

M&G (Lux) Investment Funds 1

Annual Report and audited Financial Statements for the year ended 31 March 2018

M&G (Lux) Investment Funds 1 is a Société d'investissement à capital variable (SICAV) under Luxembourg Law

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With respect to the following Sub-funds no registration notification has been filed with BaFin and consequently Shares in the following Sub-funds must not be distributed in Germany:

- **M&G (Lux) Global High Yield Bond 2022 Fund (changed name to M&G (Lux) High Yield Bond Fund 2023 in April 2018)**
- **M&G (Lux) Multi Asset 2023 Fund**
- **M&G (Lux) PIR Allocation Fund**
- **M&G (Lux) Global Recovery Fund**

M&G (Lux) Investment Funds 1

Management and administration

The Board of Directors of M&G (Lux) Investment Funds 1 (the 'Board' or the 'Directors') presents its Annual Report and audited Financial Statements for the year ended 31 March 2018.

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

Company information

M&G (Lux) Investment Funds 1 (the 'Company') is an Open-Ended Investment Company incorporated under the laws of Luxembourg as a Société d'investissement à capital variable (SICAV) in accordance with the provision of part 1 of the UCI Law of 17 December 2010, as amended.

The Company is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) under the laws of the Grand-Duchy of Luxembourg. The Company was incorporated on 29 November 2016 and is a UCITS (Undertaking for Collective Investment in Transferable Securities) scheme under part 1 of the law dated 17 December 2010 on undertakings for Collective Investment, as amended.

The Company is an umbrella fund designed to offer investors access to a variety of investment strategies through a range of separate funds. Each fund represents a separate portfolio of assets.

The Company's principal activity is to carry on business as a SICAV. The Company is structured as an umbrella fund, and different funds may be established by the Board from time to time with the approval of the CSSF.

Under Luxembourg law, the Company is itself a legal entity, and the assets and liabilities of each fund are segregated from one another and invested in accordance with the investment objectives and investment policies applicable to each fund. Shareholders are not liable for the debts of the respective fund. A Shareholder is not liable to make any further payment to the respective fund after payment has been made in full for the purchase of shares.

Each fund may offer more than one class of shares. Each share class may have different features with respect to its criteria for subscription (including eligibility requirements), redemption, minimum holding, fee structure, currency, hedging policy and distribution policy (further information on share classes is fully described in the Company's Prospectus).

Board of Directors of M&G (Lux) Investment Funds 1 (the 'Board')

G N Cotton, P R Jelfs, G W MacDowall, L J Mumford, Y Wagner*

* Independent Director

W J Nott resigned with effect from 31 December 2017.

Funds, fund managers and launch dates

At the year end 31 March 2018, the following funds are available for investment. Please note the fund managers are employed by M&G Limited, which is an associate of M&G Securities Limited.

M&G (Lux) Absolute Return Bond Fund

Launched: 21 December 2016

Co-fund managers: Jim Leaviss and Wolfgang Bauer

M&G (Lux) Conservative Allocation Fund

Launched: 16 January 2018

Co-fund managers: Juan Nevado and Craig Moran

M&G (Lux) Dynamic Allocation Fund

Launched: 16 January 2018

Co-fund managers: Juan Nevado and Tony Finding

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Launched: 22 May 2017

Fund manager: Claudia Calich

M&G (Lux) Emerging Markets Income Opportunities Fund

Launched: 22 May 2017

Fund manager: Michael Bourke

M&G (Lux) European Inflation Linked Corporate Bond Fund

Launched: 16 March 2018

Fund manager: Wolfgang Bauer

M&G (Lux) Floating Rate High Yield Solution

Launched: 24 August 2017

Co-fund managers: Stefan Isaacs and James Tomlins

M&G (Lux) Global High Yield ESG Bond Fund

Launched: 5 October 2017

Co-fund managers: James Tomlins & Stefan Isaacs

M&G (Lux) Global Listed Infrastructure Fund

Launched: 5 October 2017

Fund manager: Alex Araujo

M&G (Lux) Global Target Return Fund

Launched: 21 December 2016

Fund manager: Tristan Hanson

M&G (Lux) Income Allocation Fund

Launched: 16 January 2018

Fund manager: Steven Andrew

M&G (Lux) Multi Asset 2023 Fund

Launched: 14 December 2017

Fund manager: Craig Moran

Please note that the above funds are currently authorised for public distribution in and from Switzerland by FINMA.

Management company

M&G Securities Limited,

Laurence Pountney Hill, London EC4R 0HH, UK

(Authorised and regulated by the Financial Conduct Authority in the United Kingdom)

The Company has appointed M&G Securities Limited to serve as its management company within the meaning of the UCI Law. The Management Company is responsible for the provision of investment management services, administrative services and marketing services to the Company.

The Management Company also acts as management company for other funds (see Appendix on page 121 for list of funds).

In accordance with the FCA Rules and with the prior consent of the Directors, the Management Company may delegate all or part of its duties and powers to any person or entity, provided such duties and powers remain under the supervision and responsibility of the Management Company.

Investment manager

M&G Investment Management Limited,

Laurence Pountney Hill, London EC4R 0HH, UK

The Management Company has appointed M&G Investment Management Limited as investment manager to manage and invest the assets of the funds pursuant to their respective investment objectives and policies.

Registrar and transfer agent

RBC Investor Services Bank S.A. (Luxembourg),

14, Porte de France, 4360 Esch-sur-Alzette, Luxembourg

The Management Company has appointed RBC Investor Services Bank S.A. as registrar and transfer agent of the Company.

M&G (Lux) Investment Funds 1

Management and administration

Company information (continued)

Depository and administrator

State Street Bank Luxembourg S.C.A.,
49, avenue John F. Kennedy, 1855 Luxembourg, Luxembourg
The Management Company in conjunction with the Board of Directors has appointed State Street Bank Luxembourg S.C.A. as administrator of the Company.

Independent auditor

Ernst & Young S.A.,
35E, avenue John F. Kennedy, 1855 Luxembourg, Luxembourg

Legal Advisers

Elvinger Hoss Prussen, *société anonyme*
2, place Winston Churchill, L-1340 Luxembourg, Luxembourg

Important information

The M&G Prudent Allocation Fund, a sub-fund of M&G Investment Funds (14), (a UK authorised Open-Ended Investment Company), merged into the M&G (Lux) Conservative Allocation Fund effective 16 March 2018.

The M&G Dynamic Allocation Fund (a UK stand-alone authorised Open-Ended Investment Company), merged into the M&G (Lux) Dynamic Allocation Fund effective 16 March 2018.

The M&G European Inflation Linked Corporate Bond Fund, a sub-fund of M&G Investment Funds (9), (a UK authorised Open-Ended Investment Company), merged into the M&G (Lux) European Inflation Linked Corporate Bond Fund effective 16 March 2018.

The M&G Income Allocation Fund, a sub-fund of M&G Investment Funds (14), (a UK authorised Open-Ended Investment Company), merged into the M&G (Lux) Income Allocation Fund effective 16 March 2018.

Please note that four new Euro share class were launched for the M&G (Lux) Income Allocation Fund on 3 April 2018, Euro 'A F2', 'A F3', 'B F2' and 'B F3'. We also launched M&G (Lux) Income Allocation Fund Euro 'ZI F2' share class on 7 May 2018.

As at the date of this report, the most recent Visa Stamped Prospectus was approved by the CSSF on 27 April 2018.

The following funds are part of M&G (Lux) Investment Funds 1. They are available, or will be available, for investment from the dates indicated below.

The sub-funds below are launched and available for investment:

M&G (Lux) Absolute Return Bond Fund
This fund launched on 21 December 2016.

M&G (Lux) Conservative Allocation Fund
This fund launched on 16 January 2018.

M&G (Lux) Dynamic Allocation Fund
This fund launched on 16 January 2018.

M&G (Lux) Emerging Markets Hard Currency Bond Fund
This fund launched on 22 May 2017.

M&G (Lux) Emerging Markets Income Opportunities Fund
This fund launched on 22 May 2017.

M&G (Lux) European Inflation Linked Corporate Bond Fund
This fund launched on 16 March 2018.

M&G (Lux) Floating Rate High Yield Solution
This fund launched on 24 August 2017

M&G (Lux) Global High Yield ESG Bond Fund
This fund launched on 5 October 2017.

M&G (Lux) Global Listed Infrastructure Fund
This fund launched on 5 October 2017.

M&G (Lux) Global Target Return Fund
This Fund launched on 21 December 2016.

M&G (Lux) Income Allocation Fund
This Fund launched on 16 January 2018.

M&G (Lux) Multi Asset 2023 Fund
This fund launched on 14 December 2017.

The sub-funds below are not launched and will be launched following a decision by the Directors:

M&G (Lux) Asian Fund

M&G (Lux) Emerging Markets Bond Fund

M&G (Lux) Episode Macro Fund

M&G (Lux) Euro Corporate Bond Fund

M&G (Lux) European Strategic Value Fund

M&G (Lux) Global Convertibles Fund

M&G (Lux) Global Corporate Bond Fund

M&G (Lux) Global Dividend Fund

M&G (Lux) Global Emerging Markets Fund

M&G (Lux) Global Floating Rate High Yield Fund

M&G (Lux) Global High Yield Bond Fund

M&G (Lux) Global Macro Bond Fund

M&G (Lux) Global Recovery Fund

M&G (Lux) Global Select Fund

M&G (Lux) Global Themes Fund

M&G (Lux) High Yield Bond Fund 2022

M&G (Lux) Japan Fund

M&G (Lux) Japan Smaller Companies Fund

M&G (Lux) North American Dividend Fund

M&G (Lux) North American Value Fund

M&G (Lux) Optimal Income Fund

M&G (Lux) Pan European Dividend Fund

M&G (Lux) Pan European Select Fund

M&G (Lux) PIR Allocation Fund

M&G (Lux) Short Dated Corporate Bond Fund

Investor information

The Prospectus, Articles of Incorporation, Key Investor Information Documents, latest annual or interim report and financial statements are available free of charge on request from the following addresses. Alternatively, you can obtain a copy of the latest annual or interim report and financial statements from our website at www.mandg.co.uk/discretionary

M&G (Lux) Investment Funds 1

Management and administration

Investor information (continued)

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current Prospectus, the current Key Investor Information Document, accompanied by the latest audited annual report or unaudited interim report if published thereafter.

A detailed list of investments purchased and sold for any fund during the period is available upon request, free of charge, from the following address:

Customer services and administration

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

Telephone: +352 2605 9944

Email: csmandg@rbc.com

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.

For security purposes and to improve the quality of our service, we may record and monitor telephone calls.

Austrian paying and information agent

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

Belgian financial agent

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

Danish representative agent

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

French centralising agent

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

German information agent

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

Greek paying agent and distributor

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

Irish facilities agent

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

Italian paying agents

Allfunds Bank, S.A.,
Via Bocchetto, 6, 20123 Milano MI, 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.,
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

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 (Lux) Investment Funds 1

Directors' Report

Directors' responsibilities

The Directors are responsible for the overall management and control of the Company in accordance with the Articles. The Directors are further responsible for the implementation of each fund's investment objective and policies, as well as for oversight of the administration and operations of each fund.

The Directors shall have the broadest powers to act in any circumstances on behalf of the Company, subject to the powers reserved by law to the Shareholders.

The following persons have been appointed as Directors of the Company:

Yves Wagner is an Independent Director.

Laurence Mumford, Director of M&G Securities Limited.

Gary Cotton, Director of M&G Investment Management Limited and Director of M&G Securities Limited.

Philip Jelfs, Director of M&G Securities Limited.

Graham MacDowall, Director of M&G Securities Limited.

William Nott was the Chief Executive Officer of M&G Securities Limited. He resigned with effect from 31 December 2017.

The Directors may appoint one or more committees, authorised delegates or agents to act on their behalf.

Delegation of functions

The Company has appointed M&G Securities Limited pursuant to the Management Agreement to serve as its management company within the meaning of the UCI Law. The Management Company performs certain functions, subject to the overall supervision of the Directors, for the provision of investment management services, administrative services and marketing services to the Company. The Management Company is also the principal distributor of shares under the terms of the Management Agreement.

The Management Company acts as the management company of the Company under the freedom to provide services organised by the UCITS Directive. In accordance with the relevant provisions of the UCI Law, the Management Company will be required to comply with the FCA Rules (being the rules of the Management Company's 'home member state' for the purposes of the UCI Law) in relation to the organisation of the Management Company, including its delegation arrangements, risk management procedures, prudential rules and supervision, applicable prudential rules regarding the Management Company's management of UCITS authorised under the UCITS Directive and the Management Company's reporting requirements. The Management Company shall comply with the UCI Law as regards the constitution and functioning of the Company.

Investment manager

The Management Company has appointed M&G Investment Management Limited as investment manager on behalf of the board of directors to manage and invest the assets of the funds pursuant to their respective investment objectives and policies.

The Investment manager was appointed pursuant to the Investment Management Agreement. Under the Investment Management Agreement, the Investment manager has full discretion, subject to the overall review and control of the Management Company and the Directors, to purchase and sell securities and otherwise to manage the assets of the Company on a discretionary basis.

Registrar and transfer agent

The Management Company has appointed RBC Investor Services Bank S.A. as registrar and transfer agent of the Company on behalf of the board of directors.

Under the Registrar and Transfer Agency Agreement, the registrar and transfer agent is responsible for processing the issue, redemption and transfer of shares, as well as for the keeping of the register of Shareholders, subject to the overall review and control of the Management Company and the Directors.

Administrator

The Management Company has appointed State Street Bank Luxembourg S.C.A. as the Administrator of the Company on behalf of the board of directors. The Administrator will carry out certain administrative duties related to the administration of the Company, including the calculation of the Net Asset Value of the shares and the provision of accounting services to the Company, subject to the overall review and control of the Management Company and the Directors.

The Management Company has appointed the Administrator as its domiciliary agent. The Administrator will be responsible for the domiciliation of the Company and will perform, inter alia, the functions as foreseen in the Luxembourg law of 31 May 1999 on the domiciliation of companies, as amended from time to time, and, in particular, allow the Company to establish its registered office at the registered office of the Administrator and provide facilities necessary for the meetings of the Company's officers, Directors and/or of the Shareholders of the Company.

Hedging services

The Management Company has appointed State Street Global Markets to undertake certain currency hedging functions in respect of the Hedged Share Classes.

M&G (Lux) Investment Funds 1

Directors' Report

Depository

The Management Company has appointed State Street Bank Luxembourg S.C.A. as the Depository.

The Depository shall perform all of the duties and obligations of a depository under the UCITS Directive and the Luxembourg implementing laws and regulations with respect to each fund.

The Depository has been entrusted with the following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with applicable law and the Articles;
- ensuring that the value of the shares is calculated in accordance with applicable law and the Articles;
- carrying out the instructions of the Management Company or the Company (as the case may be), unless such instructions conflict with applicable law or the Articles;
- ensuring that, in transactions involving the assets of the Company, any consideration is remitted to the Company within the usual time limits;
- ensuring that the income of the Company is applied in accordance with applicable law and the Articles;
- monitoring and oversight of the Company's cash and cashflows in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations; and
- safe-keeping of the Company's assets, including the safe-keeping of financial instruments that can be held in custody and ownership verification and record-keeping in relation to other assets.

Directors' statement

This report has been prepared in accordance with the requirements of the UCITS Directive 2009/65/EC of the European Parliament and Council of 13 July 2009.

G W MACDOWALL
L J MUMFORD } Directors

5 July 2018



Independent Auditor's Report to the shareholders of M&G (Lux) Investment Funds 1

Opinion

We have audited the financial statements of M&G (Lux) Investment Funds 1 (the 'Fund') and of each of its sub-funds, which comprise the statement of net assets and portfolio statement as at 31 March 2018 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and of each of its sub-funds as at 31 March 2018, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the 'Law of 23 July 2016') and with International Standards on Auditing ('ISAs') as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier' ('CSSF'). Our responsibilities under those Law and standards are further described in the « responsibilities of the 'réviseur d'entreprises agréé' for the audit of the financial statements » section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the 'réviseur d'entreprises agréé' thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund and those charged with governance for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the 'réviseur d'entreprises agréé' for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the 'réviseur d'entreprises agréé' that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.

M&G (Lux) Investment Funds 1

Independent Auditor's Report

- Conclude on the appropriateness of Board of Directors of the Fund use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the 'réviseur d'entreprises agréé' to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the 'réviseur d'entreprises agréé'. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Michael Ferguson

Ernst & Young
Société anonyme
Cabinet de révision agréé

Luxembourg
5 July 2018

M&G (Lux) Investment Funds 1

Market review

Financial markets experienced a period of prolonged calm in 2017, as an improving outlook for the global economy and company earnings encouraged investors to shrug off political events such as US-North Korea tensions, Spain's Catalonia crisis and German elections. However, this came to an abrupt end in early 2018. In February, concerns grew that inflationary pressures would lead the US central bank to raise interest rates faster than previously indicated, resulting in a widespread market downturn. Stockmarkets then experienced further turbulence in March, triggered by fears of a potential US-China trade war and high-profile events in the technology sector.

Company shares (equities) suffered across global markets in early 2018, with the effects of largely US-centric events spreading to stockmarkets in Europe and Asia. These price movements reversed a significant amount of the gains made in 2017. Government bonds also experienced notable weakness in February, as the price of these assets typically falls when interest rates are expected to rise. However, they subsequently recovered as investors flocked to perceived 'safe haven' assets in response to political uncertainty. (Bonds are loans that are extended by an investor to an issuer – such as a company or government – in exchange for regular interest payments.) Corporate bonds (bonds issued by companies), meanwhile, fell sharply, with global valuations relative to government bonds reaching their widest levels in around 10 months.

Given that there is still some uncertainty about the extent to which central banks can reverse the extraordinary monetary policies they introduced following the financial crisis, and with key political issues remaining unresolved, many participants appear to expect further market turbulence in 2018.

M&G Investment Management Limited
31 March 2018

Market performance information as at 31 March 2018.

Source: Datastream, as at 31 March 2018.

M&G (Lux) Absolute Return Bond Fund

Investment objective and policy

Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) of at least cash* plus 2.5% a year, before any charges are taken, in any market conditions and over any three-year period.

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

* As based on 3-month EURIBOR, the rate at which banks borrow money from each other.

Investment policy

The Fund will invest at least 70% of its Net Asset Value in the following asset classes: bonds, currencies, cash, near cash and deposits. These may be issued anywhere in the world and denominated in any currency.

The Fund's exposure to these investments may also be gained by investing in other collective investment schemes**, or through the use of derivative instruments. The Fund may take short positions (holding derivative instruments with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, and groups of securities. The Fund also has the flexibility to gain exposure to investments exceeding the net asset value of the Fund in order to increase potential returns in both rising and falling markets.

Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options, and Total Return Swaps.

The bonds that the Fund may invest in include the following:

- a) bonds which are rated above investment grade by a recognised rating agency, bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies, bonds from issuers located in emerging markets;
- b) a maximum of 60% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds;
- c) a maximum of 20% of the Fund's Net Asset Value in Contingent Convertible Debt Securities; and
- d) a maximum of 20% of the Fund's Net Asset Value in Asset-Backed Securities.

** When the underlying collective investment scheme is managed by the Management Company (or an associate), the Management Company will reduce its the Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Absolute Return Bond Fund

Investment review

For the year ended 31 March 2018

Performance against objective

Between 31 March 2017 (the start of the review period) and 31 March 2018, the M&G (Lux) Absolute Return Bond Fund delivered a positive total return (the combination of capital growth and income), albeit less than 3-month EURIBOR + 2.5%. The fund's objective is to achieve a total return of at least 2.5% per annum above 3-month EURIBOR, before any charges are taken, in any market conditions and over any three-year period.

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

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

The fund also holds a modest allocation to asset-backed securities (ABS), a type of bond whose income is derived from a pool of underlying assets, such as mortgages, credit cards or student loans. ABS typically pay a variable rate of income and therefore provide an element of protection against rising interest rates.

Performance review

After an extended period of calm, volatility returned to financial markets in early 2018. The previous year saw strong performance for higher risk assets such as corporate bonds, as the global economy continued to deliver positive growth surprises. However, this appears to have led to fears of inflationary pressures in the US, where markets appear sensitive to the idea that the US central bank could raise interest rates faster than previously indicated.

Prospective returns on US government bonds subsequently rose to their highest levels in several years in February, which influenced price movements across many other types of asset. Corporate bond prices generally fell sharply. Markets also appear to have regained sensitivity to political developments after a resilient prior year. Towards the end of the review period, government bond yields reversed slightly, as further volatility prompted investors to retreat to perceived safe-haven assets.

Against this backdrop, the fund's cautious positioning helped to mitigate some of the effects of recent market volatility, which resulted in overall performance remaining positive for the review period.

Investment activity

The fund is currently positioned cautiously with a low sensitivity to movements in interest rates, as we believe that expected moves by central banks towards 'normal' monetary policy for the first time since the global financial crisis pose a medium-term threat to government bonds.

We have continued to find what we believe are attractive opportunities in selected corporate bonds. We have also invested in bonds with shorter maturities, as these assets are typically less sensitive to interest rate movements. (Maturity is the length of time until the initial investment amount – the 'principal' of a fixed income security – is due to be repaid to the holder.)

The fund has held modest exposure to traditional 'safe-haven' currencies such as the US dollar, Swiss franc and Japanese yen. We also added some exposure to emerging market currencies from Columbia, Mexico and Russia, as we believe these assets offer attractive value.

Outlook

We believe that market volatility is likely to remain elevated in 2018, as business and financial cycles mature and asset prices that have been supported by the low interest rate environment potentially correct. In Europe, we also expect the European Central Bank to take further steps towards normalising monetary policy if the eurozone economy continues to strengthen. As such, we will continue to position the portfolio cautiously with a view to minimising the effects of further potential market volatility and rate rises.

Jim Leaviss and Wolfgang Bauer

Co-fund managers

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME				36,647	97.48
Debt securities				36,955	98.30
'AAA' credit rated bonds				3,426	9.11
Alba 2006-2 0%	308,056	€	15.12.38	298	0.79
Avoca CLO XI Ltd 0.89%	150,000	€	15.07.30	151	0.40
Barings CLO Ltd. 2017-I 0.9%	400,000	€	15.10.30	402	1.07
Carlyle Euro CLO 2017-1 DAC 0.86%	200,000	€	15.07.30	201	0.53
Delft 2017 0.419%	134,805	€	17.01.40	135	0.36
Dukinfield 1.58256%	162,405	£	20.12.52	188	0.50
Harvest CLO VII 0.92%	100,000	€	12.04.31	100	0.27
Jubilee CLO 2017-XVIII BV 0.87%	200,000	€	15.01.30	201	0.53
Ludgate Funding 0%	155,501	€	01.12.60	149	0.40
Newday Partnership Funding 2017-1 PLC 1.24531%	200,000	£	15.12.27	230	0.61
Newgate Fund 0.271%	395,384	€	15.12.50	392	1.04
Paragon Mortgages No.11 FRN A2B	212,517	€	15.10.41	206	0.55
Residential Mortgage Securities No.29 1.2765%	252,255	£	20.12.46	290	0.77
US Treasury 0.125%	600,000	US\$	15.07.26	483	1.29
'AAAu' credit rated bonds				806	2.15
United States Treasury Note/Bond 1.5%	700,000	US\$	31.10.19	562	1.50
United States Treasury Note/Bond 2.625%	300,000	US\$	28.02.23	244	0.65
'AA' credit rated bonds					
Paragon Mortgages No.13 FRN A2B	330,685	€	15.01.39	321	0.85
'AA1' credit rated bonds					
Towd Point Mortgage Funding 1.68806%	343,000	£	20.07.46	396	1.05
'AA+' credit rated bonds					
Apple 1%	375,000	€	10.11.22	388	1.03
'AA-' credit rated bonds					
HSBC Holdings 1%	400,000	€	05.10.23	400	1.06
'AAu' credit rated bonds					
Treasury 1.875%	170,000	£	22.11.22	310	0.82
'A' credit rated bonds				4,543	12.09
Bank of America 0.449%	400,000	€	04.05.23	404	1.07
Bank of America Corp 2.55698%	300,000	US\$	05.02.26	238	0.63
Barclays PLC 3.125%	250,000	£	17.01.24	289	0.77
BPCE S.A. 1%	300,000	€	23.03.23	299	0.80
Citigroup Inc 5.25%	450,000	US\$	17.05.24	369	0.98
Coventry Building Society 1.875%	207,000	£	24.10.23	233	0.62
Goldman Sachs Group 0.2913%	300,000	€	26.09.23	299	0.80
Goldman Sachs Group 0.3%	225,000	€	09.09.22	225	0.60
ING Groep NV 1%	200,000	€	22.03.30	201	0.53
KBC Groep 0.75%	100,000	€	01.03.22	101	0.27
Landmark Mortgage Securities No 2 0%	309,412	€	17.06.39	299	0.80
Mexican Bonos 10%	3,000,000	MXN	05.12.24	153	0.41
Morgan Stanley 3.0107%	200,000	US\$	08.05.24	165	0.44
Santander UK 0.451%	300,000	€	18.05.23	301	0.80
Santander UK Group Holdings PLC 1%	259,000	€	27.03.24	260	0.69
Société Générale 0.471%	700,000	€	22.05.24	707	1.88
'A+' credit rated bonds				2,287	6.08
ABN AMRO Bank NV 1.375%	100,000	£	07.06.22	113	0.30
ABN AMRO Bank NV 2.14918%	200,000	US\$	19.01.21	162	0.43
BNP Paribas 0.421%	486,000	€	07.06.24	491	1.31
JPMorgan Chase FRN	500,000	US\$	24.10.23	412	1.09
Lloyds Banking Group PLC 0.451%	150,000	€	21.06.24	151	0.40
Lloyds Banking Group PLC 1%	200,000	€	07.09.28	199	0.53
Mitchells & Butlers Finance 1.77%	68,451	US\$	15.12.30	52	0.14
UBS Group Funding Switzerland AG 3.3034%	200,000	US\$	01.02.22	167	0.44
Wells Fargo & Company 1.375%	300,000	£	30.06.22	334	0.89
Wells Fargo & Company FRN	250,000	US\$	31.10.23	206	0.55
'A-' credit rated bonds				2,046	5.44
Anheuser-Busch InBev Finance Inc 0%	200,000	€	15.04.24	199	0.53
AT&T 5.25%	300,000	US\$	01.03.37	254	0.67
AT&T 5.3%	200,000	US\$	14.08.58	164	0.44

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME (continued)					
'A-' credit rated bonds (continued)					
Barclays Bank PLC 1%	300,000	€	07.02.28	296	0.79
Crédit Suisse Group 2.125%	200,000	£	12.09.25	222	0.59
E-MAC NL 2005-I BV 2.519%	233,953	€	25.04.38	240	0.64
Nationwide Building Society 1%	240,000	€	08.03.26	241	0.64
Verizon Communications 4.672%	300,000	US\$	15.03.55	230	0.61
Verizon Communications Inc 2.875%	200,000	€	15.01.38	200	0.53
'A2' credit rated bonds					
Finsbury Square 2018-1 PLC 1.21093%	100,000	£	12.09.65	115	0.31
'A3' credit rated bonds					
Anheuser-Busch InBev Worldwide Inc 4%	121,000	US\$	13.04.28	99	0.26
AXA S.A. 1%	357,000	€	28.05.49	362	0.96
Chubb INA Holdings Inc 1.55%	127,000	€	15.03.28	127	0.34
'BAA1' credit rated bonds					
Magellan Mortgages No.4 1%	285,638	€	20.07.59	277	0.74
'BAA2' credit rated bonds					
Fairfax Financial Holdings 2.75%	185,000	€	29.03.28	183	0.49
Italy (Republic of) 2.05%	250,000	€	01.08.27	257	0.68
Italy Buoni Poliennali Del Tesoro 2.05%	100,000	€	01.08.27	103	0.27
LafargeHolcim Sterling Finance (Netherlands) 3%	100,000	£	12.05.32	111	0.30
SELP Finance Sarl 1.5%	100,000	€	20.11.25	99	0.26
Suez Environnement 2.875%	200,000	€	31.12.99	206	0.55
WPC Eurobond B.V. 2.125%	119,000	€	15.04.27	119	0.32
'BAA3' credit rated bonds					
Anglo American Capital 4.5%	200,000	US\$	15.03.28	162	0.43
Belfius Bank S.A. 1%	200,000	€	15.03.28	200	0.53
Fastighets AB Balder 1.875%	100,000	€	23.01.26	98	0.26
Thames Water Utilities Cayman 2.375%	200,000	£	03.05.23	223	0.59
'BA1' credit rated bonds					
Banco Santander 2.125%	100,000	€	08.02.28	98	0.26
Banco Santander 6.25%	500,000	€	12.03.49	521	1.39
Olin Corp 5%	200,000	US\$	01.02.30	155	0.41
'BA2' credit rated bonds					
T-Mobile USA Inc 6.375%	200,000	US\$	01.03.25	171	0.45
'BA3' credit rated bonds					
Belden 3.375%	229,000	€	15.07.27	223	0.59
QuintilesIMS 3.25%	147,000	€	15.03.25	148	0.39
Sirius XM Holdings 5%	200,000	US\$	01.08.27	153	0.41
United Rentals North America Inc 4.875%	100,000	US\$	15.01.28	78	0.21
'BBB' credit rated bonds					
America Movil SAB de CV 6.375%	200,000	€	06.09.73	240	0.64
Aroundtown 3%	100,000	£	16.10.29	111	0.30
Aviva Var. Rate	400,000	£	29.09.49	503	1.34
Banco de Sabadell SA 0.875%	300,000	€	05.03.23	299	0.80
Bat Capital Corp 4.54%	50,000	US\$	15.08.47	40	0.11
Bayer 2.375%	300,000	€	02.04.75	306	0.81
Bogota Distrio Capital 9.75%	200,000,000	COP	26.07.28	63	0.17
CVS Health Corp 1%	96,000	US\$	09.03.21	78	0.21
Express Scripts 4.8%	100,000	US\$	15.07.46	82	0.22
FCE Bank 1.134%	250,000	€	10.02.22	254	0.68
Ford Motor Credit Co LLC 2.86698%	250,000	US\$	03.08.22	204	0.54
Nielsen Norman Group 4.5%	100,000	€	15.07.49	109	0.29
RCI Banque SA 0.101%	300,000	€	12.01.23	299	0.80
Thermo Fisher Scientific 2.875%	100,000	€	24.07.37	101	0.27
'BBB+' credit rated bonds					
Arion Banki HF 1%	262,000	€	20.03.23	261	0.69
DP World 6.85%	100,000	US\$	02.07.37	99	0.26
ELM 3.375%	350,000	€	29.09.47	364	0.97
Greene King Finance FRN	273,690	£	15.12.33	311	0.83
Groupe Bruxelles Lambert 1.375%	300,000	€	23.05.24	303	0.81
Mexico (United Mexican States) 10%	1,500,000	MXN	05.12.24	76	0.20

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME (continued)					
'BBB+' credit rated bonds (continued)					
Royal Bank of Scotland FRN	400,000	US\$	15.05.23	328	0.87
Royal Bank of Scotland Group PLC 1%	300,000	£	19.09.26	341	0.91
Royal Bank of Scotland Group PLC 1.75%	158,000	€	02.03.26	159	0.42
Snam 0.07%	200,000	€	02.08.24	200	0.53
Vodafone Group PLC 1.125%	136,000	€	20.11.25	134	0.36
Vonovia Finance BV 0.75%	300,000	€	25.01.22	303	0.81
Vonovia Finance BV 1.5%	100,000	€	14.01.28	97	0.26
'BBB-' credit rated bonds				3,830	10.19
Akelius Residential 2.375%	100,000	£	15.08.25	110	0.29
Allergan Funding 2.125%	150,000	€	01.06.29	148	0.39
American International Group FRN	300,000	€	15.03.67	288	0.77
Crédit Agricole 6.5%	400,000	€	29.04.49	449	1.19
Energy Transfer Partners 6.125%	400,000	US\$	15.12.45	335	0.89
Leonardo SpA 1.5%	300,000	€	07.06.24	292	0.78
MPLX LP 4.125%	50,000	US\$	01.03.27	40	0.11
Mylan 5.4%	400,000	US\$	29.11.43	340	0.90
Orange 5%	200,000	€	29.10.49	229	0.61
Richemont International Holding S.A. 1%	116,000	€	26.03.26	116	0.31
Romania (Republic of) 3.875%	250,000	€	29.10.35	269	0.72
Russia (Federation of) 8.15%	10,000,000	RUB	03.02.27	153	0.41
Telecom Italia Finance 2.375%	200,000	€	12.10.27	196	0.52
Teva Pharmaceutical Finance 1.125%	150,000	€	15.10.24	125	0.33
UBS AG/London 1.25%	400,000	£	10.12.20	454	1.21
Uruguay Government International Bond 9.875%	7,000,000	UYU	20.06.22	204	0.54
Western Gas Partner 4.65%	100,000	US\$	01.07.26	82	0.22
'BB' credit rated bonds				2,165	5.75
Banco Bilbao Vizcaya Argentaria 7%	200,000	€	29.12.49	210	0.56
Brazil (Federal Republic of) 10%	800,000	BRL	01.01.27	201	0.53
Cabot Financial Luxembourg 5.875%	170,000	€	15.11.21	172	0.46
CSC Holdings 5.5%	200,000	US\$	15.04.27	155	0.41
Energy Transfer Partners FRN	50,000	US\$	01.11.66	36	0.10
Lusitano Mortgages No.5 1%	238,195	€	15.07.59	229	0.61
Old Mutual 8%	190,000	£	03.06.21	246	0.65
Petrobras Global Finance BV 5.75%	500,000	US\$	01.02.29	390	1.04
Puma International Financing SA 5%	200,000	US\$	24.01.26	156	0.41
Wind Tre SpA 2.466933%	400,000	€	20.01.24	370	0.98
'BB+' credit rated bonds				2,556	6.79
CCO Holdings Capital 5.125%	100,000	US\$	01.05.27	77	0.20
Equinix Inc 2.875%	215,000	€	15.03.24	214	0.57
HCA 5.5%	350,000	US\$	15.06.47	275	0.73
KBC Groep 5.625%	400,000	€	29.03.49	415	1.10
KBC Group NV 5.625%	100,000	€	29.03.49	104	0.28
Lagardère 1.625%	200,000	€	21.06.24	197	0.52
Lloyds Bank 7%	400,000	£	29.12.49	480	1.28
Portugal (Republic of) 5.125%	200,000	US\$	15.10.24	173	0.46
Stora Enso 2.5%	111,000	€	21.03.28	110	0.29
Telefonica Europe BV 1%	200,000	€	31.12.99	198	0.53
Telefonica Europe BV 3.75%	300,000	€	31.12.49	313	0.83
'BB-' credit rated bonds					
Tenet Healthcare 4.625%	106,000	US\$	15.07.24	83	0.22
'B' credit rated bonds					
MHP Lux S.A. 6.95%	200,000	US\$	03.04.26	162	0.43
'B+' credit rated bonds				1,375	3.67
Argentine Republic Government International Bond 4.625%	100,000	US\$	11.01.23	78	0.21
Argentine Republic Government International Bond 5.875%	69,000	US\$	11.01.28	52	0.14
Argentine Republic Government International Bond 6.875%	50,000	US\$	11.01.48	37	0.10
Cote d'Ivoire 5.125%	100,000	€	15.06.25	105	0.28
Intesa Sanpaolo 1.75%	300,000	€	20.03.28	299	0.80

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME (continued)					
'B+' credit rated bonds (continued)					
Picard Groupe SAS 3%	181,000	€	30.11.23	181	0.48
SFR Group SA 5.625%	220,000	€	15.05.24	224	0.60
Unicredit Var. Rate	400,000	€	31.12.99	399	1.06
'B1' credit rated bonds					
Nomad Foods 3.25%	250,000	€	15.05.24	254	0.68
'B2' credit rated bonds					
Aston Martin Capital 5.75%	100,000	£	15.04.22	120	0.32
Iceland Bondco 4.54469%	33,909	£	15.07.20	39	0.10
Matterhorn Telecom 3.25%	57,143	€	01.02.23	57	0.15
'B3' credit rated bonds					
Altice Financial Corporation 4.75%	100,000	€	15.01.28	88	0.23
Argentina (Republic of) 5%	100,000	€	15.01.27	97	0.26
Selecta Group BV 5.032133%	199,000	€	01.02.24	200	0.53
'Bu' credit rated bonds					
Bombardier Inc 7.5%	200,000	US\$	01.12.24	168	0.45
'WD' credit rated bonds					
Casino Guichard Perrachon SA 4.498%	100,000	€	07.03.24	106	0.28
Bonds with no credit rating					
Altarea 2.25%	200,000	€	05.07.24	200	0.53
Beni Stabili SpA 2.375%	160,000	€	20.02.28	159	0.42
Harvest CLO VIII DAC 0%	203,000	€	15.01.31	203	0.54
Oat Hill No1 1%	190,550	£	25.02.46	217	0.58
Contracts					
Debt derivatives				(308)	(0.82)
Credit default swaps				(210)	(0.56)
Pay 5% Receive iTraxx Europe Crossover	250,000	€	20.12.2021	(28)	(0.07)
Pay 5% Receive iTraxx Europe Crossover	250,000	€	20.12.2021	(28)	(0.07)
Pay People's Republic of China Receive 1%	200,000	€	20.12.2021	5	0.01
Pay Republic of Chile Receive 1%	100,000	€	20.12.2021	2	0.01
Pay Republic of Korea Receive 5%	200,000	€	20.12.2021	30	0.08
Pay 1% Receive iTraxx Europe	200,000	€	20.06.2022	(5)	(0.01)
Pay 1% Receive iTraxx Europe	1,000,000	€	20.06.2022	(24)	(0.07)
Pay 1% Receive iTraxx Europe	300,000	€	20.06.2022	(7)	(0.02)
Pay 1% Receive iTraxx Europe	350,000	€	20.06.2022	(8)	(0.02)
Pay 1% Receive iTraxx Europe	300,000	€	20.06.2022	(7)	(0.02)
Pay 1% Receive iTraxx Europe	400,000	€	20.06.2022	(10)	(0.03)
Pay 1% Receive Pfizer Inc.	200,000	US\$	20.06.2022	(5)	(0.01)
Pay 5% Receive iTraxx Europe Crossover	150,000	€	20.06.2022	(17)	(0.05)
Pay 5% Receive iTraxx Europe Crossover	100,000	€	20.06.2022	(11)	(0.03)
Pay Anglo American Plc Receive 5%	150,000	€	20.06.2022	26	0.07
Pay Anglo American Plc Receive 5%	100,000	€	20.06.2022	17	0.04
Pay Glencore International Receive 5%	100,000	€	20.06.2022	17	0.04
Pay 1% Receive iTraxx Europe	250,000	€	20.12.2022	(5)	(0.01)
Pay 1% Receive iTraxx Europe	200,000	€	20.12.2022	(4)	(0.01)
Pay 1% Receive iTraxx Europe	300,000	€	20.12.2022	(7)	(0.02)
Pay 1% Receive iTraxx Europe	250,000	€	20.12.2022	(6)	(0.02)
Pay 1% Receive iTraxx Europe	500,000	€	20.12.2022	(11)	(0.03)
Pay 1% Receive iTraxx Europe	4,500,000	€	20.12.2022	(101)	(0.27)
Pay 1% Receive iTraxx Europe	1,000,000	€	20.12.2022	(22)	(0.06)
Pay 1% Receive iTraxx Europe Senior Financials	200,000	€	20.12.2022	(4)	(0.01)
Pay 1% Receive iTraxx Europe Senior Financials	150,000	€	20.12.2022	(3)	(0.01)
Pay 1% Receive iTraxx Europe Senior Financials	250,000	€	20.12.2022	(5)	(0.01)
Pay 1% Receive iTraxx Europe Sub Financials	300,000	€	20.12.2022	2	0.01
Pay 1% Receive iTraxx Europe Sub Financials	400,000	€	20.12.2022	3	0.01
Pay 1% Receive iTraxx Europe Sub Financials	150,000	€	20.12.2022	1	-
Pay 1% Receive iTraxx Europe Sub Financials	250,000	€	20.12.2022	2	0.01
Pay 1% Receive Markit's					
North American Investment Grade	2,600,000	US\$	20.12.2022	(38)	(0.10)
Pay Anglo American Plc Receive 5%	100,000	€	20.12.2022	18	0.05
Pay Glencore International AG Receive 5%	100,000	€	20.12.2022	18	0.05

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Contracts	Currency	Maturity date	Market value €'000	% of net assets
Debt derivatives (continued)					
Credit default swaps (continued)					
Pay Republic of Italy Receive 1%	150,000	US\$	20.12.2022	-	-
Pay iTraxx Europe Receive 1%	550,000	€	20.06.2027	5	0.01
Interest rate swaps					
Pay 1.8045% Receive £ 6M Libor	200,000	£	24.10.2022	2	0.01
				Commitment value (€'000)	
Interest rate futures				(100)	(0.27)
Euro Buxl Futures	(1)	€	07.06.18	165	(5)
Euro SCHATZ Futures	(8)	€	07.06.18	896	(1)
Germany Federal Republic Bonds 5 year Futures	(23)	€	07.06.18	3,017	(18)
Germany Federal Republic Notes 10 year Futures	(16)	€	07.06.18	2,549	(34)
US Treasury Notes 10 year Futures	(5)	US\$	20.06.18	518	(6)
US Treasury Notes 30 year Futures	(3)	US\$	20.06.18	356	(11)
US Ultra Bond Futures	(4)	US\$	20.06.18	491	(20)
UK Treasury Notes Futures	(2)	£	27.06.18	280	(5)
CURRENCY				(122)	(0.33)
Forward currency contracts				(122)	(0.33)
Bought for £ 379,000.00, sold for € 429,293.76			04.04.18	3	0.01
Bought for ¥ 93,896,960.00, sold for € 722,599.75			04.04.18	(8)	(0.02)
Bought for € 6,503,619.49, sold for £ 5,789,543.00			04.04.18	(103)	(0.28)
Bought for € 7,755,696.88, sold for US\$ 9,564,677.00			04.04.18	(6)	(0.02)
Bought for CHF 415,117.84, sold for € 360,462.59			04.04.18	(8)	(0.02)
Bought for US\$ 465,000.00, sold for € 376,640.00			04.04.18	1	-
Bought for US\$ 172,087.15, sold for CNY 1,090,000.00			02.05.18	(1)	-
Portfolio of investments				36,525	97.15
SHARE CLASS HEDGING				-	-
Bought for CHF 103,678.58, sold for € 87,912.23			02.05.18	-	-
Bought for US\$ 106,886.74, sold for € 85,985.06			02.05.18	-	-
Bought for € 2,097.49, sold for CHF 2,472.37			02.05.18	-	-
Bought for € 1,068.69, sold for US\$ 1,326.95			02.05.18	-	-
Bought for £ 55,631.93, sold for € 63,390.77			02.05.18	-	-
Total portfolio				36,525	97.15
Net other assets/(liabilities)				1,071	2.85
NET ASSETS				37,596	100.00
PORTFOLIO SUMMARY					
Investment assets					
Debt securities				36,955	98.30
Unrealised gains on forward currency contracts				4	0.01
Unrealised gains on swap contracts				148	0.40
Total investment assets				37,107	98.71
Investment liabilities					
Unrealised losses on futures contracts				(100)	(0.27)
Unrealised losses on forward currency contracts				(126)	(0.34)
Unrealised losses on swap contracts				(356)	(0.95)
Total investment liabilities				(582)	(1.56)
Total portfolio				36,525	97.15
Net other assets/(liabilities)				1,071	2.85
NET ASSETS				37,596	100.00

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Counterparty exposure

Counterparty	Swaps €'000	Derivative exposures		Collateral held as cash €'000
		Forward currency contracts €'000	Futures €'000	
Citigroup Global Markets Limited	180	7	-	-
Goldman Sachs International	69	-	-	-
J.P.Morgan	255	-	-	290
Merrill Lynch Pierce Fenner + Smith Inc	-	-	8,272	-
National Australia Bank Ltd	-	1	-	-
State Street Bank London	-	1	-	-
UBS AG London	-	8	-	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Absolute Return Bond Fund

Financial highlights (unaudited)

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.

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

Long-term performance by share class				
	One year 31.03.17 % ^[a]	Three years 31.03.15 % p.a.	Five years 31.03.13 % p.a.	Since launch % p.a.
Euro ^[b]				
Class 'A'	+0.8	n/a	n/a	+1.1 ^[c]
Class 'C'	+1.4	n/a	n/a	+1.7 ^[c]
Class 'CI'	+1.4	n/a	n/a	+1.8 ^[c]
Sterling ^[b]				
Class 'C-H'	+2.3	n/a	n/a	+2.7 ^[c]
Swiss franc ^[b]				
Class 'A-H'	+0.4	n/a	n/a	+0.7 ^[c]
Class 'C-H'	+1.0	n/a	n/a	+1.3 ^[c]
US dollar ^[b]				
Class 'A-H'	+3.0	n/a	n/a	+3.3 ^[c]
Class 'C-H'	+3.7	n/a	n/a	+3.9 ^[c]

^[a] Absolute basis.

^[b] Price to price with income reinvested.

^[c] 21 December 2016, the launch date of the fund.

Distribution details for holders of distribution shares

This fund pays semi-annual distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect for the year ended to 31 March 2018.

Semi-annual distribution periods					
	Start	End	Record date	Xd	Payment
Interim	01.07.17	30.09.17	20.10.17	23.10.17	26.10.17
Final	01.04.17	31.03.18	20.04.18	23.04.18	26.04.18

Distributions					
	Euro Class 'A'	Euro Class 'C'	Sterling Class 'C-H'	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'
to 31 March 2018	Euro ¢	Euro ¢	UK p	Swiss ¢	Swiss ¢
Interim	0.0974	0.0976	0.0979	0.0964	0.0967
Final	0.1117	0.1119	0.1127	0.1104	0.1109
			US dollar Class 'A-H'	US dollar Class 'C-H'	
to 31 March 2018			US ¢	US ¢	
Interim			0.1000	0.1003	
Final			0.1147	0.1153	

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the year ended to 31 March 2018.

Net Asset Values and Total Expense Ratios			
NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A' Accumulation	10.1414	1.33	1.24
Class 'A' Distribution	10.0059	1.27	1.24
Class 'C' Accumulation	10.2197	0.75	0.64
Class 'C' Distribution	10.0813	0.74	0.64
Class 'CI' Accumulation	10.2273	0.59	0.60
Sterling	£	%	%
Class 'C-H' Accumulation	10.3391	0.65	0.65
Class 'C-H' Distribution	10.1987	0.65	0.65
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	10.0853	1.24	1.26
Class 'A-H' Distribution	9.9483	1.24	1.26
Class 'C-H' Accumulation	10.1654	0.64	0.66
Class 'C-H' Distribution	10.0216	0.51	0.66
US dollar	US\$	%	%
Class 'A-H' Accumulation	10.4239	1.24	1.26
Class 'A-H' Distribution	10.2811	1.24	1.26
Class 'C-H' Accumulation	10.5093	0.64	0.66
Class 'C-H' Distribution	10.3597	0.64	0.66
NAV at fund level	€'000		
Net assets	37,596		
Swing pricing adjustment (see note 11)	0		
Swung net assets	37,596		

The estimated TER shown is an estimate of the charges as the share class has experienced significant inflows, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Conservative Allocation Fund

Investment objective and policy

Investment objective

The Fund aims to deliver a positive total return (the combination of income and capital growth) of 3-6% p.a. in any three-year period, through investment in a range of global assets.

Investment policy

The Fund has a highly flexible investment approach with the freedom to invest in different types of assets issued anywhere in the world and denominated in any currency. The Fund will typically use derivatives to gain exposure to these assets. The Fund may also use derivatives to take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) and to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets. The Fund may invest in China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Exchange.

The Fund may also invest directly in these assets, or indirectly through other collective investment schemes*. The Fund can also invest in currencies, cash, near cash, deposits and warrants. The Investment Manager will normally seek to hold more than 60% of the Fund's Net Asset Value in euro denominated assets or in other currencies hedged back to euro.

The Fund will normally invest within the following net allocation ranges: 0-100% in fixed income, 0-35% in equities and 0-20% in other assets.

Fixed income instruments that the Fund may invest in include the following:

- a) derivatives whose value is derived from bonds, interest rates or credit risk;
- b) bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- c) bonds from issuers located in emerging markets;
- d) bonds which are rated investment grade by a recognised rating agency;
- e) unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 50% of the Fund's Net Asset Value; and
- f) Asset-Backed Securities subject to a maximum of 20% of the Fund's Net Asset Value.

Equity instruments that the Fund may invest in include (a) derivatives whose value is derived from company shares and (b) direct company shares.

Other assets, for this purpose, include Convertible Bonds and Contingent Convertible Debt Securities. Contingent Convertible Debt Securities are subject to a maximum of 5% of the Fund's Net Asset Value. Also included in 'other assets', mostly to provide a relatively uncorrelated source of returns to the Fund, are shares in closed-ended real estate investment trusts or investments in companies acting in real estate and/or infrastructure sector.

Derivatives can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management.

The derivative instruments that the Fund can invest in to achieve its objectives include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options and Total Return Swaps.

* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Conservative Allocation Fund

Investment review

For the period from 16 January 2018 (launch date of the fund) to 31 March 2018

Launched in January 2018, the M&G (Lux) Conservative Allocation Fund is a dynamically managed portfolio invested in a range of assets around the world. The fund has a highly flexible investment approach, with the freedom to invest in different types of assets, gaining access directly and indirectly through derivatives. The approach combines in-depth research to determine the value of assets over the medium to long term, with analysis of investors' emotional reaction to events to identify investment opportunities.

At the beginning of 2018, investors grew worried about rising interest rates, the potential for a trade war initiated by US president Donald Trump and the possibility of regulation for leading technology firms. Amid the increased market uncertainty, company shares across many stockmarkets experienced a degree of turbulence.

Global bond markets also experienced mixed performance over the review period. Bonds issued by developed market governments are often considered 'safe' given the high creditworthiness of their issuers, and therefore tend to underperform when investor sentiment over the health of the global economy improves, as their lower-risk attributes are less in demand, and vice-versa. However, when volatility re-emerged in January 2018 after a relatively stable period last year, bonds did not act as a 'safe haven' as had historically been the case.

After initially scaling back equity exposure in order to de-risk the portfolio, we took advantage of equity market weakness in February and March to increase exposure to UK, European, Asian and US equities.

We also made significant changes to the fund's fixed income positioning. Yields on five- and 10-year US government bonds had risen to such an extent from the lows reached during the summer of 2016 that we consider that their risk/reward profile is now much more balanced, and we therefore removed all short positions on those assets. Soon after, we added to our long positions in 10-year US government bonds and increased the short positions in 10-year bonds issued by other developed market governments. This was to exploit the sharp increase in spreads between the US and other developed bond markets.

Credit risk within the portfolio was significantly reduced in January. This reflects our view that the favourable credit environment is now almost fully reflected in pricing and spreads; the move was also to position the fund for a rising-rate environment. In currencies, our positioning in the US dollar was moved from neutral to modestly long, reflecting a revised valuation following an extended period of weakness for the currency.

Despite potentially unsettling newsflow about politics and policy action dominating headlines, global economic indicators broadly held up over the review period. The volatility that opened 2018 reflects investor uncertainty about the future direction of equity markets. There are also many factors that could unsettle investors. These include the pace of potential interest rate increases in the US and elsewhere, as well as geopolitical concerns. Central banks around the world, while generally supportive, are signalling a return to more normal conditions.

However, our broad macroeconomic outlook has not changed. For us, the equity risk premium remains the most compelling opportunity and we continue to hold equities in preference to Western government bonds. We consider that, even at current levels of inflation, Western government bonds are deeply unattractive, as they remain highly vulnerable to central bank policy tightening, having benefited from sustained buying by central banks in order to keep interest rates low.

We believe that the global economy is likely to continue growing at a reasonable pace and, indeed, that equity valuations have become more attractive owing to the ongoing volatility, since corporate earnings have held up, despite the fact that prices have fallen.

Juan Nevado and Craig Moran
Co-fund managers

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Conservative Allocation Fund

Portfolio statement

Portfolio statement				
Investment description	Holding	Currency	Market value €'000	% of net assets
EQUITIES			634,026	21.50
Airlines				
Turk Hava Yollari AO	342,324	TRY	1,332	0.05
Banks			152,813	5.17
Akbank Turk AS	953,864	TRY	1,834	0.06
Bank of America Corp	880,436	US\$	20,994	0.71
Citigroup Inc	384,074	US\$	21,273	0.72
JPMorgan Chase	242,985	US\$	21,288	0.72
Lloyds Banking Group PLC	29,148,160	£	21,558	0.73
Mitsubishi UFJ Financial Group Inc	1,247,200	¥	6,611	0.22
Mizuho Financial Group Inc	4,757,400	¥	6,937	0.24
Sberbank of Russia ADR	934,794	US\$	14,039	0.48
Sumitomo Mitsui Financial Group Inc	202,400	¥	6,861	0.23
Sumitomo Mitsui Trust Holdings Inc	218,300	¥	7,151	0.24
Türkiye Garanti Bankasi AS	865,124	TRY	1,888	0.06
Türkiye Is Bankasi AS	678,283	TRY	971	0.03
Wells Fargo & Co	512,512	US\$	21,408	0.73
Biotechnology			33,631	1.15
Amgen Inc	39,800	US\$	5,505	0.19
Biogen	22,400	US\$	4,940	0.17
Celgene Corp	76,300	US\$	5,476	0.19
Gilead Sciences Inc	88,600	US\$	5,377	0.18
Regeneron Pharmaceuticals	21,500	US\$	5,905	0.20
Shire ADR	54,800	US\$	6,428	0.22
Capital Markets			209,273	7.08
3i Infrastructure PLC	3,801,561	£	9,233	0.31
Bank of New York Mellon Corp/The	514,000	US\$	21,112	0.72
International Public Partnerships	2,038,179	£	3,221	0.11
John Laing Infrastructure Fund	12,333,170	£	15,691	0.53
M&G (Lux) Emerging Markets Hard Currency Bond Fund Euro 'CI' (Accumulation) ^(a)	1,339,373	US\$	11,312	0.38
M&G Global Convertibles Fund GBP Class 'A' (Accumulation)	27,026,365	£	60,220	2.04
M&G Global Corporate Bond Fund Euro Class 'C-H' (Accumulation)	434,680	€	5,088	0.17
M&G Global High Yield Bond Fund GBP Class 'X' (Accumulation)	29,565,488	£	44,030	1.49
M&G Japan Fund GBP Class 'A' (Income)	43,862,104	£	29,605	1.00
M&G Total Return Credit Fund Euro Class 'A' (Accumulation)	46,432	€	5,329	0.18
SPDR® Barclays 10+ Year US Corporate Bond ETF	172,905	US\$	4,432	0.15
Chemicals				
Methanex Corp	69,000	US\$	3,255	0.11
Consumer Finance			33,575	1.14
American Express Co	289,388	US\$	21,651	0.73
MasterCard	43,955	US\$	6,075	0.21
Visa	61,600	US\$	5,849	0.20
Diversified Financial Services				
Haci Omer Sabanci (formerly Sabanci Holdings)	2,931,650	TRY	6,226	0.21
Diversified Telecommunication Services				
Broadcom	13,400	US\$	2,574	0.09
Electronic Equipment, Instruments & Components				
IPG Photonics	13,700	US\$	2,510	0.09
Energy Equipment & Services			7,536	0.26
Halliburton Co	70,700	US\$	2,642	0.09
John Wood Group	380,927	£	2,334	0.08
Schlumberger Ltd	49,900	US\$	2,560	0.09
Equity Real Estate Investment Trusts (REITs)				
Unibail-Rodamco SE	157,914	€	29,321	0.99
Food & Staples Retailing			4,677	0.16
BİM Birlesik Magazalar AS	84,314	TRY	1,229	0.04
Magnit GDR	229,980	US\$	3,448	0.12

M&G (Lux) Conservative Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency		Market value €'000	% of net assets
EQUITIES (continued)					
Independent Power and Renewable Electricity Producers				30,840	1.04
Greencoat Renewables	8,547,636	€		8,868	0.30
Greencoat UK Wind	15,887,328	£		21,972	0.74
Industrial Conglomerates					
KOC Holding AS	216,655	TRY		707	0.02
Internet Software & Services				11,485	0.40
Alphabet A	3,094	US\$		2,523	0.09
Altaba Inc	19,773	US\$		1,165	0.04
Facebook	18,200	US\$		2,260	0.08
Yandex N.V.	173,900	US\$		5,537	0.19
IT Services					
Luxoft	61,600	US\$		2,050	0.07
Media				4,145	0.14
Criteo SA	138,700	US\$		3,043	0.10
Naspers Ltd	5,479	ZAR		1,102	0.04
Metals & Mining				40,066	1.36
Anglo American	366,632	£		6,943	0.24
BHP Billiton PLC	438,248	£		7,061	0.24
Eregli Demir ve Celik Fabrikalari TAS	700,880	TRY		1,486	0.05
Glencore	1,698,055	£		6,926	0.23
Rio Tinto PLC	169,021	£		6,962	0.24
Severstal PJSC	875,989	US\$		10,688	0.36
Oil, Gas & Consumable Fuels				34,580	1.17
Anadarko Petroleum Corp	56,800	US\$		2,715	0.09
Chevron Corp	54,500	US\$		4,959	0.17
Concho Resources	21,700	US\$		2,523	0.09
Kosmos Energy	258,947	US\$		1,279	0.04
LUKOIL PJSC	282,611	US\$		15,609	0.53
Pioneer Natural Resources Co	8,600	US\$		1,169	0.04
Royal Dutch Shell 'B'	193,712	£		5,058	0.17
Royal Dutch Shell PLC	878	£		22	-
Tupras Turkiye Petrol Rafinerileri AS	54,863	TRY		1,246	0.04
Semiconductors & Semiconductor Equipment				6,823	0.23
ams	31,793	CHF		2,670	0.09
Cabot Microelectronics Corp	12,881	US\$		1,096	0.04
MACOM Technology Solutions	173,700	US\$		2,217	0.07
NXP Semiconductors NV	8,900	US\$		840	0.03
Software					
Microsoft Corp	73,200	US\$		5,310	0.18
Wireless Telecommunication Services				6,700	0.23
Turkcell Iletisim Hizmetleri AS	490,685	TRY		1,489	0.05
Veon ADR	2,474,500	US\$		5,211	0.18
	Contracts		Maturity date	Commitment value (€'000)	
Equity derivatives				4,597	0.16
Equity index futures				4,597	0.16
CAC40 Futures	1,117	€	20.04.18	57,453	(1,325) (0.04)
IBEX 35 Index Futures	931	€	20.04.18	89,041	(209) (0.01)
Hang Seng China Enterprises Index Futures	444	HK\$	27.04.18	27,706	(368) (0.01)
MSCI Taiwan Index Futures	1,375	US\$	27.04.18	45,145	270 0.01
BIST 30 INDEX Futures	5,320	TRY	30.04.18	15,075	(241) (0.01)
Topix Index Futures	1,030	¥	07.06.18	134,044	561 0.02
Korean Stock Exchange Futures	1,466	KRW	14.06.18	88,158	(658) (0.02)
Dax Index Futures	205	€	15.06.18	61,626	(1,744) (0.06)
DJ Euro Stoxx 50 Futures	919	€	15.06.18	29,996	(785) (0.03)
FTSE MIB Index Futures	394	€	15.06.18	43,094	(1,005) (0.03)
FTSE MIB Index Futures	970	£	15.06.18	77,330	(897) (0.03)
S&P MINI 500 Futures	(1,934)	US\$	15.06.18	205,261	10,998 0.37

M&G (Lux) Conservative Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME				1,689,126	57.29
'AAAu' credit rated bonds				576,263	19.55
Bundesobligation 0.25%	44,068,000	€	16.10.20	44,969	1.53
Bundesobligation 0.5%	44,230,000	€	12.04.19	44,773	1.52
Bundesschatzanweisungen 0%	84,034,000	€	15.06.18	84,149	2.85
Bundesschatzanweisungen 0%	87,995,562	€	14.09.18	88,264	2.99
Bundesschatzanweisungen 0%	125,292,000	€	15.03.19	126,119	4.28
Bundesschatzanweisungen 0%	1,422,000	€	13.09.19	1,436	0.05
Germany (Federal Republic of) 0%	60,786,292	€	14.12.18	61,080	2.07
Microsoft 4%	8,296,000	US\$	12.02.55	6,788	0.23
US Treasury 1%	137,419,400	US\$	15.02.46	118,685	4.03
'AAu' credit rated bonds					
French Republic Government Bond OAT 1%	103,253,000	€	25.11.18	104,317	3.54
'A-' credit rated bonds				100,976	3.42
AT&T 4.5%	14,529,000	US\$	09.03.48	10,846	0.37
AT&T 6.375%	4,908,000	US\$	01.03.41	4,647	0.16
Bank of America 4.25%	3,018,000	US\$	22.10.26	2,455	0.08
Goldman Sachs Group 6.75%	4,764,000	US\$	01.10.37	4,855	0.16
Morgan Stanley 5%	9,661,000	US\$	24.11.25	8,243	0.28
Poland (Republic of) 2.5%	252,072,000	PLN	25.07.26	57,608	1.95
Verizon Communications 4.862%	15,149,000	US\$	21.08.46	12,322	0.42
'BAA3' credit rated bonds				1,999	0.07
Kraft Foods Group 6.875%	1,726,000	US\$	26.01.39	1,724	0.06
Perrigo Finance Unlimited Co 4.9%	338,000	US\$	15.12.44	275	0.01
'BB' credit rated bonds					
Brazil (Federal Republic of) 10%	108,474,000	BRL	01.01.27	27,293	0.93
'BB+' credit rated bonds					
Republic of South Africa Government International Bond 10.5%	166,694,361	ZAR	21.12.26	13,215	0.45
'BBu' credit rated bonds					
Teva Pharmaceutical Finance Netherlands III BV 4.1%	4,558,000	US\$	01.10.46	2,717	0.09
'BBB' credit rated bonds				156,122	5.30
Amgen 4.663%	2,860,000	US\$	15.06.51	2,387	0.08
Colombia (Republic of) 7.50%	43,507,900,000	COP	26.08.26	13,562	0.46
Exelon Generation 5.6%	7,351,000	US\$	15.06.42	6,150	0.21
Express Scripts 4.8%	5,735,000	US\$	15.07.46	4,729	0.16
Ford Motor Company 6.625%	5,086,000	US\$	01.10.28	4,754	0.16
Indonesia (Republic of) 8.375%	433,317,000,000	IDR	15.03.24	27,995	0.95
Portugal (Republic of) 4.75%	35,219,000	€	14.06.19	37,368	1.27
Portugal (Republic of) 4.8%	53,285,000	€	15.06.20	59,177	2.01
'BBB+' credit rated bonds				188,828	6.40
Enel Finance International 6.8%	2,024,000	US\$	15.09.37	2,102	0.07
Johnson Controls International plc 5.125%	1,080,000	US\$	14.09.45	976	0.03
Mexico (United Mexican States) 5.75%	1,559,157,400	MXN	05.03.26	62,804	2.13
Mexico (United Mexican States) 7.75%	2,727,214,900	MXN	13.11.42	122,946	4.17
'BBB-' credit rated bonds				59,050	2.00
Energy Transfer Partners 6.125%	5,708,000	US\$	15.12.45	4,784	0.16
Mylan 5.25%	2,339,000	US\$	15.06.46	1,941	0.07
Mylan 5.4%	4,931,000	US\$	29.11.43	4,196	0.14
Time Warner Cable 7.3%	4,908,000	US\$	01.07.38	4,742	0.16
Turkey (Republic of) 10.5%	238,845,077	TRY	11.08.27	43,387	1.47
'F1' credit rated bonds				461,463	15.65
France (Govt. of) 0%	90,273,641	€	09.05.18	90,328	3.06
France (Govt. of) 0%	68,322,763	€	24.05.18	68,382	2.32
France (Govt. of) 0%	82,912,260	€	15.08.18	83,103	2.82
France Treasury Bill BTF 0%	73,450,000	€	05.04.18	73,451	2.49
France Treasury Bill BTF 0%	35,980,000	€	18.04.18	35,990	1.22
France Treasury Bill BTF 0%	24,784,000	€	03.05.18	24,797	0.84
France Treasury Bill BTF 0%	6,086,000	€	16.05.18	6,090	0.21
German Treasury Bill 0%	23,640,685	€	16.05.18	23,663	0.80
German Treasury Bill 0%	5,538,000	€	15.08.18	5,552	0.19
Germany (Federal Republic of) 0%	50,099,311	€	11.04.18	50,107	1.70

M&G (Lux) Conservative Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME (continued)					
'WD' credit rated bonds				1,663	0.05
Basell Finance Co BV 8.1%	1,266,000	US\$	15.03.27	1,318	0.04
Yum! Brands Inc 6.875%	399,000	US\$	15.11.37	345	0.01
Contracts					
Debt derivatives				(4,780)	(0.16)
Credit default swaps				(10,619)	(0.37)
Pay 5% Receive iTraxx Europe Crossover	58,330,000	€	20.12.22	(6,221)	(0.22)
Pay 5% Receive iTraxx Europe Crossover	120,000	€	20.12.22	(13)	-
Pay 5% Receive iTraxx Europe Crossover	80,000	€	20.12.22	(9)	-
Pay 5% Receive iTraxx Europe Crossover	110,000	€	20.12.22	(12)	-
Pay 5% Receive iTraxx Europe Crossover	250,000	€	20.12.22	(27)	-
Pay 5% Receive iTraxx Europe Crossover	450,000	€	20.12.22	(48)	-
Pay 5% Receive iTraxx Europe Crossover	350,000	€	20.12.22	(37)	-
Pay 5% Receive iTraxx Europe Crossover	540,000	€	20.12.22	(58)	-
Pay 5% Receive iTraxx Europe Crossover	560,000	€	20.12.22	(60)	-
Pay 5% Receive iTraxx Europe Crossover	590,000	€	20.12.22	(63)	-
Pay 5% Receive iTraxx Europe Crossover	810,000	€	20.12.22	(86)	-
Pay 5% Receive iTraxx Europe Crossover	880,000	€	20.12.22	(94)	(0.01)
Pay 5% Receive iTraxx Europe Crossover	110,000	US\$	20.12.22	(6)	-
Pay 5% Receive Markit's North American High Yield CDX Index	71,340,000	US\$	20.12.22	(3,596)	(0.13)
Pay 5% Receive Markit's North American High Yield CDX Index	160,000	US\$	20.12.22	(8)	-
Pay 5% Receive Markit's North American High Yield CDX Index	135,000	US\$	20.12.22	(7)	-
Pay 5% Receive Markit's North American High Yield CDX Index	290,000	US\$	20.12.22	(15)	-
Pay 5% Receive Markit's North American High Yield CDX Index	540,000	US\$	20.12.22	(27)	-
Pay 5% Receive Markit's North American High Yield CDX Index	470,000	US\$	20.12.22	(24)	-
Pay 5% Receive Markit's North American High Yield CDX Index	640,000	US\$	20.12.22	(32)	-
Pay 5% Receive Markit's North American High Yield CDX Index	660,000	US\$	20.12.22	(33)	-
Pay 5% Receive Markit's North American High Yield CDX Index	770,000	US\$	20.12.22	(39)	-
Pay 5% Receive Markit's North American High Yield CDX Index	1,000,000	US\$	20.12.22	(49)	-
Pay 5% Receive Markit's North American High Yield CDX Index	1,090,000	US\$	20.12.22	(55)	(0.01)
Interest rate swaps				10,591	0.37
Pay 2.1275% Receive US\$ 3M Libor	10,500,000	US\$	21.04.46	1,125	0.04
Pay 2.09% Receive US\$ 3M Libor	4,000,000	US\$	18.05.46	454	0.01
Pay 1.655% Receive US\$ 3M Libor	25,000,000	US\$	25.08.46	4,871	0.17
Pay 1.8375% Receive US\$ 3M Libor	7,000,000	US\$	14.09.46	1,148	0.04
Pay 1.859% Receive US\$ 3M Libor	4,000,000	US\$	19.09.46	621	0.02
Pay 0.4925% Receive ¥ 6M Libor	446,500,000	¥	29.09.46	237	0.01
Pay 0.46% Receive ¥ 6M Libor	446,000,000	¥	30.09.46	327	0.01
Pay 1.287% Receive £ 6M Libor	9,500,000	£	19.10.46	559	0.02
Pay 2.047% Receive US\$ 3M Libor	7,500,000	US\$	03.11.46	942	0.03
Pay 1.618% Receive £ 6M Libor	8,000,000	£	18.11.46	(266)	(0.01)
Pay 2.3825% Receive US\$ 3M Libor	7,500,000	US\$	18.11.46	517	0.02
Pay 0.7675% Receive ¥ 6M Libor	400,000,000	¥	28.11.46	(11)	-
Pay 1.558% Receive £ 3 Month GBP	2,155,000	£	21.12.46	(34)	-
Pay 2.697% Receive US\$ 3 Month USD	3,851,300	US\$	23.12.46	65	-
Pay 0.8% Receive ¥ 6 Month JPY	208,440,000	¥	28.12.46	(19)	-
Pay 2.487% Receive US\$ 3M Libor	4,000,000	US\$	20.01.47	224	0.01
Pay 1.692% Receive £ 6M Libor	3,000,000	£	27.01.47	(158)	(0.01)
Pay 0.935% Receive ¥ 6M Libor	350,000,000	¥	20.02.47	(70)	-
Pay 1.5% Receive £ 6M Libor	3,000,000	£	22.02.47	6	-
Pay 1.526% Receive £ 6M Libor	4,500,000	£	10.03.47	(22)	-
Pay 2.719% Receive US\$ 3M Libor	9,000,000	US\$	21.03.47	164	-
Pay 0.87% Receive ¥ 6M Libor	500,000,000	¥	06.04.47	(123)	(0.01)

M&G (Lux) Conservative Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Contracts	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME (continued)					
Interest rate swaps (continued)					
Pay 1.3115% Receive £ 6M Libor	9,000,000	£	20.04.47	466	0.02
Pay 1.5225% Receive £ 6M Libor	6,500,000	£	09.05.47	(50)	-
Pay 0.85875% Receive ¥ 6M Libor	350,000,000	¥	15.05.47	(74)	-
Pay 1.37% Receive £ 6M Libor	5,000,000	£	06.06.47	181	0.01
Pay 1.605% Receive £ 6M Libor	5,500,000	£	30.06.47	(167)	(0.01)
Pay 1.64% Receive £ 6M Libor	6,000,000	£	11.07.47	(241)	(0.01)
Pay 0.93% Receive ¥ 6M Libor	850,000,000	¥	13.07.47	(297)	(0.01)
Pay 2.593% Receive US\$ 6M Libor	15,000,000	US\$	13.07.47	573	0.02
Pay 1.471% Receive £ 6M Libor	5,500,000	£	18.08.47	50	-
Pay 2.379% Receive US\$ 3M Libor	18,000,000	US\$	05.09.47	1,363	0.05
Pay 1.648% Receive £ 6M Libor	7,000,000	£	21.09.47	(282)	(0.01)
Pay 2.463% Receive US\$ 3M Libor	10,000,000	US\$	25.09.47	620	0.02
Pay 0.835% Receive ¥ 6M Libor	1,000,000,000	¥	26.09.47	(132)	(0.01)
Pay 1.605% Receive £ 6M Libor	11,000,000	£	27.10.47	(363)	(0.01)
Pay 1.51375% Receive £ 6M Libor	6,000,000	£	24.11.47	(36)	-
Pay 2.526% Receive US\$ 6M Libor	24,000,000	US\$	30.11.47	1,093	0.04
Pay 0.875% Receive ¥ 6M Libor	1,100,000,000	¥	13.12.47	(255)	(0.01)
Pay 1.454% Receive £ 6M Libor	7,000,000	£	08.01.48	83	-
Pay 0.94% Receive ¥ 6M Libor	600,000,000	¥	12.01.48	(218)	(0.01)
Pay 2.738% Receive US\$ 3M Libor	27,000,000	US\$	12.01.48	356	0.01
Pay 1.523% Receive £ 6M Libor	1,100,000	£	16.01.48	(9)	-
Pay 2.644% Receive US\$ 3M Libor	1,900,000	US\$	18.01.48	56	-
Pay 1.025% Receive ¥ 6M Libor	68,300,000	¥	19.01.48	(26)	-
Pay 1.6625% Receive £ 6M Libor	7,500,000	£	30.01.48	(358)	(0.01)
Pay 1.707% Receive £ 6M Libor	220,000	£	01.02.48	(13)	-
Pay 1.741% Receive £ 6M Libor	170,000	£	02.02.48	(12)	-
Pay 1.731% Receive £ 6M Libor	230,000	£	05.02.48	(15)	-
Pay 2.841% Receive US\$ 3M Libor	360,000	US\$	05.02.48	(2)	-
Pay 1.695% Receive £ 6M Libor	160,000	£	06.02.48	(9)	-
Pay 0.895% Receive ¥ 6M Libor	8,920,000	¥	06.02.48	(2)	-
Pay 2.949% Receive US\$ 3M Libor	320,000	US\$	06.02.48	(7)	-
Pay 1.718% Receive £ 6M Libor	270,000	£	07.02.48	(17)	-
Pay 0.9065% Receive ¥ 6M Libor	8,700,000	¥	07.02.48	(2)	-
Pay 1.731% Receive US\$ 3M Libor	360,000	US\$	07.02.48	(10)	-
Pay 1.793% Receive £ 6M Libor	210,000	£	08.02.48	(18)	-
Pay 0.8975% Receive ¥ 6M Libor	13,910,000	¥	08.02.48	(4)	-
Pay 2.884% Receive US\$ 3M Libor	270,000	US\$	08.02.48	(3)	-
Pay 1.731% Receive £ 6M Libor	260,000	£	09.02.48	(17)	-
Pay 0.8925% Receive ¥ 6M Libor	10,700,000	¥	09.02.48	(3)	-
Pay 2.92% Receive US\$ 3M Libor	15,000,000	US\$	09.02.48	(268)	(0.01)
Pay 2.92% Receive US\$ 3M Libor	410,000	US\$	09.02.48	(7)	-
Pay 1.729% Receive £ 6M Libor	320,000	£	12.02.48	(21)	-
Pay 0.89625% Receive ¥ 6M Libor	13,430,000	¥	12.02.48	(4)	-
Pay 3.007% Receive US\$ 3M Libor	320,000	US\$	12.02.48	(11)	-
Pay 1.771% Receive £ 6M Libor	290,000	£	13.02.48	(23)	-
Pay 2.983% Receive US\$ 3M Libor	490,000	US\$	13.02.48	(14)	-
Pay 2.942% Receive US\$ 3M Libor	500,000	US\$	14.02.48	(11)	-
Pay 1.814% Receive £ 6M Libor	390,000	£	15.02.48	(35)	-
Pay 0.8575% Receive ¥ 6M Libor	47,050,000	¥	15.02.48	(8)	-
Pay 2.961% Receive US\$ 3M Libor	450,000	US\$	15.02.48	(11)	-
Pay 1.747% Receive £ 6M Libor	370,000	£	16.02.48	(26)	-
Pay 0.833% Receive ¥ 6M Libor	10,360,000	¥	16.02.48	(1)	-
Pay 0.839% Receive ¥ 6M Libor	23,220,000	¥	18.02.48	(3)	-
Pay 1.75% Receive £ 6M Libor	120,000	£	20.02.48	(9)	-
Pay 2.9615% Receive US\$ 3M Libor	640,000	US\$	20.02.48	(16)	-
Pay 2.998% Receive US\$ 3M Libor	700,000	US\$	20.02.48	(22)	-
Pay 0.85% Receive ¥ 6M Libor	19,660,000	¥	21.02.48	(3)	-
Pay 1.7175% Receive £ 6M Libor	610,000	£	22.02.48	(38)	-
Pay 2.982% Receive US\$ 3M Libor	540,000	US\$	22.02.48	(15)	-
Pay 0.8475% Receive ¥ 6M Libor	22,800,000	¥	23.02.48	(4)	-
Pay 1.676% Receive £ 6M Libor	7,680,000	£	26.02.48	(389)	(0.01)
Pay 1.676% Receive £ 6M Libor	350,000	£	26.02.48	(18)	-

M&G (Lux) Conservative Allocation Fund

Portfolio statement

Portfolio statement (continued)						
Investment description	Contracts	Currency	Maturity date	Market value €'000	% of net assets	
FIXED INCOME (continued)						
Interest rate swaps (continued)						
Pay 3.012% Receive US\$ 3M Libor	800,000	US\$	26.02.48	(27)	-	
Pay 1.68% Receive £ 6M Libor	350,000	£	27.02.48	(18)	-	
Pay 0.82% Receive ¥ 6M Libor	29,380,000	¥	27.02.48	(3)	-	
Pay 1.671% Receive £ 6M Libor	200,000	£	28.02.48	(10)	-	
Pay 1.63% Receive £ 6M Libor	8,130,000	£	01.03.48	(304)	(0.01)	
Pay 2.9605% Receive US\$ 3M Libor	1,120,000	US\$	01.03.48	(27)	-	
Pay 0.81875% Receive ¥ 6M Libor	39,000,000	¥	02.03.48	(4)	-	
Pay 2.969% Receive US\$ 3M Libor	15,390,000	US\$	02.03.48	(394)	(0.02)	
Pay 1.642% Receive £ 6M Libor	880,000	£	05.03.48	(36)	-	
Pay 0.80625% Receive ¥ 6M Libor	9,970,000	¥	05.03.48	(1)	-	
Pay 1.711% Receive £ 6M Libor	820,000	£	06.03.48	(50)	-	
Pay 0.828% Receive ¥ 6M Libor	701,270,000	¥	06.03.48	(78)	(0.01)	
Pay 2.943% Receive US\$ 3M Libor	960,000	US\$	06.03.48	(20)	-	
Pay 2.93% Receive US\$ 3M Libor	800,000	US\$	07.03.48	(15)	-	
Pay 1.666% Receive £ 6M Libor	590,000	£	08.03.48	(28)	-	
Pay 0.815% Receive ¥ 6M Libor	53,610,000	¥	08.03.48	(3)	-	
Pay 1.6785% Receive £ 6M Libor	400,000	£	13.03.48	(20)	-	
Pay 0.84625% Receive ¥ 6M Libor	66,910,000	¥	15.03.48	(10)	-	
Pay 1.579% Receive £ 6M Libor	1,590,000	£	16.03.48	(44)	-	
Pay 2.9325% Receive US\$ 3M Libor	2,250,000	US\$	16.03.48	(42)	-	
Pay 2.939% Receive US\$ 3M Libor	4,020,000	US\$	20.03.48	(64)	-	
Pay 0.821% Receive ¥ 6M Libor	109,240,000	¥	22.03.48	(10)	-	
				Commitment value (€'000)		
Interest rate futures				(4,752)	(0.16)	
Euro Buxl Futures	(721)	€	07.06.18	119,124	(1,645)	(0.06)
Euro OAT Futures	(954)	€	07.06.18	147,259	(1,283)	(0.04)
Germany Federal Republic Bonds 5 year Futures	(2,016)	€	07.06.18	264,479	(1,027)	(0.03)
Germany Federal Republic Notes 10 year Futures	(651)	€	07.06.18	103,698	(768)	(0.03)
Japan 10 year Bond Futures	(51)	¥	13.06.18	58,587	1	-
US Treasury Notes 10 year Futures	2,412	US\$	20.06.18	236,835	1,314	0.05
US Ultra Bond Futures	(245)	US\$	20.06.18	31,736	(480)	(0.02)
UK Treasury Notes Futures	(853)	£	27.06.18	119,468	(864)	(0.03)
CURRENCY				(13,175)	(0.45)	
Forward currency contracts				(13,175)	(0.45)	
Bought for CNY 168,278,258.00, sold for US\$ 26,780,975.25			04.04.18	(28)	-	
Bought for US\$ 23,755,755.22, sold for CNY 168,278,258.00			04.04.18	(2,427)	(0.08)	
Bought for BRL 2,127,745.00, sold for US\$ 650,563.10			26.04.18	(9)	-	
Bought for COP 1,583,370,164.00, sold for US\$ 545,137.36			26.04.18	9	-	
Bought for IDR 7,038,295,575.00, sold for US\$ 521,122.41			26.04.18	(8)	-	
Bought for INR 81,997,871.00, sold for US\$ 1,264,426.37			26.04.18	(8)	-	
Bought for KRW 1,421,238,104.00, sold for US\$ 1,316,657.23			26.04.18	16	-	
Bought for MXN 25,008,613.00, sold for € 1,065,445.64			26.04.18	39	-	
Bought for PLN 2,111,864.00, sold for € 503,448.08			26.04.18	(3)	-	
Bought for RUB 84,906,038.00, sold for US\$ 1,483,780.26			26.04.18	(5)	-	
Bought for TRY 5,631,805.00, sold for € 1,175,028.28			26.04.18	(39)	-	
Bought for ZAR 20,003,896.00, sold for € 1,363,170.02			26.04.18	2	-	
Bought for AU\$ 1,163,048.00, sold for € 735,584.90			26.04.18	(13)	-	
Bought for US\$ 1,125,661.74, sold for BRL 3,671,624.00			26.04.18	9	-	
Bought for US\$ 1,252,832.25, sold for INR 81,997,871.00			26.04.18	(2)	-	
Bought for US\$ 1,968,216.61, sold for PHP 102,426,483.00			26.04.18	11	-	
Bought for US\$ 151,495.18, sold for COP 435,397,151.00			26.04.18	(3)	-	
Bought for US\$ 2,722,309.59, sold for KRW 2,937,146,305.00			26.04.18	(33)	-	
Bought for US\$ 309,931.02, sold for IDR 4,154,935,196.00			26.04.18	6	-	
Bought for US\$ 352,681.15, sold for RUB 19,848,895.00			26.04.18	7	-	
Bought for US\$ 5,051,468.00, sold for € 4,081,070.05			26.04.18	12	-	
Bought for US\$ 6,327,152.64, sold for TW\$ 184,298,147.00			26.04.18	(6)	-	
Bought for € 6,981,040.68, sold for MXN 163,384,141.00			26.04.18	(233)	(0.01)	
Bought for € 51,661,036.93, sold for US\$ 63,977,300.94			26.04.18	(176)	(0.01)	
Bought for € 503,200.09, sold for PLN 2,111,864.00			26.04.18	2	-	
Bought for € 5,288,052.49, sold for SG\$ 8,630,050.00			26.04.18	(45)	-	

M&G (Lux) Conservative Allocation Fund

Portfolio statement

Portfolio statement (continued)			
Investment description	Maturity date	Market value €'000	% of net assets
CURRENCY (continued)			
Forward currency contracts (continued)			
Bought for € 4,324,165.39, sold for AU\$ 6,811,113.00	26.04.18	90	-
Bought for € 2,351,727.66, sold for TRY 11,299,920.00	26.04.18	73	-
Bought for € 11,602,081.63, sold for £ 10,296,061.00	26.04.18	(139)	(0.01)
Bought for € 1,889,048.04, sold for ¥ 250,867,858.00	26.04.18	(21)	-
Bought for € 1,362,715.22, sold for ZAR 20,176,911.00	26.04.18	(15)	-
Bought for ¥ 1,368,308,569.00, sold for € 10,370,647.85	26.04.18	48	-
Bought for £ 10,755,498.00, sold for € 12,224,662.41	26.04.18	41	-
Bought for US\$ 20,931,158.56, sold for CNY 148,726,649.00	08.05.18	(2,189)	(0.08)
Bought for KRW 17,700,595,527.00, sold for US\$ 16,559,636.57	22.06.18	92	-
Bought for TRY 28,602,963.00, sold for € 5,709,402.17	22.06.18	(63)	0.01
Bought for US\$ 6,322,546.60, sold for CNY 44,302,084.00	22.06.18	(563)	(0.02)
Bought for US\$ 34,239,824.19, sold for PHP 1,797,926,320.00	22.06.18	103	-
Bought for US\$ 102,941,786.75, sold for TW\$ 2,971,723,500.00	22.06.18	158	0.01
Bought for € 95,438,381.18, sold for MXN 2,256,115,612.00	22.06.18	(2,873)	(0.10)
Bought for € 84,178,716.48, sold for SG\$ 136,775,683.00	22.06.18	(93)	-
Bought for € 624,782,816.59, sold for US\$ 772,021,423.00	22.06.18	1,913	0.07
Bought for € 54,128,082.43, sold for AU\$ 86,940,526.00	22.06.18	301	0.01
Bought for € 35,736.96, sold for ZAR 538,849.00	22.06.18	(1)	-
Bought for € 141,518,052.98, sold for £ 124,973,885.00	22.06.18	(721)	(0.02)
Bought for ¥ 3,616,846,445.00, sold for € 27,815,904.61	22.06.18	(291)	(0.01)
Bought for US\$ 15,299,360.61, sold for CNY 105,450,843.00	25.07.18	(1,114)	(0.04)
Bought for US\$ 13,029,954.02, sold for CNY 88,707,927.00	21.08.18	(796)	(0.03)
Bought for US\$ 27,194,147.82, sold for CNY 183,456,032.00	21.09.18	(707)	(0.02)
Bought for US\$ 14,065,513.76, sold for CNY 95,603,297.00	25.10.18	(803)	(0.03)
Bought for US\$ 10,568,337.82, sold for CNY 71,859,413.00	09.11.18	(600)	(0.02)
Bought for US\$ 10,871,559.89, sold for CNY 73,785,277.00	07.12.18	(588)	(0.02)
Bought for US\$ 30,410,280.74, sold for CNY 200,885,655.00	14.12.18	(946)	(0.03)
Bought for US\$ 9,017,622.45, sold for CNY 58,253,841.00	01.02.19	(101)	-
Bought for US\$ 20,032,694.92, sold for CNY 130,012,190.00	01.03.19	(280)	(0.01)
Bought for US\$ 12,996,472.45, sold for CNY 84,003,472.00	11.01.19	(160)	(0.01)
Bought for US\$ 30,949,190.35, sold for CNY 197,626,055.00	28.03.19	(5)	-
Portfolio of investments		2,309,977	78.34
SHARE CLASS HEDGING			
Bought for CHF 2,918,954.29, sold for € 2,475,070.24	02.05.18	2	-
Bought for US\$ 30,454,920.48, sold for € 24,499,534.42	02.05.18	165	0.01
Bought for € 20,755.55, sold for CHF 24,465.26	02.05.18	-	-
Bought for € 154,187.25, sold for US\$ 191,448.30	02.05.18	(1)	-
Total portfolio		2,310,143	78.35
Net other assets/(liabilities)		638,365	21.65
NET ASSETS		2,948,508	100.00

M&G (Lux) Conservative Allocation Fund

Portfolio statement

Portfolio statement (continued)		
Investment description	Market value €'000	% of net assets
PORTFOLIO SUMMARY		
Investment assets		
Equity securities	629,429	21.34
Debt securities	1,693,906	57.45
Unrealised gains on futures contracts	13,144	0.45
Unrealised gains on forward currency contracts	3,099	0.11
Unrealised gains on swap contracts	16,101	0.55
Total investment assets	2,355,679	79.90
Investment liabilities		
Unrealised losses on futures contracts	(13,299)	(0.45)
Unrealised losses on forward currency contracts	(16,108)	(0.55)
Unrealised losses on swap contracts	(16,129)	(0.55)
Total investment liabilities	(45,536)	(1.55)
Total portfolio	2,310,143	78.35
Net other assets/(liabilities)	638,365	21.65
NET ASSETS	2,948,508	100.00

[a] Cross investment see note 12.

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prereddated date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty	Derivative exposures			Collateral held as deposit €'000
	Swaps €'000	Forward currency contracts €'000	Futures €'000	
Barclays Bank London	606	157	-	490
BNP Paribas	-	144	-	670
Citigroup Global Markets Limited	5,464	169	-	-
Crédit Suisse First Boston	157	-	-	-
Goldman Sachs International	214	24	-	-
HSBC Bank Plc	6,763	487	-	-
J.P.Morgan	3,723	8	-	11,220
Merrill Lynch Pierce Fenner + Smith Inc	6,358	7	1,955,115	6,410
National Australia Bank Ltd	-	160	-	-
State Street Bank and Trust Company	-	27	-	4,550
State Street Bank London	-	483	-	-
UBS AG London	8,946	230	-	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Conservative Allocation Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays quarterly distributions to the holders of distribution shares and the following table sets out the distribution timetables and rates per share declared in respect of the financial period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

Quarterly distribution periods

	Start	End	Record date	Xd	Payment
Final	16.01.18	31.03.18	20.04.18	23.04.18	26.04.18

The following tables set out the distribution rates per distribution share in respect of the financial period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

Distributions

	Euro Class 'A'	Euro Class 'B'	Euro Class 'C'	US dollar Class 'A-H'	US dollar Class 'C-H'
to 31 March 2018	Euro ¢	Euro ¢	Euro ¢	US ¢	US ¢
Final	0.0075	0.0072	0.0072	0.0073	0.0074

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A' Accumulation	9.7572	1.61	1.62
Class 'A' Distribution	9.7598	1.61	1.62
Class 'B' Accumulation	9.7506	2.11	2.12
Class 'B' Distribution	9.7508	2.11	2.12
Class 'C' Accumulation	9.7738	0.81	0.82
Class 'C' Distribution	9.7762	0.81	0.82
Class 'C' Accumulation	9.7774	0.78	0.78
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	9.7495	1.63	1.64
Class 'C-H' Accumulation	9.7654	0.83	0.84
US dollar	US\$	%	%
Class 'A-H' Accumulation	9.8161	1.63	1.64
Class 'A-H' Distribution	9.8195	1.63	1.64
Class 'C-H' Accumulation	9.8313	0.83	0.84
Class 'C-H' Distribution	9.8349	0.83	0.84
NAV at fund level	US\$'000		
Net assets	2,948,508		
Swing pricing adjustment (see note 11)	0		
Swung net assets	2,948,508		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Dynamic Allocation Fund

Investment objective and policy

Investment objective

The Fund aims to deliver a positive total return (the combination of income and capital growth) of 5-10% p.a. in any three-year period, through investment in a range of global assets.

Investment policy

The Fund has a highly flexible investment approach with the freedom to invest in different types of assets issued anywhere in the world and denominated in any currency. The Fund will typically use derivatives to gain exposure to these assets. The Fund may also use derivatives to take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) and to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets. The Fund may invest in China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Exchange.

The Fund may also invest directly in these assets, or indirectly through other collective investment schemes*. The Fund can also invest in currencies, cash, near cash, deposits and warrants. The Investment Manager will normally seek to hold more than 30% of the Fund's Net Asset Value in euro denominated assets (or other currencies hedged back to euro). Additionally, the Investment Manager will seek to hold a minimum of 60% of the Fund's Net Asset Value in a combination of USD, sterling and euro denominated assets (these can be direct or hedged positions).

The Fund will normally invest within the following net allocation ranges: 0-80% in fixed income, 20-60% in equities and 0-20% in 'other' assets.

Fixed income instruments that the fund may invest in include the following:

- a) derivatives whose value is derived from bonds, interest rates or credit risk;
- b) bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- c) bonds from issuers located in emerging markets;
- d) bonds which are rated investment grade by a recognised rating agency;
- e) unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 60% of the Fund's Net Asset Value; and
- f) Asset-Backed Securities subject to a maximum of 20% of the Fund's Net Asset Value.

Equity instruments that the Fund may invest in include (a) derivatives whose value is derived from company shares and (b) direct company shares.

Other assets, for this purpose, include Convertible Bonds and Contingent Convertible Debt Securities. Contingent Convertible Debt Securities are subject to a maximum of 5% of the Fund's Net Asset Value. Also included in 'other assets', mostly to provide a relatively uncorrelated source of returns to the Fund, are shares in closed-ended real estate investment trusts or investments in companies acting in real estate and/or infrastructure sector.

Derivatives can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management. The derivative instruments that the Fund can invest in to achieve its objectives include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options, and Total Return Swaps.

* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Dynamic Allocation Fund

Investment review

For the period from 16 January 2018 (launch date of the fund) to 31 March 2018

Launched in January 2018, the M&G (Lux) Dynamic Allocation Fund is a dynamically managed portfolio invested in a range of assets around the world. The fund has a highly flexible investment approach, with the freedom to invest in different types of assets, gaining access directly and indirectly through derivatives. The approach combines in-depth research to determine the value of assets over the medium to long term, with analysis of investors' emotional reaction to events to identify investment opportunities.

At the beginning of 2018, investors grew worried about rising interest rates, the potential for a trade war initiated by US president Donald Trump and the possibility of regulation for leading technology firms. Amid the increased market uncertainty, company shares across many stockmarkets experienced a degree of turbulence.

Global bond markets also experienced mixed performance over the review period. Bonds issued by developed market governments are often considered 'safe' given the high creditworthiness of their issuers, and therefore tend to underperform when investor sentiment over the health of the global economy improves, as their lower-risk attributes are less in demand, and vice-versa. However, when volatility re-emerged in January 2018 after a relatively stable period last year, bonds did not act as a 'safe haven' as had historically been the case.

After initially scaling back equity exposure in order to de-risk the portfolio, we took advantage of equity market weakness in February and March to increase exposure to UK, European, Asian and US equities.

We also made significant changes to the fund's fixed income positioning. Yields on five- and 10-year US government bonds had risen to such an extent from the lows reached during the summer of 2016 that we consider that their risk/reward profile is now much more balanced, and we therefore removed all short positions on those assets. Soon after, we added to our long positions in 10-year US government bonds and increased the short positions in 10-year bonds issued by other developed market governments. This was to exploit the sharp increase in spreads between the US and other developed bond markets.

Credit risk within the portfolio was significantly reduced in January. This reflects our view that the favourable credit environment is now almost fully reflected in pricing and spreads; the move was also to position the fund for a rising-rate environment. In currencies, our positioning in the US dollar was moved from neutral to modestly long, reflecting a revised valuation following an extended period of weakness for the currency.

Despite potentially unsettling newsflow about politics and policy action dominating headlines, global economic indicators broadly held up over the review period. The volatility that opened 2018 reflects investor uncertainty about the future direction of equity markets. There are also many factors that could unsettle investors. These include the pace of potential interest rate increases in the US and elsewhere, as well as geopolitical concerns. Central banks around the world, while generally supportive, are signalling a return to more normal conditions.

However, our broad macroeconomic outlook has not changed. For us, the equity risk premium remains the most compelling opportunity and we continue to hold equities in preference to Western government bonds. We consider that, even at current levels of inflation, Western government bonds are deeply unattractive, as they remain highly vulnerable to central bank policy tightening, having benefited from sustained buying by central banks in order to keep interest rates low.

We believe that the global economy is likely to continue growing at a reasonable pace and, indeed, that equity valuations have become more attractive owing to the ongoing volatility, since corporate earnings have held up, despite the fact that prices have fallen.

Juan Nevado and Tony Finding
Co-fund managers

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Dynamic Allocation Fund

Portfolio statement

Portfolio statement				
Investment description	Holding	Currency	Market value €'000	% of net assets
EQUITIES			1,820,096	21.50
Airlines				
Turk Hava Yollari AO	1,086,127	TRY	4,228	0.05
Banks			534,171	6.31
Akbank Turk AS	3,016,323	TRY	5,798	0.07
Bank of America Corp	3,220,717	US\$	76,800	0.91
Citigroup Inc	1,391,111	US\$	77,051	0.91
JPMorgan Chase	896,724	US\$	78,564	0.93
Lloyds Banking Group PLC	105,573,267	£	78,081	0.92
Mitsubishi UFJ Financial Group Inc	3,628,900	¥	19,236	0.23
Mizuho Financial Group Inc	14,443,500	¥	21,062	0.25
Sberbank of Russia ADR	3,255,487	US\$	48,893	0.58
Sumitomo Mitsui Financial Group Inc	607,500	¥	20,593	0.24
Sumitomo Mitsui Trust Holdings Inc	656,800	¥	21,517	0.25
Türkiye Garanti Bankasi AS	2,732,740	TRY	5,964	0.07
Türkiye Is Bankasi AS	2,139,146	TRY	3,064	0.04
Wells Fargo & Co	1,856,516	US\$	77,548	0.91
Biotechnology			135,713	1.61
Amgen Inc	163,400	US\$	22,603	0.27
Biogen	91,500	US\$	20,181	0.24
Celgene Corp	305,900	US\$	21,954	0.26
Gilead Sciences Inc	378,000	US\$	22,940	0.27
Regeneron Pharmaceuticals	83,700	US\$	22,990	0.27
Shire ADR	213,500	US\$	25,045	0.30
Capital Markets			563,491	6.65
Bank of New York Mellon Corp/The	1,861,827	US\$	76,472	0.90
M&G (Lux) Emerging Markets Hard Currency Bond Fund Euro 'CI' (Accumulation) ^[a]	3,537,727	US\$	29,880	0.35
M&G Global Convertibles Fund	79,768,640	£	177,739	2.10
M&G Global Corporate Bond Fund	970,677	€	11,362	0.13
M&G Japan Fund	213,713,281	£	144,245	1.70
M&G Total Return Credit Fund Euro Class 'A' (Accumulation)	1,000,360	€	114,801	1.36
SPDR Barclays 10+ Year U.S. Corporate Bond UCITS ETF	33,438	US\$	857	0.01
SPDR® Barclays 10+ Year US Corporate Bond ETF	317,373	US\$	8,135	0.10
Chemicals				
Methanex Corp	385,000	US\$	18,160	0.21
Consumer Finance			122,196	1.45
American Express Co	1,048,065	US\$	78,411	0.93
MasterCard	164,434	US\$	22,725	0.27
Visa	221,800	US\$	21,060	0.25
Diversified Financial Services				
Haci Omer Sabanci (formerly Sabanci Holdings)	7,241,346	TRY	15,378	0.18
Diversified Telecommunication Services				
Broadcom	36,100	US\$	6,935	0.08
Electronic Equipment, Instruments & Components				
IPG Photonics	39,800	US\$	7,293	0.09
Energy Equipment & Services			22,869	0.27
Halliburton Co	216,000	US\$	8,073	0.09
John Wood Group	1,189,049	£	7,286	0.09
Schlumberger Ltd	146,400	US\$	7,510	0.09
Food & Staples Retailing			11,777	0.13
BİM Birlesik Magazalar AS	266,270	TRY	3,880	0.04
Magnit GDR	526,711	US\$	7,897	0.09
Industrial Conglomerates				
KOC Holding AS	684,762	TRY	2,234	0.03

M&G (Lux) Dynamic Allocation Fund

Portfolio statement

Portfolio statement (continued)						
Investment description	Holding	Currency		Market value €'000	% of net assets	
EQUITIES (continued)						
Internet Software & Services				35,922	0.42	
Alphabet A	8,482	US\$		6,917	0.08	
Altaba Inc	57,208	US\$		3,372	0.04	
Facebook	53,400	US\$		6,632	0.08	
Yandex N.V.	596,800	US\$		19,001	0.22	
IT Services						
Luxoft	173,300	US\$		5,766	0.07	
Media				10,968	0.13	
Criteo SA	378,000	US\$		8,293	0.10	
Naspers Ltd	13,297	ZAR		2,675	0.03	
Metals & Mining				158,075	1.87	
Anglo American	1,678,184	£		31,780	0.37	
BHP Billiton PLC	1,842,964	£		29,692	0.35	
Eregli Demir ve Celik Fabrikalari TAS	2,221,033	TRY		4,708	0.06	
Glencore	7,315,261	£		29,835	0.35	
Rio Tinto PLC	734,475	£		30,251	0.36	
Severstal PJSC	2,607,144	US\$		31,809	0.38	
Oil, Gas & Consumable Fuels				112,493	1.33	
Anadarko Petroleum Corp	189,200	US\$		9,045	0.11	
Chevron Corp	170,200	US\$		15,488	0.18	
Concho Resources	70,928	US\$		8,245	0.10	
Kosmos Energy	818,793	US\$		4,043	0.05	
LUKOIL PJSC	907,110	US\$		51,030	0.60	
Pioneer Natural Resources Co	30,300	US\$		4,118	0.05	
Royal Dutch Shell 'B'	626,557	£		16,360	0.19	
Royal Dutch Shell PLC	8,451	£		216	-	
Tupras Türkiye Petrol Rafinerileri AS	173,788	TRY		3,948	0.05	
Semiconductors & Semiconductor Equipment				22,377	0.26	
ams	99,337	CHF		8,341	0.10	
Cabot Microelectronics Corp	45,408	US\$		3,865	0.05	
MACOM Technology Solutions	296,600	US\$		3,785	0.04	
NXP Semiconductors NV	67,700	US\$		6,386	0.07	
Software						
Microsoft Corp	225,300	US\$		16,342	0.19	
Wireless Telecommunication Services				16,348	0.20	
Turkcell Iletisim Hizmetleri AS	1,561,342	TRY		4,738	0.06	
Veon ADR	5,513,100	US\$		11,610	0.14	
	Contracts		Maturity date	Commitment value (€'000)		
Equity derivatives				(2,640)	(0.03)	
Equity index futures				(2,640)	(0.03)	
CAC40 Futures	4,336	€	20.04.18	223,022	(5,149)	(0.06)
IBEX 35 Index Futures	3,602	€	20.04.18	344,495	(2,076)	(0.02)
Hang Seng China Enterprises Index Futures	1,290	HK\$	27.04.18	80,497	(1,068)	(0.01)
MSCI Taiwan Index Futures	10,831	US\$	27.04.18	355,613	2,125	0.03
BIST 30 INDEX Futures	20,756	TRY	30.04.18	58,816	(1,292)	(0.02)
Topix Index Futures	4,185	¥	07.06.18	544,636	1,252	0.01
Korean Stock Exchange Futures	8,145	KRW	14.06.18	489,798	(2,659)	(0.03)
S&P 500 Futures	(1,282)	US\$	14.06.18	680,351	36,412	0.43
Dax Index Futures	1,268	€	15.06.18	380,177	(12,401)	(0.15)
DJ Euro Stoxx 50 Futures	7,759	€	15.06.18	253,254	(6,533)	(0.08)
FTSE MIB Index Futures	2,351	€	15.06.18	257,141	(5,886)	(0.07)
FTSE MIB Index Futures	4,905	£	15.06.18	391,034	(5,365)	(0.06)

M&G (Lux) Dynamic Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME				5,426,536	64.10
'AAAu' credit rated bonds				1,909,821	22.56
Bundesobligation 0.25%	146,988,000	€	16.10.20	149,994	1.77
Bundesobligation 0.5%	147,529,000	€	12.04.19	149,341	1.77
Bundesschatzanweisungen 0%	279,080,000	€	15.06.18	279,461	3.30
Bundesschatzanweisungen 0%	300,810,718	€	14.09.18	301,727	3.57
Bundesschatzanweisungen 0%	416,096,000	€	15.03.19	418,842	4.95
Bundesschatzanweisungen 0%	1,879,000	€	13.09.19	1,897	0.02
Germany (Federal Republic of) 0%	254,528,359	€	14.12.18	255,758	3.02
Microsoft 4%	1,431,000	US\$	12.02.55	1,171	0.01
US Treasury 1%	407,135,700	US\$	15.02.46	351,630	4.15
'AAu' credit rated bonds					
French Republic Government Bond OAT 1%	343,299,000	€	25.11.18	346,837	4.10
'A-' credit rated bonds				263,375	3.11
AT&T 4.5%	28,340,000	US\$	09.03.48	21,157	0.25
AT&T 6.375%	14,692,000	US\$	01.03.41	13,911	0.16
Bank of America 4.25%	21,878,000	US\$	22.10.26	17,796	0.21
Goldman Sachs Group 6.75%	17,026,000	US\$	01.10.37	17,351	0.20
Morgan Stanley 5%	12,896,000	US\$	24.11.25	11,003	0.13
Poland (Republic of) 2.5%	750,585,000	PLN	25.07.26	171,538	2.03
Verizon Communications 4.862%	13,055,000	US\$	21.08.46	10,619	0.13
'BAA3' credit rated bonds				14,570	0.17
Kraft Foods Group 6.875%	11,772,000	US\$	26.01.39	11,761	0.14
Perrigo Finance Unlimited Co 4.9%	3,448,000	US\$	15.12.44	2,809	0.03
'BB' credit rated bonds					
Brazil (Federal Republic of) 10%	311,301,000	BRL	01.01.27	78,326	0.93
'BB+' credit rated bonds					
Republic of South Africa Government International Bond 10.5%	497,929,500	ZAR	21.12.26	41,979	0.50
'BBu' credit rated bonds					
Teva Pharmaceutical Finance Netherlands III BV 4.1%	1,883,000	US\$	01.10.46	1,122	0.01
'BBB' credit rated bonds				548,948	6.49
Amgen 4.663%	16,483,000	US\$	15.06.51	13,756	0.16
Colombia (Republic of) 7.50%	150,424,500,000	COP	26.08.26	46,889	0.55
Exelon Generation 5.6%	15,024,000	US\$	15.06.42	12,569	0.15
Express Scripts 4.8%	17,224,000	US\$	15.07.46	14,203	0.17
Ford Motor Company 6.625%	12,381,000	US\$	01.10.28	11,572	0.14
Indonesia (Republic of) 8.375%	970,589,750,000	IDR	15.03.24	62,706	0.74
Portugal (Republic of) 4.75%	112,370,000	€	14.06.19	119,226	1.41
Portugal (Republic of) 4.8%	241,340,000	€	15.06.20	268,027	3.17
'BBB-' credit rated bonds				184,710	2.18
Energy Transfer Partners 6.125%	13,118,000	US\$	15.12.45	10,995	0.13
Indonesia Government International Bond 8.375%	334,100,250,000	IDR	15.03.24	21,585	0.25
Mylan 5.4%	22,892,000	US\$	29.11.43	19,481	0.23
Time Warner Cable 7.3%	15,509,000	US\$	01.07.38	14,983	0.18
Turkey (Republic of) 10.5%	647,747,766	TRY	11.08.27	117,666	1.39
'BBB+' credit rated bonds				558,183	6.59
Enel Finance International 6.8%	11,770,000	US\$	15.09.37	12,224	0.14
Mexico (United Mexican States) 5.75%	4,461,307,100	MXN	05.03.26	179,706	2.12
Mexico (United Mexican States) 7.75%	8,124,309,500	MXN	13.11.42	366,253	4.33
'F1' credit rated bonds				1,452,257	17.15
France (Govt. of) 0%	316,758,709	€	09.05.18	316,949	3.74
France (Govt. of) 0%	185,704,009	€	24.05.18	185,866	2.20
France (Govt. of) 0%	185,704,009	€	15.08.18	100,030	1.18
France Treasury Bill BTF 0%	247,550,000	€	05.04.18	247,555	2.92
France Treasury Bill BTF 0%	148,860,000	€	18.04.18	148,899	1.76
France Treasury Bill BTF 0%	87,454,000	€	03.05.18	87,499	1.03
France Treasury Bill BTF 0%	37,171,864	€	16.05.18	37,199	0.44
German Treasury Bill 0%	120,804,360	€	16.05.18	120,917	1.43
German Treasury Bill 0%	23,973,814	€	15.08.18	24,035	0.28
Germany (Federal Republic of) 0%	183,280,187	€	11.04.18	183,308	2.17

M&G (Lux) Dynamic Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME (continued)					
'WD' credit rated bonds					
Yum! Brands Inc 6.875%	8,074,000	US\$	15.11.37	6,988	0.08
Contracts					
Debt derivatives				19,420	0.23
Credit default swaps				(29,423)	(0.35)
Pay 5% Receive iTraxx Europe Crossover	153,140,000	€	20.12.22	(16,335)	(0.20)
Pay 5% Receive iTraxx Europe Crossover	290,000	€	20.12.22	(31)	-
Pay 5% Receive iTraxx Europe Crossover	160,000	€	20.12.22	(17)	-
Pay 5% Receive iTraxx Europe Crossover	215,000	€	20.12.22	(23)	-
Pay 5% Receive iTraxx Europe Crossover	290,000	€	20.12.22	(31)	-
Pay 5% Receive iTraxx Europe Crossover	455,000	€	20.12.22	(49)	-
Pay 5% Receive iTraxx Europe Crossover	430,000	€	20.12.22	(46)	-
Pay 5% Receive iTraxx Europe Crossover	410,000	€	20.12.22	(44)	-
Pay 5% Receive iTraxx Europe Crossover	240,000	€	20.12.22	(26)	-
Pay 5% Receive iTraxx Europe Crossover	680,000	€	20.12.22	(73)	-
Pay 5% Receive iTraxx Europe Crossover	640,000	€	20.12.22	(68)	-
Pay 5% Receive iTraxx Europe Crossover	1,510,000	€	20.12.22	(161)	-
Pay 5% Receive iTraxx Europe Crossover	1,340,000	€	20.12.22	(143)	-
Pay 5% Receive iTraxx Europe Crossover	2,060,000	€	20.12.22	(220)	-
Pay 5% Receive iTraxx Europe Crossover	3,220,000	€	20.12.22	(343)	(0.01)
Pay 5% Receive iTraxx Europe Crossover	2,900,000	€	20.12.22	(309)	(0.01)
Pay 5% Receive iTraxx Europe Crossover	6,660,000	€	20.12.22	(710)	(0.01)
Pay 5% Receive iTraxx Europe Crossover	480,000	US\$	20.12.22	(24)	-
Pay 5% Receive Markit's North American High Yield CDX Index	187,300,000	US\$	20.12.22	(9,441)	(0.11)
Pay 5% Receive Markit's North American High Yield CDX Index	340,000	US\$	20.12.22	(17)	-
Pay 5% Receive Markit's North American High Yield CDX Index	220,000	US\$	20.12.22	(11)	-
Pay 5% Receive Markit's North American High Yield CDX Index	275,000	US\$	20.12.22	(14)	-
Pay 5% Receive Markit's North American High Yield CDX Index	340,000	US\$	20.12.22	(17)	-
Pay 5% Receive Markit's North American High Yield CDX Index	560,000	US\$	20.12.22	(28)	-
Pay 5% Receive Markit's North American High Yield CDX Index	580,000	US\$	20.12.22	(29)	-
Pay 5% Receive Markit's North American High Yield CDX Index	130,000	US\$	20.12.22	(7)	-
Pay 5% Receive Markit's North American High Yield CDX Index	1,050,000	US\$	20.12.22	(53)	-
Pay 5% Receive Markit's North American High Yield CDX Index	257,000	US\$	20.12.22	(13)	-
Pay 5% Receive Markit's North American High Yield CDX Index	520,000	US\$	20.12.22	(26)	-
Pay 5% Receive Markit's North American High Yield CDX Index	1,850,000	US\$	20.12.22	(93)	-
Pay 5% Receive Markit's North American High Yield CDX Index	1,540,000	US\$	20.12.22	(78)	-
Pay 5% Receive Markit's North American High Yield CDX Index	2,650,000	US\$	20.12.22	(134)	-
Pay 5% Receive Markit's North American High Yield CDX Index	3,880,000	US\$	20.12.22	(196)	-
Pay 5% Receive Markit's North American High Yield CDX Index	3,670,000	US\$	20.12.22	(185)	-
Pay 5% Receive Markit's North American High Yield CDX Index	8,500,000	US\$	20.12.22	(428)	(0.01)
Interest rate swaps				66,798	0.79
Pay 2.1325% Receive US\$ 3M Libor	150,500,000	US\$	21.04.46	16,011	0.19
Pay 1.8% Receive US\$ 3M Libor	30,000,000	US\$	01.07.46	4,905	0.06
Pay 1.0925% Receive £ 6M Libor	23,000,000	£	11.07.46	2,621	0.03
Pay 1.793% Receive US\$ 3M Libor	76,000,000	US\$	14.07.46	12,517	0.15
Pay 1.837% Receive US\$ 3M Libor	90,000,000	US\$	21.07.46	14,193	0.17
Pay 0.4975% Receive ¥ 6M Libor	3,164,000,000	¥	29.09.46	1,649	0.02

M&G (Lux) Dynamic Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Contracts	Currency	Maturity date	Market value €'000	% of net assets
Debt derivatives (continued)					
Interest rate swaps (continued)					
Pay 0.467% Receive ¥ 6M Libor	3,156,500,000	¥	30.09.46	1,846	0.02
Pay 1.964% Receive US\$ 3M Libor	50,000,000	US\$	14.10.46	6,722	0.08
Pay 1.289% Receive £ 6M Libor	55,500,000	£	19.10.46	3,236	0.04
Pay 2.697% Receive US\$ 3 Month USD	12,262,000	US\$	23.12.46	206	-
Pay 0.80875% Receive ¥ 6 Month JPY	2,463,081,000	¥	28.12.46	(264)	(0.01)
Pay 0.9425% Receive ¥ 6M Libor	1,850,000,000	¥	20.02.47	(396)	(0.01)
Pay 1.445% Receive £ 6M Libor	15,000,000	£	29.03.47	198	-
Pay 1.3115% Receive £ 6M Libor	33,800,000	£	20.04.47	1,749	0.02
Pay 1.5245% Receive £ 6M Libor	20,000,000	£	09.05.47	(164)	-
Pay 0.865% Receive ¥ 6M Libor	1,500,000,000	¥	15.05.47	(339)	(0.01)
Pay 1.605% Receive £ 6M Libor	22,500,000	£	30.06.47	(683)	(0.01)
Pay 0.935% Receive ¥ 6M Libor	2,000,000,000	¥	13.07.47	(720)	(0.01)
Pay 1.471% Receive £ 6M Libor	15,000,000	£	18.08.47	135	-
Pay 2.379% Receive US\$ 3M Libor	33,000,000	US\$	05.09.47	2,498	0.03
Pay 1.648% Receive £ 6M Libor	15,000,000	£	21.09.47	(604)	(0.01)
Pay 2.463% Receive US\$ 3M Libor	70,000,000	US\$	25.09.47	4,343	0.05
Pay 0.835% Receive ¥ 6M Libor	2,200,000,000	¥	26.09.47	(290)	(0.01)
Pay 1.51375% Receive £ 6M Libor	18,000,000	£	24.11.47	(109)	-
Pay 2.526% Receive US\$ 3M Libor	78,000,000	US\$	30.11.47	3,549	0.04
Pay 0.875% Receive ¥ 6M Libor	2,700,000,000	¥	13.12.47	(627)	(0.01)
Pay 1.454% Receive £ 6M Libor	23,000,000	£	08.01.48	273	-
Pay 0.94% Receive ¥ 6M Libor	2,000,000,000	¥	12.01.48	(726)	(0.01)
Pay 2.738% Receive US\$ 3M Libor	115,000,000	US\$	12.01.48	1,518	0.02
Pay 1.523% Receive £ 6M Libor	800,000	£	16.01.48	(6)	-
Pay 1.534% Receive £ 6M Libor	400,000	£	18.01.48	(4)	-
Pay 2.644% Receive US\$ 3M Libor	2,200,000	US\$	18.01.48	65	-
Pay 1.025% Receive ¥ 6M Libor	68,400,000	¥	19.01.48	(26)	-
Pay 2.716% Receive US\$ 3M Libor	1,200,000	US\$	22.01.48	21	-
Pay 0.899% Receive ¥ 6M Libor	35,300,000	¥	23.01.48	(9)	-
Pay 1.629% Receive £ 6M Libor	284,000	£	25.01.48	(11)	-
Pay 1.643% Receive £ 6M Libor	340,000	£	29.01.48	(14)	-
Pay 2.79625% Receive US\$ 3M Libor	830,000	US\$	29.01.48	3	-
Pay 1.6625% Receive £ 6M Libor	24,500,000	£	30.01.48	(1,170)	(0.02)
Pay 1.6625% Receive £ 6M Libor	460,000	£	30.01.48	(22)	-
Pay 0.905% Receive ¥ 6M Libor	22,771,000	¥	30.01.48	(6)	-
Pay 1.6745% Receive £ 6M Libor	700,000	£	31.01.48	(36)	-
Pay 2.814% Receive US\$ 3M Libor	900,000	US\$	31.01.48	-	-
Pay 1.707% Receive £ 6M Libor	620,000	£	01.02.48	(38)	-
Pay 0.908% Receive ¥ 6M Libor	27,400,000	¥	01.02.48	(8)	-
Pay 2.83% Receive US\$ 6M Libor	1,270,000	US\$	01.02.48	(3)	-
Pay 1.741% Receive £ 6M Libor	700,000	£	02.02.48	(49)	-
Pay 0.908% Receive ¥ 6M Libor	39,260,000	¥	02.02.48	(11)	-
Pay 2.824% Receive US\$ 3M Libor	2,010,000	US\$	02.02.48	(3)	-
Pay 0.895% Receive ¥ 6M Libor	49,180,000	¥	03.02.48	(13)	-
Pay 1.731% Receive £ 6M Libor	710,000	£	05.02.48	(48)	-
Pay 2.841% Receive US\$ 3M Libor	1,770,000	US\$	05.02.48	(8)	-
Pay 1.695% Receive £ 6M Libor	810,000	£	06.02.48	(46)	-
Pay 0.895% Receive ¥ 6M Libor	56,330,000	¥	06.02.48	(15)	-
Pay 2.949% Receive US\$ 3M Libor	2,010,000	US\$	06.02.48	(46)	-
Pay 1.718% Receive £ 6M Libor	685,000	£	07.02.48	(44)	-
Pay 0.906% Receive ¥ 6M Libor	54,860,000	¥	07.02.48	(16)	-
Pay 2.98% Receive US\$ 3M Libor	2,090,000	US\$	07.02.48	(59)	-
Pay 1.793% Receive £ 6M Libor	910,000	£	08.02.48	(77)	-
Pay 0.8975% Receive ¥ 6M Libor	82,880,000	¥	08.02.48	(22)	-
Pay 2.884% Receive US\$ 3M Libor	2,180,000	US\$	08.02.48	(25)	-
Pay 1.731% Receive £ 6M Libor	770,000	£	09.02.48	(52)	-
Pay 0.8925% Receive ¥ 6M Libor	52,690,000	¥	09.02.48	(13)	-
Pay 2.92% Receive US\$ 3M Libor	1,750,000	US\$	09.02.48	(31)	-
Pay 1.729% Receive £ 6M Libor	960,000	£	12.02.48	(64)	-
Pay 0.89625% Receive ¥ 6M Libor	65,220,000	¥	12.02.48	(17)	-

M&G (Lux) Dynamic Allocation Fund

Portfolio statement

Portfolio statement (continued)						
Investment description	Contracts	Currency	Maturity date	Market value €'000	% of net assets	
Debt derivatives (continued)						
Interest rate swaps (continued)						
Pay 3.007% Receive US\$ 3M Libor	2,440,000	US\$	12.02.48	(80)	-	
Pay 1.771% Receive £ 6M Libor	660,000	£	13.02.48	(52)	-	
Pay 2.983% Receive US\$ 3M Libor	2,430,000	US\$	13.02.48	(70)	-	
Pay 1.772% Receive £ 6M Libor	740,000	£	14.02.48	(58)	-	
Pay 2.942% Receive US\$ 3M Libor	2,330,000	US\$	14.02.48	(50)	-	
Pay 1.814% Receive £ 6M Libor	760,000	£	15.02.48	(69)	-	
Pay 0.8575% Receive ¥ 6M Libor	218,590,000	¥	15.02.48	(39)	-	
Pay 2.961% Receive US\$ 3M Libor	1,800,000	US\$	15.02.48	(45)	-	
Pay 1.747% Receive £ 6M Libor	1,000,000	£	16.02.48	(71)	-	
Pay 0.833% Receive ¥ 6M Libor	28,880,000	¥	16.02.48	(4)	-	
Pay 2.965% Receive US\$ 3M Libor	2,050,000	US\$	16.02.48	(52)	-	
Pay 2.9615% Receive US\$ 3M Libor	2,900,000	US\$	18.02.48	(58)	-	
Pay 0.839% Receive ¥ 6M Libor	75,070,000	¥	19.02.48	(10)	-	
Pay 0.839% Receive ¥ 6M Libor	42,650,000	¥	20.02.48	(6)	-	
Pay 2.998% Receive US\$ 3M Libor	2,310,000	US\$	20.02.48	(72)	-	
Pay 1.748% Receive £ 6M Libor	2,040,000	£	21.02.48	(146)	-	
Pay 0.85% Receive ¥ 6M Libor	87,260,000	¥	21.02.48	(12)	-	
Pay 1.7175% Receive £ 6M Libor	1,150,000	£	22.02.48	(72)	-	
Pay 1.7% Receive £ 6M Libor	1,670,000	£	23.02.48	(96)	-	
Pay 2.987% Receive US\$ 3M Libor	6,140,000	US\$	23.02.48	(178)	-	
Pay 1.676% Receive £ 6M Libor	610,000	£	26.02.48	(31)	-	
Pay 0.83% Receive ¥ 6M Libor	195,700,000	¥	26.02.48	(23)	-	
Pay 3.012% Receive US\$ 3M Libor	3,450,000	US\$	26.02.48	(115)	-	
Pay 1.68% Receive £ 6M Libor	1,380,000	£	27.02.48	(71)	-	
Pay 0.82% Receive ¥ 6M Libor	99,020,000	¥	27.02.48	(10)	-	
Pay 2.99% Receive US\$ 3M Libor	4,800,000	US\$	27.02.48	(141)	-	
Pay 1.671% Receive £ 6M Libor	1,360,000	£	28.02.48	(67)	-	
Pay 0.8125% Receive ¥ 6M Libor	124,400,000	¥	28.02.48	(10)	-	
Pay 2.9605% Receive US\$ 3M Libor	5,000,000	US\$	01.03.48	(121)	-	
Pay 0.81875% Receive ¥ 6M Libor	197,370,000	¥	02.03.48	(18)	-	
Pay 2.969% Receive US\$ 3M Libor	3,910,000	US\$	02.03.48	(100)	-	
Pay 2.969% Receive US\$ 3M Libor	39,520,000	US\$	02.03.48	(1,012)	(0.01)	
Pay 1.642% Receive £ 6M Libor	3,300,000	£	05.03.48	(135)	-	
Pay 0.80625% Receive ¥ 6M Libor	95,990,000	¥	05.03.48	(6)	-	
Pay 1.711% Receive £ 6M Libor	1,370,000	£	06.03.48	(83)	-	
Pay 2.943% Receive US\$ 3M Libor	5,780,000	US\$	06.03.48	(122)	-	
Pay 1.666% Receive £ 6M Libor	2,040,000	£	08.03.48	(97)	-	
Pay 2.954% Receive US\$ 3M Libor	6,820,000	US\$	08.03.48	(156)	-	
Pay 0.815% Receive ¥ 6M Libor	383,730,000	¥	09.03.48	(32)	-	
Pay 1.695% Receive £ 6M Libor	2,910,000	£	12.03.48	(162)	-	
Pay 1.6275% Receive £ 6M Libor	2,420,000	£	14.03.48	(88)	-	
Pay 0.84625% Receive ¥ 6M Libor	418,150,000	¥	15.03.48	(62)	-	
Pay 2.979% Receive US\$ 3M Libor	16,640,000	US\$	15.03.48	(449)	(0.01)	
Pay 2.9325% Receive US\$ 3M Libor	4,830,000	US\$	16.03.48	(91)	-	
Pay 0.833% Receive ¥ 6M Libor	250,350,000	¥	19.03.48	(30)	-	
Pay 2.903% Receive US\$ 3M Libor	3,960,000	US\$	19.03.48	(54)	-	
				Commitment value (€'000)		
Interest rate futures				(17,955)	(0.21)	
Euro Buxl Futures	(2,526)	€	07.06.18	417,346	(6,055)	(0.07)
Euro OAT Futures	(3,948)	€	07.06.18	609,413	(5,587)	(0.07)
Germany Federal Republic Bonds 5 year Futures	(5,184)	€	07.06.18	680,089	(2,746)	(0.03)
Germany Federal Republic Notes 10 year Futures	(2,765)	€	07.06.18	440,437	(3,439)	(0.04)
Japan 10 year Bond Futures	(150)	¥	13.06.18	172,314	(13)	-
US Treasury Notes 10 year Futures	7,117	US\$	20.06.18	698,821	3,963	0.05
UK Treasury Notes Futures	(3,787)	£	27.06.18	530,391	(4,078)	(0.05)

M&G (Lux) Dynamic Allocation Fund

Portfolio statement

Portfolio statement (continued)			
Investment description	Maturity date	Market value €'000	% of net assets
CURRENCY		(44,255)	(0.52)
Forward currency contracts		(44,255)	(0.52)
Bought for € 1,086,962.84, sold for US\$ 1,362,334.00	20.04.18	(17)	-
Bought for BRL 4,165,090.00, sold for US\$ 1,275,278.14	26.04.18	(19)	-
Bought for CNY 828,611,343.00, sold for US\$ 131,870,986.39	04.04.18	(139)	-
Bought for COP 2,000,573,625.00, sold for US\$ 698,196.40	26.04.18	14	(0.01)
Bought for IDR 23,436,713,338.00, sold for US\$ 1,737,642.01	26.04.18	(28)	-
Bought for INR 374,416,513.00, sold for US\$ 5,781,331.29	26.04.18	(42)	-
Bought for KRW 8,750,133,841.00, sold for US\$ 8,123,003.27	26.04.18	87	-
Bought for MXN 129,782,079.00, sold for € 5,520,569.05	26.04.18	210	-
Bought for PLN 15,184,810.00, sold for € 3,609,020.54	26.04.18	(7)	-
Bought for TRY 64,235,061.00, sold for € 13,380,370.85	26.04.18	(427)	(0.01)
Bought for ZAR 60,258,314.00, sold for € 4,142,241.58	26.04.18	(28)	-
Bought for AU\$ 19,797,053.00, sold for € 12,494,116.79	26.04.18	(187)	-
Bought for US\$ 117,065,823.04, sold for CNY 828,611,343.00	04.04.18	(11,876)	(0.14)
Bought for US\$ 12,511,233.00, sold for € 10,113,797.71	26.04.18	23	-
Bought for US\$ 13,162,677.66, sold for KRW 14,192,931,348.00	26.04.18	(151)	-
Bought for US\$ 151,777.61, sold for COP 436,208,857.00	26.04.18	(3)	-
Bought for US\$ 26,289,389.75, sold for PHP 1,369,870,623.00	26.04.18	120	-
Bought for US\$ 486,662.24, sold for BRL 1,574,416.00	26.04.18	11	-
Bought for US\$ 5,720,649.55, sold for INR 374,416,513.00	26.04.18	(7)	-
Bought for US\$ 52,641,051.17, sold for TW\$ 1,532,556,537.00	26.04.18	(27)	-
Bought for US\$ 917,536.11, sold for IDR 12,325,377,129.00	26.04.18	18	-
Bought for € 4,371,092.01, sold for ¥ 578,321,543.00	26.04.18	(32)	-
Bought for € 4,323,793.31, sold for ZAR 63,486,840.00	26.04.18	(10)	-
Bought for € 33,811,173.39, sold for MXN 790,340,467.00	26.04.18	(1,087)	(0.01)
Bought for € 33,748,985.93, sold for SG\$ 55,034,857.00	26.04.18	(261)	-
Bought for € 32,528,398.38, sold for AU\$ 51,314,436.00	26.04.18	628	0.01
Bought for € 3,040,726.83, sold for PLN 12,811,388.00	26.04.18	2	-
Bought for € 280,489,903.04, sold for US\$ 347,608,647.61	26.04.18	(1,157)	(0.01)
Bought for € 13,266,671.22, sold for £ 11,767,690.00	26.04.18	(153)	-
Bought for € 11,905,366.37, sold for TRY 57,333,771.00	26.04.18	344	-
Bought for ¥ 6,634,531,065.00, sold for € 50,417,208.77	26.04.18	98	-
Bought for £ 31,084,747.71, sold for € 35,326,762.38	26.04.18	121	-
Bought for US\$ 113,872,074.13, sold for CNY 811,053,848.00	08.05.18	(12,159)	(0.14)
Bought for US\$ 59,652,897.38, sold for CNY 417,987,852.00	22.06.18	(5,315)	(0.06)
Bought for US\$ 44,733,985.88, sold for KRW 47,816,157,512.00	22.06.18	(247)	-
Bought for US\$ 369,248,267.42, sold for TW\$ 10,659,458,984.00	22.06.18	565	0.01
Bought for US\$ 183,513,533.42, sold for PHP 9,636,258,937.00	22.06.18	550	0.01
Bought for € 74,466,325.82, sold for £ 65,760,840.00	22.06.18	(380)	-
Bought for € 225,806,377.92, sold for SG\$ 366,895,848.00	22.06.18	(250)	-
Bought for € 209,694,968.04, sold for MXN 4,957,084,197.00	22.06.18	(6,312)	(0.08)
Bought for € 2,955,909.06, sold for ZAR 44,569,788.00	22.06.18	(51)	-
Bought for € 2,093,953,043.16, sold for US\$ 2,587,421,685.00	22.06.18	6,411	0.08
Bought for € 147,385,612.00, sold for AU\$ 236,730,770.00	22.06.18	818	0.01
Bought for ¥ 5,808,987,585.00, sold for € 44,674,897.60	22.06.18	(467)	(0.01)
Bought for US\$ 35,461,941.24, sold for CNY 244,421,430.00	25.07.18	(2,585)	(0.03)
Bought for US\$ 42,431,040.24, sold for CNY 286,249,579.00	21.09.18	(2,208)	(0.03)
Bought for US\$ 26,856,273.80, sold for CNY 182,542,093.00	25.10.18	(1,534)	(0.02)
Bought for US\$ 22,882,531.66, sold for CNY 155,589,774.00	09.11.18	(1,300)	(0.02)
Bought for US\$ 33,562,867.25, sold for CNY 227,791,180.00	07.12.18	(1,814)	(0.02)
Bought for US\$ 93,125,814.12, sold for CNY 616,944,078.00	14.12.18	(3,119)	(0.04)
Bought for US\$ 83,193,671.39, sold for CNY 536,371,212.00	11.01.19	(857)	(0.01)
Bought for US\$ 119,410,493.93, sold for CNY 762,495,709.00	28.03.19	(19)	-
Portfolio of investments		7,202,377	85.08

M&G (Lux) Dynamic Allocation Fund

Portfolio statement

Portfolio statement (continued)			
Investment description	Maturity date	Market value €'000	% of net assets
SHARE CLASS HEDGING		708	0.01
Bought for CHF 5,439,004.26, sold for € 4,611,897.36	02.05.18	4	-
Bought for US\$ 129,247,948.41, sold for € 103,973,880.22	02.05.18	704	0.01
Bought for € 38,081.53, sold for CHF 44,887.95	02.05.18	-	-
Bought for € 683,329.32, sold for US\$ 848,463.35	02.05.18	(4)	-
Bought for £ 5,934,145.01, sold for € 6,761,747.25	02.05.18	4	-
Total portfolio		7,203,085	85.09
Net other assets/(liabilities)		1,263,342	14.91
NET ASSETS		8,466,427	100.00
PORTFOLIO SUMMARY			
Investment assets			
Equity securities		1,822,736	21.53
Debt securities		5,407,116	63.87
Unrealised gains on futures contracts		43,752	0.52
Unrealised gains on forward currency contracts		10,732	0.13
Unrealised gains on swap contracts		78,258	0.92
Total investment assets		7,362,594	86.97
Investment liabilities			
Unrealised losses on futures contracts		(64,347)	(0.76)
Unrealised losses on forward currency contracts		(54,279)	(0.64)
Unrealised losses on swap contracts		(40,883)	(0.48)
Total investment liabilities		(159,509)	(1.88)
Total portfolio		7,203,085	85.09
Net other assets/(liabilities)		1,263,342	14.91
NET ASSETS		8,466,427	100.00

[a] Cross investment see note 12.

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredefined date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty exposure				
Counterparty	Swaps €'000	Derivative exposures		Collateral held as deposit €'000
		Forward currency contracts €'000	Futures €'000	
Barclays Bank London	2,167	527	-	398
BNP Paribas	604	102	-	1,926
Citigroup Global Markets Limited	22,853	680	-	-
Crédit Suisse, London Branch	644	-	-	295
Goldman Sachs International	1,002	115	-	-
HSBC Bank Plc	1,320	1,571	-	16,410
J.P.Morgan	9,845	29	-	14,783
Merrill Lynch Pierce Fenner + Smith Inc	17,551	46	7,607,645	6,410
National Australia Bank Ltd	-	544	-	-
State Street Bank and Trust Company	-	117	-	20,655
State Street Bank London	-	1,609	-	-
UBS AG London	63,158	794	-	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Dynamic Allocation Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following table sets out the distribution timetables and rates per share declared in respect of the financial period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

Quarterly distribution periods

	Start	End	Record date	Xd	Payment
Final	16.01.18	31.03.18	20.04.18	23.04.18	26.04.18

Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.02.18	28.02.18	14.03.18	29.03.18	05.04.18
Final	01.03.18	31.03.18	20.04.18	23.04.18	26.04.18

The following tables set out the distribution rates per distribution share in respect of the financial period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

Distributions

	Euro Class 'A'	Euro Class 'C'	Sterling Class 'C-H'	US dollar Class 'A-H'	US dollar Class 'C-H'
to 31 March 2018	Euro ¢	Euro ¢	UK p	US ¢	US ¢
Final	0.0046	0.0042	0.0045	0.0052	0.0044

	US dollar Class 'A-H M F4'
to 31 March 2018	US ¢
First interim	0.0294
Final	0.0320

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A' Accumulation	9.6337	1.93	1.97
Class 'A' Distribution	9.6350	1.93	1.97
Class 'B' Accumulation	9.6243	2.43	2.47
Class 'C' Accumulation	9.6538	0.93	0.97
Class 'C' Distribution	9.6541	0.93	0.93
Class 'CI' Accumulation	9.6574	0.90	0.93
Sterling	£	%	%
Class 'C-H' Accumulation	9.6769	0.95	0.99
Class 'C-H' Distribution	9.6772	0.95	0.99
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	9.6277	1.95	1.99
Class 'C-H' Accumulation	9.6462	0.95	0.99
US dollar	US\$	%	%
Class 'A-H M F4' Distribution	9.5983	1.95	1.99
Class 'A-H' Accumulation	9.6890	1.96	1.99
Class 'A-H' Distribution	9.6907	1.95	1.99
Class 'C-H' Accumulation	9.7110	0.95	0.99
Class 'C-H' Distribution	9.7140	0.97	0.99

NAV at fund level	US\$'000
Net assets	8,466,427
Swing pricing adjustment (see note 11)	0
Swung net assets	8,466,427

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Investment objective and policy

Investment objective

The Fund aims to provide a higher total return (the combination of income and capital growth) than that of the hard currency emerging market bond market over any three-year period.

Investment policy

The Fund will invest at least 80% of its Net Asset Value in emerging markets debt instruments issued or guaranteed by emerging market governments or their agencies, local authorities, public authorities, quasi-sovereigns and supranational bodies denominated in hard currency*. It may also take limited exposure to debt instruments issued by emerging markets companies or instruments denominated in emerging markets currencies. The Investment Manager has the discretion to identify the countries that it considers to qualify as emerging markets**.

The Fund's exposure to these assets will typically be gained directly. The Fund may also invest indirectly via derivative instruments.

Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps and Options.

The Fund may also invest in cash, near cash, deposits, other debt instruments and other collective investment schemes***.

* Hard currency refers to currencies of developed countries including, but not limited to US dollar, euro, yen and sterling.

** Emerging markets will typically be those defined by the International Monetary Fund as such or those defined by the World Bank as emerging or developing economies.

*** When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Investment review

For the period from 22 May 2017 (launch date of the fund) to 31 March 2018

Launched in May 2017, the M&G (Lux) Emerging Market Hard Currency Bond Fund invests mainly in a diversified portfolio of emerging market hard currency government bonds.

In addition to investing mainly in hard currency government bonds, the fund has the flexibility to invest up to 15% of its assets in emerging market corporate bonds. It may also hold a small allocation to local currency-denominated government bonds. In total, the fund's exposure to local emerging market currencies can be up to a maximum of +/-5%. Within the fund's government bond allocation, positions may be held in 'quasi-government' bond issuers that are 100%-owned by the respective government.

The fund's main performance drivers are our selection of individual country allocations, as well as the selection of individual bonds. These decisions result from an investment approach that begins with a top-down analysis of the global economy, in which we regularly assess market, economic and political changes. Within this framework, we form a view on the global and overall emerging markets outlook.

We go on to consider key factors such as how the creditworthiness of specific emerging countries should be supported by factors such as stable/improving fiscal positions, stable/improving political situations, comfortable central bank reserve levels, and improving current account positions. This process forms the basis for the fund's country allocations, marginal allocation to corporates, and any currency selection decisions.

Among larger markets, Brazil and Argentina were among the fund's biggest country allocations during the review period, which partly reflected our view that the economic outlook for both countries looked more encouraging. In contrast, we kept a relatively small allocation to China, given our opinion that valuations in the country's bond market lacked relative attraction. In addition, we held concerns about high debt levels in China's economy.

At the end of the review period, the fund's overall allocation to government bonds was 86.1%. Within this allocation, positions were maintained in quasi-government bonds, which accounted for around 14% of the fund's assets.

We also sought to use the fund's flexibility to hold a small exposure to local currency-denominated government bonds. At the end of the period, the fund's overall government bond allocation included an exposure of 2.6% to this area of the market. Our selected local currency exposures included the Colombian peso and Brazilian real. Local currency exposure was also favoured in the Dominican Republic, based on our view that the country's bond market offered appealing value amid its improving economy.

During the review period, we also took advantage of the fund's freedom to maintain a limited allocation to emerging market corporate bonds. At the end of the period, 12.5% of the fund was held in these assets.

Claudia Calich

Fund manager

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Portfolio statement

Portfolio statement					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
FIXED INCOME				182,951	97.77
Debt securities				182,951	97.77
Albania				2,686	1.43
'B+' credit rated bonds					
Republic of Albania 5.75%	1,950,000	€	12.11.20	2,686	1.43
Angola				2,008	1.07
'B' credit rated bonds					
Angolan Government International Bond 9.5%	1,800,000	US\$	12.11.25	2,008	1.07
Argentina				7,207	3.85
'B+' credit rated bonds					
Argentine Republic Government International Bond 7.82%	5,229,194	€	31.12.33	7,207	3.85
Armenia				2,321	1.24
'B+' credit rated bonds					
Republic of Armenia International Bond 7.15%	2,100,000	US\$	26.03.25	2,321	1.24
Azerbaijan				3,036	1.62
'BB+' credit rated bonds					
Southern Gas Corridor 6.875%	2,750,000	US\$	24.03.26	3,036	1.62
Bolivia				1,894	1.01
'BA3' credit rated bonds					
Bolivian Government International Bond 4.5%	2,000,000	US\$	20.03.28	1,894	1.01
Brazil				2,824	1.51
'BB' credit rated bonds					
Brazil (Federal Republic of) 10%	3,200,000	BRL	01.01.27	992	0.53
Brazil (Federal Republic of) 8.25%	1,450,000	US\$	20.01.34	1,832	0.98
British Virgin Islands				1,139	0.61
'BB-' credit rated bonds					
Grupo Unicomer 7.875%	1,050,000	US\$	01.04.24	1,139	0.61
Cameroon				2,245	1.20
'B' credit rated bonds					
Cameroon (Republic of) 9.5%	1,950,000	US\$	19.11.25	2,245	1.20
Colombia				3,706	1.98
'BBB' credit rated bonds					
Bogota Distrito Capital 9.75%	3,500,000,000	COP	26.07.28	1,354	0.72
Colombia Government International Bond 6.125%	2,050,000	US\$	18.01.41	2,352	1.26
Croatia				2,542	1.36
'BB' credit rated bonds					
Croatia Government International Bond 6%	2,300,000	US\$	26.01.24	2,542	1.36
Dominican Republic				6,004	3.21
'BB-' credit rated bonds					
Dominican Republic International Bond 10.5%	63,000,000	DOP	07.04.23	1,340	0.72
Dominican Republic International Bond 6.875%	1,850,000	US\$	29.01.26	2,058	1.10
Dominican Republic International Bond 7.45%	2,300,000	US\$	30.04.44	2,606	1.39
Ecuador				5,581	2.98
'B' credit rated bonds					
Ecuador Government International Bond 8.75%	2,350,000	US\$	02.06.23	2,416	1.29
Ecuador Government International Bond 9.65%	1,550,000	US\$	13.12.26	1,652	0.88
Ecuador Government International Bond 7.875%	1,587,000	US\$	23.01.28	1,513	0.81
Egypt				3,910	2.09
'B' credit rated bonds					
Egypt (Arab Republic of) 8.5%	3,500,000	US\$	31.01.47	3,910	2.09
El Salvador				1,576	0.84
'B-' credit rated bonds					
El Salvador Government International Bond 5.875%	1,600,000	US\$	30.01.25	1,576	0.84
Ethiopia				2,047	1.09
'B1' credit rated bonds					
Federal Republic of Ethiopia 6.625%	2,000,000	US\$	11.12.24	2,047	1.09
Gabon				1,088	0.58
'BB' credit rated bonds					
Republic of Gabon 6.375%	1,100,000	US\$	12.12.24	1,088	0.58

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
FIXED INCOME (continued)					
Germany				871	0.47
'BB' credit rated bonds					
Puma International Financing SA 5.125%	873,000	US\$	06.10.24	871	0.47
Ghana				1,949	1.04
'BB-' credit rated bonds					
Ghana Government International Bond 10.75%	1,500,000	US\$	14.10.30	1,949	1.04
Guatemala				1,956	1.04
'BB' credit rated bonds					
Guatemala (Republic of) 5.75%	1,850,000	US\$	06.06.22	1,956	1.04
Honduras				2,652	1.42
'BB' credit rated bonds					
Honduras (Republic of) 7.5%	2,400,000	US\$	15.03.24	2,652	1.42
Hong Kong				947	0.51
'BBB+' credit rated bonds					
Vanke Real Estate Hong Kong Co Ltd 3.975%	1,000,000	US\$	09.11.27	947	0.51
Indonesia				4,641	2.48
'BBB-' credit rated bonds					
Indonesia Government International Bond 4.35%	2,250,000	US\$	08.01.27	2,287	1.22
Perusahaan Listrik Negara 5.25%	2,400,000	US\$	24.10.42	2,354	1.26
Ireland				5,076	2.71
'BB' credit rated bonds					
C&W Senior Financing Designated Activity 6.875%	1,400,000	US\$	15.09.27	1,402	0.75
GTLK Europe DAC 5.125%	3,750,000	US\$	31.05.24	3,674	1.96
Ivory Coast				3,498	1.87
'B+' credit rated bonds					
Ivory Coast Government International Bond 5.25%	1,486,000	€	22.03.30	1,829	0.98
Ivory Coast Government International Bond 6.625%	1,351,000	€	22.03.48	1,669	0.89
Jamaica				2,340	1.25
'B' credit rated bonds					
Government of Jamaica 8%	1,950,000	US\$	15.03.39	2,340	1.25
Jordan				1,963	1.05
'B1' credit rated bonds					
Jordan Government International Bond 6.125%	1,950,000	US\$	29.01.26	1,963	1.05
Kazakhstan				3,965	2.12
'BBB-' credit rated bonds					
Development Bank of Kazakhstan 9.5%	330,000,000	KZT	14.12.20	1,062	0.57
KazMunayGas National 4.75%	2,900,000	US\$	19.04.27	2,903	1.55
Kenya				2,641	1.42
'B+' credit rated bonds					
Kenya Government International Bond 6.875%	2,250,000	US\$	24.06.24	2,350	1.26
Kenya Government International Bond 8.25%	273,000	US\$	28.02.48	291	0.16
Luxembourg				1,573	0.84
'B' credit rated bonds					
MHP Lux S.A. 6.95%	1,014,000	US\$	03.04.26	1,014	0.54
'B3' credit rated bonds					
Altice Luxembourg SA 7.75%	600,000	US\$	15.05.22	559	0.30
Macedonia				3,028	1.62
'BB' credit rated bonds					
Macedonia (Govt. of) 5.625%	2,100,000	€	26.07.23	3,028	1.62
Mexico				6,672	3.56
'BB' credit rated bonds					
Grupo Kuo SAB de 5.75%	1,415,000	US\$	07.07.27	1,411	0.75
'BBB' credit rated bonds					
Fibra Uno Trust F/1401 5.25%	1,450,000	US\$	30.01.26	1,474	0.79
'BBB+' credit rated bonds					
Mexico (United Mexican States) 5.625%	1,600,000	£	19.03.14 ^[a]	2,402	1.28
Petróleos Mexicanos 6.5%	1,300,000	US\$	13.03.27	1,385	0.74
Morocco				2,398	1.28
'BBB-' credit rated bonds					
Morocco (Kingdom of) 5.5%	2,250,000	US\$	11.12.42	2,398	1.28

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
FIXED INCOME (continued)					
Netherlands				5,160	2.76
'BB' credit rated bonds					
Petrobras Global Finance 7.375%	2,550,000	US\$	17.01.27	2,746	1.47
'BB-' credit rated bonds					
VTR Finance BV 6.875%	1,000,000	US\$	15.01.24	1,040	0.56
Bonds with no credit rating					
Royal Capital BV 5.875%	1,394,000	US\$	31.12.99	1,374	0.73
Nigeria				2,125	1.14
'B+' credit rated bonds					
Nigeria Government International Bond 7.875%	1,950,000	US\$	16.02.32	2,125	1.14
Oman				2,283	1.22
'BAA2' credit rated bonds					
Oman Government International Bond 5.625%	2,357,000	US\$	17.01.28	2,283	1.22
Pakistan				1,868	1.00
'B' credit rated bonds					
Pakistan (Islamic Republic of) 7.875%	1,950,000	US\$	31.03.36	1,868	1.00
Panama				2,257	1.20
'BBB' credit rated bonds					
Aeropuerto Internacional de Tocumen 5.75%	1,116,385	US\$	09.10.23	1,185	0.63
Aeropuerto Internacional de Tocumen 5.625%	1,000,000	US\$	18.05.36	1,072	0.57
Paraguay				3,071	1.64
'BB' credit rated bonds					
Paraguay (Republic of) 6.1%	2,850,000	US\$	11.08.44	3,071	1.64
Peru				2,454	1.31
'BBB+' credit rated bonds					
Corp Financiera de Desarrollo 4.75%	2,400,000	US\$	15.07.25	2,454	1.31
Qatar				2,748	1.47
'AA3' credit rated bonds					
Qatar Government International Bond 6.4%	2,250,000	US\$	20.01.40	2,748	1.47
Romania				2,456	1.31
'BBB-' credit rated bonds					
Romania (Republic of) 3.875%	1,850,000	€	29.10.35	2,456	1.31
Rwanda				2,536	1.35
'B+' credit rated bonds					
Rwanda (Republic of) 6.625%	2,450,000	US\$	02.05.23	2,536	1.35
Saudi Arabia				1,104	0.59
'B1' credit rated bonds					
Dar Al-Arkan Sukuk Co Ltd 6.875%	1,111,000	US\$	21.03.23	1,104	0.59
Senegal				2,952	1.58
'BA3' credit rated bonds					
Senegal Government International Bond 4.75%	1,194,000	€	13.03.28	1,473	0.79
Senegal Government International Bond 6.25%	1,500,000	US\$	23.05.33	1,479	0.79
Serbia				2,226	1.19
'BB' credit rated bonds					
Serbia International Bond 7.25%	2,000,000	US\$	28.09.21	2,226	1.19
South Africa				3,039	1.62
'BB+' credit rated bonds					
Republic of South Africa Government International Bond 5.875%	2,850,000	US\$	16.09.25	3,039	1.62
Sri Lanka				3,847	2.06
'B+' credit rated bonds					
Sri Lanka (Republic of) 6.85%	3,700,000	US\$	03.11.25	3,847	2.06
Tajikistan				1,330	0.71
'B3' credit rated bonds					
Tajikistan Government International Bond 7.125%	1,433,000	US\$	14.09.27	1,330	0.71
Tanzania				1,675	0.90
Bonds with no credit rating					
Tanzania (United Republic of) 7.45222%	1,611,115	US\$	09.03.20	1,675	0.90

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
FIXED INCOME (continued)					
Tunisia				2,593	1.39
'B+' credit rated bonds					
Central Bank Tunisia 5.625%	2,050,000	€	17.02.24	2,593	1.39
Turkey				4,158	2.22
Bonds with no credit rating					
TC Ziraat Bankasi AS 5.125%	4,300,000	US\$	29.09.23	4,158	2.22
Ukraine				5,104	2.73
'B-' credit rated bonds					
Ukraine Government International Bond 7.75%	3,350,000	US\$	01.09.22	3,493	1.87
Ukraine Government International Bond 7.375%	1,674,000	US\$	25.09.32	1,611	0.86
United Arab Emirates				1,704	0.91
'BBB+' credit rated bonds					
DP World 6.85%	1,400,000	US\$	02.07.37	1,704	0.91
United Kingdom				4,127	2.20
'B-' credit rated bonds					
SSB No 1 9.625%	1,400,000	US\$	20.03.25	1,487	0.79
'B+' credit rated bonds					
Liquid Telecom Finance 8.5%	1,300,000	US\$	13.07.22	1,369	0.73
MARB BondCo PLC 6.875%	1,400,000	US\$	19.01.25	1,271	0.68
United States of America				16,153	8.64
'AAAu' credit rated bonds					
United States Treasury Note/Bond 0.75%	5,720,000	US\$	15.02.19	5,653	3.02
'A1' credit rated bonds					
State Grid Overseas 3.5%	2,050,000	US\$	04.05.27	1,979	1.06
'BAA3' credit rated bonds					
Commonwealth of Bahamas 6%	2,100,000	US\$	21.11.28	2,187	1.17
'BB-' credit rated bonds					
Georgia Capital Issued International Bonds 6.125%	2,000,000	US\$	09.03.24	1,946	1.04
'BB+' credit rated bonds					
Transnet 4%	2,250,000	US\$	26.07.22	2,199	1.18
'BBB-' credit rated bonds					
Shimao Property Holdings Ltd 4.75%	1,300,000	US\$	03.07.22	1,282	0.69
Bonds with no credit rating					
Teva Pharmaceutical Finance Netherlands III BV 6.75%	919,000	US\$	01.03.28	907	0.48
Uruguay				2,453	1.31
'BBB-' credit rated bonds					
Uruguay Government International Bond 7.625%	1,800,000	US\$	21.03.36	2,453	1.31
Venezuela				2,023	1.09
'CC' credit rated bonds					
Petroleos de Venezuela 6%	4,000,000	US\$	15.11.26	1,076	0.58
Republic of Venezuela 9.25%	3,200,000	US\$	07.05.28	947	0.51
Vietnam				1,835	0.98
'BB-' credit rated bonds					
Debt and Asset Trading 1%	2,600,000	US\$	10.10.25	1,835	0.98
Zambia				1,686	0.90
'B' credit rated bonds					
Zambia Government International Bond 8.97%	1,600,000	US\$	30.07.27	1,686	0.90

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Portfolio statement

Portfolio statement (continued)			
Investment description	Maturity date	Market value US\$'000	% of net assets
CURRENCY		(29)	(0.01)
Forward currency contracts		(29)	(0.01)
Bought for US\$ 2,554,785.81, sold for £ 1,849,000.00	04.04.18	(45)	(0.02)
Bought for US\$ 21,423,378.45, sold for € 17,361,500.00	04.04.18	29	0.02
Bought for US\$ 3,074,180.00, sold for € 2,500,000.00	02.05.18	(13)	(0.01)
Portfolio of investments		182,922	97.76
SHARE CLASS HEDGING		(351)	(0.19)
Bought for CHF 101,910.66, sold for US\$ 107,416.85	02.05.18	(1)	-
Bought for US\$ 1,237.84, sold for CHF 1,175.14	02.05.18	-	-
Bought for € 42,053,166.91, sold for US\$ 52,274,803.73	02.05.18	(350)	(0.19)
Total portfolio		182,571	97.57
Net other assets/(liabilities)		4,547	2.43
NET ASSETS		187,118	100.00
PORTFOLIO SUMMARY			
Investment assets			
Debt securities		182,951	97.77
Unrealised gains on forward currency contracts		29	0.02
Total investment assets		182,980	97.79
Investment liabilities			
Unrealised losses on forward currency contracts		(409)	(0.22)
Total investment liabilities		(409)	(0.22)
Total portfolio		182,571	97.57
Net other assets/(liabilities)		4,547	2.43
NET ASSETS		187,118	100.00

[a] Maturity date 19.03.2114.

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prereddated date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty exposure	
Counterparty	Derivative exposures Forward currency contracts US\$'000
Citigroup Global Markets Limited	5
Goldman Sachs International	2
J.P.Morgan	1
State Street Bank and Trust Company	52
UBS AG London	20

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays quarterly distributions to the holders of distribution shares and the following table sets out the distribution timetables and rates per share declared in respect of the financial period from 22 May 2017 (the launch date of the fund) to 31 March 2018.

Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	22.05.17	30.09.17	20.10.17	23.10.17	26.10.17
Second interim	01.10.17	31.12.17	19.01.18	22.01.18	25.01.18
Final	01.01.18	31.03.18	20.04.18	23.04.18	26.04.18

Distributions

	Euro Class 'A'	Euro Class 'A-H'	Euro Class 'C'	Euro Class 'C-H'	Sterling Class 'C'
to 31 March 2018	Euro ¢	Euro ¢	Euro ¢	Euro ¢	UK p
First interim	0.1835	0.1893	0.1858	0.1896	0.1877
Second interim	0.1190	0.1242	0.1219	0.1247	0.1228
Final	0.1177	0.1281	0.1177	0.1290	0.1203

	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'	US dollar Class 'A'	US dollar Class 'C'
to 31 March 2018	Swiss ¢	Swiss ¢	US ¢	US ¢
First interim	0.1903	0.1908	0.1925	0.1932
Second interim	0.1218	0.1222	0.1267	0.1277
Final	0.1271	0.1280	0.1295	0.1297

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 22 May 2017 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A' Accumulation	9.4092	1.71	1.74
Class 'A' Distribution	9.1216	1.71	1.74
Class 'A-H' Accumulation	10.1120	1.73	1.76
Class 'A-H' Distribution	9.8045	1.73	1.76
Class 'C' Accumulation	9.4819	0.81	0.84
Class 'C' Distribution	9.1789	0.89	0.84
Class 'C-H' Accumulation	10.1845	0.84	0.86
Class 'C-H' Distribution	9.8745	0.84	0.86
Sterling	£	%	%
Class 'C' Accumulation	9.6175	0.80	0.84
Class 'C' Distribution	9.3247	0.80	0.84
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	10.0808	1.73	1.76
Class 'A-H' Distribution	9.7738	1.73	1.76
Class 'C-H' Accumulation	10.1563	0.83	0.86
Class 'C-H' Distribution	9.8504	0.83	0.86
US dollar	US\$	%	%
Class 'A' Accumulation	10.3257	1.69	1.74
Class 'A' Distribution	10.0108	1.69	1.74
Class 'C' Accumulation	10.4033	0.81	0.84
Class 'C' Distribution	10.0858	0.81	0.84
Class 'C' Accumulation	10.4080	0.77	0.80
NAV at fund level	US\$'000		
Net assets	187,118		
Swing pricing adjustment (see note 11)	0		
Swung net assets	187,118		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Emerging Markets Income Opportunities Fund

Investment objective and policy

Investment objective

The Fund aims to deliver an annual income of 4-6%. Subject to this, the Fund aims to deliver capital growth over any five year period.

Investment policy

The Fund will invest at least 80% of its Net Asset Value in emerging market assets, including equities, bonds and closed-ended real estate investment trusts. The Investment Manager has the discretion to identify the countries that it considers to qualify as emerging markets*. The Fund may invest across a wide range of geographies, sectors and market capitalisations. The Fund may invest in China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Exchange.

The Fund will invest at least 25% of its Net Asset Value in the equity securities of companies domiciled in or conducting the major part of their economic activity in emerging market countries. The Fund will invest at least 25% of its Net Asset Value in bonds issued by companies or quasi-government agencies domiciled in or conducting the major part of their economic activity in emerging market countries.

The bonds that the Fund may invest in include the following:

- a) Asset-Backed Securities, subject to a maximum of 10% of the Fund's Net Asset Value, bonds which are rated investment grade by a recognised rating agency, bonds issued or guaranteed by companies, local authorities, government agencies or certain public international bodies, convertible/exchangeable bonds;
- b) a maximum of 75% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds; and
- c) maximum of 20% of the Fund's Net Asset Value in Contingent Convertible Debt Securities.

The Fund's exposure to these assets will typically be gained directly.

The Fund may also invest indirectly via derivative instruments. Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps and Options.

The fund may also invest in cash, near cash, deposits, other debt instruments and other collective investment schemes.**

* Emerging markets will typically be those defined by the International Monetary Fund as such or those defined by the World Bank as emerging or developing economies.

** When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying investment scheme to avoid any double charge.

M&G (Lux) Emerging Markets Income Opportunities Fund

Investment review

For the period from 22 May 2017 (launch date of the fund) to 31 March 2018

Launched in May 2017, the M&G (Lux) Emerging Markets Income Opportunities Fund is an actively managed fund that seeks to deliver income and capital growth by investing in emerging market assets, primarily company shares and corporate bonds. (Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as ‘corporate bonds’, while those issued by governments are called ‘government bonds’.)

The fund has a flexible investment process that draws upon the expertise and investment knowledge of the M&G Emerging Markets Equities team and the M&G’s Retail Fixed Interest team. The teams have long-running experience in managing equity and bond strategies and have developed disciplined, consistent and repeatable security selection processes.

We believe having the flexibility to invest in both equities and corporate bonds provides considerable scope to select the optimal combination of income-generating assets at any particular time. The fund’s corporate bonds will typically provide the bulk of the portfolio’s income. This means that as well as for their income, the equities in the portfolio can also be selected for their potential to deliver capital growth.

The fund employs a bottom-up approach to identify attractive opportunities from across the entire emerging markets investment universe. The portfolio is constructed from the pool of ‘best ideas’ in each asset class, with the exact split between equities and bonds determined purely by the stock selection process. At least 25% of the portfolio will be invested in each asset class at all times.

The fund is currently positioned with a larger allocation to equities than corporate bonds, as we see greater long-term value presently among company shares. In our view, robust global economic growth, improving corporate performance and relatively attractive valuations represent a supportive environment for emerging market equities.

We believe emerging market companies are becoming increasingly shareholder focused and there is greater emphasis on delivering returns to investors, including the payment of dividends. In our view, this is a positive development which could result in higher stockmarket valuations over time.

While this economic backdrop should also be positive for corporate bonds, we are more cautious about their prospects given that the level of income they offer has declined recently. At present, we are focused on finding attractively valued opportunities on a selective basis.

Michael Bourke

Fund manager

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Emerging Markets Income Opportunities Fund

Portfolio statement

Portfolio statement					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
PORTFOLIO OF INVESTMENTS				22,276	96.86
Argentina				494	2.15
Argentina debt securities					
Genneia 8.75%	100,000	US\$	20.01.22	108	0.47
YPF Sociedad Anónima 8.5%	350,000	US\$	28.07.25	386	1.68
Austria				210	0.91
Austria debt securities					
Suzano Austria GmbH 5.75%	200,000	US\$	14.07.26	210	0.91
Azerbaijan				221	0.96
Azerbaijan debt securities					
Southern Gas Corridor 6.875%	200,000	US\$	24.03.26	221	0.96
Brazil				791	3.44
Brazil equities					
Banco Bradesco	5,275	BRL		61	0.27
CCR SA	16,059	BRL		59	0.26
Energias Do Brasil	47,118	BRL		187	0.81
Kroton Educacional SA	52,859	BRL		210	0.91
Transmissora Alianca de Energia Eletrica SA	42,748	BRL		274	1.19
British Virgin Islands				217	0.94
British Virgin Islands debt securities					
Grupo Unicomer 7.875%	200,000	US\$	01.04.24	217	0.94
Cayman Islands				496	2.16
Cayman Islands debt securities					
MAF Global Securities 5.5%	300,000	US\$	31.12.99	299	1.30
Shimao Property Holdings Ltd 4.75%	200,000	US\$	03.07.22	197	0.86
China				1,802	7.84
China equities					
China Lesso	390,000	HK\$		296	1.29
China Petroleum & Chemical Corp	454,000	HK\$		399	1.74
CNOOC	419,000	HK\$		618	2.69
Greatview Aseptic Packaging	371,000	HK\$		249	1.08
Lenovo Group Ltd	470,000	HK\$		240	1.04
Colombia				419	1.82
Colombia equities					
Banco Davivienda SA	22,090	COP		238	1.03
Colombia debt securities					
Banco Davivienda 7.5%	500,000,000	COP	24.10.22	181	0.79
Germany				200	0.87
Germany debt securities					
Puma International Financing SA 5.125%	200,000	US\$	06.10.24	200	0.87
Hong Kong				1,330	5.78
Hong Kong equities					
AIA Group	43,800	HK\$		370	1.61
China Resources Power Holdings Co Ltd	140,000	HK\$		255	1.11
Far East Horizon	487,000	HK\$		516	2.24
Hong Kong debt securities					
Vanke Real Estate Hong Kong Co Ltd 3.975%	200,000	US\$	09.11.27	189	0.82
India				460	2.00
India debt securities					
National Highways 7.3%	30,000,000	INR	18.05.22	460	2.00
Indonesia				489	2.13
Indonesia debt securities					
Jasa Marga Persero Tbk PT 7.5%	4,000,000,000	IDR	11.12.20	293	1.28
Perusahaan Listrik Negara 5.25%	200,000	US\$	24.10.42	196	0.85
Ireland				396	1.72
Ireland debt securities					
C&W Senior Financing Designated Activity 6.875%	200,000	US\$	15.09.27	200	0.87
GTLK Europe DAC 5.125%	200,000	US\$	31.05.24	196	0.85

M&G (Lux) Emerging Markets Income Opportunities Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
PORTFOLIO OF INVESTMENTS (continued)					
Luxembourg				1,233	5.36
Luxembourg debt securities					
Altice Luxembourg SA 7.75%	200,000	US\$	15.05.22	186	0.81
Codere Finance 2 Luxembourg 7.625%	200,000	US\$	01.11.21	204	0.89
Gaz Capital 7.288%	200,000	US\$	16.08.37	236	1.02
Kernel Holding 8.75%	200,000	US\$	31.01.22	216	0.94
MHP Lux S.A. 6.95%	200,000	US\$	03.04.26	200	0.87
Rede D'or Finance Sarl 4.95%	200,000	US\$	17.01.28	191	0.83
Mexico				1,427	6.21
Mexico equities					
Alfa SAB de CV	382,709	MXN		487	2.12
Fibra Uno Administracion SA de CV	205,511	MXN		308	1.35
Mexico debt securities					
Fibra Uno Trust F/1401 5.25%	200,000	US\$	30.01.26	203	0.88
Grupo Kuo SAB de 5.75%	266,000	US\$	07.07.27	265	1.15
Petroleos Mexicanos 6.875%	150,000	US\$	04.08.26	164	0.71
Netherlands (The)				1,505	6.55
Netherlands (The) debt securities					
Indo Energy Finance II BV 6.375%	200,000	US\$	24.01.23	200	0.87
Petrobras Global Finance 7.375%	550,000	US\$	17.01.27	592	2.58
Royal Capital BV 5.875%	313,000	US\$	31.12.99	308	1.34
Veon 4.95%	200,000	US\$	16.06.24	197	0.86
VTR Finance BV 6.875%	200,000	US\$	15.01.24	208	0.90
Nigeria				207	0.90
Nigeria debt securities					
United Bank for Africa PLC 7.75%	200,000	US\$	08.06.22	207	0.90
Panama				355	1.54
Panama equities					
Banco Latinoamericano de Comercio Exterior SA	4,965	US\$		141	0.61
Panama debt securities					
Aeropuerto Internacional de Tocumen 5.625%	200,000	US\$	18.05.36	214	0.93
Russian Federation				1,477	6.42
Russian Federation equities					
Lukoil PJSC	9,997	US\$		680	2.96
MMC Norilsk Nickel PJSC	5,775	US\$		108	0.47
Sberbank of Russia ADR	37,196	US\$		689	2.99
Saudi Arabia				221	0.96
Saudi Arabia debt securities					
Dar Al-Arkan Sukuk Co Ltd 6.875%	222,000	US\$	21.03.23	221	0.96
Singapore				756	3.29
Singapore equities					
DBS Group Holdings Ltd	10,000	SG\$		210	0.92
Keppel REIT	240,600	SG\$		223	0.97
Mapletree Industrial Trust	87,600	SG\$		136	0.59
Singapore debt securities					
ABJA Investment Co Pte Ltd 5.45%	200,000	US\$	24.01.28	187	0.81
South Africa				1,290	5.61
South Africa equities					
Barclays Africa Group	40,530	ZAR		648	2.82
Sanlam	29,971	ZAR		215	0.93
Sasol Ltd	12,766	ZAR		427	1.86
South Korea				1,895	8.24
South Korea equities					
Hana Financial Group	13,284	KRW		569	2.48
Samsung Electronics Co Ltd	311	KRW		716	3.11
Samsung Fire & Marine Insurance Co Ltd	648	KRW		163	0.71
Shinhan Financial Group Co Ltd	10,566	KRW		447	1.94

M&G (Lux) Emerging Markets Income Opportunities Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
PORTFOLIO OF INVESTMENTS (continued)					
Taiwan				1,360	5.91
Taiwan equities					
Casetek Holdings	100,943	TW\$		296	1.29
Catcher Technology Co Ltd	18,000	TW\$		224	0.97
Cathay Financial Holding Co Ltd	130,000	TW\$		231	1.00
Chicony Electronics Co Ltd	114,570	TW\$		291	1.27
Mega Financial Holding Co Ltd	144,000	TW\$		124	0.54
Teco Electric and Machinery Co Ltd	235,000	TW\$		194	0.84
Thailand				256	1.11
Thailand equities					
Siam Commercial Bank PCL/The	56,000	THB		256	1.11
Turkey				536	2.33
Turkey equities					
Enerjisa Enerji	84,370	TRY		150	0.65
Turkey debt securities					
TC Ziraat Bankasi AS 5.125%	200,000	US\$	29.09.23	193	0.84
Yapi ve Kredi Bankasi 5.85%	200,000	US\$	21.06.24	193	0.84
United Arab Emirates				243	1.06
United Arab Emirates debt securities					
DP World 6.85%	200,000	US\$	02.07.37	243	1.06
United Kingdom				656	2.85
United Kingdom equities					
HSBC Holdings PLC	11,206	£		105	0.46
United Kingdom debt securities					
Liquid Telecom Finance 8.5%	350,000	US\$	13.07.22	369	1.60
MARB BondCo PLC 6.875%	200,000	US\$	19.01.25	182	0.79
United States of America				1,334	5.80
United States of America equities					
Etalon Group GDR	65,098	US\$		199	0.86
United States of America debt securities					
Georgia Capital Issued International Bonds 6.125%	300,000	US\$	09.03.24	292	1.27
Oil & Gas Holding 7.5%	200,000	US\$	25.10.27	199	0.87
Teva Pharmaceutical Finance Netherlands III BV 6.75%	200,000	US\$	01.03.28	197	0.86
United States Treasury Note/Bond 1.25%	450,000	US\$	31.01.19	447	1.94
Portfolio of investments				22,276	96.86

M&G (Lux) Emerging Markets Income Opportunities Fund

Portfolio statement

Portfolio statement (continued)			
Investment description	Maturity date	Market value US\$'000	% of net assets
SHARE CLASS HEDGING		(4)	(0.01)
Bought for CHF 105,359.94, sold for US\$ 111,052.49	02.05.18	(1)	-
Bought for US\$ 1,279.74, sold for CHF 1,214.92	02.05.18	-	-
Bought for € 292,612.51, sold for US\$ 363,737.07	02.05.18	(2)	(0.01)
Bought for £ 52,564.10, sold for US\$ 74,458.56	02.05.18	(1)	-
Total portfolio		22,272	96.85
Net other assets/(liabilities)		722	3.15
NET ASSETS		22,994	100.00
PORTFOLIO SUMMARY			
Investment assets			
Equity securities		12,207	53.09
Debt securities		10,069	43.77
Total investment assets		22,276	96.86
Investment liabilities			
Unrealised losses on forward currency contracts		(4)	(0.01)
Total investment liabilities		(4)	(0.01)
Total portfolio		22,272	96.85
Net other assets/(liabilities)		722	3.15
NET ASSETS		22,994	100.00

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty exposure	
Counterparty	Derivative exposures Forward currency contracts US\$'000
State Street Bank and Trust Company	1

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Emerging Markets Income Opportunities Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect of the financial period from 22 May 2017 (the launch date of the fund) to 31 March 2018.

Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	22.05.17	30.09.17	20.10.17	23.10.17	26.10.17
Second interim	01.10.17	31.12.17	19.01.18	22.01.18	25.01.18
Final	01.01.18	31.03.18	20.04.18	23.04.18	26.04.18

Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	22.05.17	30.06.17	30.06.17	21.07.17	24.07.17
Second interim	01.07.17	31.07.17	18.08.17	21.08.17	24.08.17
Third interim	01.08.17	31.08.17	15.09.17	18.09.17	21.09.17
Fourth interim	01.09.17	30.09.17	20.10.17	23.10.17	26.10.17
Fifth interim	01.10.17	31.10.17	17.11.17	20.11.17	23.11.17
Sixth interim	01.11.17	30.11.17	15.12.17	18.12.17	21.12.17
Seventh interim	01.12.17	31.12.17	19.01.18	22.01.18	25.01.18
Eighth interim	01.01.18	31.01.18	16.02.18	19.02.18	22.02.18
Ninth interim	01.02.18	28.02.18	16.03.18	19.03.18	22.03.18
Final	01.03.18	31.03.18	20.04.18	23.04.18	26.04.18

Distributions

	Euro Class 'A-H'	Euro Class 'C-H'	Sterling Class 'C-H'	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'
to 31 March 2018	Euro ¢	Euro ¢	UK p	Swiss ¢	Swiss ¢
First interim	0.1900	0.1900	0.1900	0.1900	0.1900
Second interim	0.0901	0.0926	0.0929	0.0905	0.0912
Final	0.0954	0.0962	0.0976	0.0947	0.0954

	US dollar Class 'A'	US dollar Class 'C'
to 31 March 2018	US ¢	US ¢
First interim	0.1900	0.1900
Second interim	0.0984	0.0995
Final	0.0962	0.0968

Distributions

	US dollar Class 'A M'	US dollar Class 'C M'
to 31 March 2018	US ¢	US ¢
First interim	0.0660	0.0660
Second interim	0.0191	0.0191
Third interim	0.0338	0.0338
Fourth interim	0.0711	0.0711
Fifth interim	0.0376	0.0379
Sixth interim	0.0280	0.0283
Seventh interim	0.0321	0.0321
Eighth interim	0.0268	0.0270
Ninth interim	0.0369	0.0372
Final	0.0323	0.0324

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 22 May 2017 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A-H' Accumulation	10.8407	1.82	1.74
Class 'A-H' Distribution	10.5510	1.85	1.74
Class 'C-H' Accumulation	10.9195	0.92	0.84
Class 'C-H' Distribution	10.6330	0.92	0.84
Sterling	£	%	%
Class 'C-H' Accumulation	11.0151	0.93	0.84
Class 'C-H' Distribution	10.7209	0.93	0.84
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	10.8134	1.81	1.74
Class 'A-H' Distribution	10.5201	1.82	1.74
Class 'C-H' Accumulation	10.8858	0.91	0.84
Class 'C-H' Distribution	10.6001	0.91	0.84
US dollar	US\$	%	%
Class 'A' Accumulation	11.0790	1.80	1.72
Class 'A' Distribution	10.7827	1.79	1.72
Class 'A M' Distribution	10.7144	1.79	1.72
Class 'C' Accumulation	11.1646	0.90	0.82
Class 'C' Distribution	10.8668	0.89	0.82
Class 'C M' Distribution	10.7972	0.89	0.82
Class 'CI' Accumulation	11.1669	0.87	0.78
NAV at fund level	US\$'000		
Net assets	22,994		
Swing pricing adjustment (see note 11)	0		
Swung net assets	22,994		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) European Inflation Linked Corporate Bond Fund

Investment objective and policy

Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) equal to or greater than European inflation over any three-year period.

Investment policy

The Fund will invest at least 50% of its Net Asset Value in inflation-linked investment grade corporate bonds. Exposure may either be gained through direct holdings or synthetically by using combinations of inflation-linked government bonds and derivatives to create similar risk exposures. A minimum of 90% of the Fund's Net Asset Value will be exposed directly to Euro denominated assets or non-Euro exposures which have been hedged back to Euro.

Additionally the Fund may also invest in the following fixed income instruments:

- a) Fixed rate bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies, subject to a maximum of 40% of the Fund's Net Asset Value;
- b) Floating rate notes, subject to a maximum of 50% of the Fund's Net Asset Value;
- c) Bonds from issuers located in emerging markets, subject to a maximum of 20% of the Fund's Net Asset Value;
- d) Unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 30% of the Fund's Net Asset Value; and
- e) Asset-Backed Securities subject to a maximum of 20% of the Fund's Net Asset Value.

Derivatives can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management. The derivative instruments that the Fund can invest in include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Swaps, and Credit Default Swaps.

The Fund may also invest in cash, currencies, near cash, deposits, other debt instruments, other derivatives, preferred shares, warrants and other funds*.

* When the underlying fund is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying funds and no initial or redemption charge will apply at the level of the underlying fund to avoid any double charge.

M&G (Lux) European Inflation Linked Corporate Bond Fund

Investment review

For the period from 16 March 2018 (launch date of the fund) to 31 March 2018

The M&G (Lux) European Inflation Linked Corporate Bond Fund invests in a range of instruments that can help to mitigate the potentially damaging effects of inflation. It is mainly invested in inflation-linked bonds issued by high-quality companies, where both the value of the loan and the interest payments are adjusted in line with inflation until they mature. Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as ‘corporate bonds’, while those issued by governments are called ‘government bonds’.

Despite a recent increase in market volatility and ongoing geopolitical uncertainties, we believe the global economic recovery remains on track and we think the Federal Reserve will push ahead with further gradual rate rises. With company default rates expected to stay low, we remain positive on corporate bonds. However, we continue to be cautious on government bonds, given the likelihood of further rates rises.

In terms of our inflation outlook, we think European inflation will gradually rise from a low base as the economic recovery gathers momentum. But with unemployment still elevated, the extent of any rise should be limited for the time being; the recent strength of the euro should also help to keep a lid on inflationary pressures.

Elsewhere, we believe inflation in the UK is likely to drift back towards its 2% target over the coming months as the earlier weakness in sterling starts to fade. We expect to see a pick-up in US inflation over the coming months as the tightening labour market starts to put upward pressure on wages.

By focusing on index-linked bonds issued by highly rated companies that are due to be repaid in a relatively short period of time, we believe the fund is well placed to capture an inflation-adjusted income stream while keeping a low sensitivity to movements in interest rates.

Wolfgang Bauer

Fund manager

Investment review information as at 31 March 2018.

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

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

M&G (Lux) European Inflation Linked Corporate Bond Fund

Portfolio statement

Portfolio statement					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME				94,124	96.34
Debt securities				93,493	95.69
'AAA' credit rated bonds				4,407	4.50
Alba 2006-2 0%	550,100	€	15.12.38	532	0.54
ALME Loan Funding II FRN	750,000	€	15.01.30	754	0.77
Avoca CLO XI Ltd 0.89%	250,000	€	15.07.30	251	0.26
Barings CLO Ltd. 2017-I 0.9%	500,000	€	15.10.30	503	0.52
Delft 2017 0.419%	359,480	€	17.01.40	361	0.37
Dukinfield 1.58256%	108,811	£	20.12.52	126	0.13
Duncan Funding FRN	88,278	£	17.04.63	101	0.10
Harvest CLO VII 0.92%	206,000	€	12.04.31	207	0.21
Newday Partnership Funding 2017-1 PLC 1.24531%	400,000	£	15.12.27	460	0.47
Newgate Fund 0.271%	467,272	€	15.12.50	463	0.47
OAK No.1 Plc 1.25006%	60,104	£	26.02.52	69	0.07
Paragon Mortgages No.14 FRN	491,748	US\$	15.09.39	385	0.39
THRONES 2015-1 FRN	52,608	£	18.03.50	60	0.06
Trinity Square FRN	116,770	£	15.07.51	135	0.14
'AAAu' credit rated bonds				19,643	20.10
Bundesrepublik Deutschland Bundesobligation Inflation Linked Bond 0.75%	2,850,000	€	15.04.18	3,079	3.15
Deutsche Bundesrepublik Inflation Linked Bond 1.75%	11,370,000	€	15.04.20	13,581	13.90
Deutsche Bundesrepublik Inflation Linked Bond 0.1%	250,000	€	15.04.23	284	0.29
Deutsche Bundesrepublik Inflation Linked Bond 0.1%	50,000	€	15.04.26	56	0.06
Deutsche Bundesrepublik Inflation Linked Bond 0.5%	50,000	€	15.04.30	59	0.06
Deutsche Bundesrepublik Inflation Linked Bond 0.1%	50,000	€	15.04.46	61	0.06
United States Treasury Inflation Indexed Bonds 0.125%	3,000,000	US\$	15.04.21	2,523	2.58
'AA' credit rated bonds				3,736	3.82
Claris RMBS 2014 Srl 0.821118%	40,798	€	28.12.61	41	0.04
Network Rail Infrastructure Finance 1.75%	400,000	£	22.11.27	817	0.84
Paragon Mortgages No.13 FRN A2B	332,223	€	15.01.39	323	0.33
Réseau Ferré de France 2.45%	1,750,000	€	28.02.23	2,555	2.61
'AA-' credit rated bonds				1,617	1.66
HSBC Holdings 0.371%	858,000	€	27.09.22	867	0.89
HSBC Holdings 1%	750,000	€	05.10.23	750	0.77
'AA1' credit rated bonds				368	0.38
First Flexible No 6 FRN	313,233	€	01.12.35	312	0.32
Paragon Mortgages No.9 FRN	57,392	€	15.05.41	56	0.06
'AAu' credit rated bonds				11,743	12.02
French Republic Government Bond OAT 0.1%	9,185,000	€	01.03.21	9,881	10.11
French Republic Government Bond OAT 1.1%	1,505,000	€	25.07.22	1,862	1.91
'A' credit rated bonds				13,527	13.85
Anglian Water Services 4.125%	506,000	£	28.07.20	1,069	1.09
Bank of America Corp 2.55698%	600,000	US\$	05.02.26	477	0.49
Bank of America FRN	1,750,000	€	07.02.22	1,769	1.81
Barclays Bank FRN	600,000	US\$	10.08.21	508	0.52
BPCE S.A. 1%	400,000	€	23.03.23	399	0.41
Citigroup FRN	100,000	US\$	01.09.23	83	0.08
Citigroup Inc 5.25%	150,000	US\$	17.05.24	123	0.13
Goldman Sachs Group 0.2913%	450,000	€	26.09.23	449	0.46
Goldman Sachs Group 0.3%	400,000	€	09.09.22	401	0.41
Goldman Sachs Group FRN	200,000	US\$	28.10.27	170	0.17
Goldman Sachs Group FRN	300,000	US\$	29.11.23	251	0.26
KBC Groep 0.75%	800,000	€	01.03.22	806	0.82
Landmark Mortgage Securities No 2 0%	499,954	€	17.06.39	484	0.50
Morgan Stanley 3.0107%	200,000	US\$	08.05.24	165	0.17
Morgan Stanley FRN	1,000,000	€	27.01.22	1,008	1.03
Morgan Stanley FRN	400,000	US\$	24.10.23	332	0.34
National Grid Electricity Transmission 2.983%	815,000	£	08.07.18	1,484	1.52
National Grid Electricity Transmission 3.806%	275,000	£	27.07.20	554	0.57
Nationwide Building Society 3.875%	382,593	£	30.07.21	1,436	1.47
Santander UK Group Holdings PLC 1%	346,000	€	27.03.24	347	0.36
Société Générale 0.471%	1,200,000	€	22.05.24	1,212	1.24

M&G (Lux) European Inflation Linked Corporate Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME (continued)					
'A+' credit rated bonds				3,003	3.06
Lloyds Banking Group PLC 0.451%	1,200,000	€	21.06.24	1,204	1.23
Mitchells & Butlers Finance 1.77%	68,451	US\$	15.12.30	52	0.05
UBS FRN	400,000	€	20.09.22	404	0.41
UBS Group Funding Switzerland AG 3.3034%	200,000	US\$	01.02.22	167	0.17
Wells Fargo & Company 1.375%	150,000	£	30.06.22	167	0.17
Wells Fargo & Company FRN	1,000,000	€	26.04.21	1,009	1.03
'A-' credit rated bonds				12,164	12.46
AT&T Inc 0.523%	750,000	€	05.09.23	768	0.79
Bank of America FRN	1,000,000	US\$	15.09.26	775	0.79
E-MAC NL 2005-I BV 2.519%	233,953	€	25.04.38	240	0.25
Nationwide Building Society 6.75%	450,000	€	22.07.20	516	0.53
Southern Water Services Finance 3.816% IL	100,000	£	31.03.23	212	0.22
Spain Government Inflation Linked Bond 0.55%	7,400,000	€	30.11.19	7,853	8.04
Spain Government Inflation Linked Bond 1.8%	1,500,000	€	30.11.24	1,800	1.84
'A2' credit rated bonds				586	0.60
Eddystone Finance FRN	300,000	£	19.04.21	344	0.35
Finsbury Square 2018-1 PLC 1.21093%	211,000	£	12.09.65	242	0.25
'A3' credit rated bonds				1,005	1.03
AXA S.A. 1%	429,000	€	28.05.49	435	0.45
Thames Water Utilities Finance 3.375%	280,000	£	21.07.21	570	0.58
'Au' credit rated bonds					
Total 3.369%	800,000	€	29.12.49	852	0.87
'BAA1' credit rated bonds				528	0.54
Magellan Mortgages No.4 1%	471,673	€	20.07.59	458	0.47
Severn Trent 1.3%	50,000	£	11.07.22	70	0.07
'BAA2' credit rated bonds					
Suez Environnement 2.875%	200,000	€	31.12.99	205	0.21
'BAA3' credit rated bonds				454	0.47
Belfius Bank S.A. 1%	300,000	€	15.03.28	299	0.31
Catalyst Healthcare 3.42 %	79,918	£	30.09.40	155	0.16
'BA1' credit rated bonds				821	0.84
Banco Santander 2.125%	200,000	€	08.02.28	196	0.20
Banco Santander 6.25%	600,000	€	12.03.49	625	0.64
'BA2' credit rated bonds					
Crown European Holdings 3.375%	350,000	€	15.05.25	363	0.37
'BBB' credit rated bonds				9,338	9.56
Aviva Var. Rate	400,000	£	29.09.49	503	0.52
General Motors Financial 4.20%	200,000	US\$	01.03.21	166	0.17
Italy (Republic of) 2.1% IL	2,620,000	€	15.09.21	3,218	3.29
Italy (Republic of) 2.35%	4,300,000	€	15.09.19	5,152	5.27
RCI Banque SA 0.101%	300,000	€	12.01.23	299	0.31
'BBB+' credit rated bonds				4,483	4.59
Arion Banki HF 1%	525,000	€	20.03.23	523	0.54
Bayer FRN	800,000	€	01.07.75	834	0.85
Brisa Concessão Rodoviária 2.375%	200,000	€	10.05.27	213	0.22
British Telecommunications 3.5%	37,000	£	25.04.25	87	0.09
Deutsche Telekom International Finance 0.875%	600,000	€	30.01.24	605	0.62
National Grid 1.25%	225,000	£	06.10.21	319	0.33
Orange 3%	825,000	€	25.07.18	931	0.95
Royal Bank of Scotland 6.625%	300,000	£	17.09.18	351	0.36
Royal Bank of Scotland Group PLC 1%	500,000	£	19.09.26	568	0.58
South Eastern Power Networks 4.2148%	25,000	£	05.06.23	52	0.05
'BBB-' credit rated bonds				323	0.33
Crédit Agricole 6.5%	200,000	€	29.04.49	225	0.23
Telecom Italia Finance 2.375%	100,000	€	12.10.27	98	0.10
'BB' credit rated bonds					
Banco Bilbao Vizcaya Argentaria 7%	400,000	€	29.12.49	420	0.43

M&G (Lux) European Inflation Linked Corporate Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME (continued)					
'BB+' credit rated bonds				1,831	1.88
Ball Corporation 4.375%	350,000	€	15.12.23	397	0.41
KBC Group NV 5.625%	400,000	€	29.03.49	415	0.42
Lloyds Bank 7%	200,000	£	29.12.49	240	0.25
Telefonica Europe BV 3%	400,000	€	31.12.99	396	0.41
Tesco Personal Finance 1%	200,000	£	16.12.19	271	0.28
Unitymedia 3.5%	106,000	€	15.01.27	112	0.11
'BBu' credit rated bonds					
Teva Pharmaceutical Finance Netherlands II BV 0.375%	600,000	€	25.07.20	584	0.60
'B+' credit rated bonds					
Intesa Sanpaolo 1.75%	500,000	€	20.03.28	498	0.51
'WD' credit rated bonds				667	0.68
Nationwide Building Society 4.25%	136,404	£	23.02.24	508	0.52
Rabobank 2.25%	91,000	£	22.11.22	159	0.16
Bonds with no credit rating				327	0.33
Arbour Clo FRN	186,000	€	15.01.30	187	0.19
THFC 5.65% IL	49,713	£	30.09.20	140	0.14
Contracts					
Debt derivatives				631	0.65
Credit default swaps				729	0.75
Pay BAA Funding Limited Receive 1%	(500,000)	€	20.12.20	9	0.01
Pay Energy Transfer Partners Receive 1%	(1,500,000)	US\$	20.12.20	19	0.02
Pay Ford Motor Company Receive 5%	(500,000)	US\$	20.12.20	49	0.05
Pay Aviva PLC Receive 1%	(500,000)	€	20.06.21	10	0.01
Pay BP PLC Receive 1%	(500,000)	€	20.06.21	12	0.01
Pay HSBC Bank PLC Receive 1%	(500,000)	€	20.06.21	9	0.01
Pay Lloyds TSB Bank PLC Receive 1%	(500,000)	€	20.06.21	7	0.01
Pay Telefonica S.A. Receive 1%	(500,000)	€	20.06.21	9	0.01
Pay Allianz AG Receive 1%	(500,000)	€	20.12.21	15	0.01
Pay AXA Receive 1%	(500,000)	€	20.12.21	11	0.01
Pay Glencore International AG Receive 5%	(500,000)	€	20.12.21	76	0.08
Pay LafargeHolcim Ltd Receive 1%	(500,000)	€	20.12.21	10	0.01
Pay Olivetti S.p.A. Receive 1%	(200,000)	€	20.12.21	-	-
Pay Repsol YPF Receive 1%	(500,000)	€	20.12.21	12	0.01
Pay Zurich Insurance Company Receive 1%	(500,000)	€	20.12.21	13	0.01
Pay MetLife, Inc. Receive 1%	(500,000)	US\$	20.12.21	9	0.01
Pay 5% Receive iTraxx Europe Crossover	(1,000,000)	€	20.06.22	(115)	(0.12)
Pay 5% Receive iTraxx Europe Crossover	(250,000)	€	20.06.22	(29)	(0.03)
Pay Anglo American PLC Receive 5%	(500,000)	€	20.12.22	91	0.09
Pay Barclays PLC Receive 1%	(500,000)	€	20.12.22	1	-
Pay British American Tobacco PLC Receive 1%	(1,500,000)	€	20.12.22	26	0.03
Pay ENEL S.p.A. Receive 1%	(1,000,000)	€	20.12.22	18	0.02
Pay Glencore International AG Receive 5%	(200,000)	€	20.12.22	35	0.04
Pay Glencore International AG Receive 5%	(250,000)	€	20.12.22	44	0.05
Pay iTraxx Europe Receive 1%	(2,500,000)	€	20.12.22	55	0.06
Pay iTraxx Europe Receive 1%	(1,000,000)	€	20.12.22	22	0.02
Pay iTraxx Europe Receive 1%	(750,000)	€	20.12.22	17	0.02
Pay iTraxx Europe Receive 1%	(750,000)	€	20.12.22	17	0.02
Pay iTraxx Europe Receive 1%	(400,000)	€	20.12.22	9	0.01
Pay Leonardo S.p.A. Receive 5%	(850,000)	€	20.12.22	144	0.15
Pay Leonardo S.p.A. Receive 5%	(250,000)	€	20.12.22	42	0.04
Pay Lloyds TSB Group PLC Receive 1%	(500,000)	€	20.12.22	4	-
Pay Olivetti S.p.A. Receive 1%	(250,000)	€	20.12.22	(4)	-
Pay Telecom Italia S.p.A. Receive 1%	(250,000)	€	20.12.22	(4)	-
Pay Telefonica S.A. Receive 1%	(400,000)	€	20.12.22	5	0.01
Pay Telefonica S.A. Receive 1%	(250,000)	€	20.12.22	3	-
Pay Vodafone Group Ltd Receive 1%	(1,000,000)	€	20.12.22	17	0.02
Pay CDS Index North American Corporate Credits Investment Grade Receive 1%	(1,000,000)	US\$	20.12.22	14	0.01
Pay Verizon Communications Inc. Receive 1%	(1,500,000)	US\$	20.09.23	20	0.02

M&G (Lux) European Inflation Linked Corporate Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
Debt derivatives (continued)					
Credit default swaps (continued)					
Pay CDS Index North American Corporate Credits Investment Grade Receive 1%	(5,500,000)	US\$	20.12.23	13	0.01
Pay CDS Index North American Corporate Credits Investment Grade Receive 1%	(3,000,000)	US\$	20.12.25	-	-
Pay iTraxx Europe Receive 1%	(1,000,000)	€	20.12.27	3	-
Pay iTraxx Europe Receive 1%	(600,000)	€	20.12.27	2	-
Pay iTraxx Europe Receive 1%	(500,000)	€	20.12.27	1	-
Pay iTraxx Europe Receive 1%	(600,000)	€	20.12.27	2	-
Pay iTraxx Europe Receive 1%	(250,000)	€	20.12.27	6	0.01
Pay iTraxx Europe Receive 1%	(100,000)	€	20.12.27	-	-
				Commitment value (€'000)	
Interest rate futures				(98)	(0.10)
Euro SCHATZ Futures	(158)	€	07.06.18	17,691	(11)
Germany Federal Republic Bonds 5 year Futures	(112)	€	07.06.18	14,693	(55)
Germany Federal Republic Notes 10 year Futures	(4)	€	07.06.18	637	(4)
UK Treasury Notes Futures	(29)	£	27.06.18	4,062	(28)
CURRENCY				(182)	(0.19)
Forward currency contracts				(182)	(0.19)
Bought for US\$ 9,356,920.76, sold for € 7,591,362.21			04.04.18	2	-
Bought for € 22,012,472.17, sold for £ 19,444,128.76			04.04.18	(174)	(0.18)
Bought for € 14,628,747.90, sold for US\$ 18,038,921.52			04.04.18	(10)	(0.01)
Bought for £ 9,397,760.38, sold for € 10,723,507.63			04.04.18	-	-
Portfolio of investments				93,942	96.15
SHARE CLASS HEDGING				-	-
Bought for CHF 304,636.14, sold for € 258,310.26			02.05.18	-	-
Bought for € 2,096.52, sold for CHF 2,471.24			02.05.18	-	-
Total portfolio				93,942	96.15
Net other assets/(liabilities)				3,763	3.85
NET ASSETS				97,705	100.00
PORTFOLIO SUMMARY					
Investment assets					
Debt securities				93,493	95.69
Unrealised gains on forward currency contracts				2	-
Unrealised gains on swap contracts				881	0.90
Total investment assets				94,376	96.59
Investment liabilities					
Unrealised losses on futures contracts				(98)	(0.10)
Unrealised losses on forward currency contracts				(184)	(0.19)
Unrealised losses on swap contracts				(152)	(0.15)
Total investment liabilities				(434)	(0.44)
Total portfolio				93,942	96.15
Net other assets/(liabilities)				3,763	3.85
NET ASSETS				97,705	100.00

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredefined date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) European Inflation Linked Corporate Bond Fund

Portfolio statement

Counterparty exposure			
Counterparty	Derivative exposures		
	Swaps €'000	Forward currency contracts €'000	Futures €'000
Bank of America Merrill Lynch	53	-	-
Barclays Bank London	76	-	-
BNP Paribas	156	-	-
Citigroup Global Markets Limited	119	46	-
Crédit Suisse First Boston	152	-	-
Goldman Sachs International	38	-	-
J.P.Morgan	173	-	-
Merrill Lynch Pierce Fenner + Smith Inc	-	-	37,083
State Street Bank London	-	1	-
UBS AG London	-	7	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) European Inflation Linked Corporate Bond Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund has no distributing share classes.

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 16 March 2018 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios			
NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A' Accumulation	11.1623	1.23	1.22
Class 'C' Accumulation	11.5909	0.63	0.62
Class 'CI' Accumulation	10.0079	0.58	0.62
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	9.9713	1.25	1.24
Class 'C-H' Accumulation	10.2396	0.65	0.64
NAV at fund level	US\$'000		
Net assets	97,705		
Swing pricing adjustment (see note 11)	0		
Swung net assets	97,705		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Floating Rate High Yield Solution

Investment objective and policy

Investment objective

The Fund aims to provide a competitive global high yield bond market exposure whilst limiting interest rate risk. Performance will be measured versus a global high yield composite index* over any five year period.

* Composite index consists of 2/3rds CDX.NA.HY index on the run contract, 1/3rd iTraxx Crossover index on the run contract

Investment policy

The Fund invests at least 70% of its net asset value synthetically in floating rate high yield bonds. This exposure is achieved via a combination of high yield credit default swap indices ('CDX') and government floating rate bonds (rated A or above by S&P), from anywhere in the world, or cash. This synthetic structure achieves the Fund's desired credit exposure in a highly liquid manner and with low interest rate risk.

CDX are over the counter agreements which exchange the credit risk of the bonds composing the index between parties. The components of the index and their relative weightings are determined by an index provider (e.g. Markit) according to a set of pre-defined and published rules. There is no minimum credit rating requirement for entities included in the indices.

This exchange of credit risk allows one party, known as the protection buyer, to hedge credit risk, and the other party, known as the protection seller, to add long credit exposure. When acting as the protection seller, the Fund may use CDX to gain exposure to an index of bonds. This is similar to holding a physical portfolio of these bonds in that the Fund will receive coupons and be exposed to the capital value of the bonds, in return for assuming the default risk of those bonds. However in comparison to physical bonds, Credit Default Swaps allow the Fund to gain this credit exposure in a highly liquid manner and without interest rate risk.

The Fund uses a top down macro driven investment process within the following parameters:

- High yield bond market exposure is managed between 70% and 130%.
- Geographical allocations to US and European indices are limited to 25% above or below the composite index allocations.

Currency exposures within the Fund will be typically in USD or hedged into USD.

Derivatives can be used to meet the Fund's investment objective for hedging purposes and for efficient portfolio management. The derivative instruments that the Fund may invest in include Credit Default Swaps, Spot and Forward Contracts, Exchange Traded Futures, Swaps and Total Return Swaps.

The Fund may also invest in government bonds, cash, currencies, near cash, deposits, other debt instruments, other derivatives, preferred shares, warrants and other funds**.

** When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Floating Rate High Yield Solution

Investment review

For the period from 24 August 2017 (launch date of the fund) to 31 March 2018

The M&G (Lux) Floating Rate High Yield Solution was launched in August 2017 and is designed to provide an attractive level of income, while mitigating the negative impact of rising interest rates. The fund combines high yield credit default swap (CDS) indices with government bonds or cash. A high yield CDS index is a derivative instrument that gives investors indirect exposure to a basket of high yield bonds; high yield bonds are so-called as they generally pay relatively high rates of interest to compensate investors for the greater risk that they might fail to repay the money they have borrowed.

The fund provides a floating rate income stream which is periodically adjusted depending on the change in a reference interest rate. If the reference interest rate rise, investors will benefit from a higher income as coupons are automatically adjusted upwards (equally, should the reference interest rate fall, then the coupons will be adjusted downwards).

We have the flexibility to adjust the fund's high yield exposure and regional allocation depending on current market valuations and the macroeconomic environment, including the likely path of economic growth, inflation and interest rates.

In the current environment where interest rates are low and many assets are generating a low prospective return, or yield, we think the fund provides an attractive source of income. Despite recent market strength, we believe high yield bonds remain fairly priced in the context of the current low default environment and against a backdrop of global economic expansion. Moreover, we believe the fund's floating rate characteristics give it the ability to cope in an environment where markets start to price in the likelihood of higher global inflation and rising interest rates.

However, given where we are in the market cycle, we believe a cautious approach is warranted and the fund is relatively defensively positioned with an approximately 7% net allocation to cash or government bonds. In terms of geographic positioning, the fund has an approximately 62% allocation to US high yield and a 31% exposure to European high yield, which is broadly in line with its neutral position.

Stefan Isaacs and James Tomlins

Co-fund managers

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Floating Rate High Yield Solution

Portfolio statement

Portfolio statement					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
FIXED INCOME				969	93.74
Investment grade government bonds				901	87.16
United States Treasury FRN 1.604151%	150,000	US\$	31.07.18	150	14.51
United States Treasury FRN 1.600152%	150,000	US\$	31.10.18	150	14.51
United States Treasury FRN 1.570152%	150,000	US\$	31.01.19	151	14.61
United States Treasury FRN 1.092637%	150,000	US\$	30.04.19	150	14.51
United States Treasury FRN 1.490152%	150,000	US\$	31.07.19	150	14.51
United States Treasury FRN 1.478152%	150,000	US\$	31.10.19	150	14.51
Contracts					
Debt derivatives				68	6.58
Credit default swaps				68	6.58
Pay iTraxx Europe Crossover Receive 5%	260,000	€	20.06.23	31	3.00
Pay Markit's North American High Yield CDX Index Receive 5%	660,000	US\$	20.06.23	37	3.58
Portfolio of investments				969	93.74
SHARE CLASS HEDGING				(2)	(0.20)
Bought for CHF 96,661.91, sold for US\$ 101,884.51			02.05.18	(1)	(0.10)
Bought for SG\$ 73,633.96, sold for US\$ 56,347.20			02.05.18	-	-
Bought for US\$ 1,174.09, sold for CHF 1,114.62			02.05.18	-	-
Bought for € 154,357.98, sold for US\$ 191,877.55			02.05.18	(1)	(0.10)
Bought for £ 49,138.74, sold for US\$ 69,606.43			02.05.18	-	-
Total portfolio				967	93.54
Net other assets/(liabilities)				67	6.46
NET ASSETS				1,034	100.00
PORTFOLIO SUMMARY					
Investment assets					
Debt securities				901	87.16
Unrealised gains on swap contracts				68	6.58
Total investment assets				969	93.74
Investment liabilities					
Unrealised losses on forward currency contracts				(2)	(0.20)
Total investment liabilities				(2)	(0.20)
Total portfolio				967	93.54
Net other assets/(liabilities)				67	6.46
NET ASSETS				1,034	100.00

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty exposure	
Counterparty	Derivative exposures Swaps US\$'000
Goldman Sachs International	68

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Floating Rate High Yield Solution

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect of the financial period from 24 August 2017 (the launch date of the fund) to 31 March 2018.

Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	24.08.17	31.12.17	19.01.18	22.01.18	25.01.18
Final	01.01.18	31.03.18	20.04.18	23.04.18	26.04.18

Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	24.08.17	30.09.17	20.10.17	23.10.17	26.10.17
Second interim	01.10.17	31.10.17	17.11.17	20.11.17	23.11.17
Third interim	01.11.17	30.11.17	15.12.17	18.12.17	21.12.17
Fourth interim	01.12.17	31.12.17	19.01.18	22.01.18	25.01.18
Fifth interim	01.01.18	31.01.18	16.02.18	19.02.18	22.02.18
Sixth interim	01.02.18	28.02.18	16.03.18	19.03.18	22.03.18
Final	01.03.18	31.03.18	20.04.18	23.04.18	26.04.18

Distributions

	Euro Class 'A-H'	Euro Class 'B-H'	Euro Class 'C-H'	Singapore dollar Class 'A-H'	Sterling Class 'C-H'
to 31 March 2018	Euro ¢	Euro ¢	Euro ¢	SGD ¢	UK p
First interim	0.1846	0.1845	0.1848	0.1835	0.1829
Final	0.1430	0.1427	0.1432	0.1439	0.1458

	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'	US dollar Class 'A'	US dollar Class 'C'
to 31 March 2018	Swiss ¢	Swiss ¢	US ¢	US ¢
First interim	0.1857	0.1854	0.1836	0.1839
Final	0.1413	0.1420	0.1429	0.1434

	Singapore dollars Class 'A-H M'	Singapore dollars Class 'C-H M'	US dollar Class 'A M'	US dollar Class 'C M'
to 31 March 2018	SGD ¢	SGD ¢	US ¢	US ¢
First interim	0.0500	0.0500	0.0500	0.0500
Second interim	0.0468	0.0468	0.0466	0.0466
Third interim	0.0436	0.0436	0.0435	0.0435
Fourth interim	0.0424	0.0425	0.0426	0.0427
Fifth interim	0.0505	0.0506	0.0506	0.0507
Sixth interim	0.0429	0.0430	0.0429	0.0430
Final	0.0560	0.0562	0.0486	0.0487

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 24 August 2017 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A-H' Accumulation	10.0391	1.35	1.35
Class 'A-H' Distribution	9.8641	1.87	1.87
Class 'B-H' Accumulation	10.0116	2.61	2.61
Class 'B-H' Distribution	9.8345	2.37	2.37
Class 'C-H' Accumulation	10.0655	1.43	1.43
Class 'C-H' Distribution	9.8874	1.42	1.42
Singapore dollar	SG\$	%	%
Class 'A-H' Distribution	9.9694	1.88	1.88
Class 'A-H M' Distribution	9.8857	1.88	1.88
Class 'C-H M' Distribution	9.9121	1.43	1.43
Sterling	£	%	%
Class 'C-H' Accumulation	10.1217	1.45	1.45
Class 'C-H' Distribution	9.9451	1.44	1.44
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	10.0148	1.89	1.89
Class 'A-H' Distribution	9.8381	1.92	1.92
Class 'C-H' Accumulation	10.0362	1.44	1.44
Class 'C-H' Distribution	9.8619	1.42	1.42
US dollar	US\$	%	%
Class 'A' Accumulation	10.1884	1.85	1.85
Class 'A' Distribution	10.0078	1.83	1.83
Class 'A M' Distribution	9.9144	1.81	1.81
Class 'C' Accumulation	10.2161	1.39	1.39
Class 'C' Distribution	10.0349	1.38	1.38
Class 'C M' Distribution	9.9407	1.38	1.38
Class 'CI' Accumulation	10.2187	1.37	1.37
NAV at fund level	US\$'000		
Net assets	1,034		
Swing pricing adjustment (see note 11)	0		
Swung net assets	1,034		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Global High Yield ESG Bond Fund

Investment objective and policy

Investment objective

The Fund aims to provide capital growth and income while considering environmental, social and governance (ESG) factors, and seeks to achieve a higher ESG rating than the global high yield market.

Investment policy

The Fund invests at least 80% of its Net Asset Value in high yield bonds issued by companies denominated in any currency. The Fund does not take currency views and aims to hedge any non-USD assets to USD. Issuers of these securities may be located in any country, including emerging markets.

There are no credit quality restrictions with respect to the high yield debt securities in which the Fund may invest.

The investment process of the Fund is based on the bottom-up analysis of individual bond issues whilst remaining aware of the macroeconomic environment.

Environmental, social and governance (ESG) considerations are fully integrated in the investment process via the use of third party ESG information and analysis and proprietary assessment of ESG characteristics.

Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment and anti-corruption are also excluded from the investment universe.

In addition, a screen is applied which seeks to filter out companies that derive revenue of more than 5% for producers, and 10% for distributors, from the following sectors and sub-sectors: tobacco, alcohol, adult entertainment, gambling or thermal coal. In addition, and on a besteffort basis, subject to source information, companies that derive any revenue from defence and weapons are excluded.

Finally, the Fund excludes holdings which have below average ESG industry-adjusted ratings based on third party ESG ratings, although to a limited extent the Fund may invest in securities that have not yet been ESG rated.

The Fund may invest up to a combined maximum of 100% of the Fund's Net Asset Value in high yield and unrated securities.

The Fund may hold up to a maximum of 20% of its Net Asset value in Asset-backed Securities and up to a maximum of 20% of its Net Asset value in Contingent Convertible Debt Securities.

The Fund may invest indirectly via derivative instruments to take long and short positions to meet the Fund's investment objective, for efficient portfolio management and for the purpose of hedging. These instruments may include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Credit Default Swaps and Interest Rate Swaps.

The Fund may also invest in other assets including, collective investment schemes*, cash and near cash, deposits, equities, warrants and other debt securities.

* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Global High Yield ESG Bond Fund

Investment review

For the period from 5 October 2017 (launch date of the fund) to 31 March 2018

The M&G (Lux) Global High Yield ESG Bond Fund is designed to provide globally diversified exposure to high yield corporate bonds while considering environmental, social and governance (ESG) factors. High yield bonds are so called because they generally pay relatively high rates of interest, to compensate investors for the greater risk that the issuers might fail to repay the money they have borrowed.

Combining M&G's credit analysis capabilities with leading ESG research from MSCI, the fund applies a clear and quantifiable ESG methodology, with potential investments filtered through a three-stage ESG screen. As well as helping to make a positive impact on society, we believe that a thorough consideration of ESG factors can also help to ensure a more comprehensive company analysis, which should ultimately lead to a more informed investment decision.

In the current environment where interest rates are low and many assets are generating a low prospective return, or yield, we think high yield bonds remain an attractive source of income. Despite recent market strength, we believe high yield bonds are still fairly priced in the context of the current low-default environment and against a backdrop of global economic expansion.

However, given where we are in the market cycle, we believe a cautious approach is warranted. We currently have a preference for defensive businesses offering stable cashflows and healthy balance sheets. We also believe that careful individual bond selection and in-depth company analysis will become increasingly important to help identify the pockets of value that can still be found in high yield markets.

James Tomlins and Stefan Isaacs
Co-fund managers

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Global High Yield ESG Bond Fund

Portfolio statement

Portfolio statement					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
FIXED INCOME				14,555	93.62
Below investment grade government bonds				154	0.99
Newco GB SAS 8%	100,000	€	15.12.22	124	0.80
Windstream Services LLC / Windstream Finance Corp 6.375%	53,000	US\$	01.08.23	30	0.19
Below investment grade corporate bonds				14,401	92.63
AES 6%	37,000	US\$	15.05.26	39	0.25
Antero Midstream Partners 5.375%	100,000	US\$	15.09.24	101	0.65
Aramark International Finance 3.125%	100,000	€	01.04.25	129	0.83
Arena Luxembourg Financial 2.75%	100,000	€	01.11.23	124	0.80
Arrow Global Finance 2.875%	125,000	€	01.04.25	151	0.97
Assicurazioni Generali 6.416%	50,000	£	29.12.49	75	0.48
Avis Budget Finance 5.25%	80,000	US\$	15.03.25	77	0.49
Axalta Coating Systems Dutch Holding B 3.75%	150,000	€	15.01.25	194	1.25
Banco Bilbao Vizcaya Argentaria 7%	200,000	€	29.12.49	259	1.67
Banco Santander 6.25%	100,000	€	12.03.49	128	0.82
Barclays Bank PLC 7.875%	200,000	US\$	29.12.49	213	1.37
Belden 3.375%	100,000	€	15.07.27	119	0.76
Cabot Financial Luxembourg 5.875%	150,000	€	15.11.21	187	1.20
Caixabank 1%	200,000	€	31.12.99	246	1.58
Care UK Health FRN	100,000	£	15.07.19	140	0.90
Catalent Pharma Solutions 4.75%	125,000	€	15.12.24	162	1.04
Centene Corp 4.75%	130,000	US\$	15.01.25	127	0.82
Cheniere Corpus Christi Holdings LLC 5.875%	140,000	US\$	31.03.25	147	0.95
Cheniere Energy Partners LP 5.25%	60,000	US\$	01.10.25	59	0.38
Citigroup Inc 5.95%	170,000	US\$	29.07.49	175	1.13
Commerzbank 8.125%	200,000	US\$	19.09.23	234	1.51
Constellium 4.25%	100,000	€	15.02.26	124	0.80
Cooperatieve Rabobank 6.625%	200,000	€	29.12.49	281	1.81
CPUK Finance 4.25%	125,000	£	28.02.47	177	1.14
Crédit Agricole 6.5%	100,000	€	29.04.49	138	0.89
Crédit Suisse Group 7.125%	200,000	US\$	31.12.99	210	1.35
Crimson Merger 6.625%	150,000	US\$	15.05.22	149	0.96
DaVita HealthCare 5%	140,000	US\$	01.05.25	134	0.86
Diamond 1 and 2 Finance 5.45%	100,000	US\$	15.06.23	106	0.68
Drax Finco 4.25%	100,000	£	01.05.22	141	0.91
Equinix Inc 2.875%	129,000	€	15.03.24	158	1.02
Everest Acquisition 6.375%	85,000	US\$	15.06.23	46	0.30
Goodyear Tire & Rubber 5%	80,000	US\$	31.05.26	78	0.50
Greif Nevada Holdings Inc 7.375%	125,000	€	15.07.21	183	1.18
Hanesbrands 4.625%	180,000	US\$	15.05.24	177	1.14
HCA 4.75%	190,000	US\$	01.05.23	193	1.24
HCA Inc 5%	150,000	US\$	15.03.24	152	0.98
Heathrow Finance 3.875%	100,000	£	01.03.27	135	0.87
Hertz Corp/The 6.25%	50,000	US\$	15.10.22	47	0.30
Hilton Worldwide Finance 4.625%	75,000	US\$	01.04.25	75	0.48
Iceland Bondco 4.625%	100,000	£	15.03.25	128	0.82
Intesa Sanpaolo 6.25%	200,000	€	31.12.99	269	1.73
Intrum Justitia FRN	290,000	€	15.07.22	356	2.29
KBC Groep 5.625%	150,000	€	29.03.49	192	1.23
Kindred Healthcare 8%	100,000	US\$	15.01.20	106	0.68
Legal & General Group 5.375%	100,000	£	27.10.45	155	1.00
Levi Strauss & Co. 5% 144A	50,000	US\$	01.05.25	51	0.33
MPLX LP 4.5%	165,000	US\$	15.07.23	171	1.10
Nationwide Building Society 6.875%	100,000	£	29.12.49	147	0.95
New Red Finance 5%	140,000	US\$	15.10.25	133	0.86
Newfield Exploration 5.375%	50,000	US\$	01.01.26	52	0.33
Nomad Foods 3.25%	100,000	€	15.05.24	125	0.80
Oasis Petroleum 6.875%	200,000	US\$	15.03.22	203	1.31
OI European Group 3.125%	250,000	€	15.11.24	314	2.02
Premier Foods Finance FRN	100,000	£	15.07.22	143	0.92
Puma International Financing SA 5%	200,000	US\$	24.01.26	192	1.23
QuintilesIMS 3.25%	290,000	€	15.03.25	359	2.31

M&G (Lux) Global High Yield ESG Bond Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
FIXED INCOME (continued)					
Below investment grade corporate bonds (continued)					
Qwest 6.875%	75,000	US\$	15.09.33	71	0.46
Royal Bank of Scotland Group PLC 7.5%	200,000	US\$	29.12.49	209	1.34
Sabine Pass Liquef 5.625%	280,000	US\$	01.03.25	301	1.94
Sable International Finance 6.875%	200,000	US\$	01.08.22	211	1.36
Sally Holdings LLC / Sally Capital Inc 5.625%	80,000	US\$	01.12.25	79	0.51
Sealed Air 5.125%	140,000	US\$	01.12.24	143	0.92
SFR Group SA 5.625%	100,000	€	15.05.24	125	0.80
Sirius XM Radio Inc 6%	130,000	US\$	15.07.24	134	0.86
SM Energy 5%	110,000	US\$	15.01.24	103	0.66
Smurfit Kappa Acquisitions 2.375%	100,000	€	01.02.24	128	0.82
Société Générale FRN	100,000	€	07.04.49	137	0.88
Southwestern Energy 7.75%	390,000	US\$	01.10.27	399	2.57
Sprint Corporation 7.875%	150,000	US\$	15.09.23	153	0.98
Stora Enso 7.25%	115,000	US\$	15.04.36	142	0.91
Swissport Financing 9.75%	100,000	€	15.12.22	129	0.83
Telecom Italia 7.75%	75,000	€	24.01.33	138	0.89
Telenet Finance VI Luxembourg 4.875%	90,000	€	15.07.27	120	0.77
Tenet Healthcare 4.625%	250,000	US\$	15.07.24	240	1.54
Tesco PLC 6.125%	75,000	£	24.02.22	119	0.77
Total 3.369%	140,000	€	29.12.49	184	1.18
UBS 5.75%	200,000	€	29.12.49	275	1.77
Unicredit Var. Rate	200,000	€	31.12.99	246	1.58
United Group 4.375%	100,000	€	01.07.22	126	0.81
United Rentals North America Inc 4.625%	100,000	US\$	15.10.25	97	0.62
Unitymedia 3.5%	210,000	€	15.01.27	272	1.75
Unitymedia 4%	210,000	€	15.01.25	273	1.76
Vallourec 6.625%	100,000	€	15.10.22	129	0.83
VideoTron 5.375%	100,000	US\$	15.06.24	104	0.67
Viridian Power & Energy 4%	100,000	€	15.09.25	116	0.75
VTR Finance BV 6.875%	215,000	US\$	15.01.24	224	1.44
Wind Tre SpA 2.466933%	230,000	€	20.01.24	263	1.69
Ziggo Secured Finance 3.75%	100,000	€	15.01.25	125	0.80
CURRENCY				(13)	(0.08)
Forward currency contracts				(13)	(0.08)
Bought for US\$ 1,389,633.94, sold for £ 1,004,049.00			04.04.18	(22)	(0.14)
Bought for US\$ 7,259,012.93, sold for € 5,883,152.00			04.04.18	9	0.06
Portfolio of investments				14,542	93.54
SHARE CLASS HEDGING				(3)	(0.02)
Bought for CHF 96,690.47, sold for US\$ 101,914.61			02.05.18	(1)	-
Bought for US\$ 1,174.44, sold for CHF 1,114.94			02.05.18	-	-
Bought for € 165,095.99, sold for US\$ 205,225.43			02.05.18	(1)	(0.01)
Bought for £ 121,331.63, sold for US\$ 171,869.73			02.05.18	(1)	(0.01)
Total portfolio				14,539	93.52
Net other assets/(liabilities)				1,008	6.48
NET ASSETS				15,547	100.00

M&G (Lux) Global High Yield ESG Bond Fund

Portfolio statement

Portfolio statement (continued)		
Investment description	Market value US\$'000	% of net assets
PORTFOLIO SUMMARY		
Investment assets		
Debt securities	14,555	93.62
Unrealised gains on forward currency contracts	9	0.06
Total investment assets	14,564	93.68
Investment liabilities		
Unrealised losses on forward currency contracts	(25)	(0.16)
Total investment liabilities	(25)	(0.16)
Total portfolio	14,539	93.52
Net other assets/(liabilities)	1,008	6.48
NET ASSETS	15,547	100.00

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty exposure		
Counterparty	Derivative exposures	
	Swaps US\$'000	Forward currency contracts US\$'000
Citigroup Global Markets Limited	77	-
J.P.Morgan	-	1
UBS AG London	-	7

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Global High Yield ESG Bond Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect of the financial period from 5 October 2017 (the launch date of the fund) to 31 March 2018.

Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	05.10.17	31.12.17	19.01.18	22.01.18	25.01.18
Final	01.01.18	31.03.18	20.04.18	23.04.18	26.04.18

Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	05.10.17	31.10.17	17.11.17	20.11.17	23.11.17
Second interim	01.11.17	30.11.17	15.12.17	18.12.17	21.12.17
Third interim	01.12.17	31.12.17	19.01.18	22.01.18	25.01.18
Fourth interim	01.01.18	31.01.18	16.02.18	19.02.18	22.02.18
Fifth interim	01.02.18	28.02.18	16.03.18	19.03.18	22.03.18
Final	01.03.18	31.03.18	20.04.18	23.04.18	26.04.18

Distributions

	Euro Class 'A-H'	Euro Class 'C-H'	Sterling Class 'C-H'	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'
to 31 March 2018	Euro ¢	Euro ¢	Euro ¢	Swiss ¢	Swiss ¢
First interim	0.0837	0.0838	0.0839	0.0840	0.0841
Final	0.1096	0.1098	0.1114	0.1081	0.1091

	US dollar Class 'A'	US dollar Class 'C'
to 31 March 2018	US ¢	US ¢
First interim	0.0845	0.0846
Final	0.1106	0.1110

	US dollar Class 'A M'
to 31 March 2018	US ¢
First interim	0.0206
Second interim	0.0324
Third interim	0.0314
Fourth interim	0.0397
Fifth interim	0.0356
Final	0.0349

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 5 October 2017 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A-H' Accumulation	9.8586	1.53	1.50
Class 'A-H' Distribution	9.7782	1.53	1.50
Class 'C-H' Accumulation	9.8865	0.93	0.90
Class 'C-H' Distribution	9.8059	0.93	0.90
Class 'CI-H' Accumulation	9.8880	0.91	0.86
Class 'L-H' Accumulation	9.8981	0.69	0.65
Sterling	£	%	%
Class 'C-H' Accumulation	9.9356	0.95	0.90
Class 'C-H' Distribution	9.8564	0.97	0.92
Class 'L-H' Accumulation	9.9470	0.70	0.65
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	9.8349	1.53	1.50
Class 'A-H' Distribution	9.7512	1.58	1.50
Class 'C-H' Accumulation	9.8630	0.93	0.90
Class 'C-H' Distribution	9.7817	0.93	0.90
US dollar	US\$	%	%
Class 'A' Accumulation	9.9822	1.53	1.48
Class 'A' Distribution	9.8985	1.53	1.48
Class 'A M' Distribution	9.8229	1.53	1.48
Class 'C' Accumulation	10.0102	0.93	0.88
Class 'C' Distribution	9.9267	0.94	0.88
Class 'CI' Accumulation	10.0121	0.89	0.84
Class 'L' Accumulation	10.0228	0.68	0.63
NAV at fund level	US\$'000		
Net assets	15,547		
Swing pricing adjustment (see note 11)	51		
Swung net assets	15,598		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Global Listed Infrastructure Fund

Investment objective and policy

Investment objective

The Fund has two aims:

- to deliver a higher total return (the combination of capital growth and income) than that of the global equities market over any five-year period and;
- to deliver an income stream that increases every year in US Dollar terms.

Investment policy

The Fund invests at least 80% of its Net Asset Value in the eligible publicly-listed equity securities issued by infrastructure companies, investment trusts and closed-ended real estate investment trusts ('REITs') across any market capitalisation that are domiciled in any country, including emerging markets.

The minimum 80% allocation may include ordinary shares, preference shares and Convertible Bonds (the Fund may hold up to a maximum of 20% of its Net Asset value in Convertibles Bonds). Infrastructure companies include those involved in the following business activities: utilities, energy, transport, health, education, security, communications and transactions. The Fund is expected to exhibit lower volatility and offer a higher dividend yield than the global equities market which is consistent with the characteristics of infrastructure securities. The Fund usually holds fewer than 50 stocks.

The Investment Manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The Investment Manager believes rising dividends create upward pressure on the value of shares.

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

The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

The Fund may also invest in other assets including collective investment schemes*, other transferable securities, cash and near cash, deposits and warrants. The Fund may use derivative instruments for the purposes of hedging and efficient portfolio management.

* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Global Listed Infrastructure Fund

Investment review

For the period from 5 October 2017 (launch date of the fund) to 31 March 2018

The M&G (Lux) Global Listed Infrastructure Fund was launched in October 2017 and invests in listed companies that own or control critical physical infrastructure across the world. The fund invests in different types of infrastructure businesses, which we categorise into: 'economic' (utilities, energy, and transport), 'social' (health, education, and civic), and 'evolving' (communications, transactional, and royalty).

Global stockmarkets enjoyed a calm environment during the fund's first three and a half months of existence, with many equity indices reaching new highs. However, subsequently, volatility returned to the market, driven by concerns around central bank policy and latterly by geopolitical threats including the potential for trade wars.

The concerns around central bank policy caused short-term weakness in certain listed infrastructure sectors. As such, some of the fund's holdings in the 'economic' class of infrastructure – such as National Grid – and those structured as real estate investment trusts (REITs) – Ventas, for example – lagged during the review period.

Some stock-specific growth offset the downward pressure of the market environment. Ørsted, the Danish renewables company, led the pack as the business continued to capitalise on the structural growth of offshore wind power. In the 'evolving' segment of the portfolio, transactional infrastructure companies CME Group and MasterCard twice reported results that surpassed the market's expectations.

Shares in Ørsted were purchased in December following the sale of Innergex Renewable Energy. The latter business was sold after it announced takeover plans that we did not believe to be financially sensible. The fund consequently ended the period with 43 holdings. The weighting in the 'economic' infrastructure class stands at 66%, the weighting of the 'social' sphere 10%, and the weighting of the 'evolving' segment 22%.

There was robust dividend growth throughout the portfolio during the period, with double-digit increases from stocks in each class of infrastructure. Ørsted led the pack with a 50% raise in its payment, showcasing the extent of the growth the renewables business is experiencing. In addition to the fast growers, it was pleasing to see many of the fund's more defensive holdings in the 'economic' and 'social' categories of infrastructure announcing increases that were between the inflation rate (as represented by UK Consumer Prices Index, which was 2.7% in February 2018) and 10%. In all, the nature of the dividend growth in the portfolio gives us confidence in the health of the underlying businesses.

Alex Araujo

Fund manager

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Global Listed Infrastructure Fund

Portfolio statement

Portfolio statement				
Investment description	Holding	Currency	Market value US\$'000	% of net assets
EQUITIES			8,540	99.23
Capital Markets			788	9.16
Guernsey			510	5.93
HICL Infrastructure	72,073	£	137	1.59
International Public Partnerships	81,883	£	159	1.85
John Laing Infrastructure Fund	136,738	£	214	2.49
United States of America			278	3.23
CME Group Inc	1,252	US\$	199	2.31
Intercontinental Exchange	1,101	US\$	79	0.92
Commercial Services & Supplies			156	1.81
United States of America				
Republic Services Inc	2,375	US\$	156	1.81
Construction & Engineering			605	7.03
France				
Vinci	3,270	€	321	3.73
Spain				
Ferrovial	13,664	€	284	3.30
Consumer Finance			127	1.47
United States of America				
MasterCard	343	US\$	58	0.67
Visa	593	US\$	69	0.80
Diversified Telecommunication Services			337	3.92
Italy				
Infrastrutture Wireless Italiane SpA	14,565	€	116	1.35
Singapore				
NetLink NBN Trust	354,900	SG\$	221	2.57
Electric Utilities			1,576	18.31
Belgium				
Elia System Operator SA/NV	4,019	€	252	2.93
Denmark				
Ørsted A/S	4,751	DKK	308	3.58
United States of America			517	6.00
Edison International	4,751	US\$	292	3.39
NextEra Energy Inc	1,384	US\$	225	2.61
Canada				
Hydro One	12,569	CA\$	205	2.38
Hong Kong				
CK Infrastructure Holdings Ltd	36,000	HK\$	294	3.42
Equity Real Estate Investment Trusts (REITs)			1,109	12.88
United Kingdom				
UNITE Group PLC/The	22,992	£	256	2.98
United States of America			853	9.90
American Tower Corp	831	US\$	120	1.39
CoreSite Realty Corp	1,293	US\$	132	1.53
Crown Castle International	1,622	US\$	180	2.09
Equinix REIT	516	US\$	215	2.50
Ventas Inc	4,074	US\$	206	2.39
Gas Utilities			511	5.94
Spain				
Gas Natural SDG SA	8,526	€	205	2.38
United States of America				
Atmos Energy Corp	3,653	US\$	306	3.56
Independent Power and Renewable Electricity Producers			169	1.96
Guernsey				
The Renewables Infrastructure Group	112,976	£	169	1.96
Metals & Mining			251	2.92
Canada				
Franco-Nevada Corp	3,742	CA\$	251	2.92
Multi-Utilities			262	3.04
United Kingdom				
National Grid	23,025	£	262	3.04

M&G (Lux) Global Listed Infrastructure Fund

Portfolio statement

Portfolio statement (continued)				
Investment description	Holding	Currency	Market value US\$'000	% of net assets
EQUITIES (continued)				
Oil, Gas & Consumable Fuels			1,393	16.19
United States of America				
ONEOK Inc	4,135	US\$	230	2.67
Canada			1,163	13.52
Enbridge Inc	6,054	US\$	184	2.14
Gibson Energy Inc	20,970	CA\$	264	3.07
Keyera Corp	9,953	CA\$	250	2.91
PrairieSky Royalty	11,228	CA\$	241	2.80
TransCanada Corp	5,573	US\$	224	2.60
Road & Rail			414	4.81
United States of America				
Union Pacific Corp	1,806	US\$	236	2.74
Hong Kong				
MTR Corp Ltd	33,000	HK\$	178	2.07
Transportation Infrastructure			671	7.80
Switzerland				
Flughafen Zurich	463	CHF	102	1.19
Brazil				
CCR SA	14,990	BRL	55	0.64
Australia			359	4.17
Sydney Airport Stapled Security	28,086	AU\$	145	1.68
Transurban Group	24,480	AU\$	214	2.49
Hong Kong				
Hopewell Highway Infrastructure Ltd	256,500	HK\$	155	1.80
Water Utilities			171	1.99
United States of America				
American Water Works	2,109	US\$	171	1.99
Portfolio of investments			8,540	99.23
Total portfolio			8,540	99.23
Net other assets/(liabilities)			66	0.77
NET ASSETS			8,606	100.00
PORTFOLIO SUMMARY				
Investment assets				
Equity securities			8,540	99.23
Total investment assets			8,540	99.23
Total portfolio			8,540	99.23
Net other assets/(liabilities)			66	0.77
NET ASSETS			8,606	100.00

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty exposure	
Counterparty	Derivative exposures Forward currency contracts US\$'000
State Street Bank and Trust Company	292

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Global Listed Infrastructure Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect of the financial period from 5 October 2017 (the launch date of the fund) to 31 March 2018.

Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	05.10.17	31.12.17	19.01.18	22.01.18	25.01.18
Final	01.01.18	31.03.18	20.04.18	23.04.18	26.04.18

Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	05.10.17	31.10.17	17.11.17	20.11.17	23.11.17
Second interim	01.11.17	30.11.17	15.12.17	18.12.17	21.12.17
Third interim	01.12.17	31.12.17	19.01.18	22.01.18	25.01.18
Fourth interim	01.01.18	31.01.18	16.02.18	19.02.18	22.02.18
Fifth interim	01.02.18	28.02.18	16.03.18	19.03.18	22.03.18
Final	01.03.18	31.03.18	20.04.18	23.04.18	26.04.18

Distributions

	Euro Class 'A'	Euro Class 'C'	Sterling Class 'C'	Swiss franc Class 'A'	Swiss franc Class 'C'
to 31 March 2018	Euro ¢	Euro ¢	UK p	Swiss ¢	Swiss ¢
First interim	0.0556	0.0557	0.0554	0.0567	0.0568
Final	0.0483	0.0484	0.0477	0.0496	0.0498

	US dollar Class 'A'	US dollar Class 'C'
to 31 March 2018	US ¢	US ¢
First interim	0.0568	0.0568
Final	0.0506	0.0508

	US dollar Class 'A M'
to 31 March 2018	US ¢
First interim	0.0092
Second interim	0.0267
Third interim	0.0208
Fourth interim	0.0077
Fifth interim	0.0182
Final	0.0247

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 5 October 2017 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A' Accumulation	9.2820	2.22	2.05
Class 'A' Distribution	9.2340	2.15	2.05
Class 'C' Accumulation	9.3291	1.50	1.05
Class 'C' Distribution	9.2781	1.16	1.06
Class 'CI' Accumulation	9.3316	1.12	1.01
Class 'L' Accumulation	9.3410	1.03	0.80
Sterling	£	%	%
Class 'C' Accumulation	9.1763	1.15	1.05
Class 'C' Distribution	9.1257	1.15	1.05
Class 'L' Accumulation	9.3967	1.09	0.80
Swiss franc	CHF	%	%
Class 'A' Accumulation	9.5370	2.14	2.05
Class 'A' Distribution	9.4842	2.14	2.05
Class 'C' Accumulation	9.5828	1.14	1.05
Class 'C' Distribution	9.5299	1.14	1.05
US dollar	US\$	%	%
Class 'A' Accumulation	9.7420	2.15	2.06
Class 'A' Distribution	9.6879	2.15	2.06
Class 'A M' Distribution	9.6619	2.15	2.06
Class 'C' Accumulation	9.7887	1.15	1.05
Class 'C' Distribution	9.7344	1.15	1.06
Class 'CI' Accumulation	9.7903	1.12	1.01
Class 'L' Accumulation	9.8005	0.90	0.80
NAV at fund level	US\$'000		
Net assets	8,606		
Swing pricing adjustment (see note 11)	15		
Swung net assets	8,621		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Global Target Return Fund

Investment objective and policy

Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) of at least cash* plus 4% a year, before any charges are taken, in any market conditions and over any three-year period.

The Fund aims to achieve this while seeking to minimise the degree to which the value of the Fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the Fund's volatility in this way reduces its ability to achieve returns significantly above 3-month EURIBOR plus 4%.

* As based on 3-month EURIBOR, the rate at which banks borrow money from each other.

Investment policy

The Fund has a highly flexible investment approach with the freedom to invest in different types of investment assets issued anywhere in the world.

The Fund will primarily invest in the following asset classes: bonds, shares, currencies, cash, near cash and deposits. The Fund will mostly gain exposure to these assets by investing through derivative instruments, but may also invest directly. The Fund may also invest through other collective investment schemes**.

In cases where the Investment Manager believes that investment opportunities are limited to a few areas, or where the available investment opportunities would add too much risk to the Fund, the Fund may temporarily hold high levels of cash. The Fund may take short positions (holding derivative instruments with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, indices and other groups of securities. The Fund also has the flexibility to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets.

Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options and Total Return Swaps.

The bonds that the Fund may invest in include the following:

- a) bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies, Convertible Bonds, bonds from issuers located in emerging markets;
- b) bonds which are rated above investment grade by a recognised rating agency;
- c) a maximum of 60% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds;
- d) a maximum of 20% of the Fund's Net Asset Value in Contingent Convertible Debt Securities; and
- e) a maximum of 10% of the Fund's Net Asset Value in Asset-Backed Securities.

The Fund may also invest in other deposits and warrants which may be issued anywhere in the world and denominated in any currency.

** When the underlying collective investment scheme is managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Global Target Return Fund

Investment review

For the year ended 31 March 2018

Performance against objective

Between 31 March 2017 (the start of the review period) and 31 March 2018, the M&G (Lux) Global Target Return Fund delivered a positive return, albeit less than 3-month EURIBOR + 4%. The fund's objective is to achieve a total return of at least 4% per annum above 3-month EURIBOR, before any charges are taken, in any market conditions and over any three-year period.

The fund is an absolute return fund, which we define as funds whose returns will be independent of the performance of any particular asset class over the long term, and therefore have the potential to deliver positive returns in any market environment, with limited fluctuation. To perform independently of market conditions, this is a highly flexible fund which can be long or short of any asset class. This means we can use certain financial instruments to implement positions designed to benefit from a rise in an asset's value (long position) or fall in an asset's value (short position). In our view, a highly flexible portfolio comprising small positions across diversified sources of incremental returns and potential protection should offer a smoother ride and more defensive properties than a portfolio investing statically in so-called 'safe' assets that may not offer safety under all market environments.

We also apply an explicit risk management process which involves regularly monitoring the fund against a range of risk measures. Should any of these measures be breached, a formal review will be triggered to decide how best to protect against potential further losses.

Performance review

Financial markets proved resilient in 2017, with investors taking political events such as European elections, Spain's Catalonia crisis and US-North Korea tensions in their stride. However, 2018 has seen market volatility return. This began in February with concerns that the US economy was beginning to experience inflation pressures, which in turn led some investors to fear that the US central bank would raise interest rates faster than previously indicated. Since then, markets have experienced further price movements, with a potential US-China trade war and fragile confidence in the global economy's recovery cited as possible causes.

Against this backdrop, the fund has remained cautiously positioned overall, which has helped to mitigate the effects of market downturns. During 2017, the fund benefited from its exposures to equities – although these positions have dragged on recent performance, we retain a positive view on equities over the medium term. The fund also benefited from diversified exposures to peripheral European and emerging market bonds, as well as selected emerging market currencies.

The fund has been positioned to benefit from potential falls in the value of developed market government bonds, such as those from the UK, Germany and Japan. At times these positions have dragged on performance, but we believe that their valuations are unsustainable over the medium term.

Investment activities

The portfolio has exposures to a wide variety of assets from around the world, with a view to providing effective diversification in line with the fund's defensive mandate.

The fund has been positioned in favour of equities, even though we have kept exposure within ranges we feel are appropriate for the fund's defensive mandate. In January, we significantly reduced overall equity exposure, as we felt that a strong stockmarket rally had left prices potentially vulnerable to a reversal. As a result of recent volatility, we think that valuations had become more attractive, notably in Germany, Japan, Spain and the UK, and subsequently increased overall equity exposure.

We believe that prospective returns on US government bonds now look more attractive than previously – as such, we have removed positions designed to benefit from their potential fall in value. However, we remain positioned to benefit from potential weakness in French, German, Japanese and UK government bonds.

We also looked to capitalise on short-term market opportunities throughout the review period. These included exposures to Mexican and South African government bonds and currencies, as we felt that markets had over-reacted to political situations in those countries and left these assets undervalued. We subsequently scaled back or removed these positions once we believed they had returned to fairer valuations.

Outlook

With interest rates having remained so low for so long, the valuations of many assets traditionally perceived as 'safe havens' have become distorted. As such, we believe it will be important to maintain a highly flexible approach across asset classes to achieve effective diversification against potential further market volatility in 2018.

Tristan Hanson

Fund manager

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Global Target Return Fund

Portfolio statement

Portfolio statement					
Investment description	Holding	Currency	Market value €'000	% of net assets	
EQUITIES			10,917	10.92	
Equities portfolios			3,031	3.03	
iShares MSCI Korea ETF	24,390	£	1,002	1.00	
iShares MSCI Taiwan UCITS ETF USD Dist	25,989	£	1,001	1.00	
M&G Japan Fund Sterling Class 'A' (Income)	1,523,104	£	1,028	1.03	
United Kingdom			995	0.99	
Greencoat UK Wind	429,769	£	594	0.59	
Lloyds Banking Group PLC	541,792	£	401	0.40	
France					
Unibail-Rodamco SE	2,579	€	479	0.48	
Guernsey			863	0.87	
International Public Partnerships	92,747	£	147	0.15	
John Laing Infrastructure Fund	563,012	£	716	0.72	
Ireland					
Greencoat Renewables	425,827	€	442	0.44	
Italy			1,161	1.15	
Banco BPM	89,267	€	252	0.25	
Intesa Sanpaolo SpA	85,589	€	253	0.25	
Mediobanca Banca di Credito Finanziario SpA	33,116	€	315	0.31	
UniCredit	20,208	€	341	0.34	
Jersey					
3i Infrastructure PLC	105,338	£	256	0.26	
Spain					
Bankia	111,196	€	409	0.41	
United States of America			2,797	2.80	
Shire	5,631	£	221	0.22	
American Express Co	5,409	US\$	405	0.41	
Amgen Inc	1,357	US\$	188	0.19	
Biogen	881	US\$	194	0.19	
Celgene Corp	2,796	US\$	201	0.20	
Citigroup Inc	7,182	US\$	398	0.40	
Gilead Sciences Inc	3,113	US\$	189	0.19	
JPMorgan Chase	4,500	US\$	394	0.39	
Regeneron Pharmaceuticals	762	US\$	209	0.21	
Wells Fargo & Co	9,514	US\$	398	0.40	
Singapore					
NetLink NBN Trust	966,900	SG\$	489	0.49	
	Contracts	Maturity date	Commitment value (€'000)		
Equity derivatives			(5)	-	
Equity index futures			(173)	(0.17)	
IBEX 35 Index Futures	11	€	1,052	(10)	(0.01)
Hang Seng China Enterprises Index Futures	15	HK\$	936	(20)	(0.02)
Topix Index Futures	16	¥	2,082	6	-
Dax Index Futures	4	€	1,202	(42)	(0.04)
DJ Euro Stoxx 50 Futures	58	€	1,893	(45)	(0.04)
FTSE MIB Index Futures	9	€	984	(19)	(0.02)
FTSE MIB Index Futures	13	£	1,036	(20)	(0.02)
S&P MINI 500 Futures	47	US\$	4,988	(23)	(0.02)
Equity options			168	0.17	
S&P 500 Put US\$ 2,500.00	(4,500)	US\$	13,566	(80)	(0.08)
S&P 500 Put US\$ 2,750.00	4,500	US\$	-	327	0.33
DJ Euro Stoxx 50 Call € 4,200.00	4,870	€	-	(79)	(0.08)

M&G (Lux) Global Target Return Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME				11,017	11.01
Bond portfolios					
M&G Global Corporate Bond Fund Euro Class 'C-H' (Income)	167,769	€		1,964	1.96
Government bonds				9,834	9.83
Poland					
Poland (Republic of) 2.5%	8,564,000	PLN	25.07.26	1,957	1.96
Argentina				1,955	1.95
Argentina (Republic of) 5%	733,000	€	15.01.27	713	0.71
Argentina (Republic of) Var. Rate	865,569	€	31.12.33	975	0.97
Argentina (Republic of) 5%	274,000	€	15.01.27	267	0.27
Brazil					
Brazil (Federal Republic of) 10%	3,612,000	BRL	01.01.23	921	0.92
Mexico				4,041	4.04
Mexico (United Mexican States) 5.75%	49,567,100	MXN	05.03.26	1,997	2.00
Mexico (United Mexican States) 7.75%	45,341,000	MXN	13.11.42	2,044	2.04
Indonesia					
Indonesia Treasury Bond 8.25%	14,976,000,000	IDR	15.05.36	960	0.96
Corporate bonds				678	0.68
Investment grade				678	0.68
NewDay Partnership Funding 2015-1 3.75044%	150,000	£	15.04.25	174	0.17
NewDay Partnership Funding 2016-1 4.60169%	227,000	£	15.06.24	267	0.27
Paragon Mortgages No.24 3.49469%	200,000	£	15.07.43	237	0.24
Investment description	Contracts	Currency	Maturity date	Market value €'000	% of net assets
Debt derivatives				(1,459)	(1.46)
Credit default swaps				(1,060)	(1.06)
Pay 1% Receive CDS Index North American Corporate Credits Investment Grade	1,974,100	US\$	20.12.21	(38)	(0.04)
Pay 1% Receive CDS Index North American Corporate Credits Investment Grade	1,974,100	US\$	20.12.21	(31)	(0.03)
Pay 1% Receive CDS Index North American Corporate Credits Investment Grade	1,974,100	US\$	20.12.21	(34)	(0.03)
Pay 1% Receive CDS Index North American Corporate Credits Investment Grade	1,974,100	US\$	20.12.21	(28)	(0.03)
Pay 1% Receive Federative Republic of Brazil	930,000	US\$	20.12.21	(13)	(0.01)
Pay 1% Receive Federative Republic of Brazil	930,000	US\$	20.12.21	(16)	(0.02)
Pay 1% Receive People's Republic of China	930,000	US\$	20.12.21	(18)	(0.02)
Pay 1% Receive Republic of Chile	930,000	US\$	20.12.21	(15)	(0.01)
Pay 1% Receive People's Republic of China	825,000	US\$	20.06.22	(13)	(0.01)
Pay 1% Receive People's Republic of China	1,179,000	US\$	20.06.22	(19)	(0.02)
Pay 1% Receive Republic of Chile	815,000	US\$	20.06.22	(16)	(0.02)
Pay 1% Receive Republic of Chile	1,185,000	US\$	20.06.22	(24)	(0.02)
Pay 1% Receive Republic of Korea	795,000	US\$	20.06.22	(15)	(0.01)
Pay 1% Receive Republic of Korea	1,203,000	US\$	20.06.22	(22)	(0.02)
Pay 1% Receive Republic of the Philippines	820,000	US\$	20.06.22	(11)	(0.01)
Pay 1% Receive Republic of the Philippines	1,179,000	US\$	20.06.22	(16)	(0.02)
Pay 5% Receive iTraxx Europe Crossover	1,358,000	€	20.06.22	(156)	(0.16)
Pay 5% Receive iTraxx Europe Crossover	285,000	€	20.06.22	(33)	(0.03)
Pay 5% Receive iTraxx Europe Crossover	719,000	€	20.06.22	(83)	(0.08)
Pay 5% Receive iTraxx Europe Crossover	263,000	€	20.06.22	(30)	(0.03)
Pay 5% Receive Markit's North American High Yield CDX Index	998,910	US\$	20.06.22	(57)	(0.06)
Pay 5% Receive Markit's North American High Yield CDX Index	218,790	US\$	20.06.22	(12)	(0.01)
Pay 5% Receive Markit's North American High Yield CDX Index	624,800	US\$	20.06.22	(35)	(0.03)
Pay 5% Receive Markit's North American High Yield CDX Index	351,000	US\$	20.06.22	(20)	(0.02)
Pay 1% Receive People's Republic of China	2,524,000	US\$	20.12.22	(37)	(0.04)
Pay 1% Receive People's Republic of China	400,000	US\$	20.12.22	(6)	(0.01)
Pay 1% Receive People's Republic of China	917,000	US\$	20.12.22	(14)	(0.01)
Pay 1% Receive People's Republic of China	902,600	US\$	20.12.22	(13)	(0.01)
Pay 1% Receive Republic of Chile	2,533,300	US\$	20.12.22	(49)	(0.05)

M&G (Lux) Global Target Return Fund

Portfolio statement

Portfolio statement (continued)						
Investment description	Contracts	Currency	Maturity date	Market value €'000	% of net assets	
Debt derivatives (continued)						
Credit default swaps (continued)						
Pay 1% Receive Republic of Chile	380,000	US\$	20.12.22	(7)	(0.01)	
Pay 1% Receive Republic of Chile	939,176	US\$	20.12.22	(18)	(0.02)	
Pay 1% Receive Republic of Chile	878,500	US\$	20.12.22	(17)	(0.02)	
Pay 1% Receive Republic of Korea	2,542,600	US\$	20.12.22	(47)	(0.05)	
Pay 1% Receive Republic of Korea	380,000	US\$	20.12.22	(7)	(0.01)	
Pay 1% Receive Republic of Korea	928,000	US\$	20.12.22	(17)	(0.02)	
Pay 1% Receive Republic of Korea	878,500	US\$	20.12.22	(16)	(0.02)	
Pay 1% Receive Republic of the Philippines	2,533,300	US\$	20.12.22	(30)	(0.03)	
Pay 1% Receive Republic of the Philippines	410,000	US\$	20.12.22	(5)	-	
Pay 1% Receive Republic of the Philippines	906,000	US\$	20.12.22	(11)	(0.01)	
Pay 1% Receive Republic of the Philippines	890,600	US\$	20.12.22	(11)	(0.01)	
Interest rate swaps				(127)	(0.13)	
Pay 1.591% Receive £ 6M Libor	283,000	£	21.12.46	(7)	(0.01)	
Pay 1% Receive ¥ 6M Libor	68,420,250	¥	28.12.46	(7)	(0.01)	
Pay 1.54% Receive £ 6M Libor	97,500	£	18.01.47	(1)	-	
Pay 1.493% Receive £ 6M Libor	784,300	£	17.03.47	4	-	
Pay 0.89% Receive ¥ 6M Libor	138,240,500	¥	23.03.47	(36)	(0.03)	
Pay 1.449% Receive £ 6M Libor	255,000	£	04.05.47	3	-	
Pay 0.8423% Receive ¥ 6M Libor	52,620,000	¥	10.05.47	(9)	(0.01)	
Pay 1.383% Receive £ 6M Libor	472,000	£	26.06.47	15	0.01	
Pay 0.79875% Receive ¥ 6M Libor	74,615,000	¥	29.06.47	(6)	-	
Pay 1.464% Receive £ 6M Libor	165,000	£	22.08.47	2	-	
Pay 0.8775% Receive ¥ 6M Libor	25,500,000	¥	25.08.47	(2)	-	
Pay 1.424% Receive £ 6M Libor	700,000	£	14.12.47	14	0.01	
Pay 0.8625% Receive ¥ 6M Libor	163,500,000	¥	19.12.47	(33)	(0.03)	
Pay 1.747% Receive £ 6M Libor	560,000	£	16.02.48	(40)	(0.04)	
Pay 0.85% Receive ¥ 6M Libor	51,000,000	¥	21.02.48	(8)	(0.01)	
Pay 1.63% Receive £ 6M Libor	280,600	£	01.03.48	(10)	(0.01)	
Pay 0.828% Receive ¥ 6M Libor	57,897,000	¥	06.03.48	(6)	-	
				Commitment value (€'000)		
Interest rate futures contracts				(272)	(0.27)	
Euro Buxl Futures	(18)	€	07.06.18	2,974	(80)	(0.08)
Euro OAT Futures	(19)	€	07.06.18	2,933	(48)	(0.05)
Germany Federal Republic Bonds 5 year Futures	(77)	€	07.06.18	10,102	(62)	(0.06)
Germany Federal Republic Notes 10 year Futures	(12)	€	07.06.18	1,911	(26)	(0.03)
Japan 10 year Bond Futures	(3)	¥	13.06.18	3,446	(2)	-
UK Treasury Notes Futures	(22)	£	27.06.18	3,081	(54)	(0.05)
CURRENCY				(178)	(0.18)	
Forward currency contracts				(178)	(0.18)	
Bought for € 1,020,183.94, sold for ZAR 14,809,158.44			04.04.18	4	-	
Bought for BRL 355,618.00, sold for US\$ 108,569.07			20.04.18	(1)	-	
Bought for IDR 2,000,614,295.00, sold for US\$ 144,240.40			20.04.18	1	-	
Bought for MXN 6,119,967.00, sold for € 261,179.88			20.04.18	9	0.01	
Bought for PLN 10,762,012.00, sold for € 2,566,664.72			20.04.18	(13)	(0.01)	
Bought for RUB 135,791,660.00, sold for US\$ 2,374,279.43			20.04.18	(16)	(0.02)	
Bought for TRY 9,336,464.00, sold for € 1,944,928.06			20.04.18	(58)	(0.06)	
Bought for US\$ 9,473,992.00, sold for € 7,641,494.31			20.04.18	(1)	-	
Bought for US\$ 4,943,026.17, sold for TW\$ 144,730,925.00			20.04.18	(23)	(0.02)	
Bought for US\$ 2,569,560.70, sold for KRW 2,740,202,632.00			20.04.18	(6)	(0.01)	
Bought for US\$ 2,384,231.31, sold for THB 75,971,447.00			20.04.18	(38)	(0.04)	
Bought for US\$ 144,563.50, sold for IDR 2,000,614,295.00			20.04.18	38	0.04	
Bought for € 570,167.08, sold for HK\$ 5,555,651.00			20.04.18	(4)	-	
Bought for € 4,566,562.42, sold for PLN 19,147,431.00			20.04.18	24	0.02	
Bought for € 4,148,078.66, sold for £ 3,671,427.00			20.04.18	(39)	(0.04)	
Bought for € 2,478,787.12, sold for SG\$ 4,026,541.00			20.04.18	(10)	(0.01)	
Bought for € 2,211,597.50, sold for MXN 52,073,429.00			20.04.18	(91)	(0.09)	
Bought for € 2,007,683.07, sold for AU\$ 3,105,520.00			20.04.18	76	0.08	
Bought for € 14,967,561.54, sold for US\$ 18,415,259.71			20.04.18	41	0.04	
Bought for ¥ 144,118,813.00, sold for € 1,068,539.01			20.04.18	29	0.03	
Bought for £ 714,550.00, sold for € 802,527.03			20.04.18	12	0.01	

M&G (Lux) Global Target Return Fund

Portfolio statement

Portfolio statement (continued)			
Investment description	Maturity date	Market value €'000	% of net assets
CURRENCY (continued)			
Forward currency contracts (continued)			
Bought for CNY 5,467,771.00, sold for US\$ 855,810.14	07.12.18	4	-
Bought for US\$ 3,131,220.01, sold for CNY 21,125,087.00	07.12.18	(154)	(0.15)
Bought for US\$ 11,481,022.76, sold for HK\$ 89,220,950.00	07.12.18	38	0.04
Portfolio of investments		21,756	21.75
SHARE CLASS HEDGING			
Bought for CHF 50,614.97, sold for € 42,917.97	02.05.18	2	-
Bought for US\$ 301,886.55, sold for € 242,852.70	02.05.18	-	-
Bought for € 3,019.38, sold for US\$ 3,749.05	02.05.18	2	-
Bought for € 1,028.61, sold for CHF 1,212.46	02.05.18	-	-
Bought for £ 25,445.78, sold for € 28,994.63	02.05.18	-	-
Total portfolio		21,758	21.75
Net other assets/(liabilities)		78,272	78.25
NET ASSETS		100,030	100.00
PORTFOLIO SUMMARY			
Investment assets			
Equity securities		10,922	10.92
Debt securities		12,476	12.47
Unrealised gains on futures contracts		6	-
Unrealised gains on forward currency contracts		278	0.27
Unrealised gains on options contracts		327	0.33
Unrealised gains on swap contracts		38	0.02
Total investment assets		24,047	24.01
Investment liabilities			
Unrealised losses on futures contracts		(451)	(0.44)
Unrealised losses on forward currency contracts		(454)	(0.45)
Unrealised losses on options contracts		(159)	(0.16)
Unrealised losses on swap contracts		(1,225)	(1.21)
Total investment liabilities		(2,289)	(2.26)
Total portfolio		21,758	21.75
Net other assets/(liabilities)		78,272	78.25
NET ASSETS		100,030	100.00

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredefined date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty exposure				
Counterparty	Swaps €'000	Derivative exposures		
		Forward currency contracts €'000	Futures €'000	Options €'000
Barclays Bank London	54	-	-	-
Citigroup Global Markets Limited	914	31	-	-
Goldman Sachs International	140	2	-	-
J.P.Morgan	86	2	-	-
Merrill Lynch Pierce Fenner + Smith Inc	-	-	38,620	13,566
State Street Bank London	-	38	-	-
UBS AG London	69	21	-	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Global Target Return Fund

Financial highlights (unaudited)

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.

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

Long-term performance by share class				
	One year 31.03.17 % ^[a]	Three years 31.03.15 % p.a.	Five years 31.03.13 % p.a.	Since launch % p.a.
Euro ^[b]				
Class 'A'	+1.9	n/a	n/a	+2.2 ^[c]
Class 'B'	+1.4	n/a	n/a	+1.7 ^[c]
Class 'C'	+2.7	n/a	n/a	+3.0 ^[c]
Class 'CI'	+2.7	n/a	n/a	+3.0 ^[c]
Sterling ^[b]				
Class 'C-H'	+3.6	n/a	n/a	+3.9 ^[c]
Swiss franc ^[b]				
Class 'A-H'	+1.5	n/a	n/a	+1.7 ^[c]
Class 'C-H'	+2.3	n/a	n/a	+2.4 ^[c]
US dollar ^[b]				
Class 'A-H'	+4.2	n/a	n/a	+4.5 ^[c]
Class 'C-H'	+5.0	n/a	n/a	+5.3 ^[c]

^[a] Absolute basis.

^[b] Price to price with income reinvested.

^[c] 21 December 2016, the launch date of the fund.

Distribution details for holders of distribution shares

This fund has no distributing share classes.

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the year ended to 31 March 2018.

Net Asset Values and Total Expense Ratios			
NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A' Accumulation	10.2770	1.49	1.50
Class 'B' Accumulation	10.2163	1.96	2.00
Class 'C' Accumulation	10.3762	0.74	0.75
Class 'CI' Accumulation	10.3847	0.69	0.71
Sterling	£	%	%
Class 'C-H' Accumulation	10.4957	0.75	0.77
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	10.2200	1.47	1.52
Class 'C-H' Accumulation	10.3186	0.73	0.77
US dollar	US\$	%	%
Class 'A-H' Accumulation	10.5682	1.49	1.52
Class 'C-H' Accumulation	10.6705	0.73	0.77
NAV at fund level	€'000		
Net assets	100,030		
Swing pricing adjustment (see note 11)	0		
Swung net assets	100,030		

The estimated TER shown is an estimate of the charges as the share class has experienced significant inflows, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Income Allocation Fund

Investment objective and policy

Investment objective

The Fund aims to generate a growing level of income over any three-year period through investment in a range of global assets. The Fund also aims to provide capital growth of 2-4% p.a. over any three-year period.

Investment policy

The Fund has a highly flexible investment approach with the freedom to invest in different types of assets issued anywhere in the world and denominated in any currency.

The Fund will typically invest in income-generating assets from the following asset classes: fixed income securities, equities, cash and deposits. The Fund can also invest in currencies, near cash and warrants. The Investment Manager will normally seek to hold more than 70% of the Fund's Net Asset Value in euro denominated assets or in other currencies hedged back to euro.

The Fund's exposure to these assets will mostly be gained directly. The Fund may also invest indirectly through other collective investment schemes*, and via derivatives. Derivatives can be used to meet the Fund's investment objective, for hedging purposes and for efficient portfolio management. The Fund may take synthetic short positions (holding derivative instruments with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, indices and other groups of securities. The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

The Fund will normally invest within the following net allocation ranges: 40-80% in fixed income, 10-50% in equities and 0-20% in other assets.

Fixed income instruments that the Fund may invest in include the following:

- a) bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- b) bonds from issuers located in emerging markets;
- c) bonds which are rated investment grade by a recognised rating agency;
- d) unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 40% of the Fund's Net Asset Value;
- e) Asset-Backed Securities, subject to a maximum of 10% of the Fund's Net Asset Value; and
- f) derivatives whose value is derived from bonds, interest rates or credit risk;

Equity instruments that the Fund may invest in include (a) direct company shares and (b) derivatives whose value is derived from company shares.

Other assets, for this purpose, include Convertible Bonds and Contingent Convertible Debt Securities. Contingent Convertible Debt Securities are subject to a maximum of 5% of the Fund's Net Asset Value.

Derivative instruments can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management. The derivative instruments that the Fund can invest in to achieve its objectives include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options and Total Return Swaps.

* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Income Allocation Fund

Investment review

For the period from 16 January 2018 (launch date of the fund) to 31 March 2018

Launched in January 2018, the M&G (Lux) Income Allocation Fund is designed to provide growing income over any three-year period by investing in a mix of assets from anywhere in the world and to provide capital growth of 2-4% on average per year over any three-year period.

The fund is normally invested in a diversified portfolio of income-generating assets and generally holds between 40% and 80% of its assets in bonds (loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as 'corporate bonds', while those issued by governments are called 'government bonds') and between 10% and 50% of its assets in company shares (equities).

The fund is managed with a highly flexible investment approach. We have the freedom to allocate capital between different types of assets in response to changes in economic conditions and asset prices. The approach combines in-depth research to work out the 'fair' value of assets over the medium to long term, with analysis of the market's short-term reactions to events, to identify investment opportunities.

The fund currently has a bias towards company shares, which we feel are generally offering better value than most mainstream government bonds. We also believe that equities are likely to be supported by steadily improving economic conditions and higher company profits. Our equity holdings are focused on areas that should benefit from a rising interest rate environment, such as banks from Europe, the US and Japan.

On the other hand, we remain cautious on most mainstream government bonds, since we think most of these assets look overvalued and vulnerable to price falls in the event of better economic data and higher interest rates. We have no exposure to government bonds from Japan, the UK or Germany. The exception is US government bonds with a long time to maturity, which we think offer a better rate of return, and where we have significant exposure. As well as offering a reasonable return, these bonds should provide valuable diversification between our holdings of equities and bonds issued by emerging market governments.

Steven Andrew

Fund manager

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Income Allocation Fund

Portfolio statement

Portfolio statement				
Investment description	Holding	Currency	Market value €'000	% of net assets
EQUITIES			703,854	52.77
Aerospace & Defense				
BAE Systems PLC	2,020,080	£	13,422	1.01
Airlines				
easyJet	434,354	£	7,920	0.59
Automobiles			52,854	3.97
Daimler AG	199,135	€	13,465	1.01
Ford Motor Co	1,270,300	US\$	11,190	0.84
Honda Motor Co Ltd	452,700	¥	12,550	0.94
Kia Motors Corp	195,105	KRW	4,735	0.36
Nissan Motor Co Ltd	1,309,500	¥	10,914	0.82
Banks			282,015	21.15
Banco Bilbao Vizcaya Argentaria SA	1,982,470	€	12,753	0.96
Banco de Sabadell	9,264,429	€	15,550	1.17
Banco Santander SA	2,535,261	€	13,432	1.01
Bank of America Corp	478,000	US\$	11,398	0.86
Bank of Montreal	184,472	CA\$	11,204	0.84
Bank of Nova Scotia/The	170,711	CA\$	8,423	0.63
Bankinter SA	962,118	€	8,107	0.61
BNP Paribas SA	224,892	€	13,608	1.02
Citigroup Inc	239,100	US\$	13,243	0.99
Commonwealth Bank of Australia	94,509	AU\$	4,256	0.32
Fifth Third Bancorp	282,300	US\$	7,229	0.54
HSBC Holdings PLC	1,458,486	£	11,070	0.83
Industrial Bank of Korea	353,762	KRW	4,195	0.32
ING Groep	986,564	€	13,491	1.01
JPMorgan Chase	146,140	US\$	12,804	0.96
KBC Group NV	133,345	€	9,517	0.71
KeyCorp	309,600	US\$	4,840	0.36
M&T Bank	82,000	US\$	12,020	0.90
Mediobanca Banca di Credito Finanziario SpA	1,031,580	€	9,825	0.74
Mitsubishi UFJ Financial Group Inc	826,400	¥	4,381	0.33
Mizuho Financial Group Inc	8,260,500	¥	12,046	0.90
PNC Financial Services Group Inc/The	109,300	US\$	13,252	0.99
Resona Holdings Inc	2,147,000	¥	9,240	0.69
Sumitomo Mitsui Financial Group Inc	277,000	¥	9,390	0.70
Sumitomo Mitsui Trust Holdings Inc	56,700	¥	1,857	0.14
SunTrust Banks Inc	217,000	US\$	11,718	0.88
US Bancorp	282,300	US\$	11,469	0.86
Wells Fargo & Co	280,025	US\$	11,697	0.88
Capital Markets			55,001	4.13
BT Investment Management Ltd	1,109	AU\$	7	-
IG Group Holdings	712,555	£	6,519	0.49
M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'C' (Distribution) ^[a]	2,063,722	US\$	16,891	1.27
Natixis	1,999,044	€	13,348	1.00
Nomura Holdings Inc	2,136,900	¥	9,949	0.75
SPDR® Barclays 10+ Year U.S. Corporate Bond UCITS ETF	15,818	US\$	405	0.03
SPDR® Barclays 10+ Year US Corporate Bond ETF	307,506	US\$	7,882	0.59
Chemicals				
BASF	74,946	€	6,129	0.46
Consumer Finance			17,161	1.28
American Express Co	171,200	US\$	12,808	0.96
MasterCard	31,500	US\$	4,353	0.32
Diversified Financial Services			18,580	1.39
Banca Mediolanum	2,190,415	€	15,486	1.16
ORIX Corp	216,300	¥	3,094	0.23
Diversified Telecommunication Services			9,500	0.71
CenturyLink Inc	498,600	US\$	6,565	0.49
Consolidated Communications Holdings Inc	334,700	US\$	2,935	0.22

M&G (Lux) Income Allocation Fund

Portfolio statement

Portfolio statement (continued)				
Investment description	Holding	Currency	Market value €'000	% of net assets
EQUITIES (continued)				
Electric Utilities				
Korea Electric Power Corp	264,063	KRW	6,609	0.50
Electronic Equipment, Instruments & Components			14,724	1.11
Hitachi Ltd	2,017,000	¥	11,724	0.88
Hon Hai Precision Industry Co Ltd	1,197,000	TW\$	3,000	0.23
Equity Real Estate Investment Trusts (REITs)			30,835	2.31
Advance Residence Investment REIT	2,322	¥	4,772	0.36
British Land Co PLC/The	927,708	£	6,793	0.51
Japan Excellent Fund REIT	187	¥	196	0.01
Japan Hotel Trust REIT	5,239	¥	3,002	0.23
Japan Logistics Fund REIT	427	¥	699	0.05
Japan Retail Fund Investment Corp	3,483	¥	5,454	0.41
Orix JREIT Inc	4,226	¥	5,318	0.40
Stockland	1,831,417	AU\$	4,601	0.34
Health Care Supplies				
Meridian Bioscience Inc	612,400	US\$	7,193	0.54
Hotels, Restaurants & Leisure			9,542	0.72
Greene King	1,256,756	£	6,765	0.51
Kangwon Land Inc	134,001	KRW	2,777	0.21
Household Durables				
Coway Co Ltd	84,576	KRW	5,657	0.42
Insurance			34,477	2.58
Fairfax Financial Holdings Ltd	13,636	CA\$	5,500	0.41
Grupo Catalana Occidentales	44,419	€	1,570	0.12
Legal & General Group PLC	5,551,577	£	16,537	1.24
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	57,735	€	10,870	0.81
Machinery				
Sembcorp Marine Ltd	327,800	SG\$	455	0.03
Media			14,349	1.08
ITV PLC	4,502,357	£	7,478	0.56
Shaw Communications	439,479	CA\$	6,871	0.52
Pharmaceuticals			19,320	1.44
GlaxoSmithKline PLC	850,108	£	13,517	1.01
Pfizer Inc	202,600	US\$	5,803	0.43
Road & Rail			18,794	1.41
East Japan Railway Co	95,600	¥	7,187	0.54
West Japan Railway Co	203,900	¥	11,607	0.87
Software				
Microsoft Corp	179,000	US\$	12,984	0.97
Specialty Retail			12,512	0.94
Inditex	312,418	€	7,954	0.60
Truworths International Ltd	607,626	ZAR	4,558	0.34
Technology Hardware, Storage & Peripherals				
Apple Inc	89,633	US\$	12,112	0.91
Textiles, Apparel & Luxury Goods				
LVMH Moet Hennessy Louis Vuitton SE	33,580	€	8,315	0.62
Trading Companies & Distributors			23,086	1.73
ITOCHU Corp	859,900	¥	13,429	1.01
Mitsubishi Corp	449,000	¥	9,657	0.72
Wireless Telecommunication Services				
SK Telecom Co Ltd	58,805	KRW	10,308	0.77

M&G (Lux) Income Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
FIXED INCOME				540,954	40.56
'AAAu' credit rated bonds				187,960	14.09
United States Treasury Note/Bond 3%	33,528,200	US\$	15.02.48	27,191	2.04
US Treasury 2.75%	206,143,800	US\$	15.08.42	160,769	12.05
'A' credit rated bonds				20,079	1.51
Chile (Republic of) 5.5%	14,272,000,000	CLP	05.08.20	19,999	1.50
Chile Government International Bond 5.5%	57,000,000	CLP	05.08.20	80	0.01
'A-' credit rated bonds				30,597	2.28
innogy Finance (formerly RWE Finance) 5.625%	1,131,000	£	06.12.23	1,529	0.11
Peru (Republic of) 6.95%	21,942,000	PEN	12.08.31	6,460	0.48
Poland (Republic of) 5.75%	82,859,000	PLN	23.09.22	22,608	1.69
'BAA1' credit rated bonds					
Zoetis 3.25%	3,760,000	US\$	01.02.23	3,028	0.23
'BBB' credit rated bonds				71,445	5.36
Admiral 5.5%	3,201,000	£	25.07.24	4,089	0.31
BUPA Finance 5%	3,016,000	£	25.04.23	3,781	0.28
Columbia (Republic of) 10%	54,906,300,000	COP	24.07.24	19,165	1.44
Ford Motor 7.125%	840,000	US\$	15.11.25	795	0.06
Italy (Republic of) 2.7%	32,522,000	€	01.03.47	31,988	2.40
Italy (Republic of) 4.75%	6,657,000	€	01.09.44	9,058	0.68
Marks & Spencer 4.75%	2,047,000	£	12.06.25	2,569	0.19
'BBB+' credit rated bonds				70,631	5.29
Mexico (United Mexican States) 8.5%	885,719,300	MXN	18.11.38	42,949	3.22
Spain (Kingdom of) 5.15%	16,862,000	€	31.10.44	27,274	2.04
Thomson-Reuters 5.85%	125,000	US\$	15.04.40	118	0.01
Western Union 6.2%	344,000	US\$	17.11.36	290	0.02
'BBB-' credit rated bonds					
Barclays Bank Var. Rate	1,189,000	£	29.11.49	1,532	0.11
'BB' credit rated bonds				39,328	2.95
Brazil (Federal Republic of) 10%	145,802,000	BRL	01.01.23	37,193	2.79
Ladbroskes Group Finance PLC 5.125%	1,740,000	£	08.09.23	2,135	0.16
'BB+' credit rated bonds				58,568	4.40
Bank of America Var. Rate	3,878,000	US\$	31.12.49	3,157	0.24
HCA 4.75%	1,840,000	US\$	01.05.23	1,515	0.11
KPN Var. Rate	3,337,000	€	29.03.49	3,424	0.26
Qwest 6.875%	3,316,000	US\$	15.09.33	2,559	0.19
South Africa (Republic of) 6.25%	756,554,617	ZAR	31.03.36	40,353	3.03
Telefónica (Europe) 6.5% Var. Rate	2,500,000	€	29.09.49	2,571	0.19
Tesco PLC 5.5%	95,000	£	13.01.33	124	0.01
Tesco PLC 6.125%	1,308,000	£	24.02.22	1,683	0.13
Virgin Media Secured Finance 4.875%	2,822,000	£	15.01.27	3,182	0.24
'BB-' credit rated bonds					
Ei Group (formerly Enterprise Inns) 6%	2,917,000	£	06.10.23	3,634	0.27
'B' credit rated bonds					
Ziggo Bond Finance 4.625%	2,583,000	€	15.01.25	2,606	0.19
'B+' credit rated bonds					
Sprint Capital 6.875%	2,917,000	US\$	15.11.28	2,221	0.17
'B3' credit rated bonds					
Altice Financing 9%	3,036,000	€	15.06.23	3,226	0.24
'CCC' credit rated bonds					
Windstream Services LLC / Windstream Finance Corp 6.375%	4,495,000	US\$	01.08.23	2,080	0.16
'F1' credit rated bonds					
United States Treasury Bill 2.75%	50,093,200	US\$	15.02.28	40,590	3.04
'WD' credit rated bonds				316	0.03
Norfolk Southern Railway 9.75%	252,000	US\$	15.06.20	234	0.02
TRU Taj LLC / TRU Taj Finance Inc 12%	131,000	US\$	15.08.21	82	0.01
Bonds with no credit rating					
John Lewis 6.125%	2,347,000	£	21.01.25	3,155	0.24

M&G (Lux) Income Allocation Fund

Portfolio statement

Portfolio statement (continued)					
Investment description	Contracts	Currency	Maturity date	Market value €'000	% of net assets
Debt derivatives				(42)	-
Interest rate swaps				(42)	-
Pay 1.515% Receive £ 6M Libor	4,500,000	£	08.02.47	(13)	-
Pay 1.523% Receive £ 6M Libor	200,000	£	16.01.48	(2)	-
Pay 1.641% Receive £ 6M Libor	670,000	£	01.03.48	(27)	-
CURRENCY				1,784	0.14
Forward currency contracts				1,784	0.14
Bought for BRL 1,746,029.00, sold for US\$ 535,181.30			26.04.18	(9)	-
Bought for CLP 571,599,039.00, sold for US\$ 942,688.28			26.04.18	3	-
Bought for COP 2,534,310,162.00, sold for US\$ 876,317.48			26.04.18	24	-
Bought for KRW 2,035,526,888.00, sold for US\$ 1,913,628.74			26.04.18	1	-
Bought for MXN 29,595,073.00, sold for € 1,258,507.95			26.04.18	48	-
Bought for PEN 957,244.00, sold for US\$ 297,188.45			26.04.18	(1)	-
Bought for ZAR 25,561,656.00, sold for € 1,671,351.90			26.04.18	74	0.01
Bought for CA\$ 1,985,539.00, sold for € 1,302,872.76			26.04.18	(56)	(0.01)
Bought for TW\$ 3,376,750.00, sold for US\$ 115,939.91			26.04.18	-	-
Bought for US\$ 1,897,785.61, sold for KRW 2,035,526,888.00			26.04.18	(14)	-
Bought for US\$ 115,999.66, sold for TW\$ 3,376,750.00			26.04.18	-	-
Bought for US\$ 16,692,503.00, sold for € 13,509,243.44			26.04.18	16	-
Bought for US\$ 296,360.37, sold for PEN 957,244.00			26.04.18	-	-
Bought for US\$ 536,496.85, sold for BRL 1,746,029.00			26.04.18	10	-
Bought for US\$ 879,663.37, sold for COP 2,534,310,162.00			26.04.18	(22)	-
Bought for US\$ 941,368.64, sold for CLP 571,599,039.00			26.04.18	(4)	-
Bought for € 8,995,558.36, sold for ¥ 1,206,175,441.00			26.04.18	(187)	(0.02)
Bought for € 781,221.15, sold for AU\$ 1,211,454.00			26.04.18	28	-
Bought for € 7,215,094.00, sold for £ 6,401,516.00			26.04.18	(85)	(0.01)
Bought for € 29,622,890.97, sold for US\$ 36,532,961.00			26.04.18	22	-
Bought for € 1,662,482.64, sold for ZAR 25,565,658.00			26.04.18	(83)	(0.01)
Bought for € 1,290,232.05, sold for CA\$ 1,970,494.00			26.04.18	53	-
Bought for € 1,261,688.96, sold for MXN 29,611,840.00			26.04.18	(46)	-
Bought for € 1,176,639.24, sold for PLN 4,939,942.00			26.04.18	5	-
Bought for ¥ 937,379,333.00, sold for € 7,061,452.98			26.04.18	76	0.01
Bought for £ 8,845,784.00, sold for € 10,075,614.72			26.04.18	12	-
Bought for € 112,249,898.44, sold for ¥ 14,595,629,794.00			22.06.18	1,172	0.09
Bought for € 12,863,065.62, sold for AU\$ 20,660,656.00			22.06.18	71	0.01
Bought for € 19,864,648.12, sold for PLN 84,255,905.00			22.06.18	(57)	-
Bought for € 379,880,439.14, sold for US\$ 469,509,479.00			22.06.18	1,078	0.08
Bought for € 7,882,908.70, sold for ZAR 115,938,668.00			22.06.18	61	0.01
Bought for € 79,768,365.80, sold for £ 70,443,045.00			22.06.18	(406)	(0.02)
Portfolio of investments				1,246,592	93.47
SHARE CLASS HEDGING				59	-
Bought for CHF 1,009,651.17, sold for € 856,113.98			02.05.18	1	-
Bought for SG\$ 196,042.84, sold for € 120,686.35			02.05.18	1	-
Bought for US\$ 10,706,912.10, sold for € 8,613,192.97			02.05.18	58	-
Bought for € 7,606.61, sold for CHF 8,966.16			02.05.18	-	-
Bought for € 168.29, sold for SG\$ 273.27			02.05.18	-	-
Bought for € 124,673.74, sold for US\$ 154,796.70			02.05.18	(1)	-
Total portfolio				1,246,651	93.47
Net other assets/(liabilities)				87,060	6.53
NET ASSETS				1,333,711	100.00

M&G (Lux) Income Allocation Fund

Portfolio statement

Portfolio statement (continued)		
Investment description	Market value €'000	% of net assets
PORTFOLIO SUMMARY		
Investment assets		
Equity securities	703,854	52.77
Debt securities	540,996	40.56
Unrealised gains on forward currency contracts	2,814	0.21
Total investment assets	1,247,664	93.54
Investment liabilities		
Unrealised losses on forward currency contracts	(971)	(0.07)
Unrealised losses on swap contracts	(42)	-
Total investment liabilities	(1,013)	(0.07)
Total portfolio	1,246,651	93.47
Net other assets/(liabilities)	87,060	6.53
NET ASSETS	1,333,711	100.00

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

Counterparty	Derivative exposures		
	Swaps €'000	Forward currency contracts €'000	Collateral held as deposit €'000
Barclays Bank London	-	91	-
BNP Paribas	13	109	600
Citigroup Global Markets Limited	-	22	-
Goldman Sachs International	-	16	-
HSBC Bank Plc	2	113	-
Merrill Lynch Pierce Fenner + Smith Inc	-	4	-
National Australia Bank Ltd	-	91	-
State Street Bank and Trust Company	-	3	-
State Street Bank London	-	225	-
UBS AG London	27	44	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Income Allocation Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect of the financial period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

Quarterly distribution periods

	Start	End	Record date	Xd	Payment
Final	16.01.18	31.03.18	20.04.18	23.04.18	26.04.18

Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	16.01.18	28.02.18	14.03.18	15.03.18	22.03.18
Final	01.03.18	31.03.18	20.04.18	23.04.18	26.04.18

Distributions

	Euro Class 'A Q'	Euro Class 'B Q'	Euro Class 'C Q'
to 31 March 2018	Euro ¢	Euro ¢	Euro ¢
Final	0.0172	0.0172	0.0311

	Euro Class 'A'	Euro Class 'C'	Singapore dollar Class 'A-H'	Singapore dollar Class 'C-H'
to 31 March 2018	Euro ¢	Euro ¢	SGD ¢	SGD ¢
First interim	0.0255	0.0255	0.0255	0.0256
Final	0.0177	0.0184	0.0286	0.0286

	US dollar Class 'A-H'	US dollar Class 'C-H'
to 31 March 2018	US ¢	US ¢
First interim	0.0256	0.0256
Final	0.0175	0.0288

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'A' Accumulation	9.7020	1.71	1.72
Class 'A' Distribution	9.6766	1.71	1.72
Class 'A Q' Distribution	9.7038	1.66	1.72
Class 'B' Accumulation	9.6940	2.16	2.22
Class 'B Q' Distribution	9.6938	2.16	2.22
Class 'C' Accumulation	9.7185	0.81	0.87
Class 'C' Distribution	9.6934	0.82	0.87
Class 'C Q' Distribution	9.7204	0.82	0.87
Class 'CI' Accumulation	9.7220	0.83	0.83
Singapore dollar	SG\$	%	%
Class 'A-H' Accumulation	9.7393	1.69	1.74
Class 'A-H' Distribution	9.7141	1.69	1.74
Class 'C-H' Accumulation	9.7558	0.84	0.89
Class 'C-H' Distribution	9.7299	0.84	0.89
Swiss franc	CHF	%	%
Class 'A-H' Accumulation	9.6948	1.68	1.74
Class 'C-H' Accumulation	9.7113	0.84	0.89
US dollar	US\$	%	%
Class 'A-H' Accumulation	9.7598	1.68	1.74
Class 'A-H' Distribution	9.7341	1.68	1.74
Class 'C-H' Accumulation	9.7747	0.84	0.89
Class 'C-H' Distribution	9.7492	0.84	0.89
NAV at fund level	US\$'000		
Net assets	1,333,711		
Swing pricing adjustment (see note 11)	0		
Swung net assets	1,333,711		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Multi Asset 2023 Fund

Investment objective and policy

Investment objective

The Fund has two aims:

- to pay a fixed annual distribution of 2.5% based on the initial amount invested until maturity in December 2023; and
- to grow capital over the six-year term.

Investment policy

The Fund invests in open-ended investment funds where the Investment Manager is M&G Investment Management Limited to gain exposure to a range of assets*. The open-ended investment funds can be invested in single asset class or in a range of asset classes, including equities, fixed income securities, property, convertibles, currencies and money market instruments from anywhere in the world.

In the period leading up to maturity, the Fund may hold high levels of cash and near cash.

The Fund will be established for a period of six years after the Initial Offer Period, during which time no further subscriptions will be allowed. Investors who remain invested until maturity will not be subject to any redemption charge, however investors who redeem prior to maturity will be subject to a regressive redemption charge.

* As the underlying collective investment schemes are also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge and its Administration Fee by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

M&G (Lux) Multi Asset 2023 Fund

Investment review

For the period from 14 December 2017 (launch date of the fund) to 31 March 2018

The investment portfolio at launch for the M&G (Lux) Multi Asset 2023 Fund has been constructed based on two main considerations.

The first is a significant overall weighting to M&G's multi-asset range of funds, comprising the three 'Allocation' funds and the ultra-flexible M&G Episode Macro Fund and M&G (Lux) Global Target Return Fund. By holding a meaningful position in each, the Multi Asset team's views should be reflected in the portfolio's overall allocations.

Secondly, the portfolio includes a number of single asset class funds. These are additional M&G funds that the team feels are well positioned to capitalise on opportunities in line with the portfolio's mandate. The team seeks to generate additional income through fixed income (bonds) and global equity dividend funds that can benefit from the stock selection expertise of their managers. The team has also looked to gain modest additional exposure to income-generating assets with higher potential returns, including high-yield bonds, government bonds from emerging market and convertibles.

Our investment focus remains on the equity risk premium, as global economic growth and company earnings appear to be holding up. In fixed income, spreads have widened between US Treasuries and other developed markets, which we feel leaves French, German, Japanese and UK government bonds vulnerable to spreads tightening.

As government bonds can no longer be consistently relied on to provide sufficient protection from equity market weakness (as seen in February), we believe it is prudent to seek additional protection both across and within asset classes. This includes long currency exposure, which can help to diversify against long equity exposure, and banking equities, which should benefit from a rising interest rate environment.

Craig Moran

Fund manager

Investment review information as at 31 March 2018.

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

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

M&G (Lux) Multi Asset 2023 Fund

Portfolio statement

Portfolio statement				
Investment description	Holding	Currency	Market value US\$'000	% of net assets
EQUITIES			117,575	69.66
Equities portfolios			117,575	69.66
M&G (Lux) Conservative Allocation Fund Class 'C' (Distribution) ^[a]	1,760,135	€	17,203	10.19
M&G (Lux) Dynamic Allocation Fund Class 'C' (Distribution) ^[a]	2,481,395	€	23,955	14.19
M&G (Lux) Global Target Return Fund Class 'CI' (Distribution) ^[a]	1,671,281	€	17,356	10.28
M&G (Lux) Income Allocation Fund Class 'C' (Distribution) ^[a]	2,619,291	€	25,390	15.04
M&G Episode Macro Fund Class 'S-H' (Income)	1,804,641	€	23,962	14.20
M&G Global Dividend Fund Euro Class 'C' (Income)	417,727	€	9,709	5.76
BONDS			50,291	29.80
Bond portfolios			50,291	29.80
M&G (Lux) Absolute Return Bond Fund Class 'C' (Distribution) ^[a]	638,786	€	6,440	3.82
M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'C-H' (Distribution) ^[a]	1,012,153	€	9,995	5.92
M&G Emerging Markets Bond Fund Euro Class 'C-H' (Income)	1,053,593	€	10,029	5.94
M&G Global Convertibles Fund Euro Class 'C-H' (Income)	239,831	€	3,336	1.98
M&G Global High Yield Bond Fund Euro Class 'C-H' (Income)	267,028	€	3,346	1.98
M&G Optimal Income Fund Euro Class 'C-H' (Income)	890,352	€	17,145	10.16
Portfolio of investments			167,866	99.46
Total portfolio			167,866	99.46
Net other assets/(liabilities)			912	0.54
NET ASSETS			168,778	100.00
PORTFOLIO SUMMARY				
Investment assets				
Equities portfolios			117,575	69.66
Bond portfolios			50,291	29.80
Total investment assets			167,866	99.46
Total portfolio			167,866	99.46
Net other assets/(liabilities)			912	0.54
NET ASSETS			168,778	100.00

^[a] Cross investment see note 12.

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredempted date for those types of securities.

Variable and floating coupon rates are those quoted as of 31 March 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Multi Asset 2023 Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details for holders of distribution shares

This fund pays annual distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect of the financial period from 14 December 2017 (the launch date of the fund) to 31 March 2018.

Annual distribution periods					
	Start	End	Record date	Xd	Payment
Final	17.12.17	13.12.18	13.12.18	14.12.18	19.12.18

No distributions to report for this period.

Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 31 March 2018 and Total Expense Ratio (TER) for the financial period from 14 December 2017 (the launch date of the fund) to 31 March 2018.

Net Asset Values and Total Expense Ratios			
NAV per share	NAV	TER	Estimated TER
Euro	€	%	%
Class 'P' Accumulation	9.8670	1.64	1.64
Class 'P' Distribution	9.8670	1.64	1.64
NAV at fund level			
	€'000		
Net assets	168,778		
Swing pricing adjustment (see note 11)	0		
Swung net assets	168,778		

The estimated TER shown is an estimate of the charges as the share class has not been in existence for a full financial year, therefore this is a more reliable estimate of the charges suffered.

M&G (Lux) Investment Funds 1

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Statement of net assets						
as at 31 March 2018	Notes	M&G (Lux) Absolute Return Bond Fund €'000	M&G (Lux) Conservative Allocation Fund €'000	M&G (Lux) Dynamic Allocation Fund €'000	M&G (Lux) Emerging Markets Hard Currency Bond Fund US\$'000	M&G (Lux) Emerging Markets Income Opportunities Fund US\$'000
ASSETS						
Investment assets ^[a]	2c	37,107	2,355,679	7,362,594	182,980	22,276
Cash and bank balances	2c					
Amounts held at futures clearing houses and collateral manager		193	66,916	327,132	0	0
Cash held on deposit		290	23,340	60,877	0	0
Cash held as bank balances		739	560,286	1,132,235	7,965	846
Total cash and bank balances		1,222	650,542	1,520,244	7,965	846
Other assets						
Sales awaiting settlement	2c	0	0	0	0	124
Amounts receivable on issues of shares		49	45,183	72,106	455	0
Debt security interest receivable	2c	234	11,043	36,337	2,518	157
Derivative income receivable	2d	1	0	0	0	0
Dividends receivable	2d	0	2,273	4,483	0	34
Upfront payments paid on purchased options	2c	0	0	0	0	0
Other receivable	2d	0	658	432	0	0
Total other assets		284	59,157	113,358	2,973	315
Total assets		38,613	3,065,378	8,996,196	193,918	23,437
LIABILITIES						
Investment liabilities	2c	(582)	(45,536)	(159,509)	(409)	(4)
Cash and bank balances	2c					
Bank overdrafts	2c	(58)	(38,695)	(275,955)	(4,563)	(114)
Overdrawn positions at futures clearing houses and collateral manager	2c	0	(4,138)	(20,988)	0	0
Total overdraft		(58)	(42,833)	(296,943)	(4,563)	(114)
Other liabilities						
Amounts payable on cancellation of shares	2d, 6	(44)	(14,984)	(60,572)	(454)	0
Purchases awaiting Settlement	2d, 6	(259)	(8,859)	0	(1,015)	(258)
Annual management charge payable	2d, 6	(34)	(2,528)	(9,840)	(264)	(39)
Administration charge payable	2d, 6	(13)	(374)	(1,104)	(66)	(10)
Depository's charge payable	2d, 7	(1)	(10)	(25)	(3)	0
Audit fee payable	2d, 8	(3)	(11)	(11)	0	0
Safe custody charges payable	2d, 7	(2)	(51)	(166)	(5)	(7)
Custody transaction charges payable	2d, 7	(18)	(5)	(4)	(8)	(10)
Taxe d'abonnement payable	2d, 10	(3)	(355)	(1,025)	(13)	(1)
Distributions payable	3	0	(1,180)	(2)	0	0
Other payable	2d	0	(145)	(568)	0	0
Total other liabilities		(377)	(28,502)	(73,317)	(1,828)	(325)
Total liabilities		(1,017)	(116,871)	(529,769)	(6,800)	(443)
NET ASSETS		37,596	2,948,507	8,466,427	187,118	22,994

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Investment Funds 1

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Statement of net assets (continued)

as at 31 March 2018	Notes	M&G (Lux) European Inflation Corporate Bond Fund €'000	M&G (Lux) Floating Rate High Yield Solution US\$'000	M&G (Lux) Global High Yield ESG Bond Fund US\$'000	M&G (Lux) Global Listed Infrastructure Fund US\$'000	M&G (Lux) Global Target Return Fund €'000
ASSETS						
Investment assets ^[a]	2c	94,376	969	14,564	8,540	24,047
Cash and bank balances	2c					
Amounts held at futures clearing houses and collateral manager		320	0	0	0	1,736
Cash held on deposit		0	0	0	0	900
Cash held as bank balances		8,194	67	879	125	74,750
Total cash and bank balances		8,514	67	879	125	77,386
Other assets						
Sales awaiting settlement	2c	349	4	0	0	1,056
Amounts receivable on issues of shares		587	0	0	4	296
Debt security interest receivable	2c	473	3	170	0	154
Derivative income receivable	2d	11	1	0	0	0
Dividends receivable	2d	0	0	0	13	28
Upfront payments paid on purchased options	2c	0	0	0	0	236
Other receivable	2d	0	0	0	0	0
Total other assets		1,420	8	170	17	1,770
Total assets		104,310	1,044	15,613	8,682	103,203
LIABILITIES						
Investment liabilities	2c	(434)	(2)	(25)	0	(2,289)
Cash and bank balances	2c					
Bank overdrafts	2c	(5,035)	0	0	(43)	(388)
Overdrawn positions at futures clearing houses and collateral manager	2c	0	0	0	0	(84)
Total overdraft		(5,035)	0	0	(43)	(472)
Other liabilities						
Amounts payable on cancellation of shares	2d, 6	(1,028)	0	0	(4)	(81)
Purchases awaiting Settlement	2d, 6	0	0	0	(4)	(148)
Annual management charge payable	2d, 6	(69)	(1)	(28)	(16)	(115)
Administration charge payable	2d, 6	(13)	(1)	(7)	(3)	(36)
Depository's charge payable	2d, 7	(1)	0	0	0	(2)
Audit fee payable	2d, 8	(10)	0	0	0	(3)
Safe custody charges payable	2d, 7	(1)	0	0	(1)	(9)
Custody transaction charges payable	2d, 7	(2)	(6)	(5)	(4)	(13)
Taxe d'abonnement payable	2d, 10	(12)	0	(1)	(1)	(4)
Distributions payable	3	0	0	0	0	0
Other payable	2d	0	0	0	0	0
Total other liabilities		(1,136)	(8)	(41)	(33)	(411)
Total liabilities		(6,605)	(10)	(66)	(76)	(3,172)
NET ASSETS		97,705	1,034	15,547	8,606	100,031

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Investment Funds 1

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Statement of net assets (continued)				
as at 31 March 2018	Notes	M&G (Lux) Income Allocation Fund €'000	M&G (Lux) Multi Asset 2023 Fund €'000	Combined total ^[a] €'000
ASSETS				
Investment assets ^[a]	2c	1,247,664	167,866	11,571,936
Cash and bank balances	2c			
Amounts held at futures clearing houses and collateral manager		0	0	396,297
Cash held on deposit		600	0	86,007
Cash held as bank balances		225,266	1,502	2,015,150
Total cash and bank balances		225,866	1,502	2,497,454
Other assets				
Sales awaiting settlement	2c	17,308	0	18,870
Amounts receivable on issues of shares		9,357	0	128,144
Debt security interest receivable	2c	7,257	0	59,007
Derivative income receivable	2d	0	0	14
Dividends receivable	2d	3,540	0	10,382
Upfront payments paid on purchased options	2c	0	0	236
Other receivable	2d	780	0	1,870
Total other assets		38,242	0	218,522
Total assets		1,511,772	169,368	14,287,912
LIABILITIES				
Investment liabilities	2c	(1,013)	0	(209,906)
Cash and bank balances	2c			
Bank overdrafts	2c	(155,154)	0	(481,101)
Overdrawn positions at futures clearing houses and collateral manager	2c	0	0	(25,210)
Total overdraft		(155,154)	0	(506,311)
Other liabilities				
Amounts payable on cancellation of shares	2d, 6	(10,592)	(188)	(88,055)
Purchases awaiting Settlement	2d, 6	(6,786)	0	(17,626)
Annual management charge payable	2d, 6	(1,441)	(402)	(14,860)
Administration charge payable	2d, 6	(176)	0	(1,821)
Depository's charge payable	2d, 7	(6)	0	(49)
Audit fee payable	2d, 8	(12)	0	(50)
Safe custody charges payable	2d, 7	(38)	0	(284)
Custody transaction charges payable	2d, 7	(3)	0	(86)
Taxe d'abonnement payable	2d, 10	(158)	0	(1,574)
Distributions payable	3	(2,251)	0	(3,433)
Other payable	2d	(432)	0	(1,145)
Total other liabilities		(21,895)	(590)	(128,983)
Total liabilities		(178,062)	(590)	(845,200)
NET ASSETS		1,333,710	168,778	13,442,712

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Investment Funds 1

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Statement of operations and changes in net assets

Fund launch date (if within the period) for the period/year to 31 March 2018		M&G (Lux) Absolute Return Bond Fund	M&G (Lux) Conservative Allocation Fund	M&G (Lux) Dynamic Allocation Fund	M&G (Lux) Emerging Markets Hard Currency Bond Fund	M&G (Lux) Emerging Markets Income Opportunities Fund
Notes		16.01.18 €'000	16.01.18 €'000	16.01.18 €'000	22.05.17 US\$'000	22.05.17 US\$'000
OPENING NET ASSETS		17,436	0	0	0	0
Income						
Bank interest	2d	(4)	6	16	2	1
Deposit interest		0	(66)	(119)	0	0
Derivative income	2d, 4	4	0	0	0	31
Dividends	2d	0	1,459	1,883	0	341
Interest on debt securities	2d	550	1,456	4,585	5,667	504
Accretion of market discount/ (Amortisation of market premium)	2d	(61)	(442)	(1,689)	(375)	(36)
Withholding tax on dividends and other investment income	2d	(2)	(138)	(466)	(4)	(45)
Total income		487	2,275	4,210	5,290	796
Expenses						
Overdraft expenses	2d	0	0	(2)	(1)	0
Annual management charge	2d, 6	(89)	(1,192)	(4,924)	(614)	(113)
Administration charge	2d, 6	(33)	(176)	(550)	(153)	(28)
Share class hedging charge	2d, 6	0	0	(1)	(2)	0
Depositary's charge	2d, 7	(1)	(5)	(13)	(5)	(1)
Audit fee	2d, 8	(13)	(13)	(13)	(16)	(16)
Audit fee reimbursement from Manager	2d	22	10	10	16	16
Safe custody charge	2d, 7	(2)	0	0	(5)	(7)
Custody transaction charges	2d, 7	(17)	(1)	(1)	(8)	(10)
Taxe d'abonnement charge	2d, 10	(5)	(355)	(1,025)	(31)	(3)
Total expenses		(138)	(1,732)	(6,519)	(819)	(162)
Net income/(expense) for the period		349	543	(2,309)	4,471	634
REALISED GAINS/(LOSSES) ON INVESTMENTS						
Investments excluding derivatives ^[a]	2c	387	(2)	(243)	(273)	657
Currency and forward currency contracts	2c	203	1,683	(20,678)	848	90
Futures contracts	2c	70	(1,010)	3,099	0	0
Swap contracts	2c	(200)	(1,694)	(4,560)	0	0
Options contracts	2c	0	0	0	0	0
Net realised gain/(loss)		460	(1,023)	(22,382)	575	747
CHANGE IN UNREALISED GAINS/(LOSSES)						
Investments excluding derivatives ^[a]	2c	(534)	(12,843)	(45,201)	(424)	1,014
Currency and forward currency contracts	2c	(141)	(2,028)	3,619	(358)	1
Futures contracts	2c	(98)	(1,743)	(27,857)	0	0
Swap contracts	2c	142	(5,480)	(16,831)	0	0
Options contracts	2c	0	0	0	0	0
Net change in unrealised gain/(loss)		(631)	(22,094)	(86,270)	(782)	1,015
Change in net asset assets from investment activities		178	(22,574)	(110,961)	4,264	2,396
Net share issues and redemptions		19,984	2,971,082	8,577,390	184,003	20,604
Distributions	3, 14	(2)	0	(3)	(1,149)	(6)
NET ASSETS		37,596	2,948,508	8,466,426	187,118	22,994

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Investment Funds 1

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Statement of operations and changes in net assets (continued)						
Fund launch date (if within the period) for the period/year to 31 March 2018	Notes	M&G (Lux) European Inflation Corporate Bond Fund 16.01.18 €'000	M&G (Lux) Floating Rate High Yield Solution 24.08.17 US\$'000	M&G (Lux) Global High Yield ESG Bond Fund 05.10.17 US\$'000	M&G (Lux) Global Listed Infrastructure Fund 05.10.17 US\$'000	M&G (Lux) Global Target Return Fund €'000
OPENING NET ASSETS		0	0	0	0	33,712
Income						
Bank interest	2d	0	0	4	0	(12)
Deposit interest		0	0	0	0	(217)
Derivative income	2d, 4	16	27	0	0	0
Dividends	2d	0	0	0	103	166
Interest on debt securities	2d	49	8	339	0	637
Accretion of market discount/ (Amortisation of market premium)	2d	(3)	(1)	(37)	0	0
Withholding tax on dividends and other investment income	2d	0	0	(2)	(21)	(20)
Total income		62	34	304	82	554
Expenses						
Overdraft expenses	2d	0	0	0	0	(1)
Annual management charge	2d, 6	(28)	(3)	(49)	(27)	(303)
Administration charge	2d, 6	(5)	(1)	(11)	(5)	(93)
Share class hedging charge	2d, 6	0	0	0	0	0
Depository's charge	2d, 7	0	0	(1)	0	(3)
Audit fee	2d, 8	(13)	(16)	(16)	(16)	(13)
Audit fee reimbursement from Manager	2d	12	16	16	16	22
Safe custody charge	2d, 7	0	0	0	(1)	(9)
Custody transaction charges	2d, 7	0	(6)	(5)	(4)	(12)
Taxe d'abonnement charge	2d, 10	(12)	0	(1)	(1)	(9)
Total expenses		(46)	(10)	(67)	(38)	(421)
Net income/(expense) for the period		16	24	237	44	133
REALISED GAINS/(LOSSES) ON INVESTMENTS						
Investments excluding derivatives ^[a]	2c	(1)	0	(59)	1	1,625
Currency and forward currency contracts	2c	(9)	21	(225)	30	(58)
Futures contracts	2c	(101)	0	0	0	880
Swap contracts	2c	(16)	(1)	0	0	(105)
Options contracts	2c	0	0	0	0	(21)
Net realised gain/(loss)		(127)	20	(284)	31	2,321
CHANGE IN UNREALISED GAINS/(LOSSES)						
Investments excluding derivatives ^[a]	2c	127	0	44	(257)	(1,078)
Currency and forward currency contracts	2c	(78)	(2)	(15)	0	(88)
Futures contracts	2c	0	0	0	0	(344)
Swap contracts	2c	(61)	(5)	0	0	260
Options contracts	2c	0	0	0	0	177
Net change in unrealised gain/(loss)		(12)	(7)	29	(257)	(1,073)
Change in net asset assets from investment activities		(123)	37	(18)	(182)	1,381
Net share issues and redemptions		97,828	1,002	15,567	8,789	64,937
Distributions	3, 14	0	(5)	(2)	(1)	0
NET ASSETS		97,705	1,034	15,547	8,606	100,030

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Investment Funds 1

Financial statements and notes

Financial statements

Statement of operations and changes in net assets (continued)				
Fund launch date (if within the period) for the period/year to 31 March 2018	Notes	M&G (Lux) Income Allocation Fund 16.01.18 €'000	M&G (Lux) Multi Asset 2023 Fund 14.12.17 €'000	Combined total €'000
OPENING NET ASSETS		0	0	51,148
Income				
Bank interest	2d	(2)	(2)	10
Deposit interest		(14)	0	(416)
Derivative income	2d, 4	0	0	92
Dividends	2d	2,026	625	6,705
Interest on debt securities	2d	1,028	0	16,339
Accretion of market discount/ (Amortisation of market premium)	2d	(79)	0	(2,828)
Withholding tax on dividends and other investment income	2d	(374)	0	(1,088)
Total income		2,585	623	18,814
Expenses				
Overdraft expenses	2d	(1)	0	(5)
Annual management charge	2d, 6	(657)	(420)	(8,606)
Administration charge	2d, 6	(85)	0	(1,186)
Share class hedging charge	2d, 6	0	0	(3)
Depositary's charge	2d, 7	(3)	0	(34)
Audit fee	2d, 8	(13)	(13)	(189)
Audit fee reimbursement from Manager	2d	10	13	197
Safe custody charge	2d, 7	0	0	(28)
Custody transaction charges	2d, 7	0	0	(72)
Taxe d'abonnement charge	2d, 10	(158)	0	(1,607)
Total expenses		(907)	(420)	(11,533)
Net income/(expense) for the period		1,678	203	7,281
REALISED GAINS/(LOSSES) ON INVESTMENTS				
Investments excluding derivatives ^[a]	2c	(795)	486	1,858
Currency and forward currency contracts	2c	(2,748)	0	(20,668)
Futures contracts	2c	0	0	2,938
Swap contracts	2c	0	0	(6,577)
Options contracts	2c	0	0	(21)
Net realised gain/(loss)		(3,543)	486	(22,470)
CHANGE IN UNREALISED GAINS/(LOSSES)				
Investments excluding derivatives ^[a]	2c	(11,316)	(2,967)	(73,345)
Currency and forward currency contracts	2c	2,399	0	3,223
Futures contracts	2c	0	0	(30,042)
Swap contracts	2c	(133)	0	(22,109)
Options contracts	2c	0	0	177
Net change in unrealised gain/(loss)		(9,050)	(2,967)	(122,096)
Change in net asset assets from investment activities		(10,915)	(2,278)	(137,285)
Net share issues and redemptions		1,344,656	171,056	13,530,317
Distributions	3, 14	(30)	0	(1,468)
NET ASSETS		1,333,711	168,778	13,442,712

[a] Cross investments. Please refer to Note12.

The accompanying notes to the financial statements are an integral part of these financial statements.

M&G (Lux) Investment Funds 1

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The various classes of shares in issue have equivalent rights in the Company, but carry different features and charging structures detailed in note 6 which are more fully described in the Company's Prospectus.

Shares in issue						
For the period/year to 31 March 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
M&G (Lux) Absolute Return Bond Fund						
	Euro					
	Class 'A' Accumulation	1,002.000	180,212.610	4,995.081	176,219.529	21.12.16
	Class 'A' Distribution	1,000.000	3,435.629	0.000	4,435.629	21.12.16
	Class 'C' Accumulation	998.000	928,418.984	14,900.000	914,516.984	21.12.16
	Class 'C' Distribution	1,000.000	638,786.211	0.000	639,786.211	21.12.16
	Class 'CI' Accumulation	1,704,600.000	225,000.000	0.000	1,929,600.000	21.12.16
	Sterling					
	Class 'C-H' Accumulation	2,503.500	400.000	0.000	2,903.500	21.12.16
	Class 'C-H' Distribution	2,507.500	0.000	0.000	2,507.500	21.12.16
	Swiss franc					
	Class 'A-H' Accumulation	2,505.000	0.000	0.000	2,505.000	21.12.16
	Class 'A-H' Distribution	2,510.000	0.000	0.000	2,510.000	21.12.16
	Class 'C-H' Accumulation	2,517.000	0.000	0.000	2,517.000	21.12.16
	Class 'C-H' Distribution	2,520.000	0.000	0.000	2,520.000	21.12.16
	US dollar					
	Class 'A-H' Accumulation	2,513.500	0.000	0.000	2,513.500	21.12.16
	Class 'A-H' Distribution	2,517.500	0.000	0.000	2,517.500	21.12.16
	Class 'C-H' Accumulation	2,522.500	0.000	0.000	2,522.500	21.12.16
	Class 'C-H' Distribution	2,527.500	0.000	0.000	2,527.500	21.12.16
M&G (Lux) Conservative Allocation Fund						
	Euro					
	Class 'A' Accumulation	0.000	129,728,027.603	755,244.738	128,972,782.865	16.01.18
	Class 'A' Distribution	0.000	10,725,027.469	295,491.440	10,429,536.029	16.01.18
	Class 'B' Accumulation	0.000	20,649,598.700	26,352.121	20,623,246.579	16.01.18
	Class 'B' Distribution	0.000	6,635,961.415	8,196.842	6,627,764.573	16.01.18
	Class 'C' Accumulation	0.000	119,313,216.985	3,289,056.249	116,024,160.736	16.01.18
	Class 'C' Distribution	0.000	12,178,936.012	8,910.000	12,170,026.012	16.01.18
	Class 'CI' Accumulation	0.000	5,104,600.000	750,000.000	4,354,600.000	16.01.18
	Swiss franc					
	Class 'A-H' Accumulation	0.000	22,010.262	0.000	22,010.262	16.01.18
	Class 'C-H' Accumulation	0.000	275,450.897	0.000	275,450.897	16.01.18
	US dollar					
	Class 'A-H' Accumulation	0.000	1,394,034.038	9,850.519	1,384,183.519	16.01.18
	Class 'A-H' Distribution	0.000	215,574.367	1,056.153	214,518.214	16.01.18
	Class 'C-H' Accumulation	0.000	1,277,362.743	0.000	1,277,362.743	16.01.18
	Class 'C-H' Distribution	0.000	206,941.002	0.000	206,941.002	16.01.18

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Shares in issue (continued)						
For the period/year to 31 March 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
M&G (Lux) Dynamic Allocation Fund						
	Euro					
	Class 'A' Accumulation	0.000	461,488,574.798	6,147,711.317	455,340,863.481	16.01.18
	Class 'A' Distribution	0.000	55,508,606.273	875,418.359	54,633,187.914	16.01.18
	Class 'B' Accumulation	0.000	42,118,900.471	278,539.434	41,840,361.037	16.01.18
	Class 'C' Accumulation	0.000	304,700,032.509	3,407,828.936	301,292,203.573	16.01.18
	Class 'C' Distribution	0.000	8,674,848.498	1,774,944.331	6,899,904.167	16.01.18
	Class 'CI' Accumulation	0.000	8,185,633.868	1,887,663.486	6,297,970.382	16.01.18
	Sterling					
	Class 'C-H' Accumulation	0.000	541,036.376	0.000	541,036.376	16.01.18
	Class 'C-H' Distribution	0.000	68,097.518	0.000	68,097.518	16.01.18
	Swiss franc					
	Class 'A-H' Accumulation	0.000	377,688.535	0.000	377,688.535	16.01.18
	Class 'C-H' Accumulation	0.000	177,764.681	0.000	177,764.681	16.01.18
	US dollar					
	Class 'A-H M F4' Distribution	0.000	103,400.000	0.000	103,400.000	01.02.18
	Class 'A-H' Accumulation	0.000	6,508,159.207	31,599.383	6,476,559.824	16.01.18
	Class 'A-H' Distribution	0.000	1,938,441.139	0.000	1,938,441.139	16.01.18
	Class 'C-H' Accumulation	0.000	4,502,321.360	3.695	4,502,317.665	16.01.18
	Class 'C-H' Distribution	0.000	121,646.899	0.000	121,646.899	16.01.18
M&G (Lux) Emerging Markets Hard Currency Bond Fund						
	Euro					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'A-H' Accumulation	0.000	2,500.000	0.000	2,500.000	22.05.17
	Class 'A-H' Distribution	0.000	2,505.000	0.000	2,505.000	22.05.17
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'C-H' Accumulation	0.000	5,906,463.476	2,749,673.000	3,156,790.476	22.05.17
	Class 'C-H' Distribution	0.000	1,014,668.053	0.000	1,014,668.053	22.05.17
	Sterling					
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	22.05.17
	Swiss franc					
	Class 'A-H' Accumulation	0.000	2,520.000	0.000	2,520.000	22.05.17
	Class 'A-H' Distribution	0.000	2,525.000	0.000	2,525.000	22.05.17
	Class 'C-H' Accumulation	0.000	2,530.000	0.000	2,530.000	22.05.17
	Class 'C-H' Distribution	0.000	2,535.000	0.000	2,535.000	22.05.17
	US dollar					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'C' Accumulation	0.000	2,434.830	0.000	2,434.830	22.05.17
	Class 'C' Distribution	0.000	3,462,722.000	0.000	3,462,722.000	22.05.17
	Class 'CI' Accumulation	0.000	10,421,178.000	818,668.000	9,602,510.000	22.05.17

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For the period/year to 31 March 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
M&G (Lux) Emerging Markets Income Opportunities Fund						
	Euro					
	Class 'A-H' Accumulation	0.000	2,857.952	0.000	2,857.952	22.05.17
	Class 'A-H' Distribution	0.000	19,805.000	0.000	19,805.000	22.05.17
	Class 'C-H' Accumulation	0.000	2,410.000	0.000	2,410.000	22.05.17
	Class 'C-H' Distribution	0.000	2,415.000	0.000	2,415.000	22.05.17
	Sterling					
	Class 'C-H' Accumulation	0.000	2,420.000	0.000	2,420.000	22.05.17
	Class 'C-H' Distribution	0.000	2,425.000	0.000	2,425.000	22.05.17
	Swiss franc					
	Class 'A-H' Accumulation	0.000	2,430.000	0.000	2,430.000	22.05.17
	Class 'A-H' Distribution	0.000	2,435.000	0.000	2,435.000	22.05.17
	Class 'C-H' Accumulation	0.000	2,440.000	0.000	2,440.000	22.05.17
	Class 'C-H' Distribution	0.000	2,445.000	0.000	2,445.000	22.05.17
	US dollar					
	Class 'A M' Distribution	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'C M' Distribution	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	22.05.17
	Class 'CI' Accumulation	0.000	2,004,600.000	0.000	2,004,600.000	22.05.17
M&G (Lux) European Inflation Linked Corporate Bond Fund						
	Euro					
	Class 'A' Accumulation	0.000	6,011,667.640	42,200.480	5,969,467.160	16.03.18
	Class 'C' Accumulation	0.000	2,667,813.025	13,152.364	2,654,660.661	16.03.18
	Class 'CI' Accumulation	0.000	4,600.000	0.000	4,600.000	20.03.18
	Swiss franc					
	Class 'A-H' Accumulation	0.000	11,381.515	0.000	11,381.515	16.03.18
	Class 'C-H' Accumulation	0.000	18,349.434	0.000	18,349.434	16.03.18

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For the period/year to 31 March 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
M&G (Lux) Floating Rate High Yield Solution						
	Euro					
	Class 'A-H' Accumulation	0.000	8,850.000	6,430.000	2,420.000	24.08.17
	Class 'A-H' Distribution	0.000	2,425.000	0.000	2,425.000	24.08.17
	Class 'B-H' Accumulation	0.000	3,348.387	0.000	3,348.387	24.08.17
	Class 'B-H' Distribution	0.000	2,445.000	0.000	2,445.000	24.08.17
	Class 'C-H' Accumulation	0.000	2,430.000	0.000	2,430.000	24.08.17
	Class 'C-H' Distribution	0.000	2,435.000	0.000	2,435.000	24.08.17
	Singapore dollar					
	Class 'A-H M' Distribution	0.000	2,465.000	0.000	2,465.000	24.08.17
	Class 'A-H' Distribution	0.000	2,460.000	0.000	2,460.000	24.08.17
	Class 'C-H M' Distribution	0.000	2,470.000	0.000	2,470.000	24.08.17
	Sterling					
	Class 'C-H' Accumulation	0.000	2,450.000	0.000	2,450.000	24.08.17
	Class 'C-H' Distribution	0.000	2,455.000	0.000	2,455.000	24.08.17
	Swiss franc					
	Class 'A-H' Accumulation	0.000	2,400.000	0.000	2,400.000	24.08.17
	Class 'A-H' Distribution	0.000	2,405.000	0.000	2,405.000	24.08.17
	Class 'C-H' Accumulation	0.000	2,410.000	0.000	2,410.000	24.08.17
	Class 'C-H' Distribution	0.000	2,415.000	0.000	2,415.000	24.08.17
	US dollar					
	Class 'A M' Distribution	0.000	1,000.000	0.000	1,000.000	24.08.17
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	24.08.17
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	24.08.17
	Class 'C M' Distribution	0.000	1,000.000	0.000	1,000.000	24.08.17
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	24.08.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	24.08.17
	Class 'CI' Accumulation	0.000	54,600.000	0.000	54,600.000	24.08.17
M&G (Lux) Global High Yield ESG Bond Fund						
	Euro					
	Class 'A-H' Accumulation	0.000	2,405.000	0.000	2,405.000	05.10.17
	Class 'A-H' Distribution	0.000	2,400.000	0.000	2,400.000	05.10.17
	Class 'C-H' Accumulation	0.000	2,415.000	0.000	2,415.000	05.10.17
	Class 'C-H' Distribution	0.000	2,410.000	0.000	2,410.000	05.10.17
	Class 'CI-H' Accumulation	0.000	4,650.000	0.000	4,650.000	05.10.17
	Class 'L-H' Accumulation	0.000	2,450.000	0.000	2,450.000	05.10.17
	Sterling					
	Class 'C-H' Accumulation	0.000	2,445.000	0.000	2,445.000	05.10.17
	Class 'C-H' Distribution	0.000	7,440.000	0.000	7,440.000	05.10.17
	Class 'L-H' Accumulation	0.000	2,455.000	0.000	2,455.000	05.10.17
	Swiss franc					
	Class 'A-H' Accumulation	0.000	2,425.000	0.000	2,425.000	05.10.17
	Class 'A-H' Distribution	0.000	2,420.000	0.000	2,420.000	05.10.17
	Class 'C-H' Accumulation	0.000	2,435.000	0.000	2,435.000	05.10.17
	Class 'C-H' Distribution	0.000	2,430.000	0.000	2,430.000	05.10.17
	US dollar					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'A M' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'CI' Accumulation	0.000	1,504,600.000	0.000	1,504,600.000	05.10.17
	Class 'L' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17

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For the period/year to 31 March 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
M&G (Lux) Global Listed Infrastructure Fund						
	Euro					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'A' Distribution	0.000	2,139.000	800.000	1,339.000	05.10.17
	Class 'C' Accumulation	0.000	101,500.000	0.000	101,500.000	05.10.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'CI' Accumulation	0.000	4,600.000	0.000	4,600.000	05.10.17
	Class 'L' Accumulation	0.000	71,000.000	0.000	71,000.000	22.01.18
	Sterling					
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'L' Accumulation	0.000	1,000.000	0.000	1,000.000	22.01.18
	Swiss franc					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	US dollar					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'A M' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	05.10.17
	Class 'CI' Accumulation	0.000	654,600.000	0.000	654,600.000	05.10.17
	Class 'L' Accumulation	0.000	1,000.000	0.000	1,000.000	22.01.18
M&G (Lux) Global Target Return Fund						
	Euro					
	Class 'A' Accumulation	1,000.008	412,539.721	6,916.364	406,623.365	21.12.16
	Class 'B' Accumulation	1,000.000	21,049.276	0.000	22,049.276	21.12.16
	Class 'C' Accumulation	999.995	1,218,154.326	0.000	1,219,154.321	21.12.16
	Class 'CI' Accumulation	3,324,600.000	4,852,492.831	216,858.000	7,960,234.831	21.12.16
	Sterling					
	Class 'C-H' Accumulation	2,416.000	0.000	0.000	2,416.000	21.12.16
	Swiss franc					
	Class 'A-H' Accumulation	2,406.000	203.900	203.900	2,406.000	21.12.16
	Class 'C-H' Accumulation	2,410.000	0.000	0.000	2,410.000	21.12.16
	US dollar					
	Class 'A-H' Accumulation	2,421.000	23,222.925	97.000	25,546.925	21.12.16
	Class 'C-H' Accumulation	2,425.000	0.000	0.000	2,425.000	21.12.16

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Shares in issue (continued)						
For the period/year to 31 March 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
M&G (Lux) Income Allocation Fund						
	Euro					
	Class 'A' Accumulation	0.000	37,019,865.828	39,966.803	36,979,899.025	16.01.18
	Class 'A' Distribution	0.000	47,640,973.830	0.000	47,640,973.830	16.01.18
	Class 'A Q' Distribution	0.000	3,796,990.637	208.518	3,796,782.119	16.01.18
	Class 'B' Accumulation	0.000	1,329,022.874	0.000	1,329,022.874	16.01.18
	Class 'B Q' Distribution	0.000	4,415,012.802	0.000	4,415,012.802	16.01.18
	Class 'C' Accumulation	0.000	27,186,292.924	14,206.072	27,172,086.852	16.01.18
	Class 'C' Distribution	0.000	10,973,293.556	2,330.918	10,970,962.638	16.01.18
	Class 'C Q' Distribution	0.000	3,539.670	0.000	3,539.670	16.01.18
	Class 'CI' Accumulation	0.000	5,004,600.000	750,000.000	4,254,600.000	16.01.18
	Singapore dollar					
	Class 'A-H' Accumulation	0.000	5,052.303	0.000	5,052.303	16.01.18
	Class 'A-H' Distribution	0.000	5,057.704	0.000	5,057.704	16.01.18
	Class 'C-H' Accumulation	0.000	5,059.542	0.000	5,059.542	16.01.18
	Class 'C-H' Distribution	0.000	5,066.399	0.000	5,066.399	16.01.18
	Swiss franc					
	Class 'A-H' Accumulation	0.000	79,437.059	0.000	79,437.059	16.01.18
	Class 'C-H' Accumulation	0.000	24,076.925	0.000	24,076.925	16.01.18
	US dollar					
	Class 'A-H' Accumulation	0.000	979,026.918	73,074.160	905,952.758	16.01.18
	Class 'A-H' Distribution	0.000	207,259.248	34,945.927	172,313.321	16.01.18
	Class 'C-H' Accumulation	0.000	5,027.145	0.000	5,027.145	16.01.18
	Class 'C-H' Distribution	0.000	5,033.788	0.000	5,033.788	16.01.18
M&G (Lux) Multi Asset 2023 Fund						
	Euro					
	Class 'P' Accumulation	0.000	3,958,396.780	39,106.565	3,919,290.215	14.12.17
	Class 'P' Distribution	0.000	13,291,903.658	105,837.032	13,186,066.626	14.12.17

Notes to the financial statements

1 Basis of preparation

These financial statements have been prepared and presented in accordance with generally accepted accounting principles in Luxembourg and with the legal and regulatory requirements relating to the preparation and presentation of the financial statements as prescribed by the Luxembourg authorities for Luxembourg investment funds including the following significant accounting policies.

2 Summary of significant accounting policies

a) Base currency

The combined financial statements of the Company are expressed in euros, at the exchange rate at 29 March 2018, the base currency of M&G (Lux) Investment Funds 1. The financial statements of each fund are expressed in the funds' base currency.

b) Exchange rates

Transactions in currencies other than each fund's base currency are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities are translated into each fund's base currency at the rate of exchange ruling at the fund's valuation point on 29 March 2018 being the last business day of the accounting period:

1 Euro € = 1.616530559 Singapore dollars (SG\$)

1 Euro € = 1.178694526 Swiss francs (CHF)

1 Euro € = 0.876364618 UK sterling (£)

1 Euro € = 1.23229956 US dollars (US\$)

c) Investments - recognition and valuation

All investments are initially recognised at the transaction price net of direct transaction costs (excluding accrued interest).

Realised gains and losses on sales of investments are determined on the basis of the average cost method where applicable. Investment cost is adjusted by the amortisation of premiums and accretion of discounts on a straight line basis. It includes the net amount received, excluding any interest treated as income, from derivative instruments.

Unrealised gains or losses on investments are determined by reference to the opening and closing valuation of investments and includes surpluses or deficits arising from unsettled derivative contracts.

At the end of the reporting period all investments have been valued using the prices and the portfolio holdings determined on 29 March 2018, at the last valuation point of the accounting period.

The methods of determining value for the principal classes of investment are:

- Equities and debt securities which are traded on an active market are included at the mid price (the mid point between the quoted bid and offer prices), excluding any accrued interest in respect of bonds.

- Collective investment schemes are included at either the mid of their cancellation and creation prices for dual priced funds or their single price for single priced funds.
- Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the Administrator and under policies and procedures approved and overseen by the Board of Directors using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
- Exchange traded futures and options are included at either their single price or, if separate buying and selling prices are quoted, the average of the two prices.
- Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their value excludes any accrued interest in respect of derivatives where the interest is income in nature.
- Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.
- Cash and amounts held in current, deposit, and margin accounts and in other time-related deposits shall be valued at their nominal value.
- Bank of America Merrill Lynch (the futures clearing house) permit overdrawn currency positions as long as the net position is in credit.

d) Recognition of income and expenses

- Dividends and any withholding tax, including ordinary stock dividends and special dividends, from equity investments are recognised when the security is quoted ex-dividend.
- Distributions from collective investment schemes, including any equalisation, are recognised when the scheme is priced ex-distribution.
- Interest income from debt securities is recognised daily on an accruals basis and includes the amortisation of premiums and accretion of discounts on a straight line basis.
- Income from derivatives is recognised on an accruals basis.
- Fixed deposit, money market deposit and bank interest is recognised daily on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.
- Luxembourg subscription tax (taxe d'abonnement) is recognised daily on an accruals basis.

e) Allocation of returns to share classes

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

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2 Summary of significant accounting policies (continued)

The Company operates income equalisation arrangements with a view to ensuring that the level of income accrued within a fund is not affected by the issue, conversion or redemption of fund shares during an accounting period.

The Directors operate a policy of "swing pricing" where a swing price adjustment may be added to the net asset value per share to determine the price at which shares may be issued or redeemed. The swing price adjustment protects existing shareholders from the dilutive effect of direct and indirect portfolio dealing costs incurred when investments are bought or sold in response to net flows of money into or out of the funds from investors buying and selling shares in the funds.

3 Distribution policy

Distribution shares may pay distributions to Shareholders, whereas Accumulation shares will instead accumulate all earnings pertaining to the relevant share class for the benefit of the Accumulation Shareholders. Distribution payments are made in the relevant share class currency.

The Directors will exercise their discretion to determine whether or not to declare a distribution in respect of Distribution shares. Distributions may be paid out of investment income, capital gains or capital at the discretion of the Directors. Distributions and their frequency are included in the Financial highlights section for each fund.

Unless detailed below, the distribution policy for all funds and distribution share classes is to distribute all investment income gross of expenses.

The following distribution share classes distribute an amount or fixed percentage of the Net Asset Value per Share as disclosed below. Where the amount of investment income earned is not sufficient to meet this fixed amount or fixed percentage, a fixed Distribution Share Class may be required to make a payment out of capital. The Directors will periodically review fixed Distribution Share Classes policies and reserve the right to make changes to the distribution rate in cases where maintaining it may adversely impact the respective funds or the Shareholders.

M&G (Lux) Dynamic Allocation Fund US dollar A-H M F4

M&G (Lux) Income Allocation Fund Euro A F2

M&G (Lux) Income Allocation Fund Euro A F3

M&G (Lux) Income Allocation Fund Euro B F3

M&G (Lux) Income Allocation Fund Euro B F2

M&G (LUX) Multi Asset 2023 Fund Euro P

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

M&G (Lux) Emerging Markets Income Opportunities Fund

M&G (Lux) Global Listed Infrastructure Fund

M&G (Lux) Income Allocation Fund

4 Transaction costs

Direct portfolio transaction costs include broker execution commission and taxes and are incremental costs that are directly attributable to the transaction. Indirect portfolio transaction costs represent the difference between the buying and selling prices of the fund's investments (portfolio dealing spread); some types of investment, such as fixed interest securities, have no direct transaction costs and only the portfolio dealing spread is paid.

Direct portfolio transaction costs	For the year to 31 March 2018
M&G (Lux) Absolute Return Bond Fund	€685.88
M&G (Lux) Conservative Allocation Fund ^[a]	€60,448.97
M&G (Lux) Dynamic Allocation Fund ^[a]	€229,305.40
M&G (Lux) Emerging Markets Hard Currency Bond Fund ^[b]	US\$0.00
M&G (Lux) Emerging Markets Income Opportunities Fund ^[b]	US\$18,828.32
M&G (Lux) European Inflation Linked Corporate Bond Fund	€0.00
M&G (Lux) Floating Rate High Yield Solution ^[c]	US\$0.00
M&G (Lux) Global High Yield ESG Bond Fund ^[d]	US\$0.00
M&G (Lux) Global Listed Infrastructure Fund ^[d]	US\$8,089.95
M&G (Lux) Global Target Return Fund	€23,026.76
M&G (Lux) Income Allocation Fund ^[a]	€181,371.01
M&G (Lux) Multi Asset 2023 Fund ^[e]	€0.00

^[a] For the period from 16 January 2018 (the launch date of the fund) to 31 March 2018.

^[b] For the period from 22 May 2017 (the launch date of the fund) to 31 March 2018.

^[c] For the period from 24 August 2017 (the launch date of the fund) to 31 March 2018.

^[d] For the period from 5 October 2017 (the launch date of the fund) to 31 March 2018.

^[e] For the period from 14 December 2017 (the launch date of the fund) to 31 March 2018.

5 Operating charges

Operating charges included in the Total Expense Ratio (TER) calculation include payments made to M&G and to providers independent of M&G:

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.
- **Taxation in Luxembourg:** Under current legislation, investors that are not resident in Luxembourg are not subject to capital gains or income tax, unless they have a permanent establishment in Luxembourg to which the share capital of the Company is allocated. Retail share classes of the Company are subject to a tax ('taxe d'abonnement') of 0.05% per annum and institutional share classes of 0.01%.

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5 Operating charges (continued)

For M&G (Lux) Multi Asset 2023 Fund, the Management Company will take a 'Single Charge' from each Share Class of the Fund to cover its duties, as well as operating, administration and oversight costs associated with the Fund. Such charge will be calculated and taken into account daily ('Single Charge'). The Single Charge will be 1.60% and will include: Depositary's Fees, Custody Charges and Custody Transaction Charges, Paying Agents' Fees, Administration Fees, Directors' Fees, Service Provider Fees, and Other Expenses. As the Fund invests in collective investment schemes that are also managed by the Management Company (or an associate), the Management Company will rebate the Annual Management Charge and Administration Fee of the underlying collective investment scheme.

6 Annual management, administration and share class hedging charges

Annual management charges are set out in the table below. In addition, there is an administration charge of 0.15% for share class. A Share class hedging charge of 0.01% - 0.055% will apply to hedged share classes. These charges are accrued daily based on the net asset value of each share class. Any amounts outstanding at the period end are disclosed in the Statement of net assets.

Please note that the following table lists the available share classes. Each share class further contains an accumulation and distribution option.

Annual Management Charge				
	Share classes			
	A	B	C	CI
	%	%	%	%
M&G (Lux) Absolute Return Bond Fund	1.00	1.30	0.40	0.40
M&G (Lux) Conservative Allocation Fund	1.40	1.90	0.60	0.60
M&G (Lux) Dynamic Allocation Fund	1.75	2.25	0.75	0.75
M&G (Lux) Emerging Markets Hard Currency Bond Fund	1.50	n/a	0.60	0.60
M&G (Lux) Emerging Markets Income Opportunities Fund	1.50	n/a	0.60	0.60
M&G (Lux) European Inflation Linked Corporate Bond Fund	1.00	1.50	0.40	0.40
M&G (Lux) Floating Rate High Yield Solution	0.70	1.20	0.25	0.25
M&G (Lux) Global High Yield ESG Bond Fund	1.25	n/a	0.65	0.65
M&G (Lux) Global Listed Infrastructure Fund	1.75	n/a	0.75	0.75
M&G (Lux) Global Target Return Fund	1.25	1.75	0.50	0.50
M&G (Lux) Income Allocation Fund	1.50	2.00	0.65	0.65
M&G (Lux) Multi Asset 2023 Fund	n/a	n/a	n/a	n/a

Annual Management Charge

	Share classes				
	L	LI	P	Z	ZI
	%	%	%	%	%
M&G (Lux) Absolute Return Bond Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Conservative Allocation Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Dynamic Allocation Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Emerging Markets Hard Currency Bond Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Emerging Markets Income Opportunities Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) European Inflation Linked Corporate Bond Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Floating Rate High Yield Solution	[a]	n/a	n/a	nil	nil
M&G (Lux) Global High Yield ESG Bond Fund	0.40	0.40	n/a	nil	nil
M&G (Lux) Global Listed Infrastructure Fund	0.50	0.50	n/a	nil	nil
M&G (Lux) Global Target Return Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Income Allocation Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Multi Asset 2023 Fund	n/a	n/a	1.60	n/a	n/a

[a] Upon agreement with the Company.

7 Depositary, safe custody and custody transaction charges

The Depositary takes a charge from each fund as payment for its duties as depositary. The Depositary's charge is based on the NAV of each fund, and in normal circumstances, the fees payable to the Depositary for its provision of services shall be subject to a maximum of 1 basis point.

The Depositary also receives a fee in relation to the safe-keeping of each fund's assets (safe custody charges) and a fee in relation to processing transactions (custody transaction charges). The safe custody charge is a range between 0.00005% and 0.04% of the asset values and custody transaction charges range between €5 and €100 per transaction.

The Depositary's charge is calculated and taken into account daily on the same basis as described above for the Annual Management Charge. The safe custody charges and custody transaction charges are accrued daily.

8 Audit fees

Audit fees are accrued on a daily basis and paid by the fund with the exception of;

M&G (Lux) Emerging Hard Currency Bond Fund
M&G (Lux) Emerging Markets Income Opportunities Fund
M&G (Lux) Floating Rate High Yield Solution
M&G (Lux) Global High Yield ESG Bond Fund
M&G (Lux) Global Listed Infrastructure Fund
M&G (Lux) Multi Asset 2023 Fund

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9 Directors' fees

The Directors are currently entitled to an annual fee paid by the Management Company. Yves Wagner, the Independent Director, received a fee of €20,000. The other Directors did not receive any fees for their services. The Management Company shall also reimburse certain expenses of the Directors, in accordance with the Articles, out of the Administration Charge.

10 Taxes

Luxembourg

The Company is, in principle, liable in Luxembourg to a subscription tax (taxe d'abonnement) of 0.05% per annum of its NAV, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Company at the end of the relevant calendar quarter.

This rate is reduced to 0.01% per annum for:

- Undertakings whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions;
- Undertakings whose sole object is the collective investment in deposits with credit institutions; and
- Individual sub-funds of UCIs with multiple sub-funds, as well as for individual classes of securities issued within a UCI or within a sub-fund of a UCI with multiple sub-funds, provided that the securities of such sub-funds or classes are reserved to one or more institutional investors.

The table below shows the taxe d'abonnement applicable to each share class.

Taxe d'abonnement	Share classes			
	A	B	C	CI
	%	%	%	%
Current annual rate of local tax (Taxe d'abonnement)	0.05	0.05	0.05	0.01

	Share classes			
	L	LI	Z	ZI
	%	%	%	%
Current annual rate of local tax (Taxe d'abonnement)	0.01*	0.01	0.05	0.01

* For M&G (Lux) Global High Yield ESG Bond Fund and M&G (Lux) Global Listed Infrastructure Fund the figure is 0.05%.

Other transaction Other transaction taxes

Other jurisdictions may impose taxes, financial transactions taxes ('FTT') or other transaction taxes on certain assets held by the funds (for example, UK stamp duty, French FTT).

Withholding tax

Dividends, capital gains and interest received by the Company on its investments may be subject to withholding taxes in the countries of origin which are generally irrecoverable as the Company itself is exempt from income tax.

11 Swing pricing

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 funds from investors buying and selling shares in the funds.

To protect existing investors, the Directors operate a policy of swing pricing. This policy gives the Directors the power to apply a 'swing price adjustment' to the Net Asset Value per share so that portfolio transaction costs incurred as a result of investors buying and selling shares in the funds can be recovered from those investors through the price they pay or receive.

A swing price adjustment may be applied in the event that the daily net subscriptions or net redemptions exceed a predetermined threshold set by the Directors.

The published share price/NAV per share inclusive of the swing pricing adjustment is disclosed in the net asset values and total expense ratio table included within the Financial highlights section of each fund. The swing price adjustment is not recognised in the Statement of net assets or the Statement of operations and changes in net assets.

Swing price adjustments received through buying and selling shares is included in the net in/outflows in the Statement of operations and changes in net assets.

At the period end a swing price adjustment was applied to the following funds:

- M&G (Lux) Global High Yield ESG Bond Fund
- M&G (Lux) Global Listed Infrastructure Fund

12 Transactions with connected persons

M&G Securities Limited, as the Management Company, is a related party. Details of charges payable to M&G Securities Limited in respect of annual management, administration and share class hedging charges are disclosed in note 6. Amounts paid are disclosed in the Statement of operations and changes in net assets and amounts due at the period end are disclosed in the Statement of net assets and liabilities.

Amounts paid to / from M&G Prudent Allocation Fund, M&G Dynamic Allocation Fund, M&G European Inflation Linked Corporate Bond Fund and M&G Income Allocation Fund as a result of the merger are disclosed in other receivables and other payables in the statement of net assets and liabilities.

In relation to the merger on 16 March 2018, no costs have been accrued as M&G will bear any costs associated with carrying out the mergers.

As at 31 March 2018, the M&G (Lux) Conservative Allocation Fund sub-fund invested in shares of the sub-fund M&G (Lux) Emerging Markets Hard Currency Bond Fund. The value of the shares held amounts to USD 11,312 and represents 0.38% of the net assets of the sub-fund M&G (Lux) Conservative Allocation Fund.

As at 31 March 2018, the M&G (Lux) Dynamic Allocation Fund sub-fund invested in shares of the sub-fund M&G (Lux) Emerging Markets Hard Currency Bond Fund. The value of the shares held amounts to USD 29,880 and represents 0.35% of the net assets of the sub-fund M&G (Lux) Conservative Allocation Fund.

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12 Transactions with connected persons (continued)

As at 31 March 2018, the M&G (Lux) Multi Asset 2023 Fund sub-fund invested in shares of the sub-funds M&G (Lux) Conservative Allocation Fund, M&G (Lux) Dynamic Allocation Fund, M&G (Lux) Global Target Return Fund, M&G (Lux) Income Allocation Fund, M&G (Lux) Absolute Return Bond Fund and M&G (Lux) Emerging Markets Hard Currency Bond Fund. The value of the shares held amounts to USD 101,339 and represents 59.44% of the net assets of the sub-fund M&G (Lux) Multi Asset 2023 Fund.

The impact of the cross investment transactions has not been eliminated from the combined Statement of Net Assets and Statement of Changes in Net Assets.

There are no other related parties.

13 Cash collateral

The funds trade derivatives with a range of counterparties. The counterparties to the derivatives and amount held as collateral are shown under the portfolio statement.

14 Distributions

The following distributions were paid to Distribution share classes during the period:

M&G (Lux) Absolute Return Bond Fund			
Distribution timetable			
Period to	31.03.17	30.09.17	
Ex dividend date	24.04.17	23.10.17	
Pay date	27.04.17	26.10.17	
Distribution rate per share class			
Euro	Euro ¢	Euro ¢	
Class 'A'	0.0417	0.0974	
Class 'C'	0.0417	0.0976	
Sterling	UK p	UK p	
Class 'C-H'	0.0419	0.0979	
Swiss franc	Swiss ¢	Swiss ¢	
Class 'A-H'	0.0418	0.0964	
Class 'C-H'	0.0418	0.0967	
US dollar	US ¢	US ¢	
Class 'A-H'	0.0423	0.1000	
Class 'C-H'	0.0423	0.1003	

M&G (Lux) Dynamic Allocation Fund

Distribution timetable	
Period to	28.02.18
Ex dividend date	15.03.18
Pay date	22.03.18
Distribution rate per share class	
US dollar	US ¢
Class 'A-H M F4'	0.0033

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Distribution timetable		
Period to	30.09.17	31.12.17
Ex dividend date	23.10.17	22.01.18
Pay date	26.10.17	25.01.18
Distribution rate per share class		
Euro	Euro ¢	Euro ¢
Class 'A'	0.1835	0.1190
Class 'A-H'	0.1893	0.1242
Class 'C'	0.1858	0.1219
Class 'C-H'	0.1896	0.1247
Sterling	UK p	UK p
Class 'C'	0.1877	0.1228
Swiss franc	Swiss ¢	Swiss ¢
Class 'A-H'	0.1903	0.1218
Class 'C-H'	0.1908	0.1222
US dollar	US ¢	US ¢
Class 'A'	0.1925	0.1267
Class 'C'	0.1932	0.1277

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14 Distributions (continued)

M&G (Lux) Emerging Markets Income Opportunities Fund

Distribution timetable			
Period to	30.06.17	31.07.17	31.08.17
Ex dividend date	21.07.17	21.08.17	18.09.17
Pay date	24.07.17	24.08.17	21.09.17

Distribution rate per share class			
Euro	Euro ¢	Euro ¢	Euro ¢
Class 'A-H'	-	-	-
Class 'C-H'	-	-	-
Sterling	UK p	UK p	UK p
Class 'C-H'	-	-	-
Swiss franc	Swiss ¢	Swiss ¢	Swiss ¢
Class 'A-H'	-	-	-
Class 'C-H'	-	-	-
US dollar	US ¢	US ¢	US ¢
Class 'A'	-	-	-
Class 'A M'	0.0660	0.0191	0.0338
Class 'C'	-	-	-
Class 'C M'	0.0660	0.0191	0.0338

Distribution timetable			
Period to	30.09.17	31.10.17	30.11.17
Ex dividend date	23.10.17	20.11.17	18.12.17
Pay date	26.10.17	23.11.17	21.12.17

Distribution rate per share class			
Euro	Euro ¢	Euro ¢	Euro ¢
Class 'A-H'	0.1900	-	-
Class 'C-H'	0.1900	-	-
Sterling	UK p	UK p	UK p
Class 'C-H'	0.1900	-	-
Swiss franc	Swiss ¢	Swiss ¢	Swiss ¢
Class 'A-H'	0.1900	-	-
Class 'C-H'	0.1900	-	-
US dollar	US ¢	US ¢	US ¢
Class 'A'	0.1900	-	-
Class 'A M'	0.0711	0.0376	0.0280
Class 'C'	0.1900	-	-
Class 'C M'	0.0711	0.0379	0.0283

Distribution timetable			
Period to	31.12.17	31.01.18	28.02.18
Ex dividend date	22.01.18	19.02.18	19.03.18
Pay date	25.01.18	22.02.18	22.03.18

Distribution rate per share class			
Euro	Euro ¢	Euro ¢	Euro ¢
Class 'A-H'	0.0901	-	-
Class 'C-H'	0.0926	-	-
Sterling	UK p	UK p	UK p
Class 'C-H'	0.0929	-	-
Swiss franc	Swiss ¢	Swiss ¢	Swiss ¢
Class 'A-H'	0.0905	-	-
Class 'C-H'	0.0912	-	-
US dollar	US ¢	US ¢	US ¢
Class 'A'	0.0984	-	-
Class 'A M'	0.0321	0.0268	0.0369
Class 'C'	0.0995	-	-
Class 'C M'	0.0321	0.0270	0.0372

M&G (Lux) Floating Rate High Yield Solution

Distribution timetable			
Period to	30.09.17	31.10.17	30.11.17
Ex dividend date	23.10.17	20.11.17	18.12.17
Pay date	26.10.17	23.11.17	25.12.17

Distribution rate per share class			
Euro	Euro ¢	Euro ¢	Euro ¢
Class 'A-H'	-	-	-
Class 'B-H'	-	-	-
Class 'C-H'	-	-	-
Singapore dollar	SGD ¢	SGD ¢	SGD ¢
Class 'A-H'	-	-	-
Class 'A-H M'	0.0500	0.0468	0.0436
Class 'C-H M'	0.0500	0.0468	0.0436
Sterling	UK p	UK p	UK p
Class 'C-H'	-	-	-
Swiss franc	Swiss ¢	Swiss ¢	Swiss ¢
Class 'A-H'	-	-	-
Class 'C-H'	-	-	-
US dollar	US ¢	US ¢	US ¢
Class 'A'	-	-	-
Class 'A M'	0.0500	0.0466	0.0435
Class 'C'	-	-	-
Class 'C M'	0.0500	0.0466	0.0435

Distribution timetable			
Period to	31.12.17	31.01.18	28.02.18
Ex dividend date	22.01.18	19.02.18	19.03.18
Pay date	25.01.18	22.02.18	22.03.18

Distribution rate per share class			
Euro	Euro ¢	Euro ¢	Euro ¢
Class 'A-H'	0.1846	-	-
Class 'B-H'	0.1845	-	-
Class 'C-H'	0.1848	-	-
Singapore dollar	SGD ¢	SGD ¢	SGD ¢
Class 'A-H'	0.1835	-	-
Class 'A-H M'	0.0424	0.0505	0.0429
Class 'C-H M'	0.0425	0.0506	0.0430
Sterling	UK p	UK p	UK p
Class 'C-H'	0.1829	-	-
Swiss franc	Swiss ¢	Swiss ¢	Swiss ¢
Class 'A-H'	0.1857	-	-
Class 'C-H'	0.1854	-	-
US dollar	US ¢	US ¢	US ¢
Class 'A'	0.1836	-	-
Class 'A M'	0.0426	0.0506	0.0429
Class 'C'	0.1839	-	-
Class 'C M'	0.0427	0.0507	0.0430

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14 Distributions (continued)

M&G (Lux) Global High Yield ESG Bond Fund			
Distribution timetable			
Period to	31.10.17	30.11.17	31.12.17
Ex dividend date	20.11.17	18.12.17	22.01.18
Pay date	23.11.17	21.12.17	25.01.18
Distribution rate per share class			
Euro	Euro ¢	Euro ¢	Euro ¢
Class 'A-H'	-	-	0.0837
Class 'C-H'	-	-	0.0838
Sterling	UK p	UK p	UK p
Class 'C-H'	-	-	0.0839
Swiss franc	Swiss ¢	Swiss ¢	Swiss ¢
Class 'A-H'	-	-	0.0840
Class 'C-H'	-	-	0.0841
US dollar	US ¢	US ¢	US ¢
Class 'A'	-	-	0.0845
Class 'A M'	0.0206	0.0324	0.0314
Class 'C'	-	-	0.0846
Distribution timetable			
Period to		31.01.18	28.02.18
Ex dividend date		19.02.18	19.03.18
Pay date		22.02.18	22.03.18
Distribution rate per share class			
Euro		Euro ¢	Euro ¢
Class 'A-H'		-	-
Class 'C-H'		-	-
Sterling		UK p	UK p
Class 'C-H'		-	-
Swiss franc		Swiss ¢	Swiss ¢
Class 'A-H'		-	-
Class 'C-H'		-	-
US dollar		US ¢	US ¢
Class 'A'		-	-
Class 'A M'		0.0397	0.0356
Class 'C'		-	-

M&G (Lux) Global Listed Infrastructure Fund			
Distribution timetable			
Period to	31.10.17	30.11.17	31.12.17
Ex dividend date	20.11.17	18.12.17	22.01.18
Pay date	23.11.17	21.12.17	25.01.18
Distribution rate per share class			
Euro	Euro ¢	Euro ¢	Euro ¢
Class 'A'	-	-	0.0556
Class 'C'	-	-	0.0557
Sterling	UK p	UK p	UK p
Class 'C'	-	-	0.0554
Swiss franc	Swiss ¢	Swiss ¢	Swiss ¢
Class 'A'	-	-	0.0567
Class 'C'	-	-	0.0568
US dollar	US ¢	US ¢	US ¢
Class 'A'	-	-	0.0568
Class 'A M'	0.0092	0.0267	0.0208
Class 'C'	-	-	0.0568
Distribution timetable			
Period to		31.01.18	28.02.18
Ex dividend date		19.02.18	19.03.18
Pay date		22.02.18	22.03.18
Distribution rate per share class			
Euro		Euro ¢	Euro ¢
Class 'A'		-	-
Class 'C'		-	-
Sterling		UK p	UK p
Class 'C'		-	-
Swiss franc		Swiss ¢	Swiss ¢
Class 'A'		-	-
Class 'C'		-	-
US dollar		US ¢	US ¢
Class 'A'		-	-
Class 'A M'		0.0077	0.0182
Class 'C'		-	-

M&G (Lux) Income Allocation Fund		
Distribution timetable		
Period to		28.02.18
Ex dividend date		15.03.18
Pay date		22.03.18
Distribution rate per share class		
Euro		Euro ¢
Class 'A'		0.0255
Class 'A Q'		-
Class 'B Q'		-
Class 'C'		0.0255
Class 'C Q'		-
Singapore dollar		SGD ¢
Class 'A-H'		0.0255
Class 'C-H'		0.0256
US dollar		US ¢
Class 'A-H'		0.0256
Class 'C-H'		0.0256

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15 Subsequent events

Subsequent to the period end the Board of Directors resolved to pay distributions to the following funds and distribution share classes.

M&G (Lux) Absolute Return Bond Fund

Distribution timetable

Period to	31.03.18
Ex dividend date	23.04.18
Pay date	26.04.18

Distribution rate per share class

Euro	Euro ¢
Class 'A'	0.1117
Class 'C'	0.1119
Sterling	UK p
Class 'C-H'	0.1127
Swiss franc	Swiss ¢
Class 'A-H'	0.1104
Class 'C-H'	0.1109
US dollar	US ¢
Class 'A-H'	0.1147
Class 'C-H'	0.1153

M&G (Lux) Conservative Allocation Fund

Distribution timetable

Period to	31.03.18
Ex dividend date	23.04.18
Pay date	26.04.18

Distribution rate per share class

Euro	Euro ¢
Class 'A'	0.0075
Class 'B'	0.0072
Class 'C'	0.0072
US dollar	US ¢
Class 'A-H'	0.0073
Class 'C-H'	0.0074

M&G (Lux) Dynamic Allocation Fund

Distribution timetable

Period to	28.02.18	31.03.18	30.04.18
Ex dividend date	29.03.18	23.04.18	22.05.18
Pay date	05.04.18	26.04.18	25.05.18

Distribution rate per share class

Euro	Euro ¢	Euro ¢	Euro ¢
Class 'A'	-	0.0046	-
Class 'C'	-	0.0042	-
Sterling	UK p	UK p	UK p
Class 'C-H'	-	0.0045	-
US dollar	US ¢	US ¢	US ¢
Class 'A-H'	-	0.0052	-
Class 'C-H'	-	0.0044	-
Class 'A-H M F4'	0.0294	0.0320	0.0326

M&G (Lux) Emerging Markets Hard Currency Bond Fund

Distribution timetable

Period to	31.03.18
Ex dividend date	23.04.18
Pay date	26.04.18

Distribution rate per share class

Euro	Euro ¢
Class 'A'	0.1177
Class 'A-H'	0.1281
Class 'C'	0.1177
Class 'C-H'	0.1290
Sterling	UK p
Class 'C'	0.1203
Swiss franc	Swiss ¢
Class 'A-H'	0.1271
Class 'C-H'	0.1280
US dollar	US ¢
Class 'A'	0.1295
Class 'C'	0.1297

M&G (Lux) Emerging Markets Income Opportunities Fund

Distribution timetable

Period to	31.03.18	30.04.18
Ex dividend date	23.04.18	22.05.18
Pay date	26.04.18	25.05.18

Distribution rate per share class

Euro	Euro ¢	Euro ¢
Class 'A-H'	0.0954	-
Class 'C-H'	0.0962	-
Sterling	UK p	UK p
Class 'C-H'	0.0976	-
Swiss franc	Swiss ¢	Swiss ¢
Class 'A-H'	0.0947	-
Class 'C-H'	0.0954	-
US dollar	US ¢	US ¢
Class 'A'	0.0962	-
Class 'C'	0.0968	-
Class 'A M'	0.0323	0.0471
Class 'C M'	0.0324	0.0475

M&G (Lux) Investment Funds 1

Financial statements and notes

Notes to the financial statements

15 Subsequent events (continued)

M&G (Lux) Floating Rate High Yield Solution			
Distribution timetable			
Period to	31.03.18	30.04.18	
Ex dividend date	23.04.18	22.05.18	
Pay date	26.04.18	25.05.18	
Distribution rate per share class			
Euro	Euro ¢	Euro ¢	
Class 'A-H'	0.1430	-	
Class 'B-H'	0.1427	-	
Class 'C-H'	0.1432	-	
Singapore dollar	SGD ¢	SGD ¢	
Class 'A-H'	0.1439	-	
Class 'A-H M'	0.0560	0.0530	
Class 'C-H M'	0.0562	0.0531	
Sterling	UK p	UK p	
Class 'C-H'	0.1458	-	
Swiss franc	Swiss ¢	Swiss ¢	
Class 'A-H'	0.1413	-	
Class 'C-H'	0.1420	-	
US dollar	US ¢	US ¢	
Class 'A'	0.1429	-	
Class 'A M'	0.0486	0.0546	
Class 'C'	0.1434	-	
Class 'C M'	0.0487	0.0548	

M&G (Lux) Global High Yield ESG Bond Fund			
Distribution timetable			
Period to	31.03.18	30.04.18	
Ex dividend date	23.04.18	22.05.18	
Pay date	26.04.18	25.05.18	
Distribution rate per share class			
Euro	Euro ¢	Euro ¢	
Class 'A-H'	0.1096	-	
Class 'C-H'	0.1098	-	
Sterling	UK p	UK p	
Class 'C-H'	0.1114	-	
Swiss franc	Swiss ¢	Swiss ¢	
Class 'A-H'	0.1081	-	
Class 'C-H'	0.1091	-	
US dollar	US ¢	US ¢	
Class 'A'	0.1106	-	
Class 'A M'	0.0349	0.0359	
Class 'C'	0.1110	-	

M&G (Lux) Global Listed Infrastructure Fund			
Distribution timetable			
Period to	31.03.18	30.04.18	
Ex dividend date	23.04.18	22.05.18	
Pay date	26.04.18	25.05.18	
Distribution rate per share class			
Euro	Euro ¢	Euro ¢	
Class 'A'	0.0483	-	
Class 'C'	0.0484	-	
Sterling	UK p	UK p	
Class 'C'	0.0477	-	
Swiss franc	Swiss ¢	Swiss ¢	
Class 'A'	0.0496	-	
Class 'C'	0.0498	-	
US dollar	US ¢	US ¢	
Class 'A'	0.0506	-	
Class 'A M'	0.0247	0.0392	
Class 'C'	0.0508	-	

M&G (Lux) Income Allocation Fund			
Distribution timetable			
Period to	31.03.18	30.04.18	
Ex dividend date	23.04.18	22.05.18	
Pay date	26.04.18	25.05.18	
Distribution rate per share class			
Euro	Euro ¢	Euro ¢	
Class 'A'	0.0177	0.0482	
Class 'A F2'	-	0.0169	
Class 'A F3'	-	0.0254	
Class 'A Q'	0.0172	-	
Class 'B F2'	-	0.0169	
Class 'B F3'	-	0.0254	
Class 'B Q'	0.0172	-	
Class 'C'	0.0184	0.0482	
Class 'C Q'	0.0311	-	
Singapore dollar	SGD ¢	SGD ¢	
Class 'A-H'	0.0286	0.0473	
Class 'C-H'	0.0286	0.0475	
US dollar	US ¢	US ¢	
Class 'A-H'	0.0175	0.0472	
Class 'C-H'	0.0288	0.0470	

Other information (unaudited)

Risk management policies

The funds' investment activities expose them to various types of risk which are associated with the financial instruments and markets in which they invest.

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

Market risk

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

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

'Commitment' approach

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

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

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

'Value at Risk' approach

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

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

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

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

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

The table below shows funds using the 'commitment' approach and those using the VaR approach:

Fund	Global exposure approach
M&G (Lux) Absolute Return Bond Fund	VaR
M&G (Lux) Conservative Allocation Fund	VaR
M&G (Lux) Dynamic Allocation Fund	VaR
M&G (Lux) Emerging Markets Hard Currency Bond Fund	VaR
M&G (Lux) Emerging Markets Income Opportunities Fund	VaR
M&G (Lux) European Inflation Linked Corporate Bond Fund	VaR
M&G (Lux) Floating Rate High Yield Solution	VaR
M&G (Lux) Global High Yield ESG Bond Fund	VaR
M&G (Lux) Global Listed Infrastructure Fund	Commitment
M&G (Lux) Global Target Return Fund	VaR
M&G (Lux) Income Allocation Fund	VaR
M&G (Lux) Multi Asset 2023 Fund	Commitment

VaR limit

When VaR is calculated as a percentage of the net asset value to assess a fund's market risk, it may not be greater than the VaR limit set for the fund.

For the financial period from 31 March 2017 to 29 March 2018 the table below shows the VaR limits set for the funds, together with the lowest, highest and average VaR calculated for each fund during the period.

	VaR limit %	Lowest %	Highest %	Average %
for the year to 31 March 2018				
M&G (Lux) Absolute Return Bond Fund	6.00	1.17	2.06	1.67
M&G (Lux) Conservative Allocation Fund ^[a]	8.00	1.61	2.23	1.90
M&G (Lux) Dynamic Allocation Fund ^[a]	14.00	2.22	3.23	2.67
M&G (Lux) Emerging Markets Hard Currency Bond Fund ^[b]	15.00	4.49	8.62	5.52
M&G (Lux) Emerging Markets Income Opportunities Fund ^[b]	20.00	2.46	4.52	3.74
M&G (Lux) European Inflation Linked Corporate Bond Fund ^[c]	10.00	0.67	0.81	0.72
M&G (Lux) Floating Rate High Yield Solution ^[d]	11.00	0.82	5.76	4.98
M&G (Lux) Global High Yield ESG Bond Fund ^[e]	12.00	1.98	3.03	2.55
M&G (Lux) Global Listed Infrastructure Fund ^[e]	n/a	n/a	n/a	n/a
M&G (Lux) Global Target Return Fund	6.00	1.31	2.71	1.93
M&G (Lux) Income Allocation Fund ^[a]	11.00	2.93	3.57	3.32
M&G (Lux) Multi Asset 2023 Fund ^[f]	n/a	n/a	n/a	n/a

^[a] Fund launched on 16 January 2018.

^[b] Fund launched on 22 May 2017.

^[c] Fund launched on 16 March 2018.

^[d] Fund launched on 24 August 2018.

^[e] Fund launched on 5 October 2017.

^[f] Fund launched on 14 December 2017.

Other information (unaudited)

Risk management policies

Leverage risk

Derivatives can be used by the fund to generate market exposure to investments exceeding the net asset value. As a result of this exposure, positive or negative movement in markets may have a more significant effect on the net asset value of the fund.

Derivatives can also be employed to hedge exposure. Consequently, higher derivative usage will not necessarily imply a higher level of risk for the fund.

For funds using VaR approaches we disclose the level of this leverage employed during the financial reporting period on a 'sum of notionals' basis.

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial period from 31 March 2017 to 29 March 2018 are shown in the table below. Please note that not all the funds were in existence for the whole financial period and therefore the data is only calculated from their respective launch dates (see footnote below table).

for the year to 31 March 2018 ^[a]	Lowest	Highest	Average
M&G (Lux) Absolute Return Bond Fund (€'000)	21,085	50,134	31,740
M&G (Lux) Absolute Return Bond Fund (%)	94	182	127
M&G (Lux) Conservative Allocation Fund (€'000) ^[b]	28,822	4,322,393	755,959
M&G (Lux) Conservative Allocation Fund (%) ^[b]	114	185	164
M&G (Lux) Dynamic Allocation Fund (€'000) ^[b]	35,750	14,858,780	2,822,987
M&G (Lux) Dynamic Allocation Fund (%) ^[b]	142	203	177
M&G (Lux) Emerging Markets Hard Currency Bond Fund (\$'000) ^[c]	8,785	58,314	21,514
M&G (Lux) Emerging Markets Hard Currency Bond Fund (%) ^[c]	0	27	13
M&G (Lux) Emerging Markets Income Opportunities Fund (\$'000) ^[c]	0	20,575	2,419
M&G (Lux) Emerging Markets Income Opportunities Fund (%) ^[c]	0	3	0
M&G (Lux) European Inflation Linked Corporate Bond Fund (€'000) ^[d]	89,641	90,653	90,157
M&G (Lux) European Inflation Linked Corporate Bond Fund (%) ^[d]	92	93	92
M&G (Lux) Floating Rate High Yield Solution (\$'000) ^[e]	844	982	898
M&G (Lux) Floating Rate High Yield Solution (%) ^[e]	78	94	85
M&G (Lux) Global High Yield ESG Bond Fund (\$'000) ^[f]	6,056	17,796	8,852
M&G (Lux) Global High Yield ESG Bond Fund (%) ^[f]	39	114	57
M&G (Lux) Global Listed Infrastructure Fund (\$'000) ^[f]	n/a	n/a	n/a
M&G (Lux) Global Listed Infrastructure Fund (%) ^[f]	n/a	n/a	n/a
M&G (Lux) Global Target Return Fund (€'000)	79,898	188,612	124,597
M&G (Lux) Global Target Return Fund (%)	156	258	194
M&G (Lux) Income Allocation Fund (€'000) ^[b]	22,568	731,487	164,684
M&G (Lux) Income Allocation Fund (%) ^[b]	45	137	115
M&G (Lux) Multi Asset 2023 Fund (€'000) ^[g]	n/a	n/a	n/a
M&G (Lux) Multi Asset 2023 Fund (%) ^[g]	n/a	n/a	n/a

^[a] Global Exposure Stated as Gross Notional. Expressed as a % over Fund Valuation.

^[b] Fund launched on 16 January 2018.

^[c] Fund launched on 22 May 2017.

^[d] Fund launched on 16 March 2018.

^[e] Fund launched on 24 August 2018.

^[f] Fund launched on 5 October 2017.

^[g] Fund launched on 14 December 2017.

Other information

Other regulatory disclosures

Remuneration

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

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its staff is in line with the risk policies and objectives of the UCITS funds it manages. Further details of the remuneration policy applicable at an M&G Limited level can be found here <http://docs.mandg.com/docs/Corporate/MandG-Limited-Remuneration-Policy.pdf>. M&G's remuneration policy is reviewed on an annual basis, or more frequently where required, and approved by the M&G Remuneration Committee.

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

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

Securities Financing Transactions Regulation (SFTR)

Under the Securities Financing Transactions Regulation ('SFTR'), the Company is required to disclose certain information in relation to its use of Securities Financing Transactions ('SFTs') including Total Return Swaps ('TRSs'). SFTs include various types of transactions, however, the Company is currently only permitted to enter into TRSs, and only in relation to the following sub-funds:

- M&G (Lux) Absolute Return Bond Fund
- M&G (Lux) Conservative Allocation Fund
- M&G (Lux) Dynamic Allocation Fund
- M&G (Lux) Global Target Return Fund
- M&G (Lux) Income Allocation Fund

During the year from 1 April 2017 to 31 March 2018 no fund entered into Total Return Swaps.

Swiss investor information

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

For these funds the TERs are disclosed in the 'Net Asset Values and Total Expense Ratio' table that can be found in each fund's financial highlights section.

List of Funds managed by M&G Securities Limited

The Management Company acts as management company for the following funds:

M&G Investment Funds (1) and its sub-funds

M&G Investment Funds (2) and its sub-funds

M&G Investment Funds (3) and its sub-funds

M&G Investment Funds (4) and its sub-funds

M&G Investment Funds (5) and its sub-funds

M&G Investment Funds (7) and its sub-funds

M&G Investment Funds (10) and its sub-funds

M&G Investment Funds (11) and its sub-funds

M&G Investment Funds (12) and its sub-funds

M&G Optimal Income Fund

M&G Global Macro Bond Fund

M&G Global Dividend Fund

M&G Strategic Corporate Bond Fund

M&G Property Portfolio

M&G Feeder of Property Portfolio

The National Association of Almshouses Common Investment Fund

The Charibond Charities Fixed Interest Common Investment Fund

The Equities Investment Fund for Charities

M&G Funds 1 ICAV and its sub-funds

1933 Act: The United States Securities Act of 1933, as amended.

1940 Act: The United States Securities Act of 1940, as amended.

Accumulation shares: Shares in respect of which all earnings are accumulated and added to the capital property of a fund.

Administration agreement: The administration agreement dated 5 December 2016 pursuant to which the Administrator is appointed to provide services with respect to the Company.

Administrator: State Street Bank Luxembourg S.C.A.

Ancillary liquid assets: Refers to (i) cash deposits; and (ii) money market instruments, such as short-term debt securities (i.e., debt securities with less than one year to maturity), treasury bills, commercial paper, certificates of deposit and bankers acceptances.

Articles: Articles of incorporation of the Company.

Auditor: Ernst & Young S.A.

Base currency: The base currency of the Company is the Euro.

Business day: Unless otherwise stated in a Supplement, any day when the banks are fully open for normal banking business in both England and Luxembourg (excluding 24 December and 31 December).

Class or Class of shares or Share class: A class of shares in issue or to be issued within each fund.

Company: M&G (Lux) Investment Funds 1.

CSSF: The Luxembourg Commission de Surveillance du Secteur Financier or its successor, being the Luxembourg regulatory authority in charge of the supervision of UCIs in the Grand-Duchy of Luxembourg 'CSSF Circular 04/146' (the CSSF Circular 04/146 of 17 June 2004 regarding the protection of undertakings for collective investment and their investors against late trading and market timing practices), as amended 'CSSF Regulation 12/02' the CSSF Regulation 12/02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended.

Dealing day: Unless otherwise stated in a Supplement, any Business Day.

Dealing request deadline: Such time in respect of any relevant Dealing Day as shall be specified in the relevant Supplement for that fund or such other time as the Directors may determine.

Depositary: State Street Bank Luxembourg S.C.A.

Depositary agreement: The depositary agreement dated 5 December 2016 pursuant to which the Depositary is appointed to provide depositary services to the Company.

Directors: The members of the Board of Directors of the Company for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time.

Distribution shares: Shares in respect of which dividends may be distributed periodically to Shareholders.

ESMA: The European Securities and Markets Authority or its successor authority.

ESMA guidelines 2014/937: Refers to the guidelines on ETFs and other UCITS issues published on 1 August 2014 by ESMA (ESMA/2014/937), as implemented in Luxembourg and entered into force on 1 October 2014 as may be amended, supplemented and/or implemented from time to time.

EU: The European Union.

EURIBOR: The Euro Interbank Offered Rate, which is based on the average interest rates at which a panel of European banks borrow money from one another.

FATCA: The provisions of the US HIRE Act generally referred to as the Foreign Account Tax Compliance Act.

FCA: The Financial Conduct Authority or its successor authority in the United Kingdom.

FCA rules: The rules of the FCA, as the same may be amended from time to time.

Fund: A specific pool of assets, or sub-fund established within the Company, within the meaning of Article 181 of the UCI Law.

Fund manager: An employee of M&G Limited who manages the investment of money on its behalf.

Group or Group of companies: Companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and according to recognised international accounting rules, as amended.

Hedged share classes: Those classes where a currency hedging strategy is applied.

Ineligible investor: Any person to whom a transfer of shares (legally or beneficially) or by whom a holding of shares (legally or 3 beneficially) would or, in the opinion of the Directors, might: a) be in breach of any law (or regulation by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such shares; or b) require the Company, the Management Company or the Investment manager to be registered under any law or regulation whether as an investment fund or otherwise, or cause the Company to be required to comply with any registration requirements in respect of any of its shares, whether in the United States of America or any other jurisdiction; or c) cause the Company, its Shareholders, the Management Company or the Investment manager some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the Company, its Shareholders, the Management Company or the Investment manager might not otherwise have incurred or suffered 'Initial Offer Period' (the period set by the Directors in relation to any fund or Class of shares as the period during which shares are initially on offer and as specified in the relevant Supplement).

Initial offer price: The initial price payable for a Share as specified in the relevant Supplement for each fund.

Institutional investor: As defined in the UCI Law and by guidelines or recommendations issued by the CSSF from time to time.

Investment management agreement: The investment management agreement dated 5 December 2016 pursuant to which the investment manager is appointed to provide discretionary investment management services to the Company and the funds.

Investment manager: M&G Investment Management Limited.

IRS: The US Internal Revenue Service.

KIID: Key Investor Information Document applicable to a Share Class.

Luxembourg: The Grand-Duchy of Luxembourg.

Management Agreement: The management agreement dated 5 December 2016 pursuant to which the Management Company is appointed by the Company.

Glossary

Management Company: M&G Securities Limited.

Member state: A member state of the European Union. The states that are contracting parties to the agreement creating the European Economic Area other than the member states of the European Union, within the limits set forth by this agreement 4 and related acts, are considered as equivalent to member states of the European Union.

Minimum additional subscription: The minimum additional investment for each class of shares as specified in the relevant Supplement for each fund.

Minimum holding: Where applicable, the minimum holding for each class of shares as specified in the relevant Supplement for each fund.

Minimum subscription: The minimum initial investment for each class of shares as specified in the relevant Supplement for each fund.

Money market instruments: Instruments normally dealt on the money market which are liquid, and have a value which can be accurately determined at any time, and instruments eligible as money market instruments, as defined by guidelines issued by the CSSF from time to time.

Net Asset Value: The net asset value of the Company, a fund or a Class (as the context may require) as calculated in accordance with the Articles and the Prospectus.

Net Asset Value per share: The Net Asset Value in respect of any fund or Class divided by the number of shares of the relevant fund or Class in issue at the relevant time.

Non-Member State: Any state which is not a Member State.

OECD: The Organisation for Economic Co-operation and Development.

OECD CRS: OECD Common Reporting Standard.

OTC (over the counter) derivative: A derivative instrument entered into with an approved counterparty outside of an exchange.

Price per share: Unless otherwise defined in a Supplement, the Net Asset Value per Share attributable to the shares issued in respect of a fund or Class, plus or minus any attributable swing price adjustment, as described in the section of this Prospectus entitled 'Swing Pricing and Dilution Levy'.

Prospectus: This Prospectus, as may be amended or supplemented from time to time.

Reference currency: The currency of the relevant fund.

Registrar and transfer agent: RBC Investor Services Bank S.A.

Registrar and transfer agency agreement: The registrar and transfer agency agreement dated 6 December 2016 pursuant to which the registrar and transfer agent is appointed to provide certain registration and transfer agency services in respect of the funds.

Regulated market: A regulated market according to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EC ('MiFID'). A list of EU-regulated markets according to MiFID is regularly updated and published by the European Commission.

Share or shares: Shares of any Class in the Company as the context requires.

Share class currency: The currency of the relevant Class.

Shareholder: A person registered as the holder of shares on the Company's register of shareholders.

Supplement: A supplement to this Prospectus specifying certain information in respect of a fund and/or one or more classes.

Transferable securities: (i) shares and other securities equivalent to shares ('shares'); (ii) bonds and other debt instruments ('debt securities'); and (iii) any other negotiable securities that carry the right to acquire any such transferable securities by subscription or exchange, to the extent they do not qualify as Techniques and Instruments as described in Appendix 1 of this Prospectus.

UCI(s): Undertaking(s) for collective investment.

UCI law: The Luxembourg law of 17 December 2010 on undertakings for collective investment, as may be amended from time to time.

UCITS: An undertaking for collective investment in transferable securities established pursuant to the UCITS Directive.

UCITS directive: The Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended by Directive 2014/91/EU as regards depositary functions, remuneration policies and sanctions.

United States, US or USA: The United States of America (including the States and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.

Valuation day: Unless otherwise stated in a Supplement, any Business Day.

M&G Securities Limited is authorised and regulated by the Financial Conduct Authority and provides investment products. The Company's registered office is Laurence Pountney Hill, London EC4R 0HH. Registered in England number 90776.

