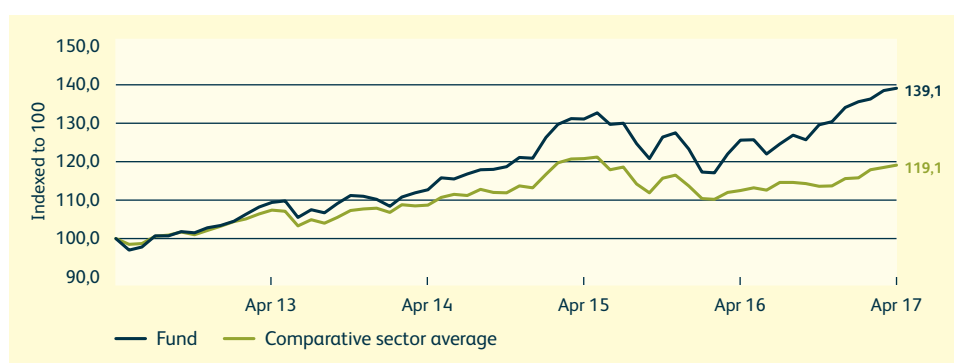


Euro Class A

Summary

- The first half of April reversed the positive trend seen in financial markets since the beginning of 2017, before markets recovered in the middle of the month.
- Equities and currency positions contributed positively to fund returns while fixed income positions detracted.
- Following the period of de-risking in late 2016 and early 2017, the fund managers added to equity exposures during April, diversifying across markets and sectors into areas they consider to be currently undervalued.

Performance over 5 years



Key information

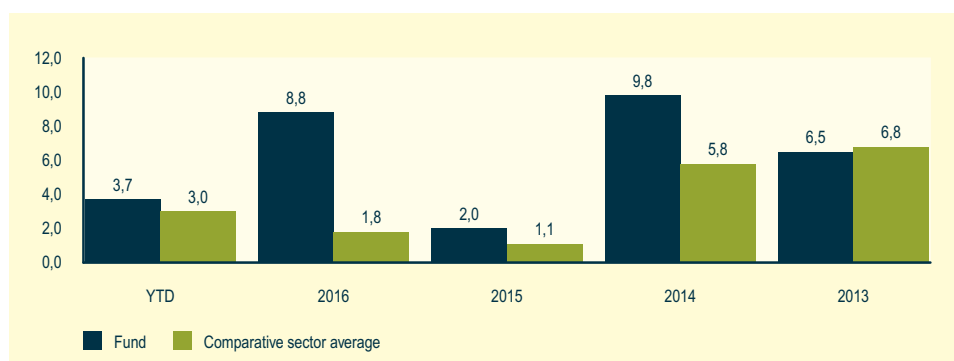
Fund managers	Juan Nevado & Tony Finding
Fund manager tenure from	21 January 2011
Deputy fund manager	Craig Moran
Launch date	3 December 2009
Launch of share class	3 December 2009
Fund size (millions)	€4.429,39
Fund type	OEIC, incorporated in the UK
Comparative sector	Morningstar EUR Flexible Allocation - Global sector
Historic yield (Acc)	0.19 %
Historic yield (Inc)	1.94 %
Duration of Fixed Income portion (years)	-1,9
Average credit rating of fixed interest holdings	A
Share type	Acc & Inc
Ongoing charge	1,91 %

Fund performance

	1 month (%)	3 months (%)	YTD (%)	1 year (%)	3 years (%) p.a.	5 years (%) p.a.	Since tenure (%) p.a.	Since inception (%) p.a.
Fund	+0,5	+2,6	+3,7	+10,8	+7,3	+6,8	+6,5	+6,5
Sector	+0,5	+2,8	+3,0	+6,2	+3,6	+4,3	+3,7	+4,4
Ranking	48/96	54/96	25/96	11/92	14/72	11/58	7/46	10/40
Quartile ranking	2	3	2	1	1	1	1	1

The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The fund's charging policy has recently changed and, rather than being decided at fund level, certain charges are now deducted from income for accumulation share classes and from capital for income share classes. These charges include the annual management charge, administration fee and share class hedging fee (for hedged share classes). To ensure that yields quoted are representative of the fund's charging policy, for some share classes an estimated historic yield is shown. This is based on the historic yield, but adjusted for the impact of the new charging policy. This adjustment will be applied until distributions have been declared for a full year after the changes, from which time the historic yield will again be on the same basis as the distributions. For the fund's Euro Class A income shares, the policy of deducting certain charges from capital has the effect of increasing distribution(s) for the year by 1,90% and constraining capital performance to an equivalent extent.

Annual performance (%)



Fund ratings

Overall Morningstar rating **★★★★★**
 Source of Morningstar ratings: Morningstar, as at 31 March 2017
 Ratings should not be taken as a recommendation.

Past performance is not a guide to future performance.

The value of investments and the income from them will fluctuate. This will cause the fund price to fall as well as rise. There is no guarantee the fund objective will be achieved and you may not get back the original amount you invested.

The fund allows for the extensive use of derivatives.

VaR analysis (%)

	Fund
1 month 99% VaR	4,7

VaR numbers are calculated using Algorithmics Software employing RiskMetrics methodology.

Portfolio construction (%)

	Allocation range	Neutrality
Equity	20-60	40
Fixed income	0-80	50
Other	0-20	10
Currency	Min 30% euro or euro hedged	

Other: comprises real estate based securities and convertibles. Please note these guidelines are subject to change.

Asset breakdown (%)

	Long exposure	Short exposure	Net exposure
Equity	53,3	-12,7	40,6
UK	5,5	0,0	5,5
Europe	15,7	0,0	15,7
US	10,3	-12,7	-2,4
Japan	7,3	0,0	7,3
Asia Pacific			
ex Japan	10,6	0,0	10,6
Global equity funds	0,0	0,0	0,0
Other	3,9	0,0	3,9
Global bond funds	0,2	0,0	0,2
Government bonds	32,8	-51,4	-18,5
UK	0,0	-7,5	-7,5
Europe	9,1	-11,9	-2,8
US	10,5	-29,9	-19,4
Japan	0,0	-2,1	-2,1
Asia Pacific			
ex Japan	0,9	0,0	0,9
Other	12,3	0,0	12,3
Corporate bonds	8,4	0,0	8,4
Investment grade	7,3	0,0	7,3
High yield	0,9	0,0	0,9
Convertible bonds	2,3	0,0	2,3
Property funds	0,0	0,0	0,0
Residual cash			67,0

The residual cash (net exposure) figure includes cash-at-bank and cash equivalents, as well as cash required to back long and short exposures resulting from the use of derivatives. The residual cash should be considered in conjunction with the overall positioning of the portfolio (including gross exposure) for a true reflection of risk.

Largest exposures (excluding cash, %)

	Net exposure
Kospi Index future	7,6
Portuguese government 5Y	4,9
Topix Index future	4,4
Dax Index future	4,0
UK government 10Y	-4,0
German government 30Y	-4,3
French government 10Y	-4,8
US government 10Y	-6,7
S&P 500 Index future	-12,7
US government 5Y	-15,1

Currency breakdown (%)

	Net exposure
Euro	96,6
Mexican peso	5,2
British pound	5,1
Korean won	2,2
Japanese yen	2,1
Polish zloty	2,0
Singapore dollar	-2,9
Chinese renminbi	-5,8
US dollar	-5,8
Other	1,3

The fund's neutral currency positioning is 100% in euros. Deviations from this figure, therefore, represent long/short exposure.

Leverage and volatility

	Fund
Net leverage	0,3x
Gross leverage	1,6x
Volatility	7,99%

Net leverage is the sum of all net notional exposures, excluding cash, divided by NAV. Gross leverage is the sum of all gross notional exposure, excluding cash, divided by NAV. Volatility is three-year annualised volatility calculated monthly, as at 30 April 2017, sourced from Morningstar.

Performance review

April was very much a 'game of two halves' in financial markets, with the first half of the period reversing the positive trend seen since the beginning of 2017. All stockmarkets declined, with developed market equity indices, in particular the Japanese Topix, the worst performer. Meanwhile, mainstream government bonds experienced yield compression, especially in the US and German markets. European and Asian equities led the recovery that took place from the middle of the month.

Although the market recovery came after the French election, the fund managers do not believe that the political uncertainty in Europe ahead of the event was the only driver for the 'risk-off' sentiment seen in the first half of the month. There are plenty of other things going on in the world at the moment, influencing frequent changes in sentiment. This environment, which they considered to be driven by market 'noise' rather than economic fundamentals, is supportive of their valuation-driven approach.

The fund's equity and currency positions contributed positively while fixed income positions detracted. Within equities, the biggest gains for the fund came once more from the European and Asian positions. Exposure to US equities detracted slightly, driven mainly by the underperforming oil sector and the short position in the S&P 500 index. These losses outweighed gains from long positions in banking, biotechnology and technology stocks. The fund's fixed income positions detracted overall, in particular the short positions in mainstream government bonds, although the exposure to credit contributed positively.

The fund managers believed that market movements in the first half of the month, (underperformance of equities and rally in bonds) increased the equity risk premium, and therefore took the opportunity to tactically scale the fund's positions. This resulted in gains for the fund when markets recovered from the middle of April.

Key changes

Following the de-risking of the portfolio in late 2016 and early 2017, equity exposures were added to in April, diversifying across markets and sectors into areas the fund managers consider to be currently undervalued. For example, the fund managers increased the long positions in bank shares, as well as the FTSE 100, the Topix and CAC 40 indices. They also added to the position in Russian equities and the energy basket. Equity exposure within the fund was increased by five percentage points, bringing total equity exposure back to a neutral level of 41%. It is worth noting the high beta nature of the portfolio's equity exposure, which means it is still positioned 'pro-risk'.

The fund managers believe that mainstream government bond yields remain at unappealingly low levels, both in relation to the inherent risk of holding them at these overvalued levels, and on fundamental measures. In line with this view, short positions were increased by 3% (-1% for each for the UK, US and Germany). The negative duration of the fund (fixed income component) stands at -1.9 years.

In currencies, both developed and emerging market exposures were adjusted, increasing the weighting in the British pound, Russian ruble and reducing exposure to the Turkish lira. The move reflects the fund managers' view that strong economic data is already priced into the US dollar, and provides a hedge for the short position in the S&P 500 index.

For now, the fund managers remain positive on equities overall as they believe, despite the recent movement in prices, the equity risk premium has become more attractive given the improvement in underlying earnings and economic indicators. Data in the US remains strong, if not surprising as much as in the past. In Europe, positive data seems to be outweighing political risks for now, and the European Central Bank continues to point out there is no inflation problem, allowing them to maintain an accommodative stance. The UK has seen some slightly weaker figures lately but these are small changes and not, in the managers' view, signs of a shift in current economic conditions. Certainly the fund managers are wary of commentary attributing it to the

calling of a general election or ongoing Brexit-issues. Meanwhile, in Asia, there continues to be signs of improvement in markets such as South Korea and China.

Fund codes and charges

Share class	ISIN	Bloomberg	Annual management charge	Ongoing charge	Minimum initial investment	Minimum top up investment
Euro A Acc	GB00B56H1S45	MGGDAAA LN	1,75 %	1,91 %	€1.000	€75
Euro A Inc	GB00B96BHM03	MGDABIE LN	1,75 %	1,91 %	€1.000	€75
Euro B Acc	GB00B8DC9129	MGDABAE LN	2,25 %	2,41 %	€1.000	€75
Euro C Inc	GB00BK6MCH03	MGDAECI LN	0,75 %	0,91 %	€ 500.000	€ 50.000
Euro C Acc	GB00B56D9Q63	MGGDACA LN	0,75 %	0,91 %	€500.000	€50.000

The ongoing charge figures disclosed above include direct costs to the fund, such as the annual management charge (AMC), administration charge and custodian charge, but does not include portfolio transaction costs. They are based on expenses for the period ending 30 September 2016.

Please note that not all of the share classes listed above might be available in your country.

Important information

The fund's physical holdings include a significant proportion of cash or cash equivalents, which are used as backing for the derivatives positions.

Source of performance data: Morningstar, Inc., as at 30 April 2017, Euro Class A shares, net income reinvested, price to price basis. Past performance is not a guide to future performance. All other statistics from M&G internal sources, as at 30 April 2017 unless indicated otherwise.

The Morningstar Overall Rating based on the fund's Euro Class A shares. Copyright © 2017 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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The Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários, the "CMVM") has received a passporting notification under Directive 2009/65/EC of the European Parliament and of the Council and the Commission Regulation (EU) 584/2010 enabling the fund to be distributed to the public in Portugal. M&G International Limited is duly passported into Portugal to provide certain investment services in such jurisdiction on a cross-border basis and is registered for such purposes with the CMVM and is therefore authorised to conduct the marketing (comercialização) of funds in Portugal.

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