M&G Dividend Fund
Sterling Class I – Accumulation shares

Fund Factsheet as at 31 August 2019

M&G INVESTMENTS

Fund description

The fund aims to deliver growing income distributions by investing at least 70% of the fund in a range of UK company shares. It aims to provide a dividend yield (annual income distributed as a percentage of the share price) above that of the FTSE All-Share Index. Subject to this, the fund aims to deliver combined income and capital growth. To achieve the objective, the fund manager invests in the shares of UK companies with the potential to grow their dividends over the long term. He employs a bottom-up stock selection process that looks closely at company fundamentals and may invest across a wide range of sectors and company sizes. The fund manager is also able to select stocks with different drivers of dividend growth to construct a fund that has the potential to cope in a variety of market conditions.

The main risks associated with this fund

For any past performance shown, please note that past performance is not a guide to future performance.
The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.
Further risk factors that apply to the fund can be found in the fund's Key Investor Information Document (KIID).

Things you should know

The fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

Largest holdings (%)

	Fund
BP	6.6
Astrazeneca	5.0
Imperial Brands	4.3
BAT	3.9
Rio Tinto	3.7
HSBC	3.7
Glaxosmithkline	2.6
Royal Dutch Shell	2.6
Compass Group	2.6
Lloyds Banking Group	2.5

Industry breakdown (%)

	Fund
Financials	29.2
Consumer services	15.3
Consumer goods	13.9
Oil & gas	9.9
Healthcare	9.1
Industrials	8.9
Basic materials	5.7
Utilities	3.6
Telecommunications	2.2
Technology	1.3
Cash and near cash	0.9

Key information

Fund manager	Michael Stiasny
Fund manager tenure from	28 February 2019
Deputy fund manager	James Taylor
ISIN	GB00B7BX4821
Launch date of fund	06 May 1964
Launch of share class	03 August 2012
Fund size (millions)	£ 1,132.94
Benchmark	FTSE All-Share Index
Benchmark type	Target
Sector	IA UK Equity Income sector
Number of companies	78
Historic yield	4.22%
Index yield (FTSE All-Share Index)	4.31%
Payment dates	Feb, Aug
Ex-dividend dates	Jan, Jul

Charges

Entry charge	0.00%
Ongoing charge	0.68%

Risk and reward profile

Low risk — High risk

Typically lower rewards — Typically higher rewards

1	2	3	4	**5**	6	7

The above risk number is based on the rate at which the value of the fund has moved up and down in the past. It may not be a reliable indicator of the future risk profile of the fund. The risk number shown is not guaranteed and may change over time. The lowest risk number does not mean risk free.

Fund ratings

Overall Morningstar rating	★★
Financial Express Crown Rating	FE CROWN FUND RATING ♛

Source of Morningstar ratings: Morningstar, as at 31 August 2019
Source: Financial Express

Ratings should not be taken as a recommendation.

Contact M&G

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Financial advisers
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Charities
www.mandg.co.uk/charities

For your protection calls may be recorded or monitored. * Calls cost 5p per minute, plus your phone company's access charge.

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Fund codes and charges

Share class	ISIN	Bloomberg	Currency	Share class launch date	Ongoing charge	Historic yield	Minimum initial investment	Minimum top up investment
Sterling A Acc	GB0031286197	MGSDVDA LN	GBP	06/05/1964	1.18%*	3.49%	£500	£100
Sterling A Inc	GB0031286080	MGSDVDI LN	GBP	06/05/1964	1.18%*	5.36%	£500	£100
Sterling I Acc	GB00B7BX4821	MGDVSIA LN	GBP	03/08/2012	0.68%*	4.22%	£500,000	£10,000
Sterling I Inc	GB00B6T64N15	MGDVSII LN	GBP	03/08/2012	0.68%*	5.33%	£500,000	£10,000
Sterling R Acc	GB00B6Z2JG16	MGDVSRA LN	GBP	03/08/2012	0.93%*	3.98%	£500	£100
Sterling R Inc	GB00B72RGV03	MGDVSRI LN	GBP	03/08/2012	0.93%*	5.34%	£500	£100
Sterling X Acc	GB0031958514	MGDVDXA LN	GBP	01/10/2002	1.18%*	3.49%	£500	£100
Sterling X Inc	GB0031958407	MGDVDXI LN	GBP	01/10/2002	1.18%*	5.36%	£500	£100

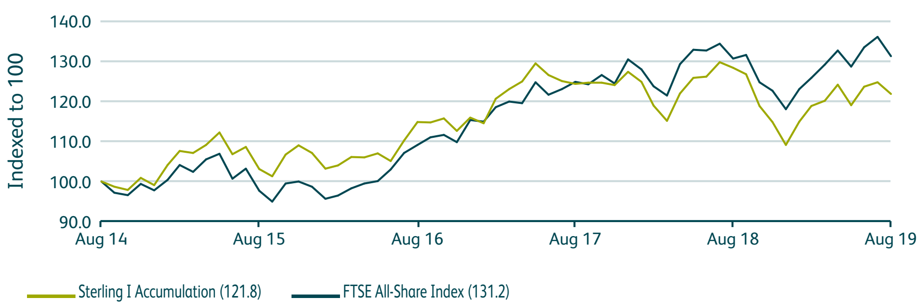
Any ongoing charge figure with * indicates an estimate. The ongoing charge figure may vary from year to year and excludes portfolio transaction costs. The charges are mostly, if not exclusively, the Annual Charge which may be discounted depending on the size of the fund. For further details, please see the fund's Key Investor Information Document (KIID). The fund's annual report for each financial year will include details on the exact charges made.
Please go to www.mandg.co.uk/literature to view the Costs and charges illustration which contains information on the costs and charges applicable to your chosen fund and share class.
Please see the Important Information for Investors document and the relevant Key Investor Information Document for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

Single year performance (5 years)

From To	01/09/18 31/08/19	01/09/17 31/08/18	01/09/16 31/08/17	01/09/15 31/08/16	01/09/14 31/08/15
Sterling I Accumulation	-5.0%	3.2%	8.3%	11.3%	3.1%
FTSE All-Share Index	0.4%	4.7%	14.3%	11.7%	-2.3%

Annual performance 2018 : -14.3%

Performance over 5 years



Past performance is not a guide to future performance.

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

Source: Morningstar, Inc and M&G, as at 31 August 2019. Returns are calculated on a price to price basis with income reinvested. Benchmark returns stated in GBP terms.

Important information

Cash and near cash may be held on deposit and/or in the Northern Trust Cash Funds (a range of collective investment schemes) and/or in short-dated government bonds.

The M&G Dividend Fund is a sub-fund of M&G Investment Funds (3).

The Morningstar Overall Rating based on the fund's Sterling Class I shares. Copyright © 2019 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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Glossary

This glossary provides an explanation of terms used in this factsheet and in our literature.

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

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

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

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

Capitalisation: the total market value of all of a company's outstanding shares.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Episode: a phase during which investors allow their emotions to affect their decision making, which can cause financial markets to move irrationally.

Equities: shares of ownership in a company.

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

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

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

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

Gilts: fixed income securities issued by the UK government.

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

Hard currency (bonds): refers to bonds denominated in a highly traded, relatively stable international currency, rather than in the bond issuer's local currency. Bonds issued in a more stable hard currency, such as the us dollar, can be more attractive to investors where there are concerns that the local currency could lose value over time, eroding the value of bonds and their income.

Hedging: a method of reducing unnecessary or unintended risk.

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

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

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

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

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

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

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

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

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

Local currency (bonds): refers to bonds denominated in the currency of the issuer's country, rather than in a highly traded international currency, such as the us dollar. The value of local currency bonds tends to fluctuate more than bonds issued in a hard currency, as these currencies tend to be less stable.

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

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

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

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

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

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

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

Net: the proportion of a fund invested in, for example, different sectors. Derivatives are included. The latter are financial instruments whose value, and price, are dependent on one or more underlying assets.

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

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

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

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

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

Physical: the fund's exposure excluding derivatives, which are financial instruments whose value, and price, is dependent on one or more underlying securities.

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

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

Securitise/securitisation: the creation and issuance of tradable securities, such as bonds, that are backed by the income generated by an illiquid asset or group of assets. By pooling a collection of illiquid assets, such as mortgages, securities backed by the mortgages' income payments can be packaged and sold to a wider range of investors.

Share class: each M&G fund has different share classes, such as a, r and i. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the key investor information documents.

Short position: a way for a fund manager to express his or her view that the market might fall in value.

Short-dated corporate bonds: fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds: fixed income securities issued by governments and repaid over relatively short periods.

Swap: a swap is a derivative contract where two parties agree to exchange separate streams of cashflows. A common type of swap is an interest rate swap to hedge against interest rate risk.

Synthetic inflation-linked bonds: refers to securities created using a combination of assets to simulate the characteristics of inflation-linked bonds. By buying inflation-linked government bonds and selling protection against companies defaulting on their debts, using credit default swaps, the combined synthetic investment will behave similarly to a physical inflation-linked bond, had one had been issued. Synthetic inflation-linked bonds are usually created where a company does not have any inflation-linked bonds in issue.

Total return: the term for the gain or loss derived from an investment over a period. Total return includes income (in the form of interest or dividend payments) and capital gains.

Unit trust: a type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Underlying Yield: refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

Valuation: the worth of an asset or company based on its current price.

Volatility: the degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given period. The higher the volatility, the riskier the security tends to be.

Yield: this refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

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