



## **M&G Global Dividend Fund**

Annual Long Report and audited Financial Statements  
for the year ended 31 March 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 Annual Long Report and audited Financial Statements for the year ended 31 March 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

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

\* Appointed 9 June 2017.

W J Nott resigned with effect from 31 December 2017.

### 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)

\* International Financial Data Services (UK) Ltd changed its name to DST Financial Services Europe Ltd on 14 August 2017.

### Depository

National Westminster Bank Plc, Trustee & Depositary Services,  
Drummond House, 1 Redheughs Avenue, Edinburgh EH12 9RH, UK  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

### Independent auditor

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

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investor information

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

#### Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

#### Customer services and administration for non-UK clients:

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

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

Telephone: +352 2605 9944

Email: csmandg@rbc.com

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

#### Austrian paying and information agent:

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

#### Belgian financial agent:

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

#### Danish representative agent:

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

#### French centralising agent:

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

#### German information agent:

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

#### Greek paying agent and distributor:

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

#### Irish facilities agent:

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

#### Italian paying agents:

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

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

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

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

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

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

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

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

#### Luxembourg paying and information agent:

Société Générale Bank & Trust S.A.,  
Centre operationel, 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

15 May 2018

# M&G Global Dividend Fund

## Depository's Responsibilities and Report

### Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Global Dividend Fund ('the Company') for the period ended 31 March 2018

The Depository must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depository must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depository is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depository must ensure that:

- the Company's cashflows are properly monitored (this requirement on the Depository applied from 18 March 2016) and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

The Depository also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depository of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Edinburgh  
15 May 2018

National Westminster Bank Plc  
Trustee and Depository Services

# M&G Global Dividend Fund

## Independent Auditor's Report

### Independent Auditor's Report to the shareholders of M&G Global Dividend Fund ICVC

#### Opinion

We have audited the financial statements of M&G Global Dividend Fund ICVC ("the Company") for the year ended 31 March 2018 which comprise the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders together with the Balance Sheet, the Summary of Significant Accounting Policies of the Company, the related notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 March 2018 and of the net revenue and the net capital losses on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Use of our report

This report is made solely to the Company's shareholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

# M&G Global Dividend Fund

## Independent Auditor's Report

### Independent Auditor's Report to the shareholders of M&G Global Dividend Fund ICVC

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

#### Responsibilities of the Authorised Corporate Director (ACD)

As explained more fully in the ACD's responsibilities statement set out on page 3, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Edinburgh  
15 May 2018

Ernst & Young LLP  
Statutory Auditor

1. The maintenance and integrity of the M&G Securities Limited website is the responsibility of the ACD; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# 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 3 April 2018, for the year ended 31 March 2018

#### Distribution summary

Over the 12-month review period to 3 April 2018, the fund distributed income of 5.9695 pence per Sterling Class 'A' (Income) share. This is 5.3% higher than the distribution in the previous financial year. The payout represented a yield (distributed income as a percentage of the share price) of 3.07% versus a yield of 2.42% for the MSCI ACWI Index, a comparative index.

We are pleased that distributions for the fund have risen compared to 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 pleasing to see higher dividends from a range of countries and sectors. Methanex (materials) and Imperial Brands (consumer staples), the fund's two biggest holdings, raised their dividends by 10% in US dollars and sterling respectively.

The US provided a pleasant surprise, as tax reforms exerted a positive influence on dividends. Lower taxes are having a tangible effect on US corporate profits, and this is manifesting itself in more cash returns for shareholders. There are two aspects to the fiscal changes: lower corporate taxes and the repatriation of overseas earnings.

Union Pacific (industrials) and Visa (technology) are beneficiaries of the former and raised their dividends twice in the second half of the review period. Union Pacific, the railroads company, reported a 10% dividend increase in November, which was followed by another 10% hike in February, lifting the year-on-year increase to 21%. Visa also raised its dividend for a second time in February and boosted the year-on-year growth rate to 27%. The world leader in digital payment networks also committed a further US\$7.5 billion to share buybacks. Combined with the existing programme, this amounts to more than 3% of the company's market value.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment review

#### Distribution summary (continued)

The repatriation of overseas earnings is of specific importance to technology and pharmaceuticals companies, and the cash returns from Cisco Systems (technology) should be considered in this context. The networking equipment company raised its dividend by 14%, up from 12% last year, and accompanied this accelerated growth rate with a new US\$25 billion share buyback programme. Combined with the existing buyback programme, this is equivalent to almost 15% of the market value.

It was also encouraging to see a healthy number of companies raise their regular dividends by more than 15%. In financials, St. James's Place and Intercontinental Exchange reported dividend increases of 30% and 20% respectively, while in the more defensive healthcare sector, UnitedHealth's quarterly payment was 20% higher compared to last year. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.) Trinseo, in the more economically sensitive materials sector, raised its dividend by the same percentage, although this was surpassed by Broadcom in technology, which delivered the highest growth rate of 72%.

Not all our holdings delivered growth, however. Gibson Energy was one of the very few to hold its dividend flat during the review period, although we are confident that dividend growth can resume over the long term. Imperial Holdings, on the other hand, cut its dividend after the South African company lowered its payout target as a proportion of earnings. The stock is under review.

Despite these isolated setbacks, 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 2017 (the start of the review period) and 3 April 2018, the M&G Global Dividend Fund delivered a negative total return (the combination of income and growth of capital) across its sterling and euro share classes. The positive returns generated by the US dollar share classes reflect the currency's weakness during the 12-month review period. The fund's returns in all share classes lagged the MSCI ACWI Index. (Over the 12 months, returns from the index were 1.9% in sterling, -0.4% in euros and 14.7% in US dollars.)

The fund delivered a yield above the market average during the review period and continued to meet its aim of increasing the income stream every year.

Over five years, all share classes have delivered positive total returns, albeit behind the MSCI ACWI Index, and the fund's yield has been at a consistent premium to the index.\*

\* 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 trailed the MSCI ACWI Index during the 12 months under review, with our tobacco holdings, Imperial Brands and British American Tobacco (BAT), leading the detractors. Both market sentiment and industry fundamentals played their part. Defensive stocks were out of favour throughout the review period against a backdrop of rising interest rates. This adverse environment was exacerbated by US regulatory concerns, which came to the fore in July and weighed on the whole tobacco industry. Despite the uncertainty, we believe the financial impact on tobacco companies is likely to be limited for the foreseeable future and continue to believe that the cash generative qualities of the industry remain attractive. We added to our holding in Imperial Brands, where the valuation is becoming increasingly distressed (the stock is yielding almost 8%) and a lot of bad news is reflected in the price, in our view. BAT, which has performed better, provided a source of cash.

Sector allocation added value through the fund's zero exposure to telecommunications, utilities and real estate, whose performance in the stockmarket is closely tied to movements in bond yields. But Gibson Energy, which has infrastructure at its core, came under pressure because of its perceived interest rate sensitivity. The stock continues to look attractively valued on a dividend yield of 8%. Pembina Pipeline and Keyera, which have similar businesses, also struggled.

These laggards in the energy sector were counterbalanced by the strong rally in Methanex, which made the biggest positive contribution to fund performance. The methanol producer benefited from higher methanol prices which boosted the cashflow generated by the business. The company also delivered on its commitment to return excess cash to shareholders by raising the dividend by 10% and buying back significant amounts of stock. We believe that there is scope to create considerable value for shareholders by buying shares on a meaningful discount to its replacement cost of assets. The stock remains a core holding.

Companies with exposure to emerging markets and Asia also featured prominently among the positive contributors. Imperial Holdings, based in South Africa, is exploring the separate listing of its logistics and vehicle divisions, with both businesses expected to grow revenue and profit in the current financial year. Las Vegas Sands, the gaming company, benefited from an improving operating environment in Macau. AIA, the Hong Kong-listed life insurer, continued to deliver strong growth in its business.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment review

#### Investment performance (continued)

Stock selection was positive in healthcare as Novo Nordisk, UnitedHealth and AbbVie bucked the trend in an underperforming sector. We continue to favour healthcare among the defensive sectors, given the prospects for long-term growth and the reasonable valuations.

Microsoft added the most value in a strong technology sector that was the standout performer over the past year. However, the positive contribution from most of our holdings (Cisco Systems, MasterCard and Visa all outperformed) was partially offset by the disappointing performance of Sabre. Not owning Tencent and Alibaba in Asia also provided a headwind, as did the lack of exposure to Amazon and Netflix in consumer discretionary.

#### Investment activities

We made eight new purchases and nine complete sales during the 12 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: Analog Devices, ASML and Samsung Electronics. Samsung, which we bought during the market pullback in February, was our most recent purchase. The world's leading manufacturer of semiconductors and smartphone displays has strong market positions and has taken steps to allocate capital in a disciplined manner with a clear commitment to return significant amounts of cash to shareholders. The Korean company reported record results for 2017 and, having raised the dividend by 20%, plans to double the payment in 2018. Samsung's valuation looks cheap, in stark contrast to many growth stocks, which command considerably higher multiples. In this context, we sold MasterCard whose valuation was becoming increasingly difficult to justify. The stock doubled from its initial purchase in February 2016.

We added two new holdings in the healthcare sector with the purchases of UCB and Roche. Both companies are based in Europe, but are global businesses with geographic diversity. By contrast, we sold AbbVie after a strong run. The US pharmaceutical stock returned more than 80% in local currency since we started the holding in August 2014. The dividend increased more than 50% during that time.

Intercontinental Exchange (financials), Siemens (industrials) and Unilever (consumer staples) were the other new additions to the fund. We also increased our position in Trinseo (materials) which looks significantly undervalued given the level of cash generation.

Sales during the year included Nike (consumer discretionary), whose valuation looked stretched after a 25% return in 2017 and Orica (materials), after the shares recovered from their lows. Legrand (industrials) was sold as a source of cash.

LyondellBasell and Schlumberger were sold to manage the fund's energy-related exposure at about 20%, while the weighting in emerging markets and Asia fell following the sale of Ambev and Sands China. Ambev, the Brazilian brewer, was trading near all-time highs and there were better long-term growth prospects elsewhere on similar valuations. We exited Sands China to manage the fund's exposure to

Macau gaming. The environment in Macau continues to recover, which has lifted estimates and valuations, and we used the opportunity to sell into strength. We also reduced the position in Las Vegas Sands, which is our preferred holding given the stability of the US and Singapore businesses with no valuation premium attached, combined with the potential for Japan and Korea.

Following these transactions, the number of holdings slipped to 42. 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 regional 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 13% of the fund invested in the UK; this is less than a year ago, but the exposure remains dominated by global businesses whose operational performance is little affected by Brexit. The weighting in Europe excluding the UK rose to 18%, helped by four new purchases in the region. We continue to have no exposure to Japan, where we struggle to find ideas that meet our investment criteria.

#### Outlook

The abrupt reversal of stockmarkets from their peak in late January has spooked many investors who had become accustomed to a prolonged period of low volatility and momentum-driven returns. Suddenly, the trend was no longer your friend. The pick-up in volatility has knocked the confidence of more skittish investors, but it is our strong belief that buying into short-term weakness is a fruitful strategy for long-term investors.

'Buy low, sell high' is an oft-quoted mantra that is seldom applied when markets are under pressure. We strongly believe that investors should embrace short-term market volatility to take advantage of long-term opportunities. That said, we would highlight the importance of being selective in today's environment, where valuation disparities across the market continue to be striking.

At one extreme, defensive stocks – which were in fashion for many years against a backdrop of low growth and low interest rates – look vulnerable now, with many of yesterday's heroes carrying the potentially toxic combination of high multiples and deteriorating fundamentals. Until relatively recently, investors were willing to pay up for safety and security, often without any heed for value, in a way that was ultimately unsustainable. A valuation discipline is essential to generate excellent returns over the long term, in our view, and the dangers of ignoring value are already becoming apparent in some areas of the market. Sectors such as consumer staples have benefited in the past from their status as bond proxies, but we would argue that their fall from grace is not simply a matter of rising bond yields. Investors have started to question the stable growth that they had taken for granted, in an operating environment where competitive pressures are eroding the growth rates these companies delivered in the past. The market's reaction to General Mills and Kraft Heinz during the current reporting season, when the shares plunged after results missed expectations, is illustrative of this increasing unease. If sentiment has turned, we see the re-emergence of an old trend. Fundamentals do matter after all.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment review

#### Outlook (continued)

We take comfort from the observation that investors are starting to pay attention again to what drives equity returns in the long run, and in this context, we find our best ideas in businesses with greater economic sensitivity. This is the area of the market where value characteristics are most pronounced, backed by solid operating performance.

Elaborating on fundamentals, we are encouraged by the dividend growth from our holdings, which continues to be robust across the portfolio in an environment where dividends have not always been reliable. As the recent dividend cuts from General Electric (US industrials), PG&E (US utilities) and Telstra (Australian telecommunications) demonstrate, there are pitfalls to be avoided. Dividends are the ultimate sign of management confidence, and the dividend increases we are seeing from the fund's holdings reflect well on the long-term potential and the financial health of the companies we are invested in. We believe that the combination of strong dividend growth and attractive valuation stands 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 31 March Holding	2018 £'000	2018 %	2017 %
<b>EQUITIES</b>	<b>5,829,662</b>	<b>98.61</b>	<b>98.68</b>
<b>United Kingdom</b>	<b>748,134</b>	<b>12.65</b>	<b>15.15</b>
2,215,912 British American Tobacco	91,196	1.54	
8,074,877 Compass Group	116,561	1.97	
11,458,056 Imperial Brands	279,748	4.73	
12,674,479 St. James's Place	138,405	2.34	
15,826,071 Standard Life Aberdeen (formerly Aberdeen Asset Management)	57,955	0.98	
1,630,148 Unilever	64,269	1.09	
<b>Belgium</b>	<b>58,559</b>	<b>0.99</b>	<b>0.00</b>
1,006,329 UCB	58,559	0.99	
<b>Denmark</b>	<b>262,849</b>	<b>4.45</b>	<b>4.35</b>
1,995,608 Novo-Nordisk	69,810	1.18	
2,526,432 Pandora	193,039	3.27	
<b>Finland</b>	<b>125,194</b>	<b>2.12</b>	<b>2.28</b>
3,518,623 Kone	125,194	2.12	
<b>France</b>	<b>67,173</b>	<b>1.14</b>	<b>1.74</b>
1,358,075 Publicis Groupe	67,173	1.14	
<b>Germany</b>	<b>96,731</b>	<b>1.64</b>	<b>0.00</b>
1,070,173 Siemens	96,731	1.64	
<b>Netherlands</b>	<b>66,645</b>	<b>1.13</b>	<b>0.00</b>
481,310 ASML Holding	66,645	1.13	
<b>Norway</b>	<b>9,712</b>	<b>0.16</b>	<b>0.41</b>
9,226,867 Prosafe	9,712	0.16	
<b>Switzerland</b>	<b>359,764</b>	<b>6.09</b>	<b>2.61</b>
2,922,629 Novartis (Regd.)	168,016	2.84	
1,172,264 Roche Holding 'Genussscheine'	191,748	3.25	
<b>United States</b>	<b>2,986,367</b>	<b>50.51</b>	<b>52.99</b>
1,375,906 Analog Devices	87,976	1.49	
4,251,392 Arthur J. Gallagher & Co.	206,107	3.49	
1,276,491 Broadcom	214,847	3.63	
3,624,031 Cisco Systems	107,344	1.82	
1,905,217 Helmerich & Payne	87,501	1.48	
1,460,567 Intercontinental Exchange	74,215	1.26	
933,061 Johnson & Johnson	84,577	1.43	
1,489,571 JPMorgan Chase	114,365	1.93	
2,955,546 Las Vegas Sands	148,749	2.52	
2,589,060 Medtronic	144,465	2.44	
14,122,415 Methanex	583,517	9.87	
3,417,949 Microsoft	217,257	3.67	
658,398 Sabre	9,959	0.17	
4,308,284 Trinseo	224,889	3.80	
1,142,862 Union Pacific	106,228	1.80	
1,436,190 UnitedHealth Group	223,107	3.77	
3,454,392 US Bancorp	122,979	2.08	
722,948 Visa	60,148	1.02	
4,593,472 Wells Fargo	168,137	2.84	
<b>Canada</b>	<b>495,490</b>	<b>8.38</b>	<b>9.49</b>
26,956,156 Gibson Energy	240,296	4.07	
5,909,475 Keyera	105,456	1.78	
6,878,862 Pembina Pipeline	149,738	2.53	
<b>Brazil</b>	<b>0</b>	<b>0.00</b>	<b>0.97</b>
<b>Australia</b>	<b>128,182</b>	<b>2.17</b>	<b>4.61</b>
16,590,490 Amcor	128,182	2.17	

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investments

Portfolio statement (continued)			
as at 31 March	2018	2018	2017
Holding	£'000	%	%
<b>Hong Kong</b>	<b>125,247</b>	<b>2.12</b>	<b>2.03</b>
20,832,000 AIA Group	125,247	2.12	
<b>South Korea</b>	<b>87,179</b>	<b>1.47</b>	<b>0.00</b>
53,289 Samsung Electronics	87,179	1.47	
<b>South Africa</b>	<b>212,436</b>	<b>3.59</b>	<b>2.05</b>
15,070,564 Imperial Holdings	212,436	3.59	
<b>Portfolio of investments</b>	<b>5,829,662</b>	<b>98.61</b>	<b>98.68</b>
<b>CASH EQUIVALENTS</b>	<b>90,597</b>	<b>1.53</b>	<b>0.87</b>
<b>'AAA' rated money market funds [a]</b>	<b>90,597</b>	<b>1.53</b>	
90,597,000 Northern Trust Global Fund - Sterling	90,597	1.53	
<b>Total portfolio (notes 2c &amp; 2d on pages 21 and 22)</b>	<b>5,920,259</b>	<b>100.14</b>	<b>99.55</b>
<b>Net other assets / (liabilities)</b>	<b>(8,199)</b>	<b>(0.14)</b>	<b>0.45</b>
<b>Net assets attributable to shareholders</b>	<b>5,912,060</b>	<b>100.00</b>	<b>100.00</b>

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 year to 31 March 2018

<b>Largest purchases</b>	<b>£'000</b>
Roche Holding 'Genussscheine'	211,012
Trinseo	144,856
Imperial Brands	141,625
Siemens	109,193
Samsung Electronics	86,960
Analog Devices	82,169
Intercontinental Exchange	68,888
Schlumberger	66,877
Unilever	63,782
UCB	63,002
Other purchases	363,793
<b>Total purchases</b>	<b>1,402,157</b>
<b>Largest sales</b>	<b>£'000</b>
British American Tobacco	334,005
Las Vegas Sands	184,529
AbbVie	166,499
Orica	165,397
LyondellBasell	108,914
Mastercard	100,157
Broadcom	86,615
Novo-Nordisk	84,394
Microsoft	80,539
Pembina Pipeline	79,330
Other sales	822,963
<b>Total sales</b>	<b>2,213,342</b>

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.

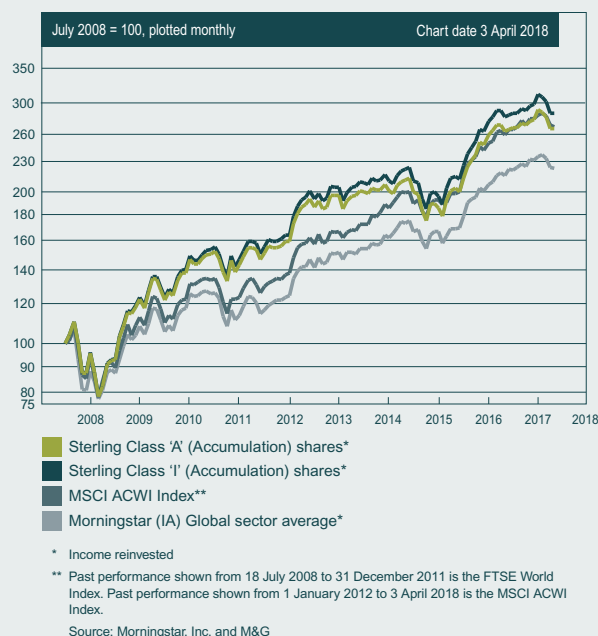
The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Global Dividend Fund, which is available free of charge either from our website at [www.mandg.co.uk/prospectuses](http://www.mandg.co.uk/prospectuses)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

### Fund level performance

Fund net asset value			
as at 31 March	2018 £'000	2017 £'000	2016 £'000
Fund net asset value (NAV)	5,912,060	6,883,700	5,764,638

### 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.



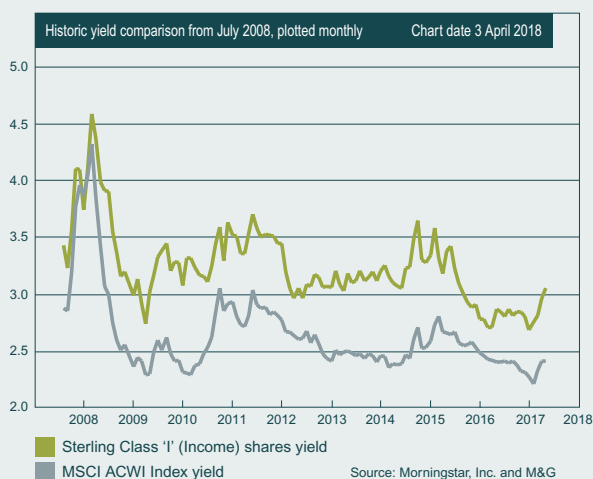
# M&G Global Dividend Fund

## Financial highlights

### Fund performance

#### Historic yield (continued)

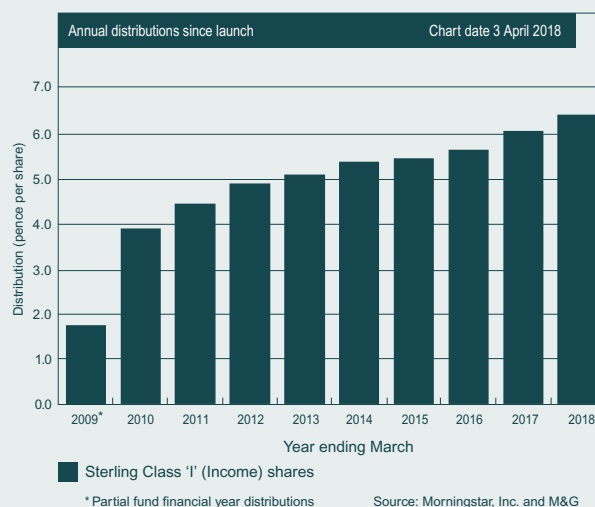
The chart below shows the historic yield of Sterling Class 'I' (Income) shares against that of a comparative index.



**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

	One year 03.04.17 % [a]	Three years 02.04.15 % p.a.	Five years 03.04.13 % p.a.	Since launch % p.a.
<b>Euro [b]</b>				
Class 'A'	-3.8	+1.9	+6.2	+9.2 [c]
Class 'C'	-2.8	+2.9	+7.3	+10.3 [c]
MSCI ACWI Index [d]	-0.4	+3.9	+10.8	+9.6 [c]
Class 'G'	n/a	n/a	n/a	-0.8 [e]
MSCI ACWI Index	-0.4	+3.9	+10.8	+1.5 [e]
<b>Singapore dollar [b]</b>				
Class 'A'	+4.1	+5.0	n/a	+6.8 [f]
Class 'C'	+5.1	+6.0	n/a	+7.8 [f]
MSCI ACWI Index	+7.7	+6.9	+11.0	+8.8 [f]
<b>Sterling [g]</b>				
Class 'A'	-0.8	+8.4	+7.2	+10.6 [c]
Class 'I'	-0.1	+9.2	+8.0	+11.4 [c]
Class 'X'	-0.8	+8.4	+7.2	+10.6 [c]
MSCI ACWI Index [d]	+1.9	+10.1	+11.4	+10.7 [c]
Class 'R'	-0.3	+9.0	+7.7	+10.6 [h]
MSCI ACWI Index	+1.9	+10.1	+11.4	+13.2 [h]
<b>US dollar [b]</b>				
Class 'A'	+11.0	+6.3	+5.3	+6.4 [c]
Class 'C'	+12.1	+7.3	+6.4	+7.5 [c]
MSCI ACWI Index [d]	+14.7	+8.2	+9.8	+6.8 [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 3 April 2018 is the MSCI ACWI Index.

[e] 21 July 2017, the launch date of the share class (not annualised).

[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](http://www.mandg.co.uk/prospectuses) or by calling M&G Customer Relations.

#### Portfolio transaction costs

for the year to 31 March	2018	2017	2016	Average <sup>[a]</sup>
Direct portfolio transaction costs <sup>[b]</sup>	%	%	%	%
Broker commission	0.03	0.03	0.06	0.04
Taxes	0.02	0.03	0.01	0.02
Costs before dilution adjustments	0.05	0.06	0.07	0.06
Dilution adjustments <sup>[c]</sup>	(0.01)	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.04	0.05	0.06	0.05
as at 31 March	2018	2017	2016	Average <sup>[a]</sup>
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.09	0.09	0.07	0.08

<sup>[a]</sup> Average of first three columns.

<sup>[b]</sup> As a percentage of average net asset value.

<sup>[c]</sup> 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 13 April 2018.

#### Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

for the year to 31 March Change in NAV per share	2018 Euro ¢	2017 Euro ¢	2016 Euro ¢
Opening NAV	2,170.48	1,806.17	2,127.01
Return before operating charges and after direct portfolio transaction costs	(38.66)	463.39	(218.60)
Operating charges	(40.06)	(37.94)	(36.86)
Return after operating charges	(78.72)	425.45	(255.46)
Distributions	(62.13)	(61.14)	(65.38)
Closing NAV	2,029.63	2,170.48	1,806.17
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	1.07	1.25	1.37
Dilution adjustments <sup>[a]</sup>	(0.24)	(0.25)	(0.27)
Total direct portfolio transaction costs	0.83	1.00	1.10
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.91	1.91	1.91
Return after operating charges	-3.63	+23.56	-12.01
Historic yield <sup>[c]</sup>	2.98	2.84	3.66
Effect on yield of charges offset against capital	1.91	1.91	1.91

<b>Other information</b>			
Closing NAV (£'000)	417,072	157,882	76,114
Closing NAV percentage of total fund NAV (%)	7.05	2.29	1.32
Number of shares	23,448,160	8,480,882	5,334,407
Highest share price (Euro ¢)	2,257.06	2,252.86	2,221.48
Lowest share price (Euro ¢)	1,981.84	1,761.33	1,539.38

#### Euro Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2018 Euro ¢	2017 Euro ¢	2016 Euro ¢
Opening NAV	2,450.73	1,979.36	2,250.07
Return before operating charges and after direct portfolio transaction costs	(43.90)	513.06	(231.26)
Operating charges	(45.80)	(41.69)	(39.45)
Return after operating charges	(89.70)	471.37	(270.71)
Distributions	(25.26)	(45.64)	(70.06)
Retained distributions	25.26	45.64	70.06
Closing NAV	2,361.03	2,450.73	1,979.36
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	1.23	1.37	1.46
Dilution adjustments <sup>[a]</sup>	(0.27)	(0.27)	(0.29)
Total direct portfolio transaction costs	0.96	1.10	1.17
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.91	1.91	1.91
Return after operating charges	-3.66	+23.81	-12.03
Historic yield	1.04	1.11	3.58
Effect on yield of charges offset against capital	0.01	0.01	1.91
<b>Other information</b>			
Closing NAV (£'000)	1,019,061	1,690,840	1,382,502
Closing NAV percentage of total fund NAV (%)	17.24	24.56	23.98
Number of shares	49,250,885	80,439,916	88,414,847
Highest share price (Euro ¢)	2,596.00	2,517.88	2,350.27
Lowest share price (Euro ¢)	2,252.09	1,930.24	1,664.94

#### Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

for the year to 31 March Change in NAV per share	2018 Euro ¢	2017 Euro ¢	2016 Euro ¢
Opening NAV	2,441.43	2,011.54	2,345.14
Return before operating charges and after direct portfolio transaction costs	(43.32)	518.53	(241.67)
Operating charges	(21.78)	(20.16)	(19.41)
Return after operating charges	(65.10)	498.37	(261.08)
Distributions	(70.29)	(68.48)	(72.52)
Closing NAV	2,306.04	2,441.43	2,011.54
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	1.22	1.39	1.51
Dilution adjustments <sup>[a]</sup>	(0.27)	(0.28)	(0.30)
Total direct portfolio transaction costs	0.95	1.11	1.21
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	-2.67	+24.78	-11.13
Historic yield <sup>[c]</sup>	2.97	2.83	3.65
Effect on yield of charges offset against capital	0.91	0.91	0.91
<b>Other information</b>			
Closing NAV (£'000)	30,414	21,802	16,113
Closing NAV percentage of total fund NAV (%)	0.51	0.32	0.28
Number of shares	1,504,948	1,041,165	1,014,009
Highest share price (Euro ¢)	2,558.87	2,532.23	2,450.16
Lowest share price (Euro ¢)	2,238.66	1,962.04	1,712.09

# 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.

for the year to 31 March Change in NAV per share	2018 Euro €	2017 Euro €	2016 Euro €
Opening NAV	2,669.41	2,134.55	2,402.35
Return before operating charges and after direct portfolio transaction costs	(48.04)	556.29	(247.39)
Operating charges	(23.94)	(21.43)	(20.41)
Return after operating charges	(71.98)	534.86	(267.80)
Distributions	(54.01)	(62.11)	(75.31)
Retained distributions	54.01	62.11	75.31
Closing NAV	2,597.43	2,669.41	2,134.55

Direct portfolio transaction costs	Euro €	Euro €	Euro €
Costs before dilution adjustments	1.34	1.48	1.58
Dilution adjustments <sup>[a]</sup>	(0.30)	(0.30)	(0.31)
Total direct portfolio transaction costs	1.04	1.18	1.27

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	-2.70	+25.06	-11.15
Historic yield	2.03	1.99	3.57
Effect on yield of charges offset against capital	0.01	0.01	0.91

#### Other information

Closing NAV (£'000)	244,576	332,949	341,161
Closing NAV percentage of total fund NAV (%)	4.14	4.84	5.92
Number of shares	10,744,491	14,542,099	20,231,914
Highest share price (Euro €)	2,849.71	2,740.35	2,510.20
Lowest share price (Euro €)	2,463.20	2,082.04	1,793.09

#### Euro Class 'G' Accumulation share performance

The share class was launched on 21 July 2017.

for the year to 31 March Change in NAV per share	2018 Euro €	2017 Euro €	2016 Euro €
Opening NAV	1,000.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	0.59	n/a	n/a
Operating charges	(8.16)	n/a	n/a
Return after operating charges	(7.57)	n/a	n/a
Distributions	(14.19)	n/a	n/a
Retained distributions	14.19	n/a	n/a
Closing NAV	992.43	n/a	n/a

Direct portfolio transaction costs	Euro €	Euro €	Euro €
Costs before dilution adjustments	0.36	n/a	n/a
Dilution adjustments <sup>[a]</sup>	(0.08)	n/a	n/a
Total direct portfolio transaction costs	0.28	n/a	n/a

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	n/a	n/a
Operating charges	1.16	n/a	n/a
Return after operating charges	-0.76	n/a	n/a
Historic yield	1.78	n/a	n/a
Effect on yield of charges offset against capital	0.01	n/a	n/a

#### Other information

Closing NAV (£'000)	514,953	n/a	n/a
Closing NAV percentage of total fund NAV (%)	8.71	n/a	n/a
Number of shares	59,208,229	n/a	n/a
Highest share price (Euro €)	1,089.43	n/a	n/a
Lowest share price (Euro €)	942.53	n/a	n/a

#### Singapore dollar Class 'A' Income share performance

The share class was launched on 16 January 2015.

for the year to 31 March Change in NAV per share	2018 Singapore €	2017 Singapore €	2016 Singapore €
Opening NAV	1,101.55	940.63	1,068.14
Return before operating charges and after direct portfolio transaction costs	69.73	211.42	(74.21)
Operating charges	(21.11)	(19.20)	(19.05)
Return after operating charges	48.62	192.22	(93.26)
Distributions	(33.81)	(31.30)	(34.25)
Closing NAV	1,116.36	1,101.55	940.63

Direct portfolio transaction costs	Singapore €	Singapore €	Singapore €
Costs before dilution adjustments	0.45	0.55	0.72
Dilution adjustments <sup>[a]</sup>	(0.10)	(0.11)	(0.14)
Total direct portfolio transaction costs	0.35	0.44	0.58

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.86	1.88	1.91
Return after operating charges	+4.41	+20.44	-8.73
Historic yield <sup>[c]</sup>	2.95	2.88	3.67
Effect on yield of charges offset against capital	1.86	1.88	1.91

#### Other information

Closing NAV (£'000)	3	3	2
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (Singapore €)	1,233.49	1,137.00	1,097.03
Lowest share price (Singapore €)	1,085.68	900.23	825.09

#### Singapore dollar Class 'A' Accumulation share performance

The share class was launched on 16 January 2015.

for the year to 31 March Change in NAV per share	2018 Singapore €	2017 Singapore €	2016 Singapore €
Opening NAV	1,184.80	984.12	1,078.52
Return before operating charges and after direct portfolio transaction costs	77.98	220.70	(75.53)
Operating charges	(23.66)	(20.02)	(18.87)
Return after operating charges	54.32	200.68	(94.40)
Distributions	(13.27)	(22.17)	(34.99)
Retained distributions	13.27	22.17	34.99
Closing NAV	1,239.12	1,184.80	984.12

Direct portfolio transaction costs	Singapore €	Singapore €	Singapore €
Costs before dilution adjustments	0.63	0.66	0.74
Dilution adjustments <sup>[a]</sup>	(0.14)	(0.13)	(0.14)
Total direct portfolio transaction costs	0.49	0.53	0.60

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.91	1.90	1.87
Return after operating charges	+4.58	+20.39	-8.75
Historic yield	1.04	1.11	3.58
Effect on yield of charges offset against capital	0.01	0.00	1.87

#### Other information

Closing NAV (£'000)	34	35	82
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	5,085	5,085	16,223
Highest share price (Singapore €)	1,353.70	1,213.10	1,107.81
Lowest share price (Singapore €)	1,177.03	941.97	851.80

# 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.

for the year to 31 March Change in NAV per share	2018 Singapore ¢	2017 Singapore ¢	2016 Singapore ¢
Opening NAV	1,126.03	951.85	1,070.34
Return before operating charges and after direct portfolio transaction costs	71.40	215.21	(74.87)
Operating charges	(10.33)	(9.14)	(9.08)
Return after operating charges	61.07	206.07	(83.95)
Distributions	(34.73)	(31.89)	(34.54)
Closing NAV	1,152.37	1,126.03	951.85

Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.45	0.56	0.72
Dilution adjustments <sup>[a]</sup>	(0.10)	(0.11)	(0.14)
Total direct portfolio transaction costs	0.35	0.45	0.58

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	0.89	0.88	0.90
Return after operating charges	+5.42	+21.65	-7.84
Historic yield <sup>[c]</sup>	2.94	2.87	3.66
Effect on yield of charges offset against capital	0.89	0.88	0.90

#### Other information

Closing NAV (£'000)	3	3	3
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (Singapore ¢)	1,271.21	1,161.38	1,100.94
Lowest share price (Singapore ¢)	1,113.94	913.21	833.85

#### Singapore dollar Class 'C' Accumulation share performance

The share class was launched on 16 January 2015.

for the year to 31 March Change in NAV per share	2018 Singapore ¢	2017 Singapore ¢	2016 Singapore ¢
Opening NAV	1,213.81	996.00	1,080.72
Return before operating charges and after direct portfolio transaction costs	77.11	227.41	(75.45)
Operating charges	(11.55)	(9.60)	(9.27)
Return after operating charges	65.56	217.81	(84.72)
Distributions	(26.51)	(28.53)	(35.21)
Retained distributions	26.51	28.53	35.21
Closing NAV	1,279.37	1,213.81	996.00

Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.65	0.66	0.72
Dilution adjustments <sup>[a]</sup>	(0.14)	(0.13)	(0.14)
Total direct portfolio transaction costs	0.51	0.53	0.58

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	0.91	0.90	0.91
Return after operating charges	+5.40	+21.87	-7.84
Historic yield	2.02	2.01	3.56
Effect on yield of charges offset against capital	0.01	0.00	0.91

#### Other information

Closing NAV (£'000)	46	88	368
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.01
Number of shares	6,668	12,614	71,670
Highest share price (Singapore ¢)	1,395.42	1,239.05	1,111.79
Lowest share price (Singapore ¢)	1,203.80	955.64	861.04

#### Sterling Class 'A' Income share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2018 UK p	2017 UK p	2016 UK p
Opening NAV	202.85	155.09	167.38
Return before operating charges and after direct portfolio transaction costs	0.80	56.45	(4.38)
Operating charges	(3.37)	(3.02)	(2.58)
Return after operating charges	(2.57)	53.43	(6.96)
Distributions	(5.97)	(5.67)	(5.33)
Closing NAV	194.31	202.85	155.09

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.11	0.11
Dilution adjustments <sup>[a]</sup>	(0.02)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.08	0.09	0.09

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.66	1.66	1.66
Return after operating charges	-1.27	+34.45	-4.16
Historic yield <sup>[c]</sup>	3.00	2.83	3.44
Effect on yield of charges offset against capital	1.66	1.66	1.66

#### Other information

Closing NAV (£'000)	585,598	685,830	451,271
Closing NAV percentage of total fund NAV (%)	9.91	9.96	7.83
Number of shares	301,369,940	338,103,216	290,966,346
Highest share price (UK p)	217.28	210.29	173.71
Lowest share price (UK p)	193.91	149.30	131.55

#### Sterling Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2018 UK p	2017 UK p	2016 UK p
Opening NAV	270.48	200.70	209.09
Return before operating charges and after direct portfolio transaction costs	0.96	73.68	(5.17)
Operating charges	(4.53)	(3.90)	(3.22)
Return after operating charges	(3.57)	69.78	(8.39)
Distributions	(3.54)	(5.30)	(6.74)
Retained distributions	3.54	5.30	6.74
Closing NAV	266.91	270.48	200.70

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.15	0.14
Dilution adjustments <sup>[a]</sup>	(0.03)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.11	0.12	0.11

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.66	1.66	1.66
Return after operating charges	-1.32	+34.77	-4.01
Historic yield	1.30	1.37	3.36
Effect on yield of charges offset against capital	0.01	0.01	1.66

#### Other information

Closing NAV (£'000)	340,501	575,907	498,569
Closing NAV percentage of total fund NAV (%)	5.76	8.37	8.65
Number of shares	127,571,447	212,924,207	248,412,651
Highest share price (UK p)	295.10	277.49	217.02
Lowest share price (UK p)	258.61	193.21	168.01

# 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.

for the year to 31 March Change in NAV per share	2018 UK p	2017 UK p	2016 UK p
Opening NAV	216.27	164.12	175.80
Return before operating charges and after direct portfolio transaction costs	0.83	59.92	(4.59)
Operating charges	(1.98)	(1.74)	(1.47)
Return after operating charges	(1.15)	58.18	(6.06)
Distributions	(6.39)	(6.03)	(5.62)
Closing NAV	208.73	216.27	164.12

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.12	0.11
Dilution adjustments <sup>[a]</sup>	(0.02)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.09	0.10	0.09

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	-0.53	+35.45	-3.45
Historic yield <sup>[c]</sup>	2.99	2.82	3.43
Effect on yield of charges offset against capital	0.91	0.91	0.91

#### Other information

Closing NAV (£'000)	858,505	1,360,071	1,206,424
Closing NAV percentage of total fund NAV (%)	14.52	19.76	20.93
Number of shares	411,302,750	628,862,926	735,070,026
Highest share price (UK p)	233.02	224.07	182.49
Lowest share price (UK p)	206.95	158.15	139.07

#### Sterling Class 'I' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2018 UK p	2017 UK p	2016 UK p
Opening NAV	288.29	212.33	219.54
Return before operating charges and after direct portfolio transaction costs	0.99	78.23	(5.36)
Operating charges	(2.66)	(2.27)	(1.85)
Return after operating charges	(1.67)	75.96	(7.21)
Distributions	(5.98)	(6.66)	(7.11)
Retained distributions	5.98	6.66	7.11
Closing NAV	286.62	288.29	212.33

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.16	0.14
Dilution adjustments <sup>[a]</sup>	(0.03)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.12	0.13	0.11

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	-0.58	+35.77	-3.28
Historic yield	2.04	2.01	3.35
Effect on yield of charges offset against capital	0.01	0.01	0.91

#### Other information

Closing NAV (£'000)	1,604,151	1,684,065	1,439,914
Closing NAV percentage of total fund NAV (%)	27.13	24.46	24.98
Number of shares	559,676,644	584,149,759	678,156,157
Highest share price (UK p)	316.37	295.59	227.92
Lowest share price (UK p)	275.92	204.61	177.56

#### Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 March Change in NAV per share	2018 UK p	2017 UK p	2016 UK p
Opening NAV	153.44	116.73	125.35
Return before operating charges and after direct portfolio transaction costs	0.59	42.56	(3.28)
Operating charges	(1.79)	(1.57)	(1.34)
Return after operating charges	(1.20)	40.99	(4.62)
Distributions	(4.53)	(4.28)	(4.00)
Closing NAV	147.71	153.44	116.73

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.08	0.08
Dilution adjustments <sup>[a]</sup>	(0.02)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.06	0.06	0.06

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.16	1.16	1.16
Return after operating charges	-0.78	+35.12	-3.69
Historic yield <sup>[c]</sup>	2.99	2.83	3.43
Effect on yield of charges offset against capital	1.16	1.16	1.16

#### Other information

Closing NAV (£'000)	12,490	9,741	9,773
Closing NAV percentage of total fund NAV (%)	0.21	0.14	0.17
Number of shares	8,455,567	6,348,533	8,372,314
Highest share price (UK p)	165.00	159.00	130.11
Lowest share price (UK p)	146.77	112.45	98.94

#### Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 March Change in NAV per share	2018 UK p	2017 UK p	2016 UK p
Opening NAV	178.68	131.93	136.75
Return before operating charges and after direct portfolio transaction costs	0.63	48.54	(3.34)
Operating charges	(2.11)	(1.79)	(1.48)
Return after operating charges	(1.48)	46.75	(4.82)
Distributions	(3.25)	(3.92)	(4.42)
Retained distributions	3.25	3.92	4.42
Closing NAV	177.20	178.68	131.93

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.10	0.09
Dilution adjustments <sup>[a]</sup>	(0.02)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.07	0.08	0.07

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.16	1.16	1.16
Return after operating charges	-0.83	+35.44	-3.52
Historic yield	1.79	1.80	3.36
Effect on yield of charges offset against capital	0.01	0.01	1.16

#### Other information

Closing NAV (£'000)	12,915	3,862	3,662
Closing NAV percentage of total fund NAV (%)	0.22	0.06	0.06
Number of shares	7,288,672	2,161,369	2,775,800
Highest share price (UK p)	195.70	183.24	141.96
Lowest share price (UK p)	170.95	127.09	110.36

# 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.

for the year to 31 March Change in NAV per share	2018 UK p	2017 UK p	2016 UK p
Opening NAV	202.94	155.16	167.45
Return before operating charges and after direct portfolio transaction costs	0.79	56.44	(4.42)
Operating charges	(3.37)	(2.99)	(2.54)
Return after operating charges	(2.58)	53.45	(6.96)
Distributions	(5.97)	(5.67)	(5.33)
Closing NAV	194.39	202.94	155.16

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.11	0.11
Dilution adjustments <sup>[a]</sup>	(0.02)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.08	0.09	0.09

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.66	1.66	1.66
Return after operating charges	-1.27	+34.45	-4.16
Historic yield <sup>[c]</sup>	3.00	2.83	3.44
Effect on yield of charges offset against capital	1.66	1.66	1.66

#### Other information

Closing NAV (£'000)	50,551	69,738	60,039
Closing NAV percentage of total fund NAV (%)	0.85	1.01	1.04
Number of shares	26,004,490	34,364,481	38,694,054
Highest share price (UK p)	217.38	210.38	173.78
Lowest share price (UK p)	193.99	149.37	131.61

#### Sterling Class 'X' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2018 UK p	2017 UK p	2016 UK p
Opening NAV	270.62	200.81	209.20
Return before operating charges and after direct portfolio transaction costs	0.97	73.72	(5.17)
Operating charges	(4.53)	(3.91)	(3.22)
Return after operating charges	(3.56)	69.81	(8.39)
Distributions	(3.54)	(5.30)	(6.75)
Retained distributions	3.54	5.30	6.75
Closing NAV	267.06	270.62	200.81

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.15	0.14
Dilution adjustments <sup>[a]</sup>	(0.03)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.11	0.12	0.11

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.66	1.66	1.66
Return after operating charges	-1.32	+34.76	-4.01
Historic yield	1.30	1.37	3.36
Effect on yield of charges offset against capital	0.01	0.01	1.66

#### Other information

Closing NAV (£'000)	19,086	24,298	20,639
Closing NAV percentage of total fund NAV (%)	0.32	0.35	0.36
Number of shares	7,146,601	8,978,532	10,277,711
Highest share price (UK p)	295.26	277.65	217.13
Lowest share price (UK p)	258.76	193.32	168.10

#### US dollar Class 'A' Income share performance

The share class was launched on 8 August 2014.

for the year to 31 March Change in NAV per share	2018 US ¢	2017 US ¢	2016 US ¢
Opening NAV	1,511.02	1,339.43	1,489.39
Return before operating charges and after direct portfolio transaction costs	198.47	241.68	(75.60)
Operating charges	(30.71)	(26.85)	(26.53)
Return after operating charges	167.76	214.83	(102.13)
Distributions	(48.43)	(43.24)	(47.83)
Closing NAV	1,630.35	1,511.02	1,339.43

Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.82	0.88	0.98
Dilution adjustments <sup>[a]</sup>	(0.18)	(0.18)	(0.19)
Total direct portfolio transaction costs	0.64	0.70	0.79

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.91	1.91	1.91
Return after operating charges	+11.10	+16.04	-6.86
Historic yield <sup>[c]</sup>	2.91	2.90	3.62
Effect on yield of charges offset against capital	1.91	1.91	1.91

#### Other information

Closing NAV (£'000)	5,130	5,965	4,813
Closing NAV percentage of total fund NAV (%)	0.09	0.09	0.08
Number of shares	442,448	491,545	517,462
Highest share price (US ¢)	1,804.27	1,545.10	1,578.28
Lowest share price (US ¢)	1,497.00	1,274.37	1,123.03

#### US dollar Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2018 US ¢	2017 US ¢	2016 US ¢
Opening NAV	1,652.10	1,421.29	1,525.60
Return before operating charges and after direct portfolio transaction costs	218.16	259.52	(76.65)
Operating charges	(33.86)	(28.71)	(27.66)
Return after operating charges	184.30	230.81	(104.31)
Distributions	(19.28)	(31.57)	(49.52)
Retained distributions	19.28	31.57	49.52
Closing NAV	1,836.40	1,652.10	1,421.29

Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.91	0.94	1.02
Dilution adjustments <sup>[a]</sup>	(0.20)	(0.19)	(0.20)
Total direct portfolio transaction costs	0.71	0.75	0.82

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	1.91	1.91	1.92
Return after operating charges	+11.16	+16.24	-6.84
Historic yield	1.03	1.13	3.53
Effect on yield of charges offset against capital	0.01	0.01	1.92

#### Other information

Closing NAV (£'000)	157,856	216,642	212,949
Closing NAV percentage of total fund NAV (%)	2.67	3.15	3.69
Number of shares	12,087,140	16,329,152	21,576,724
Highest share price (US ¢)	2,009.19	1,671.95	1,616.86
Lowest share price (US ¢)	1,637.13	1,352.30	1,176.11



# 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.

for the year to 31 March Change in NAV per share	2018 US ¢	2017 US ¢	2016 US ¢
Opening NAV	1,645.45	1,444.07	1,589.51
Return before operating charges and after direct portfolio transaction costs	216.70	262.30	(80.70)
Operating charges	(15.95)	(14.02)	(13.54)
Return after operating charges	200.75	248.28	(94.24)
Distributions	(53.01)	(46.90)	(51.20)
Closing NAV	1,793.19	1,645.45	1,444.07
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.90	0.97	1.05
Dilution adjustments <sup>[a]</sup>	(0.20)	(0.19)	(0.21)
Total direct portfolio transaction costs	0.70	0.78	0.84
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	+12.20	+17.19	-5.93
Historic yield <sup>[c]</sup>	2.89	2.89	3.59
Effect on yield of charges offset against capital	0.91	0.91	0.91
<b>Other information</b>			
Closing NAV (£'000)	3,326	4,195	2,512
Closing NAV percentage of total fund NAV (%)	0.06	0.06	0.04
Number of shares	260,809	317,458	250,548
Highest share price (US ¢)	1,981.25	1,681.20	1,686.64
Lowest share price (US ¢)	1,630.45	1,377.28	1,208.40

#### US dollar Class 'C' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2018 US ¢	2017 US ¢	2016 US ¢
Opening NAV	1,799.04	1,532.32	1,628.39
Return before operating charges and after direct portfolio transaction costs	238.32	281.57	(81.81)
Operating charges	(17.65)	(14.85)	(14.26)
Return after operating charges	220.67	266.72	(96.07)
Distributions	(40.85)	(42.69)	(53.15)
Retained distributions	40.85	42.69	53.15
Closing NAV	2,019.71	1,799.04	1,532.32
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.99	1.02	1.10
Dilution adjustments <sup>[a]</sup>	(0.22)	(0.20)	(0.22)
Total direct portfolio transaction costs	0.77	0.82	0.88
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.04	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	+12.27	+17.41	-5.90
Historic yield	1.98	2.03	3.51
Effect on yield of charges offset against capital	0.01	0.01	0.91
<b>Other information</b>			
Closing NAV (£'000)	35,789	39,784	37,728
Closing NAV percentage of total fund NAV (%)	0.61	0.58	0.66
Number of shares	2,491,652	2,753,741	3,545,696
Highest share price (US ¢)	2,206.19	1,819.20	1,727.93
Lowest share price (US ¢)	1,783.04	1,461.50	1,265.53

<sup>[a]</sup> In respect of direct portfolio transaction costs.

<sup>[b]</sup> As a percentage of average net asset value.

<sup>[c]</sup> Following the change in charging structure, you may see variances between the comparative and current year figures.

# M&G Global Dividend Fund

## Financial statements and notes

### Financial statements

Statement of total return					
for the year to 31 March	Note	2018 £'000		2017 £'000	
Income					
Net capital gains / (losses)	5		(151,669)		1,755,373
Revenue	7	211,715		217,626	
Expenses	8	(87,695)		(83,809)	
Net revenue / (expense) before taxation		124,020		133,817	
Taxation	9	(22,020)		(22,251)	
Net revenue / (expense) after taxation			102,000		111,566
<b>Total return before distributions</b>			<b>(49,669)</b>		<b>1,866,939</b>
Distributions	10		(131,970)		(164,134)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(181,639)</b>		<b>1,702,805</b>

Statement of change in net assets attributable to shareholders					
for the year to 31 March		2018 £'000		2017 £'000	
Opening net assets attributable to shareholders			6,883,700		5,764,638
Amounts received on issue of shares		1,159,937		581,668	
Amounts paid on cancellation of shares		(2,017,738)		(1,265,266)	
			(857,801)		(683,598)
Dilution adjustments			1,085		1,169
Change in net assets attributable to shareholders from investment activities (see above)			(181,639)		1,702,805
Retained distributions on Accumulation shares			66,715		98,686
<b>Closing net assets attributable to shareholders</b>			<b>5,912,060</b>		<b>6,883,700</b>

Balance sheet			
as at 31 March	Note	2018 £'000	2017 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		5,920,259	6,852,873
<b>Current assets</b>			
Debtors	11	51,268	52,845
Cash and bank balances	12	32,073	47,161
<b>Total assets</b>		<b>6,003,600</b>	<b>6,952,879</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distribution payable		(22,407)	(24,215)
Other creditors	13	(69,133)	(44,964)
<b>Total liabilities</b>		<b>(91,540)</b>	<b>(69,179)</b>
<b>Net assets attributable to shareholders</b>		<b>5,912,060</b>	<b>6,883,700</b>

### Notes to the financial statements

#### 1 Statement of compliance

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014.

#### 2 Summary of significant accounting policies

##### a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

##### b) Functional and presentational currency

The functional and presentational currency of M&G Global Dividend Fund is UK sterling.

##### c) Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 29 March 2018 being the last business day of the accounting period.

##### d) Investments - recognition and valuation

The provisions of both Section 11 and Section 12 of FRS 102 have been applied in full. All investments have been designated as fair value through profit and loss and recognised initially at fair value, which is normally the transaction price (excluding transaction costs and accrued interest).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 29 March 2018, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. Interest accrued is not included in the fair value. The methods of determining fair value for the principal classes of investment are:

- Equities and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
- Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.

### Notes to the financial statements

#### 2 Summary of significant accounting policies (continued)

##### d) Investments - recognition and valuation (continued)

- Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
- Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
- Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
- Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
- Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.

##### e) Recognition of income and expenses

- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
- Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
- Interest income, including coupons from debt securities and bank interest is recognised on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Revenue from derivatives is recognised on an accruals basis.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.

##### f) Treatment of income and expenses

- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains / (losses).
- The value of any enhancement to a stock dividend is treated as capital.
- Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
- Special equity dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.

- Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.
- Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the shares and treated as capital.
- Other interest income, such as bank interest is treated as revenue.
- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.
- The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
- Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
- Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.

##### g) Tax

Dividends and similar income receivable are recognised at an amount that includes any withholding tax but excludes irrecoverable tax credits. Any withholding tax suffered is shown as part of the tax charge.

Tax is accounted for at the appropriate rate of corporation tax with relief for double taxation taken where appropriate. The tax accounting treatment follows the principal amounts involved.

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed by the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average rate of tax expected to apply in the period in which it expects the deferred tax to be realised or settled. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

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



# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 2 Summary of significant accounting policies (continued)

##### h) Allocation of returns to share classes

The annual management charge, any share class hedging returns and associated share class hedging charge are directly attributable to individual share classes. All other returns are apportioned to the fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

All available net revenue accounted for in accordance with the above policies and distribution policy in note 4, is distributed to holders of Income shares or retained and reinvested for holders of Accumulation shares. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the fund.

#### 3 Risk management policies

The ACD is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which funds are or might be exposed.

The Company's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests; market risk, credit risk and liquidity risk.

These financial statements are designed to enable users to evaluate the nature and extent of those risks and how they are managed.

The following risk management policies are applicable to the fund, with specific risk disclosures set out in notes 20 to 23 in this report.

##### Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in a fund's portfolio attributable to changes in market variables, such as interest rates, exchange rates, equity and commodity prices or an issuer's creditworthiness.

In relation to market risk, processes are applied that take account of the investment objective and policy of each fund. All funds are subject to an investment oversight process in accordance with the type and nature of the fund. In addition all funds are monitored for compliance within regulatory limits.

In measuring and monitoring market risk, the global exposure of a fund may be calculated using a 'commitment' approach or 'Value at Risk' (VaR) approach.

##### Commitment approach

The commitment approach is applied for funds investing only in traditional asset classes, namely equities, fixed income, money market instruments and collective investment schemes.

In addition, the approach is applied for funds which use or intend to use derivatives or instruments embedding derivatives, but only for efficient portfolio management purposes, or in a simple way not necessarily restricted to efficient portfolio management.

Under the commitment approach the global exposure of funds is measured and monitored using a commitment (adjusted notional) methodology.

Market risk is considered on a daily basis and forms the foundation of investment oversight analysis. This can include for each fund (but is not limited to) the analysis of factors such as fund concentration; style, geographical, industry and market capitalisation biases; active, systematic and specific risk measurements; active money; and beta characteristics.

##### Value at Risk approach

The Value at Risk (VaR) approach is a methodology for estimating the maximum potential loss due to market risk based on historic market volatilities and correlations. More particularly, the VaR approach gives a broad indication of the maximum potential loss at a given confidence level (probability), over a specific time period under normal market conditions.

Instrument and portfolio modelling techniques are based on market accepted practices and are subject to regular audit (back-testing). Market risk factors that are analysed include LIBOR / swap rates, government yield curves, equity prices, exchange rates, market volatility, credit spreads and credit default swap (CDS) spreads.

The VaR model is based on a Monte Carlo process with actual VaR being reported on the basis of a 99% confidence interval over a one month period (20 business days). Risk factor history used in the Monte Carlo process is based on 250 business days. From the variance / covariance matrices, a parametric Monte Carlo scenario set of 5,000 simulations is derived and applied to the fund.

VaR does have limitations in its ability to present valid levels of risk in extreme market conditions. Accordingly, the Risk Analysis team also carries out monthly stress testing and scenario based analysis. Stress testing allows for extreme sets of market circumstances which may not be reflected in historical data sets thereby enabling further assessment of combinations of market movements which may cause serious damage to portfolio values. The key element to the scenario based analysis is challenging the correlation assumptions implicit within statistical based models such as VaR.

The stress test and scenario based analysis is customised for each fund type and the VaR analysis is produced on a daily basis.

The table below shows funds using the 'commitment' approach and those using the 'Value at Risk (VaR)' approach:

Fund	Global exposure approach
M&G Global Dividend Fund	Commitment

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 3 Risk management policies (continued)

##### Liquidity risk

Liquidity risk is the risk that a fund's holdings cannot be sold, liquidated or closed out at limited cost in an adequately short time frame and that the ability of the scheme to comply at any time with its obligation to sell and redeem shares is thereby compromised.

The overall liquidity profile for each fund is reviewed and updated regularly. The liquidity profile takes into account investment, cashflow and market liquidity considerations.

Investment liquidity considerations include an assessment of asset class liquidity conditions, liquidity of underlying holdings, portfolio construction and concentration, the scale of individual stock ownership and the nature of the investment strategy.

Cashflow liquidity is managed in each fund on a daily basis using reports that include subscription and redemption information as well as the impact of trading, derivative lifecycle events and corporate action activity. In addition to the daily reporting, the fund managers are provided with reporting that highlights the impact of reasonably predictable events in the portfolio, including an allowance for the potential future exposures that might result from derivative exposures.

Market (or distribution-related) considerations include an assessment of asset demand, fund growth, client concentration and the persistency of the client base. Supplementary to this, market liquidity stress tests are carried out on a monthly basis for all sophisticated funds.

##### Credit risk

For funds exposed to credit risk, the credit rating, yield and maturity of each interest bearing security is considered to determine if the yield fully reflects the risk. The capital value of interest-bearing securities within the funds will fall in the event of the default or perceived increased credit risk of an issuer.

The capital value of interest-bearing securities within a fund may also be affected by interest rate fluctuations such that when interest rates rise, the capital value of the interest-bearing securities is likely to fall and vice versa.

Funds investing in derivatives are exposed to counterparty risk. This is the risk that the other party to the transaction fails to fulfil their obligations, either by failing to pay or failing to deliver securities. To minimise this risk, carefully selected, financially strong and well-established counterparties are selected following a thorough due diligence review and collateral is posted daily (in the form of cash or high-quality government bonds). Derivative positions are valued on a mark-to-market basis (revalued to reflect prevailing market prices) daily and collateral moves from one counterparty to the other to reflect movements in the unrealised profit or loss. As a result, the maximum loss to the fund would be limited to that day's price movements in affected derivatives contracts.

For funds in which they are used, credit default swaps are bought and sold in response to detailed credit research to take advantage of anticipated movements in credit spreads on individual stocks and baskets of securities. When a fund buys a credit default swap the default risk associated with the underlying security transfers to the counterparty. When a fund sells a credit default swap the fund assumes the credit risk of the underlying security.

#### 4 Distribution policy

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

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

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

#### 5 Net capital gains / (losses)

	2018 £'000	2017 £'000
for the year to 31 March		
Non-derivative securities	(151,877)	1,753,904
Currency gains / (losses)	218	1,484
Transaction charges	(10)	(15)
<b>Net capital gains / (losses)</b>	<b>(151,669)</b>	<b>1,755,373</b>

#### 6 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on page 14.

	2018 £'000	% of transaction	2017 £'000	% of transaction
for the year to 31 March				
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	1,400,036		1,399,383	
Commissions	675	0.05	849	0.06
Taxes	1,446	0.10	1,555	0.11
<b>Total purchases after transaction costs</b>	<b>1,402,157</b>		<b>1,401,787</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	2,214,541		2,059,527	
Commissions	(1,104)	0.05	(1,415)	0.07
Taxes	(95)	0.00	(106)	0.01
<b>Total sales after transaction costs</b>	<b>2,213,342</b>		<b>2,058,006</b>	
<b>c) Direct portfolio transaction costs</b>	<b>2018 £'000</b>	<b>% of average NAV</b>	<b>2017 £'000</b>	<b>% of average NAV</b>
<b>Commissions paid</b>				
Equities	1,779	0.03	2,264	0.03
<b>Taxes paid</b>				
Equities	1,541	0.02	1,661	0.03
<b>Total direct portfolio transaction costs [a]</b>	<b>3,320</b>	<b>0.05</b>	<b>3,925</b>	<b>0.06</b>
<b>d) Indirect portfolio transaction costs</b>		<b>%</b>		<b>%</b>
Portfolio dealing spread [b]		0.09		0.09

[a] Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

[b] Average portfolio dealing spread at the balance sheet date.

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 7 Revenue

for the year to 31 March	2018 £'000	2017 £'000
Bank interest	18	359
Dividends from equity investments: non-taxable	208,374	213,268
Dividends from equity investments: taxable	679	2,675
Interest distributions	200	239
Stock dividends	2,444	1,085
<b>Total revenue</b>	<b>211,715</b>	<b>217,626</b>

#### 8 Expenses

for the year to 31 March	2018 £'000	2017 £'000
<b>Payable to the ACD or associate</b>		
Annual management charge	77,283	73,764
Administration charge	9,743	9,374
	87,026	83,138
<b>Payable to the Depositary or associate</b>		
Depositary's charge (including VAT)	219	212
<b>Other expenses</b>		
Audit fee (including VAT)	9	11
Interest payable	11	8
Professional fees	7	0
Safe custody charge	423	440
	450	459
<b>Total expenses</b>	<b>87,695</b>	<b>83,809</b>

#### 9 Taxation

for the year to 31 March	2018 £'000	2017 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	22,020	22,251
Deferred tax (note 9c)	0	0
<b>Total taxation</b>	<b>22,020</b>	<b>22,251</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/ (expense) before taxation	124,020	133,817
Corporation tax at 20%	24,804	26,763
Effects of:		
Dividends from equity investments: non-taxable	(41,675)	(42,654)
Stock dividends not taxable	(489)	(217)
Current year expenses not utilised	17,360	16,173
Withholding tax	22,020	22,251
Withholding tax expensed	0	(65)
Expenses not deductible for tax purposes	0	0
<b>Total tax charge (note 9a)</b>	<b>22,020</b>	<b>22,251</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 9a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of £112,806,000 (2017: £95,447,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

#### 10 Distributions

	2018		2017	
for the year to 31 March	Inc <sup>[a]</sup> £'000	Acc <sup>[b]</sup> £'000	Inc <sup>[a]</sup> £'000	Acc <sup>[b]</sup> £'000
<b>Dividend distributions</b>				
First interim	14,167	11,677	12,858	27,533
Second interim	13,910	12,145	13,154	27,737
Third interim	13,167	11,122	13,984	12,609
Final	22,407	31,771	24,215	30,807
<b>Total net distributions</b>		130,366		162,897
Income deducted on cancellation of shares		3,078		3,241
Income received on issue of shares		(1,474)		(2,004)
<b>Distributions</b>		<b>131,970</b>		<b>164,134</b>
<b>Net revenue / (expense) per statement of total return</b>		102,000		111,566
Expenses offset against capital		29,970		52,568
Undistributed income brought forward		1		1
Undistributed income carried forward		(1)		(1)
<b>Distributions</b>		<b>131,970</b>		<b>164,134</b>

<sup>[a]</sup> Distributions payable on Income shares.

<sup>[b]</sup> Retained distributions on Accumulation shares.

#### 11 Debtors

as at 31 March	2018 £'000	2017 £'000
Amounts receivable on issues of shares	5,564	6,827
Currency deals outstanding	15,763	0
Distributions receivable	33	11
Dividends receivable	12,806	18,728
Sales awaiting settlement	0	13,071
Withholding tax recoverable	17,102	14,208
<b>Total debtors</b>	<b>51,268</b>	<b>52,845</b>

#### 12 Cash and bank balances

as at 31 March	2018 £'000	2017 £'000
Cash held as bank balances	32,073	47,161
<b>Total cash and bank balances</b>	<b>32,073</b>	<b>47,161</b>

#### 13 Other creditors

as at 31 March	2018 £'000	2017 £'000
ACD's annual management charge payable	3,321	4,112
Administration charge payable	425	515
Amounts payable on cancellation of shares	34,055	29,784
Currency deals outstanding	15,786	0
Expenses payable	122	139
Purchases awaiting settlement	15,424	10,414
<b>Total other creditors</b>	<b>69,133</b>	<b>44,964</b>

#### 14 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2017: same).

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 15 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 16.

Share class	Opening 01.04.17	Movements		Closing 31.03.18
		Issued	Cancelled	
<b>Euro</b>				
Class 'A' Income	8,480,882	19,647,839	(4,680,561)	23,448,160
Class 'A' Accumulation	80,439,916	1,723,073	(32,912,104)	49,250,885
Class 'C' Income	1,041,165	581,104	(117,321)	1,504,948
Class 'C' Accumulation	14,542,099	1,535,766	(5,333,374)	10,744,491
Class 'G' Accumulation	0	65,144,598	(5,936,369)	59,208,229
<b>Singapore dollar</b>				
Class 'A' Income	500	0	0	500
Class 'A' Accumulation	5,085	0	0	5,085
Class 'C' Income	500	0	0	500
Class 'C' Accumulation	12,614	0	(5,946)	6,668
<b>Sterling</b>				
Class 'A' Income	338,103,216	2,209,708	(38,942,984)	301,369,940
Class 'A' Accumulation	212,924,207	1,989,998	(87,342,758)	127,571,447
Class 'I' Income	628,862,926	28,390,794	(245,950,970)	411,302,750
Class 'I' Accumulation	584,149,759	8,754,522	(33,227,637)	559,676,644
Class 'R' Income	6,348,533	3,248,794	(1,141,760)	8,455,567
Class 'R' Accumulation	2,161,369	5,739,113	(611,810)	7,288,672
Class 'X' Income	34,364,481	501,756	(8,861,747)	26,004,490
Class 'X' Accumulation	8,978,532	301,578	(2,133,509)	7,146,601
<b>US dollar</b>				
Class 'A' Income	491,545	110,866	(159,963)	442,448
Class 'A' Accumulation	16,329,152	1,464,224	(5,706,236)	12,087,140
Class 'C' Income	317,458	67,346	(123,995)	260,809
Class 'C' Accumulation	2,753,741	424,608	(686,697)	2,491,652

#### 16 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

Share class	Entry charge %	Exit charge %	Annual management charge %
<b>Euro</b>			
Class 'A'	4.00	n/a	1.75
Class 'C'	1.25	n/a	0.75
Class 'G'	nil	n/a	1.00
<b>Singapore dollar</b>			
Class 'A'	4.00	n/a	1.75
Class 'C'	1.25	n/a	0.75
<b>Sterling</b>			
Class 'A'	nil	n/a	1.50
Class 'I'	nil	n/a	0.75
Class 'R'	nil	n/a	1.00
Class 'X'	nil	n/a	1.50
<b>US dollar</b>			
Class 'A'	4.00	n/a	1.75
Class 'C'	1.25	n/a	0.75

#### 17 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 10. Amounts due to / from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 11 and 13 where applicable.

Amounts paid to M&G Securities Limited in respect of the ACD's annual management charge and administration charge are disclosed in note 8. Amounts due at the year end in respect of the ACD's annual management charge and administration charge are disclosed in note 13.

At the balance sheet date, shareholders from within Prudential plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 3.28% (2017: 1.82%) of the fund's shares.

#### 18 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

#### 19 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

##### Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities; highly liquid bonds (e.g. Government bonds) and exchange traded derivatives (e.g. futures) for which quoted prices are readily and regularly available.

##### Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

##### Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights. However no such financial instruments were held.

as at 31 March Basis of valuation	Assets 2018 £'000	Liabilities 2018 £'000	Assets 2017 £'000	Liabilities 2017 £'000
Level 1	5,829,662	0	6,792,723	0
Level 2	90,597	0	60,150	0
Level 3	0	0	0	0
	<b>5,920,259</b>	<b>0</b>	<b>6,852,873</b>	<b>0</b>

In accordance with FRS 102 (22.4a) the shares in issue for each class meet the definition of a puttable instrument as the shareholders have the right to sell the shares back to the issuer. The shares in the fund may be issued and redeemed on any business day at the quoted price. These shares are not traded on an exchange. However, the price is observable and transactions within the fund take place regularly at that price. The shares in issue as detailed in note 15 meet the definition of a level 2 financial instrument 'Valuation techniques using observable market data'.

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 20 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £291,483,000 (2017: £339,636,000). A five per cent decrease would have an equal and opposite effect.

#### 21 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by £295,603,000 (2017: £344,185,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2018 £'000	2017 £'000
<b>Currency exposure in respect of the fund</b>		
Australian dollar	130,551	317,904
Brazilian real	0	66,766
Canadian dollar	500,623	659,708
Danish krone	265,256	300,476
Euro	409,100	275,230
Hong Kong dollar	126,445	139,869
Norwegian krone	9,712	28,552
Singapore dollar	0	(32)
Sterling	809,875	1,110,216
South African rand	212,436	142,726
South Korean won	84,259	0
Swiss franc	371,305	190,534
Taiwan dollar	0	298
US dollar	2,992,498	3,651,453
<b>Total</b>	<b>5,912,060</b>	<b>6,883,700</b>

#### 22 Interest rate risk sensitivity

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

#### 23 Credit risk sensitivity

Credit risk is not considered significant for the fund and is therefore not disclosed.

#### 24 Dividend distribution tables

This fund pays quarterly ordinary distributions and the following table sets out the distribution periods.

<b>Quarterly distribution periods</b>				
	Start	End	Xd	Payment
First interim	01.04.17	30.06.17	03.07.17	31.08.17
Second interim	01.07.17	30.09.17	02.10.17	30.11.17
Third interim	01.10.17	31.12.17	02.01.18	28.02.18
Final	01.01.18	31.03.18	03.04.18	31.05.18

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

#### Euro Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	€	€	€	€
First interim	5.6411	7.4418	13.0829	12.7501
Second interim	10.3040	2.6388	12.9428	12.7495
Third interim	6.7145	6.2554	12.9699	13.1783
Final	16.4738	6.6618	23.1356	22.4614

#### Euro Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	€	€	€	€
First interim	2.7665	0.6763	3.4428	13.9730
Second interim	2.0006	1.6916	3.6922	14.0676
Third interim	0.6719	1.9745	2.6464	4.1105
Final	11.9162	3.5605	15.4767	13.4844

#### Euro Class 'C' Income shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	€	€	€	€
First interim	11.4959	3.2319	14.7278	14.2230
Second interim	3.0306	11.5842	14.6148	14.2564
Third interim	3.8480	10.8312	14.6792	14.7678
Final	18.8316	7.4328	26.2644	25.2353

#### Euro Class 'C' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	€	€	€	€
First interim	7.2067	3.0760	10.2827	n/a
Second interim	5.7909	4.5754	10.3663	n/a
Third interim	5.2062	4.7090	9.9152	n/a
Final	13.6365	9.8106	23.4471	n/a

#### Euro Class 'G' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	€	€	€	€
First interim	n/a	n/a	n/a	n/a
Second interim	0.3280	2.3113	2.6393	n/a
Third interim	1.4512	1.7670	3.2182	n/a
Final	4.4533	3.8788	8.3321	n/a



# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 24 Dividend distribution tables (continued)

##### Singapore dollar Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	¢	¢	¢	¢
First interim	6.9015	0.0000	6.9015	6.4800
Second interim	7.1796	0.0000	7.1796	6.5888
Third interim	6.9725	0.0000	6.9725	6.7939
Final	12.7580	0.0000	12.7580	11.4420

##### Singapore dollar Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	¢	¢	¢	¢
First interim	1.8330	0.0000	1.8330	6.7966
Second interim	1.9539	0.0000	1.9539	6.9573
Third interim	1.3497	0.0000	1.3497	2.0108
Final	8.1371	0.0000	8.1371	6.4070

##### Singapore dollar Class 'C' Income shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	¢	¢	¢	¢
First interim	7.0645	0.0000	7.0645	6.5720
Second interim	7.3569	0.0000	7.3569	6.6876
Third interim	7.1567	0.0000	7.1567	6.9384
Final	13.1480	0.0000	13.1480	11.6920

##### Singapore dollar Class 'C' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	¢	¢	¢	¢
First interim	5.0082	0.0000	5.0082	6.8986
Second interim	5.1485	0.0000	5.1485	7.0693
Third interim	4.7751	0.0000	4.7751	4.8062
Final	11.5753	0.0000	11.5753	9.7523

##### Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	p	p	p	p
First interim	0.8184	0.4316	1.2500	1.1457
Second interim	0.6015	0.6485	1.2500	1.2000
Third interim	0.5695	0.6805	1.2500	1.2000
Final	1.2534	0.9661	2.2195	2.1245

##### Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	p	p	p	p
First interim	0.3621	0.1946	0.5567	1.4826
Second interim	0.3364	0.2497	0.5861	1.5635
Third interim	0.1739	0.3093	0.4832	0.5859
Final	1.4522	0.4644	1.9166	1.6698

##### Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	p	p	p	p
First interim	0.7805	0.5539	1.3344	1.2139
Second interim	0.7812	0.5553	1.3365	1.2737
Third interim	0.6558	0.6830	1.3388	1.2758
Final	0.8569	1.5259	2.3828	2.2636

##### Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	p	p	p	p
First interim	0.7090	0.4234	1.1324	1.5704
Second interim	0.6102	0.5457	1.1559	1.6591
Third interim	0.4848	0.6177	1.1025	1.0995
Final	1.5600	1.0318	2.5918	2.3269

##### Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	p	p	p	p
First interim	0.6470	0.2991	0.9461	0.8630
Second interim	0.5094	0.4379	0.9473	0.9050
Third interim	0.4134	0.5350	0.9484	0.9059
Final	0.5475	1.1391	1.6866	1.6063

##### Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	p	p	p	p
First interim	0.3970	0.1948	0.5918	0.9753
Second interim	0.4816	0.1247	0.6063	1.0298
Third interim	0.3303	0.2313	0.5616	0.5835
Final	0.7485	0.7439	1.4924	1.3292

##### Sterling Class 'X' Income shares

Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution 2018	Group 1 & 2 Distribution 2017
	p	p	p	p
First interim	0.5760	0.6750	1.2510	1.1462
Second interim	0.4298	0.8207	1.2505	1.2005
Third interim	0.4451	0.8055	1.2506	1.2006
Final	1.0299	1.1906	2.2205	2.1253

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 24 Dividend distribution tables (continued)

Sterling Class 'X' Accumulation shares				
Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	p	p	p	p
First interim	0.3960	0.1607	0.5567	1.4833
Second interim	0.2762	0.3102	0.5864	1.5644
Third interim	0.2050	0.2785	0.4835	0.5863
Final	1.3458	0.5719	1.9177	1.6707

US dollar Class 'A' Income shares				
Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	¢	¢	¢	¢
First interim	6.3913	3.1368	9.5281	9.2580
Second interim	0.4344	9.8961	10.3305	9.3273
Third interim	6.5172	3.3122	9.8294	8.9222
Final	12.0305	6.7130	18.7435	15.7368

US dollar Class 'A' Accumulation shares				
Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	¢	¢	¢	¢
First interim	1.3220	1.1143	2.4363	9.8290
Second interim	1.5912	1.2561	2.8473	9.9651
Third interim	0.6247	1.3045	1.9292	2.6539
Final	8.4813	3.5894	12.0707	9.1268

US dollar Class 'C' Income shares				
Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	¢	¢	¢	¢
First interim	8.7585	1.5859	10.3444	10.0033
Second interim	11.2948	0.0000	11.2948	10.0966
Third interim	10.7694	0.0000	10.7694	9.6789
Final	16.1426	4.4554	20.5980	17.1222

US dollar Class 'C' Accumulation shares				
Ordinary distributions for the year to 31 March	Income 2018	Group 2 Equalisation 2018	Group 1 & 2 Distribution	
	2018	2018	2018	2017
	¢	¢	¢	¢
First interim	3.8328	3.3868	7.2196	10.6144
Second interim	4.2469	3.7607	8.0076	10.7868
Third interim	4.4823	2.7858	7.2681	6.8383
Final	15.7454	2.6047	18.3501	14.4516

# M&G Global Dividend Fund

## Other regulatory disclosures

### Remuneration

In line with the requirements of the Undertakings for Collective Investments in Transferable Securities (UCITS) V, the UCITS Manager is subject to a remuneration policy which is consistent with the principles outlined in SYSC19E of the FCA Handbook (UCITS Remuneration Code).

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its staff is in line with the risk policies and objectives of the UCITS funds it manages. Further details of the remuneration policy applicable at an M&G Limited level can be found here [www.mandg.com/en/corporate/about-mg/our-people](http://www.mandg.com/en/corporate/about-mg/our-people). M&G's remuneration policy is reviewed on an annual basis, or more frequently where required, and approved by the M&G Remuneration Committee.

The UCITS management company is required under UCITS to make quantitative disclosures of remuneration. These disclosures are made in line with M&G's interpretation of currently available guidance on quantitative remuneration disclosures. As market or regulatory guidance evolves, M&G may consider it appropriate to make changes to the way in which quantitative disclosures are calculated. Members of staff and senior management typically provide both UCITS and non-UCITS related services and have a number of areas of responsibility. Therefore, only the portion of remuneration for those individuals' services which may be attributable to UCITS is included in the remuneration figures disclosed. Accordingly the figures are not representative of any individual's actual remuneration.

M&G Securities Limited does not directly employ any staff members. However, for the financial year ended 31 December 2017, aggregate remuneration of £39,245,473 (£4,916,933 in respect of fixed remuneration and £34,328,541 in respect of variable remuneration) was paid to individuals whose actions may have a material impact on the risk profile of the UCITS Manager, of which £1,812,300 related to senior management.

### 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'.



# Glossary

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

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

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

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

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

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

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

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

**Bunds:** Fixed income securities issued by the German government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary

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

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

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

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

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

**Equities:** Shares of ownership in a company.

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

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

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

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

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

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

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

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

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

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

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

**Gilts:** Fixed income securities issued by the UK government.

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

**Hedging:** A method of reducing unnecessary or unintended risk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**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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