



M&G Global Themes Fund

a sub-fund of M&G Investment Funds (1)

Interim Short Report February 2019

For the six months ended 28 February 2019

The Authorised Corporate Director (ACD) of M&G Investment Funds (1) presents its Interim Short Report for M&G Global Themes Fund which contains a review of the fund's investment activities and investment performance during the period. The ACD's Interim Long Report and unaudited Financial Statements for M&G Investment Funds (1), incorporating all the sub-funds and a Glossary of terms is available free of charge either from our website at www.mandg.co.uk/reports or by calling M&G Customer Relations on 0800 390 390.

ACD

M&G Securities Limited,
10 Fenchurch Avenue, London EC3M 5AG
Telephone: 0800 390 390

(Authorised and regulated by the Financial Conduct Authority. M&G Securities Limited is a member of the Investment Association and of the Tax Incentivised Savings Association.)

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income) than that of the MSCI ACWI Index over any five-year period.

Investment policy

The fund will invest at least 80% of its net asset value in the equity securities of companies across any sectors and market capitalisations that are domiciled in any country, including emerging markets. The fund may also invest in collective investment schemes, other transferable securities and may hold cash for liquidity purposes. Derivatives may be used for efficient portfolio management.

Investment approach

The investment process of the fund combines top-down and bottom-up analysis. The fund manager aims to identify themes arising from long-term structural shifts, changes or trends. Stocks that can benefit from these themes are then selected on the basis of their quality, growth and valuation.

Themes are identified through the analysis of global macroeconomics, demographics, government policies and spending, and technological innovation, among other considerations.

The bottom-up stock selection process is designed to identify well-run companies which can benefit from those themes and which are trading on attractive valuations with good, sustainable growth prospects.

The fund is invested across the market-cap spectrum and is geographically diversified.

Risk profile

The fund invests globally in the shares of listed companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates.

Given its direct and indirect exposure to emerging markets, the fund may be more volatile compared to a fund that invests mainly in the securities of companies in developed countries. The reasons for this greater volatility include: the financial infrastructure in emerging markets is typically less mature, the regulatory systems and disclosure standards are less developed and adverse market and political circumstances are more likely to occur in these markets.

However, the fund is mainly invested in the shares of large and medium-sized companies, which are normally traded with relative ease. Moreover, the fund is diversified across countries, industries and market capitalisation, which is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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



The above number:

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

As at 1 March 2019, for the six months ended 28 February 2019

Performance against objective

Between 3 September 2018 (the start of the review period) and 1 March 2019, the fund delivered a negative total return (the combination of income and growth of capital) for all its share classes*. The fund lagged the MSCI ACWI Index, its comparative index, which returned -4.7% in sterling, -0.0% in euros and -2.1% in US dollars. Consequently, over this review period, the fund did not meet its objective, which was introduced on 17 November 2017, of providing a higher total return than that of the MSCI ACWI Index.

Over a longer timeframe of five years, the fund has generated a positive total return across all its share classes, but underperformed its comparative index which was the FTSE Global Basics Composite Index (comprising all sub-sectors of the FTSE World Index except media, IT, telecommunications, financials and healthcare) until 16 November 2017 and MSCI ACWI Index thereafter. The fund therefore did not meet the current objective over its specified timeframe of five years.

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Fund performance' section of the Interim Long Report and unaudited Financial Statements for M&G Investment Funds (1).

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period for Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares. Calculated on a price to price basis with income reinvested.

Long-term performance				
	Six months 03.09.18 % ^[a]	Three years 01.03.16 % p.a.	Five years 03.03.14 % p.a.	Since launch % p.a.
Sterling ^[b]				
Class 'A'	-5.3	+12.5	+7.6	+7.6 ^[c]
Class 'I'	-5.0	+13.4	+8.4	+7.4 ^[d]

^[a] Absolute basis.

^[b] Price to price with income reinvested.

^[c] 28 February 1973, the end of the initial offer period of the predecessor unit trust.

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

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.

Investment performance

The six-month period was characterised by increased volatility (or market turbulence) in stockmarkets worldwide, which saw the MSCI ACWI Index peak in September before falling almost 20% in December. The global index recovered most of its losses in the first two months of 2019, but still ended the review period lower. Japan was among the worst-performing markets, but the US and Europe also played their part in dragging down returns. Emerging markets and Asia Pacific ex Japan held up best in a difficult environment.

Fears of an economic slowdown led to cyclical stocks being out of favour, while defensives held up best in a difficult environment. (Cyclicals are companies which tend to be more sensitive to the economic cycle; defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.) Energy was the worst-performing sector against the backdrop of a weaker oil price, while technology was another casualty of the market sell-off. The share price of Apple declined more than 20% during the period. By contrast, the utilities sector was one of the few areas which delivered a positive return as investors sought the comfort of safety.

Against this background, the fund trailed the MSCI ACWI Index, with market timing differences influencing the shortfall. The fund is priced at midday in London, while the MSCI ACWI Index is priced at the end of the trading day.

Looking at the drivers of performance, Schlumberger and Suncor Energy were among the leading detractors in an underperforming energy sector. Both stocks were sold during the review period. Other stocks came under pressure for stock-specific reasons. Henkel, the owner of household brands such as Persil and Loctite, struggled after the German company cut its guidance for 2019. Bunge fell after the US agribusiness and food company missed expectations with its results and gave a cautious outlook for the year ahead.

On the positive side, Roche made the biggest positive contribution to performance. The Swiss pharmaceutical stock rose amid a falling market as investors favoured defensive qualities. Its resilience was also backed by solid fundamentals as the company reported better-than-expected results and its growth forecasts for 2019 were well received.

Strong operating performance helped Motorola Solutions to buck the trend in a weak technology sector. Not owning shares in Apple and Amazon.com also helped.

Stock selection added value in financials where AIA, the Hong Kong-listed insurer, and US-based First Republic Bank continued to deliver growth.

Regional allocation benefited from a relatively small exposure to Japan and sector allocation added value through a large weighting in consumer staples.

Investment activities

There were 34 new purchases and 29 complete sales during the review period, a level of turnover exaggerated by the appointment of a new fund manager on 10 January 2019. On completion of the fund's transition, we expect portfolio turnover to be consistent with our long-term investment horizon of three to five years.

Prior to the fund manager change, four stocks were added to the portfolio: IPG Photonics and TravelSky Technology (both technology) as well as Eprioc (industrials) and Danone (consumer staples). There were 13 sales during this period, six of which were from the materials sector (Symrise, BonTerra Resources, IAMGOLD, Randgold Resources, Roxgold and SEMAFO), three from consumer

discretionary (BYD, Honda Motor and Porsche) and two from industrials (Nidec and GEA). National Oilwell Varco and Xperi were also sold from energy and technology, respectively.

The fund currently focuses on four themes: demographics, environment, infrastructure and innovation – with each theme split into two sub-themes. Companies that are not beneficiaries of these themes are in the process of being sold and 16 stocks have already exited the portfolio. The disposals included another six from the materials sector (Trevali Mining, Agnico Eagle Mines, Compass Minerals, Avery Dennison, Newmont Mining and Polymetal International) and three from industrials (Raytheon, Parker Hannifin and Booz Allen Hamilton), as well as two each from energy (Suncor and Schlumberger), healthcare (MD Medical and Ansell) and technology (Amadeus IT and Scout24). Japan Tobacco in consumer staples also exited the portfolio.

The fund's repositioning saw 30 new stocks being added, 14 of which have reached their target weightings: two belong to the 'demographics' theme (Comcast and Visa) and seven are categorised as 'environment' (Orsted, Air Products & Chemicals, Enel, NextEra Energy, Atmos Energy, Naturgy Energy and American Water Works). 'Infrastructure' has two new stocks at their desired exposure (Edison International and National Grid), while 'innovation' has three (Crown Castle, American Tower and Equinix).

Following these transactions, the number of holdings increased from 62 to 67 during the review period, although this is expected to fall to 40-60 over time.

The fund's exposure to the US increased at the expense of Europe as we made a conscious decision to redress the imbalance in regional positioning. We felt uncomfortable with the significant underweight position in the US, the largest country in the MSCI ACWI Index, especially as the growth characteristics of the US market provide a wide array of thematic opportunities.

Sector weightings saw some major changes, starting with consumer staples. The sector is home to a variety of exciting opportunities, but we found the historic exposure of almost 20% difficult to justify given the long-term growth prospects of the underlying holdings. The above index stance in materials was reduced. The proceeds were recycled into new areas, including utilities, which are beneficiaries of structural themes, as well as growth companies classified as real estate investment trusts (REITs). These new holdings have also served to reduce the volatility of the portfolio.

Outlook

The abrupt reversal in stockmarkets towards the end of 2018 caught many investors by surprise and the pickup in volatility led to increasing discomfort among those who identify themselves as risk averse. Many have since watched the markets rebound in 2019, while looking for a new direction. Volatility is not synonymous with risk, however, and it is our strong belief that short-term swings in sentiment can present excellent opportunities for long-term investors.

What has surprised us is not so much the return of volatility but the fact that the market downturn occurred at a time when little has changed on a fundamental basis. We see excellent opportunities across a variety of countries and sectors for companies with robust cashflows and solid growth prospects. Growth is available at attractive prices, and in many cases at bargain prices, which gives us great confidence for the fund's performance in the years ahead. We look forward to the future with optimism.

Alex Araujo

Fund manager

An employee of M&G Limited which is an associate of M&G Securities Limited. At the start of the review period Jamie Horvat was the fund manager.

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.

Portfolio statement				
as at		28.02.19	28.02.19	31.08.18
Holding		\$'000	%	%
	EQUITIES	2,815,422	99.05	98.81
	United Kingdom	229,522	8.08	10.04
	728,478 AstraZeneca	59,502	2.10	
	1,428,677 Genus	41,166	1.45	
	599,701 London Stock Exchange	36,148	1.27	
	2,240,625 National Grid	25,217	0.89	
	5,031,743 PZ Cussons	12,839	0.45	
	1,030,374 Unilever	54,650	1.92	
	Austria	46,459	1.63	1.66
	1,273,684 Erste Group Bank	46,459	1.63	
	Belgium	38,174	1.34	1.21
	520,667 KBC	38,174	1.34	
	Denmark	39,494	1.39	0.00
	545,115 Orsted	39,494	1.39	

Portfolio statement (continued)			
as at Holding	28.02.19 \$'000	28.02.19 %	31.08.18 %
France	51,841	1.82	0.00
123,473 Danone	9,345	0.33	
446,005 Vinci	42,496	1.49	
Germany	194,241	6.83	11.74
502,758 Henkel Preference Shares	50,372	1.77	
561,579 Infineon Technologies	12,338	0.43	
347,974 Linde	61,199	2.15	
641,659 Siemens	70,332	2.48	
Ireland	49,678	1.75	3.15
480,027 Kerry	49,678	1.75	
Italy	34,072	1.20	0.00
5,633,129 Enel	34,072	1.20	
Netherlands	39,803	1.40	3.84
304,308 NXP Semiconductors	27,939	0.98	
377,766 Royal Dutch Shell 'A'	11,864	0.42	
Spain	63,434	2.23	1.81
1,797,398 Ferrovial	41,307	1.45	
811,630 Naturgy Energy	22,127	0.78	
Sweden	38,707	1.36	0.00
3,888,746 Epiroc	38,707	1.36	
Switzerland	71,068	2.50	3.69
183,061 Garmin	15,406	0.54	
200,079 Roche	55,662	1.96	
United States	1,368,496	48.15	40.76
322,449 Air Products & Chemicals	58,547	2.06	
29,427 Alphabet	32,843	1.16	
158,815 American Tower REIT	27,507	0.97	
307,595 American Water Works	31,079	1.09	
274,345 Atmos Energy	27,108	0.95	
241,868 Becton Dickinson	60,530	2.13	
726,206 Bunge	38,511	1.35	
1,576,333 Comcast	60,736	2.14	
371,412 CoreSite Realty REIT	38,029	1.34	
338,097 Crown Castle International REIT	40,000	1.41	
700,095 CSX	50,869	1.79	
989,154 Edison International	59,943	2.11	
73,515 Equinix REIT	30,740	1.08	
968,403 First Republic Bank	101,605	3.57	
254,270 Honeywell International	39,310	1.38	
1,206,618 Hutchison China MediTech ADR	31,119	1.09	
20,543 IPG Photonics	3,243	0.11	
415,539 Johnson & Johnson	56,463	1.99	
1,431,337 Microsoft	160,567	5.65	

Portfolio statement (continued)			
as at Holding	28.02.19 \$'000	28.02.19 %	31.08.18 %
United States (continued)			
327,381 Motorola Solutions	46,799	1.65	
311,793 NextEra Energy	58,230	2.05	
688,310 Nomad Foods	12,975	0.46	
545,508 ONEOK	35,534	1.25	
445,097 PepsiCo	51,346	1.81	
448,764 Republic Services	35,008	1.23	
225,972 ResMed	23,009	0.81	
194,621 Visa	28,654	1.01	
325,998 Walt Disney	36,753	1.29	
982,154 Yum! Brands	91,439	3.22	
Canada	129,334	4.55	4.67
995,712 Franco Nevada	74,839	2.63	
2,350,206 PrairieSky Royalty	34,304	1.21	
450,795 TransCanada	20,191	0.71	
Japan	81,844	2.88	3.98
179,500 Shimano	27,363	0.96	
902,000 Toyota Motor	54,481	1.92	
Australia	64,271	2.26	2.82
326,423 Erin Barr ^[a]	0	0.00	
45,186,512 Starpharma	34,690	1.22	
3,324,361 Transurban	29,581	1.04	
China	17,695	0.62	0.00
6,119,000 TravelSky Technology	17,695	0.62	
Hong Kong	87,994	3.10	2.14
8,804,568 AIA	87,994	3.10	
Singapore	83,009	2.92	2.66
4,504,833 DBS	83,009	2.92	
South Korea	75,272	2.65	2.65
1,877,134 Samsung Electronics	75,272	2.65	
United Arab Emirates	11,014	0.39	1.99
696,629 DP World	11,014	0.39	
Portfolio of investments	2,815,422	99.05	98.81
CASH EQUIVALENTS	0	0.00	0.00
'AAA' rated money market funds ^[b]	0	0.00	0.00
Total portfolio	2,815,422	99.05	98.81
Net other assets / (liabilities)	26,962	0.95	1.19
Net assets attributable to shareholders	2,842,384	100.00	100.00

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

^[a] Unlisted.

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

Top ten portfolio transactions

for the six months to 28 February 2019

Largest purchases	\$'000
Danone	103,261
Toyota Motor	56,681
Edison International	56,650
Comcast	56,274
NextEra Energy	54,338
Air Products & Chemicals	51,276
PepsiCo	48,327
Epiroc	46,152
CSX	45,783
Ferrovial	39,195
Other purchases	896,520
Total purchases	1,454,457
Largest sales	\$'000
Alphabet	93,164
Danone	88,039
Raytheon	70,721
Honda Motor	67,459
Roche	66,000
Royal Dutch Shell 'A'	64,525
Porsche Automobil Preference Shares	63,155
Avery Dennison	60,954
Parker Hannifin	52,431
Suncor Energy	50,430
Other sales	884,050
Total sales	1,560,928

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

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

The following chart and tables show the performance for two of the fund's share classes – Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A' (Accumulation) share is what most individuals investing directly with M&G have received. It has the highest ongoing charge of all the sterling share classes. Performance is shown after deduction of this charge. All UK investors in the fund therefore received this performance or better.
- The performance of the Sterling Class 'I' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share class used by the Investment Association in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (1), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations. For the specific performance tables of all share classes, please refer to the Interim Long Report and unaudited Financial Statements for M&G Investment Funds (1), which is available free of charge either from our website at www.mandg.co.uk/reports or by calling M&G Customer Relations.

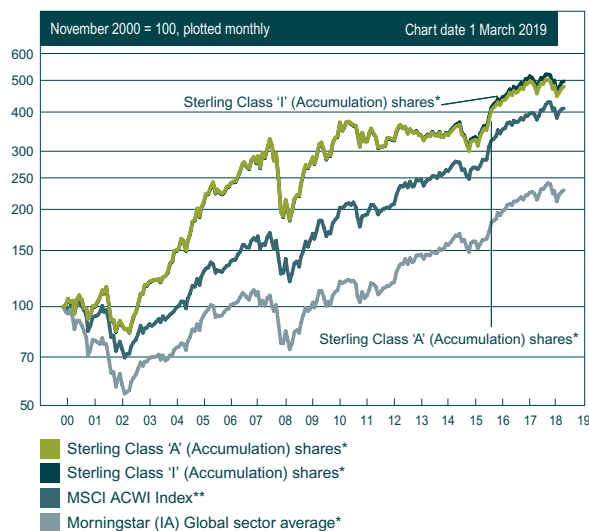
Fund level performance

Fund net asset value

as at	28.02.19 \$'000	31.08.18 \$'000	31.08.17 \$'000
Fund net asset value (NAV)	2,842,384	3,077,684	2,680,467

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.



* Income reinvested

** Past performance shown from 17 November 2000 to 16 November 2017 is the FTSE Global Basics Composite Index (comprising all subsectors of the FTSE World Index except media, IT, telecommunications, financials and healthcare). Past performance shown from 17 November 2017 to 1 March 2019 is the MSCI ACWI Index.

Source: Morningstar, Inc. and M&G

When the fund's objective changed, the comparable index of the fund also changed, and to make a fair comparison the chart above shows performance since the fund's change of objective.

The fund's Sterling Class 'I' (Accumulation) shares were launched on 3 August 2012. Performance data shown prior to this date is that of the fund's Sterling Class 'A' (Accumulation) shares.

To give an indication of how the fund has performed during the period the tables below show the performance of Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

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

Historic yields for the current period are calculated as at 8 March 2019.

Sterling Class 'A' Accumulation share performance

The share class was launched on 28 February 1973.

	Six months to 28.02.19 UK p	Year to 31.08.18 UK p	Year to 31.08.17 UK p
Change in NAV per share			
Opening NAV	1,442.51	1,358.67	1,184.36
Return before operating charges and after direct portfolio transaction costs	(74.24)	106.95	195.57
Operating charges	(11.27)	(23.11)	(21.26)
Return after operating charges	(85.51)	83.84	174.31
Distributions	n/a	(2.45)	(4.29)
Retained distributions	n/a	2.45	4.29
Closing NAV	1,357.00	1,442.51	1,358.67
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.05	0.84	0.42
Dilution adjustments ^[a]	(0.05)	(0.12)	(0.11)
Total direct portfolio transaction costs	1.00	0.72	0.31
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.15	0.05	0.02
Operating charges	1.67	1.67	1.67
Return after operating charges	-5.93	+6.17	+14.72
Historic yield	0.18	0.17	0.31
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	293,989	322,760	271,142
Closing NAV percentage of total fund NAV (%)	10.34	10.50	10.12
Number of shares	16,285,484	17,204,174	15,498,977
Highest share price (UK p)	1,454.41	1,467.51	1,364.86
Lowest share price (UK p)	1,269.93	1,295.40	1,153.67

Financial highlights

Fund performance

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 28.02.19 UK p	Year to 31.08.18 UK p	Year to 31.08.17 UK p
Change in NAV per share			
Opening NAV	1,679.67	1,570.26	1,358.59
Return before operating charges and after direct portfolio transaction costs	(86.42)	124.19	225.15
Operating charges	(7.26)	(14.78)	(13.48)
Return after operating charges	(93.68)	109.41	211.67
Distributions	n/a	(15.38)	(15.79)
Retained distributions	n/a	15.38	15.79
Closing NAV	1,585.99	1,679.67	1,570.26

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.23	0.97	0.48
Dilution adjustments ^[a]	(0.06)	(0.14)	(0.13)
Total direct portfolio transaction costs	1.17	0.83	0.35

Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.15	0.05	0.02
Operating charges	0.92	0.92	0.92
Return after operating charges	-5.58	+6.97	+15.58
Historic yield	0.97	0.91	0.99
Effect on yield of charges offset against capital	0.00	0.00	0.00

Other information

Closing NAV (\$'000)	257,215	283,442	258,543
Closing NAV percentage of total fund NAV (%)	9.05	9.21	9.64
Number of shares	12,191,210	12,975,200	12,787,325
Highest share price (UK p)	1,693.65	1,707.96	1,577.42
Lowest share price (UK p)	1,482.31	1,503.81	1,323.72

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

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

Financial highlights

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **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.
- **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.

Operating charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are the same as the ongoing charges shown in the Key Investor Information Document, other than where an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

For this fund there is no difference between operating charges and ongoing charges figures, unless disclosed under the specific share class performance table.

Financial highlights

Operating charges and portfolio transaction costs

Portfolio transaction costs

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

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

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

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

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

Portfolio transaction costs

	Six months to 28.02.19	Year to 31.08.18	Year to 31.08.17	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.10	0.04	0.02	0.05
Taxes	0.06	0.02	0.01	0.03
Costs before dilution adjustments	0.16	0.06	0.03	0.08
Dilution adjustments ^[c]	(0.01)	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.15	0.05	0.02	0.07
as at	28.02.19	31.08.18	31.08.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.05	0.17	0.27	0.16

^[a] Average of first three columns.

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

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

Contact



Customer Relations*

0800 390 390



Write to us at:**

M&G Securities Limited

PO Box 9039

Chelmsford

CM99 2XG



Our website:

www.mandg.co.uk



Email us with queries:†

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