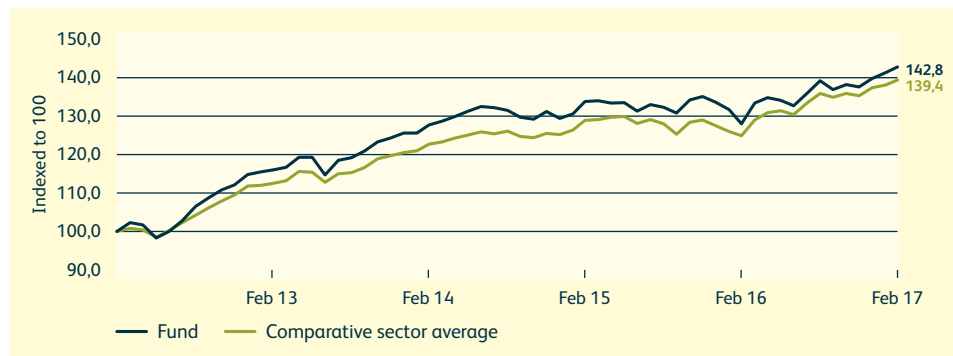


## Euro Class A

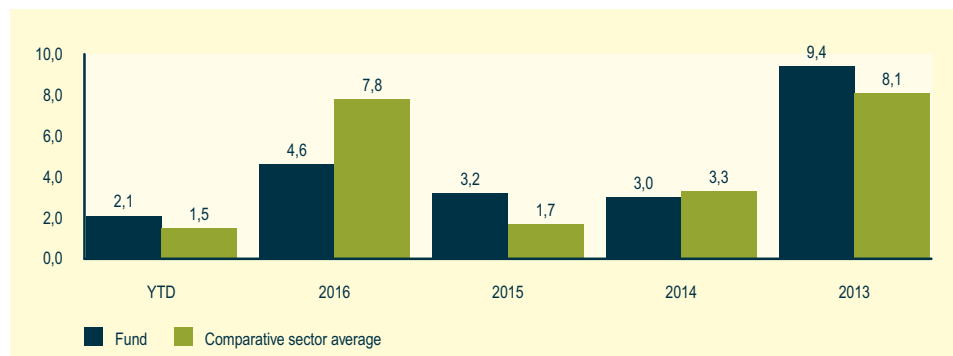
## Performance over 5 years



## Fund performance

	1 month (%)	3 months (%)	YTD (%)	1 year (%)	3 years (%) p.a.	5 years (%) p.a.	Since tenure (%) p.a.	Since inception (%) p.a.
Fund	+1,1	+3,8	+2,1	+11,5	+3,8	+7,4	+9,5	+5,0
Index	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sector	+0,9	+3,0	+1,5	+11,6	+4,0	+6,6	+8,2	+5,3
Ranking	7/18	3/18	2/18	12/18	9/15	6/14	5/13	2/2
Quartile ranking	2	1	1	3	3	2	2	4

## Annual performance (%)



Past performance is not a guide to future performance.

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

The fund allows for the extensive use of derivatives.

## Key information

Fund manager	James Tomlins
Fund manager tenure from	1 December 2011
Deputy fund manager	Stefan Isaacs
Launch date	15 October 1999
Launch of share class	29 November 2002
Fund size (millions)	€118,46
Fund type	OEIC, incorporated in the UK
Comparative sector	Morningstar Europe High Yield Bond sector
Number of issuers	107
Distribution yield (Acc)	3.12 %
Distribution yield (Inc)	4.50 %
Underlying yield (Acc)	3.12 %
Underlying yield (Inc)	3.12 %
Yield to expected maturity*	2,87 %
Modified duration (years)	3,0
Spread duration (years)	2,56
Average maturity (years)	3,36
Average coupon	4,45
Volatility†	5,16 %
Average credit rating	BB-
Share type	Acc & Inc
Ongoing charge	1,42 %

\*Source: Morningstar, three-year annualised volatility, as at 28 February 2017  
The distribution yield reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the share price, as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any preliminary charge and investors may be subject to tax on distributions. It is the fund's policy to offset certain charges against income for accumulation share classes and to offset certain charges against capital for income share classes. These charges include the annual management charge, administration fee and share class hedging fee (where applicable). As a result, yield figures for income and accumulation share classes may differ significantly. The underlying yield reflects the annualised income net of expenses of the fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market price of the fund as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any preliminary charge and investors may be subject to tax on distributions. For the fund's income share classes, the distribution yield is higher than the underlying yield only because a portion of the fund's expenses are charged to capital. This has the effect of increasing distribution(s) for the year and constraining the fund's capital performance to an equivalent extent.

†The yield to expected maturity is calculated in the valuation currency of the fund and is gross of fund expenses (including hedging differences). A fund may hold callable bonds whose yields are calculated on the basis of expected maturity.

## Fund ratings

Overall Morningstar rating **★★★★**  
Source of Morningstar ratings: Morningstar, as at 31 January 2017  
Ratings should not be taken as a recommendation.

Asset breakdown (%)

	Physical	CDS short	CDS long	Net
Government bonds	11,8	0,0	0,0	1,3
Investment grade corporate bonds	4,2	0,0	0,0	4,2
Fixed rate	4,2	0,0	0,0	4,2
Floating rate	0,0	0,0	0,0	0,0
Index linked	0,0	0,0	0,0	0,0
Credit default swap indices	0,0	0,0	0,0	0,0
High yield corporate bonds	81,2	0,0	10,5	91,7
Fixed rate	78,0	0,0	0,2	78,2
Floating rate	3,2	0,0	0,0	3,2
Index linked	0,0	0,0	0,0	0,0
Credit default swap indices	0,0	0,0	10,3	10,3
Securitised	0,0	0,0	0,0	0,0
Equities	0,5	0,0	0,0	0,5
Cash	2,2	0,0	0,0	2,2

CDS short: bought protection (short credit exposure); CDS long: sold protection (long credit exposure)  
The columns may not always add up when reading across as physical bond holdings and/or cash are sometimes used as collateral for CDS exposure.

Credit rating breakdown (%)

	Physical	CDS short	CDS long	Net
AAA	9,4	0,0	0,0	0,0
AA	2,4	0,0	0,0	1,3
A	0,8	0,0	0,0	0,8
BBB	3,3	0,0	0,0	3,3
BB	50,5	0,0	0,0	50,5
B	25,3	0,0	10,5	35,8
CCC	5,4	0,0	0,0	5,4
CC	0,0	0,0	0,0	0,0
C	0,0	0,0	0,0	0,0
D	0,0	0,0	0,0	0,0
No rating	0,5	0,0	0,0	0,5
Cash	2,2	0,0	0,0	2,2

CDS short: bought protection (short credit exposure); CDS long: sold protection (long credit exposure)  
The columns may not always add up when reading across as physical bond holdings and/or cash are sometimes used as collateral for CDS exposure.  
Where a security has not been rated by Standard & Poor's, Fitch or Moody's, we may use M&G's internal credit rating. Based on a comparison of all available ratings for each security, the most conservative rating (S&P, Fitch, Moody's or M&G's internal rating) is taken into consideration. The ratings so identified are then expressed or converted into M&G's ratings format to obtain uniform information for all securities in the portfolio.

Industry breakdown (%)

	Physical	CDS short	CDS long	Net
Banking	15,5	0,0	0,0	15,5
Media	13,3	0,0	0,0	13,3
Capital Goods	11,7	0,0	0,0	11,7
Telecommunications	8,9	0,0	0,0	8,9
Basic Industry	7,7	0,0	0,0	7,7
Services	7,2	0,0	0,2	7,4
Automotive	5,2	0,0	0,0	5,2
Financial Services	4,7	0,0	0,0	4,7
Healthcare	4,2	0,0	0,0	4,2
Consumer Cyclical	2,9	0,0	0,0	2,9
Insurance	1,6	0,0	0,0	1,6
Sovereign	11,8	0,0	0,0	1,3
Energy	1,0	0,0	0,0	1,0
Utility	0,7	0,0	0,0	0,7
Technology & Electronics	0,5	0,0	0,0	0,5
Real Estate	0,4	0,0	0,0	0,4
Consumer Non-Cyclical	0,1	0,0	0,0	0,1
Investment Grade indices	0,0	0,0	0,0	0,0
High yield indices	0,0	0,0	10,3	10,3
Other	0,5	0,0	0,0	0,5
Cash	2,2	0,0	0,0	2,2

CDS short: bought protection (short credit exposure); CDS long: sold protection (long credit exposure)  
The columns may not always add up when reading across as physical bond holdings and/or cash are sometimes used as collateral for CDS exposure.

Country breakdown (%)

	Physical	CDS short	CDS long	Net
US	21,3	0,0	2,0	22,2
UK	9,5	0,0	8,4	17,8
Germany	18,0	0,0	0,0	8,5
Netherlands	8,3	0,0	0,2	8,5
France	8,2	0,0	0,0	8,2
Ireland	6,8	0,0	0,0	6,8
Italy	6,6	0,0	0,0	6,6
Luxembourg	5,4	0,0	0,0	5,4
Switzerland	3,0	0,0	0,0	3,0
Spain	2,7	0,0	0,0	2,7
Other	8,0	0,0	0,0	8,0
Cash	2,2	0,0	0,0	2,2

CDS short: bought protection (short credit exposure); CDS long: sold protection (long credit exposure)  
The columns may not always add up when reading across as physical bond holdings and/or cash are sometimes used as collateral for CDS exposure.

Currency breakdown (%)

	Pre-hedge	Post-hedge
Euro	79,1	99,9
US dollar	14,6	0,1
British pound	6,0	0,0
Swiss franc	0,3	0,0

Maturity breakdown (%)

	Physical
0 - 1 years	20,3
1 - 3 years	31,6
3 - 5 years	17,6
5 - 7 years	8,5
7 - 10 years	17,7
10 - 15 years	0,2
15+ years	2,0
Cash	2,2

Duration breakdown by currency and asset class

	Physical	Futures	Swaps	Net
Euro	2,6	0,0	0,0	2,6
US dollar	0,3	0,0	0,0	0,3
British pound	0,1	0,0	0,0	0,1
Other	0,0	0,0	0,0	0,0
Total	3,0	0,0	0,0	3,0

Largest issuers (excluding government bonds and CDS indices, %)

	Fund
Ardagh Group	4,0
Crown European	3,2
Wind Acquisition Finance	2,9
Unity Media	2,8
Ziggo Secured	2,7
Commerzbank	2,6
OI European Group	2,6
Matterhorn Telecom	2,3
SFR Group	2,3
Spcm	2,0

## Fund codes and charges

Share class	ISIN	Bloomberg	Annual management charge	Ongoing charge	Minimum initial investment	Minimum top up investment
Euro A Acc	GB0031288243	MGEHBAI LN	1,25 %	1,42 %	€1.000	€75
Euro A Inc	GB00B9G4ML32	MGEHYAE LN	1,25 %	1,42 %	€1.000	€75
Euro B Inc	GB00BYQRBQ51	MGEHEBI LN	1,75 %	1,93 %	€ 1.000	€ 75
Euro B Acc	GB00B9F9BJ02	MGEHYBE LN	1,75 %	1,92 %	€1.000	€75
Euro C Inc	GB00BK6MBN97	MGEHECI LN	0,75 %	0,92 %	€ 500.000	€50.000
Euro C Acc	GB0031288466	MGEHBCI LN	0,75 %	0,92 %	€500.000	€50.000

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

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

## Important information

Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

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

The Morningstar Overall Rating based on the fund's Euro Class A shares. Copyright © 2017 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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