



M&G Global Dividend Fund

Interim Long Report and unaudited Financial Statements
for the six months ended 30 September 2018

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M&G Global Dividend Fund

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Dividend Fund presents its Interim Long Report and unaudited Financial Statements for the six months ended 30 September 2018.

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

Company information

This Open-Ended Investment Company (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 Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The Company 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 FCA.

The Company was authorised on 9 July 2008 and the fund was launched on 18 July 2008.

The Company's principal activity is to carry on business as an 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 manager

Stuart Rhodes is employed by M&G Limited which is an associate of M&G Securities Limited.

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

As a result of the Extraordinary General Meetings of Shareholders held on 4 October 2018, the non-sterling share classes of the M&G Global Dividend Fund will be merged into corresponding share classes of the M&G (Lux) Global Dividend Fund, a sub-fund of M&G (Lux) Investment Funds 1.

For further details on the mergers and the date at which these will occur, please refer to:

<https://www.mandg.com/brexitmergerdocumentation>.

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

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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 Luxembourg S.A. *,
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

* Effective 1 October 2018.

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 Global Dividend Fund

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 the fund 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

14 November 2018

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Authorised Corporate Director's Report

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M&G Global Dividend Fund

Authorised Corporate Director's Report

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 ACWI 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 ACWI Index over any five-year period.

Investment policy

At least 70% of the fund is invested in a range of global 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 global 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 sterling terms.

Risk profile

The fund invests globally in the shares of companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates.

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 across industries and market capitalisation is 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 October 2018, for the six months ended 30 September 2018

Distribution summary

Over the six-month review period to 1 October 2018, the fund distributed income of 2.65 pence per Sterling Class 'A' (Income) share. This is 6% higher than the distribution for the same period in the previous financial year. The payout represented a yield (distributed income as a percentage of the share price) of 2.75% versus a yield of 2.39% for the MSCI ACWI Index, a comparative index.

We are pleased that distributions for the fund have risen compared to the same period last year, and we are encouraged that the majority of our holdings continue to deliver dividend growth in the region of 5% to 15%, in line with previous years. (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.) It was encouraging to see dividend increases from a variety of sectors and countries, as well as several increases of 20% or more.

In healthcare, Medtronic and Johnson & Johnson accelerated their pace of dividend growth with increases of 9% and 7% respectively in US dollars and extended their long track record of dividend growth. Medtronic has raised the dividend for 41 consecutive years, an impressive feat surpassed by Johnson & Johnson, which has a 56-year history of uninterrupted dividend growth. UnitedHealth Group increased its dividend at a faster rate of 20%. The managed care organization has more than doubled the payment since we first bought the stock in May 2015.

In consumer staples, Unilever lifted its dividend by 8% in euros in the first quarter after reporting strong volume growth. The Anglo-Dutch company, which has a genuine growth story, also announced a €6 billion share buyback programme, equivalent to 4.5% of the market cap.

Dividend growth was by no means confined to companies with defensive characteristics. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.)

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Investment review

Distribution summary (continued)

In so-called cyclical sectors – which have greater economic sensitivity – Union Pacific (industrials) boosted its dividend by 10% in US dollars in July. This was the third increase of this magnitude since November and the railroad company's quarterly payment is now 32% higher compared to the same time last year. Trinseo, the materials group specialising in plastics, latex binders and synthetic rubber, raised its dividend by 11% in US dollars. In energy, Pembina Pipeline and Keyera lifted their payments by 6% and 7% respectively in Canadian dollars.

Elsewhere, Microsoft reported a 10% dividend increase in US dollars, while South Africa's Imperial Holdings raised its dividend by 9% in local currency. Amcor, the packaging company based in Australia, delivered a 5% dividend hike in US dollars.

However, the biggest dividend increases during the review period came from US banks. JPMorgan Chase, US Bancorp and Wells Fargo announced their intention to boost their dividends and buy back more stock after the Federal Reserve approved their capital plans in June. J.P.Morgan reported the biggest increase, with a 43% hike starting in the third quarter. This was accompanied by a new share buyback programme of \$20.7 billion, equivalent to 6% of the market cap, which will be implemented over the next year. US Bancorp and Wells Fargo also reported double-digit dividend increases and announced plans to buy back more stock. Wells Fargo's \$24.5 billion share buyback programme, up from the previous \$11.5 billion, is equivalent to more than 9% of the market cap.

There were no dividend cuts during the review period, but not all our holdings delivered sufficient growth. Helmerich & Payne's dividend hike was less than the 5% we normally expect, but the increase from the leading provider of onshore rigs in the US was the first in two years.

Aside from this minor disappointment, dividend growth was solid across the portfolio and the fund increased the distribution, while maintaining a yield above that of the MSCI ACWI Index. We are very aware that the combination of a premium yield and rising income is important to many of our investors and remain focused on meeting this objective.

The fund's distribution and yield are shown in the 'Specific share class performance' tables in this report. The distribution is subject to a variety of influences, including changes in the market environment, movements in currency and changes in the fund's tax status. Consequently, there is no guarantee that the fund will increase the income stream in every reporting period.

Performance against objective

Between 3 April 2018 (the start of the review period) and 1 October 2018, the M&G Global Dividend Fund delivered a positive total return (the combination of income and growth of capital) across all its share classes* and outperformed the MSCI ACWI Index. The index returned 14.3% in sterling, 12.4% in euros and 6.1% in US dollars during the six-month period. The fund therefore met its objective of outperforming the MSCI ACWI Index over this short timeframe. The fund also delivered on its income objectives of providing a higher yield than the MSCI ACWI Index and increasing the income stream.

Over a longer period of five years, all share classes have delivered positive total returns, albeit behind the MSCI ACWI Index. The fund's yield has been at a consistent premium to the index during this time and distributions have increased in each financial year. Consequently, the fund has achieved two out of its three objectives over this longer timeframe.

* 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

The fund's total return outperformed the MSCI ACWI Index during the six months under review. Stock selection accounted for the excess return and added value across a broad range of sectors.

Methanex in the materials sector made the biggest contribution to performance after the shares rose 30% in US dollars during the review period. The methanol producer's shares reached an all-time high as methanol prices rose in a favourable oil-price environment. We continued to trim our holding into the rally to manage the position size. We have reduced the number of shares we own in the company by more than 25% this year, but continue to believe that the stock is meaningfully undervalued. The stock remains a core holding.

Gibson Energy led the contributors in a buoyant energy sector that benefited from a higher oil price. WTI reached a peak of \$74 per barrel following a benign Organization of the Petroleum Exporting Countries (OPEC) meeting. Gibson Energy's rally was also supported by solid fundamentals. The Canadian infrastructure group delivered strong second-quarter results and the shares continue to look attractively valued. Prosafe, which provides accommodation vessels for the offshore industry, and Pembina Pipeline, another infrastructure company, were also among the top 10 positive contributors.

Our energy-related exposure remains focused on energy infrastructure, petrochemicals and to a lesser extent energy services, and we continue to manage the exposure at about 20%.

Healthcare was the best-performing sector during the review period, with UnitedHealth and Medtronic adding the most value. Both companies delivered better-than-expected results and delivered share-price gains of more than 20% in US dollars.

Microsoft (technology) and Arthur J. Gallagher & Co. (financials) were also beneficiaries of a favourable reporting season, while Union Pacific (industrials) rose after the market reacted positively to the railroad company's plan to improve safety, reliability and operating efficiency.

Turning to detractors, Pandora and Imperial Holdings made the biggest negative impact. Pandora has been under pressure after the Danish jewellery company reported successive profit warnings. The company has a highly profitable and cash generative business model and we believe that these qualities, combined with its long-term growth prospects, are not reflected in the stock's low valuation. The company is in the process of implementing a share buyback programme which is equivalent to 8.5% of the market cap. We believe that this exercise will create significant value for shareholders.

South Africa's Imperial Holdings underperformed against a difficult backdrop for emerging markets, but company fundamentals are very much intact. Imperial Holdings reported a solid set of results for its financial year and remains on track to split into two businesses, logistics and vehicles. We believe that strategic focus will lead to greater operational efficiency for each company and ultimately more value for shareholders.

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Investment review

Investment performance (continued)

Negative sentiment towards Asia weighed on Las Vegas Sands, but the gaming company with a significant presence in Macau and Singapore also missed expectations with its second-quarter results. We believe that the share-price reaction has been overdone. Standard Life Aberdeen, the asset manager, was similarly affected by the underperformance of Asia and emerging markets. We have been adding to both stocks on weakness.

Tokyo Electron, Samsung Electronics and ASML Holding lagged on concerns about a slowdown in the semiconductor industry. Amcor's acquisition of Bemis in the US to create a global leader in consumer packaging was poorly received. The stock is under review.

Investment activities

We made six new purchases and four complete sales during the six months under review – a level of turnover consistent with our investment timeframe of three to five years.

The fund's exposure to technology increased with three new purchases in the sector: Taiwan Semiconductor Manufacturing Company (TSMC), Tokyo Electron and Lam Research. All three companies are among the leaders in the semiconductor industry, which is a beneficiary of the long-term demand for data and memory. Concerns about a slowdown in iPhone sales and cautious guidance from the likes of Applied Materials and Nvidia led to share price weakness across the industry, which presented us with an attractive entry point. The companies we have targeted are highly cash generative and have a strong commitment to returning cash to shareholders.

We also added to Broadcom, our core holding in semiconductors. The shares came under pressure in July after the company's acquisition of CA Technologies was met with scepticism, but we used the weakness as a buying opportunity given Broadcom's strong cash generation and its attractive valuation. The shares were yielding more than 3% at their lows and we expect the dividend to grow quickly.

However, we sold Sabre in the technology sector. The software provider for the travel industry performed well after the announcement of results in February and we took the opportunity to sell into the rally.

The weighting in financials rose after we bought DBS Holdings, the Singaporean bank. The company, which provides a range of financial services across the Asian region, is stepping up its cash returns to shareholders following clarity on capital requirements. The shares offer an attractive yield of more than 3% with the dividend expected to grow in line with the progress of the business.

The new purchase of Starbucks also has an important Asian angle. The coffee chain has significant growth opportunities in China, as well as a highly profitable US business and is accelerating its expansion plans in Asia's largest economy. The company is also returning \$25 billion to shareholders over the next two years in the form of share buybacks and dividends, which is equivalent to 35% of the company's market cap.

We purchased PepsiCo, the global food and beverage company with top brands such as Pepsi, Frito-Lay, Gatorade, Quaker Oats and Tropicana, at the end of the review period in September. The snacks business, which owns Doritos, has delivered industry-leading growth and is a key driver of the company's profits. PepsiCo is on track to meet its guidance for earnings growth, free cashflow generation and

cash returns to shareholders, while investing in the business to generate long-term growth. The company's commitment to cash returns is evidenced by this year's 15% dividend increase and after a period of underperformance the shares look attractively valued on a yield of more than 3%.

In addition to the sale of Sabre, we exited Publicis Groupe, the French advertising business, in May following the stock's strong performance in the wake of first-quarter results. UCB, the pharmaceutical company based in Belgium, was sold in June. The stock recovered well from its osteoporosis drug disappointment and we see better value in our other, more liquid pharmaceutical names. We completed the sale of British American Tobacco, which we have been reducing for a while, in September. We believe that PepsiCo will provide better defensive characteristics for the portfolio.

The profit-taking in Methanex was accompanied by the reduction of our holding in Helmerich & Payne to manage the fund's energy-related exposure at about 20%. We continued to trim strong performers such as UnitedHealth and Microsoft, which returned more than 25% during the review period in US dollars.

Following these transactions, the number of holdings rose to 44. We would like to restore the number of holdings back up to our historic level of 50 over time. Global stockmarkets offer excellent opportunities for stockpickers, and we believe the potential for investors is best captured by a conviction-based approach.

From a geographic perspective, the fund continues to have a meaningful exposure to the US with more than 50% of the fund invested in the world's biggest stockmarket. We have 11% of the fund invested in the UK, which is less than six months ago, but the exposure remains dominated by global businesses whose operational performance is little affected by Brexit. The weighting in Europe excluding the UK slipped to 14% after we sold Publicis and UCB. The fund gained exposure to Japan with the new purchase of Tokyo Electron and the weighting in Asia Pacific ex Japan rose after we bought DBS and TSMC. The exposure to emerging markets, comprised of direct and indirect holdings, was lower as Imperial Holdings and Las Vegas Sands underperformed.

Outlook

Global equities have delivered decent returns in 2018, but the positive headline figures belie a more complicated reality. The market rally has been characterised by a narrowness of leadership, with the US standing out as the dominant contributor. Returns from Japan look respectable now after recent gains, but other parts of the world are either flat or negative. Sector performance shows similar traits. Technology has led from the front all year with the so-called FAANG stocks (Facebook, Apple, Amazon.com, Netflix and Google) continuing to grab the headlines. At the other extreme, bond proxies have brought up the rear against a headwind of rising interest rates. Technology's prominence has also had a significant influence on styles. We have seen growth outperform at the expense of value and the gap between them is becoming ever wider.

The supremacy of growth investing is of much interest to us, because it is our strong belief that momentum-driven rallies that pay no heed to value are ultimately unsustainable. Valuation is a key determinant of long-term equity returns that has been largely ignored during the current bull market. A valuation discipline is essential to generate competitive returns over time, in our view, and we remain committed to our long-term approach of seeking dividend growth at reasonable prices.

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Authorised Corporate Director's Report

Investment review

Outlook (continued)

We are not averse to growth; we are just keen not to overpay. In this context, we are pleased that we continue to see solid dividend growth across the portfolio, backed by the strong operating performance of the underlying companies and their robust cashflows. It is also pleasing that these dividend growers are available to us at attractive prices. We take great comfort from the fact that we continue to find new investment ideas by applying the same approach which we have pursued for the past 10 years.

Even in defensive sectors where valuations have been difficult to justify and fundamentals are deteriorating, we have been able to identify genuine growth companies, which we can access at reasonable valuations. PepsiCo is one such example, and we continue to be active in our search for similar opportunities. That said, healthcare remains our preferred sector in the defensive arena, because of the favourable balance between growth and value.

Cyclical businesses, however, remain our source of best ideas. This is the area of the market where value characteristics are most pronounced, and the disconnect between solid operating performance and its scant appreciation by the broader market is most apparent. We continue to see meaningful upside from our energy-related holdings, as well as the more conventional industrial holdings in the portfolio.

We are excited by the excellent opportunities we see, but it is also important to remain vigilant. One area of concern is the growth segment of the portfolio, where valuations for some stocks are looking increasingly stretched. The rotation out of expensive stocks can happen quickly, but the timing of these tipping points is impossible to predict. We have therefore been reducing our exposure gradually.

By the same token, we are aware that some stocks can remain undervalued and out of favour for some time. We see a variety of opportunities where growth is available at low prices, particularly in semiconductors and stocks exposed to Asia and emerging markets, but we are taking a deliberately measured approach as we add to our holdings. We know from experience that negative sentiment can persist for longer than we would like. We have learnt over the years that patience can be a virtue in different ways.

Shifts in market sentiment may be swift and ultimately fickle, but we are encouraged by the opportunities presented by the disparity of valuations in the market. We believe this is an excellent time for active managers to add value by backing their conviction. We remain committed to our disciplined approach, in the strong belief that our focus on dividend growth and valuation will stand us in good stead to generate competitive returns over the long term.

Stuart Rhodes

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	30.09.18 £'000	30.09.18 %	31.03.18 %
EQUITIES	6,279,347	98.64	98.61
United Kingdom	723,515	11.37	12.65
5,425,951 Compass Group	92,485	1.45	
11,949,512 Imperial Brands	322,398	5.07	
12,744,679 St. James's Place	144,716	2.28	
32,048,704 Standard Life Aberdeen	98,229	1.54	
1,558,215 Unilever	65,687	1.03	
Belgium	0	0.00	0.99
Denmark	178,006	2.80	4.45
1,515,561 Novo-Nordisk	55,283	0.87	
2,588,167 Pandora	122,723	1.93	
Finland	80,762	1.27	2.12
1,983,841 Kone	80,762	1.27	
France	0	0.00	1.14
Germany	113,837	1.79	1.64
1,158,980 Siemens	113,837	1.79	
Netherlands	87,296	1.37	1.13
607,672 ASML Holding	87,296	1.37	
Norway	25,729	0.40	0.16
9,226,867 Prosafe	25,729	0.40	
Switzerland	406,828	6.39	6.09
2,873,936 Novartis (Regd.)	191,006	3.00	
1,155,573 Roche Holding 'Genussscheine'	215,822	3.39	
United States	3,365,425	52.87	50.51
804,022 Analog Devices	56,832	0.89	
3,904,460 Arthur J. Gallagher & Co.	222,872	3.50	
1,496,852 Broadcom	282,876	4.44	
3,624,031 Cisco Systems	134,335	2.11	
828,794 Helmerich & Payne	43,902	0.69	
1,300,734 Intercontinental Exchange	74,796	1.17	
933,061 Johnson & Johnson	98,923	1.56	
1,454,238 JPMorgan Chase	127,704	2.01	
304,609 Lam Research	35,170	0.55	
2,123,784 Las Vegas Sands	97,322	1.53	
2,065,843 Medtronic	154,768	2.43	
10,421,962 Methanex	633,741	9.96	
2,737,805 Microsoft	240,232	3.77	
576,458 PepsiCo	49,097	0.77	
1,644,896 Starbucks	72,324	1.14	
4,940,141 Trinseo	292,257	4.59	
1,116,710 Union Pacific	140,263	2.20	
1,058,168 UnitedHealth Group	214,879	3.38	
4,367,567 US Bancorp	177,268	2.79	
665,285 Visa	76,543	1.20	
3,439,108 Wells Fargo	139,321	2.19	
Canada	573,610	9.01	8.38
26,956,156 Gibson Energy	319,214	5.02	
6,134,472 Keyera	124,327	1.95	
4,936,783 Pembina Pipeline	130,069	2.04	
Japan	73,975	1.16	0.00
701,200 Tokyo Electron	73,975	1.16	
Australia	125,487	1.97	2.17
16,590,490 Amcor	125,487	1.97	
Hong Kong	137,430	2.16	2.12
20,065,200 AIA Group	137,430	2.16	

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Investments

Portfolio statement (continued)			
as at Holding	30.09.18 £'000	30.09.18 %	31.03.18 %
Singapore	88,373	1.39	0.00
6,049,300 DBS Group Holdings	88,373	1.39	
South Korea	85,556	1.34	1.47
2,664,450 Samsung Electronics	85,556	1.34	
Taiwan	70,675	1.11	0.00
10,741,000 Taiwan Semiconductor Manufacturing	70,675	1.11	
South Africa	142,843	2.24	3.59
15,070,564 Imperial Holdings	142,843	2.24	
Portfolio of investments	6,279,347	98.64	98.61
CASH EQUIVALENTS	22,669	0.36	1.53
'AAA' rated money market funds [a]	22,669	0.36	1.53
22,669,000 Northern Trust Global Fund - Sterling	22,669	0.36	
Total portfolio	6,302,016	99.00	100.14
Net other assets / (liabilities)	63,851	1.00	(0.14)
Net assets attributable to shareholders	6,365,867	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.

Top ten portfolio transactions

for the six months to 30 September 2018

Largest purchases	£'000
DBS Group Holdings	89,464
Tokyo Electron	87,882
Starbucks	69,701
Taiwan Semiconductor Manufacturing	61,052
Standard Life Aberdeen	55,891
PepsiCo	50,393
Lam Research	40,677
Trinseo	35,344
US Bancorp	33,889
Broadcom	33,790
Other purchases	84,667
Total purchases	642,750
Largest sales	£'000
Methanex	192,281
British American Tobacco	82,965
UnitedHealth Group	72,309
Publicis Groupe	68,277
Kone	61,416
Las Vegas Sands	59,365
UCB	58,577
Helmerich & Payne	53,930
Pembina Pipeline	53,566
Microsoft	51,247
Other sales	278,156
Total sales	1,032,089

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

M&G Global Dividend 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 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 Global Dividend Fund, 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	30.09.18 £'000	31.03.18 £'000	31.03.17 £'000
Fund net asset value (NAV)	6,365,867	5,912,060	6,883,700

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.



Historic yield

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



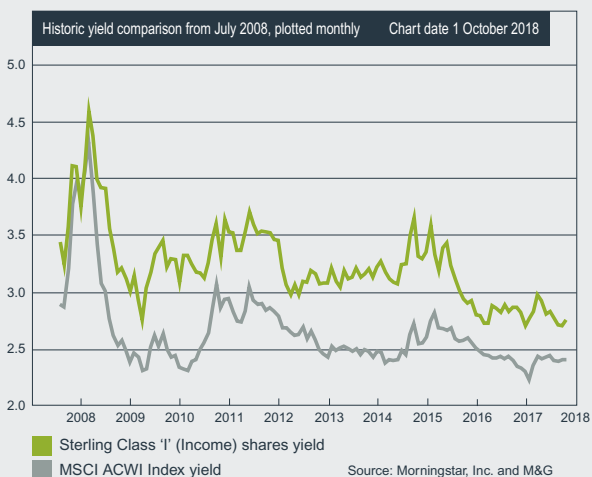
M&G Global Dividend Fund

Financial highlights

Fund performance

Historic yield (continued)

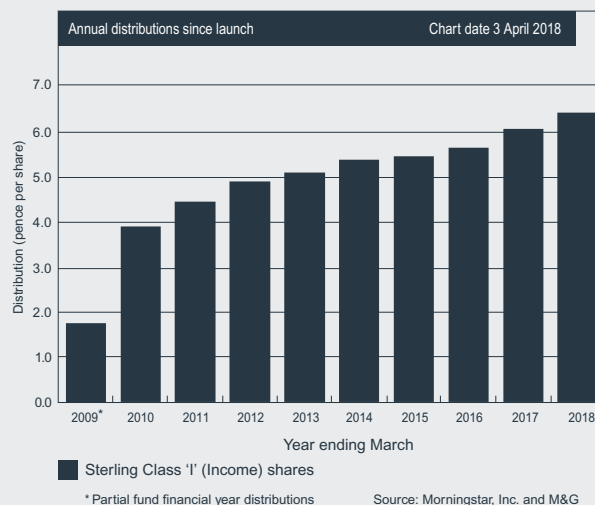
The chart below shows the historic yield of Sterling Class 'I' (Income) shares against that of a comparative index.



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 03.04.18 % [a]	Three years 01.10.15 % p.a.	Five years 01.10.13 % p.a.	Since launch % p.a.
Euro [b]				
Class 'A'	+13.8	+12.6	+9.0	+10.2 [c]
Class 'C'	+14.4	+13.7	+10.1	+11.3 [c]
MSCI ACWI Index [d]	+12.4	+12.6	+12.6	+10.4 [c]
Class 'G'	+14.3	n/a	n/a	+11.0 [e]
MSCI ACWI Index	+12.4	+12.6	+12.6	+11.7 [e]
Singapore dollar [b]				
Class 'A'	+12.4	+12.6	n/a	+9.2 [f]
Class 'C'	+13.0	+13.7	n/a	+10.3 [f]
MSCI ACWI Index	+11.0	+12.3	+11.1	+10.7 [f]
Sterling [g]				
Class 'A'	+15.8	+20.3	+10.7	+11.7 [c]
Class 'I'	+16.3	+21.2	+11.5	+12.5 [c]
Class 'X'	+15.8	+20.3	+10.7	+11.7 [c]
MSCI ACWI Index [d]	+14.3	+19.7	+14.0	+11.6 [c]
Class 'R'	+16.1	+20.9	+11.2	+12.4 [h]
MSCI ACWI Index	+14.3	+19.7	+14.0	+14.6 [h]
US dollar [b]				
Class 'A'	+7.5	+14.1	+5.7	+6.9 [c]
Class 'C'	+8.1	+15.3	+6.7	+7.9 [c]
MSCI ACWI Index [d]	+6.1	+13.9	+9.1	+7.1 [c]

[a] Absolute basis.

[b] Price to price with net income reinvested.

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

[d] Past performance shown from 18 July 2008 to 31 December 2011 is the FTSE World Index. Past performance shown from 1 January 2012 to 1 October 2018 is the MSCI ACWI Index.

[e] 21 July 2017, the launch date of the share class.

[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 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.
- **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 30.09.18	Year to 31.03.18	Year to 31.03.17	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.01	0.03	0.03	0.02
Taxes	0.01	0.02	0.03	0.02
Costs before dilution adjustments	0.02	0.05	0.06	0.04
Dilution adjustments ^[c]	(0.01)	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.01	0.04	0.05	0.03
As at	30.09.18	31.03.18	31.03.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.06	0.09	0.09	0.08

^[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 Dividend 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 12 October 2018.

Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

	Six months to 30.09.18	Year to 31.03.18	Year to 31.03.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,029.63	2,170.48	1,806.17
Return before operating charges and after direct portfolio transaction costs	295.91	(38.66)	463.39
Operating charges	(21.07)	(40.06)	(37.94)
Return after operating charges	274.84	(78.72)	425.45
Distributions	(27.21)	(62.13)	(61.14)
Closing NAV	2,277.26	2,029.63	2,170.48
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.43	1.07	1.25
Dilution adjustments ^[a]	(0.14)	(0.24)	(0.25)
Total direct portfolio transaction costs	0.29	0.83	1.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.91	1.91	1.91
Return after operating charges	+13.54	-3.63	+23.56
Historic yield	2.98	2.98	2.84
Effect on yield of charges offset against capital	1.91	1.91	1.91
Other information			
Closing NAV (£'000)	465,031	417,072	157,882
Closing NAV percentage of total fund NAV (%)	7.31	7.05	2.29
Number of shares	22,994,001	23,448,160	8,480,882
Highest share price (Euro ¢)	2,295.08	2,257.06	2,252.86
Lowest share price (Euro ¢)	2,014.32	1,981.84	1,761.33

Euro Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.18	Year to 31.03.18	Year to 31.03.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,361.03	2,450.73	1,979.36
Return before operating charges and after direct portfolio transaction costs	345.19	(43.90)	513.06
Operating charges	(24.58)	(45.80)	(41.69)
Return after operating charges	320.61	(89.70)	471.37
Distributions	(7.83)	(25.26)	(45.64)
Retained distributions	7.83	25.26	45.64
Closing NAV	2,681.64	2,361.03	2,450.73
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.50	1.23	1.37
Dilution adjustments ^[a]	(0.17)	(0.27)	(0.27)
Total direct portfolio transaction costs	0.33	0.96	1.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.91	1.91	1.91
Return after operating charges	+13.58	-3.66	+23.81
Historic yield	1.04	1.04	1.11
Effect on yield of charges offset against capital	0.01	0.01	0.01
Other information			
Closing NAV (£'000)	1,100,517	1,019,061	1,690,840
Closing NAV percentage of total fund NAV (%)	17.28	17.24	24.56
Number of shares	46,210,776	49,250,885	80,439,916
Highest share price (Euro ¢)	2,686.46	2,596.00	2,517.88
Lowest share price (Euro ¢)	2,343.20	2,252.09	1,930.24

Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 30.09.18	Year to 31.03.18	Year to 31.03.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,306.04	2,441.43	2,011.54
Return before operating charges and after direct portfolio transaction costs	336.83	(43.32)	518.53
Operating charges	(11.45)	(21.78)	(20.16)
Return after operating charges	325.38	(65.10)	498.37
Distributions	(30.99)	(70.29)	(68.48)
Closing NAV	2,600.43	2,306.04	2,441.43
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.49	1.22	1.39
Dilution adjustments ^[a]	(0.16)	(0.27)	(0.28)
Total direct portfolio transaction costs	0.33	0.95	1.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+14.11	-2.67	+24.78
Historic yield	2.96	2.97	2.83
Effect on yield of charges offset against capital	0.91	0.91	0.91
Other information			
Closing NAV (£'000)	34,734	30,414	21,802
Closing NAV percentage of total fund NAV (%)	0.55	0.51	0.32
Number of shares	1,504,043	1,504,948	1,041,165
Highest share price (Euro ¢)	2,620.76	2,558.87	2,532.33
Lowest share price (Euro ¢)	2,289.02	2,238.66	1,962.04

M&G Global Dividend Fund

Financial highlights

Specific share class performance

Euro Class 'C' Accumulation share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.18 Euro ¢	Year to 31.03.18 Euro ¢	Year to 31.03.17 Euro ¢
Opening NAV	2,597.43	2,669.41	2,134.55
Return before operating charges and after direct portfolio transaction costs	380.42	(48.04)	556.29
Operating charges	(12.95)	(23.94)	(21.43)
Return after operating charges	367.47	(71.98)	534.86
Distributions	(22.51)	(54.01)	(62.11)
Retained distributions	22.51	54.01	62.11
Closing NAV	2,964.90	2,597.43	2,669.41
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.56	1.34	1.48
Dilution adjustments ^[a]	(0.18)	(0.30)	(0.30)
Total direct portfolio transaction costs	0.38	1.04	1.18
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+14.15	-2.70	+25.06
Historic yield	2.02	2.03	1.99
Effect on yield of charges offset against capital	0.01	0.01	0.01
Other information			
Closing NAV (£'000)	253,314	244,576	332,949
Closing NAV percentage of total fund NAV (%)	3.98	4.14	4.84
Number of shares	9,620,420	10,744,491	14,542,099
Highest share price (Euro ¢)	2,970.23	2,849.71	2,740.35
Lowest share price (Euro ¢)	2,578.20	2,463.20	2,082.04

Euro Class 'G' Accumulation share performance

The share class was launched on 21 July 2017.

Change in NAV per share	Six months to 30.09.18 Euro ¢	Year to 31.03.18 Euro ¢	Year to 31.03.17 Euro ¢
Opening NAV	992.43	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	145.31	0.59	n/a
Operating charges	(6.29)	(8.16)	n/a
Return after operating charges	139.02	(7.57)	n/a
Distributions	(7.28)	(14.19)	n/a
Retained distributions	7.28	14.19	n/a
Closing NAV	1,131.45	992.43	n/a
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.21	0.36	n/a
Dilution adjustments ^[a]	(0.07)	(0.08)	n/a
Total direct portfolio transaction costs	0.14	0.28	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	n/a
Operating charges	1.16	1.16	n/a
Return after operating charges	+14.01	-0.76	n/a
Historic yield	1.78	1.78	n/a
Effect on yield of charges offset against capital	0.01	0.01	n/a
Other information			
Closing NAV (£'000)	648,126	514,953	n/a
Closing NAV percentage of total fund NAV (%)	10.18	8.71	n/a
Number of shares	64,501,613	59,208,229	n/a
Highest share price (Euro ¢)	1,133.47	1,089.43	n/a
Lowest share price (Euro ¢)	985.07	942.53	n/a

Singapore dollar Class 'A' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.18 Singapore ¢	Year to 31.03.18 Singapore ¢	Year to 31.03.17 Singapore ¢
Opening NAV	1,116.36	1,101.55	940.63
Return before operating charges and after direct portfolio transaction costs	137.69	69.73	211.42
Operating charges	(11.27)	(21.11)	(19.20)
Return after operating charges	126.42	48.62	192.22
Distributions	(14.75)	(33.81)	(31.30)
Closing NAV	1,228.03	1,116.36	1,101.55
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.23	0.45	0.55
Dilution adjustments ^[a]	(0.08)	(0.10)	(0.11)
Total direct portfolio transaction costs	0.15	0.35	0.44
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.89	1.86	1.88
Return after operating charges	+11.32	+4.41	+20.44
Historic yield	3.01	2.95	2.88
Effect on yield of charges offset against capital	1.89	1.86	1.88
Other information			
Closing NAV (£'000)	17	3	3
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	2,467	500	500
Highest share price (Singapore ¢)	1,238.53	1,233.49	1,137.00
Lowest share price (Singapore ¢)	1,107.25	1,085.68	900.23

Singapore dollar Class 'A' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.18 Singapore ¢	Year to 31.03.18 Singapore ¢	Year to 31.03.17 Singapore ¢
Opening NAV	1,239.12	1,184.80	984.12
Return before operating charges and after direct portfolio transaction costs	153.32	77.98	220.70
Operating charges	(12.66)	(23.66)	(20.02)
Return after operating charges	140.66	54.32	200.68
Distributions	(4.06)	(13.27)	(22.17)
Retained distributions	4.06	13.27	22.17
Closing NAV	1,379.78	1,239.12	1,184.80
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.26	0.63	0.66
Dilution adjustments ^[a]	(0.09)	(0.14)	(0.13)
Total direct portfolio transaction costs	0.17	0.49	0.53
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.91	1.91	1.90
Return after operating charges	+11.35	+4.58	+20.39
Historic yield	1.05	1.04	1.11
Effect on yield of charges offset against capital	0.01	0.01	0.00
Other information			
Closing NAV (£'000)	49	34	35
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	6,366	5,085	5,085
Highest share price (Singapore ¢)	1,383.17	1,353.70	1,213.10
Lowest share price (Singapore ¢)	1,229.00	1,177.03	941.97

M&G Global Dividend Fund

Financial highlights

Specific share class performance

Singapore dollar Class 'C' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.18 Singapore ¢	Year to 31.03.18 Singapore ¢	Year to 31.03.17 Singapore ¢
Opening NAV	1,152.37	1,126.03	951.85
Return before operating charges and after direct portfolio transaction costs	142.51	71.40	215.21
Operating charges	(5.48)	(10.33)	(9.14)
Return after operating charges	137.03	61.07	206.07
Distributions	(15.26)	(34.73)	(31.89)
Closing NAV	1,274.14	1,152.37	1,126.03

Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.24	0.45	0.56
Dilution adjustments ^[a]	(0.08)	(0.10)	(0.11)
Total direct portfolio transaction costs	0.16	0.35	0.45

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	0.89	0.89	0.88
Return after operating charges	+11.89	+5.42	+21.65
Historic yield	2.99	2.94	2.87
Effect on yield of charges offset against capital	0.89	0.89	0.88

Other information

Closing NAV (£'000)	17	3	3
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	2,381	500	500
Highest share price (Singapore ¢)	1,284.91	1,271.21	1,161.38
Lowest share price (Singapore ¢)	1,143.18	1,113.94	913.21

Singapore dollar Class 'C' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.18 Singapore ¢	Year to 31.03.18 Singapore ¢	Year to 31.03.17 Singapore ¢
Opening NAV	1,279.37	1,213.81	996.00
Return before operating charges and after direct portfolio transaction costs	158.64	77.11	227.41
Operating charges	(6.26)	(11.55)	(9.60)
Return after operating charges	152.38	65.56	217.81
Distributions	(10.96)	(26.51)	(28.53)
Retained distributions	10.96	26.51	28.53
Closing NAV	1,431.75	1,279.37	1,213.81

Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.27	0.65	0.66
Dilution adjustments ^[a]	(0.09)	(0.14)	(0.13)
Total direct portfolio transaction costs	0.18	0.51	0.53

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	0.91	0.91	0.90
Return after operating charges	+11.91	+5.40	+21.87
Historic yield	2.04	2.02	2.01
Effect on yield of charges offset against capital	0.01	0.01	0.00

Other information

Closing NAV (£'000)	58	46	88
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	7,164	6,668	12,614
Highest share price (Singapore ¢)	1,435.13	1,395.42	1,239.05
Lowest share price (Singapore ¢)	1,269.14	1,203.80	955.64

Sterling Class 'A' Income share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.18 UK p	Year to 31.03.18 UK p	Year to 31.03.17 UK p
Opening NAV	194.31	202.85	155.09
Return before operating charges and after direct portfolio transaction costs	31.31	0.80	56.45
Operating charges	(1.78)	(3.37)	(3.02)
Return after operating charges	29.53	(2.57)	53.43
Distributions	(2.65)	(5.97)	(5.67)
Closing NAV	221.19	194.31	202.85

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.10	0.11
Dilution adjustments ^[a]	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.03	0.08	0.09

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.66	1.66	1.66
Return after operating charges	+15.20	-1.27	+34.45
Historic yield	2.96	3.00	2.83
Effect on yield of charges offset against capital	1.66	1.66	1.66

Other information

Closing NAV (£'000)	451,971	585,598	685,830
Closing NAV percentage of total fund NAV (%)	7.10	9.91	9.96
Number of shares	204,332,754	301,369,940	338,103,216
Highest share price (UK p)	225.19	217.28	210.29
Lowest share price (UK p)	192.55	193.91	149.30

Sterling Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.18 UK p	Year to 31.03.18 UK p	Year to 31.03.17 UK p
Opening NAV	266.91	270.48	200.70
Return before operating charges and after direct portfolio transaction costs	43.12	0.96	73.68
Operating charges	(2.44)	(4.53)	(3.90)
Return after operating charges	40.68	(3.57)	69.78
Distributions	(1.26)	(3.54)	(5.30)
Retained distributions	1.26	3.54	5.30
Closing NAV	307.59	266.91	270.48

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.14	0.15
Dilution adjustments ^[a]	(0.02)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.04	0.11	0.12

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.66	1.66	1.66
Return after operating charges	+15.24	-1.32	+34.77
Historic yield	1.27	1.30	1.37
Effect on yield of charges offset against capital	0.01	0.01	0.01

Other information

Closing NAV (£'000)	356,981	340,501	575,907
Closing NAV percentage of total fund NAV (%)	5.61	5.76	8.37
Number of shares	116,056,494	127,571,447	212,924,207
Highest share price (UK p)	311.25	295.10	277.49
Lowest share price (UK p)	264.49	258.61	193.21

M&G Global Dividend Fund

Financial highlights

Specific share class performance

Sterling Class 'I' Income share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.18 UK p	Year to 31.03.18 UK p	Year to 31.03.17 UK p
Change in NAV per share			
Opening NAV	208.73	216.27	164.12
Return before operating charges and after direct portfolio transaction costs	33.68	0.83	59.92
Operating charges	(1.05)	(1.98)	(1.74)
Return after operating charges	32.63	(1.15)	58.18
Distributions	(2.85)	(6.39)	(6.03)
Closing NAV	238.51	208.73	216.27
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.11	0.12
Dilution adjustments ^[a]	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.03	0.09	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+15.63	-0.53	+35.45
Historic yield	2.95	2.99	2.82
Effect on yield of charges offset against capital	0.91	0.91	0.91
Other information			
Closing NAV (£'000)	947,619	858,505	1,360,071
Closing NAV percentage of total fund NAV (%)	14.89	14.52	19.76
Number of shares	397,310,331	411,302,750	628,862,926
Highest share price (UK p)	242.67	233.02	224.07
Lowest share price (UK p)	206.86	206.95	158.15

Sterling Class 'I' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.18 UK p	Year to 31.03.18 UK p	Year to 31.03.17 UK p
Change in NAV per share			
Opening NAV	286.62	288.29	212.33
Return before operating charges and after direct portfolio transaction costs	46.37	0.99	78.23
Operating charges	(1.44)	(2.66)	(2.27)
Return after operating charges	44.93	(1.67)	75.96
Distributions	(2.53)	(5.98)	(6.66)
Retained distributions	2.53	5.98	6.66
Closing NAV	331.55	286.62	288.29
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.15	0.16
Dilution adjustments ^[a]	(0.02)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.04	0.12	0.13
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+15.68	-0.58	+35.77
Historic yield	2.01	2.04	2.01
Effect on yield of charges offset against capital	0.01	0.01	0.01
Other information			
Closing NAV (£'000)	1,801,649	1,604,151	1,684,065
Closing NAV percentage of total fund NAV (%)	28.30	27.13	24.46
Number of shares	543,399,486	559,676,644	584,149,759
Highest share price (UK p)	335.29	316.37	295.59
Lowest share price (UK p)	284.06	275.92	204.61

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 30.09.18 UK p	Year to 31.03.18 UK p	Year to 31.03.17 UK p
Change in NAV per share			
Opening NAV	147.71	153.44	116.73
Return before operating charges and after direct portfolio transaction costs	23.83	0.59	42.56
Operating charges	(0.94)	(1.79)	(1.57)
Return after operating charges	22.89	(1.20)	40.99
Distributions	(2.02)	(4.53)	(4.28)
Closing NAV	168.58	147.71	153.44
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.08	0.08
Dilution adjustments ^[a]	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.02	0.06	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.16	1.16	1.16
Return after operating charges	+15.50	-0.78	+35.12
Historic yield	2.95	2.99	2.83
Effect on yield of charges offset against capital	1.16	1.16	1.16
Other information			
Closing NAV (£'000)	13,914	12,490	9,741
Closing NAV percentage of total fund NAV (%)	0.22	0.21	0.14
Number of shares	8,254,053	8,455,567	6,348,533
Highest share price (UK p)	171.55	165.00	159.00
Lowest share price (UK p)	146.39	146.77	112.45

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 30.09.18 UK p	Year to 31.03.18 UK p	Year to 31.03.17 UK p
Change in NAV per share			
Opening NAV	177.20	178.68	131.93
Return before operating charges and after direct portfolio transaction costs	28.65	0.63	48.54
Operating charges	(1.13)	(2.11)	(1.79)
Return after operating charges	27.52	(1.48)	46.75
Distributions	(1.32)	(3.25)	(3.92)
Retained distributions	1.32	3.25	3.92
Closing NAV	204.72	177.20	178.68
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.09	0.10
Dilution adjustments ^[a]	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.03	0.07	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.16	1.16	1.16
Return after operating charges	+15.53	-0.83	+35.44
Historic yield	1.76	1.79	1.80
Effect on yield of charges offset against capital	0.01	0.01	0.01
Other information			
Closing NAV (£'000)	16,506	12,915	3,862
Closing NAV percentage of total fund NAV (%)	0.26	0.22	0.06
Number of shares	8,062,637	7,288,672	2,161,369
Highest share price (UK p)	207.07	195.70	183.24
Lowest share price (UK p)	175.61	170.95	127.09

M&G Global Dividend Fund

Financial highlights

Specific share class performance

Sterling Class 'X' Income share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.18 UK p	Year to 31.03.18 UK p	Year to 31.03.17 UK p
Change in NAV per share			
Opening NAV	194.39	202.94	155.16
Return before operating charges and after direct portfolio transaction costs	31.32	0.79	56.44
Operating charges	(1.77)	(3.37)	(2.99)
Return after operating charges	29.55	(2.58)	53.45
Distributions	(2.65)	(5.97)	(5.67)
Closing NAV	221.29	194.39	202.94
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.10	0.11
Dilution adjustments ^[a]	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.03	0.08	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.66	1.66	1.66
Return after operating charges	+15.20	-1.27	+34.45
Historic yield	2.96	3.00	2.83
Effect on yield of charges offset against capital	1.66	1.66	1.66
Other information			
Closing NAV (£'000)	54,672	50,551	69,738
Closing NAV percentage of total fund NAV (%)	0.86	0.85	1.01
Number of shares	24,705,528	26,004,490	34,364,481
Highest share price (UK p)	225.29	217.38	210.38
Lowest share price (UK p)	192.63	193.99	149.37

Sterling Class 'X' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.18 UK p	Year to 31.03.18 UK p	Year to 31.03.17 UK p
Change in NAV per share			
Opening NAV	267.06	270.62	200.81
Return before operating charges and after direct portfolio transaction costs	43.14	0.97	73.72
Operating charges	(2.44)	(4.53)	(3.91)
Return after operating charges	40.70	(3.56)	69.81
Distributions	(1.26)	(3.54)	(5.30)
Retained distributions	1.26	3.54	5.30
Closing NAV	307.76	267.06	270.62
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.14	0.15
Dilution adjustments ^[a]	(0.02)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.04	0.11	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.66	1.66	1.66
Return after operating charges	+15.24	-1.32	+34.76
Historic yield	1.27	1.30	1.37
Effect on yield of charges offset against capital	0.01	0.01	0.01
Other information			
Closing NAV (£'000)	21,155	19,086	24,298
Closing NAV percentage of total fund NAV (%)	0.33	0.32	0.35
Number of shares	6,873,925	7,146,601	8,978,532
Highest share price (UK p)	311.42	295.26	277.65
Lowest share price (UK p)	264.64	258.76	193.32

US dollar Class 'A' Income share performance

The share class was launched on 8 August 2014.

	Six months to 30.09.18 US ¢	Year to 31.03.18 US ¢	Year to 31.03.17 US ¢
Change in NAV per share			
Opening NAV	1,630.35	1,511.02	1,339.43
Return before operating charges and after direct portfolio transaction costs	125.61	198.47	241.68
Operating charges	(16.18)	(30.71)	(26.85)
Return after operating charges	109.43	167.76	214.83
Distributions	(20.75)	(48.43)	(43.24)
Closing NAV	1,719.03	1,630.35	1,511.02
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.33	0.82	0.88
Dilution adjustments ^[a]	(0.11)	(0.18)	(0.18)
Total direct portfolio transaction costs	0.22	0.64	0.70
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.91	1.91	1.91
Return after operating charges	+6.71	+11.10	+16.04
Historic yield	3.09	2.91	2.90
Effect on yield of charges offset against capital	1.91	1.91	1.91
Other information			
Closing NAV (£'000)	5,751	5,130	5,965
Closing NAV percentage of total fund NAV (%)	0.09	0.09	0.09
Number of shares	436,255	442,448	491,545
Highest share price (US ¢)	1,737.58	1,804.27	1,545.10
Lowest share price (US ¢)	1,612.85	1,497.00	1,274.37

US dollar Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.18 US ¢	Year to 31.03.18 US ¢	Year to 31.03.17 US ¢
Change in NAV per share			
Opening NAV	1,836.40	1,652.10	1,421.29
Return before operating charges and after direct portfolio transaction costs	142.15	218.16	259.52
Operating charges	(18.29)	(33.86)	(28.71)
Return after operating charges	123.86	184.30	230.81
Distributions	(5.79)	(19.28)	(31.57)
Retained distributions	5.79	19.28	31.57
Closing NAV	1,960.26	1,836.40	1,652.10
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.38	0.91	0.94
Dilution adjustments ^[a]	(0.12)	(0.20)	(0.19)
Total direct portfolio transaction costs	0.26	0.71	0.75
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	1.91	1.91	1.91
Return after operating charges	+6.74	+11.16	+16.24
Historic yield	1.09	1.03	1.13
Effect on yield of charges offset against capital	0.01	0.01	0.01
Other information			
Closing NAV (£'000)	150,265	157,856	216,642
Closing NAV percentage of total fund NAV (%)	2.36	2.67	3.15
Number of shares	9,996,636	12,087,140	16,329,152
Highest share price (US ¢)	1,969.38	2,009.19	1,671.95
Lowest share price (US ¢)	1,816.69	1,637.13	1,352.30

M&G Global Dividend Fund

Financial highlights

Specific share class performance

US dollar Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 30.09.18 US ¢	Year to 31.03.18 US ¢	Year to 31.03.17 US ¢
Change in NAV per share			
Opening NAV	1,793.19	1,645.45	1,444.07
Return before operating charges and after direct portfolio transaction costs	138.47	216.70	262.30
Operating charges	(8.51)	(15.95)	(14.02)
Return after operating charges	129.96	200.75	248.28
Distributions	(22.89)	(53.01)	(46.90)
Closing NAV	1,900.26	1,793.19	1,645.45
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.37	0.90	0.97
Dilution adjustments ^[a]	(0.12)	(0.20)	(0.19)
Total direct portfolio transaction costs	0.25	0.70	0.78
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+7.25	+12.20	+17.19
Historic yield	3.07	2.89	2.89
Effect on yield of charges offset against capital	0.91	0.91	0.91
Other information			
Closing NAV (£'000)	3,809	3,326	4,195
Closing NAV percentage of total fund NAV (%)	0.06	0.06	0.06
Number of shares	261,393	260,809	317,458
Highest share price (US ¢)	1,920.54	1,981.25	1,681.20
Lowest share price (US ¢)	1,774.26	1,630.45	1,377.28

US dollar Class 'C' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.18 US ¢	Year to 31.03.18 US ¢	Year to 31.03.17 US ¢
Change in NAV per share			
Opening NAV	2,019.71	1,799.04	1,532.32
Return before operating charges and after direct portfolio transaction costs	156.66	238.32	281.57
Operating charges	(9.61)	(17.65)	(14.85)
Return after operating charges	147.05	220.67	266.72
Distributions	(16.64)	(40.85)	(42.69)
Retained distributions	16.64	40.85	42.69
Closing NAV	2,166.76	2,019.71	1,799.04
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.41	0.99	1.02
Dilution adjustments ^[a]	(0.14)	(0.22)	(0.20)
Total direct portfolio transaction costs	0.27	0.77	0.82
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+7.28	+12.27	+17.41
Historic yield	2.10	1.98	2.03
Effect on yield of charges offset against capital	0.01	0.01	0.01
Other information			
Closing NAV (£'000)	39,712	35,789	39,784
Closing NAV percentage of total fund NAV (%)	0.62	0.61	0.58
Number of shares	2,390,106	2,491,652	2,753,741
Highest share price (US ¢)	2,176.60	2,206.19	1,819.20
Lowest share price (US ¢)	1,998.37	1,783.04	1,461.50

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

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

M&G Global Dividend Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2018		2017	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		840,545		(48,500)
Revenue	97,454		101,885	
Expenses	(41,351)		(44,900)	
Net revenue / (expense) before taxation	56,103		56,985	
Taxation	(9,581)		(10,855)	
Net revenue / (expense) after taxation		46,522		46,130
Total return before distributions		887,067		(2,370)
Distributions		(50,532)		(52,456)
Change in net assets attributable to shareholders from investment activities		836,535		(54,826)

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2018		2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		5,912,060		6,883,700
Amounts received on issue of shares	176,794		934,718	
Amounts paid on cancellation of shares	(585,510)		(1,360,154)	
		(408,716)		(425,436)
Dilution adjustments		587		516
Change in net assets attributable to shareholders from investment activities (see above)		836,535		(54,826)
Retained distributions on Accumulation shares		25,398		23,822
Unclaimed distributions		3		0
Closing net assets attributable to shareholders		6,365,867		6,427,776

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	30 September 2018	31 March 2018
	£'000	£'000
Assets		
Fixed assets		
Investments	6,279,347	5,829,662
Current assets		
Debtors	56,876	51,268
Cash and bank balances	39,031	32,073
Cash equivalents	22,669	90,597
Total assets	6,397,923	6,003,600
Liabilities		
Creditors		
Distribution payable	(12,022)	(22,407)
Other creditors	(20,034)	(69,133)
Total liabilities	(32,056)	(91,540)
Net assets attributable to shareholders	6,365,867	5,912,060

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 31 March 2018. They are prepared in accordance with 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.

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 Global Dividend Fund

Other regulatory disclosures

Swiss investor information

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

For this fund the TERs are the same as the operating charges disclosed in the 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.

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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