pickers, particularly outside the biggest companies that are largely struggling to grow. Medium-sized businesses remain a source of attractive opportunities, given their greater scope to deliver long-term growth for the benefit of shareholders.

M&G Pan European Dividend Fund

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Investment review

Outlook (continued)

As active investors, we remain focused on the analysis of company fundamentals and valuation, in the strong belief that these factors drive stockmarket returns over the long term. We remain committed to our pursuit of a dividend growth strategy, and through the application of our conviction-based approach we are ready to take advantage of new appealing opportunities. We remain dedicated to our task of generating returns for our clients.

We take comfort from the fact that the fund's holdings continue to raise their dividends in line with previous years and, although special dividends are not as prevalent as they once were, we believe that the cash-generative nature of the companies we are invested in, combined with their attractive valuation in the stockmarket, stands us in good stead for the future. We appreciate your continued support.

Phil Cliff

Fund manager

An employee of M&G Limited which is an associate of M&G Securities Limited.

Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial Adviser.

Investments

Portfolio statement

as at Holding	31.07.18 €'000	31.07.18 %	31.01.18 %
EQUITIES	198,672	101.51	100.31
Energy equipment & services	748	0.38	0.25
384,948 Prosafe	748	0.38	
Oil, gas & consumable fuels	7,115	3.64	4.15
1,110,976 BP	7,115	3.64	
Chemicals	9,564	4.89	4.81
1,134,865 Essentra	6,278	3.21	
57,000 Methanex	3,286	1.68	
Containers & packaging	7,517	3.84	3.06
1,323,398 DS Smith	7,517	3.84	
Construction & engineering	0	0.00	2.13
Electrical equipment	6,897	3.52	3.10
109,549 Legrand	6,897	3.52	
Industrial conglomerates	8,098	4.14	4.17
67,285 Siemens	8,098	4.14	
Machinery	9,091	4.64	8.90
253,930 IMI	3,566	1.82	
117,480 Kone	5,525	2.82	
Professional services	13,668	6.98	6.16
288,352 Bureau Veritas	6,350	3.24	
394,420 RELX	7,318	3.74	
Auto components	6,947	3.55	2.93
188,676 Nokian Renkaat	6,947	3.55	
Household durables	0	0.00	2.25
Textiles, apparel & luxury goods	0	0.00	2.39
Hotels, restaurants & leisure	11,872	6.07	3.52
319,894 Compass Group	5,881	3.01	
456,878 GVC Holdings	5,991	3.06	
Media	19,111	9.77	7.38
146,222 CTS EVENTIM	5,884	3.01	
1,355,772 NOS	6,730	3.44	
375,325 SES FDR	6,497	3.32	
Tobacco	17,008	8.69	6.50
176,056 British American Tobacco	8,321	4.25	
266,612 Imperial Brands (formerly Imperial Tobacco Group)	8,687	4.44	
Household products	0	0.00	2.63
Pharmaceuticals	28,998	14.82	12.72
103,573 AstraZeneca	6,721	3.43	
101,271 Novartis (Regd.)	7,280	3.72	
86,885 Novo-Nordisk 'B'	3,729	1.91	
53,794 Roche Holdings 'Genussscheine'	11,268	5.76	
Banks	26,917	13.75	12.96
199,172 Erste Group	7,351	3.75	
2,367,297 Intesa Sanpaolo Pref.	6,415	3.28	
94,791 KBC Groep	6,281	3.21	
751,951 Nordea Bank	6,870	3.51	
Diversified financial services	3,637	1.86	1.23
135,911 Banca IFIS	3,637	1.86	

M&G Pan European Dividend Fund

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Investments

Portfolio statement (continued)			
as at Holding	31.07.18 €'000	31.07.18 %	31.01.18 %
Capital markets	4,940	2.52	0.00
412,034 Intermediate Capital Group	4,940	2.52	
Insurance	8,769	4.48	6.31
200,934 Sampo	8,769	4.48	
Semiconductors & semiconductor equipment	4,622	2.36	0.68
77,463 ams	4,622	2.36	
Equity real estate investment trusts (REITs)	3,153	1.61	2.08
2,700,000 Tritax EuroBox	3,153	1.61	
CURRENCY	38	0.02	0.00
Forward currency contracts	38	0.02	0.00
£(6,899,052) Sold for €7,764,509 (expires 20.09.18)	38	0.02	
Portfolio of investments	198,710	101.53	100.31
Net other assets / (liabilities)	(3,000)	(1.53)	(0.31)
Net assets attributable to shareholders	195,710	100.00	100.00

All securities are on an official stock exchange listing except where referenced.

Top ten portfolio transactions

for the six months to 31 July 2018

Largest purchases	€'000
ams	6,408
Intermediate Capital Group	5,381
Imperial Brands (formerly Imperial Tobacco Group)	4,416
Intesa Sanpaolo Pref.	4,390
Roche Holdings 'Gennusscheine'	3,726
NOS	3,656
Nordea Bank	3,449
Tritax EuroBox	3,054
Sampo	2,693
Compass Group	2,571
Other purchases	23,748
Total purchases	63,492
Largest sales	€'000
Prudential ^[a]	6,402
Alfa Laval	5,386
Countryside Properties	4,491
Essity 'B'	4,446
Pandora	4,044
Koninklijke VolkerWessels	3,930
NewRiver	3,827
Kone	2,901
Intesa Sanpaolo Pref.	2,671
Golar LNG	2,282
Other sales	14,125
Total sales	54,505

[a] Related party to the fund.

Purchases and sales exclude the cost and proceeds of 'AAA' rated money market funds.

M&G Pan European Dividend Fund

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Fund performance

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

The following charts and tables show the performance for two of the fund's share classes – Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A' (Accumulation) share is what most individuals investing directly with M&G have received. It has the highest ongoing charge of all the sterling share classes. Performance is shown after deduction of this charge. All UK investors in the fund therefore received this performance or better.
- The performance of the Sterling Class 'I' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share class used by the Investment Association in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

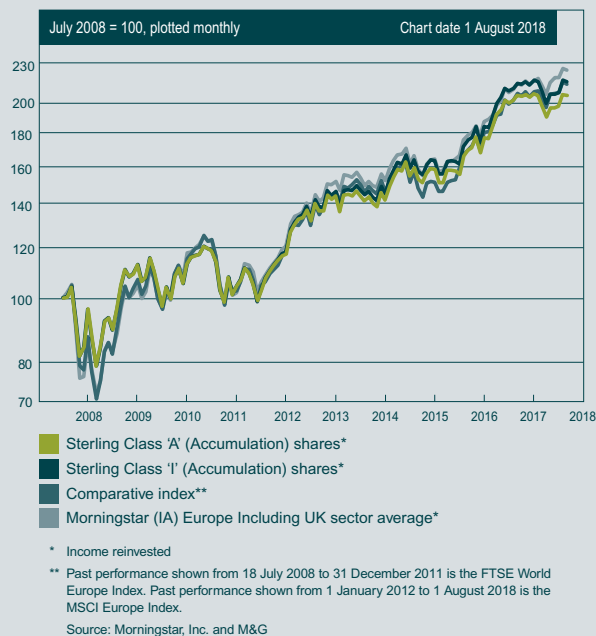
The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (7), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	31.07.18 €'000	31.01.18 €'000	31.01.17 €'000
Fund net asset value (NAV)	195,710	194,962	121,486

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.



The fund's Sterling Class 'I' (Accumulation) shares were launched on 3 August 2012. Performance data shown prior to this date is that of the fund's Sterling Class 'A' (Accumulation) shares.

Historic yield

The charts below shows the historic yield of Sterling Class 'A' (Income) shares and Sterling Class 'I' (Income) shares against that of a comparative index.

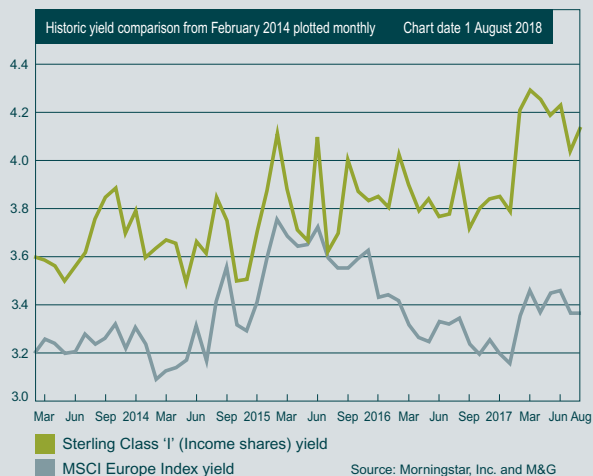


M&G Pan European Dividend Fund

Financial highlights

Fund performance

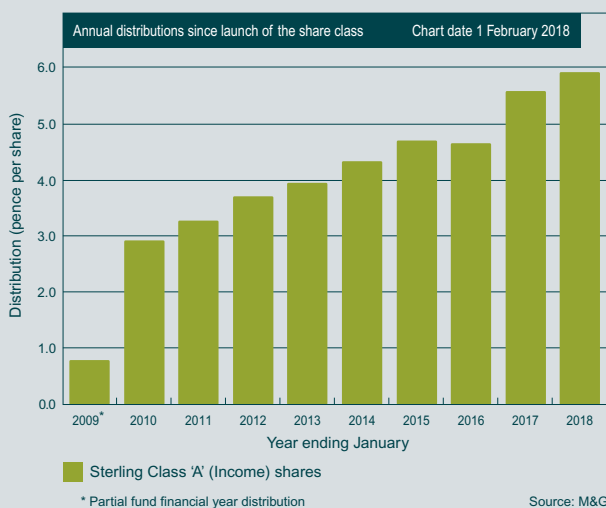
Historic yield (continued)



Historic yield: The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Distribution since launch

The charts below show the annual distribution of Sterling Class 'A' (Income) shares and Sterling Class 'I' (Income) shares since launch.



To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested.

Long-term performance by share class

	Six months 01.02.18 % [a]	Three years 03.08.15 % p.a.	Five years 01.08.13 % p.a.	Since launch % p.a.
Euro [b]				
Class 'A'	-1.6	+0.4	+7.3	+6.2 [c]
Class 'B'	-1.8	n/a	n/a	+5.6 [d]
Class 'C'	-1.2	+1.2	+8.1	+7.0 [c]
Sterling [e]				
Class 'A'	+0.2	+8.6	+7.8	+7.4 [c]
Class 'I'	+0.6	+9.5	+8.6	+12.2 [f]
Class 'R'	+0.4	+9.2	+8.3	+11.8 [f]
US dollar [b]				
Class 'A'	-7.5	+2.6	n/a	+4.0 [g]
Class 'C'	-7.1	+3.4	n/a	+4.8 [g]

[a] Absolute basis.

[b] Price to price with net income reinvested.

[c] 18 July 2008, the launch date of the fund.

[d] 18 March 2016, the launch date of the share class.

[e] Price to price with income reinvested.

[f] 3 August 2012, the launch date of the share class.

[g] 8 August 2014, the launch date of the share class.

M&G Pan European Dividend Fund

Financial highlights

Fund performance

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.

The operating charges paid by each share class of the fund are shown in the following performance tables. Operating charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are the same as the ongoing charges shown in the Key Investor Information Document, other than where an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

For this fund there is no difference between operating charges and ongoing charges figures, unless disclosed under the specific share class performance table.

Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and method of execution. They are made up of direct and indirect portfolio transaction costs:

- **Direct portfolio transaction costs:** Broker execution commission and taxes.
- **Indirect portfolio transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The table below shows direct portfolio transaction costs paid by the fund before and after that part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

	Six months to 31.07.18	Year to 31.01.18	Year to 31.01.17	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.06	0.06	0.08	0.07
Taxes	0.11	0.17	0.14	0.14
Costs before dilution adjustments	0.17	0.23	0.22	0.21
Dilution adjustments ^[c]	(0.05)	(0.08)	(0.14)	(0.09)
Total direct portfolio transaction costs	0.12	0.15	0.08	0.12
as at	31.07.18	31.01.18	31.01.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.06	0.06	0.14	0.09

^[a] Average of first three columns.

^[b] As a percentage of average net asset value.

^[c] In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

M&G Pan European Dividend Fund

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Specific share class performance

The following tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

Historic yields for the current period are calculated as at 10 August 2018.

Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,512.59	1,381.11	1,389.11
Return before operating charges and after direct portfolio transaction costs	2.38	218.36	75.12
Operating charges	(12.13)	(25.71)	(23.43)
Return after operating charges	(9.75)	192.65	51.69
Distributions	(27.33)	(61.17)	(59.69)
Closing NAV	1,475.51	1,512.59	1,381.11
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.21	3.47	3.02
Dilution adjustments ^[a]	(0.37)	(1.22)	(0.99)
Total direct portfolio transaction costs	0.84	2.25	2.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	1.68	1.68	1.69
Return after operating charges	-0.64	+13.95	+3.72
Historic yield	4.22	4.31	4.17
Effect on yield of charges offset against capital	1.68	1.68	1.69
Other information			
Closing NAV (€'000)	50,459	17,166	3,316
Closing NAV percentage of total fund NAV (%)	25.78	8.81	2.73
Number of shares	3,419,754	1,134,856	240,122
Highest share price (Euro ¢)	1,520.18	1,583.85	1,454.28
Lowest share price (Euro ¢)	1,380.77	1,390.29	1,248.65

Euro Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,843.24	1,617.08	1,558.29
Return before operating charges and after direct portfolio transaction costs	2.74	256.45	85.28
Operating charges	(14.69)	(30.29)	(26.49)
Return after operating charges	(11.95)	226.16	58.79
Distributions	(25.42)	(42.22)	(53.97)
Retained distributions	25.42	42.22	53.97
Closing NAV	1,831.29	1,843.24	1,617.08
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.46	4.09	3.42
Dilution adjustments ^[a]	(0.45)	(1.44)	(1.12)
Total direct portfolio transaction costs	1.01	2.65	2.30
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	1.68	1.68	1.69
Return after operating charges	-0.65	+13.99	+3.77
Historic yield	2.43	2.44	2.42
Effect on yield of charges offset against capital	0.03	0.03	0.04
Other information			
Closing NAV (€'000)	16,017	18,805	10,668
Closing NAV percentage of total fund NAV (%)	8.18	9.65	8.78
Number of shares	874,631	1,020,210	659,681
Highest share price (Euro ¢)	1,852.43	1,885.18	1,658.80
Lowest share price (Euro ¢)	1,682.53	1,627.25	1,400.34

Euro Class 'B' Income share performance

The share class was launched on 18 March 2016.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,075.04	986.67	1,000.00
Return before operating charges and after direct portfolio transaction costs	1.54	155.82	34.60
Operating charges	(11.11)	(23.78)	(18.74)
Return after operating charges	(9.57)	132.04	15.86
Distributions	(19.41)	(43.67)	(29.19)
Closing NAV	1,046.06	1,075.04	986.67
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.85	2.47	1.88
Dilution adjustments ^[a]	(0.26)	(0.87)	(0.62)
Total direct portfolio transaction costs	0.59	1.60	1.26
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	2.18	2.18	2.19
Return after operating charges	-0.89	+13.38	+1.59
Historic yield	4.24	4.33	4.13
Effect on yield of charges offset against capital	2.18	2.18	2.19
Other information			
Closing NAV (€'000)	538	351	44
Closing NAV percentage of total fund NAV (%)	0.27	0.18	0.04
Number of shares	51,435	32,632	4,500
Highest share price (Euro ¢)	1,080.43	1,129.95	1,030.90
Lowest share price (Euro ¢)	980.50	993.16	907.14

M&G Pan European Dividend Fund

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Specific share class performance

Euro Class 'B' Accumulation share performance

The share class was launched on 18 March 2016.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,152.66	1,016.30	1,000.00
Return before operating charges and after direct portfolio transaction costs	1.60	161.32	35.18
Operating charges	(11.92)	(24.96)	(18.88)
Return after operating charges	(10.32)	136.36	16.30
Distributions	(14.39)	(20.97)	(18.44)
Retained distributions	14.39	20.97	18.44
Closing NAV	1,142.34	1,152.66	1,016.30
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.91	2.60	1.88
Dilution adjustments ^[a]	(0.28)	(0.92)	(0.62)
Total direct portfolio transaction costs	0.63	1.68	1.26
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	2.18	2.18	2.19
Return after operating charges	-0.90	+13.42	+1.63
Historic yield	1.95	1.94	3.13
Effect on yield of charges offset against capital	0.03	0.03	0.04
Other information			
Closing NAV (€'000)	701	608	38
Closing NAV percentage of total fund NAV (%)	0.36	0.31	0.03
Number of shares	61,398	52,709	3,707
Highest share price (Euro ¢)	1,158.38	1,178.99	1,042.92
Lowest share price (Euro ¢)	1,051.25	1,022.67	907.15

Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,722.81	1,561.12	1,557.94
Return before operating charges and after direct portfolio transaction costs	2.71	247.07	84.83
Operating charges	(7.48)	(16.09)	(14.62)
Return after operating charges	(4.77)	230.98	70.21
Distributions	(31.18)	(69.29)	(67.03)
Closing NAV	1,686.86	1,722.81	1,561.12
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.34	3.93	3.41
Dilution adjustments ^[a]	(0.41)	(1.39)	(1.12)
Total direct portfolio transaction costs	0.93	2.54	2.29
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	0.93	0.93	0.94
Return after operating charges	-0.28	+14.80	+4.51
Historic yield	4.20	4.28	4.14
Effect on yield of charges offset against capital	0.93	0.93	0.94
Other information			
Closing NAV (€'000)	5,248	29,133	11,426
Closing NAV percentage of total fund NAV (%)	2.68	14.94	9.41
Number of shares	311,090	1,690,984	731,922
Highest share price (Euro ¢)	1,731.52	1,801.59	1,638.83
Lowest share price (Euro ¢)	1,574.66	1,571.52	1,400.80

Euro Class 'C' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 31.07.18 Euro ¢	Year to 31.01.18 Euro ¢	Year to 31.01.17 Euro ¢
Change in NAV per share			
Opening NAV	1,982.77	1,726.51	1,651.21
Return before operating charges and after direct portfolio transaction costs	3.24	274.31	90.91
Operating charges	(8.76)	(18.05)	(15.61)
Return after operating charges	(5.52)	256.26	75.30
Distributions	(31.23)	(59.62)	(63.68)
Retained distributions	31.23	59.62	63.68
Closing NAV	1,977.25	1,982.77	1,726.51
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.58	4.41	3.63
Dilution adjustments ^[a]	(0.49)	(1.55)	(1.19)
Total direct portfolio transaction costs	1.09	2.86	2.44
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	0.93	0.93	0.94
Return after operating charges	-0.28	+14.84	+4.56
Historic yield	3.16	3.20	3.13
Effect on yield of charges offset against capital	0.03	0.03	0.04
Other information			
Closing NAV (€'000)	28,567	27,664	7,019
Closing NAV percentage of total fund NAV (%)	14.60	14.19	5.78
Number of shares	1,444,765	1,395,217	406,537
Highest share price (Euro ¢)	1,992.69	2,027.58	1,770.02
Lowest share price (Euro ¢)	1,812.24	1,737.39	1,484.25

Sterling Class 'A' Income share performance

The share class was launched on 18 July 2008.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	145.02	129.90	115.57
Return before operating charges and after direct portfolio transaction costs	2.21	23.46	22.00
Operating charges	(1.16)	(2.44)	(2.11)
Return after operating charges	1.05	21.02	19.89
Distributions	(2.65)	(5.90)	(5.56)
Closing NAV	143.42	145.02	129.90
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.33	0.27
Dilution adjustments ^[a]	(0.04)	(0.12)	(0.09)
Total direct portfolio transaction costs	0.08	0.21	0.18
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	1.68	1.68	1.69
Return after operating charges	+0.72	+16.18	+17.21
Historic yield	4.21	4.34	4.13
Effect on yield of charges offset against capital	1.68	1.68	1.69
Other information			
Closing NAV (€'000)	57,941	65,652	59,940
Closing NAV percentage of total fund NAV (%)	29.62	33.67	49.34
Number of shares	36,019,989	39,816,138	39,811,476
Highest share price (UK p)	145.99	152.29	135.94
Lowest share price (UK p)	131.70	129.41	107.05

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Specific share class performance

Sterling Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	204.37	175.89	149.92
Return before operating charges and after direct portfolio transaction costs	3.08	31.82	28.74
Operating charges	(1.63)	(3.34)	(2.77)
Return after operating charges	1.45	28.48	25.97
Distributions	(2.85)	(4.72)	(5.80)
Retained distributions	2.85	4.72	5.80
Closing NAV	205.82	204.37	175.89
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.45	0.36
Dilution adjustments ^[a]	(0.05)	(0.16)	(0.12)
Total direct portfolio transaction costs	0.11	0.29	0.24
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	1.68	1.68	1.69
Return after operating charges	+0.71	+16.19	+17.32
Historic yield	2.43	2.47	2.48
Effect on yield of charges offset against capital	0.03	0.03	0.04
Other information			
Closing NAV (€'000)	30,146	30,291	26,570
Closing NAV percentage of total fund NAV (%)	15.40	15.54	21.87
Number of shares	13,057,871	13,035,866	13,033,469
Highest share price (UK p)	205.73	209.85	179.73
Lowest share price (UK p)	185.59	175.16	138.84

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	1,609.59	1,430.80	1,263.16
Return before operating charges and after direct portfolio transaction costs	24.74	259.00	241.42
Operating charges	(7.12)	(15.03)	(12.89)
Return after operating charges	17.62	243.97	228.53
Distributions	(29.44)	(65.18)	(60.89)
Closing NAV	1,597.77	1,609.59	1,430.80
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.28	3.67	3.00
Dilution adjustments ^[a]	(0.40)	(1.29)	(0.98)
Total direct portfolio transaction costs	0.88	2.38	2.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	0.93	0.93	0.94
Return after operating charges	+1.09	+17.05	+18.09
Historic yield	4.18	4.32	4.11
Effect on yield of charges offset against capital	0.93	0.93	0.94
Other information			
Closing NAV (€'000)	2,211	1,657	683
Closing NAV percentage of total fund NAV (%)	1.13	0.85	0.56
Number of shares	123,374	90,555	41,156
Highest share price (UK p)	1,626.41	1,689.21	1,496.74
Lowest share price (UK p)	1,463.70	1,425.45	1,170.40

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	1,980.39	1,691.65	1,431.07
Return before operating charges and after direct portfolio transaction costs	30.30	306.66	275.22
Operating charges	(8.75)	(17.92)	(14.64)
Return after operating charges	21.55	288.74	260.58
Distributions	(31.52)	(59.96)	(61.71)
Retained distributions	31.52	59.96	61.71
Closing NAV	2,001.94	1,980.39	1,691.65
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.58	4.37	3.41
Dilution adjustments ^[a]	(0.49)	(1.54)	(1.12)
Total direct portfolio transaction costs	1.09	2.83	2.29
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	0.93	0.93	0.94
Return after operating charges	+1.09	+17.07	+18.21
Historic yield	3.15	3.23	3.14
Effect on yield of charges offset against capital	0.03	0.03	0.04
Other information			
Closing NAV (€'000)	2,799	2,707	1,361
Closing NAV percentage of total fund NAV (%)	1.43	1.39	1.12
Number of shares	124,651	120,233	69,415
Highest share price (UK p)	2,000.96	2,032.38	1,728.06
Lowest share price (UK p)	1,800.78	1,684.72	1,325.62

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	158.69	141.41	125.16
Return before operating charges and after direct portfolio transaction costs	2.42	25.60	23.89
Operating charges	(0.89)	(1.89)	(1.61)
Return after operating charges	1.53	23.71	22.28
Distributions	(2.90)	(6.43)	(6.03)
Closing NAV	157.32	158.69	141.41
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.36	0.30
Dilution adjustments ^[a]	(0.04)	(0.13)	(0.10)
Total direct portfolio transaction costs	0.09	0.23	0.20
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	1.18	1.18	1.19
Return after operating charges	+0.96	+16.77	+17.80
Historic yield	4.19	4.33	4.11
Effect on yield of charges offset against capital	1.18	1.18	1.19
Other information			
Closing NAV (€'000)	408	294	42
Closing NAV percentage of total fund NAV (%)	0.21	0.15	0.04
Number of shares	231,220	162,852	25,845
Highest share price (UK p)	160.14	166.57	147.95
Lowest share price (UK p)	144.24	140.88	115.96

M&G Pan European Dividend Fund

Financial highlights

Specific share class performance

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 31.07.18 UK p	Year to 31.01.18 UK p	Year to 31.01.17 UK p
Change in NAV per share			
Opening NAV	194.91	166.91	141.56
Return before operating charges and after direct portfolio transaction costs	2.97	30.23	27.20
Operating charges	(1.09)	(2.23)	(1.85)
Return after operating charges	1.88	28.00	25.35
Distributions	(2.97)	(5.43)	(5.90)
Retained distributions	2.97	5.43	5.90
Closing NAV	196.79	194.91	166.91
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.43	0.34
Dilution adjustments ^[a]	(0.05)	(0.15)	(0.11)
Total direct portfolio transaction costs	0.11	0.28	0.23
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	1.18	1.18	1.19
Return after operating charges	+0.96	+16.78	+17.91
Historic yield	2.91	2.98	2.92
Effect on yield of charges offset against capital	0.03	0.03	0.04
Other information			
Closing NAV (€'000)	191	85	48
Closing NAV percentage of total fund NAV (%)	0.10	0.04	0.04
Number of shares	86,482	38,441	25,000
Highest share price (UK p)	196.69	200.06	170.52
Lowest share price (UK p)	177.16	166.23	131.12

US Dollar Class 'A' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Change in NAV per share			
Opening NAV	1,091.70	860.53	878.81
Return before operating charges and after direct portfolio transaction costs	(61.23)	291.22	34.42
Operating charges	(8.42)	(17.05)	(14.96)
Return after operating charges	(69.65)	274.17	19.46
Distributions	(18.55)	(43.00)	(37.74)
Closing NAV	1,003.50	1,091.70	860.53
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.84	2.30	1.94
Dilution adjustments ^[a]	(0.26)	(0.81)	(0.64)
Total direct portfolio transaction costs	0.58	1.49	1.30
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	1.68	1.68	1.69
Return after operating charges	-6.38	+31.86	+2.21
Historic yield	4.42	4.18	4.26
Effect on yield of charges offset against capital	1.68	1.68	1.69
Other information			
Closing NAV (€'000)	138	108	52
Closing NAV percentage of total fund NAV (%)	0.07	0.06	0.04
Number of shares	16,153	12,349	6,478
Highest share price (US ¢)	1,095.52	1,131.48	949.78
Lowest share price (US ¢)	966.99	870.20	818.90

US Dollar Class 'A' Accumulation share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Change in NAV per share			
Opening NAV	1,257.57	952.41	931.93
Return before operating charges and after direct portfolio transaction costs	(70.63)	324.17	36.57
Operating charges	(9.66)	(19.01)	(16.09)
Return after operating charges	(80.29)	305.16	20.48
Distributions	(16.31)	(27.84)	(32.37)
Retained distributions	16.31	27.84	32.37
Closing NAV	1,177.28	1,257.57	952.41
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.96	2.57	2.07
Dilution adjustments ^[a]	(0.30)	(0.91)	(0.68)
Total direct portfolio transaction costs	0.66	1.66	1.39
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	1.68	1.68	1.70
Return after operating charges	-6.38	+32.04	+2.20
Historic yield	2.52	2.35	2.47
Effect on yield of charges offset against capital	0.03	0.03	0.05
Other information			
Closing NAV (€'000)	337	431	270
Closing NAV percentage of total fund NAV (%)	0.17	0.22	0.22
Number of shares	33,641	42,672	30,482
Highest share price (US ¢)	1,261.91	1,274.30	1,006.89
Lowest share price (US ¢)	1,113.86	962.77	868.14

US Dollar Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Change in NAV per share			
Opening NAV	1,122.00	877.40	889.05
Return before operating charges and after direct portfolio transaction costs	(62.91)	297.90	34.90
Operating charges	(4.79)	(9.33)	(8.29)
Return after operating charges	(67.70)	288.57	26.61
Distributions	(19.09)	(43.97)	(38.26)
Closing NAV	1,035.21	1,122.00	877.40
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.86	2.52	2.27
Dilution adjustments ^[a]	(0.27)	(0.89)	(0.75)
Total direct portfolio transaction costs	0.59	1.63	1.52
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	0.93	0.91	0.92
Return after operating charges	-6.03	+32.89	+2.99
Historic yield	4.39	4.16	4.24
Effect on yield of charges offset against capital	0.93	0.91	0.92
Other information			
Closing NAV (€'000)	4	5	4
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (US ¢)	1,125.95	1,162.61	963.44
Lowest share price (US ¢)	996.89	887.26	830.24

M&G Pan European Dividend Fund

Financial highlights

Specific share class performance

US Dollar Class 'C' Accumulation share performance

The share class was launched on 8 August 2014.

	Six months to 31.07.18 US ¢	Year to 31.01.18 US ¢	Year to 31.01.17 US ¢
Change in NAV per share			
Opening NAV	1,291.76	970.70	942.57
Return before operating charges and after direct portfolio transaction costs	(72.46)	331.39	36.99
Operating charges	(5.25)	(10.33)	(8.86)
Return after operating charges	(77.71)	321.06	28.13
Distributions	(19.20)	(37.75)	(36.31)
Retained distributions	19.20	37.75	36.31
Closing NAV	1,214.05	1,291.76	970.70
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.99	2.52	2.28
Dilution adjustments ^[a]	(0.31)	(0.89)	(0.75)
Total direct portfolio transaction costs	0.68	1.63	1.53
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.12	0.15	0.08
Operating charges	0.88	0.90	0.92
Return after operating charges	-6.02	+33.08	+2.98
Historic yield	3.30	3.10	3.19
Effect on yield of charges offset against capital	0.00	0.00	0.02
Other information			
Closing NAV (€'000)	5	5	5
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (US ¢)	1,296.24	1,308.74	1,021.16
Lowest share price (US ¢)	1,147.93	981.27	879.98

^[a] In respect of direct portfolio transaction costs.

^[b] As a percentage of average net asset value.

M&G Pan European Dividend Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 July	2018		2017	
	€'000	€'000	€'000	€'000
Income				
Net capital gains / (losses)		(5,947)		8,918
Revenue	6,992		4,880	
Expenses	(1,459)		(1,148)	
Net revenue / (expense) before taxation	5,533		3,732	
Taxation	(327)		(227)	
Net revenue / (expense) after taxation		5,206		3,505
Total return before distributions		(741)		12,423
Distributions		(3,509)		(2,098)
Change in net assets attributable to shareholders from investment activities		(4,250)		10,325

Statement of change in net assets attributable to shareholders

for the six months to 31 July	2018		2017	
	€'000	€'000	€'000	€'000
Opening net assets attributable to shareholders		194,962		121,486
Amounts received on issue of shares	54,765		43,987	
Amounts paid on cancellation of shares	(50,984)		(10,861)	
		3,781		33,126
Dilution adjustments		66		112
Change in net assets attributable to shareholders from investment activities (see above)		(4,250)		10,325
Retained distributions on Accumulation shares		1,151		964
Closing net assets attributable to shareholders		195,710		166,013

The opening net assets attributable to shareholders for 2018 differs to the closing position in 2017 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	31 July 2018	31 January 2018
	€'000	€'000
Assets		
Fixed assets		
Investments	198,710	195,563
Current assets		
Debtors	2,266	1,801
Cash and bank balances	269	1,144
Total assets	201,245	198,508
Liabilities		
Creditors		
Bank overdrafts	(2,735)	0
Distribution payable	(2,163)	(2,595)
Other creditors	(637)	(951)
Total liabilities	(5,535)	(3,546)
Net assets attributable to shareholders	195,710	194,962

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 4.

Distribution policy

In determining the amount available for reinvestment to Accumulation shares, all expenses with the exception of the annual management charge, administration charge and overdraft interest are offset against capital, increasing the amount available for reinvestment whilst restraining capital performance to an equivalent extent. In determining the amount available for distribution to Income shares, all expenses with the exception of overdraft interest are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

Marginal tax relief has not been taken into account in respect of expenses offset against capital.

In order to conduct a controlled dividend flow to shareholders, interim distributions will be at the fund manager's discretion, up to the maximum of the distributable income available for the period.

M&G Investment Funds (7)

Other regulatory disclosures

Swiss investor information

For funds registered in Switzerland we are required by FINMA to disclose the Total Expense Ratio (TER).

For these funds the TERs are the same as the operating charges disclosed in each fund's financial highlights section under 'Performance and charges'.

Accumulation shares: A type of share where distributions are automatically reinvested and reflected in the value of the shares.

Accumulation units: A type of unit where distributions are automatically reinvested and reflected in the value of the units.

Asset: Anything having commercial or exchange value that is owned by a business, institution or individual.

Asset allocation: Apportioning a portfolio's assets according to risk tolerance and investment goals.

Asset class: Category of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

Bond: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Bond issue: A set of fixed income securities offered for sale to the public by a company or government. If the bonds are sold for the first time, it is called a 'new issue'.

Bottom-up selection: Selecting stocks based on the attractiveness of a company.

Bunds: Fixed income securities issued by the German government.

Capital: Refers to the financial assets, or resources, that a company has to fund its business operations.

Capital growth: Occurs when the current value of an investment is greater than the initial amount invested.

Capital return: The term for the gain or loss derived from an investment over a particular period. Capital return includes capital gain or loss only and excludes income (in the form of interest or dividend payments).

Cash equivalents: Deposits or investments with similar characteristics to cash.

Comparative sector: A group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the Investment Association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

Consumer Prices Index (CPI): An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

Convertible bonds: Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

Corporate bonds: Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

Coupon: The interest paid by the government or company that has raised a loan by selling bonds.

Credit: The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

Credit default swaps (CDS): Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

Credit rating: An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Credit rating agency: A company that analyses the financial strength of issuers of fixed income securities and attaches a rating to their debt. Examples include Standard & Poor's and Moody's.

Credit risk: Risk that a financial obligation will not be paid and a loss will result for the lender.

Credit selection: The process of evaluating a fixed income security, also called a bond, in order to ascertain the ability of the borrower to meet its debt obligations. This research seeks to identify the appropriate level of default risk associated with investing in that particular bond.

Credit spread: The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value.

Default: When a borrower does not maintain interest payments or repay the amount borrowed when due.

Default risk: Risk that a debtholder will not receive interest and full repayment of the loan when due.

Derivatives: Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

Developed economy/market: Well-established economies with a high degree of industrialisation, standard of living and security.

Dilution adjustments: The dilution adjustment is used to protect ongoing investors against the transaction charges incurred in investing or divesting in respect of creations and cancellations. The dilution adjustment is made up of the direct and indirect transaction charges. In the financial statements the direct transaction charges as a percentage of average NAV will be disclosed. This percentage will take account of those direct transaction charges that have been recovered through the dilution adjustment leaving a percentage that just represents the costs incurred in portfolio management.

Distribution: Distributions represent a share in the income of the fund and are paid out to Income shareholders or reinvested for Accumulation shareholders at set times of the year (monthly, quarterly, half-yearly or annually). They may either be in the form of interest distributions or dividend distributions.

Distribution yield: Expresses the amount that is expected to be distributed by the fund over the next 12 months as a percentage of the share price as at a certain date. It is based on the expected gross income less the ongoing charges.

Glossary

Diversification: The practice of investing in a variety of assets. This is a risk management technique where, in a well-diversified portfolio, any loss from an individual holding should be offset by gains in other holdings, thereby lessening the impact on the overall portfolio.

Dividend: Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

Duration: A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Duration risk: The longer a fixed income security, also called a bond, or bond fund's duration, the more sensitive and therefore at risk it is to changes in interest rates.

Emerging economy or market: Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Equities: Shares of ownership in a company.

Exchange traded: Usually refers to investments traded on an exchange, such as company shares on a stock exchange.

Ex-dividend, ex-distribution or XD date: The date on which declared distributions officially belong to underlying investors.

Exposure: The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

Fixed income security: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

Floating rate notes (FRNs): Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

Foreign exchange: The exchange of one currency for another, or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as 'forex' and occasionally as 'FX'.

Foreign exchange (FX) strategy: Currencies can be an asset class in its own right, along with company shares, fixed income securities, property and cash. Foreign exchange strategy can therefore be a source of investment returns.

Forward contract: A contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Examples include forward currency contracts.

Fundamentals (company): A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

Fundamentals (economic): A basic principle, rule, law, or the like, that serves as the groundwork of a system. Economic fundamentals are factors such as inflation, employment, economic growth.

Futures: A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Futures are traded on a regulated exchange.

Gilts: Fixed income securities issued by the UK government.

Government bonds: Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

Hedging: A method of reducing unnecessary or unintended risk.

High water mark (HWM): The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

High yield bonds: Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Historic yield: The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown.

Income yield: Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

Index: An index represents a particular market or a portion of it, serving as a performance indicator for that market.

Income shares: A type of share where distributions are paid out as cash on the payment date.

Income units: A type of unit where distributions are paid out as cash on the payment date.

Index tracking: A fund management strategy that aims to match the returns from a particular index.

Index-linked bonds: Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

Inflation: The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

Inflation risk: The risk that inflation will reduce the return of an investment in real terms.

Initial public offering (IPO): The first sale of shares by a private company to the public.

Interest rate risk: The risk that a fixed income investment will lose value if interest rates rise.

Interest rate swap: An agreement between two parties to swap a fixed interest payment with a variable interest payment over a specified period of time.

Investment Association (IA): The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

Glossary

Issuer: An entity that sells securities, such as fixed income securities and company shares.

Investment grade bonds: Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Issuer: An entity that sells securities, such as fixed income securities and company shares.

Leverage: When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

Liquidity: A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

Long position: Refers to ownership of a security held in the expectation that the security will rise in value.

Macroeconomic: Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

Maturity: The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

Modified duration: A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Monetary easing: When central banks lower interest rates or buy securities on the open market to increase the money in circulation.

Monetary policy: A central bank's regulation of money in circulation and interest rates.

Monetary tightening: When central banks raise interest rates or sell securities on the open market to decrease the money in circulation.

Morningstar™: A provider of independent investment research, including performance statistics and independent fund ratings.

Near cash: Deposits or investments with similar characteristics to cash.

Net asset value (NAV): A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

Ongoing Charge Figure: The Ongoing Charge Figure includes charges for the following items: management of the fund (also known as Annual Management Charge), administration services, services provided by external parties which include depository, custody and audit, as well as incorporating the ongoing charge figure from funds held in the portfolio (taking into account any rebates).

Open-ended investment company (OEIC): A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Options: Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

Over-the-counter (OTC): Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

Overweight: If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

Payment date: The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

Physical assets: An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

Portfolio transaction cost: The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

Preference shares: Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

Principal: The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

Private placement: An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

Property Expense Ratio (PER): Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

Real yield: The return of an investment, adjusted for changes in prices in an economy.

Retail Prices Index (RPI): A UK inflation index that measures the rate of change in prices for a basket of goods and services in the UK, including mortgage payments and council tax.

Risk: The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.

Risk management: The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

Risk premium: The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

Risk-free asset: An asset that notionally carries no risk of non-payment by the borrower such as a high-quality fixed income security issued by a government or cash.

Glossary

Risk/reward ratio: A ratio comparing the expected returns of an investment with the amount of risk undertaken.

Safe-haven assets: Refers to assets that investors perceive to be relatively safe from suffering a loss in times of market turmoil.

Security: Financial term for a paper asset – usually a share in a company or a fixed income security also known as a bond.

Share class: Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the Key Investor Information Documents.

Share class hedging: Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

Short position: A way for a fund manager to express his or her view that the market might fall in value.

Short selling: This often refers to the practice whereby an investor sells an asset they do not own. The investor borrows the asset from someone who does own it and pays a fee. The investor must eventually return the borrowed asset by buying it in the open market. If the asset has fallen in price, the investor buys it for less than they sold it for, thus making a profit. The contrary may also occur.

Short-dated corporate bonds: Fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds: Fixed income securities issued by governments and repaid over relatively short periods.

Sovereign debt: Debt of a government. Also referred to as government bonds.

Sub-investment grade bonds: Fixed income securities issued by a company with a low rating from a recognised credit rating agency. They are considered to be at higher risk from default than those issued by companies with higher credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Top-down investing: An investment approach that analyses economic factors, ie surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at which industries are likely to generate the best returns in certain economic conditions and limit the search to that area.

Total return: The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

Treasuries: Fixed income securities issued by the US government.

Triple A or AAA rated: The highest possible rating a fixed income security, also called a bond, can be assigned by credit rating agencies. Bonds that are rated AAA are perceived to have the lowest risk of default. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

UCITS: Stands for Undertakings for Collective Investment in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

Unconstrained: The term used to describe the mandate of a fund whereby the manager has the freedom to invest according to his or her own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

Underlying value: The fundamental value of a company, reflecting both tangible and intangible assets, rather than the current market value.

Underlying yield: Refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

Underweight: If a portfolio is 'underweight' a stock, it holds a smaller proportion of that stock than the comparable index or sector.

Unit trust: A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Unit/share type: Type of units/shares held by investors in a trust or fund (unit/share types differ by features such as whether income is to be paid out as cash or reinvested on the payment date).

Valuation: The worth of an asset or company based on its current price.

Volatile: When the value of a particular share, market or sector swings up and down fairly frequently and/or significantly, it is considered volatile.

Volatility: The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

Warrant: A security issued by a company that gives the holder the right to buy shares in that company at a specified price and within a certain timeframe.

Yield: This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (equity): Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (bonds): This refers to the interest received from a fixed income security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

Yield (income): Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

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