



## **M&G Global Macro Bond Fund**

Interim Long Report and unaudited Financial Statements  
for the six months ended 30 April 2020

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## M&G Global Macro Bond Fund

# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Macro Bond Fund presents its Interim Long Report and unaudited Financial Statements for the six months ended 30 April 2020.

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

### Company information

This Open-Ended Investment Company (OEIC) is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The Company is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA.

The Company was authorised on 26 January 2009 and the fund was launched on 1 May 2009.

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

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

### Fund manager

Jim Leaviss is employed by M&G FA Limited which is an associate of M&G Securities Limited.

### 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 Investing and Saving Alliance (formerly Tax Incentivised Savings Association)).

### Directors of the ACD

C Dobson (non executive director), N M Donnelly,  
S A Fitzgerald, P R Jelfs, M McGrade (non executive director),  
L J Mumford

### 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

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

\* DST Financial Services Europe Ltd changed its name to SS&C Financial Services Europe Ltd on 31 March 2020.

### Depository

NatWest Trustee & Depository 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

The investment objective, policy and approach were changed for M&G Global Macro Bond Fund on 23 March 2020.

The World Health Organisation declared the COVID-19 outbreak a pandemic on 11 March 2020.

Global financial markets have been reacting to the outbreak. All markets have incurred increased volatility and uncertainty since the onset of the pandemic.

The ACD has also noted the operational risks that are posed to the Company and its service providers due to global and local movement restrictions that have been enacted by various governments.

The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The ACD will continue to monitor this situation.

## M&G Global Macro Bond Fund

# 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:

ABN AMRO Bank N.V., Belgium branch  
Roderveldlaan 5 bus 4, 2600 Berchem 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

#### Portuguese distributor:

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

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# Authorised Corporate Director's Report

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### Spanish representative:

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

### Swedish paying agent:

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

### Swiss paying agent and representative:

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

## M&G Global Macro Bond Fund

# Authorised Corporate Director's Report

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### Authorised Corporate Director's Responsibilities

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

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

### Directors' statement

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

M&G Securities Limited

17 June 2020

## M&G Global Macro Bond Fund

# Authorised Corporate Director's Report

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### Investment objective up to 22 March 2020

The fund's objective is to maximise long term total return (the combination of income and growth of capital).

### Investment objective from 23 March 2020

The fund aims to provide a higher total return (the combination of capital growth and income) net of the ongoing charge figure, than the average return of the IA Global Bond Sector over any five-year period.

### Investment policy up to 22 March 2020

The fund invests mainly in debt instruments on a global basis which include, but are not limited to, variable rate securities, fixed interest securities, sovereign debt and corporate debt. The fund's exposure to debt instruments may be gained through the use of derivatives. The fund may also invest in other assets including collective investment schemes, money market instruments, cash and near cash, deposits, other transferable securities and derivatives.

### Investment policy from 23 March 2020

At least 80% of the Fund is invested, directly or indirectly through derivatives, in debt securities and in asset-backed securities. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

Other investments may include other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). There are no credit quality restrictions on the debt securities held by the fund.

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

### Investment approach up to 22 March 2020

The M&G Global Macro Bond Fund is a flexible global bond fund. Its investment approach is driven primarily by the fund manager's views on macroeconomic factors such as economic growth, interest rates and inflation. This assessment determines the asset classes in which he believes the fund should invest in order to achieve its objective. It also influences the portfolio's mix of interest rate risk, credit risk and currency exposure, as well as the subsequent holdings. These factors drive the fund's long-term performance. With the active management of the fund's currency exposures being one of these drivers, its returns will include a higher degree of currency risk than domestic fixed income funds.

### Investment approach from 23 March 2020

The fund is globally diversified across a range of debt securities from a variety of sectors and geographies. The fund's investment approach is based on the principle that returns from bond markets are driven by a combination of macroeconomic, asset class, sector, geographic and stock-level factors. As different factors dominate returns at different stages of the economic cycle, the fund manager applies a highly flexible investment approach, changing the blend of duration, credit and currency exposures as well as the allocation to the various types of bonds in the portfolio to weight them appropriately.

Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

### Benchmark up to 22 March 2020

Benchmark: IA Global Bonds sector.

The fund is actively managed. The benchmark is a comparator against which the fund's performance can be measured. The sector has been chosen as the fund's comparator benchmark as the fund is a constituent of the sector. The comparator benchmark does not constrain the fund's portfolio construction.

### Benchmark from 23 March 2020

Benchmark: IA Global Bond sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the fund's benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund.

For unhedged share classes, the benchmark is shown in the share class currency.

### Risk profile

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

There are no restrictions on the amount of government bonds, investment grade bonds or high yield bonds that can be held within the portfolio. While government and investment grade bonds are generally highly liquid assets that are normally traded with relative ease, high yield corporate bonds are higher risk assets that could potentially experience a degree of illiquidity in times of market distress.

## M&G Global Macro Bond Fund

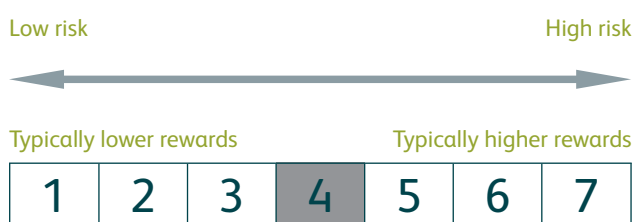
# Authorised Corporate Director's Report

### Risk profile (continued)

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 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 May 2020, for the six months ended 30 April 2020

#### Performance against objective

Between 1 November 2019 (the start of the review period) and 1 May 2020, while the performance of global bond markets was mixed, the M&G Global Macro Bond Fund recorded positive returns across the different share classes. Over five years, the fund has achieved its objective of providing a total return (the combination of capital growth and income), net of the ongoing charge figure, higher than the average return of the IA Global Bond Sector, which was 4.0% p.a. over this period.\*

\* 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

While investors' sentiment was broadly upbeat as the review period got under way, the coronavirus story dominated the performance of global financial markets as 2020 progressed. As the virus spread outside China, many markets recorded sharp declines in value. Governments responded with a variety of moves to try to contain the outbreak, which typically involved 'lockdowns' and other restrictive measures on consumer and business activities.

In turn, the economic implications of the pandemic are set to prompt a global recession, a prospect that contributed to steep falls in stockmarkets and areas of the corporate bond markets.

(Bonds are loans in the form of a security, usually issued by a government – government bonds – or company – corporate bonds – which normally pay a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.)

Towards the end of the review period, deteriorating economic data included rising unemployment levels and large falls in retail spending. However, there were signs that China's economy was beginning to move slowly back to normality, and some European governments began to modestly ease their lockdown restrictions. Also relevantly, governments and central banks around the world announced significant monetary and fiscal policies aimed at providing economic support. In some cases, these moves included interest rate cuts and new plans by central banks to buy government and corporate bonds with their own money.

In the UK, the Bank of England was among central banks to reduce interest rates, bringing its base rate down to 0.1% from 0.75% in two moves during March. The US Federal Reserve, a key central bank from a global perspective, also confirmed interest rate reductions.

Amid the turbulence in financial markets during February and March 2020, the performance of mainstream government bonds held up relatively well. This was helped by their perceived safe-haven status in times of market stress and uncertainty. Lower interest rates can also be supportive to the performance of government bonds. While bond prices declined in many areas of the corporate markets in these months, corporate bonds recorded some upside in performance during April.

Throughout the review period, we maintained a globally diversified bond fund. Within the fund's overall positioning, we held a sizeable allocation to government bonds, with its largest exposure held in US government securities. These assets performed relatively well, a factor that contributed to the fund's delivery of positive returns across its different share classes.

In the corporate bond markets, we maintained a cautious stance towards the fund's exposure in the early months of the period. This largely reflected our view of weakening economic growth, an outlook that can dampen sentiment towards corporate bonds. Our allocation was mainly held in bonds from companies with high credit ratings. In contrast, we avoided exposure to corporate bonds with low credit ratings, which can offer higher rates of return for taking on higher degrees of risk.

The fund's relatively small allocation to corporate bonds going into 2020 helped to reduce the adverse effect on its performance when corporate bond markets declined sharply in February and March. We began to consider that attractive long-term buying opportunities could be found in the area after the significant falls in corporate bond prices. In turn, we sought to increase exposure to the area towards the end of the period.

The fund's flexible investment approach also allows us to invest in emerging market bonds. We maintained a moderate allocation to this area, given our opinion that attractive value could be found in these markets on a selective basis. While these assets contributed positively to the fund's returns in the early months of the review



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### Investment performance (continued)

period, this was countered by their declines later as emerging markets underperformed amid the COVID-19 developments. Among other factors, we increased the fund's exposure to the US dollar within its overall currency positioning. This was helpful to the performance of the fund's unhedged sterling share classes as the US dollar increased in value against sterling.

### Investment activities

We held a cautious view on the economic outlook going into the review period, largely based on weaker economic growth forecasts. In the fund, we expressed this view via defensive overall positioning that included a large allocation to government bonds, which are typically considered safer assets against such an outlook. In contrast, we held a relatively small exposure to corporate bonds.

While we broadly maintained this positioning as the coronavirus theme emerged in the first quarter of 2020, we took some profits from the fund's government bond allocation later in the review period. This was mainly from holdings in US government bonds after they performed well. Elsewhere, following the big declines in corporate bond prices amid the coronavirus concerns, we closely monitored the corporate markets for potential investment opportunities. In our view, valuations in some areas were low enough to start offering attractive buying levels on a long-term perspective.

Consequently, the fund's activity in March included adding corporate bond exposure through a variety of companies with relatively high credit ratings. These included financial groups NY Life, MetLife, JP Morgan, and BBVA, as well as global technology company Apple. We also bought newly issued bonds from creditworthy companies that we felt were attractively priced, including from Coca Cola, Nestle, Pepsi, Exxon, Bank of America, and Sanofi.

In emerging market bonds, while we felt the full impact of the coronavirus story could still lie ahead for some emerging nations, we added some exposure on a very selective basis. In our view, valuation levels in some emerging markets were appealing for taking on some additional risk. In this area, the fund's activity included adding government bonds in South Africa and Ukraine. Within the fund's currency positioning, we maintained a diversity of exposures in mainstream markets, including allocations to the US dollar, Japanese yen, euro, and sterling. We also held smaller exposures to a diversity of emerging market currencies that we felt offered value to the fund.

### Outlook

While much uncertainty remains regarding the full implications of the COVID-19 pandemic, we remain committed to our disciplined investment approach to determine the fund's positioning. This is mainly based on our assessment of macroeconomic factors such as economic growth, interest rates and inflation. From this analysis, we decide the fund's overall positioning and individual holdings to reflect where we believe the best relative value can be found in the global bond markets.

Despite the economic effects of the pandemic, which include the prospect of a global recession, mainstream government bonds performed relatively well in the first four months of 2020. This outcome was helped by their perceived safe-haven status in periods of market uncertainty. We maintained a sizeable allocation to these assets as the review period ended, while we recently increased the fund's exposure to corporate bonds after their prices declined significantly amid the global impact of the virus. In our view, this led to appealing long-term buying opportunities in some areas of the corporate markets, partly as we believe the creditworthiness of various corporate bond issuers can withstand the challenges of the COVID-19 outbreak.

As a diversified global bond fund, we will also continue to manage the fund's currency exposures as we seek to add value to its performance. At the end of the review period, we continued to favour the fund's main currency exposures held among developed markets, with modest allocations to selected emerging market currencies. Overall, our approach remains to invest the fund where we have a favourable view across the full range of government and corporate bond markets in both developed and emerging market regions, while avoiding areas whose outlook we do not like.

### Jim Leaviss

Fund manager

An employee of M&G FA 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 Macro Bond Fund

## Authorised Corporate Director's Report

### Portfolio statement

as at Holding		30.04.20 \$'000	30.04.20 %	31.10.19 %
	<b>FIXED INCOME</b>	<b>1,580,460</b>	<b>97.21</b>	<b>96.57</b>
	<b>Debt securities</b>	<b>1,601,301</b>	<b>98.49</b>	<b>96.66</b>
	<b>'AAA' credit rated bonds</b>	<b>238,177</b>	<b>14.65</b>	<b>12.58</b>
AU\$31,800,000	Australia (Commonwealth of) 3% 21/03/2047	26,661	1.64	
AU\$16,000,000	Australia (Commonwealth of) 3.25% 21/04/2029	12,649	0.78	
€3,022,000	Barings Euro CLO 2017-1 FRN 0.9% 15/10/2030	3,212	0.20	
CA\$32,500,000	Canada (Govt. of) 1.75% 01/03/2023	24,381	1.50	
£2,026,964	Dukinfield FRN 1.7866% 20/12/2052	2,520	0.15	
US\$24,174,000	European Bank for Reconstruction and Development FRN 0.3905% 19/11/2020	24,166	1.49	
AU\$15,109,000	European Investment Bank 5% 22/08/2022	10,876	0.67	
€54,456,104	Germany (Federal Republic of) 0.5% 15/02/2025	62,779	3.86	
£10,000,000	International Bank for Reconstruction and Development 0.3067% 04/10/2023	12,473	0.77	
£1,547,340	Lanark Master Issuer FRN 1.555% 22/12/2069	1,930	0.12	
£6,000,000	Nationwide Building Society FRN 0.8167% 10/01/2024	7,537	0.46	
NOK250,000,000	Norway (Kingdom of) 2% 24/05/2023	25,522	1.57	
£1,706,298	Precise Mortgage Funding 2020-1B FRN 0.9959% 16/10/2056	2,091	0.13	
£5,000,000	Santander FRN 0.7972% 12/02/2024	6,263	0.38	
£1,574,968	THRONES 2015-1 FRN 1.7334% 18/03/2050	1,968	0.12	
£4,166,555	Towd Point Mortgage Funding 2019-Vantage2 FRN 1.4745% 20/02/2054	5,156	0.32	
£1,859,135	Trinity Square 2015-1 FRN 1.8178% 15/07/2051	2,312	0.14	
£2,819,000	Voya Euro CLO III FRN 0.92% 15/04/2033	2,910	0.18	
£2,218,325	Warwick Finance Residential Mortgages No. 2 FRN 2.0223% 21/09/2049	2,771	0.17	
	<b>'AA' credit rated bonds</b>	<b>823,037</b>	<b>50.62</b>	<b>45.53</b>
€6,000,000	Apple 1% 10/11/2022	6,699	0.41	
€3,301,000	Bank of America Var. Rate 3.648% 31/03/2029	4,227	0.26	
US\$2,728,000	BlackRock 1.9% 28/01/2031	2,732	0.17	
US\$6,000,000	Exxon Mobil 3.482% 19/03/2030	6,578	0.41	
€7,200,000	Metropolitan Life Global Funding I 0.375% 09/04/2024	7,660	0.47	
US\$1,214,000	Metropolitan Life Global Funding I 2.95% 09/04/2030	1,295	0.08	
€1,000,000	Nestlé Finance International 1.125% 01/04/2026	1,154	0.07	
€7,376,000	New York Life Global Funding 0.25% 23/01/2027	7,875	0.48	
£6,073,000	New York Life Global Funding 1.25% 17/12/2026	7,387	0.45	
€4,695,050	Paragon Mortgages No. 13 FRN 0.02% 15/01/2039	4,676	0.29	
€1,100,000	Sanofi 1% 01/04/2025	1,249	0.08	
US\$2,899,000	Shell International Finance 2.375% 06/04/2025	2,980	0.18	
£33,500,000	UK Treasury 1.625% 22/10/2028	47,086	2.90	
US\$173,025,300	US Treasury 2.75% 15/02/2028	202,142	12.43	
US\$100,000,000	US Treasury 3% 15/08/2048	141,875	8.73	
US\$176,000,000	US Treasury IL 0.625% 15/01/2024	200,634	12.34	
US\$55,000,000	US Treasury IL 0.625% 15/01/2026	63,253	3.89	
US\$50,000,000	US Treasury IL 3.875% 15/04/2029	108,834	6.69	
US\$4,570,000	Visa 2.05% 15/04/2030	4,701	0.29	
	<b>'A' credit rated bonds</b>	<b>236,364</b>	<b>14.54</b>	<b>9.83</b>
US\$4,737,000	ABN AMRO Bank FRN 1.5453% 19/01/2021	4,723	0.29	
€2,100,000	Aéroports de Paris 2.125% 02/10/2026	2,413	0.15	
€500,000	Air Liquide Finance 1% 02/04/2025	566	0.04	
€1,246,000	American Honda Finance 1.95% 18/10/2024	1,400	0.09	
£364,000	Anglian Water Services Financing IL 4.125% 28/07/2020	803	0.05	
€2,417,000	Bank of America FRN 0.503% 07/02/2022	2,610	0.16	
US\$5,000,000	BNP Paribas Var. Rate 5.198% 10/01/2030	5,852	0.36	
€4,000,000	BPCE 0.25% 15/01/2026	4,262	0.26	
£6,043,000	Canadian Imperial Bank of Commerce FRN 1.0958% 10/01/2022	7,543	0.46	
CLP4,672,000,000	Chile (Republic of) 5.5% 05/08/2020	5,665	0.35	
US\$2,667,000	Coca-Cola 2.95% 25/03/2025	2,907	0.18	
US\$1,116,000	Comcast 3.1% 01/04/2025	1,210	0.07	
€3,022,000	Cooperatieve Rabobank UA FRN 0% 29/05/2020	3,286	0.20	
£483,000	Cooperatieve Rabobank UA IL 2.25% 22/11/2022	927	0.06	
US\$6,669,000	Crédit Agricole FRN 2.7414% 10/01/2022	6,657	0.41	
US\$2,985,000	Deere 2.75% 15/04/2025	3,176	0.20	
US\$2,553,000	Estée Lauder 2.6% 15/04/2030	2,655	0.16	
£944,000	Experian Finance 3.25% 07/04/2032	1,312	0.08	
US\$2,400,000	HSBC 4.95% 31/03/2030	2,834	0.17	
US\$2,137,000	HSBC Var. Rate 6% Perpetual	2,085	0.13	
US\$6,043,000	IBM Credit FRN 1.3953% 20/01/2021	6,028	0.37	
US\$6,000,000	Intel 3.9% 25/03/2030	7,157	0.44	
¥2,700,000,000	Japan (Govt. of) 1.3% 20/06/2035	29,484	1.81	

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### Portfolio statement (continued)

as at Holding		30.04.20 \$'000	30.04.20 %	31.10.19 %
	<b>FIXED INCOME (continued)</b>			
	<b>Debt securities (continued)</b>			
	<b>'A' credit rated bonds (continued)</b>			
¥5,000,000,000	Japan (Govt. of) IL 0.1% 10/03/2029	46,992	2.89	
€1,526,000	John Deere Cash Management 1.85% 02/04/2028	1,763	0.11	
€6,000,000	JPMorgan Chase Var. Rate 1.001% 25/07/2031	6,353	0.39	
€504,496	Ludgate Funding FRN 0% 01/01/2061	494	0.03	
£1,447,000	National Grid Electricity Transmission IL 3.806% 27/07/2020	3,055	0.19	
£166,497	Nationwide Building Society IL 3.875% 30/07/2021	641	0.04	
US\$6,000,000	Nationwide Mutual Insurance 4.35% 30/04/2050	6,044	0.37	
US\$8,000,000	Oracle 2.8% 01/04/2027	8,558	0.53	
PEN25,382,000	Peru (Republic of) 6.95% 12/08/2031	8,958	0.55	
£3,022,000	Santander FRN 1.0351% 05/05/2020	3,781	0.23	
€3,260,139	Silverback Finance 3.1261% 25/02/2037	3,616	0.22	
US\$2,139,000	State Street Var. Rate 2.825% 30/03/2023	2,200	0.14	
€2,835,000	Swedbank 0.75% 05/05/2025	3,110	0.19	
THB344,476,000	Thailand (Kingdom of) IL 1.25% 12/03/2028	10,375	0.64	
US\$6,043,000	UBS Group Funding Switzerland FRN 2.2166% 01/02/2022	6,054	0.37	
US\$2,143,000	United Parcel Service 3.9% 01/04/2025	2,390	0.15	
US\$2,555,000	US Bancorp 3.375% 05/02/2024	2,739	0.17	
US\$3,022,000	Wells Fargo FRN 1.9901% 31/10/2023	2,991	0.18	
US\$6,043,000	Wells Fargo FRN 2.5938% 04/03/2021	6,056	0.37	
€4,250,000	Wells Fargo Var. Rate 2025 1.338% 04/05/2025	4,639	0.29	
	<b>'BBB' credit rated bonds</b>	<b>208,087</b>	<b>12.80</b>	<b>19.21</b>
US\$4,835,000	American Tower Trust No. 1 3.07% 15/03/2023	4,898	0.30	
€1,541,000	Anheuser-Busch InBev 2.125% 02/12/2027	1,809	0.11	
€9,065,000	AT&T FRN 0.416% 05/09/2023	9,678	0.60	
US\$3,555,000	AT&T FRN 1.9641% 12/06/2024	3,428	0.21	
€4,000,000	Banco Bilbao Vizcaya Argentaria 0.5% 14/01/2027	4,057	0.25	
US\$6,043,000	Barclays FRN 2.9364% 10/01/2023	5,884	0.36	
US\$4,018,000	BNP Paribas 4.625% 13/03/2027	4,303	0.26	
COP17,889,000,000	Bogota Distrio Capital 9.75% 26/07/2028	4,688	0.29	
US\$3,626,000	Citigroup 3.5% 15/05/2023	3,762	0.23	
US\$4,835,000	Citigroup FRN 1.4856% 17/05/2024	4,749	0.29	
US\$1,805,000	Citigroup FRN 2.2293% 25/08/2036	1,414	0.09	
US\$3,022,000	Citigroup FRN 2.3014% 26/10/2020	3,029	0.19	
US\$9,065,000	Citigroup FRN 3.0104% 01/09/2023	9,053	0.56	
US\$3,022,000	Credit Suisse Group Funding Guernsey 3.75% 26/03/2025	3,189	0.20	
US\$4,454,000	DuPont de Nemours 2.169% 01/05/2023	4,478	0.28	
£1,739,031	Greene King Finance FRN 2.9868% 15/12/2033	1,953	0.12	
US\$1,874,000	HSBC 4.375% 23/11/2026	2,047	0.13	
US\$3,200,000	Indonesia (Republic of) 4.2% 15/10/2050	3,218	0.20	
£3,228,000	Legal & General Var. Rate 3.75% 26/11/2049	3,903	0.24	
£2,717,000	Legal & General Var. Rate 4.5% 01/11/2050	3,422	0.21	
€10,274,000	Lloyds Banking FRN 0.387% 21/06/2024	10,710	0.66	
€4,060,000	Lloyds Banking Var. Rate 3.5% 01/04/2026	4,798	0.30	
€6,000,000	McDonald's 2% 01/06/2023	6,833	0.42	
£4,230,000	Mexico (United Mexican States) 5.625% 19/03/2114	5,120	0.31	
MXN200,000,000	Mexico (United Mexican States) 10% 05/12/2024	9,935	0.61	
€907,000	Mitchells & Butlers Finance FRN 1.0868% 15/12/2033	953	0.06	
US\$2,066,871	Mitchells & Butlers Finance FRN 1.1905% 15/12/2030	1,819	0.11	
US\$3,022,000	Morgan Stanley FRN 1.6676% 08/05/2024	2,952	0.18	
US\$1,209,000	Morgan Stanley FRN 2.4203% 24/10/2023	1,204	0.07	
€5,000,000	Mylan 1.25% 23/11/2020	5,438	0.33	
£954,900	National Grid IL 1.25% 06/10/2021	1,537	0.09	
€2,179,000	Nationwide Building Society Var. Rate 1.5% 08/03/2026	2,398	0.15	
US\$4,000,000	Panama (Republic of) 6.7% 26/01/2036	5,124	0.32	
US\$3,000,000	Peru (Republic of) 5.625% 18/11/2050	4,387	0.27	
US\$5,000,000	Petroleos Mexicanos 5.35% 12/02/2028	3,576	0.22	
US\$6,043,000	Royal Bank of Scotland FRN 1.8624% 15/05/2023	5,858	0.36	
US\$3,266,000	Royal Bank of Scotland Var. Rate 4.892% 18/05/2029	3,682	0.23	
RUB1,136,166,000	Russia (Federation of) 8.15% 03/02/2027	17,606	1.08	
€4,333,000	SATO 2.25% 07/04/2023	4,720	0.29	
US\$6,500,000	Shire Acquisitions Investments Ireland 3.2% 23/09/2026	6,992	0.43	
US\$3,022,000	Société Générale 4.25% 14/09/2023	3,193	0.20	
US\$3,022,000	Société Générale 5% 17/01/2024	3,169	0.19	

## M&amp;G Global Macro Bond Fund

## Authorised Corporate Director's Report

## Portfolio statement (continued)

as at Holding		30.04.20 \$'000	30.04.20 %	31.10.19 %
	<b>FIXED INCOME (continued)</b>			
	<b>Debt securities (continued)</b>			
	<b>'BBB' credit rated bonds (continued)</b>			
€3,100,000	Société Générale FRN 0.39% 22/05/2024	3,258	0.20	
£121,000	Tesco IL 3.322% 05/11/2025	300	0.02	
£1,902,000	Thames Water Utilities Finance 2.375% 03/05/2023	2,315	0.14	
UYU167,380,000	Uruguay (Republic of) 8.5% 15/03/2028	3,107	0.19	
UYU64,060,448	Uruguay (Republic of) IL 4.375% 15/12/2028	2,969	0.18	
US\$1,087,000	Vodafone 3.75% 16/01/2024	1,172	0.07	
	<b>'BB' credit rated bonds</b>	<b>56,956</b>	<b>3.50</b>	<b>6.10</b>
€2,000,000	Axalta Coating Systems 3.75% 15/01/2025	2,116	0.13	
US\$3,000,000	Bahamas (Commonwealth of) 6% 21/11/2028	2,447	0.15	
BRL76,000,000	Brazil (Federal Republic of) 10% 01/01/2025	16,260	1.00	
US\$3,000,000	Dominican Republic 6.5% 15/02/2048	2,390	0.15	
US\$3,022,000	Dominican Republic 6.85% 27/01/2045	2,498	0.15	
DOP64,300,000	Dominican Republic 8.9% 15/02/2023	1,052	0.06	
DOP105,800,000	Dominican Republic 10.5% 07/04/2023	1,872	0.12	
US\$2,000,000	Hanesbrands 4.625% 15/05/2024	2,004	0.12	
US\$5,000,000	Honduras (Republic of) 6.25% 19/01/2027	4,637	0.29	
US\$2,064,000	Inretail Pharma 5.375% 02/05/2023	2,055	0.13	
US\$940,000	Paraguay (Republic of) 4.7% 27/03/2027	959	0.06	
US\$2,014,000	Paraguay (Republic of) 5.6% 13/03/2048	2,032	0.12	
US\$4,511,000	Paraguay (Republic of) 6.1% 11/08/2044	4,789	0.29	
US\$1,965,000	Parsley Finance 4.125% 15/02/2028	1,624	0.10	
US\$3,200,000	Petrobras Global Finance 6.9% 19/03/2049	3,021	0.19	
US\$2,000,000	Pilgrim's Pride 5.75% 15/03/2025	2,034	0.12	
US\$879,000	Pilgrim's Pride 5.875% 30/09/2027	896	0.06	
US\$1,158,000	Shea Homes 6.125% 01/04/2025	1,111	0.07	
US\$4,000,000	South Africa (Republic of) 5.75% 30/09/2049	3,159	0.19	
	<b>'B' credit rated bonds</b>	<b>15,197</b>	<b>0.94</b>	<b>1.88</b>
US\$3,100,000	Bausch Health 5% 30/01/2028	2,969	0.18	
US\$1,250,000	Bolivia (Plurinational State of) 4.5% 20/03/2028	1,000	0.06	
€3,000,000	Egypt (Arab Republic of) 6.375% 11/04/2031	2,708	0.17	
€172,000	Panther Finance 4.375% 15/05/2026	173	0.01	
€2,000,000	Scientific Games International 5.5% 15/02/2026	1,431	0.09	
€2,449,000	Selecta 5.875% 01/02/2024	965	0.06	
US\$3,000,000	Staples 7.5% 15/04/2026	2,260	0.14	
US\$4,000,000	Ukraine (Republic of) 7.75% 01/09/2026	3,691	0.23	
	<b>'CCC' credit rated bonds</b>	<b>3,381</b>	<b>0.21</b>	<b>0.08</b>
US\$3,200,000	Altice France 6% 15/02/2028	2,945	0.18	
ARS30,594,907	Argentina (Republic of) FRN 38.0367% 21/06/2020	436	0.03	
	<b>'CC' credit rated bonds</b>	<b>687</b>	<b>0.04</b>	<b>0.00</b>
US\$2,518,000	Buenos Aires (Province of) 7.875% 15/06/2027	687	0.04	
	<b>Bonds with no credit rating</b>	<b>19,415</b>	<b>1.19</b>	<b>1.45</b>
£6,000,000	Coventry Building Society FRN 0.6672% 13/11/2023	7,501	0.46	
£725,317	Finsbury Square FRN 1.1403% 12/09/2065	904	0.06	
US\$2,310,000	NAK Naftogaz Ukraine via Kondor Finance 7.625% 08/11/2026	1,966	0.12	
£2,238,000	Skipton Building Society 1.75% 30/06/2022	2,786	0.17	
£5,000,000	Skipton Building Society FRN 0.93% 22/02/2024	6,258	0.38	
	<b>Debt derivatives</b>	<b>(20,841)</b>	<b>(1.28)</b>	<b>(0.09)</b>
	<b>Credit default swaps</b>	<b>(22,497)</b>	<b>(1.38)</b>	<b>(0.46)</b>
US\$34,300,000	Markit CDX Emerging Markets Series 32 V1 4 Year Dec 2024	(3,319)	(0.20)	
US\$134,000,000	Markit CDX Emerging Markets Series 33 V1 5 Year Jun 2025	(14,729)	(0.91)	
US\$50,000,000	Markit CDX North American High Yield Series 34 V1 5 Year June 2025	(2,621)	(0.16)	
US\$30,000,000	Markit CDX North American Investment Grade Series 34 V1 5 Year Jun 2025	200	0.01	
€73,000,000	Markit iTraxx Europe Series 33 V1 5 Year Jun 2025	882	0.06	
€25,000,000	Markit iTraxx Europe Sub Fin Series 32 V1 4 Year Dec 2024	(1,214)	(0.07)	
€57,000,000	Markit iTraxx Europe Sub Fin Series 33 V1 5 Year Jun 2025	(3,394)	(0.21)	
€30,000,000	Markit iTraxx Europe Xover Series 32 V1 4 Year Dec 2024	504	0.03	
€117,000,000	Markit iTraxx Europe Xover Series 33 V1 5 Year Jun 2025	1,194	0.07	
	<b>Interest rate swaps</b>	<b>5,277</b>	<b>0.32</b>	<b>0.15</b>
€21,000,000	Pay 0.7665% Receive VAR Jun 2049	5,277	0.32	
	<b>Interest rate futures</b>	<b>(3,621)</b>	<b>(0.22)</b>	<b>0.22</b>
(3,610)	US Treasury 10 year Note CBT Futures Jun 2020	(3,621)	(0.22)	

## M&amp;G Global Macro Bond Fund

## Authorised Corporate Director's Report

## Portfolio statement (continued)

as at Holding		30.04.20 \$'000	30.04.20 %	31.10.19 %
	<b>CURRENCY</b>	<b>(1,500)</b>	<b>(0.09)</b>	<b>0.25</b>
	<b>Forward currency contracts</b>	<b>(1,500)</b>	<b>(0.09)</b>	<b>0.25</b>
AU\$25,000,000	Bought for \$15,756,775 (expires 03.06.20)	610	0.04	
AU\$(92,000,000)	Sold for \$55,850,661 (expires 06.05.20)	(4,373)	(0.27)	
DKK200,000,000	Bought for €26,779,866 (expires 06.05.20)	40	0.00	
€237,000,000	Bought for \$255,795,996 (expires 06.05.20)	1,982	0.12	
€(70,000,000)	Sold for \$77,559,552 (expires 03.06.20)	1,380	0.09	
IDR387,500,000,000	Bought for \$24,001,239 (expires 01.07.20)	1,857	0.11	
¥11,050,000,000	Bought for \$101,511,194 (expires 03.06.20)	2,188	0.14	
¥7,950,000,000	Bought for €67,592,684 (expires 03.06.20)	1,048	0.07	
¥3,300,000,000	Bought for £24,659,862 (expires 03.06.20)	116	0.01	
¥(16,200,000,000)	Sold for \$150,204,415 (expires 03.06.20)	(1,825)	(0.11)	
MXN350,000,000	Bought for \$16,155,835 (expires 03.06.20)	(1,473)	(0.09)	
MXN(277,000,000)	Sold for \$11,039,983 (expires 06.05.20)	(638)	(0.04)	
NOK100,000,000	Bought for €9,830,254 (expires 06.05.20)	(970)	(0.06)	
NZ\$26,000,000	Bought for \$15,977,910 (expires 03.06.20)	(55)	0.00	
£53,141,483	Bought for €60,485,651 (expires 06.05.20)	692	0.04	
£64,612,248	Bought for €73,900,000 (expires 01.07.20)	377	0.02	
£64,576,534	Bought for \$81,000,000 (expires 01.07.20)	(194)	(0.01)	
£(113,000,000)	Sold for \$138,821,630 (expires 06.05.20)	(2,542)	(0.16)	
SG\$22,700,000	Bought for \$15,956,149 (expires 01.07.20)	153	0.01	
SEK140,500,000	Bought for £11,260,792 (expires 06.05.20)	234	0.01	
SEK110,000,000	Bought for €10,406,931 (expires 06.05.20)	(107)	(0.01)	
<b>Portfolio of investments</b>		<b>1,578,960</b>	<b>97.12</b>	<b>96.82</b>
	<b>CASH EQUIVALENTS</b>	<b>16,492</b>	<b>1.01</b>	<b>0.59</b>
	<b>'AAA' rated money market funds <sup>[a]</sup></b>	<b>16,492</b>	<b>1.01</b>	<b>0.59</b>
16,492,000	Northern Trust Global Fund - US dollar	16,492	1.01	
	<b>SHARE CLASS HEDGING</b>	<b>697</b>	<b>0.04</b>	<b>0.09</b>
	<b>Forward currency contracts for share class hedging</b>	<b>697</b>	<b>0.04</b>	<b>0.09</b>
£61,523,071	Bought for \$76,276,821 (expires 03.06.20)	697	0.04	
£(6,849)	Sold for \$8,490 (expires 03.06.20)	0	0.00	
<b>Total portfolio</b>		<b>1,596,149</b>	<b>98.17</b>	<b>97.50</b>
<b>Net other assets / (liabilities)</b>		<b>29,689</b>	<b>1.83</b>	<b>2.50</b>
<b>Net assets attributable to shareholders</b>		<b>1,625,838</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>[a]</sup> 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 April 2020	2020 \$'000	2019 \$'000
Total purchases	796,429	522,184
Total sales	609,781	516,404

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

# M&G Global Macro Bond Fund

## Fund Performance

### 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.

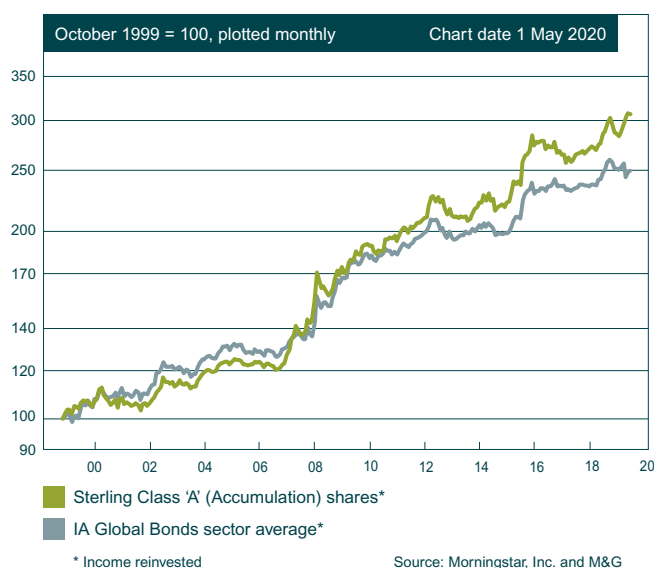
The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be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

### Fund level performance

Fund net asset value			
as at	30.04.20 \$'000	31.10.19 \$'000	31.10.18 \$'000
Fund net asset value (NAV)	1,625,838	1,449,679	1,138,569

### 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 <sup>[a]</sup>				
	Six months 01.11.19 % <sup>[b]</sup>	Three years 02.05.17 % p.a.	Five years 01.05.15 % p.a.	Since launch % p.a.
<b>Sterling <sup>[c]</sup></b>				
Class 'A'	+6.8	+4.4	+6.3	+5.6 <sup>[d]</sup>
Class 'A-H'	+2.3	+1.6	n/a	+1.4 <sup>[e]</sup>
Class 'I'	+7.1	+5.0	+6.9	+6.1 <sup>[f]</sup>
Class 'I-H'	+2.6	+2.2	n/a	+2.0 <sup>[e]</sup>
Class 'J'	+7.1	n/a	n/a	+9.1 <sup>[g]</sup>
Class 'J-H'	+2.6	n/a	n/a	+3.0 <sup>[g]</sup>
Class 'PP'	+7.1	n/a	n/a	+11.6 <sup>[h]</sup>
Class 'R'	+6.9	+4.7	+6.6	+5.6 <sup>[i]</sup>
Class 'R-H'	+2.4	+1.8	n/a	+1.7 <sup>[e]</sup>
Class 'X'	+6.8	+4.4	+6.3	+5.6 <sup>[i]</sup>
Class 'X-H'	+2.3	+1.6	n/a	+1.5 <sup>[e]</sup>

<sup>[a]</sup> On 1 May 2009 the M&G Global Macro Bond Fund de-merged from M&G Investment Funds (4) to become the M&G Global Macro Bond Fund.

<sup>[b]</sup> Absolute basis.

<sup>[c]</sup> Price to price with income reinvested.

<sup>[d]</sup> 15 October 1999, the end of the initial offer period of the predecessor unit trust.

<sup>[e]</sup> 7 August 2015, the launch date of the share class.

<sup>[f]</sup> 16 December 2011, the launch date of the share class.

<sup>[g]</sup> 4 May 2018, the launch date of the share class.

<sup>[h]</sup> 8 April 2019, the launch date of the share class.

<sup>[i]</sup> 3 August 2012, the launch date of the share class.

<sup>[j]</sup> 15 October 1999. All performance data prior to 1 October 2002 (the launch date of the share class) has been calculated by reference to a conversion factor due to a change of the nominated share class.

# M&G Global Macro Bond Fund

## 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. 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. 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. 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. 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. 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. 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 wholly in fixed interest securities, no direct portfolio transaction costs are applicable. 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](http://www.mandg.co.uk/prospectuses) or by calling M&G Customer Relations.

Portfolio transaction costs				
as at	30.04.20	31.10.19	31.10.18	Average <sup>[a]</sup>
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.41	0.22	0.26	0.30

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



# M&G Global Macro Bond Fund

## Fund Performance

### 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 15 October 1999.

	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	86.40	83.54	86.13
Return before operating charges and after direct portfolio transaction costs	6.73	6.93	1.19
Operating charges	(0.56)	(1.20)	(1.19)
Return after operating charges	6.17	5.73	0.00
Distributions	(1.08)	(2.87)	(2.59)
Closing NAV	91.49	86.40	83.54
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.28	1.38	1.42
Return after operating charges	+7.14	+6.86	0.00
Distribution yield	3.30	2.93	3.40
Effect on yield of charges offset against capital	1.28	1.37	1.40
<b>Other information</b>			
Closing NAV (\$'000)	16,500	15,651	14,763
Closing NAV percentage of total fund NAV (%)	1.02	1.08	1.30
Number of shares	14,416,369	13,978,417	13,833,638
Highest share price (UK p)	94.42	92.91	87.11
Lowest share price (UK p)	84.00	81.81	80.61

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

The share class was launched on 15 October 1999.

	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	138.16	129.25	129.16
Return before operating charges and after direct portfolio transaction costs	10.84	10.79	1.90
Operating charges	(0.90)	(1.88)	(1.81)
Return after operating charges	9.94	8.91	0.09
Distributions	(0.85)	(2.65)	(2.15)
Retained distributions	0.85	2.65	2.15
Closing NAV	148.10	138.16	129.25
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.28	1.38	1.42
Return after operating charges	+7.19	+6.89	+0.07
Distribution yield	2.04	1.66	1.99
Effect on yield of charges offset against capital	0.00	0.00	0.00
<b>Other information</b>			
Closing NAV (\$'000)	30,612	31,218	28,217
Closing NAV percentage of total fund NAV (%)	1.88	2.15	2.48
Number of shares	16,523,148	17,434,913	17,091,540
Highest share price (UK p)	151.92	147.52	131.60
Lowest share price (UK p)	132.30	126.53	121.68

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

The share class was launched on 7 August 2015.

	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	93.92	91.29	99.08
Return before operating charges and after direct portfolio transaction costs	2.89	7.07	(3.39)
Operating charges	(0.61)	(1.31)	(1.40)
Return after operating charges	2.28	5.76	(4.79)
Distributions	(1.19)	(3.13)	(3.00)
Closing NAV	95.01	93.92	91.29
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.31	1.40	1.43
Return after operating charges	+2.43	+6.31	-4.83
Distribution yield	3.29	2.92	3.47
Effect on yield of charges offset against capital	1.31	1.39	1.42
<b>Other information</b>			
Closing NAV (\$'000)	27	28	33
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	23,060	23,060	28,064
Highest share price (UK p)	100.57	94.89	101.35
Lowest share price (UK p)	88.87	91.02	91.89



# M&G Global Macro Bond Fund

## Fund Performance

### Specific share class performance

Sterling Class 'A-H' Accumulation share performance The share class was launched on 7 August 2015.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	104.17	97.89	103.07
Return before operating charges and after direct portfolio transaction costs	3.17	7.71	(3.65)
Operating charges	(0.69)	(1.43)	(1.53)
Return after operating charges	2.48	6.28	(5.18)
Distributions	(0.65)	(1.99)	(1.70)
Retained distributions	0.65	1.99	1.70
Closing NAV	106.65	104.17	97.89
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.32	1.40	1.43
Return after operating charges	+2.38	+6.42	-5.03
Distribution yield	2.00	1.62	2.01
Effect on yield of charges offset against capital	0.00	0.00	0.00
<b>Other information</b>			
Closing NAV (\$'000)	26	27	31
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	19,714	19,714	24,505
Highest share price (UK p)	112.22	104.39	105.48
Lowest share price (UK p)	99.16	97.59	97.67

Sterling Class 'T' Income share performance The share class was launched on 16 December 2011.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	130.65	125.61	128.72
Return before operating charges and after direct portfolio transaction costs	10.20	10.43	1.81
Operating charges	(0.52)	(1.06)	(1.03)
Return after operating charges	9.68	9.37	0.78
Distributions	(1.64)	(4.33)	(3.89)
Closing NAV	138.69	130.65	125.61
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	0.78	0.81	0.82
Return after operating charges	+7.41	+7.46	+0.61
Distribution yield	3.30	2.93	3.40
Effect on yield of charges offset against capital	0.78	0.79	0.80
<b>Other information</b>			
Closing NAV (\$'000)	479,417	417,180	392,044
Closing NAV percentage of total fund NAV (%)	29.49	28.78	34.43
Number of shares	276,313,561	246,405,385	244,335,488
Highest share price (UK p)	143.06	140.39	130.20
Lowest share price (UK p)	126.69	123.01	120.80

Sterling Class 'T' Accumulation share performance The share class was launched on 16 December 2011.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	152.63	141.95	141.01
Return before operating charges and after direct portfolio transaction costs	11.98	11.89	2.08
Operating charges	(0.61)	(1.21)	(1.14)
Return after operating charges	11.37	10.68	0.94
Distributions	(1.32)	(3.77)	(3.19)
Retained distributions	1.32	3.77	3.19
Closing NAV	164.00	152.63	141.95
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	0.78	0.81	0.82
Return after operating charges	+7.45	+7.52	+0.67
Distribution yield	2.53	2.16	2.60
Effect on yield of charges offset against capital	0.00	0.00	0.00
<b>Other information</b>			
Closing NAV (\$'000)	765,289	678,819	506,096
Closing NAV percentage of total fund NAV (%)	47.07	46.84	44.45
Number of shares	373,003,294	343,192,019	279,096,179
Highest share price (UK p)	168.16	162.83	144.36
Lowest share price (UK p)	145.76	138.99	133.21

Sterling Class 'T-H' Income share performance The share class was launched on 7 August 2015.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	95.77	92.49	99.79
Return before operating charges and after direct portfolio transaction costs	2.94	7.25	(3.46)
Operating charges	(0.39)	(0.79)	(0.82)
Return after operating charges	2.55	6.46	(4.28)
Distributions	(1.21)	(3.18)	(3.02)
Closing NAV	97.11	95.77	92.49
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	0.81	0.83	0.84
Return after operating charges	+2.66	+6.98	-4.29
Distribution yield	3.29	2.92	3.47
Effect on yield of charges offset against capital	0.81	0.82	0.82
<b>Other information</b>			
Closing NAV (\$'000)	13,965	21,032	13,511
Closing NAV percentage of total fund NAV (%)	0.86	1.45	1.19
Number of shares	11,494,673	16,946,675	11,435,334
Highest share price (UK p)	102.73	96.66	102.22
Lowest share price (UK p)	90.78	92.26	93.04

# M&G Global Macro Bond Fund

## Fund Performance

### Specific share class performance

Sterling Class 'I-H' Accumulation share performance The share class was launched on 7 August 2015.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	106.83	99.80	104.33
Return before operating charges and after direct portfolio transaction costs	3.24	7.89	(3.67)
Operating charges	(0.43)	(0.86)	(0.86)
Return after operating charges	2.81	7.03	(4.53)
Distributions	(0.93)	(2.62)	(2.34)
Retained distributions	0.93	2.62	2.34
Closing NAV	109.64	106.83	99.80
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	0.81	0.83	0.84
Return after operating charges	+2.63	+7.04	-4.34
Distribution yield	2.49	2.12	2.63
Effect on yield of charges offset against capital	0.00	0.00	0.00
<b>Other information</b>			
Closing NAV (\$'000)	41,774	32,508	15,588
Closing NAV percentage of total fund NAV (%)	2.57	2.24	1.37
Number of shares	30,455,894	23,481,453	12,226,191
Highest share price (UK p)	115.28	107.06	106.98
Lowest share price (UK p)	101.87	99.54	99.54

Sterling Class 'J' Income share performance The share class was launched on 4 May 2018.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	105.20	101.05	100.00
Return before operating charges and after direct portfolio transaction costs	8.23	8.38	3.16
Operating charges	(0.36)	(0.74)	(0.35)
Return after operating charges	7.87	7.64	2.81
Distributions	(1.32)	(3.49)	(1.76)
Closing NAV	111.75	105.20	101.05
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	0.68	0.71	0.73
Return after operating charges	+7.48	+7.56	+2.81
Distribution yield	3.30	2.93	3.40
Effect on yield of charges offset against capital	0.68	0.69	0.70
<b>Other information</b>			
Closing NAV (\$'000)	243,736	215,752	151,693
Closing NAV percentage of total fund NAV (%)	14.99	14.88	13.32
Number of shares	174,351,971	158,240,456	117,517,461
Highest share price (UK p)	115.25	113.03	103.64
Lowest share price (UK p)	101.97	98.96	98.70

Sterling Class 'J-H' Income share performance The share class was launched on 4 May 2018.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	97.80	94.43	100.00
Return before operating charges and after direct portfolio transaction costs	2.95	7.32	(3.55)
Operating charges	(0.35)	(0.70)	(0.35)
Return after operating charges	2.60	6.62	(3.90)
Distributions	(1.23)	(3.25)	(1.67)
Closing NAV	99.17	97.80	94.43
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	0.71	0.73	0.75
Return after operating charges	+2.66	+7.01	-3.90
Distribution yield	3.29	2.92	3.47
Effect on yield of charges offset against capital	0.71	0.71	0.72
<b>Other information</b>			
Closing NAV (\$'000)	21,513	22,586	7,487
Closing NAV percentage of total fund NAV (%)	1.32	1.56	0.66
Number of shares	17,339,980	17,819,642	6,207,000
Highest share price (UK p)	104.88	98.72	100.00
Lowest share price (UK p)	92.68	94.20	94.99

Sterling Class 'PP' Income share performance The share class was launched on 5 August 2019.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	94.47	100.00	n/a
Return before operating charges and after direct portfolio transaction costs	7.38	(4.72)	n/a
Operating charges	(0.33)	(0.15)	n/a
Return after operating charges	7.05	(4.87)	n/a
Distributions	(1.18)	(0.66)	n/a
Closing NAV	100.34	94.47	n/a
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	n/a
Dilution adjustments <sup>[a]</sup>	0.00	0.00	n/a
Total direct portfolio transaction costs	0.00	0.00	n/a
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	n/a
Operating charges	0.68	0.68	n/a
Return after operating charges	+7.46	-4.87	n/a
Distribution yield	3.30	2.93	n/a
Effect on yield of charges offset against capital	0.68	0.68	n/a
<b>Other information</b>			
Closing NAV (\$'000)	225	181	n/a
Closing NAV percentage of total fund NAV (%)	0.01	0.01	n/a
Number of shares	179,357	147,522	n/a
Highest share price (UK p)	103.49	101.47	n/a
Lowest share price (UK p)	92.23	95.01	n/a

# M&G Global Macro Bond Fund

## Fund Performance

### Specific share class performance

Sterling Class 'PP' Accumulation share performance The share class was launched on 8 April 2019.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	104.54	100.00	n/a
Return before operating charges and after direct portfolio transaction costs	8.21	4.95	n/a
Operating charges	(0.36)	(0.41)	n/a
Return after operating charges	7.85	4.54	n/a
Distributions	(0.96)	(2.05)	n/a
Retained distributions	0.96	2.05	n/a
Closing NAV	112.39	104.54	n/a
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	n/a
Dilution adjustments <sup>[a]</sup>	0.00	0.00	n/a
Total direct portfolio transaction costs	0.00	0.00	n/a
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	n/a
Operating charges	0.68	0.75	n/a
Return after operating charges	+7.51	+4.54	n/a
Distribution yield	2.63	2.25	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
<b>Other information</b>			
Closing NAV (\$'000)	1,096	1,106	n/a
Closing NAV percentage of total fund NAV (%)	0.07	0.08	n/a
Number of shares	779,707	816,067	n/a
Highest share price (UK p)	115.22	111.51	n/a
Lowest share price (UK p)	99.79	99.53	n/a

Sterling Class 'R' Income share performance The share class was launched on 3 August 2012.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	124.43	120.02	123.41
Return before operating charges and after direct portfolio transaction costs	9.72	9.94	1.74
Operating charges	(0.65)	(1.40)	(1.41)
Return after operating charges	9.07	8.54	0.33
Distributions	(1.56)	(4.13)	(3.72)
Closing NAV	131.94	124.43	120.02
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.03	1.13	1.17
Return after operating charges	+7.29	+7.12	+0.27
Distribution yield	3.30	2.93	3.40
Effect on yield of charges offset against capital	1.03	1.11	1.15
<b>Other information</b>			
Closing NAV (\$'000)	1,690	2,090	1,067
Closing NAV percentage of total fund NAV (%)	0.11	0.14	0.10
Number of shares	1,023,633	1,295,986	695,836
Highest share price (UK p)	136.13	133.77	124.83
Lowest share price (UK p)	120.85	117.52	115.63

Sterling Class 'R' Accumulation share performance The share class was launched on 3 August 2012.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	142.19	132.68	132.26
Return before operating charges and after direct portfolio transaction costs	11.16	11.09	1.94
Operating charges	(0.75)	(1.58)	(1.52)
Return after operating charges	10.41	9.51	0.42
Distributions	(1.05)	(3.07)	(2.53)
Retained distributions	1.05	3.07	2.53
Closing NAV	152.60	142.19	132.68
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.03	1.13	1.17
Return after operating charges	+7.32	+7.17	+0.32
Distribution yield	2.28	1.91	2.24
Effect on yield of charges offset against capital	0.00	0.00	0.00
<b>Other information</b>			
Closing NAV (\$'000)	3,402	2,877	2,187
Closing NAV percentage of total fund NAV (%)	0.21	0.20	0.19
Number of shares	1,782,124	1,561,460	1,290,369
Highest share price (UK p)	156.50	151.75	135.02
Lowest share price (UK p)	135.99	129.89	124.74

Sterling Class 'R-H' Income share performance The share class was launched on 7 August 2015.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	94.72	91.83	99.42
Return before operating charges and after direct portfolio transaction costs	2.90	7.12	(3.43)
Operating charges	(0.50)	(1.08)	(1.15)
Return after operating charges	2.40	6.04	(4.58)
Distributions	(1.19)	(3.15)	(3.01)
Closing NAV	95.93	94.72	91.83
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.06	1.15	1.18
Return after operating charges	+2.53	+6.58	-4.61
Distribution yield	3.29	2.92	3.47
Effect on yield of charges offset against capital	1.06	1.14	1.17
<b>Other information</b>			
Closing NAV (\$'000)	58	37	29
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	48,549	30,187	24,548
Highest share price (UK p)	101.51	95.61	101.75
Lowest share price (UK p)	89.70	91.57	92.41

# M&G Global Macro Bond Fund

## Fund Performance

### Specific share class performance

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

The share class was launched on 7 August 2015.

	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	105.25	98.65	103.52
Return before operating charges and after direct portfolio transaction costs	3.18	7.78	(3.65)
Operating charges	(0.56)	(1.18)	(1.22)
Return after operating charges	2.62	6.60	(4.87)
Distributions	(0.78)	(2.26)	(1.95)
Retained distributions	0.78	2.26	1.95
Closing NAV	107.87	105.25	98.65
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.06	1.15	1.18
Return after operating charges	+2.49	+6.69	-4.70
Distribution yield	2.24	1.87	2.27
Effect on yield of charges offset against capital	0.00	0.00	0.00
<b>Other information</b>			
Closing NAV (\$'000)	106	131	112
Closing NAV percentage of total fund NAV (%)	0.01	0.01	0.01
Number of shares	78,195	95,953	89,199
Highest share price (UK p)	113.50	105.47	106.03
Lowest share price (UK p)	100.29	98.36	98.41

#### Sterling Class 'X' Income share performance

The share class was launched on 1 October 2002.

	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	86.75	83.90	86.49
Return before operating charges and after direct portfolio transaction costs	6.77	6.94	1.20
Operating charges	(0.56)	(1.20)	(1.19)
Return after operating charges	6.21	5.74	0.01
Distributions	(1.08)	(2.89)	(2.60)
Closing NAV	91.88	86.75	83.90
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.28	1.38	1.42
Return after operating charges	+7.16	+6.84	+0.01
Distribution yield	3.30	2.93	3.40
Effect on yield of charges offset against capital	1.28	1.37	1.40
<b>Other information</b>			
Closing NAV (\$'000)	1,969	3,125	2,652
Closing NAV percentage of total fund NAV (%)	0.12	0.22	0.23
Number of shares	1,713,097	2,779,037	2,474,132
Highest share price (UK p)	94.82	93.30	87.47
Lowest share price (UK p)	84.36	82.15	80.95

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

The share class was launched on 1 October 2002.

	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	138.10	129.18	129.10
Return before operating charges and after direct portfolio transaction costs	10.83	10.78	1.89
Operating charges	(0.90)	(1.86)	(1.81)
Return after operating charges	9.93	8.92	0.08
Distributions	(0.85)	(2.65)	(2.15)
Retained distributions	0.85	2.65	2.15
Closing NAV	148.03	138.10	129.18
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.28	1.38	1.42
Return after operating charges	+7.19	+6.91	+0.06
Distribution yield	2.04	1.66	1.99
Effect on yield of charges offset against capital	0.00	0.00	0.00
<b>Other information</b>			
Closing NAV (\$'000)	4,382	5,280	3,011
Closing NAV percentage of total fund NAV (%)	0.27	0.36	0.27
Number of shares	2,366,268	2,950,358	1,824,558
Highest share price (UK p)	151.85	147.45	131.54
Lowest share price (UK p)	132.24	126.47	121.62

#### Sterling Class 'X-H' Income share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	94.14	91.40	99.21
Return before operating charges and after direct portfolio transaction costs	2.89	7.19	(3.41)
Operating charges	(0.62)	(1.31)	(1.40)
Return after operating charges	2.27	5.88	(4.81)
Distributions	(1.18)	(3.14)	(3.00)
Closing NAV	95.23	94.14	91.40
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.32	1.40	1.43
Return after operating charges	+2.41	+6.43	-4.85
Distribution yield	3.29	2.92	3.46
Effect on yield of charges offset against capital	1.31	1.39	1.42
<b>Other information</b>			
Closing NAV (\$'000)	24	24	23
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	20,015	20,015	20,015
Highest share price (UK p)	100.80	95.11	101.46
Lowest share price (UK p)	89.07	91.13	91.99

# M&G Global Macro Bond Fund

## Fund Performance

### Specific share class performance

<b>Sterling Class 'X-H' Accumulation share performance</b>			
The share class was launched on 7 August 2015.			
	Six months to 30.04.20	Year to 31.10.19	Year to 31.10.18
<b>Change in NAV per share</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Opening NAV	104.39	98.11	103.12
Return before operating charges and after direct portfolio transaction costs	3.19	7.71	(3.54)
Operating charges	(0.69)	(1.43)	(1.47)
Return after operating charges	2.50	6.28	(5.01)
Distributions	(0.66)	(2.00)	(1.71)
Retained distributions	0.66	2.00	1.71
Closing NAV	106.89	104.39	98.11
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments <sup>[a]</sup>	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.00	0.00	0.00
Operating charges <sup>[c]</sup>	1.31	1.40	1.43
Return after operating charges	+2.39	+6.40	-4.86
Distribution yield	2.00	1.62	2.02
Effect on yield of charges offset against capital	0.00	0.00	0.00
<b>Other information</b>			
Closing NAV (\$'000)	27	27	25
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	20,010	20,010	20,010
Highest share price (UK p)	112.47	104.62	105.56
Lowest share price (UK p)	99.38	97.79	97.88

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

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

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

## M&G Global Macro Bond Fund

# Financial statements and notes

### Financial statements

#### Statement of total return

	2020		2019	
for the six months to 30 April	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains / (losses)		40,637		36,009
Revenue	18,933		22,139	
Expenses	(5,965)		(4,909)	
Net revenue / (expense) before taxation	12,968		17,230	
Taxation	36		(263)	
Net revenue / (expense) after taxation		13,004		16,967
<b>Total return before distributions</b>		<b>53,641</b>		<b>52,976</b>
Distributions		(15,574)		(19,060)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>38,067</b>		<b>33,916</b>

#### Statement of change in net assets attributable to shareholders

	2020		2019	
for the six months to 30 April	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>1,449,679</b>		<b>1,138,569</b>
Amounts received on issue of shares	251,293		153,959	
Amounts paid on cancellation of shares	(120,393)		(94,527)	
		130,900		59,432
Dilution adjustments		577		209
Change in net assets attributable to shareholders from investment activities (see above)		38,067		33,916
Retained distributions on Accumulation shares		6,615		8,594
Unclaimed distributions		0		1
<b>Closing net assets attributable to shareholders</b>		<b>1,625,838</b>		<b>1,240,721</b>

The opening net assets attributable to shareholders for 2020 differs to the closing position in 2019 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

## M&G Global Macro Bond Fund

# Financial statements and notes

### Financial statements (continued)

#### Balance sheet

as at	30 April 2020 \$'000	31 October 2019 \$'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	1,620,732	1,419,223
<b>Current assets</b>		
Debtors	19,875	22,090
Cash and bank balances	37,343	23,170
Cash equivalents	16,492	8,571
<b>Total assets</b>	<b>1,694,442</b>	<b>1,473,054</b>
<b>Liabilities</b>		
Investment liabilities	(41,075)	(14,413)
<b>Creditors</b>		
Bank overdrafts	(3,308)	0
Overdrawn positions at futures clearing houses and collateral manager	0	(2,910)
Distribution payable	(4,681)	(5,048)
Other creditors	(19,540)	(1,004)
<b>Total liabilities</b>	<b>(68,604)</b>	<b>(23,375)</b>
<b>Net assets attributable to shareholders</b>	<b>1,625,838</b>	<b>1,449,679</b>

## M&G Global Macro Bond Fund

# Financial statements and notes

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### Notes to the financial statements

#### Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 3.

#### Distribution policy

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



## M&G Global Macro Bond Fund

# Other regulatory disclosures

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### Swiss investor information

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

For this fund the TERs are the same as the operating charges disclosed in the fund's financial highlights section under 'Performance and charges'.

# Glossary

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**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.

**Charity Authorised Investment Fund (CAIF) :** An investment entity that is both a registered charity and an authorised investment fund. The CAIF must comply with charity law as well as financial services laws and regulations, and is usually treated as a registered charity for tax purposes.

**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.

# Glossary

**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 predetermined 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.

**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.

# Glossary

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

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

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

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

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

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

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

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

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

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

**Ongoing Charge Figure:** The Ongoing Charge Figure includes charges for the following items: management of the fund (also known as Annual Management Charge), administration services, services provided by external parties which include depository, custody and audit, as well as incorporating the ongoing charge figure from funds held in the portfolio (taking into account any rebates).

**Open-ended investment company (OEIC):** A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

**Options:** Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

**Over-the-counter (OTC):** Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

**Overweight:** If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

**Payment date:** The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

**Physical assets:** An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

**Portfolio transaction cost:** The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

**Preference shares:** Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

**Principal:** The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

**Private placement:** An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

**Property Expense Ratio (PER):** Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

**Real yield:** The return of an investment, adjusted for changes in prices in an economy.

**Retail Prices Index (RPI):** A UK inflation index that measures the rate of change in prices for a basket of goods and services in the UK, including mortgage payments and council tax.

**Risk:** The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.

**Risk management:** The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

**Risk premium:** The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

**Risk-free asset:** An asset that notionally carries no risk of nonpayment 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.

**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.

# Glossary

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**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.





