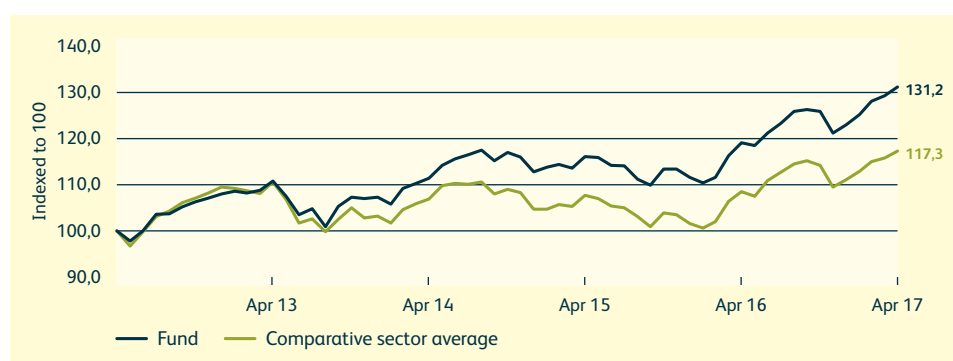


USD Class A

Summary

- Local and hard currency emerging market bonds delivered gains in April.
- In a quiet month for transaction activity, the fund participated in a new issue of bonds from the government of Saudi Arabia.
- Fund Manager Claudia Calich maintained the portfolio's exposure to the US dollar at around 70 %.

Performance over 5 years



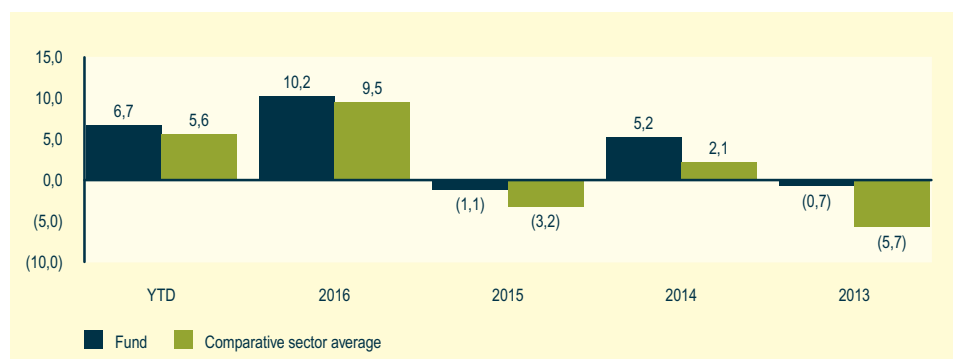
Key information

Fund manager	Claudia Calich
Fund manager tenure from	2 December 2013
Deputy fund manager	Charles De Quinsonas
Launch date	15 October 1999
Launch of share class	19 April 2012
Fund size (millions)	\$577,07
Comparative sector	Morningstar Global Emerging Markets Bond sector
Number of issuers	90
Distribution yield (Acc)	4.82 %
Distribution yield (Inc)	6.20 %
Underlying yield (Acc)	4.82 %
Underlying yield (Inc)	4.82 %
Yield to expected maturity*	6.12 %
Modified duration (years)	6.1
Spread duration (years)	4.77
Average maturity (years)	10.14
Average coupon	6.64
Volatility†	6.17 %
Average credit rating	BB+
Share type	Acc & Inc
Ongoing charge	1.42 %

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	+1,5	+4,8	+6,7	+10,2	+5,6	+5,6	+6,2	+8,4
Index	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sector	+1,4	+3,9	+5,6	+8,1	+3,1	+3,3	+4,0	+8,7
Ranking	37/109	20/109	24/109	24/104	15/92	5/68	20/89	14/19
Quartile ranking	2	1	1	1	1	1	1	3

Annual performance (%)



*Source: Morningstar, three-year annualised volatility, as at 30 April 2017
 The distribution yield reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the share price, as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any preliminary charge and investors may be subject to tax on distributions. It is the fund's policy to offset certain charges against income for accumulation share classes and to offset certain charges against capital for income share classes. These charges include the annual management charge, administration fee and share class hedging fee (where applicable). As a result, yield figures for income and accumulation share classes may differ significantly. The underlying yield reflects the annualised income net of expenses of the fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market price of the fund as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any preliminary charge and investors may be subject to tax on distributions. For the fund's income share classes, the distribution yield is higher than the underlying yield only because a portion of the fund's expenses are charged to capital. This has the effect of increasing distribution(s) for the year and constraining the fund's capital performance to an equivalent extent.
 †The yield to expected maturity is calculated in the valuation currency of the fund and is gross of fund expenses (including hedging differences). A fund may hold callable bonds whose yields are calculated on the basis of expected maturity.

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 past performance has been calculated using a different currency to your home currency. The returns shown here may increase or decrease due to currency fluctuations when compared to past performance returns calculated using your home currency.

The fund allows for the extensive use of derivatives.

Asset breakdown (%)

	Physical	CDS short	CDS long	Net
Government bonds - local currency	26,7	0,0	0,0	26,7
Government bonds - hard currency	46,6	0,0	0,0	46,6
Credit - local currency	2,1	0,0	0,0	2,1
Credit - hard currency	23,3	0,0	0,0	23,3
Cash	1,3	0,0	0,0	1,3

CDS short: bought protection (short credit exposure); CDS long: sold protection (long credit exposure)

The columns may not always add up when reading across as physical bond holdings and/or cash are sometimes used as collateral for CDS exposure.

Credit rating breakdown (%)

	Physical	CDS short	CDS long	Net
AAA	0,0	0,0	0,0	0,0
AA	4,3	0,0	0,0	4,3
A	7,5	0,0	0,0	7,5
BBB	24,6	0,0	0,0	24,6
BB	24,0	0,0	0,0	24,0
B	29,8	0,0	0,0	29,8
CCC	2,8	0,0	0,0	2,8
CC	0,7	0,0	0,0	0,7
C	0,0	0,0	0,0	0,0
D	0,0	0,0	0,0	0,0
No rating	5,1	0,0	0,0	5,1
Cash	1,3	0,0	0,0	1,3

CDS short: bought protection (short credit exposure); CDS long: sold protection (long credit exposure)

The columns may not always add up when reading across as physical bond holdings and/or cash are sometimes used as collateral for CDS exposure.

Where a security has not been rated by Standard & Poor's, Fitch or Moody's, we may use M&G's internal credit rating. Based on a comparison of all available ratings for each security, the most conservative rating (S&P, Fitch, Moody's or M&G's internal rating) is taken into consideration. The ratings so identified are then expressed or converted into M&G's ratings format to obtain uniform information for all securities in the portfolio.

Industry breakdown (%)

	Physical	CDS short	CDS long	Net
Quasi & Foreign Government	47,8	0,0	0,0	47,8
Sovereign	29,4	0,0	0,0	29,4
Energy	6,6	0,0	0,0	6,6
Banking	2,9	0,0	0,0	2,9
Services	2,6	0,0	0,0	2,6
Real Estate	1,7	0,0	0,0	1,7
Media	1,3	0,0	0,0	1,3
Telecommunications	1,3	0,0	0,0	1,3
Utility	1,1	0,0	0,0	1,1
Consumer Cyclical	0,9	0,0	0,0	0,9
Consumer Non-Cyclical	0,9	0,0	0,0	0,9
Capital Goods	0,7	0,0	0,0	0,7
Basic Industry	0,6	0,0	0,0	0,6
Financial Services	0,5	0,0	0,0	0,5
Automotive	0,5	0,0	0,0	0,5
Investment Grade indices	0,0	0,0	0,0	0,0
High Yield indices	0,0	0,0	0,0	0,0
Cash	1,3	0,0	0,0	1,3

CDS short: bought protection (short credit exposure); CDS long: sold protection (long credit exposure)

The columns may not always add up when reading across as physical bond holdings and/or cash are sometimes used as collateral for CDS exposure.

Country breakdown (%)

	Physical	CDS short	CDS long	Net
Argentina	6,3	0,0	0,0	6,3
Brazil	5,7	0,0	0,0	5,7
Peru	4,6	0,0	0,0	4,6
Russia	4,1	0,0	0,0	4,1
Mexico	4,1	0,0	0,0	4,1
Turkey	3,6	0,0	0,0	3,6
Indonesia	3,3	0,0	0,0	3,3
South Africa	3,2	0,0	0,0	3,2
Uruguay	3,1	0,0	0,0	3,1
US	3,0	0,0	0,0	3,0
Other	57,7	0,0	0,0	57,7
Cash	1,3	0,0	0,0	1,3

CDS short: bought protection (short credit exposure); CDS long: sold protection (long credit exposure)

The columns may not always add up when reading across as physical bond holdings and/or cash are sometimes used as collateral for CDS exposure.

Currency breakdown (%)

	Pre-hedge	Post-hedge
US dollar	65,8	70,2
Israeli shekel	1,2	2,5
Indian rupee	1,0	2,5
Indonesian rupiah	2,4	2,4
Uruguay peso	2,4	2,4
Peruvian nuevo sol	2,3	2,3
Russian ruble	2,2	2,2
Brazilian real	2,0	2,0
Mexican peso	2,0	2,0
Other	15,8	15,8

Maturity breakdown (%)

	Physical
0 - 1 years	7,5
1 - 3 years	9,3
3 - 5 years	7,7
5 - 7 years	14,2
7 - 10 years	33,6
10 - 15 years	7,3
15+ years	19,1
Cash	1,3

Duration breakdown by currency and asset class

	Physical	Futures	Swaps	Net
US dollar	4,2	0,0	0,0	4,2
Euro	0,3	0,0	0,0	0,3
British pound	0,1	0,0	0,0	0,1
Other	1,6	0,0	0,0	1,6
Total	6,1	0,0	0,0	6,1

Largest issuers (%)

	Fund
Brazil	3,4
Peru	3,4
Indonesia	3,3
Uruguay	3,1
US	3,0
Argentina	3,0
Dominican Republic	2,3
Turkey	2,2
Russia	2,2
Egypt	2,2

Performance review

Emerging market bonds delivered gains in April, with returns that were closely aligned among local and hard currency issues. During the month, much attention among global investors was focused on the unpredictable outcome of the French presidential election, as well as weakness in the performance of the US dollar. While anticipation of the French vote initially contributed to risk aversion, financial markets generally found relief later in the month as a pro-European Union (EU) candidate emerged as the first-round leader in the contest. Risk assets generally rallied as a consequence, although the final result of the election remained undecided until the second round of voting in early May. (Emmanuel Macron, the pro-EU and centrist candidate, was confirmed as the winner on 7 May).

In the emerging bond markets, hard currency-denominated government debt registered slightly better returns than their local currency and corporate bond counterparts. The JP Morgan Emerging Markets Bond (EMBI) Global Diversified Index, which measures hard currency-denominated government bonds, increased by 1.3%. As represented by the JP Morgan GBI-EM Global Diversified Index, local currency emerging market government bonds gained 1.2%, while emerging market corporate credit, as tracked by the JP Morgan Corporate EMBI (CEMBI) Broad Diversified Index, returned 1.1%. All returns are stated in US dollar terms.

Through its globally diversified exposure to emerging market bonds, the fund delivered a positive return in this environment.

Key changes

In a quiet month for transaction activity in the fund, Claudia's purchases included a newly issued sukuk (Islamic bond) from the government of Saudi Arabia that she assessed was attractively priced. Elsewhere, some corporate exposure was added in South Africa, which reduced the fund's underweight allocation to the country. The move reflected Claudia's view that some value could be found in the market after its recent downgrade to high yield status.

The fund's key investment themes remained broadly unchanged in April. In recent months, these themes have included increasing the fund's exposure to local currency-denominated sovereign bonds and this allocation remained around 27%. At this level, the fund's local currency allocation stands at a historically high weighting for the portfolio, while remaining below a neutral position.

In Claudia's view, the appeal of this area of the market has been helped by factors such as softer performance from the US dollar, divergent central bank paths and the attractiveness of local yield curves. In the year-to-date period, emerging market currencies that have performed notably well against the US dollar include the Mexican peso, Korean won, South African rand, and Brazilian real.

Within the fund's overall currency positioning, its allocation to the US dollar amounted to around 70% at the end of April, while its largest local currency exposures included to the Israeli shekel, Indian rupee, and Indonesian rupiah. In terms of the fund's duration, Claudia has recently maintained a broadly unchanged level, which stood at 6.1 years at the end of the month.

Fund codes and charges

Share class	ISIN	Bloomberg	Annual management charge	Ongoing charge	Minimum initial investment	Minimum top up investment
USD A Acc	GB00B7JRFN80	MGEMUAA LN	1,25 %	1,42 %	\$1.000	\$75
USD A Inc	GB00BK6MBV71	MGEBUAI LN	1,25 %	1,42 %	\$1.000	\$75
USD C Acc	GB00B7KG2775	MGEMUCA LN	0,60 %	0,77 %	\$500.000	\$50.000
USD C Inc	GB00BK6MBW88	MGEBUAI LN	0,60 %	0,77 %	\$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 31 December 2016.

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

Important information

Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

Source of performance data: Morningstar, Inc., as at 30 April 2017, USD Class A shares, gross 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 USD Class A shares. Copyright © 2017 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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