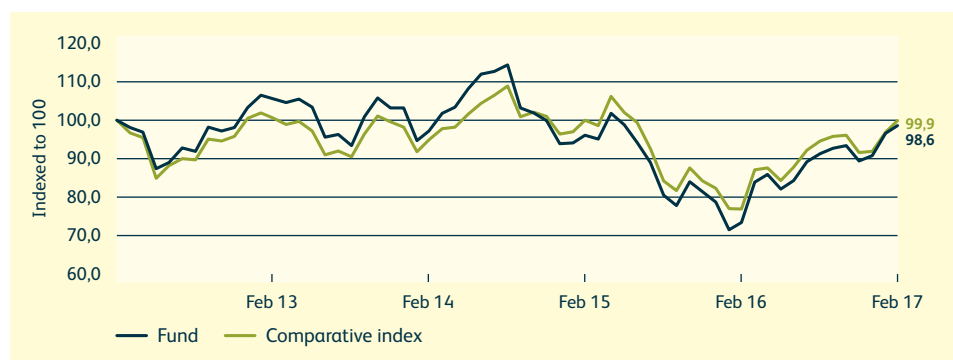


USD Class A

Summary

- Emerging market equities continued to climb in February as investors remained optimistic about the outlook for global growth.
- The fund rose but underperformed the MSCI Emerging Markets Index, with stock selection in financials and information technology detracting.
- Fund Manager Matthew Vaight started positions in Sembcorp Industries, a Singapore-listed utilities firm, and CCR, a Brazilian toll road operator. The stakes in Prosegur and Krung Thai Bank were sold.

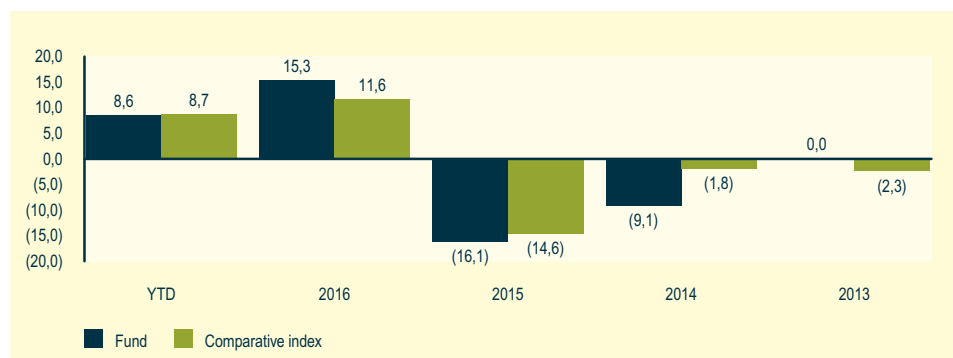
Performance over 5 years



Fund performance

	1 month (%)	3 months (%)	YTD (%)	1 year (%)	3 years (%) p.a.	5 years (%) p.a.	Since tenure (%) p.a.	Since inception (%) p.a.
Fund	+2,1	+10,3	+8,6	+34,3	+0,5	-0,3	+10,7	+10,7
Index	+3,1	+9,0	+8,7	+29,9	+1,7	-0,0	+10,1	+10,1
Sector	+2,7	+8,7	+8,6	+27,2	+0,5	-0,4	+8,9	+8,9

Annual performance (%)



Past performance is not a guide to future performance.

The value of investments and the income from them will fluctuate. This will cause the fund price to fall as well as rise. There is no guarantee the fund objective will be achieved and you may not get back the original amount you invested.

The past performance has been calculated using a different currency to your home currency. The returns shown here may increase or decrease as due to currency fluctuations when compared to past performance returns calculated using your home currency.

The fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

Key information

Fund manager	Matthew Vaight
Fund manager tenure from	5 February 2009
Deputy fund manager	Alice de Charmoy
Launch date	5 February 2009
Launch of share class	5 February 2009
Fund size (millions)	\$2.358,62
Fund type	OEIC, incorporated in the UK
Comparative index	MSCI Emerging Markets Index
Comparative sector	Morningstar Global Emerging Markets Equity sector
Number of companies	69
Historic yield (Acc)	0.50 %
Historic yield (Inc)	1.38 %
Portfolio turnover over 12 months	10,7 %
Share type	Acc & Inc
Ongoing charge	2,03 %

The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The fund's charging policy has recently changed and, rather than being decided at fund level, certain charges are now deducted from income for accumulation share classes and from capital for income share classes. These charges include the annual management charge, administration fee and share class hedging fee (for hedged share classes). To ensure that yields quoted are representative of the fund's charging policy, for some share classes an estimated historic yield is shown. This is based on the historic yield, but adjusted for the impact of the new charging policy. This adjustment will be applied until distributions have been declared for a full year after the changes, from which time the historic yield will again be on the same basis as the distributions. For the fund's USD Class A income shares, the policy of deducting certain charges from capital has the effect of increasing distribution(s) for the year by 1,91 % and constraining capital performance to an equivalent extent.

Fund ratings

Overall Morningstar rating	★★★
Morningstar Analyst rating	Bronze

Source of Morningstar ratings: Morningstar, as at 31 January 2017

Ratings should not be taken as a recommendation.

Risk characteristics

As at 31/01/17	
Alpha:	0,96
Information ratio:	0,23
Sharpe ratio:	0,71
Historic tracking error:	3,81
Beta:	0,97
Standard deviation:	15,75
Forecast tracking error (active risk):	3,56
Active share	83,44

Alpha: Portfolio return less comparative index return, annualised. **Information ratio:** Risk-adjusted relative return, measured as the ratio of active return (difference between portfolio return and index return), divided by tracking error (standard deviation of active returns). **Sharpe ratio:** Risk-adjusted absolute return, measured as the ratio of portfolio excess return (difference between mean portfolio return and the risk-free rate) divided by the standard deviation of portfolio returns. **Historic tracking error:** Measure of the actual deviation of portfolio returns from comparative index returns. These four risk measures are calculated using realised, rolling, three-year fund returns. **Beta:** Forecast sensitivity of portfolio returns to the comparative index. **Standard deviation:** Forecast absolute volatility of portfolio returns. **Forecast tracking error (active risk):** Forecast standard deviation of a portfolio's returns relative to its comparative index. **Active share:** Sum of overweight and underweight positions within the portfolio away from the comparative index, divided by two. These four risk measures are calculated with reference to the returns of underlying securities portfolios, not fund returns. Numbers are based on four years of daily data using a 3-6 month horizon.

Industry breakdown (%)

	Fund	Index	Relative weight
Information technology	29,8	23,9	5,9
Financials	26,9	24,5	2,5
Consumer discretionary	8,6	10,3	-1,8
Energy	8,2	7,4	0,8
Utilities	6,5	2,8	3,7
Industrials	5,6	5,8	-0,3
Consumer staples	5,5	7,0	-1,5
Materials	5,4	7,6	-2,2
Telecommunications	1,7	5,6	-3,9
Real estate	0,6	2,6	-2,0
Healthcare	0,0	2,5	-2,5
Cash and near cash	1,3	0,0	1,3

Largest holdings (%)

	Fund	Index	Relative weight
Samsung Electronics	5,5	4,5	1,1
Taiwan Semiconductor	4,9	3,5	1,3
Baidu	3,0	1,1	1,9
Ambev	3,0	0,6	2,3
Shinhan Financial	2,8	0,4	2,3
SK Hynix	2,5	0,6	1,9
Delta Electronics	2,3	0,3	2,1
AIA	2,2	0,0	2,2
Bradesco	2,1	0,7	1,4
Hana	2,1	0,2	1,9

Largest overweights (%)

	Fund	Index	Relative weight
Shinhan Financial	2,8	0,4	2,3
Ambev	3,0	0,6	2,3
AIA	2,2	0,0	2,2
Delta Electronics	2,3	0,3	2,1
Cesc	2,0	0,0	2,0
SK Hynix	2,5	0,6	1,9
Baidu	3,0	1,1	1,9
Hana	2,1	0,2	1,9
Hollysys	1,8	0,0	1,8
Barloworld	1,8	0,0	1,8

Largest underweights (%)

	Fund	Index	Relative weight
Tencent	0,0	3,5	-3,5
Alibaba Group	0,0	2,7	-2,7
Naspers	0,0	1,6	-1,6
China Construction Bank	0,0	1,6	-1,6
China Mobile	0,0	1,6	-1,6
ICBC	0,0	1,1	-1,1
Hon Hai	0,0	1,1	-1,1
Precision Industry	0,0	1,1	-1,1
Itau Unibanco	0,0	1,0	-1,0
Bank of China	0,0	0,9	-0,9
Vale do Rio Doce	0,0	0,8	-0,8

Country breakdown (%)

	Fund	Index	Relative weight
China / Hong Kong	20,4	26,7	-6,3
South Korea	17,0	14,7	2,2
Taiwan	15,5	12,3	3,2
Brazil	11,7	8,2	3,5
South Africa	6,9	6,7	0,1
Russia	4,9	3,9	1,0
India	4,6	8,4	-3,8
UK	4,3	0,0	4,3
Other	13,4	19,0	-5,6
Cash and near cash	1,3	0,0	1,3

Capitalisation breakdown (%)

	Fund	Index	Relative weight
Mega cap (> \$50bn)	18,0	19,9	-1,8
Large cap (\$10 - \$50bn)	24,6	29,8	-5,2
Mid cap (\$2 - \$10bn)	26,6	35,9	-9,3
Small cap (< \$2bn)	29,5	14,4	15,1
Cash	1,3	0,0	1,3

Performance review

Emerging market equities extended their positive start to the year with further gains in February. Share prices were buoyed by continued optimism that President Trump's policies would boost the US economy and lead to stronger growth in emerging economies.

Egypt was the best-performing market, lifted by increased interest in the country from overseas investors following the devaluation of the currency last year. India, Poland and Turkey were notable outperformers too. In contrast, Russia was a notable laggard.

At the sector level, consumer discretionary and financials were among the best performers. Industrials also outperformed. However, energy and materials were laggards as they paused for breath after recent gains. Telecommunication services underperformed as well.

Against this backdrop, the fund rose but was behind the MSCI Emerging Markets Index. Stock selection detracted from relative performance, most notably in the financials and information technology sectors.

The holding in **Standard Chartered**, a UK-based bank focused on emerging markets, was a major detractor. The lender's share price fell on the news that it was not paying a dividend, despite returning to profit. Shares in **Sberbank**, a Russian lender, also retreated after a period of gains.

Meanwhile, as the energy sector underperformed, the holdings in **Lukoil**, a Russian energy firm, and **Tullow Oil**, a UK-listed oil & gas explorer, cost some performance.

In the technology sector, **SK Hynix**, a South Korean memory chip manufacturer, was subject to profit-taking after a strong run of performance. The holding in Chinese firm **Lenovo** also weighed on performance as the PC and smartphone maker's share price declined after reporting a sharp drop in quarterly profits. The company is working hard to turn around the fortunes of its mobile phone division, while the PC business seems to be stabilising. Matthew added to the position over the month.

In contrast, **CESC**, an Indian utility business, made a positive contribution to performance. The electricity producer's shares extended their recent gains on optimism about the potential restructuring of the group and new power projects. The share price of **Axis Bank**, a non-state owned Indian bank, also advanced on speculation of a potential merger.

In Brazil, **MRV Engenharia** maintained its positive momentum from January when the government expanded its housing programme. MRV is a dominant player in the lower income housing segment and should benefit from the government's scheme.

As Egypt's stockmarket rallied, the holding in **Juhayna Food Industries**, an Egyptian dairy products and fruit juice firm, added value. The company has struggled in the past few

months with currency controls and rising inflation, but as the economic outlook in Egypt improves, investors are increasingly optimistic about Juhayna's growth prospects.

Key changes

Matthew started a new position in **Sembcorp Industries**, a Singapore-listed utilities firm. Sembcorp provides power and water services across Asia and the Middle East and has a stake in a shipbuilding company. Sembcorp's shares have fallen on low power prices in India and worries about weak demand for ships. In Matthew's view, the market's concerns are excessive and the stock is attractively valued.

CCR, Brazil's largest toll road operator, was another newcomer. Matthew believes the company is well positioned to benefit from a better economic environment and he took advantage of a placing to buy the shares at a discount to market value.

Elsewhere, he added to a number of financials, including **Axis Bank**, **Bank Mandiri**, one of Indonesia's largest banks, and **Banorte**, a Mexican lender.

In contrast, Matthew sold the holding in **Prosegur**, a Spanish security services firm with operations in Latin America, on valuation grounds following strong gains in 2016. The small remaining stake in **Krung Thai Bank**, a state-owned lender, was disposed of on concerns about increased state influence on the bank's lending. Matthew also took some profits from **CESC**, **SK Hynix** and **E-Mart**, a South Korean retailer, which have performed well recently.

Fund codes and charges

Share class	ISIN	Bloomberg	Annual management charge	Ongoing charge	Minimum initial investment	Minimum top up investment
USD A Acc	GB00B3FFY203	MGGEMAU LN	1,75 %	2,03 %	\$1.000	\$75
USD A Inc	GB00BK6MCB41	MGGEUAI LN	1,75 %	2,04 %	\$1.000	\$75
USD C Acc	GB00B3FFY310	MGGEMCU LN	0,75 %	1,03 %	\$500.000	\$50.000
USD C Inc	GB00BK6MCC57	MGGEUCI LN	0,75 %	1,03 %	\$500.000	\$50.000

The ongoing charge figures disclosed above include direct costs to the fund, such as the annual management charge (AMC), administration charge and custodian charge, but does not include portfolio transaction costs (including research costs). They are based on expenses for the period ending 31 July 2016.

Please note that not all of the share classes listed above might be available in your country.

Important information

Cash and near cash may be held on deposit and/or in the Northern Trust Cash Funds (a range of collective investment schemes) and/or in short-dated government bonds.

Source of performance data: Morningstar, Inc., as at 28 February 2017, USD Class A shares, net income reinvested, price to price basis. Past performance is not a guide to future performance. All other statistics from M&G internal sources, as at 28 February 2017 unless indicated otherwise.

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