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M&G Investment Funds (10)

Interim Long Report and unaudited Financial Statements
for the six months ended 30 September 2019

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M&G Investment Funds (10)

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (10) presents its Interim Long Report and unaudited Financial Statements for the six months ended 30 September 2019.

The unaudited financial statements of M&G Investment Funds (10) and the investment report and unaudited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (10) is an umbrella Open-Ended Investment Company (OEIC) and contains four sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 26 August 2010, the M&G UK Inflation Linked Corporate Bond Fund was launched on 16 September 2010, the M&G Absolute Return Bond Fund was launched on 13 December 2016, the M&G Global Listed Infrastructure Fund was launched on 5 October 2017 and the M&G Positive Impact Fund was launched on 20 November 2018.

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

As at 30 September 2019 none of the funds held shares of the other funds within this OEIC.

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

Fund managers

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

M&G Absolute Return Bond Fund

Jim Leaviss & Wolfgang Bauer

M&G Global Listed Infrastructure Fund

Alex Araujo

M&G Positive Impact Fund

John William Olsen

M&G UK Inflation Linked Corporate Bond Fund

Ben Lord

ACD

M&G Securities Limited,
10 Fenchurch Avenue, London EC3M 5AG, 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

M Ammon*, G N Cotton**, C Dobson (non executive director),
N M Donnelly, P R Jelfs, M McGrade (non executive director),
L J Mumford

* Resigned 17 October 2019.

** Resigned 27 September 2019.

Investment manager

M&G Investment Management Limited,
10 Fenchurch Avenue, London EC3M 5AG, UK
Telephone: +44 (0)20 7626 4588

(Authorised and regulated by the Financial Conduct Authority)

Registrar

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

Depositary

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

Independent auditor

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

Important information

On 8 April 2019 all four funds in M&G Investment Funds (10) launched Sterling Class 'PP' Accumulation shares.

As mentioned in the shareholder letter on 17 June 2019, we have made changes to the way we charge for M&G funds based in the UK, starting on Thursday 1 August 2019. The annual charge should be simpler to understand and easier to compare with other fund charges. We have combined all the charges that make up the current ongoing charge figure (OCF) into a single annual charge. Only exceptional items such as unforeseen legal and tax expenses, also known as extraordinary expenses, will be excluded from the annual charge. To find out the new annual charge and the OCF which are shown in the Key Investor Information Document (KIID) for the share class(es) you are invested in, visit our website www.mandg.co.uk.

On 5 August 2019 all four funds in M&G Investment Funds (10) launched Sterling Class 'PP' Income shares.

M&G Investment Funds (10)

Authorised Corporate Director's Report

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Customer services and administration for non-UK clients:

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

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

Telephone: +352 2605 9944

Email: csmandg@rbc.com

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

Austrian paying and information agent:

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

Belgian financial agent:

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

Danish representative agent:

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

French centralising agent:

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

German information agent:

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

Greek paying agents and distributors:

Alpha Bank A.E.,
40 Stadiou Street, 10252 Athens, Greece
Eurobank Ergasias S.A.,
8 Othonos Street, 10557 Athens, Greece
Piraeus Bank S.A
4 Amerikis Street, 10564 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 operationnel, 28-32, place de la Gare, 1616 Luxembourg,
Grand Duchy of Luxembourg

Portuguese distributor:

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

Spanish representative:

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

Swedish paying agent:

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

Swiss paying agent and representative:

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

M&G Investment Funds (10)

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
14 November 2019

M&G Investment Funds (10)

Financial statements and notes

The financial statements for M&G Investment Funds (10) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 March 2019. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and as amended June 2017.

M&G Absolute Return Bond Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to achieve a total return (the combination of income and capital growth) of at least 2.5% per annum above the 3-month GBP LIBOR rate, before any charges are taken, in any market conditions and over any three year period. LIBOR is the rate at which banks borrow money from each other.

The fund aims to achieve this while seeking to minimise the degree to which the value of the fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the fund in this way reduces its ability to achieve returns significantly above 3-month GBP LIBOR plus 2.5%.

There is no guarantee that the fund will achieve a positive return over three years, or any other period, and investors may not get back the original amount they invested.

Investment policy

The fund invests at least 70% in fixed and variable rate securities (including, but not limited to, corporate bonds and government and public securities), currencies, cash, near cash and deposits. These may be from anywhere in the world and denominated in any currency.

The fund's exposure to these investments may also be gained through the use of derivatives, which are financial contracts whose value is derived from an underlying asset. The fund may take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, and groups of securities. The fund also has the flexibility to gain exposure to investments exceeding the net asset value of the fund in order to increase potential returns in both rising and falling markets.

Derivatives may be used to meet the fund's objective and for efficient portfolio management purposes. The fund may also invest in other funds.

Investment approach

The fund managers take a flexible approach, investing across a broad range of fixed income and currency markets according to where they identify value. A dynamic investment approach is followed, allowing the fund managers to change the blend of duration, credit and currency exposures based on their outlook. The fund will typically aim to have a high level of diversification in individual credit selection and across investment themes and sources of return. The managers will aim to achieve the performance objective while managing the fund's volatility and limiting losses during difficult market conditions.

Benchmark

Benchmark: 3-month GBP LIBOR + 2.5%.

The fund is actively managed. The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's target benchmark as it is an achievable performance target given the fund's investment policy. The target benchmark is used solely to measure the fund's performance objective and does not constrain the fund's portfolio construction.

Risk profile

The fund is a flexible bond fund which invests in a range of fixed income securities and in currencies. The fund is therefore subject to the price volatility of global bond markets and fluctuations in currency exchange rates.

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

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The blend of assets held in the fund is regularly adjusted depending on where the managers see the most value and to manage risks, including liquidity, credit, currency and market risks. The fund's risks are measured and managed as an integral part of the investment process.

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



The above number:

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

Investment review

As at 1 October 2019, for the six months ended 30 September 2019

Performance against objective

Between 1 April 2019 (the start of the review period) and 1 October 2019, the M&G Absolute Return Bond Fund delivered a positive return (the combination of capital growth and income), and was also ahead of three-month GBP LIBOR + 2.5% across all share classes. The fund's objective is to achieve a total return of at least 2.5% per annum above the three-month GBP LIBOR rate, before any charges are taken, in any market condition and over any three-year period*. LIBOR is the rate at which banks borrow money from each other.

The M&G Absolute Return Bond Fund is a flexible, multi-strategy bond fund that targets steady positive returns, with a specific focus on minimising volatility and monthly losses in difficult market conditions. As a highly diversified portfolio, the fund provides exposure to a broad range of fixed income strategies across global corporate bond, government bond and currency markets. (Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as 'corporate bonds', while those issued by governments are called 'government bonds'.)

M&G Absolute Return Bond Fund

Authorised Corporate Director's Report

Investment review

Performance against objective (continued)

The fund draws on the best ideas of M&G's Fixed Interest team, giving investors access to an extensive range of investment knowledge across global bond markets. The team has long-running experience in managing flexible bond strategies and has demonstrated the ability to manage risk during periods of heightened volatility, such as during the global financial crisis and the eurozone debt crisis. (Volatility is the extent to which asset prices fluctuate over time.) They adopt a disciplined investment process, combining macroeconomic analysis, stock selection and robust risk management.

* 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

Fixed income markets delivered solid returns in the review period. Sentiment continued to be well supported by the prospect of further stimulus measures from the world's central banks, with both the Federal Reserve and the European Central Bank cutting interest rates in the period. This helped drive strong performance across core government bonds, which saw yields fall to record lows in many parts of the market. (Yields refer to the income received from an investment. The yield is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.)

In the UK, Boris Johnson's appointment as prime minister triggered further weakness in sterling as markets priced in the increased probability of a no-deal Brexit. However, the prospect that UK interest rates would need to be cut in this scenario triggered strong performance in gilts, with 10-year yields plummeting from 1.0% at the end of March to 0.5% at the end of September.

Returns for corporate bonds were more muted, with investor sentiment adversely affected by escalating trade war tensions, rising Brexit fears and deteriorating economic data, notably in Germany and China.

The fund delivered a positive return during the review period, helped by our government bond exposure as yields fell significantly. Our currency positions were also positive contributors, as sterling weakened in the period.

We placed a strong emphasis on minimising monthly losses and portfolio volatility during bouts of market turbulence, in line with the fund's defensive mandate. We successfully kept these risk measures within our intended thresholds throughout the review period.

Investment activities

Following the strong rally in corporate bond markets since the start of 2019, we have been gradually reducing credit risk within the fund, taking the opportunity to switch into more defensive assets as opportunities present themselves. For instance, we sold or reduced several of our bank positions, while purchasing solid non-financial corporate bonds, including issues from Comcast and Walmart.

Alongside these defensive trades, we also took advantage of periods of market volatility to purchase a number of high-conviction names at attractive levels, including issues from GE and several oil/gas pipeline operators. We were also active in the primary corporate bond market, purchasing new issues from a variety of businesses, including Orange, Molnlycke and General Motors.

The fund continues to be positioned with a low sensitivity to movements in interest rates, reflecting our broadly positive outlook for the global economy. However, in recent months we have been shifting this exposure away from euro interest rates towards US dollar interest rates. With German bund yields now in deeply negative territory, we think the economic slowdown in Europe is largely priced in and we see limited scope for a further fall in yields.

In currencies, we maintain our 'barbell' approach, consisting on the one hand of defensive 'safe-haven' positions – such as the Japanese yen, Swiss franc and US dollar – and on the other hand, smaller opportunistic positions, such as the Russian ruble and Colombian peso.

Outlook

Looking ahead, we expect markets to continue to be driven by two opposing forces. On the one hand, major central banks around the world have become increasingly accommodative in their monetary policy stance, implementing measures that should prove supportive for fixed income markets. On the other hand, geopolitical pressures continue to build, particularly in relation to the ongoing trade dispute between the US and China. In our view, the dichotomy between these two opposing forces – central bank support and geopolitical risks – will keep market volatility elevated for the time being.

In this environment we want to avoid taking too much market risk and, as highlighted above, we have taken the opportunity to de-risk the fund on the back of recent market strength. However, while we expect market conditions to remain challenging over the next few months, we would stress that periods of market volatility can provide a rich source of opportunities for active bond fund managers. We believe the fund is currently well-placed to capitalise on any future market weakness and reintroduce risk as and when valuations become more compelling.

Jim Leaviss & Wolfgang Bauer

Co-fund managers

Employees of M&G Limited which is an associate of M&G Securities Limited.

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

M&G Absolute Return Bond Fund

Authorised Corporate Director's Report

Investments

Portfolio statement

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
FIXED INCOME	46,317	95.24	97.24
Debt securities	46,710	96.04	98.08
'AAA' credit rated bonds	3,603	7.41	6.24
AUD290,000 Australia (Commonwealth of) 3% 21/03/2047	207	0.43	
€250,000 Avoca CLO XI FRN 0.89% 15/07/2030	222	0.46	
€500,000 Avoca CLO XVII Designated Activity FRN 1% 15/10/2032	444	0.91	
£231,643 Dukinfield FRN 2.0263% 20/12/2052	233	0.48	
€353,000 Harvest CLO VIII FRN 0.73% 15/01/2031	312	0.64	
IDR1,700,000,000 Inter-American Development Bank 7.875% 14/03/2023	101	0.21	
£245,467 Lanark Master Issuer FRN 1.5809% 22/12/2069	246	0.50	
£166,059 Paragon Mortgages No. 14 FRN 0.9814% 15/09/2039	158	0.32	
£115,791 Polaris 2019-1 FRN 1.9596% 27/04/2057	116	0.24	
£289,343 Residential Mortgage Securities No. 29 FRN 1.7263% 20/12/2046	289	0.59	
£222,615 Residential Mortgage Securities No. 30 FRN 1.5763% 20/03/2050	222	0.46	
£302,213 Ripon Mortgages FRN 1.5605% 20/08/2056	302	0.62	
€97,792 Shamrock Residential 2019-1 FRN 0.396% 24/11/2057	87	0.18	
£51,670 THRONES 2015-1 FRN 1.9814% 18/03/2050	52	0.11	
£329,183 Towd Point Mortgage Funding 2017-Auburn 11 FRN 1.6105% 20/05/2045	329	0.68	
£281,555 Warwick Finance Residential Mortgages No. 2 FRN 2.265% 21/09/2049	283	0.58	
'AA' credit rated bonds	4,843	9.96	8.14
€330,000 AutoFlorence 1 Srl FRN 0.3% 25/12/2042	295	0.61	
€250,000 Deutsche Bahn Finance 3.75% 09/07/2025	270	0.56	
£127,000 Euroclear Bank 1.25% 30/09/2024	127	0.26	
£170,200 First Flexible No. 6 FRN 1.3173% 01/12/2035	166	0.34	
€304,000 Metropolitan Life Global Funding I 0.375% 09/04/2024	274	0.56	
£226,000 New York Life Global Funding 1% 15/12/2021	226	0.46	
£182,000 New York Life Global Funding 1.25% 17/12/2026	183	0.38	
\$950,000 US Treasury 1.375% 31/05/2020	770	1.58	
\$700,000 US Treasury 1.5% 31/10/2019	569	1.17	
\$300,000 US Treasury 3.5% 15/05/2020	246	0.51	
\$300,000 US Treasury IL 0.125% 15/04/2021	261	0.54	
\$325,000 US Treasury IL 0.125% 15/07/2026	282	0.58	
\$757,200 US Treasury IL 0.625% 15/01/2024	687	1.41	
\$200,000 US Treasury IL 1.25% 15/07/2020	192	0.39	
\$250,000 Walmart 7.55% 15/02/2030	295	0.61	
'A' credit rated bonds	9,891	20.34	15.62
£100,000 ABN AMRO Bank 1.375% 07/06/2022	101	0.21	
\$200,000 Air Liquide Finance 2.25% 10/09/2029	159	0.33	
£153,056 Alba FRN 0.9514% 15/12/2038	144	0.30	
€100,000 Allianz Var. Rate 4.75% Perpetual	102	0.21	
€109,000 América Móvil 0.75% 26/06/2027	99	0.20	

Portfolio statement (continued)

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
'A' credit rated bonds (continued)			
\$141,000 Anheuser-Busch InBev Worldwide 5.45% 23/01/2039	145	0.30	
€350,000 Aon 2.875% 14/05/2026	352	0.72	
€100,000 Argentum Netherlands Var. Rate 2.75% 19/02/2049	99	0.20	
€200,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6% Perpetual	191	0.39	
€400,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6.75% Perpetual	362	0.74	
€200,000 Banco Santander 0.25% 10/07/2029	183	0.38	
\$200,000 Banco Santander 2.706% 27/06/2024	164	0.34	
\$150,000 Bank of America FRN 3.0568% 05/02/2026	120	0.25	
£300,000 Banque Federative du Credit Mutuel 1.5% 07/10/2026	297	0.61	
€200,000 Belfius Bank Var. Rate 1.625% 15/03/2028	178	0.37	
\$225,000 Boeing 3.25% 01/02/2035	189	0.39	
\$250,000 BPCE 3.5% 23/10/2027	211	0.43	
€300,000 BPCE FRN 0.104% 23/03/2023	267	0.55	
\$73,000 Bristol-Myers Squibb 4.125% 15/06/2039	67	0.14	
€150,000 Chubb 1.55% 15/03/2028	145	0.30	
\$53,000 Cigna 4.375% 15/10/2028	47	0.10	
\$68,000 Cigna 4.8% 15/08/2038	62	0.13	
\$300,000 Citibank Var. Rate 2.844% 20/05/2022	246	0.50	
€162,000 CK Hutchison Europe Finance 18 1.25% 13/04/2025	150	0.31	
\$215,000 Comcast 4.15% 15/10/2028	196	0.40	
\$76,000 Comcast 4.95% 15/10/2058	79	0.16	
€100,000 Dassault Systemes 0.125% 16/09/2026	88	0.18	
€111,000 DH Europe Finance II 0.2% 18/03/2026	98	0.20	
€110,000 DH Europe Finance II 1.8% 18/09/2049	99	0.20	
\$216,000 DuPont de Nemours 5.319% 15/11/2038	213	0.44	
\$200,000 Eni 4.25% 09/05/2029	176	0.36	
\$100,000 Express Scripts 4.8% 15/07/2046	90	0.18	
€241,000 Heathrow Funding 1.875% 14/03/2034	231	0.47	
£119,000 HSBC Var. Rate 2.256% 13/11/2026	121	0.25	
£126,000 HSBC Var. Rate 3% 22/07/2028	134	0.28	
£138,000 HSBC Var. Rate 3% 29/05/2030	146	0.30	
€200,000 ING Groep 3% 18/02/2026	214	0.44	
\$200,000 ING Groep 3.55% 09/04/2024	170	0.35	
€100,000 JPMorgan Chase Var. Rate 1.001% 25/07/2031	92	0.19	
£161,000 Lloyds Bank FRN 1.2812% 16/05/2024	161	0.33	
£184,000 LVMH Moët Hennessy Louis Vuitton 1% 14/06/2022	185	0.38	
€200,000 Medtronic Global 1.75% 02/07/2049	185	0.38	
MXN4,480,000 Mexico (United Mexican States) 10% 05/12/2024	211	0.43	
\$60,642 Mitchells & Butlers Finance FRN 2.5685% 15/12/2030	46	0.09	
£376,807 Newgate Funding FRN 0.9268% 01/12/2050	355	0.73	
£84,467 ResLoC UK FRN 0.9414% 15/12/2043	79	0.16	
£136,135 RMAC Securities No. 1 FRN 0.933% 12/06/2044	128	0.26	
€200,000 RTE Réseau de Transport d'Électricité SADIR 0.01% 09/09/2027	175	0.36	
€100,000 Santander Consumer Finance 0.375% 27/06/2024	89	0.18	
\$206,969 S-JETS 3.967% 15/08/2042	173	0.36	

M&G Absolute Return Bond Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)			
as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
'A' credit rated bonds (continued)			
€100,000 State Grid Overseas Investment 2016 1.375% 02/05/2025	93	0.19	
\$250,000 Sumitomo Mitsui Financial 2.448% 27/09/2024	203	0.42	
\$200,000 Sumitomo Mitsui Financial 2.696% 16/07/2024	164	0.34	
€100,000 Swiss Re Finance Luxembourg Var. Rate 2.534% 30/04/2050	100	0.21	
\$200,000 Total Capital International 2.829% 10/01/2030	166	0.34	
\$200,000 UBS Var. Rate 3.126% 13/08/2030	164	0.34	
\$225,000 US Bancorp 3% 30/07/2029	188	0.39	
\$300,000 Walt Disney 2% 01/09/2029	237	0.49	
£189,000 Wells Fargo 1.375% 30/06/2022	190	0.39	
£224,000 Wells Fargo 2.125% 24/09/2031	227	0.47	
£138,000 Wells Fargo 2.5% 02/05/2029	145	0.30	
	16,795	34.53	41.66
'BBB' credit rated bonds			
£200,000 AA Bond 2.875% 31/01/2022	192	0.39	
£100,000 Akelius Residential Property 2.375% 15/08/2025	102	0.21	
\$250,000 Allergan Funding 4.55% 15/03/2035	215	0.44	
€100,000 alstria office REIT 0.5% 26/09/2025	88	0.18	
\$152,000 Altria 5.8% 14/02/2039	143	0.29	
\$57,000 Altria 6.2% 14/02/2059	54	0.11	
€250,000 American International Var. Rate 1.297% 15/03/2037	186	0.38	
£151,000 Anglo American Capital 3.375% 11/03/2029	159	0.33	
\$200,000 Anglo American Capital 4.5% 15/03/2028	172	0.35	
€262,000 Arion Bank 1% 20/03/2023	234	0.48	
£100,000 Aroundtown 3% 16/10/2029	100	0.20	
£230,000 Aroundtown 3.625% 10/04/2031	238	0.49	
\$200,000 Aroundtown 5.375% 21/03/2029	181	0.37	
€150,000 ASR Nederland Var. Rate 5% Perpetual	151	0.31	
\$250,000 AT&T 4.85% 01/03/2039	230	0.47	
£100,000 AT&T 4.875% 01/06/2044	127	0.26	
\$257,000 AT&T 5.25% 01/03/2037	245	0.50	
€100,000 Babcock International 1.375% 13/09/2027	88	0.18	
\$200,000 BAT Capital 4.54% 15/08/2047	154	0.32	
\$400,000 Bayer US Finance II 4.375% 15/12/2028	348	0.71	
\$200,000 Berry Global 4.875% 15/07/2026	167	0.34	
COP200,000 Bogota Distrio Capital 9.75% 26/07/2028	53	0.11	
\$200,000 Bunge Finance 4.35% 15/03/2024	171	0.35	
£349,000 Canadian Imperial Bank of Commerce 1.625% 25/09/2025	350	0.72	
€350,000 Channel Link Enterprises Finance Var. Rate 1.761% 30/06/2050	312	0.64	
\$31,000 Conagra Brands FRN 3.0276% 22/10/2020	25	0.05	
€160,000 Covivio 2.375% 20/02/2028	159	0.33	
£200,000 Credit Suisse Var. Rate 2.125% 12/09/2025	203	0.42	
\$100,000 CVS Health 4.3% 25/03/2028	88	0.18	
£149,000 CYBG Var. Rate 3.375% 24/04/2026	145	0.30	
\$100,000 Deutsche Telekom International Finance 8.75% 15/06/2030	119	0.24	
£200,000 Digital Stout 2.75% 19/07/2024	210	0.43	

Portfolio statement (continued)

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
'BBB' credit rated bonds (continued)			
€100,000 easyJet 0.875% 11/06/2025	89	0.18	
€250,000 ELM Var. Rate 3.375% 29/09/2047	246	0.51	
\$200,000 Enel Finance International 3.625% 25/05/2027	168	0.35	
\$16,000 Energy Transfer Operating 4.5% 15/04/2024	14	0.03	
\$79,000 Energy Transfer Operating 5.8% 15/06/2038	73	0.15	
\$245,000 Energy Transfer Operating 6.125% 15/12/2045	232	0.48	
€100,000 Fastighets AB Balder 1.875% 23/01/2026	93	0.19	
€250,000 FCE Bank 1.134% 10/02/2022	222	0.46	
€100,000 FedEx 0.45% 05/08/2025	89	0.18	
€200,000 FedEx 1.3% 05/08/2031	179	0.37	
€100,000 Ford Motor Credit 3.021% 06/03/2024	93	0.19	
\$300,000 Ford Motor Credit 5.596% 07/01/2022	256	0.53	
\$200,000 GE Capital International Funding 4.418% 15/11/2035	170	0.35	
€138,000 General Motors Financial 2.2% 01/04/2024	129	0.26	
€200,000 General Motors Financial 2.35% 03/09/2025	199	0.41	
\$182,000 Glencore Funding 4.125% 12/03/2024	154	0.32	
£100,000 Goldman Sachs 3.125% 25/07/2029	109	0.22	
€200,000 Goldman Sachs FRN 0.217% 26/09/2023	178	0.37	
\$200,000 Goldman Sachs FRN 4.0058% 28/10/2027	168	0.35	
£331,119 Greene King Finance FRN 3.2814% 15/12/2033	330	0.68	
€207,000 Heimstaden Bostad 2.125% 05/09/2023	193	0.40	
£150,000 Hiscox Var. Rate 6.125% 24/11/2045	165	0.34	
\$200,000 Imperial Brands Finance 3.875% 26/07/2029	163	0.34	
€122,000 Intesa Sanpaolo 1% 04/07/2024	111	0.23	
\$300,000 Intesa Sanpaolo 4% 23/09/2029	243	0.50	
£250,000 Italy (Republic of) 6% 04/08/2028	324	0.67	
\$55,000 Keurig Dr Pepper 4.057% 25/05/2023	47	0.10	
£150,000 KPN 5.75% 17/09/2029	182	0.37	
€250,000 Kraft Heinz Foods 2.25% 25/05/2028	236	0.49	
\$66,000 Kraft Heinz Foods 3.75% 01/04/2030	54	0.11	
\$65,000 Kraft Heinz Foods 4.625% 01/10/2039	53	0.11	
€100,000 LafargeHolcim Sterling Finance 3% 12/05/2032	107	0.22	
\$82,000 Lear 4.25% 15/05/2029	69	0.14	
\$150,000 Lear 5.25% 15/05/2049	124	0.25	
€100,000 Lloyds Banking FRN 0.384% 21/06/2024	88	0.18	
€101,000 Lloyds Banking Var. Rate 0.25% 04/10/22	90	0.19	
€100,000 Lloyds Banking Var. Rate 1.75% 07/09/2028	89	0.18	
€217,000 LYB International Finance II 1.625% 17/09/2031	193	0.40	
€100,000 McDonald's 0.9% 15/06/2026	92	0.19	
\$225,000 Mexico (United Mexican States) 4.5% 31/01/2050	192	0.39	
€100,000 Molnlycke 0.875% 05/09/2029	88	0.18	
€100,000 Mondi Finance 1.625% 27/04/2026	94	0.19	
\$200,000 Morocco (Kingdom of) 5.5% 11/12/2042	193	0.40	
\$116,000 Mylan 4.55% 15/04/2028	100	0.21	
\$100,000 Mylan 5.4% 29/11/2043	86	0.18	

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Portfolio statement (continued)			
as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
'BBB' credit rated bonds (continued)			
\$200,000 Nationwide Building Society Var. Rate 4.363% 01/08/2024	170	0.35	
€200,000 Orange 1.375% 04/09/2049	168	0.35	
€200,000 Orange Var. Rate 5% Perpetual	216	0.44	
\$200,000 Owens Corning 3.4% 15/08/2026	162	0.33	
€300,000 RCI Banque FRN 0.072% 12/01/2023	264	0.54	
€150,000 Romania (Republic of) 3.875% 29/10/2035	159	0.33	
€84,000 Romania (Republic of) 4.625% 03/04/2049	97	0.20	
£150,000 Royal Bank of Scotland Var. Rate 2.875% 19/09/2026	155	0.32	
\$200,000 Royal Bank of Scotland Var. Rate 4.892% 18/05/2029	178	0.37	
RUB15,000,000 Russia (Federation of) 8.15% 03/02/2027	202	0.42	
€259,000 Santander UK FRN 0.44% 27/03/2024	228	0.47	
€200,000 Société Générale FRN 0.379% 22/05/2024	178	0.37	
£200,000 Student Finance 2.6663% 30/09/2024	202	0.42	
\$100,000 Sunoco Logistics Partners Operations 5.4% 01/10/2047	88	0.18	
€250,000 Telefónica Emisiones 1.957% 01/07/2039	240	0.49	
£200,000 Thames Water Utilities Finance 2.375% 03/05/2023	202	0.42	
€122,000 Thermo Fisher Scientific 1.875% 01/10/2049	107	0.22	
£152,000 UNITE 3.5% 15/10/2028	165	0.34	
\$67,961 US Bancorp Var. Rate 5.3% Perpetual	59	0.12	
€200,000 Verizon Communications 2.875% 15/01/2038	219	0.45	
\$150,000 Vodafone 4.125% 30/05/2025	131	0.27	
\$72,000 Vodafone 4.875% 19/06/2049	65	0.13	
\$28,000 Vodafone 5% 30/05/2038	25	0.05	
\$100,000 Vodafone 5.125% 19/06/2059	92	0.19	
£200,000 Volkswagen Financial Services 1.625% 30/11/2022	200	0.41	
€200,000 Volkswagen International Finance 4.125% 16/11/2038	231	0.47	
€100,000 Vonovia Finance 0.625% 07/10/2027	89	0.18	
€100,000 Vonovia Finance 0.875% 03/07/2023	91	0.19	
€200,000 Vonovia Finance 1.625% 07/10/2039	177	0.36	
\$100,000 Western Midstream Operating 4.65% 01/07/2026	80	0.16	
€203,000 WPC Eurobond 1.35% 15/04/2028	179	0.37	
'BB' credit rated bonds			
\$225,000 Albertsons 5.875% 15/02/2028	194	0.40	
€150,000 Arrow Global Finance FRN 2.875% 01/04/2025	130	0.27	
€200,000 Banco De Sabadell Var. Rate 5.375% 12/12/2028	197	0.40	
€200,000 Bayer Var. Rate 2.375% 02/04/2075	179	0.37	
£170,000 Cabot Financial Luxembourg 7.5% 01/10/2023	176	0.36	
\$100,000 CCO Holdings Capital 5.125% 01/05/2027	85	0.17	
\$200,000 CSC 5.5% 15/04/2027	172	0.35	
\$50,000 Energy Transfer Operating FRN 5.2706% 01/11/2066	30	0.06	
\$200,000 EnLink Midstream 5.375% 01/06/2029	154	0.32	
\$155,000 Freeport-McMoRan 3.875% 15/03/2023	127	0.26	
\$150,000 HCA 5.375% 01/09/2026	134	0.27	

Portfolio statement (continued)

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
'BB' credit rated bonds (continued)			
\$199,000 Inretail Pharma 5.375% 02/05/2023	170	0.35	
€129,000 IQVIA 2.25% 15/01/2028	117	0.24	
€100,000 James Hardie 3.625% 01/10/2026	94	0.19	
\$300,000 Olin 5% 01/02/2030	243	0.50	
\$196,000 Petrobras Global Finance 5.093% 15/01/2030	166	0.34	
€100,000 Samhällsbyggnadsbolaget i Norden Var. Rate 4.625% Perpetual	95	0.20	
\$113,000 Sirius XM Radio 5.5% 01/07/2029	97	0.20	
€100,000 Smurfit Kappa Treasury ULC 1.5% 15/09/2027	89	0.18	
\$200,000 Taylor Morrison Communities 5.875% 15/06/2027	178	0.37	
€150,000 Telecom Italia 7.75% 24/01/2033	197	0.40	
\$200,000 Tesco 6.15% 15/11/2037	188	0.39	
£200,000 Tesco Corporate Treasury Services 2.5% 02/05/2025	203	0.42	
€550,000 Teva Pharmaceutical Finance Netherlands II 0.375% 25/07/2020	475	0.98	
\$200,000 United Rentals North America 4.875% 15/01/2028	169	0.35	
£100,000 Vodafone Var. Rate 4.875% 03/10/2078	106	0.22	
'B' credit rated bonds			
\$205,000 ADES International 8.625% 24/04/2024	165	0.34	
€220,000 Albania (Republic of) 3.5% 09/10/2025	209	0.43	
\$200,000 China Evergrande 7.5% 28/06/2023	135	0.28	
€150,000 Egypt (Arab Republic of) 5.625% 16/04/2030	133	0.27	
\$200,000 Hexion 7.875% 15/07/2027	161	0.33	
£14,012 Iceland Bondco FRN 5.0171% 15/07/2020	14	0.03	
€150,000 Panther BF Aggregator 4.375% 15/05/2026	136	0.28	
\$150,000 Post 5.5% 15/12/2029	127	0.26	
\$230,000 Sri Lanka (Republic of) 6.35% 28/06/2024	187	0.38	
€130,000 Ukraine (Republic of) 6.75% 20/06/2026	125	0.26	
'CCC' credit rated bonds			
Bonds with no credit rating			
£200,000 Admiral 5.5% 25/07/2024	223	0.46	
£132,000 Albion NO 4 FRN 1% 17/08/2062	132	0.27	
€200,000 Assicurazioni Generali Var. Rate 7.75% 12/12/2042	217	0.45	
\$200,000 Banco Santander Mexico Var. Rate 5.95% 01/10/2028	173	0.36	
£284,700 Brass No. 7 FRN 1.3665% 16/10/2059	285	0.59	
€100,000 Cote d'Ivoire 5.125% 15/06/2025	95	0.20	
£288,000 Coventry Building Society 1.5% 23/01/2023	289	0.59	
€100,000 Germany (Federal Republic of) IL 0.1% 15/04/2023	101	0.21	
£256,000 DP World 4.25% 25/09/2030	282	0.58	
\$100,000 DP World 6.85% 02/07/2037	107	0.22	
£260,534 Finsbury Square FRN 1.4299% 12/09/2065	260	0.53	
£64,154 Finsbury Square FRN 1.4599% 12/09/2065	64	0.13	
€200,000 Groupe Bruxelles Lambert 1.375% 23/05/2024	184	0.38	
£250,000 Hammerson 6% 23/02/2026	284	0.58	
£260,000 Hastings Group Finance 3% 24/05/2025	257	0.53	
€100,000 Iliad 1.875% 25/04/2025	88	0.18	
€200,000 Lagardère 1.625% 21/06/2024	181	0.37	

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Investments

Portfolio statement (continued)				
as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %	
Bonds with no credit rating (continued)				
£150,908 London Wall Mortgage Capital FRN 1.6181% 15/11/2049	151	0.31		
€100,000 NET4GAS 2.5% 28/07/2021	92	0.19		
£350,000 NewDay Partnership Funding FRN 1.464% 15/12/2027	346	0.71		
£640,096 Oat Hill No. 1 FRN 1.4146% 25/02/2046	639	1.31		
£100,000 PCL Funding II FRN 1.464% 15/06/2022	100	0.21		
£114,000 PCL Funding III FRN 1.364% 15/06/2023	114	0.23		
\$246,795 Project Silver 3.967% 15/07/2044	204	0.42		
\$200,000 Puma International Financing 5% 24/01/2026	152	0.31		
\$200,000 Puma International Financing 5.125% 06/10/2024	156	0.32		
\$250,000 RIN II FRN 3.7841% 10/09/2030	203	0.42		
€100,000 SELP Finance 1.5% 20/11/2025	93	0.19		
£107,000 Shaftesbury 2.348% 30/09/2027	109	0.22		
€100,000 Stora Enso 2.5% 07/06/2027	97	0.20		
£110,855 Tower Bridge Funding No. 3 FRN 1.9763% 20/12/2061	111	0.23		
£129,000 Virgin Money FRN 1.4116% 22/03/2024	130	0.27		
£100,000 Yorkshire Building Society Var. Rate 3% 18/04/2025	102	0.21		
Debt derivatives	(393)	(0.80)	(0.84)	
Credit default swaps	(488)	(1.00)	(0.40)	
\$250,000 Amgen Jun 2023	(5)	(0.01)		
€(250,000) Anglo American Capital Jun 2022	28	0.07		
€(200,000) Anheuser-Busch InBev Dec 2021	3	0.00		
€(100,000) Glencore Finance Europe Jun 2022	11	0.03		
€(400,000) Glencore Finance Europe Jun 2023	52	0.10		
\$(150,000) Italy (Republic of) Dec 2022	0	0.00		
\$6,900,000 Markit CDX North American Investment Grade Series 33 V1 5 Year Dec 2024	(108)	(0.22)		
950,000 Markit iTraxx Europe Series 29 10 Year Jun 2028	8	0.01		
€18,650,000 Markit iTraxx Europe Series 32 V1 Dec 2024	(384)	(0.79)		
€(950,000) Markit iTraxx Europe Snr Fin 32 V1 5 Year Dec 2024	(15)	(0.03)		
€1,450,000 Markit iTraxx Europe Sub Fin Series 32 V1 5 Year Dec 2024	28	0.06		
€875,000 Markit iTraxx Europe Xover Series 32 V1 5 Year Dec 2024	(102)	(0.21)		
\$200,000 Pfizer Jun 2022	(4)	(0.01)		
Interest rate swaps	(6)	(0.01)	0.01	
£150,000 Pay 0.649% Receive VAR Jun 2022	0	0.00		
£150,000 Pay 0.786% Receive VAR Feb 2022	0	0.00		
£150,000 Pay 0.7975% Receive VAR Mar 2022	(1)	0.00		
£200,000 Pay 0.799% Receive VAR May 2022	(1)	0.00		
£300,000 Pay 1.0845% Receive VAR Oct 2022	(4)	(0.01)		
Interest rate futures	101	0.21	(0.45)	
(94) 5 Year US Treasury Note Dec 2019	21	0.04		
(16) 10 Year US Treasury Note Dec 2019	7	0.01		
(68) Euro Bobl Dec 2019	61	0.13		
(9) Euro Bund Dec 2019	19	0.04		
(2) Euro Buxl 30 Dec 2019	11	0.02		
(9) Euro Schatz Dec 2019	3	0.01		
(3) Euro-Bono Bond Dec 2019	3	0.01		
(17) Long Gilt Future Dec 2019	(28)	(0.06)		
(7) US Ultra Long Treasury Bond Dec 2019	4	0.01		

Portfolio statement (continued)

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
CURRENCY	(209)	(0.43)	0.21
Forward currency contracts	(209)	(0.43)	0.21
€4,106,705 Bought for £3,651,424 (expires 23.10.19)	(2)	0.00	
€(18,349,851) Sold for £16,252,077 (expires 23.10.19)	(53)	(0.11)	
¥27,589,376 Bought for €228,156 (expires 20.11.19)	5	0.01	
¥133,814,981 Bought for £1,002,827 (expires 23.10.19)	6	0.01	
KRW11,500,000 Bought for \$9,492 (expires 20.11.19)	0	0.00	
CHF236,200 Bought for £192,074 (expires 23.10.19)	1	0.00	
\$9,666 Bought for KRW11,500,000 (expires 20.11.19)	0	0.00	
\$(20,087,767) Sold for £16,150,920 (expires 23.10.19)	(166)	(0.34)	
Portfolio of investments	46,108	94.81	97.45
CASH EQUIVALENTS	4,614	9.49	0.07
'AAA' rated money market funds [a]	4,614	9.49	0.07
4,614,000 Northern Trust Global Fund - Sterling	4,614	9.49	
SHARE CLASS HEDGING	0	0.00	0.00
Forward currency contracts for share class hedging	0	0.00	0.00
Total portfolio	50,722	104.30	97.52
Net other assets / (liabilities)	(2,089)	(4.30)	2.48
Net assets attributable to shareholders	48,633	100.00	100.00

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

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

Portfolio transactions

for the six months to 30 September	2019 £'000	2018 £'000
Portfolio transactions		
Total purchases	23,683	12,572
Total sales	16,256	10,629

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

M&G Absolute Return Bond Fund

Financial highlights

Fund performance

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

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	30.09.19 £'000	31.03.19 £'000	31.03.18 £'000
Fund net asset value (NAV)	48,633	37,061	33,565

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.



- Sterling Class 'A' (Accumulation) shares (net of OCF)*
- M&G Absolute Return Bond Fund Sterling (gross of OCF)*
- 3-month GBP LIBOR +2.5%

* Income reinvested

The past performance shown here is for both gross returns (before the ongoing charges figure (OCF) is taken) in line with the objective of the fund and net returns (after the ongoing charges figure has been taken) to illustrate how charges affected the performance. Investors should note that the net return is what they would receive and is therefore the more relevant figure.

Source: Morningstar, Inc. and M&G

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

Long-term performance by share class

	Six months 01.04.19 % ^[a]	Three years 03.10.16 % p.a.	Five years 01.10.14 % p.a.	Since launch % p.a.
Euro^[b]				
Class 'Z-H'	+3.1	n/a	n/a	+2.9 ^[c]
Sterling^[b]				
Class 'A'	+3.4	n/a	n/a	+2.9 ^[d]
Class 'I'	+3.5	n/a	n/a	+3.1 ^[d]
Class 'L'	+3.6	n/a	n/a	+3.4 ^[d]
Class 'PP'	n/a	n/a	n/a	+3.2 ^[e]

[a] Absolute basis.

[b] Price to price with income reinvested.

[c] 20 April 2018, the launch date of the share class.

[d] 13 December 2016, the launch date of the fund.

[e] 8 April 2019, the launch date of the share class. Not annualised.

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:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. From 1 August 2019, this charge rolls all costs that make up the operating charges into one annual charge.

For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).

- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- **Investment management:** Charge paid to M&G for investment management of the fund. From 1 August 2019 this charge forms part of the annual charge.

M&G Absolute Return Bond Fund

Financial highlights

Fund performance

Operating charges and portfolio transaction costs

Operating charges (continued)

- **Administration:** Charge paid for administration services in addition to investment management – any surplus from this charge will be retained by M&G. From 1 August 2019 this charge is rolled into the annual charge.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class. From 1 August 2019 this charge is rolled into the annual charge.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit. From 1 August 2019 these charges will be paid by M&G and rolled into the annual charge.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated. From 1 August 2019 charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These 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.

Once the annual charge has been operational for twelve months, operating charges will be in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or 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.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. As the fund invests mainly in fixed interest securities, the direct transaction costs paid on other investments are too small to be reflected in the table below. To give an indication of the indirect portfolio dealing costs the table below shows the average portfolio dealing spread.

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

Portfolio transaction costs

as at	30.09.19	31.03.19	31.03.18	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.49	0.56	0.50	0.52

[a] Average of first three columns.

M&G Absolute Return Bond Fund

Financial highlights

Specific share class performance

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

Euro Class 'Z-H' Accumulation share performance

The share class was launched on 20 April 2018.

	Six months to 30.09.19	Year to 31.03.19	Year to 31.03.18
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,006.85	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	33.93	9.35	n/a
Operating charges	(0.87)	(2.50)	n/a
Return after operating charges	33.06	6.85	n/a
Distributions	(12.36)	(26.28)	n/a
Retained distributions	12.36	26.28	n/a
Closing NAV	1,039.91	1,006.85	n/a
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.03	0.03	n/a
Dilution adjustments ^[a]	0.00	0.00	n/a
Total direct portfolio transaction costs	0.03	0.03	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	n/a
Operating charges ^[c]	0.08	0.27	n/a
Return after operating charges	+3.28	+0.69	n/a
Distribution yield	2.86	2.90	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
Other information			
Closing NAV (£'000)	28	26	n/a
Closing NAV percentage of total fund NAV (%)	0.06	0.07	n/a
Number of shares	3,000	3,000	n/a
Highest share price (Euro ¢)	1,044.27	1,009.60	n/a
Lowest share price (Euro ¢)	1,010.55	977.98	n/a

Sterling Class 'A' Income share performance

The share class was launched on 13 December 2016.

	Six months to 30.09.19	Year to 31.03.19	Year to 31.03.18
Change in NAV per share	UK p	UK p	UK p
Opening NAV	98.54	99.88	100.35
Return before operating charges and after direct portfolio transaction costs	3.94	2.49	2.56
Operating charges	(0.44)	(0.89)	(0.82)
Return after operating charges	3.50	1.60	1.74
Distributions	(1.27)	(2.94)	(2.21)
Closing NAV	100.77	98.54	99.88
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.85	0.90	0.81
Return after operating charges	+3.55	+1.60	+1.73
Distribution yield	2.85	3.07	2.42
Effect on yield of charges offset against capital	0.82	0.80	0.80
Other information			
Closing NAV (£'000)	652	583	362
Closing NAV percentage of total fund NAV (%)	1.34	1.57	1.08
Number of shares	647,164	591,724	362,389
Highest share price (UK p)	102.45	100.40	102.28
Lowest share price (UK p)	98.90	97.12	100.80

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 December 2016.

	Six months to 30.09.19	Year to 31.03.19	Year to 31.03.18
Change in NAV per share	UK p	UK p	UK p
Opening NAV	104.25	102.58	100.87
Return before operating charges and after direct portfolio transaction costs	4.17	2.59	2.57
Operating charges	(0.46)	(0.92)	(0.86)
Return after operating charges	3.71	1.67	1.71
Distributions	(0.93)	(2.22)	(1.40)
Retained distributions	0.93	2.22	1.40
Closing NAV	107.96	104.25	102.58
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.84	0.90	0.85
Return after operating charges	+3.56	+1.63	+1.70
Distribution yield	2.05	2.27	1.59
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	443	408	258
Closing NAV percentage of total fund NAV (%)	0.91	1.10	0.77
Number of shares	410,474	391,877	251,544
Highest share price (UK p)	108.38	104.54	103.61
Lowest share price (UK p)	104.63	101.14	101.32

M&G Absolute Return Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'I' Income share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Opening NAV	98.99	100.12	100.41
Return before operating charges and after direct portfolio transaction costs	3.97	2.52	2.50
Operating charges	(0.34)	(0.70)	(0.61)
Return after operating charges	3.63	1.82	1.89
Distributions	(1.28)	(2.95)	(2.18)
Closing NAV	101.34	98.99	100.12
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.68	0.70	0.61
Return after operating charges	+3.67	+1.82	+1.88
Distribution yield	2.85	3.07	2.38
Effect on yield of charges offset against capital	0.66	0.60	0.60
Other information			
Closing NAV (£'000)	8,102	5,405	4,542
Closing NAV percentage of total fund NAV (%)	16.66	14.59	13.53
Number of shares	7,995,375	5,459,868	4,535,836
Highest share price (UK p)	103.01	100.84	102.43
Lowest share price (UK p)	99.36	97.51	100.86

Sterling Class 'I' Accumulation share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Opening NAV	104.75	102.86	100.93
Return before operating charges and after direct portfolio transaction costs	4.19	2.61	2.57
Operating charges	(0.36)	(0.72)	(0.64)
Return after operating charges	3.83	1.89	1.93
Distributions	(1.04)	(2.44)	(1.63)
Retained distributions	1.04	2.44	1.63
Closing NAV	108.58	104.75	102.86
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.66	0.70	0.63
Return after operating charges	+3.66	+1.84	+1.91
Distribution yield	2.25	2.47	1.79
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	36,902	28,183	26,443
Closing NAV percentage of total fund NAV (%)	75.88	76.04	78.78
Number of shares	33,986,434	26,905,845	25,708,589
Highest share price (UK p)	108.99	105.03	103.86
Lowest share price (UK p)	105.13	101.56	101.38

Sterling Class 'L' Income share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Opening NAV	99.22	100.25	100.44
Return before operating charges and after direct portfolio transaction costs	3.97	2.53	2.52
Operating charges	(0.29)	(0.60)	(0.51)
Return after operating charges	3.68	1.93	2.01
Distributions	(1.28)	(2.96)	(2.20)
Closing NAV	101.62	99.22	100.25
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.53	0.60	0.51
Return after operating charges	+3.71	+1.93	+2.00
Distribution yield	2.85	3.07	2.39
Effect on yield of charges offset against capital	0.50	0.50	0.50
Other information			
Closing NAV (£'000)	2,332	2,375	1,939
Closing NAV percentage of total fund NAV (%)	4.80	6.41	5.78
Number of shares	2,294,506	2,393,585	1,934,436
Highest share price (UK p)	103.29	101.07	102.50
Lowest share price (UK p)	99.59	97.71	100.89

M&G Absolute Return Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'L' Accumulation share performance

The share class was launched on 13 December 2016.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	105.05	103.01	100.96
Return before operating charges and after direct portfolio transaction costs	4.20	2.64	2.60
Operating charges	(0.30)	(0.60)	(0.55)
Return after operating charges	3.90	2.04	2.05
Distributions	(1.09)	(2.55)	(1.75)
Retained distributions	1.09	2.55	1.75
Closing NAV	108.95	105.05	103.01
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.57	0.59	0.54
Return after operating charges	+3.71	+1.98	+2.03
Distribution yield	2.35	2.57	1.88
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	118	81	21
Closing NAV percentage of total fund NAV (%)	0.24	0.22	0.06
Number of shares	108,652	77,348	20,000
Highest share price (UK p)	109.36	105.34	103.99
Lowest share price (UK p)	105.44	101.79	101.41

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

	Period to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	0.12	n/a	n/a
Operating charges	(0.08)	n/a	n/a
Return after operating charges	0.04	n/a	n/a
Distributions	(1.22)	n/a	n/a
Closing NAV	98.82	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	n/a	n/a
Dilution adjustments ^[a]	0.00	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges	0.49	n/a	n/a
Return after operating charges	+0.04	n/a	n/a
Distribution yield	2.48	n/a	n/a
Effect on yield of charges offset against capital	0.49	n/a	n/a
Other information			
Closing NAV (£'000)	20	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.04	n/a	n/a
Number of shares	20,000	n/a	n/a
Highest share price (UK p)	100.41	n/a	n/a
Lowest share price (UK p)	99.72	n/a	n/a

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

	Period to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	3.38	n/a	n/a
Operating charges	(0.28)	n/a	n/a
Return after operating charges	3.10	n/a	n/a
Distributions	(1.04)	n/a	n/a
Retained distributions	1.04	n/a	n/a
Closing NAV	103.10	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	n/a	n/a
Dilution adjustments ^[a]	0.00	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges	0.53	n/a	n/a
Return after operating charges	+3.10	n/a	n/a
Distribution yield	2.35	n/a	n/a
Effect on yield of charges offset against capital	0.00	n/a	n/a
Other information			
Closing NAV (£'000)	36	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.07	n/a	n/a
Number of shares	34,554	n/a	n/a
Highest share price (UK p)	103.49	n/a	n/a
Lowest share price (UK p)	100.00	n/a	n/a

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

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

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

M&G Absolute Return Bond Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2019		2018	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		966		(388)
Revenue	635		523	
Expenses	(239)		(114)	
Net revenue / (expense) before taxation	396		409	
Taxation	(1)		(1)	
Net revenue / (expense) after taxation		395		408
Total return before distributions		1,361		20
Distributions		(408)		(409)
Change in net assets attributable to shareholders from investment activities		953		(389)

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		37,061		33,565
Amounts received on issue of shares	11,484		5,432	
Amounts paid on cancellation of shares	(1,237)		(3,056)	
		10,247		2,376
Dilution adjustments		14		4
Change in net assets attributable to shareholders from investment activities (see above)		953		(389)
Retained distributions on Accumulation shares		358		298
Closing net assets attributable to shareholders		48,633		35,854

The opening net assets attributable to shareholders for 2019 differs to the closing position in 2018 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	30 September 2019	31 March 2019
	£'000	£'000
Assets		
Fixed assets		
Investments	46,981	36,569
Current assets		
Debtors	1,002	1,541
Cash and bank balances	1,757	830
Cash equivalents	4,614	26
Total assets	54,354	38,966
Liabilities		
Investment liabilities	(873)	(453)
Creditors		
Bank overdrafts	(3,520)	0
Overdrawn positions at futures clearing houses and collateral manager	(76)	(98)
Distribution payable	(140)	(133)
Other creditors	(1,112)	(1,221)
Total liabilities	(5,721)	(1,905)
Net assets attributable to shareholders	48,633	37,061

Notes to the financial statements

Accounting policies

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

Distribution policy

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

M&G Global Listed Infrastructure Fund

Authorised Corporate Director's Report

Investment objective

The fund has two aims:

- To deliver a higher total return (the combination of income and growth of capital), net of the ongoing charges figure, than that of the MSCI ACWI Index over any five-year period and;
- To deliver an income stream that increases every year in sterling terms.

Investment policy

At least 80% of the fund is invested in publicly-listed equity securities issued by infrastructure companies, investment trusts and real estate investment trusts across any market capitalisation that are domiciled in any country. The minimum 80% allocation may include ordinary shares, preference shares and convertible bonds (the fund may hold up to a maximum of 20% in convertibles bonds). Infrastructure companies include those involved in the following business activities: utilities, energy, transport, health, education, security, communications and transactions. The fund is expected to exhibit lower volatility and offer a higher dividend yield than the MSCI ACWI Index which is consistent with the characteristics of infrastructure securities. The fund usually holds fewer than 50 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.

Sustainability considerations play an important role in assessing business models. Companies that derive more than 30% of their revenue from coal-fired and nuclear power are excluded from the investment universe. Industries including tobacco, alcohol, adult entertainment, gambling, and controversial weapons are also excluded. United Nations Global Compact principles on human rights, labour, environmental and anti-corruption are also considered in the analysis of companies.

The fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities and warrants. Derivatives may be used for hedging and efficient portfolio management.

Investment approach

The fund employs a bottom-up stockpicking approach, driven by the fundamental analysis of individual companies. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a portfolio with exposure to a broad range of countries and sectors. Stocks with different drivers of dividend growth are selected to construct a portfolio that has the potential to cope in a variety of market conditions.

Sustainability considerations encompassing environmental, social and governance issues are fully integrated into the investment process with a focus on risks specific to infrastructure companies. The monitoring of these risks involves regular engagement with company management.

Benchmark

Benchmark: MSCI ACWI Index

The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

Risk profile

The fund invests globally in the shares of infrastructure companies, including emerging markets, 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.

The fund usually invests in fewer than 50 companies, but is mainly invested in the shares of large and medium-sized companies, which are normally traded with relative ease. Diversification across industry, geography, infrastructure class 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.

M&G Global Listed Infrastructure Fund

Authorised Corporate Director's Report

Investment review

As at 1 October 2019, for the six months ended 30 September 2019

Distribution summary

Over the six-month review period to 1 October 2019, the fund distributed income of 1.9721 pence per Sterling Class 'A' (Income) share. This is 1.7% higher than the distribution for the same period in the previous financial year.

Although only representing a partial fiscal year, we are pleased that distributions for the fund have risen compared to the same period last year, and we are encouraged that our holdings from a variety of sectors and countries continue to deliver dividend growth. (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.)

The payout during this six-month period represented a yield (distributed income as a percentage of the share price as at 1 October 2019) of 2.85% versus a yield of 2.52% for the MSCI ACWI Index, the fund's target benchmark. It should be noted that dividend payments from the fund's underlying holdings are skewed towards the second half of the financial year, however, meaning this understates the fund's annual dividend yield.

Our holdings in 'economic' infrastructure continued to deliver solid dividend growth, led by utilities and energy stocks. Within utilities, American Water reported a 10% dividend increase and extended its track record of raising the payment every year since its listing in 2008. Republic Services, an industry leader in recycling and waste management, meanwhile, extended its track record of consecutive dividend growth to 10 years as it raised its payment by 8%. ONEOK, the Oklahoma-based energy infrastructure company, raised its dividend twice during the review period, with the latest payment 8% higher compared to the same period last year. Union Pacific provided the most significant uplift in transportation infrastructure after the US railroads company raised its dividend again, taking it 21% higher than a year ago.

In 'social' infrastructure, the most significant dividend increase came from UK student accommodation provider Unite Group, which raised its dividend by 8% year on year, during the review period. UK investment trust HICL Infrastructure delivered an increase of 2.5%, broadly in line with inflation, which is a usual growth rate for this category.

'Evolving' infrastructure, which invests in the physical networks that support our increasingly digital economy, provided an exciting source of growth. American Tower, which owns and operates wireless communications and broadcast towers across the globe, paid two dividends during the review period that were both around 20% higher than the payments a year ago. The US company has increased its dividend every quarter since March 2012. CoreSite, the data centre company, also boosted its dividend by 18% on a year-on-year basis.

While not all our holdings delivered robust dividend growth, there were no dividend cuts during the review period. We are very aware that a rising income stream is important to many of our investors and we remain focused on meeting this objective.

The fund's distribution is 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 exchange rates 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 1 April 2019 (the start of the review period) and 1 October 2019, the M&G Global Listed Infrastructure Fund delivered a positive total return (the combination of income and growth of capital) across all its share classes and outperformed its benchmark index, the MSCI ACWI Index. The index of global equities returned 9.5% in sterling. The fund therefore met its objective of outperforming the MSCI ACWI Index over this short timeframe. The fund also delivered on its objective of increasing the income stream*.

It is not possible to assess the fund's performance against its objective over five years because the fund was only launched on 5 October 2017.

* 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 delivered returns of around 18% during the six months under review, significantly outperforming the MSCI ACWI Index in a turbulent market. Although global stockmarkets ended the review period higher, there were major sell-offs in May and August when escalating trade tensions and disappointing economic data hit investor confidence.

The fund was able to provide downside protection in falling markets and participate in the upside during market rallies. It also benefited from its diversified approach to listed infrastructure, with positive contributions from across the portfolio.

The top contributors to relative performance came from among our holdings in 'economic' infrastructure, which benefited from investors' shift towards more defensive, less cyclical stocks. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy; cyclical companies which tend to be more sensitive to economic activity.) Among utilities, both Ørsted, the world leader in offshore wind power, and Enel, the Italian utility, added significant value. Edison International, the Californian utility, also performed well, rallying on increased clarity on the state's approach to wildfire liabilities.

The largest individual contributor was Ferrovial, one of the world's leading operators of transport infrastructure. The Spanish company has a high quality portfolio of airports, including London's Heathrow Airport, and toll roads across Europe and North America.

M&G Global Listed Infrastructure Fund

Authorised Corporate Director's Report

Investment review

Investment performance (continued)

Unite Group was the leading performer in 'social' infrastructure, having provided a robust trading update and maintained its positive outlook for the UK student accommodation business.

In the 'evolving' category, there were major contributions to the portfolio from Equinix, a US data centre company benefiting from global demand for data, and Franco-Nevada, a Canadian royalty company. Franco-Nevada owns rights to cashflows from physical landholdings, which provide the portfolio with exposure to commodity prices – a useful characteristic for diversification and inflation-protection purposes. Its share price rallied during the review period against the backdrop of higher underlying commodity prices.

While there were no major detractors during the review period, certain holdings did erode some performance. CSX and Union Pacific, our holdings in US railroads, came under pressure in transportation infrastructure amid concerns about freight volumes. MTR, the operator of Hong Kong's public transit system, also underperformed in the third quarter against the backdrop of protests in the region. Naturgy Energy was another drag on performance as fears of reduced tariffs for the use of gas distribution networks took their toll on the Spanish utilities sector.

Not owning Microsoft and Apple also held back returns relative to the MSCI ACWI Index in a period when two of the world's most valuable technology companies performed very strongly.

Investment activities

We made only one new purchase and one complete sale during the six months under review, reflecting our long-term investment timeframe of five years or more.

We initiated a holding in E.ON, the German utility which has a broader European presence with operations in the UK, Sweden, Czech Republic, Hungary and Turkey. Following an asset swap with rival RWE, E.ON will be focused on energy networks, a business benefiting from the need for increased infrastructure investment to ensure Germany's transition towards renewables. The company has a strong commitment to grow its dividend and the shares looked attractive on a valuation discount to its European and North American peers, despite the potential for consistent growth.

Elsewhere, we completed the sale of our holding in Hopewell Highway, a toll road business listed in Hong Kong. The company has critical assets in the Pearl River delta linking the major cities of Hong Kong, Guangzhou and Macau, but our conviction in the investment case, which was based on the potential for significant growth in traffic volumes, has been hampered by a lack of clarity on the strategic intentions of the company's new majority shareholder. The stock was sold in May as a source of cash for better ideas.

Towards the end of the review period, the portfolio's exposure to the utilities sector was reduced on valuation grounds. After strong share price gains, some profits were realised in Belgium's Elia System Operator and Atmos Energy, a natural gas distributor in the US, among others. In energy infrastructure, Canadian groups Gibson Energy, Keyera and TC Energy (formerly Transcanada), were among our holdings where we increased exposure.

The number of holdings remained at 42, the same as at the start of the review period. We believe listed infrastructure as an asset class offers excellent opportunities for stockpickers, and in our view, the potential for investors is best captured by a conviction-based approach.

From a geographic perspective, North America remains the largest part of the portfolio with more than 50% of the fund invested in the region. The exposure to Europe, excluding the UK, rose slightly as we built up our position in E.ON, while the UK weighting remained broadly unchanged. The fund continues to have limited exposure to the Asia-Pacific region, and there are no holdings in Japan. Latin America continues to only account for a small direct weighting, through one Brazilian stock.

Outlook

The past six months have highlighted the defensive characteristics and benefits of investing in global listed infrastructure. We strongly believe these businesses offer more than so-called 'bond proxies' which mainly mimic bond price movements.

In the current economic environment, where there is acute uncertainty, we are resolutely focused on companies with the potential for long-term growth, irrespective of the health of the global economy, while capturing the defensive characteristics of the asset class. In addition to growth, valuation is a crucial aspect of the stock selection process. From this perspective, we are excited by the array of attractive prices we see for businesses with solid growth prospects across a variety of countries and sectors.

We are pleased with the progress of our holdings in this reporting period and we are encouraged by their robust operating performance which is manifested in continued dividend growth. 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. The growing income stream that we aim to deliver for our investors is available at a premium yield which remains attractive, in our view, in a world where yields are scarce across financial markets.

We continue to believe that the combination of strong dividend growth and attractive valuation stands us in good stead to generate competitive returns over the long term.

Alex Araujo Fund manager

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

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

M&G Global Listed Infrastructure Fund

Authorised Corporate Director's Report

Investments

Portfolio statement

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 ^[a] %
EQUITIES	180,764	97.49	98.36
Oil, gas & consumable fuels	38,233	20.62	16.45
United States	6,340	3.42	3.01
106,374 ONEOK	6,340	3.42	
Canada	31,893	17.20	13.44
220,084 Enbridge	6,450	3.48	
451,911 Gibson Energy	6,386	3.44	
273,882 Keyera	5,489	2.96	
643,594 PrairieSky Royalty	7,235	3.90	
150,738 TC Energy	6,333	3.42	
Metals & mining	6,399	3.45	3.93
Canada	6,399	3.45	3.93
85,001 Franco Nevada	6,399	3.45	
Construction & engineering	15,651	8.44	7.46
France	8,292	4.47	4.41
95,178 Vinci	8,292	4.47	
Spain	7,359	3.97	3.05
312,066 Ferrovial	7,359	3.97	
Commercial services & supplies	2,735	1.48	1.96
United States	2,735	1.48	1.96
39,034 Republic Services	2,735	1.48	
Road & rail	9,951	5.37	5.02
United States	7,210	3.89	3.97
63,767 CSX	3,573	1.93	
27,496 Union Pacific	3,637	1.96	
Hong Kong	2,741	1.48	1.05
601,500 MTR	2,741	1.48	
Transportation infrastructure	14,652	7.90	7.10
Switzerland	2,764	1.49	1.04
18,412 Flughafen Zurich	2,764	1.49	
Brazil	2,707	1.46	1.10
819,358 CCR	2,707	1.46	
Australia	9,181	4.95	4.52
833,675 Sydney Airport	3,674	1.98	
683,014 Transurban	5,507	2.97	
Cayman Islands	0	0.00	0.44
Capital markets	9,015	4.86	5.07
United Kingdom	3,659	1.97	1.99
2,209,418 HICL Infrastructure	3,659	1.97	
United States	5,356	2.89	3.08
15,321 CME	2,664	1.44	
35,833 Intercontinental Exchange	2,692	1.45	
IT services	3,499	1.89	2.95
United States	3,499	1.89	2.95
8,045 Mastercard	1,760	0.95	
12,294 Visa	1,739	0.94	
Diversified telecommunication services	4,464	2.41	2.15
Italy	1,773	0.96	1.03
213,674 Infrastrutture Wireless Italiane	1,773	0.96	
Singapore	2,691	1.45	1.12
5,144,100 NetLink NBN	2,691	1.45	
Electric utilities	23,570	12.71	17.33
Belgium	3,032	1.63	2.96
45,956 Elia System Operator	3,032	1.63	

Portfolio statement (continued)

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 ^[a] %
Denmark	5,424	2.92	3.96
71,481 Ørsted	5,424	2.92	
Italy	7,375	3.98	4.44
1,220,190 Enel	7,375	3.98	
United States	7,739	4.18	5.97
74,770 Edison International	4,610	2.49	
16,641 NextEra Energy	3,129	1.69	
Gas utilities	6,105	3.29	4.45
Spain	3,683	1.98	1.96
170,292 Naturgy Energy	3,683	1.98	
United States	2,422	1.31	2.49
26,126 Atmos Energy	2,422	1.31	
Multi-utilities	10,019	5.40	3.02
United Kingdom	5,551	2.99	3.02
625,899 National Grid	5,551	2.99	
Germany	4,468	2.41	0.00
565,918 E.ON	4,468	2.41	
Water utilities	2,261	1.22	2.01
United States	2,261	1.22	2.01
22,384 American Water Works	2,261	1.22	
Independent power and renewable electricity producers	2,601	1.40	1.98
Guernsey	2,601	1.40	1.98
2,058,076 Renewables Infrastructure	2,601	1.40	
Equity real estate investment trusts (REITs)	23,499	12.67	13.59
United Kingdom	6,375	3.44	3.50
588,059 UNITE	6,375	3.44	
United States	17,124	9.23	10.09
19,633 American Tower	3,495	1.88	
55,734 CoreSite Realty	5,449	2.94	
31,573 Crown Castle International	3,539	1.91	
9,906 Equinix	4,641	2.50	
Equity investment instruments	8,110	4.38	3.89
United Kingdom	3,634	1.96	1.85
3,365,167 SDCL Energy Efficiency Income Trust	3,634	1.96	
Guernsey	4,476	2.42	2.04
2,906,357 International Public Partnerships	4,476	2.42	
Portfolio of investments	180,764	97.49	98.36
CASH EQUIVALENTS	2,230	1.20	0.77
'AAA' rated money market funds ^[b]	2,230	1.20	0.77
2,230,000 Northern Trust Global Fund - Sterling	2,230	1.20	
Total portfolio	182,994	98.69	99.13
Net other assets / (liabilities)	2,433	1.31	0.87
Net assets attributable to shareholders	185,427	100.00	100.00

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

^[a] The comparative country weightings have been re-analysed to reflect changes to the country classifications.

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

M&G Global Listed Infrastructure Fund

Authorised Corporate Director's Report

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Top ten portfolio transactions

for the six months to 30 September 2019

Largest purchases	£'000
PrairieSky Royalty	5,863
Vinci	5,599
Gibson Energy	5,130
Keyera	5,044
Ferrovial	4,935
Enbridge	4,817
Enel	4,769
E.ON	4,619
ONEOK	4,401
UNITE	4,133
Other purchases	76,235
Total purchases	125,545
Largest sales	£'000
PrairieSky Royalty	886
Atmos Energy	603
Elia System Operator	587
Enel	437
Franco Nevada	279
NextEra Energy	272
American Water Works	227
Shenzhen Investment	203
Republic Services	130
Mastercard	95
Other sales	349
Total sales	4,068

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

M&G Global Listed Infrastructure Fund

Financial highlights

Fund performance

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

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	30.09.19 £'000	31.03.19 £'000	31.03.18 £'000
Fund net asset value (NAV)	185,427	46,348	9,619

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.



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

Long-term performance by share class				
	Six months 01.04.19 % ^[a]	Three years 03.10.16 % p.a.	Five years 01.10.14 % p.a.	Since launch % p.a.
Sterling^[b]				
Class 'A'	+18.1	n/a	n/a	+15.0 ^[c]
Class 'I'	+18.2	n/a	n/a	+15.2 ^[c]
Class 'L'	+18.3	n/a	n/a	+15.5 ^[c]
Class 'PP'	n/a	n/a	n/a	+16.2 ^[d]

^[a] Absolute basis.

^[b] Price to price with income reinvested.

^[c] 5 October 2017, the launch date of the fund.

^[d] 8 April 2019, the launch date of the share class. Not annualised.

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:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. From 1 August 2019, this charge rolls all costs that make up the operating charges into one annual charge.

For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).

- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

M&G Global Listed Infrastructure Fund

Financial highlights

Fund performance

Operating charges and portfolio transaction costs

Operating charges (continued)

- **Investment management:** Charge paid to M&G for investment management of the fund. From 1 August 2019 this charge forms part of the annual charge.
- **Administration:** Charge paid for administration services in addition to investment management – any surplus from this charge will be retained by M&G. From 1 August 2019 this charge is rolled into the annual charge.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit. From 1 August 2019 these charges will be paid by M&G and rolled into the annual charge.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated. From 1 August 2019 charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These 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.

Once the annual charge has been operational for twelve months, operating charges will be in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or 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.

Portfolio transaction costs

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

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

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

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

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

Portfolio transaction costs

	Six months to 30.09.19	Year to 31.03.19	Year to 31.03.18	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.06	0.06	0.11	0.08
Taxes	0.16	0.10	0.13	0.13
Costs before dilution adjustments	0.22	0.16	0.24	0.21
Dilution adjustments ^[c]	(0.22)	(0.16)	(0.14)	(0.17)
Total direct portfolio transaction costs	0.00	0.00	0.10	0.04
as at	30.09.19	31.03.19	31.03.18	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.14	0.11	0.12	0.12

^[a] Average of first three columns.

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

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

M&G Global Listed Infrastructure 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 11 October 2019.

Sterling Class 'A' Income share performance

The share class was launched on 5 October 2017.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	106.29	89.91	100.00
Return before operating charges and after direct portfolio transaction costs	20.05	21.17	(8.23)
Operating charges	(0.77)	(1.29)	(0.68)
Return after operating charges	19.28	19.88	(8.91)
Distributions	(1.97)	(3.50)	(1.18)
Closing NAV	123.60	106.29	89.91
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.16	0.11
Dilution adjustments ^[a]	(0.13)	(0.16)	(0.07)
Total direct portfolio transaction costs	0.00	0.00	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.10
Operating charges ^[c]	1.32	1.24	1.36
Return after operating charges	+18.14	+22.11	-8.91
Historic yield	2.93	3.25	3.70
Effect on yield of charges offset against capital	1.26	1.11	1.10
Other information			
Closing NAV (£'000)	681	142	60
Closing NAV percentage of total fund NAV (%)	0.37	0.31	0.62
Number of shares	551,240	133,880	66,837
Highest share price (UK p)	125.63	107.24	101.11
Lowest share price (UK p)	106.58	90.08	88.92

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 October 2017.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	111.44	91.01	100.00
Return before operating charges and after direct portfolio transaction costs	21.11	21.75	(8.29)
Operating charges	(0.81)	(1.32)	(0.70)
Return after operating charges	20.30	20.43	(8.99)
Distributions	(1.40)	(2.47)	(0.66)
Retained distributions	1.40	2.47	0.66
Closing NAV	131.74	111.44	91.01
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.17	0.11
Dilution adjustments ^[a]	(0.14)	(0.17)	(0.06)
Total direct portfolio transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.10
Operating charges ^[c]	1.28	1.24	1.43
Return after operating charges	+18.22	+22.45	-8.99
Historic yield	1.90	2.18	2.57
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	473	252	56
Closing NAV percentage of total fund NAV (%)	0.26	0.54	0.58
Number of shares	358,997	226,127	61,211
Highest share price (UK p)	133.03	111.70	101.12
Lowest share price (UK p)	111.75	91.20	89.49

Sterling Class 'I' Income share performance

The share class was launched on 5 October 2017.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	106.60	90.00	100.00
Return before operating charges and after direct portfolio transaction costs	20.11	21.20	(8.23)
Operating charges	(0.64)	(1.09)	(0.60)
Return after operating charges	19.47	20.11	(8.83)
Distributions	(1.97)	(3.51)	(1.17)
Closing NAV	124.10	106.60	90.00
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.16	0.11
Dilution adjustments ^[a]	(0.13)	(0.16)	(0.06)
Total direct portfolio transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.10
Operating charges ^[c]	1.16	1.04	1.20
Return after operating charges	+18.26	+22.34	-8.83
Historic yield	2.92	3.25	3.70
Effect on yield of charges offset against capital	1.10	0.91	0.90
Other information			
Closing NAV (£'000)	20,344	4,883	1,285
Closing NAV percentage of total fund NAV (%)	10.97	10.53	13.36
Number of shares	16,392,384	4,580,694	1,428,209
Highest share price (UK p)	126.12	107.55	101.14
Lowest share price (UK p)	106.89	90.17	89.01

M&G Global Listed Infrastructure Fund

Financial highlights

Specific share class performance

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 October 2017.

Change in NAV per share	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Opening NAV	111.77	91.10	100.00
Return before operating charges and after direct portfolio transaction costs	21.19	21.80	(8.32)
Operating charges	(0.68)	(1.13)	(0.58)
Return after operating charges	20.51	20.67	(8.90)
Distributions	(1.54)	(2.68)	(0.75)
Retained distributions	1.54	2.68	0.75
Closing NAV	132.28	111.77	91.10
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.17	0.11
Dilution adjustments ^[a]	(0.14)	(0.17)	(0.07)
Total direct portfolio transaction costs	0.00	0.00	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.10
Operating charges ^[c]	1.11	1.04	1.14
Return after operating charges	+18.35	+22.69	-8.90
Historic yield	2.08	2.36	2.77
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	94,098	37,274	8,182
Closing NAV percentage of total fund NAV (%)	50.74	80.42	85.06
Number of shares	71,133,628	33,347,533	8,981,662
Highest share price (UK p)	133.55	112.03	101.13
Lowest share price (UK p)	112.09	91.29	89.57

Sterling Class 'L' Income share performance

The share class was launched on 5 October 2017.

Change in NAV per share	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Opening NAV	107.01	90.10	100.00
Return before operating charges and after direct portfolio transaction costs	20.24	21.27	(8.27)
Operating charges	(0.50)	(0.85)	(0.45)
Return after operating charges	19.74	20.42	(8.72)
Distributions	(1.99)	(3.51)	(1.18)
Closing NAV	124.76	107.01	90.10
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.16	0.11
Dilution adjustments ^[a]	(0.13)	(0.16)	(0.07)
Total direct portfolio transaction costs	0.00	0.00	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.10
Operating charges ^[c]	0.97	0.79	0.86
Return after operating charges	+18.45	+22.66	-8.72
Historic yield	2.92	3.24	3.70
Effect on yield of charges offset against capital	0.91	0.66	0.65
Other information			
Closing NAV (£'000)	2,737	21	18
Closing NAV percentage of total fund NAV (%)	1.48	0.05	0.19
Number of shares	2,193,496	20,000	20,000
Highest share price (UK p)	126.74	107.97	101.16
Lowest share price (UK p)	107.31	90.29	89.11

Sterling Class 'L' Accumulation share performance

The share class was launched on 5 October 2017.

Change in NAV per share	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Opening NAV	112.19	91.21	100.00
Return before operating charges and after direct portfolio transaction costs	21.27	21.85	(8.34)
Operating charges	(0.51)	(0.87)	(0.45)
Return after operating charges	20.76	20.98	(8.79)
Distributions	(1.70)	(2.94)	(0.87)
Retained distributions	1.70	2.94	0.87
Closing NAV	132.95	112.19	91.21
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.17	0.11
Dilution adjustments ^[a]	(0.14)	(0.17)	(0.07)
Total direct portfolio transaction costs	0.00	0.00	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.10
Operating charges ^[c]	0.93	0.78	0.86
Return after operating charges	+18.50	+23.00	-8.79
Historic yield	2.30	2.58	3.03
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	66,918	3,776	18
Closing NAV percentage of total fund NAV (%)	36.09	8.15	0.19
Number of shares	50,334,327	3,365,793	20,000
Highest share price (UK p)	134.19	112.45	101.16
Lowest share price (UK p)	112.51	91.40	89.68

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Period to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	3.12	n/a	n/a
Operating charges	(0.20)	n/a	n/a
Return after operating charges	2.92	n/a	n/a
Distributions	(0.67)	n/a	n/a
Closing NAV	102.25	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	n/a	n/a
Dilution adjustments ^[a]	(0.04)	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges	0.70	n/a	n/a
Return after operating charges	+2.92	n/a	n/a
Historic yield	2.92	n/a	n/a
Effect on yield of charges offset against capital	0.65	n/a	n/a
Other information			
Closing NAV (£'000)	20	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.01	n/a	n/a
Number of shares	20,000	n/a	n/a
Highest share price (UK p)	103.89	n/a	n/a
Lowest share price (UK p)	99.79	n/a	n/a

M&G Global Listed Infrastructure Fund

Financial highlights

Specific share class performance

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

	Period to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	16.48	n/a	n/a
Operating charges	(0.47)	n/a	n/a
Return after operating charges	16.01	n/a	n/a
Distributions	(1.47)	n/a	n/a
Retained distributions	1.47	n/a	n/a
Closing NAV	116.01	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	n/a	n/a
Dilution adjustments ^[a]	(0.12)	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges	0.90	n/a	n/a
Return after operating charges	+16.01	n/a	n/a
Historic yield	2.25	n/a	n/a
Effect on yield of charges offset against capital	0.00	n/a	n/a
Other information			
Closing NAV (£'000)	156	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.08	n/a	n/a
Number of shares	134,764	n/a	n/a
Highest share price (UK p)	117.11	n/a	n/a
Lowest share price (UK p)	99.31	n/a	n/a

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

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

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

M&G Global Listed Infrastructure Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2019		2018	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		13,595		1,047
Revenue	1,914		298	
Expenses	(452)		(61)	
Net revenue / (expense) before taxation	1,462		237	
Taxation	(173)		(26)	
Net revenue / (expense) after taxation		1,289		211
Total return before distributions		14,884		1,258
Distributions		(1,324)		(212)
Change in net assets attributable to shareholders from investment activities		13,560		1,046

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		46,348		9,619
Amounts received on issue of shares	157,947		7,658	
Amounts paid on cancellation of shares	(34,078)		(108)	
		123,869		7,550
Dilution adjustments		278		13
Change in net assets attributable to shareholders from investment activities (see above)		13,560		1,046
Retained distributions on Accumulation shares		1,372		193
Closing net assets attributable to shareholders		185,427		18,421

The opening net assets attributable to shareholders for 2019 differs to the closing position in 2018 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	30 September 2019	31 March 2019
	£'000	£'000
Assets		
Fixed assets		
Investments	180,764	45,589
Current assets		
Debtors	7,130	1,698
Cash and bank balances	57	16
Cash equivalents	2,230	355
Total assets	190,181	47,658
Liabilities		
Creditors		
Bank overdrafts	(1,462)	(96)
Distribution payable	(157)	(33)
Other creditors	(3,135)	(1,181)
Total liabilities	(4,754)	(1,310)
Net assets attributable to shareholders	185,427	46,348

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

M&G Global Listed Infrastructure Fund

Financial statements and notes

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M&G Positive Impact Fund

Authorised Corporate Director's Report

Investment objective

The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the MSCI ACWI Index over any five-year period; and
- To invest in companies that aim to have a positive societal impact through addressing the world's major social and environmental challenges.

Investment policy

At least 80% of the fund is invested in the equity securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. The fund has a concentrated portfolio and usually holds fewer than 40 stocks.

Assessment and measurement of the ability to deliver positive social and/or environmental impact and generate financial returns will be conducted at a company level using M&G's impact assessment methodology. This focuses on three criteria:

- Investment credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate actions and strategy; and
- Impact: the scale of the net positive societal impact and the company's progress towards addressing specified social and environmental challenges.

Certain investments which are considered by M&G to conflict with the fund's aim to invest in companies with a positive societal impact are excluded from the investment universe. The following are excluded:

- Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption; and
- Companies involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, oil sands, nuclear power or coal-fired power, or the provision of gambling services.

The fund manager has discretion to invest in companies with limited exposure to fossil fuels but which are driving or significantly participating in the transition to a more sustainable economy.

The fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund is a concentrated portfolio of global stocks, investing over the long term in companies that make a positive social and/or environmental impact alongside a financial return, using a disciplined stock selection process. Sustainability and impact considerations are fundamental in determining the fund's investment universe and assessing business models. The fund embraces the United Nations Sustainable Development Goals framework and invests in companies focused on areas including: climate action; environmental solutions; circular economy; better health, saving lives; better work & education; and social inclusion.

The fund invests in three categories of positive impact companies:

- "Pioneers", whose products or services have a transformational effect on society or the environment;
- "Enablers", which provide the tools for others to deliver positive social or environmental impact; and
- "Leaders", which spearhead the development of sustainability and impact in their industries.

Investing in these categories provides diversification across industries and maturity of business models.

Dialogue with the companies in which the fund invests is fundamental to the investment approach. The objective is to support and influence their contribution to the world's major social and environmental challenges.

Benchmark

Benchmark: MSCI ACWI Index.

The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the Fund's performance and does not constrain the fund's portfolio construction.

Risk profile

The fund invests globally in the shares of listed 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 businesses that have a positive impact on society through addressing the world's major social and/or environmental challenges.

The fund is a concentrated portfolio, usually holding fewer than 40 stocks. The fund mainly invests in the shares of large and medium-sized companies, which are normally traded with relative ease, however these stocks could potentially experience a degree of illiquidity in times of market distress.

M&G Positive Impact Fund

Authorised Corporate Director's Report

Risk profile

The fund may also invest in emerging markets which are generally more sensitive to economic and political factors, and where investments may be less easily bought and sold.

Diversification across countries, industries and market capitalisation is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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



The above number:

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

Investment review

As at 1 October 2019, for the six months ended 30 September 2019

Market overview

Global stockmarkets delivered positive returns in sterling terms for the six months under review, but the ride was far from smooth. The overarching driver of sentiment throughout the period was the ongoing trade war between the US and China. Concerns about on-again / off-again trade negotiations drove waves of risk aversion, for fear of the overall effects wide-ranging import tariffs could have on global growth. Other sources of disillusionment included an apparent slowdown in China and signs of weakness in the US economy, political difficulties in Europe, exacerbated by the looming presence of Brexit, and geopolitical concerns in the Middle East.

It was, however, similar themes that also provided encouragement to investors. Any hint of a breakthrough in trade talks drove markets upwards, while fresh, positive economic data and good company earnings numbers, as well as the potential for central bank stimulus and interest rate adjustments, also re-enlivened investors. As we moved through the end of the period under review, though, the mood again turned sour, as concerns over economic recession in both Europe and the US, as well as new trade war rhetoric, led to a resurgence in market turbulence. While this took some of the shine off returns for the period under review, markets still ended the period in positive territory.

Investment activities

The M&G Positive Impact Fund is a concentrated portfolio of global stocks, making long-term investments in companies that aim to generate a positive social and/or environmental impact alongside a financial return, using a disciplined stock selection process.

The fund generally holds around 30 stocks from around the world, with a Positive Impact team consensus-approved watchlist of around 120 impactful companies in which the fund manager can invest if the timing and price are right. The team undertakes a 'triple i' approach to identifying these impactful businesses, analysing the Investment quality, Intentionality and Impact of a company to assess its suitability for the fund. As part of this analysis, the team internally scores companies on these 'iii' credentials, and requires above-average results for inclusion in the fund's watchlist, as well as consensus agreement of a company's merits from the entire Positive Impact team. The fund manager can then invest in these businesses when they are trading at a discount to what we believe to be their intrinsic value, based on our analysis.

The fund will not invest in negative impact companies, and screens out any companies deemed to be in breach of the United Nations Global Compact principles on human rights, labour, the environment and corruption. It also screens out companies involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, oil sands, nuclear power or coal-fired power and the provision of gambling services (that is, companies that are not capable of delivering a demonstrable positive impact to society). More recently, we also began excluding companies involved in animal testing for non-medical purposes.

Given the long-term nature of our investment approach, during the period under review we invested in one new company, insulation specialist Rockwool. Rockwool is the world leader in the production of stone wool, which is more resource efficient and sustainable than alternative insulation materials, such as glass wool, plastic and foam. Other attractive features of stone wool are its soundproofing properties, its resistance to fire and its full recyclability. Stone wool is made by melting volcanic rock and spinning the liquid into wool. While mining the rock consumes energy, the company estimates that the energy saved over a building's lifetime from being insulated with the material is 100 times greater than the energy consumed to produce it. The increased use of insulation materials, in new build and for renovation, directly helps drive energy efficiency and contributes towards the goals of the Paris agreement. It is estimated that 660 million tonnes of carbon could be saved by retro-fitting Europe's buildings with stone wool insulation: this corresponds to twice the carbon emissions of France.

Conversely, we sold two of our holdings during the period, for reasons related to the impact being delivered by the companies.

First, we closed the position in pharmaceutical stock Lonza. While we continue to believe in the strength of the business model, two issues drove our decision to sell. First of all, we discovered that the company had exposure to animal testing for non-medical purposes in its specialty ingredients business, thus falling foul of our exclusion. Secondly, with Lonza providing contracting services to pharmaceutical companies, it is what we call an 'enabler', that is, it allows others, in

M&G Positive Impact Fund

Authorised Corporate Director's Report

Investment review

Investment activities (continued)

this case the pharmaceutical groups that are its clients, to deliver impact to society. Being one step removed from the end client can make measurement of a company's impact difficult: this particularly proved to be the case for Lonza.

The fund's holding in ISS was also sold. ISS is one of two world leaders in the field of integrated services such as cleaning, catering and building security. Its impactful nature stemmed from its ability to provide over 490 thousand employees, mainly low skilled workers, access to fair and decent work, especially in emerging markets. It was the company's working practices and its reach, in terms of the number of people it employed, that qualified it for inclusion in the fund. We reviewed the holding following the announcement of a strategic decision to focus on large accounts and retrench from countries where the group lacked critical mass (mainly emerging markets). We concluded that the group's new direction would make it considerably less impactful, with greatly reduced staff employed in emerging markets, and so decided to sell.

Outlook

The fund embraces the United Nations Sustainable Development Goals (SDG) framework and invests in companies focused on six key areas, mapped against the SDGs. On the environmental side, these are: climate action, environmental solutions and circular economy. On the social side, these are improving health, saving lives, better work & education and social inclusion.

We continue to actively research the 120 companies identified for the fund's watchlist using our IIL methodology. We are specifically looking for companies focusing on social impact, as well as those helping the underserved in emerging markets.

In terms of the fund, we remain confident in the quality of the stocks within the current portfolio, and believe they will continue to deliver positive impact to society, as well as financial returns. As long-term investors, our focus is on the ability of our holdings to generate long-term value for society and our investors, and we continue to be optimistic about their prospects.

The fund was launched on 21 November 2018. In December 2019 we will publish our first annual Impact Report, highlighting the environmental and social impacts being delivered by our investments.

John William Olsen

Fund manager

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

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

Investments

Portfolio statement

as at Holding	30.09.19 \$'000	30.09.19 %	31.03.19 %
EQUITIES	29,066	91.16	95.05
Containers & packaging	959	3.01	2.71
216,649 DS Smith	959	3.01	
Building products	1,845	5.79	3.07
24,352 Johnson Controls International	1,063	3.34	
3,878 Rockwool International	782	2.45	
Electrical equipment	974	3.05	3.00
11,217 Schneider Electric	974	3.05	
Commercial services & supplies	1,836	5.76	8.53
119,288 Brambles	918	2.88	
10,645 Republic Services	918	2.88	
Road & rail	811	2.54	2.80
8,500 East Japan Railway	811	2.54	
Diversified consumer services	1,536	4.82	4.77
6,841 Bright Horizons Family Solutions	1,016	3.19	
195,460 Kroton Educacional ADR	520	1.63	
Health care equipment & supplies	908	2.85	2.82
3,662 Becton Dickinson	908	2.85	
Health care providers & services	2,724	8.54	8.95
13,845 Fresenius Medical Care	934	2.93	
8,639 Quest Diagnostics	911	2.86	
4,084 UnitedHealth	879	2.75	
Biotechnology	771	2.42	2.62
37,997 Grifols	771	2.42	
Pharmaceuticals	2,246	7.04	7.37
4,922 ALK-Abelló	1,002	3.14	
23,973 Novo-Nordisk	1,244	3.90	
Life sciences tools & services	2,968	9.31	12.43
13,008 Agilent Technologies	993	3.11	
3,223 Illumina	971	3.05	
3,493 Thermo Fisher Scientific	1,004	3.15	
Banks	2,052	6.44	7.35
39,702 Bank of Georgia	654	2.05	
23,998 HDFC Bank ADR	1,398	4.39	
Insurance	1,936	6.07	6.88
129,400 AIA	1,221	3.83	
144,627 Sanlam	715	2.24	
Software	1,181	3.70	3.35
5,441 Ansys	1,181	3.70	
Electronic equipment, instruments & components	1,839	5.77	6.44
18,100 Horiba	1,045	3.28	
5,983 IPG Photonics	794	2.49	
Semiconductors & semiconductor equipment	2,600	8.15	5.93
46,267 ON Semiconductor	864	2.71	
21,149 SolarEdge Technologies	1,736	5.44	
Electric utilities	1,478	4.64	4.14
15,841 Ørsted	1,478	4.64	
Independent power and renewable electricity producers	402	1.26	1.89
696,000 China Everbright Greentech	402	1.26	
Portfolio of investments	29,066	91.16	95.05
Net other assets / (liabilities)	2,817	8.84	4.95
Net assets attributable to shareholders	31,883	100.00	100.00

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

M&G Positive Impact Fund

Authorised Corporate Director's Report

Investments

Top portfolio transactions	
for the six months to 30 September 2019	
Largest purchases	\$'000
Rockwool International	797
UnitedHealth	275
DS Smith	194
Illumina	191
HDFC Bank ADR	130
Brambles	114
Becton Dickinson	109
ALK-Abelló	67
Ørsted	46
AIA	46
Other purchases	625
Total purchases	2,594
Sales	\$'000
Lonza	898
ISS	578
ALK-Abelló	161
Total sales	1,637

M&G Positive Impact 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.

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value		
as at	30.09.19 \$'000	31.03.19 \$'000
Fund net asset value (NAV)	31,883	28,182

Performance since launch

As the fund has not yet operated for a 12 month period, the performance since launch graph and long-term performance figures have not been calculated.

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:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. From 1 August 2019, this charge rolls all costs that make up the operating charges into one annual charge.

For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).

- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- **Investment management:** Charge paid to M&G for investment management of the fund. From 1 August 2019 this charge forms part of the annual charge.
- **Administration:** Charge paid for administration services in addition to investment management – any surplus from this charge will be retained by M&G. From 1 August 2019 this charge is rolled into the annual charge.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit. From 1 August 2019 these charges will be paid by M&G and rolled into the annual charge.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated. From 1 August 2019 charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These 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.

Once the annual charge has been operational for twelve months, operating charges will be in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or 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.

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.

M&G Positive Impact Fund

Financial highlights

Fund performance

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

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

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

Portfolio transaction costs

	Six months to 30.09.19 %	Period to 31.03.19 %	Average ^[a] %
Direct portfolio transaction costs ^[b]			
Broker commission	0.01	0.07	0.04
Taxes	0.01	0.16	0.09
Costs before dilution adjustments	0.02	0.23	0.13
Dilution adjustments ^[c]	(0.02)	(0.13)	(0.08)
Total direct portfolio transaction costs	0.00	0.10	0.05
as at	30.09.19	31.03.19	Average ^[a]
Indirect portfolio transaction costs	%	%	%
Average portfolio dealing spread	0.11	0.12	0.12

^[a] Average of first two columns.

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

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

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 11 October 2019.

Sterling Class 'A' Income share performance

The share class was launched on 20 November 2018.

	Six months to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	104.48	100.00
Return before operating charges and after direct portfolio transaction costs	13.06	5.48
Operating charges	(0.89)	(0.62)
Return after operating charges	12.17	4.86
Distributions	n/a	(0.38)
Closing NAV	116.65	104.48
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.08
Dilution adjustments ^[a]	(0.01)	(0.05)
Total direct portfolio transaction costs	0.00	0.03
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	0.10
Operating charges ^[c]	1.65	1.73
Return after operating charges	+11.65	+4.86
Historic yield	0.32	0.35
Effect on yield of charges offset against capital	1.63	1.65
Other information		
Closing NAV (\$'000)	69	41
Closing NAV percentage of total fund NAV (%)	0.22	0.15
Number of shares	48,117	29,855
Highest share price (UK p)	120.37	105.74
Lowest share price (UK p)	105.81	93.44

M&G Positive Impact Fund

Financial highlights

Specific share class performance

Sterling Class 'A' Accumulation share performance

The share class was launched on 20 November 2018.

	Six months to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	104.86	100.00
Return before operating charges and after direct portfolio transaction costs	13.12	5.48
Operating charges	(0.91)	(0.62)
Return after operating charges	12.21	4.86
Distributions	n/a	0.00
Retained distributions	n/a	0.00
Closing NAV	117.07	104.86
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.08
Dilution adjustments ^[a]	(0.01)	(0.05)
Total direct portfolio transaction costs	0.00	0.03
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	0.10
Operating charges ^[c]	1.47	1.72
Return after operating charges	+11.64	+4.86
Historic yield	0.00	0.00
Effect on yield of charges offset against capital	0.00	0.00
Other information		
Closing NAV (\$'000)	29	28
Closing NAV percentage of total fund NAV (%)	0.09	0.10
Number of shares	20,000	20,000
Highest share price (UK p)	120.80	105.74
Lowest share price (UK p)	106.20	93.44

Sterling Class 'I' Income share performance

The share class was launched on 20 November 2018.

	Six months to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	104.76	100.00
Return before operating charges and after direct portfolio transaction costs	13.11	5.50
Operating charges	(0.52)	(0.36)
Return after operating charges	12.59	5.14
Distributions	n/a	(0.38)
Closing NAV	117.35	104.76
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.09
Dilution adjustments ^[a]	(0.01)	(0.05)
Total direct portfolio transaction costs	0.00	0.04
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	0.10
Operating charges ^[c]	1.02	0.99
Return after operating charges	+12.02	+5.14
Historic yield	0.32	0.35
Effect on yield of charges offset against capital	1.00	0.90
Other information		
Closing NAV (\$'000)	237	121
Closing NAV percentage of total fund NAV (%)	0.74	0.43
Number of shares	163,949	88,415
Highest share price (UK p)	120.98	106.00
Lowest share price (UK p)	106.10	93.50

Sterling Class 'I' Accumulation share performance

The share class was launched on 20 November 2018.

	Six months to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	105.14	100.00
Return before operating charges and after direct portfolio transaction costs	13.16	5.50
Operating charges	(0.53)	(0.36)
Return after operating charges	12.63	5.14
Distributions	n/a	(0.06)
Retained distributions	n/a	0.06
Closing NAV	117.77	105.14
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.09
Dilution adjustments ^[a]	(0.01)	(0.05)
Total direct portfolio transaction costs	0.00	0.04
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	0.10
Operating charges ^[c]	0.88	0.99
Return after operating charges	+12.01	+5.14
Historic yield	0.05	0.06
Effect on yield of charges offset against capital	0.00	0.00
Other information		
Closing NAV (\$'000)	11,987	11,460
Closing NAV percentage of total fund NAV (%)	37.60	40.66
Number of shares	8,274,296	8,317,546
Highest share price (UK p)	121.43	106.00
Lowest share price (UK p)	106.49	93.51

Sterling Class 'L' Income share performance

The share class was launched on 20 November 2018.

	Six months to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	104.85	100.00
Return before operating charges and after direct portfolio transaction costs	13.14	5.50
Operating charges	(0.39)	(0.27)
Return after operating charges	12.75	5.23
Distributions	n/a	(0.38)
Closing NAV	117.60	104.85
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.09
Dilution adjustments ^[a]	(0.01)	(0.05)
Total direct portfolio transaction costs	0.00	0.04
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	0.10
Operating charges ^[c]	0.68	0.74
Return after operating charges	+12.16	+5.23
Historic yield	0.32	0.35
Effect on yield of charges offset against capital	0.66	0.65
Other information		
Closing NAV (\$'000)	905	539
Closing NAV percentage of total fund NAV (%)	2.84	1.91
Number of shares	625,378	392,038
Highest share price (UK p)	121.20	106.09
Lowest share price (UK p)	106.20	93.52

M&G Positive Impact Fund

Financial highlights

Specific share class performance

Sterling Class 'L' Accumulation share performance

The share class was launched on 20 November 2018.

	Six months to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	105.23	100.00
Return before operating charges and after direct portfolio transaction costs	13.18	5.49
Operating charges	(0.39)	(0.26)
Return after operating charges	12.79	5.23
Distributions	n/a	(0.15)
Retained distributions	n/a	0.15
Closing NAV	118.02	105.23
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.08
Dilution adjustments ^[a]	(0.01)	(0.05)
Total direct portfolio transaction costs	0.00	0.03
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	0.10
Operating charges ^[c]	0.65	0.73
Return after operating charges	+12.15	+5.23
Historic yield	0.13	0.14
Effect on yield of charges offset against capital	0.00	0.00
Other information		
Closing NAV (\$'000)	18,095	15,862
Closing NAV percentage of total fund NAV (%)	56.75	56.28
Number of shares	12,463,352	11,502,289
Highest share price (UK p)	121.63	106.09
Lowest share price (UK p)	106.58	93.52

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

	Period to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	100.00	n/a
Return before operating charges and after direct portfolio transaction costs	1.17	n/a
Operating charges	(0.11)	n/a
Return after operating charges	1.06	n/a
Distributions	n/a	n/a
Closing NAV	101.06	n/a
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.00	n/a
Dilution adjustments ^[a]	0.00	n/a
Total direct portfolio transaction costs	0.00	n/a
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a
Operating charges	0.65	n/a
Return after operating charges	+1.06	n/a
Historic yield	0.32	n/a
Effect on yield of charges offset against capital	0.65	n/a
Other information		
Closing NAV (\$'000)	25	n/a
Closing NAV percentage of total fund NAV (%)	0.08	n/a
Number of shares	20,000	n/a
Highest share price (UK p)	103.48	n/a
Lowest share price (UK p)	99.14	n/a

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

	Period to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	100.00	n/a
Return before operating charges and after direct portfolio transaction costs	9.02	n/a
Operating charges	(0.37)	n/a
Return after operating charges	8.65	n/a
Distributions	n/a	n/a
Retained distributions	n/a	n/a
Closing NAV	108.65	n/a
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	n/a
Dilution adjustments ^[a]	(0.01)	n/a
Total direct portfolio transaction costs	0.00	n/a
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a
Operating charges	0.69	n/a
Return after operating charges	+8.65	n/a
Historic yield	0.08	n/a
Effect on yield of charges offset against capital	0.00	n/a
Other information		
Closing NAV (\$'000)	27	n/a
Closing NAV percentage of total fund NAV (%)	0.08	n/a
Number of shares	20,000	n/a
Highest share price (UK p)	111.98	n/a
Lowest share price (UK p)	98.73	n/a

M&G Positive Impact Fund

Financial highlights

Specific share class performance

Sterling Class 'R' Income share performance

The share class was launched on 20 November 2018.

	Six months to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	104.67	100.00
Return before operating charges and after direct portfolio transaction costs	13.09	5.49
Operating charges	(0.66)	(0.44)
Return after operating charges	12.43	5.05
Distributions	n/a	(0.38)
Closing NAV	117.10	104.67
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.08
Dilution adjustments ^[a]	(0.01)	(0.05)
Total direct portfolio transaction costs	0.00	0.03
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	0.10
Operating charges ^[c]	1.75	1.22
Return after operating charges	+11.88	+5.05
Historic yield	0.32	0.35
Effect on yield of charges offset against capital	1.74	1.15
Other information		
Closing NAV (\$'000)	302	27
Closing NAV percentage of total fund NAV (%)	0.95	0.10
Number of shares	209,925	20,000
Highest share price (UK p)	120.79	105.92
Lowest share price (UK p)	106.01	93.48

Sterling Class 'R' Accumulation share performance

The share class was launched on 20 November 2018.

	Six months to 30.09.19 UK p	Period to 31.03.19 UK p
Change in NAV per share		
Opening NAV	105.04	100.00
Return before operating charges and after direct portfolio transaction costs	13.15	5.50
Operating charges	(0.67)	(0.46)
Return after operating charges	12.48	5.04
Distributions	n/a	0.00
Retained distributions	n/a	0.00
Closing NAV	117.52	105.04
Direct portfolio transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.08
Dilution adjustments ^[a]	(0.01)	(0.05)
Total direct portfolio transaction costs	0.00	0.03
Performance and charges	%	%
Direct portfolio transaction costs ^[b]	0.00	0.10
Operating charges ^[c]	1.29	1.26
Return after operating charges	+11.88	+5.04
Historic yield	0.00	0.00
Effect on yield of charges offset against capital	0.00	0.00
Other information		
Closing NAV (\$'000)	207	104
Closing NAV percentage of total fund NAV (%)	0.65	0.37
Number of shares	143,430	75,183
Highest share price (UK p)	121.21	105.92
Lowest share price (UK p)	106.39	93.48

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

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

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

M&G Positive Impact Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2019	
	\$'000	\$'000
Income		
Net capital gains / (losses)		1,321
Revenue	302	
Expenses	(123)	
Net revenue / (expense) before taxation	179	
Taxation	(18)	
Net revenue / (expense) after taxation		161
Total return before equalisation		1,482
Equalisation		11
Change in net assets attributable to shareholders from investment activities		1,493

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2019	
	\$'000	\$'000
Opening net assets attributable to shareholders		28,182
Amounts received on issue of shares	3,254	
Amounts paid on cancellation of shares	(1,051)	
		2,203
Dilution adjustments		5
Change in net assets attributable to shareholders from investment activities (see above)		1,493
Closing net assets attributable to shareholders		31,883

Balance sheet

as at	30 September 2019	31 March 2019
	\$'000	\$'000
Assets		
Fixed assets		
Investments	29,066	26,786
Current assets		
Debtors	153	36
Cash and bank balances	2,684	1,379
Total assets	31,903	28,201
Liabilities		
Creditors		
Distribution payable	0	(3)
Other creditors	(20)	(16)
Total liabilities	(20)	(19)
Net assets attributable to shareholders	31,883	28,182

Notes to the financial statements

Accounting policies

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

Distribution policy

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

M&G UK Inflation Linked Corporate Bond Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to protect the value of capital and income from inflation by generating a return consistent with or greater than UK inflation over a rolling three to five year period. There is no guarantee that the fund will achieve its objective over this, or any other, period. The income distributions and the value of your investment may rise and fall and investors may not recoup the original amount they invested.

Investment policy

The fund invests mainly in investment grade corporate bonds, including inflation-linked corporate bonds, floating rate notes (including asset backed securities) and other fixed income instruments (including bonds not linked to inflation). Derivatives may be used in pursuit of the fund objective and for efficient portfolio management purposes. Corporate bond exposure may be achieved either directly or by investing in a combination of assets, including government securities and credit derivatives. Inflation strategies may, at times, result in a return profile different to that of corporate bonds not linked to inflation. If deemed appropriate by the investment manager, the associated currency risks may be hedged.

The fund may also invest in other assets including collective investment schemes, other transferable securities and debt instruments (including high yield debt, convertible and preference stocks), cash and near cash, deposits, warrants and money market instruments.

Investment approach

The M&G UK Inflation Linked Corporate Bond Fund invests in a range of fixed interest securities that should perform well when inflation is high or rising. The fund will be mainly exposed to investment grade credit but can also invest in inflation-linked government bonds, floating rate notes (FRNs), senior secured loans, conventional corporate and government bonds, cash and derivatives such as credit default swaps (CDS). The fund manager may also form assets out of a combination of government bonds and derivatives, whose returns behave in a similar way to inflation-linked corporate bonds. The aim of the fund is to provide returns that are consistent with or exceed inflation, as measured by the Consumer Prices Index (CPI) over a rolling three- to five-year period.

Benchmark

Benchmark: UK Consumer Prices Index.

The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

Risk profile

The fund invests in fixed interest assets that would be expected to perform well in an inflationary environment, such as inflation-linked bonds issued by companies and governments. It is therefore subject to the price volatility of the global bond market as well as the performance of individual issuers.

The fund's focus is on investment grade, or high-quality corporate bonds, which are securities that are normally traded with relative ease. The fund's exposure to index-linked bonds may be achieved either directly or by investing in a combination of assets, including government securities and credit derivatives. In association with the use of derivatives, including those instruments not traded through an exchange, collateral is deposited in order to mitigate the risk that a counterparty may default on its obligations or become insolvent.

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

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



The above number:

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

M&G UK Inflation Linked Corporate Bond Fund

Authorised Corporate Director's Report

Investment review

As at 1 October 2019, for the six months ended 30 September 2019

Performance against objective

Between 1 April 2019 (the start of the review period) and 1 October 2019, the M&G UK Inflation Linked Corporate Bond Fund delivered a positive total return (the combination of income and growth of capital) across different share classes. Returns in this period were ahead of the change in the UK Consumer Prices Index (CPI), which the fund seeks to match or exceed over a rolling three- to five-year period. Over three years, the fund's returns were marginally ahead of the CPI, although slightly behind CPI over five years*.

* 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 invests in a range of instruments that can help to mitigate the potentially damaging effects of inflation. It is mainly invested in inflation-linked bonds issued by high-quality companies, where both the value of the loan and the interest payments are adjusted in line with inflation until they mature.

Fixed income markets delivered solid returns in the review period. Sentiment continued to be well supported by the prospect of further stimulus measures from the world's central banks, with both the Federal Reserve and the European Central Bank (ECB) cutting interest rates in the period. This helped drive strong performance across core government bonds, which saw yields fall to record lows in many parts of the market.

Returns for corporate bonds were more muted, with investor sentiment adversely affected by escalating trade war tensions, rising Brexit fears and deteriorating economic data, notably in Germany and China.

In the UK, Boris Johnson's appointment as prime minister triggered further weakness in sterling as markets priced in the increased probability of a 'no-deal' Brexit. However, the prospect that UK interest rates would need to be cut in this scenario triggered strong performance in UK government bonds, or gilts, with 10-year yields plummeting from 1.0% at the end of March to 0.5% at the end of September.

Inflation remained muted over the review period, with the UK Consumer Prices Index (CPI) declining from 1.9% in March to 1.7% in September. This was the lowest inflation reading since December 2016, driven by a slowdown in transport costs and lower fuel prices.

The fund delivered a positive return in the review period, helped by a rise in UK inflation expectations. While the fund maintained a low sensitivity to movements in interest rates, it nevertheless obtained some benefit from the significant fall in government bond yields over the review period.

It should be noted that the fund's index-linked gilt positions consist entirely of very short-dated instruments (such as those maturing before 2020 or 2022), which meant the fund was not affected by the announcement of potential changes to the Retail Prices Index (RPI), which led to a sharp sell-off in longer dated index-linked gilts in early September.

Investment activities

Given the risk of a 'no-deal' Brexit and political uncertainty in the UK, we continue to focus on very short-dated index-linked gilts. These instruments tend to be less correlated to movements in sterling – which we expect to remain highly volatile – and should be largely immune to any future reforms to the RPI, as this would be unlikely to occur before 2025 at the earliest.

Following the strong rally in corporate bond markets since the start of 2019, we have been gradually reducing credit risk within the fund, taking the opportunity to switch into more defensive assets as opportunities present themselves. For instance, we sold a number of US corporate bonds and European bank bonds where valuations looked less compelling after recent strong performance. In their place, we have been switching into higher rated issues, including some AAA rated residential mortgage-backed securities (RMBS).

In terms of our non-UK index-linked exposure, we took the opportunity to switch out of index-linked bonds into US Treasury Inflation-Protected Securities (TIPS), after European breakeven rates rose sharply following the ECB's policy announcement in September. (The breakeven rate is a market-based measure of expected inflation. It is the difference between the yield of a nominal bond and an inflation-linked bond of the same maturity.) We failed to see why the ECB's measures would have any meaningful impact on European inflation and we currently see more upside potential in US TIPS.

The fund continues to be positioned with a low sensitivity to movements in interest rates, especially in terms of our UK interest rate risk where we have minimal exposure. This should help mitigate the negative impact of any future volatility in gilt markets amid ongoing political uncertainty. With both of the main political parties in the UK favouring increased fiscal stimulus, and with 10-year gilt yields falling to ever lower levels, we believe a cautious approach is warranted.

Outlook

By focusing on index-linked bonds issued by highly rated companies that are due to be repaid in a relatively short period of time, we believe the fund remains well placed to withstand any future rise in UK inflation. While inflation has softened over the past few months, there are several factors that could create renewed inflationary pressure going forward, such as further sterling weakness or a sustained increase in oil prices. Furthermore, by keeping a low sensitivity to movements in interest rates, the fund should also be able to withstand any future turbulence in government bond markets.

Looking ahead, we expect markets to continue to be driven by two opposing forces. On the one hand, major central banks around the world have become increasingly accommodative in their monetary policy stance, implementing measures that should prove supportive for fixed income markets. On the other hand, geopolitical pressures continue to build, particularly in relation to the ongoing trade dispute between the US and China. In our view, the dichotomy between these two opposing forces – central bank support and geopolitical risks – will keep market volatility elevated for the time being. In this environment we want to avoid taking too much market risk and, as highlighted above, we have taken the opportunity to de-risk the fund on the back of recent market strength.

Ben Lord

Fund manager

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

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

M&G UK Inflation Linked Corporate Bond Fund

Authorised Corporate Director's Report

Investments

Portfolio statement

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
FIXED INCOME	872,585	99.77	98.85
Debt securities	868,779	99.34	98.51
'AAA' credit rated bonds	43,504	4.97	7.63
£1,356,098 DLL UK Equipment Finance 2019-1 FRN 1.5449% 25/03/2028	1,361	0.15	
£6,618,376 Dukinfield FRN 2.0263% 20/12/2052	6,669	0.76	
£148,000 European Investment Bank IL 2.1% 22/11/2022	241	0.03	
£6,800,000 FMS Wertmanagement FRN 0.9904% 14/01/2022	6,805	0.78	
£15,633,334 Lanark Master Issuer FRN 1.5809% 22/12/2069	15,683	1.79	
£2,641,971 Polaris 2019-1 FRN 1.9596% 27/04/2057	2,640	0.30	
£350,363 Residential Mortgage Securities 28 FRN 1.9314% 15/06/2046	351	0.04	
£3,750,955 Warwick Finance Residential Mortgages No. 1 FRN 1.765% 21/09/2049	3,756	0.43	
£5,966,927 Warwick Finance Residential Mortgages No. 2 FRN 2.265% 21/09/2049	5,998	0.69	
'AA' credit rated bonds	547,131	62.56	51.25
£18,152 Baglan Moor Healthcare IL 3.92% 30/04/2029	40	0.01	
£3,036,000 New York Life Global Funding 1.25% 17/12/2026	3,044	0.35	
£1,500,000 Réseau Ferré de France IL 2.45% 28/02/2023	1,911	0.22	
£18,090,000 Royal Bank of Canada FRN 1.2917% 03/10/2024	18,087	2.07	
£1,300,000 Scotland Gas Network IL 2.127% 21/10/2022	2,210	0.25	
£15,057,642 Treasury IL 0.125% 22/03/2024	20,736	2.37	
£182,517 Treasury IL 0.125% 22/03/2026	251	0.03	
£182,517 Treasury IL 1.25% 22/11/2027	381	0.04	
£87,754,059 Treasury IL 1.875% 22/11/2022	144,399	16.51	
£68,000,000 Treasury IL 2.5% 16/04/2020	241,488	27.61	
£6,827,625 Treasury IL 2.5% 17/07/2024	25,665	2.93	
\$22,440,500 US Treasury IL 0.125% 15/04/2021	19,533	2.23	
\$24,750,000 US Treasury IL 0.125% 15/07/2022	22,351	2.56	
\$23,000,000 US Treasury IL 0.375% 15/07/2023	20,734	2.37	
\$27,377,600 US Treasury IL 1.25% 15/07/2020	26,301	3.01	
'A' credit rated bonds	83,682	9.57	12.18
£1,350,000 Anglian Water Services Financing IL 3.666% 30/07/2024	2,805	0.32	
£11,168,000 Anglian Water Services Financing IL 4.125% 28/07/2020	20,173	2.31	
£7,800,000 Banco Santander 2.75% 12/09/2023	8,168	0.93	
£5,920,000 Bank of Scotland IL 2.64% 16/04/2020	9,989	1.14	
\$4,652,000 Cigna FRN 2.7894% 17/09/2021	3,778	0.43	
£2,126,000 Cooperatieve Rabobank IL 2.25% 22/11/2022	3,387	0.39	
\$2,738,000 Crédit Agricole FRN 3.3028% 24/04/2023	2,214	0.25	
€5,530,000 DH Europe Finance II 0.2% 18/03/2026	4,885	0.56	
£5,000,000 HSBC Var. Rate 2.175% 27/06/2023	5,085	0.58	
£2,940,000 Lloyds Bank FRN 1.2812% 16/05/2024	2,942	0.34	
£2,199,000 National Grid Electricity Transmission 3.806% 27/07/2020	3,808	0.44	
£3,013,700 Nationwide Building Society IL 3.875% 30/07/2021	9,745	1.12	

Portfolio statement (continued)

as at Holding	30.09.19 £'000	30.09.19 %	31.03.19 %
'A' credit rated bonds (continued)			
£2,166,641 Newgate Funding FRN 0.9268% 01/12/2050	2,043	0.23	
£130,170 Newgate Funding FRN 0.9568% 01/12/2050	123	0.01	
£1,987,574 RMAC Securities No. 1 FRN 0.933% 12/06/2044	1,863	0.21	
€2,900,000 Santander Consumer Finance 1.125% 09/10/2023	2,674	0.31	
'BBB' credit rated bonds	129,187	14.77	21.34
\$5,400,000 ABN AMRO Bank Var. Rate 4.4% 27/03/2028	4,511	0.51	
€8,611,000 Altria 1.7% 15/06/2025	7,958	0.91	
\$15,971,000 BAT Capital 3.222% 15/08/2024	13,111	1.50	
\$5,000,000 BellSouth 4.266% 26/04/2020	4,099	0.47	
\$9,126,000 Energy Transfer Operating 4.05% 15/03/2025	7,743	0.88	
\$4,475,000 Energy Transfer Operating 4.5% 15/04/2024	3,876	0.44	
£2,204,000 Fidelity National Information Services 2.602% 21/05/2025	2,325	0.27	
£1,573,000 Fiserv 2.25% 01/07/2025	1,625	0.19	
£4,995,000 Ford Motor Credit 4.535% 06/03/2025	5,293	0.60	
\$4,563,000 General Motors Financial 5.1% 17/01/2024	3,981	0.45	
€10,951,000 Heimstaden Bostad 1.75% 07/12/2021	10,018	1.15	
\$6,000,000 Intesa Sanpaolo 3.25% 23/09/2024	4,862	0.56	
\$4,563,000 Morgan Stanley FRN 3.6828% 24/10/2023	3,776	0.43	
€4,599,000 Mylan 2.25% 22/11/2024	4,337	0.50	
€4,112,000 Nationwide Building Society Var. Rate 1.5% 08/03/2026	3,786	0.43	
\$2,282,000 Nationwide Building Society Var. Rate 3.766% 08/03/2024	1,900	0.22	
€9,103,000 Ørsted 0.375% 16/05/2034	10,218	1.17	
€9,126,000 Royal Bank of Scotland Var. Rate 2.875% 19/09/2026	9,405	1.08	
£2,829,000 Royal Bank of Scotland Var. Rate 3.125% 28/03/2027	2,938	0.34	
£1,452,000 Southern Water Services Finance IL 3.816% 31/03/2023	2,770	0.32	
£3,152,000 Thames Water Utilities Finance 3.375% 21/07/2021	5,555	0.63	
£2,400,000 Volkswagen Financial Services 1.625% 30/11/2022	2,398	0.27	
£2,600,000 Volkswagen Financial Services 2.75% 10/07/2023	2,693	0.31	
€9,100,000 Volkswagen International Finance FRN 1.144% 16/11/2024	8,303	0.95	
€1,908,000 Volkswagen Leasing 0.5% 20/06/2022	1,706	0.19	
'BB' credit rated bonds	22,723	2.60	3.50
£1,283,320 Catalyst Healthcare (Manchester) Financing IL 2.411% 30/09/2040	2,576	0.30	
\$3,194,000 Tesco 6.15% 15/11/2037	3,011	0.34	
£1,370,000 Tesco Corporate Treasury Services 2.5% 02/05/2025	1,392	0.16	
£7,500,000 Tesco IL 3.322% 05/11/2025	15,744	1.80	
Bonds with no credit rating	42,552	4.87	2.61
£3,924,000 Admiral 5.5% 25/07/2024	4,381	0.50	
£2,644,000 Albion NO 4 FRN	2,644	0.30	
£186,875 Annes Gate Property IL 3.237% 31/03/2030	389	0.05	
€2,000,000 Eirles Two FRN 2020 [a]	0	0.00	
£395,028 Exchequer Partnerships IL 3.582% 31/12/2035	1023	0.12	
£9,999,703 Finsbury Square 2018-2 FRN 1.7299% 12/09/2068	10,000	1.14	

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Portfolio statement (continued)				
as at Holding	30.09.19	30.09.19	31.03.19	
	£'000	%	%	
Bonds with no credit rating (continued)				
£1,679,000 Hastings Group Finance 3% 24/05/2025	1,661	0.19		
£662,480 HpC Kings College Hospital IL 3.443% 31/03/2036	1,641	0.19		
£1,509,084 London Wall Mortgage Capital FRN 1.6181% 15/11/2049	1,509	0.17		
£598,898 Nationwide Building Society IL 4.25% 23/02/2024	2,030	0.23		
£2,859,000 PCL Funding III FRN 1.364% 15/06/2023	2,846	0.33		
£2,913,374 Precise Mortgage Funding 2018-2B FRN 1.4599% 12/03/2055	2,889	0.33		
£4,730,032 Precise Mortgage Funding 2019-1B FRN 1.6399% 12/12/2055	4,730	0.54		
\$3,157,987 Project Silver 3.967% 15/07/2044	2,605	0.30		
£7 T.H.F.C IL 5.65% 30/09/2020	0	0.00		
£1,000,900 Tesco Personal Finance IL 1% 16/12/2019	1,226	0.14		
£1,369,392 Together Asset Backed Securitisation FRN 1.7799% 12/03/2049	1,368	0.16		
£1,572,000 Yorkshire Building Society Var. Rate 3% 18/04/2025	1,610	0.18		
Debt derivatives	3,806	0.43	0.34	
Credit default swaps	7,087	0.81	0.54	
\$(13,000,000) América Móvil Dec 2021	76	0.01		
\$(17,500,000) América Móvil Dec 2023	(15)	0.00		
€(9,500,000) Anglo American Capital Jun 2023	1,332	0.16		
€(7,500,000) Anglo American Capital Jun 2024	1,218	0.14		
€(22,500,000) Anheuser-Busch InBev Dec 2023	535	0.07		
€(5,000,000) Aroundtown Dec 2022	25	0.00		
\$(7,500,000) AT&T June 2024	73	0.01		
€(17,000,000) Bayer Jan 2021	322	0.03		
€(5,000,000) Bayer Jun 2024	87	0.01		
\$(15,000,000) CVS Health Dec 2027	(84)	(0.01)		
\$(10,000,000) General Electric Dec 2023	1	0.00		
\$(7,500,000) General Electric Dec 2028	(412)	(0.05)		
€(10,000,000) Koninklijke Jun 2024	94	0.00		
\$(135,000,000) Markit CDX North American Investment Grade Series 31 3 Year Dec 2021	1,861	0.21		
\$(50,000,000) Markit CDX North American Investment Grade Series 33 V1 5 Year Dec 2024	774	0.09		
€(55,000,000) Markit iTraxx Europe Series 31 V2 5 Year Jun 2022	1,017	0.12		
\$(10,000,000) Verizon Communications Mar 2025	183	0.02		

Portfolio statement (continued)

as at Holding	30.09.19	30.09.19	31.03.19	
	£'000	%	%	
Interest rate swaps	(2,242)	(0.26)	(0.05)	
£20,000,000 Pay 0.785% Receive VAR Feb 2022	(69)	(0.01)		
£20,000,000 Pay 0.832% Receive VAR Mar 2022	(93)	(0.01)		
£30,000,000 Pay 0.874% Receive VAR Sep 2047	(214)	(0.02)		
£45,000,000 Pay 0.96% Receive VAR Mar 2022	(352)	(0.04)		
£22,500,000 Pay 0.974% Receive VAR Nov 2046	(156)	(0.01)		
£17,500,000 Pay 1.0888% Receive VAR Oct 2022	(254)	(0.03)		
£30,000,000 Pay 1.316% Receive VAR Feb 2020	(76)	(0.01)		
£25,000,000 Pay 1.319% Receive VAR Jan 2020	(63)	(0.01)		
£60,000,000 Pay 1.49% Receive VAR Feb 2020	(210)	(0.02)		
£75,000,000 Pay 1.71% Receive VAR Oct 2019	(286)	(0.04)		
£50,000,000 Pay 272.9% Receive 3.3475% Sep 2022	(325)	(0.04)		
£25,000,000 Pay VAR Receive 3.6275% Jun 2024	(219)	(0.03)		
£25,000,000 Pay VAR Receive 3.89% Sep 2024	75	0.01		
Interest rate futures	(1,039)	(0.12)	(0.15)	
509 5 Year US Treasury Note Dec 2019	(159)	(0.02)		
(80) Euro Bobl Dec 2019	80	0.01		
(40) Euro Bund Dec 2019	82	0.01		
(700) UK Long Gilt Bond Dec 2019	(1,042)	(0.12)		
CURRENCY	(1,997)	(0.23)	0.23	
Forward currency contracts	(1,997)	(0.23)	0.23	
€25,164,072 Bought for £22,227,430 (expires 23.10.19)	132	0.01		
€(91,138,760) Sold for £80,602,111 (expires 23.10.19)	(379)	(0.04)		
\$(188,313,989) Sold for £151,214,173 (expires 23.10.19)	(1,750)	(0.20)		
Portfolio of investments	870,588	99.54	99.08	
CASH EQUIVALENTS	6,811	0.78	0.68	
'AAA' rated money market funds ^[b]	6,811	0.78	0.68	
6,811,000 Northern Trust Global Fund - Sterling	6,811	0.78		
Total portfolio	877,399	100.32	99.76	
Net other assets / (liabilities)	(2,776)	(0.32)	0.24	
Net assets attributable to shareholders	874,623	100.00	100.00	

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

[a] Defaulted bond.

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

Portfolio transactions

for the six months to 30 September	2019	2018
Portfolio transactions	£'000	£'000
Total purchases	258,642	420,976
Total sales	485,541	491,330

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

M&G UK Inflation Linked Corporate Bond Fund

Financial highlights

Fund performance

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

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	30.09.19 £'000	31.03.19 £'000	31.03.18 £'000
Fund net asset value (NAV)	874,623	1,080,651	1,192,190

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.



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

Long-term performance by share class

	Six months 01.04.19 % ^[a]	Three years 03.10.16 % p.a.	Five years 01.10.14 % p.a.	Since launch % p.a.
Sterling^[b]				
Class 'A'	+1.5	+1.8	+1.0	+2.1 ^[c]
Class 'I'	+1.8	+2.4	+1.5	+2.6 ^[c]
Class 'PP'	n/a	n/a	n/a	+1.6 ^[d]
Class 'R'	+1.7	+2.1	+1.3	+2.1 ^[e]

^[a] Absolute basis.

^[b] Price to price with income reinvested.

^[c] 16 September 2010, the launch date of the fund.

^[d] 8 April 2019, the launch date of the share class. Not annualised.

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

M&G UK Inflation Linked Corporate Bond 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:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. From 1 August 2019, this charge rolls all costs that make up the operating charges into one annual charge.

For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).

- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- **Investment management:** Charge paid to M&G for investment management of the fund. From 1 August 2019 this charge forms part of the annual charge.
- **Administration:** Charge paid for administration services in addition to investment management – any surplus from this charge will be retained by M&G. From 1 August 2019 this charge is rolled into the annual charge.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit. From 1 August 2019 these charges will be paid by M&G and rolled into the annual charge.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated. From 1 August 2019 charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These 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.

Once the annual charge has been operational for twelve months, operating charges will be in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or 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.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. As the fund invests mainly in fixed interest securities, the direct transaction costs paid on other investments are too small to be reflected in the table below. To give an indication of the indirect portfolio dealing costs the table below shows the average portfolio dealing spread.

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

Portfolio transaction costs

as at	30.09.19	31.03.19	31.03.18	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.17	0.22	0.12	0.17

^[a] Average of first three columns.

M&G UK Inflation Linked Corporate Bond 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.

Sterling Class 'A' Income share performance

The share class was launched on 16 September 2010.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	114.10	114.53	114.15
Return before operating charges and after direct portfolio transaction costs	2.51	2.33	2.39
Operating charges	(0.69)	(1.33)	(1.33)
Return after operating charges	1.82	1.00	1.06
Distributions	(0.51)	(1.43)	(0.68)
Closing NAV	115.41	114.10	114.53
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.60	1.16	1.16
Return after operating charges	+1.60	+0.87	+0.93
Distribution yield	0.00	0.81	0.61
Effect on yield of charges offset against capital	0.60	1.15	1.15
Other information			
Closing NAV (£'000)	2,758	129,109	131,816
Closing NAV percentage of total fund NAV (%)	0.31	11.95	11.06
Number of shares	2,389,225	113,152,100	115,089,107
Highest share price (UK p)	116.14	115.10	115.85
Lowest share price (UK p)	114.20	112.77	114.10

Sterling Class 'A' Accumulation share performance

The share class was launched on 16 September 2010.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	119.18	118.14	117.06
Return before operating charges and after direct portfolio transaction costs	2.65	2.41	2.44
Operating charges	(0.70)	(1.37)	(1.36)
Return after operating charges	1.95	1.04	1.08
Distributions	0.00	(0.12)	0.00
Retained distributions	0.00	0.12	0.00
Closing NAV	121.13	119.18	118.14
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	1.11	1.16	1.16
Return after operating charges	+1.64	+0.88	+0.92
Distribution yield	0.00	0.00	0.00
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	24,538	30,318	48,328
Closing NAV percentage of total fund NAV (%)	2.81	2.81	4.05
Number of shares	20,257,418	25,438,455	40,906,802
Highest share price (UK p)	121.36	119.23	119.16
Lowest share price (UK p)	119.28	116.96	117.00

Sterling Class 'I' Income share performance

The share class was launched on 16 September 2010.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	116.80	116.65	115.69
Return before operating charges and after direct portfolio transaction costs	2.60	2.38	2.42
Operating charges	(0.39)	(0.77)	(0.77)
Return after operating charges	2.21	1.61	1.65
Distributions	(0.54)	(1.46)	(0.69)
Closing NAV	118.47	116.80	116.65
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.64	0.66	0.66
Return after operating charges	+1.89	+1.38	+1.43
Distribution yield	0.00	0.82	0.61
Effect on yield of charges offset against capital	0.63	0.65	0.65
Other information			
Closing NAV (£'000)	467,953	477,510	553,103
Closing NAV percentage of total fund NAV (%)	53.50	44.19	46.39
Number of shares	394,989,679	408,820,821	474,150,953
Highest share price (UK p)	119.23	117.67	117.81
Lowest share price (UK p)	116.91	115.30	115.67

M&G UK Inflation Linked Corporate Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'I' Accumulation share performance

The share class was launched on 16 September 2010.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	123.84	122.15	120.43
Return before operating charges and after direct portfolio transaction costs	2.75	2.50	2.52
Operating charges	(0.41)	(0.81)	(0.80)
Return after operating charges	2.34	1.69	1.72
Distributions	(0.17)	(0.74)	0.00
Retained distributions	0.17	0.74	0.00
Closing NAV	126.18	123.84	122.15
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.62	0.66	0.66
Return after operating charges	+1.89	+1.38	+1.43
Distribution yield	0.00	0.17	0.00
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	377,456	442,333	457,560
Closing NAV percentage of total fund NAV (%)	43.16	40.93	38.39
Number of shares	299,133,945	357,173,836	374,593,898
Highest share price (UK p)	126.41	123.89	123.01
Lowest share price (UK p)	123.95	121.39	120.41

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

	Period to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	0.31	n/a	n/a
Operating charges	(0.08)	n/a	n/a
Return after operating charges	0.23	n/a	n/a
Distributions	(0.45)	n/a	n/a
Closing NAV	99.78	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	n/a	n/a
Dilution adjustments ^[a]	0.00	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges ^[c]	0.48	n/a	n/a
Return after operating charges	+0.23	n/a	n/a
Distribution yield	0.00	n/a	n/a
Effect on yield of charges offset against capital	0.48	n/a	n/a
Other information			
Closing NAV (£'000)	262	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.03	n/a	n/a
Number of shares	262,595	n/a	n/a
Highest share price (UK p)	100.32	n/a	n/a
Lowest share price (UK p)	99.81	n/a	n/a

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

	Period to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	2.03	n/a	n/a
Operating charges	(0.25)	n/a	n/a
Return after operating charges	1.78	n/a	n/a
Distributions	(0.21)	n/a	n/a
Retained distributions	0.21	n/a	n/a
Closing NAV	101.78	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	n/a	n/a
Dilution adjustments ^[a]	0.00	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges	0.52	n/a	n/a
Return after operating charges	+1.78	n/a	n/a
Distribution yield	0.00	n/a	n/a
Effect on yield of charges offset against capital	0.00	n/a	n/a
Other information			
Closing NAV (£'000)	460	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.05	n/a	n/a
Number of shares	451,940	n/a	n/a
Highest share price (UK p)	101.84	n/a	n/a
Lowest share price (UK p)	99.88	n/a	n/a

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	110.22	110.36	109.72
Return before operating charges and after direct portfolio transaction costs	2.46	2.24	2.29
Operating charges	(0.51)	(1.00)	(1.00)
Return after operating charges	1.95	1.24	1.29
Distributions	(0.51)	(1.38)	(0.65)
Closing NAV	111.66	110.22	110.36
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.88	0.91	0.91
Return after operating charges	+1.77	+1.12	+1.18
Distribution yield	0.00	0.82	0.62
Effect on yield of charges offset against capital	0.88	0.90	0.90
Other information			
Closing NAV (£'000)	443	474	522
Closing NAV percentage of total fund NAV (%)	0.05	0.04	0.04
Number of shares	397,007	430,103	472,989
Highest share price (UK p)	112.37	111.05	111.52
Lowest share price (UK p)	110.32	108.87	109.68

M&G UK Inflation Linked Corporate Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 30.09.19 UK p	Year to 31.03.19 UK p	Year to 31.03.18 UK p
Change in NAV per share			
Opening NAV	113.93	112.65	111.34
Return before operating charges and after direct portfolio transaction costs	2.52	2.31	2.33
Operating charges	(0.52)	(1.03)	(1.02)
Return after operating charges	2.00	1.28	1.31
Distributions	(0.02)	(0.40)	0.00
Retained distributions	0.02	0.40	0.00
Closing NAV	115.93	113.93	112.65
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges ^[c]	0.87	0.91	0.91
Return after operating charges	+1.76	+1.14	+1.18
Distribution yield	0.00	0.00	0.00
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	753	907	861
Closing NAV percentage of total fund NAV (%)	0.09	0.08	0.07
Number of shares	649,929	796,399	763,965
Highest share price (UK p)	116.14	113.97	113.51
Lowest share price (UK p)	114.02	111.74	111.30

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

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

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

M&G UK Inflation Linked Corporate Bond Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2019		2018	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		7,627		(6,638)
Revenue	14,151		17,091	
Expenses	(3,436)		(4,318)	
Net revenue / (expense) before taxation	10,715		12,773	
Taxation	21		(6)	
Net revenue / (expense) after taxation		10,736		12,767
Total return before distributions		18,363		6,129
Distributions		(3,071)		(4,593)
Change in net assets attributable to shareholders from investment activities		15,292		1,536

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,080,651		1,192,190
Amounts received on issue of shares	21,279		49,338	
Amounts paid on cancellation of shares	(243,385)		(101,798)	
		(222,106)		(52,460)
Dilution adjustments		272		106
Change in net assets attributable to shareholders from investment activities (see above)		15,292		1,536
Retained distributions on Accumulation shares		514		977
Closing net assets attributable to shareholders		874,623		1,142,349

The opening net assets attributable to shareholders for 2019 differs to the closing position in 2018 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	30 September 2019	31 March 2019
	£'000	£'000
Assets		
Fixed assets		
Investments	876,746	1,076,169
Current assets		
Debtors	9,452	20,648
Cash and bank balances	12,061	5,494
Cash equivalents	6,811	7,358
Total assets	905,070	1,109,669
Liabilities		
Investment liabilities	(6,158)	(5,423)
Creditors		
Distribution payable	(2,142)	(4,309)
Other creditors	(22,147)	(19,286)
Total liabilities	(30,447)	(29,018)
Net assets attributable to shareholders	874,623	1,080,651

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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.

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

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

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

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

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

Equities: Shares of ownership in a company.

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

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

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

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

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

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

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

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

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

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

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

Gilts: Fixed income securities issued by the UK government.

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

Hedging: A method of reducing unnecessary or unintended risk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ongoing charge figure: The ongoing charge figure represents the operating costs you can reasonably expect to pay under normal circumstances.

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.

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

Glossary

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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