

# M&G (Lux) Investment Funds 1

Interim Report and unaudited Financial Statements  
for the six months ended 30 September 2018

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

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## M&G (Lux) Investment Funds 1

# Management and administration

The Board of Directors of M&G (Lux) Investment Funds 1 (the 'Board' or its 'Directors') presents its Interim Report and unaudited Financial Statements for the six months ended 30 September 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

### Funds, fund managers and launch dates

At the six months end 30 September 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 Bond Fund**

Launched: 17 September 2018

Fund manager: Claudia Calich

#### **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) European Strategic Value Fund**

Launched: 18 September 2018

Fund manager: Richard Halle

#### **M&G (Lux) Floating Rate High Yield Solution**

Launched: 24 August 2017

Co-fund managers: Stefan Isaacs and James Tomlins

#### **M&G (Lux) Global Dividend Fund**

Launched: 18 September 2018

Fund manager: Stuart Rhodes

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

Launched: 13 September 2018

Fund manager: James Tomlins

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

Launched: 5 October 2017

Co-fund managers: James Tomlins and Stefan Isaacs

#### **M&G (Lux) Global Listed Infrastructure Fund**

Launched: 5 October 2017

Fund manager: Alex Araujo

## M&G (Lux) Investment Funds 1

# Management and administration

### Company information

#### M&G (Lux) Global Recovery Fund

Launched: 18 July 2018

Fund manager: David Williams

#### 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

#### M&G (Lux) Optimal Income Fund

Launched: 5 September 2018

Fund manager: Richard Woolnough

### 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 136 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 in conjunction with the Board of Directors has appointed RBC Investor Services Bank S.A. as registrar and transfer agent of the Company.

### Depositary 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

With effect from 1 October 2018 the Management Company changed from M&G Securities Limited to M&G Luxembourg S.A. Further details of the new management company can be found in the latest prospectus.

Please note that the following share classes were launched:

| Fund name  | Date              | Share Class           |
|--|-------------------|-----------------------|
| M&G (Lux) Absolute Return Bond Fund                | 3 April 2018      | Euro 'A' F2 & F3 Dist |
| M&G (Lux) Absolute Return Bond Fund                | 4 May 2018        | Euro 'B' Acc & Dist   |
| M&G (Lux) Absolute Return Bond Fund                | 3 April 2018      | Euro 'B' F2 & F3 Dist |
| M&G (Lux) Emerging Markets Hard Currency Bond Fund | 27 September 2018 | Euro 'L1' Dist        |
| M&G (Lux) Global High Yield ESG Bond Fund          | 23 August 2018    | GBP 'L-H' Dist        |
| M&G (Lux) Income Allocation Fund                   | 4 May 2018        | Euro 'Z1' Dist        |

As at the date of this report, the most recent Visa Stamped Prospectus was approved by the CSSF on 1 October 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**

**M&G (Lux) Conservative Allocation Fund**

**M&G (Lux) Dynamic Allocation Fund**

**M&G (Lux) Emerging Markets Bond Fund**

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

**M&G (Lux) Emerging Markets Income Opportunities Fund**

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

**M&G (Lux) European Strategic Value Fund**

**M&G (Lux) Floating Rate High Yield Solution**

**M&G (Lux) Global Dividend Fund**

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

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

**M&G (Lux) Global Listed Infrastructure Fund**

**M&G (Lux) Global Recovery Fund**

## M&G (Lux) Investment Funds 1

# Management and administration

### Important information

#### M&G (Lux) Global Target Return Fund

#### M&G (Lux) Income Allocation Fund

#### M&G (Lux) Multi Asset 2023 Fund

#### M&G (Lux) Optimal Income Fund

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

#### M&G (Lux) Global High Yield Bond 2023 Fund

#### M&G (Lux) Global Themes Fund

#### M&G (Lux) PIR Allocation Fund

#### M&G (Lux) Positive Impact Fund

#### M&G (Lux) Sustainable Allocation Fund

In order to ensure that European investors from outside the UK had the opportunity to remain invested in M&G's fund strategies, M&G proposed the merger of non-Sterling shareclasses in the below listed UK funds ('the Merging Funds') into equivalent funds within M&G (Lux) Investment Funds 1 ('the Receiving Funds').

Following successful extraordinary resolutions at shareholder meetings on the 5 October 2018, the mergers of the non-Sterling shareclasses in the Merging Funds will take place at various dates prior to the 29 March 2019.

| Merging Fund                             | Receiving Fund                                 |
|--|--|
| M&G Asian Fund                           | M&G (Lux) Asian Fund                           |
| M&G Emerging Markets Bond Fund           | M&G (Lux) Emerging Markets Bond Fund           |
| M&G Episode Macro Fund                   | M&G (Lux) Episode Macro Fund                   |
| M&G European Corporate Bond Fund         | M&G (Lux) Euro Corporate Bond Fund             |
| M&G European Strategic Value Fund        | M&G (Lux) European Strategic Value Fund        |
| M&G Global Convertibles Fund             | M&G (Lux) Global Convertibles Fund             |
| M&G Global Corporate Bond Fund           | M&G (Lux) Global Corporate Bond Fund           |
| M&G Global Dividend Fund                 | M&G (Lux) Global Dividend Fund                 |
| M&G Global Emerging Markets Fund         | M&G (Lux) Global Emerging Markets Fund         |
| M&G Global Floating Rate High Yield Fund | M&G (Lux) Global Floating Rate High Yield Fund |
| M&G Global High Yield Bond Fund          | M&G (Lux) Global High Yield Bond Fund          |
| M&G Global Macro Bond Fund               | M&G (Lux) Global Macro Bond Fund               |
| M&G Global Select Fund                   | M&G (Lux) Global Select Fund                   |
| M&G Japan Fund                           | M&G (Lux) Japan Fund                           |
| M&G Japan Smaller Companies Fund         | M&G (Lux) Japan Smaller Companies Fund         |
| M&G North American Dividend Fund         | M&G (Lux) North American Dividend Fund         |
| M&G North American Value Fund            | M&G (Lux) North American Value Fund            |
| M&G Optimal Income Fund                  | M&G (Lux) Optimal Income Fund                  |
| M&G Pan European Dividend Fund           | M&G (Lux) Pan European Dividend Fund           |
| M&G Pan European Select Fund             | M&G (Lux) Pan European Select Fund             |
| M&G Short Dated Corporate Bond 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](http://www.mandg.co.uk/discretionary)

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 Luxembourg S.A., c/o RBC I&TS,  
14, Porte de France, L-4360 Esch-sur-Alzette, Luxembourg

Telephone: +352 2605 9944

Email: [csmandg@rbc.com](mailto: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 S.A.,  
mainBuilding, Taunusanlage 19, 60325 Frankfurt am Main,  
Germany

#### Greek paying agent and distributor

Eurobank Ergasias S.A.,  
8, Othonos Street, 10557 Athens, Greece  
Alpha Bank A.E.,  
40 Stadiou Street, 102 52 Athens, Greece

## M&G (Lux) Investment Funds 1

# Management and administration

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### Investor information

Piraeus Bank S.A. (from 01 October 2018)  
40 Stadiou Street, 102 52 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:

**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.

**Laurence Mumford**, Director of M&G Securities Limited.

**Yves Wagner** is an Independent Director.

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

### Delegation of functions

#### Management Company

From 1 October 2018 the Company has appointed M&G Luxembourg S.A. pursuant to the Management Agreement to serve as its management company within the meaning of the UCI Law.

During the year to 30 September 2018, the Company had 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.

#### Distributor

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 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

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### Directors' responsibilities

#### Depositary

The Management Company in conjunction with the Board of Directors has appointed State Street Bank Luxembourg S.C.A. as the Depositary.

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

The Depositary 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

19 November 2018



## M&G (Lux) Investment Funds 1

# Market review

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Global stockmarkets posted strong returns in the main during the six months to 30 September 2018. This was largely on the back of healthy company profits and investors' perception that company shares (equities) in some markets are still attractively priced. Several emerging markets, however, came under selling pressure due to worries over escalating trade tensions, particularly between the US and China.

On the other hand, in bond markets, yields on 10-year US Treasuries rose to above 3% by the end of the six-month review period, as robust economic growth in the US, a pick-up in inflation and two interest rate rises by the Federal Reserve, dampened investor demand for safe-haven government bonds. The period also featured a sharp rise in the oil price and the US dollar.

The US stockmarket was one of the standout performers over the six months, with both the S&P 500 Index, which contains many of the country's largest companies, and the technology-heavy NASDAQ Composite reaching all-time highs. The US economy's growth acceleration and rapid job creation has so far overshadowed global hazards, including the risk of a Trump-induced trade war.

Shares in companies were buoyed by bumper earnings growth across most sectors, but interestingly, the fortunes of some of the largest technology-related companies began to diverge. Notably, electronic consumer goods giant Apple became the first company to reach to a market capitalisation of US\$1 trillion. In contrast, the share price of social media company Facebook fell in July 2018 on concerns over slowing user and advertising growth.

In Japan – the world's third-largest economy – the stockmarket also made significant gains; although, unlike in the US, market moves were more volatile. Initially, Japanese shares faced several headwinds, particularly worries about a US-China trade war and the strength of the yen. (A stronger Japanese currency can reduce the value of overseas revenues and profits of Japanese companies in yen terms.) Meanwhile, the share prices of some industrial and manufacturing companies declined on fears that President Trump's trade tariffs would damage exports.

Nonetheless, as the six months drew to a close, Japanese shares made solid gains, reflecting better-than-expected quarterly results and signs that investors are now appreciating the strong underlying fundamentals of many companies. Furthermore, on a macro level, we are seeing a continuous flow of data that points to a healthy economy, with sustained economic growth and rising wages.

Performance of European stockmarkets, however, was mixed as the region had to contend with significant volatility; the Italian market performed particularly poorly. A general election in the country led to the formation of a coalition government made up

of anti-establishment parties, which unsettled investors. Italian banks, in particular, were hard hit because of their exposure to Italian government bonds, whose yields rose sharply.

More generally, European company shares faced several headwinds, including an escalating trade war, which could adversely affect manufacturing exports and banks' exposure to the Turkish economy. Turkey is currently grappling with higher inflation and a very weak currency. Additionally, economic data was largely disappointing – the eurozone economy registered its slowest growth in two years – which supports the view that the European Central Bank will be patient in easing its crisis-era monetary support.

Outside the eurozone, the UK stockmarket initially made impressive gains, driven by a fall in sterling, which boosts the earnings of companies that generate profits overseas. However, later on, the stockmarket drifted lower, on the back of increased Brexit uncertainty, which weighed on investors' sentiment and risk appetite.

Rising interest rates in the US and the continued appreciation of the US dollar, together with the fear of a global trade war, dampened investor sentiment towards emerging markets. As the US and China proposed additional tariffs on each other's products, investors worried about the impact on Chinese companies and its stockmarket was one of the biggest fallers over the six months. Shares in Turkish companies were also particularly weak, hit by a steep decline in the Turkish lira and concerns about the country's financial position. Nevertheless, there were some bright spots, including stockmarkets in Australia, India and Mexico, which all rose.

Rising interest rates and higher inflation in the US and UK also weighed on the performance of their respective government bonds and yields on long-dated Treasuries and gilts rose. (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 are bonds issued by companies.)

Conversely, yields on German bunds were unchanged, reflecting lacklustre economic growth in the eurozone and the prospect that the European Central Bank will maintain its ultra-loose monetary policy for some time. Elsewhere, yields on emerging market government debt, particularly those denominated in local currency, rose as prices fell.

In economies where growth is the strongest, such as the US, the spread between investment grade and high yield corporate bonds versus government bonds narrowed. Conversely, in Europe, where there has been some relatively disappointing economic data recently, this spread widened.

Looking ahead, we believe strong corporate earnings should continue to be the key driver of stockmarket performance as global economic growth remains resilient. However, we recognise that trade tensions, geopolitical risks, higher oil prices and the

## M&G (Lux) Investment Funds 1

# Market review

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normalisation of monetary policy could cause bouts of volatility. While equities have performed well over the six months, in most cases, we believe they still look attractively valued when compared to government bonds.

**M&G Investment Management Limited**

**30 September 2018**

Source of market performance data: Datastream, as at 30 September 2018.

## M&G (Lux) Absolute Return Bond Fund

# Investment objective and policy

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### 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:

- 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;
- a maximum of 60% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds;
- a maximum of 20% of the Fund's Net Asset Value in Contingent Convertible Debt Securities; and
- 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

## Portfolio statement

### Portfolio statement

| Investment description                     | Holding | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|--|---------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME</b>                        |         |          |               | <b>42,393</b>         | <b>97.63</b>       |
| <b>Debt securities</b>                     |         |          |               | <b>42,421</b>         | <b>97.69</b>       |
| <b>'AAA' credit rated bonds</b>            |         |          |               | <b>7,395</b>          | <b>17.03</b>       |
| Australia (Commonwealth of) 3%             | 150,000 | AU\$     | 21.03.47      | 91                    | 0.21               |
| Avoca CLO XI FRN                           | 400,000 | €        | 15.07.30      | 400                   | 0.92               |
| Barings Euro CLO FRN                       | 400,000 | €        | 15.10.30      | 400                   | 0.92               |
| Brass No 7 FRN                             | 100,000 | £        | 16.10.59      | 113                   | 0.26               |
| Carlyle Euro CLO FRN                       | 400,000 | €        | 15.07.30      | 400                   | 0.92               |
| Delft FRN                                  | 127,910 | €        | 17.01.40      | 128                   | 0.29               |
| Dukinfield 2 FRN                           | 151,744 | £        | 20.12.52      | 173                   | 0.40               |
| Finsbury Square FRN                        | 97,180  | £        | 12.09.65      | 109                   | 0.25               |
| Harvest CLO VIII FRN                       | 203,000 | €        | 15.01.31      | 201                   | 0.46               |
| Harvest CLO VII FRN                        | 250,000 | €        | 12.04.31      | 250                   | 0.58               |
| Iliad 1.875%                               | 200,000 | €        | 25.04.25      | 188                   | 0.43               |
| Jubilee CLO XVIII FRN                      | 400,000 | €        | 15.01.30      | 400                   | 0.92               |
| Kreditanstalt fuer Wiederaufbau 1%         | 500,000 | £        | 15.12.22      | 555                   | 1.28               |
| Ludgate Funding FRN                        | 277,821 | €        | 01.12.60      | 267                   | 0.62               |
| Newday Partnership Funding FRN             | 200,000 | £        | 15.12.27      | 225                   | 0.52               |
| Newgate Funding FRN                        | 374,810 | €        | 15.12.50      | 370                   | 0.85               |
| Oat Hill FRN                               | 183,461 | £        | 25.02.46      | 206                   | 0.47               |
| Paragon Mortgages No 11 FRN                | 205,852 | €        | 15.10.41      | 199                   | 0.46               |
| Residential Mortgage Securities FRN        | 230,657 | £        | 20.12.46      | 261                   | 0.60               |
| Tower Bridge Funding No 3 FRN              | 112,000 | £        | 20.12.61      | 126                   | 0.29               |
| US Treasury I/L 0.125%                     | 600,000 | US\$     | 15.07.26      | 515                   | 1.19               |
| US Treasury I/L 0.625%                     | 400,000 | US\$     | 15.01.24      | 368                   | 0.85               |
| US Treasury Note 1.375%                    | 200,000 | US\$     | 31.05.20      | 169                   | 0.39               |
| US Treasury Note 1.5%                      | 900,000 | US\$     | 31.10.19      | 768                   | 1.77               |
| US Treasury Note 2.625%                    | 300,000 | US\$     | 28.02.23      | 256                   | 0.59               |
| US Treasury Note 2.75%                     | 300,000 | US\$     | 15.11.23      | 257                   | 0.59               |
| <b>'AA' credit rated bonds</b>             |         |          |               | <b>1,425</b>          | <b>3.28</b>        |
| E-MAC NL I FRN                             | 222,864 | €        | 25.04.38      | 223                   | 0.51               |
| HSBC Holdings FRN                          | 100,000 | €        | 05.10.23      | 100                   | 0.23               |
| JT International Financial Services 1.125% | 100,000 | €        | 28.09.25      | 100                   | 0.23               |
| Paragon Mortgages No 13 FRN                | 319,556 | €        | 15.01.39      | 305                   | 0.70               |
| Towd Point Mortgage Funding Granite 1 FRN  | 343,000 | £        | 20.07.46      | 389                   | 0.90               |
| UK Gilt I/L 1.875%                         | 170,000 | £        | 22.11.22      | 308                   | 0.71               |
| <b>'A' credit rated bonds</b>              |         |          |               | <b>8,058</b>          | <b>18.56</b>       |
| Alba FRN                                   | 298,802 | €        | 15.12.38      | 284                   | 0.65               |
| AT&T 5.25%                                 | 300,000 | US\$     | 01.03.37      | 260                   | 0.60               |
| AXA FRN                                    | 357,000 | €        | 28.05.49      | 351                   | 0.81               |
| Bank of America FRN                        | 200,000 | €        | 04.05.23      | 201                   | 0.46               |
| Bank of America FRN                        | 300,000 | US\$     | 05.02.26      | 255                   | 0.59               |
| Barclays 3.125%                            | 250,000 | £        | 17.01.24      | 281                   | 0.65               |
| Barclays Bank FRN                          | 300,000 | €        | 07.02.28      | 287                   | 0.66               |
| BNP Paribas FRN                            | 400,000 | €        | 07.06.24      | 400                   | 0.92               |
| BPCE FRN                                   | 300,000 | €        | 23.03.23      | 297                   | 0.68               |
| Chubb INA Holdings 1.55%                   | 127,000 | €        | 15.03.28      | 127                   | 0.29               |
| Citigroup FRN                              | 650,000 | US\$     | 17.05.24      | 566                   | 1.30               |
| CK Hutchison Europe Finance 18 1.25%       | 162,000 | €        | 13.04.25      | 160                   | 0.37               |
| Crédit Suisse Group FRN                    | 200,000 | £        | 12.09.25      | 215                   | 0.50               |
| Experian Finance 2.125%                    | 100,000 | £        | 27.09.24      | 112                   | 0.26               |
| Goldman Sachs Group FRN                    | 200,000 | €        | 26.09.23      | 199                   | 0.46               |
| Halfmoon Parent 4.375%                     | 53,000  | US\$     | 15.10.28      | 46                    | 0.11               |
| Halfmoon Parent 4.8%                       | 68,000  | US\$     | 15.08.38      | 59                    | 0.14               |
| ING Groep FRN                              | 200,000 | €        | 22.03.30      | 197                   | 0.45               |
| ING Groep FRN                              | 200,000 | €        | 20.09.23      | 200                   | 0.46               |
| Landmark Mortgage Securities No 2 FRN      | 296,658 | €        | 17.06.39      | 284                   | 0.65               |
| Lloyds Banking Group FRN                   | 350,000 | €        | 21.06.24      | 348                   | 0.80               |
| Magellan Mortgages No 4 FRN                | 271,575 | €        | 20.07.59      | 260                   | 0.60               |
| Mitchells & Butlers Finance FRN            | 65,902  | US\$     | 15.12.30      | 53                    | 0.12               |
| Morgan Stanley FRN                         | 200,000 | US\$     | 08.05.24      | 176                   | 0.41               |
| Santander UK Group Holdings FRN            | 300,000 | €        | 18.05.23      | 298                   | 0.69               |
| Santander UK Group Holdings FRN            | 259,000 | €        | 27.03.24      | 257                   | 0.59               |
| Société Générale FRN                       | 700,000 | €        | 22.05.24      | 699                   | 1.61               |
| TOTAL FRN                                  | 200,000 | €        | 29.12.49      | 210                   | 0.48               |
| UBS London 1.25%                           | 200,000 | £        | 10.12.20      | 224                   | 0.52               |
| Verizon Communications 2.875%              | 200,000 | €        | 15.01.38      | 201                   | 0.46               |

# M&G (Lux) Absolute Return Bond Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description  | Holding     | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|-------------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                               |             |          |               |                       |                    |
| <b>'A' credit rated bonds (continued)</b>                     |             |          |               |                       |                    |
| Wells Fargo 1.375%  | 100,000     | £        | 30.06.22      | 110                   | 0.25               |
| Wells Fargo FRN   | 500,000     | US\$     | 31.10.23      | 441                   | 1.02               |
| <b>'BBB' credit rated bonds</b>                               |             |          |               |                       |                    |
| AA Bond 4.875%  | 100,000     | £        | 31.07.43      | 113                   | 0.26               |
| Admiral Group 5.5%  | 300,000     | £        | 25.07.24      | 368                   | 0.85               |
| Akelius Residential Property 2.375%                           | 270,000     | £        | 15.08.25      | 289                   | 0.67               |
| Allergan Funding 2.125%                                       | 150,000     | €        | 01.06.29      | 148                   | 0.34               |
| America Movil FRN   | 200,000     | €        | 06.09.73      | 236                   | 0.54               |
| American International Group FRN                              | 300,000     | €        | 15.03.67      | 282                   | 0.65               |
| Andeavor Logistics 4.25%                                      | 150,000     | US\$     | 01.12.27      | 127                   | 0.29               |
| Anglo American Capital 4.5%                                   | 200,000     | US\$     | 15.03.28      | 165                   | 0.38               |
| Aon 2.875%  | 250,000     | €        | 14.05.26      | 270                   | 0.62               |
| Arion Banki 1%  | 362,000     | €        | 20.03.23      | 355                   | 0.82               |
| Aroundtown 3%   | 100,000     | £        | 16.10.29      | 106                   | 0.24               |
| AT&T FRN  | 147,000     | US\$     | 12.06.24      | 127                   | 0.29               |
| Atrium European Real Estate 3%                                | 101,000     | €        | 11.09.25      | 102                   | 0.23               |
| Aviva FRN   | 400,000     | £        | 29.09.49      | 490                   | 1.13               |
| Banco de Sabadell 1.625%                                      | 300,000     | €        | 07.03.24      | 299                   | 0.69               |
| Banco Santander 2.125%  | 100,000     | €        | 08.02.28      | 94                    | 0.22               |
| BAT Capital 4.54%   | 200,000     | US\$     | 15.08.47      | 160                   | 0.37               |
| Bayer Capital 1.5%  | 100,000     | €        | 26.06.26      | 100                   | 0.23               |
| Bayer Capital 2.125%  | 100,000     | €        | 15.12.29      | 101                   | 0.23               |
| Belfius Bank FRN  | 200,000     | €        | 15.03.28      | 195                   | 0.45               |
| Beni Stabili 2.375%   | 160,000     | €        | 20.02.28      | 162                   | 0.37               |
| Bogota Distrito Capital 9.75%                                 | 200,000,000 | COP      | 26.07.28      | 63                    | 0.15               |
| Capital One Financial 4.2%                                    | 400,000     | US\$     | 29.10.25      | 337                   | 0.78               |
| Channel Link Enterprises Finance FRN                          | 250,000     | €        | 30.06.50      | 252                   | 0.58               |
| Citigroup FRN   | 200,000     | US\$     | 15.05.23      | 174                   | 0.40               |
| Citigroup FRN   | 200,000     | US\$     | 01.06.24      | 174                   | 0.40               |
| Crédit Agricole FRN   | 400,000     | €        | 29.04.49      | 439                   | 1.01               |
| Deutsche Bank 1.125%  | 151,000     | €        | 30.08.23      | 152                   | 0.35               |
| DP World 4.25%  | 256,000     | £        | 25.09.30      | 288                   | 0.66               |
| DP World 6.85%  | 100,000     | US\$     | 02.07.37      | 99                    | 0.23               |
| ELM for Helvetia Schweizerische Versicherungsgesellschaft FRN | 350,000     | €        | 29.09.47      | 357                   | 0.82               |
| Energy Transfer 5.8%  | 79,000      | US\$     | 15.06.38      | 71                    | 0.16               |
| Energy Transfer 6.125%  | 400,000     | US\$     | 15.12.45      | 368                   | 0.85               |
| Express Scripts Holding 3%                                    | 100,000     | £        | 12.05.32      | 104                   | 0.24               |
| Express Scripts Holding 4.8%                                  | 100,000     | US\$     | 15.07.46      | 85                    | 0.20               |
| Fastighets AB Balder 1.875%                                   | 100,000     | €        | 23.01.26      | 98                    | 0.23               |
| FCE Bank 1.134%   | 250,000     | €        | 10.02.22      | 251                   | 0.58               |
| Goldman Sachs Group 3.125%                                    | 300,000     | £        | 25.07.29      | 332                   | 0.76               |
| Greene King Finance FRN                                       | 268,464     | £        | 15.12.33      | 300                   | 0.69               |
| Groupe Bruxelles Lambert 1.375%                               | 500,000     | €        | 23.05.24      | 503                   | 1.16               |
| Hastings Group Finance 3%                                     | 110,000     | £        | 24.05.25      | 122                   | 0.28               |
| Intesa Sanpaolo 1.75%   | 150,000     | €        | 20.03.28      | 135                   | 0.31               |
| Italy (Republic of) 2.05%                                     | 150,000     | €        | 01.08.27      | 139                   | 0.32               |
| Leonardo 1.5%   | 400,000     | €        | 07.06.24      | 385                   | 0.89               |
| Lloyds Banking Group FRN                                      | 200,000     | €        | 07.09.28      | 194                   | 0.45               |
| Mapfre FRN  | 200,000     | €        | 07.09.48      | 200                   | 0.46               |
| Maple Escrow Subsidiary 4.057%                                | 55,000      | US\$     | 25.05.23      | 48                    | 0.11               |
| Mondi Finance 1.625%  | 122,000     | €        | 27.04.26      | 122                   | 0.28               |
| MPLX 4.125%   | 50,000      | US\$     | 01.03.27      | 42                    | 0.10               |
| Mylan 4.55%   | 200,000     | US\$     | 15.04.28      | 169                   | 0.39               |
| Mylan 5.4%  | 400,000     | US\$     | 29.11.43      | 333                   | 0.77               |
| Nationwide Building Society FRN                               | 240,000     | €        | 08.03.26      | 236                   | 0.54               |
| Nationwide Building Society FRN                               | 200,000     | US\$     | 01.08.24      | 172                   | 0.40               |
| NN Group FRN  | 100,000     | €        | 15.07.49      | 106                   | 0.24               |
| O2 Telefonica Deutschland Finanzierung 1.75%                  | 100,000     | €        | 05.07.25      | 101                   | 0.23               |
| Orange FRN  | 200,000     | €        | 29.10.49      | 221                   | 0.51               |
| Portugal (Republic of) 5.125%                                 | 200,000     | US\$     | 15.10.24      | 181                   | 0.42               |
| RCI Banque FRN  | 300,000     | €        | 12.01.23      | 297                   | 0.68               |
| Romania 3.875%  | 250,000     | €        | 29.10.35      | 255                   | 0.59               |
| Royal Bank of Scotland Group FRN                              | 158,000     | €        | 02.03.26      | 154                   | 0.35               |
| Royal Bank of Scotland Group FRN                              | 300,000     | £        | 19.09.26      | 330                   | 0.76               |
| Royal Bank of Scotland Group FRN                              | 200,000     | US\$     | 18.05.29      | 172                   | 0.40               |
| Russia (Federation of) 8.15%                                  | 17,500,000  | RUB      | 03.02.27      | 227                   | 0.52               |
| SELP Finance 1.5%   | 100,000     | €        | 20.11.25      | 97                    | 0.22               |

# M&G (Lux) Absolute Return Bond Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                       | Holding   | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|--|-----------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>              |           |          |               |                       |                    |
| <b>'BBB' credit rated bonds (continued)</b>  |           |          |               |                       |                    |
| Snam FRN                                     | 200,000   | €        | 02.08.24      | 196                   | 0.45               |
| Société Générale 4.25%                       | 200,000   | US\$     | 14.09.23      | 172                   | 0.40               |
| Stora Enso 2.5%                              | 111,000   | €        | 21.03.28      | 114                   | 0.26               |
| Suez FRN                                     | 300,000   | €        | 31.12.99      | 301                   | 0.69               |
| Telecom Italia Finance 2.375%                | 200,000   | €        | 12.10.27      | 189                   | 0.44               |
| Thames Water Utilities Cayman Finance 2.375% | 500,000   | £        | 03.05.23      | 548                   | 1.26               |
| Thermo Fisher Scientific 2.875%              | 100,000   | €        | 24.07.37      | 102                   | 0.23               |
| Uruguay (Republic of the) 9.875%             | 7,000,000 | UYU      | 20.06.22      | 180                   | 0.41               |
| Virgin Money Holdings UK FRN                 | 149,000   | £        | 24.04.26      | 165                   | 0.38               |
| Vodafone Group 5%                            | 28,000    | US\$     | 30.05.38      | 24                    | 0.06               |
| Vodafone Group FRN                           | 194,000   | €        | 03.10.78      | 194                   | 0.45               |
| Volkswagen International Finance FRN         | 300,000   | €        | 31.12.99      | 296                   | 0.68               |
| Vonovia Finance 1.5%                         | 100,000   | €        | 14.01.28      | 96                    | 0.22               |
| Western Gas Partners 4.65%                   | 100,000   | US\$     | 01.07.26      | 85                    | 0.20               |
| WPC Eurobond 2.125%                          | 119,000   | €        | 15.04.27      | 118                   | 0.27               |
|  |           |          |               | <b>6,854</b>          | <b>15.78</b>       |
| <b>'BB' credit rated bonds</b>               |           |          |               |                       |                    |
| Banco Bilbao Vizcaya Argentaria FRN          | 400,000   | €        | 29.12.49      | 408                   | 0.94               |
| Banco Santander FRN                          | 700,000   | €        | 12.03.49      | 706                   | 1.63               |
| Bayer FRN                                    | 300,000   | €        | 02.04.75      | 296                   | 0.68               |
| Belden 3.375%                                | 229,000   | €        | 15.07.27      | 226                   | 0.52               |
| Brazil (Federal Republic of) 10%             | 800,000   | BRL      | 01.01.27      | 159                   | 0.37               |
| CCO Holdings 5.125%                          | 100,000   | US\$     | 01.05.27      | 82                    | 0.19               |
| CSC Holdings 5.5%                            | 200,000   | US\$     | 15.04.27      | 168                   | 0.39               |
| Energy Transfer FRN                          | 50,000    | US\$     | 01.11.66      | 39                    | 0.09               |
| Freeport-McMoRan 3.875%                      | 280,000   | US\$     | 15.03.23      | 233                   | 0.54               |
| HCA 5.375%                                   | 200,000   | US\$     | 01.09.26      | 174                   | 0.40               |
| HCA 5.5%                                     | 350,000   | US\$     | 15.06.47      | 306                   | 0.70               |
| Inretail Pharma 5.375%                       | 199,000   | US\$     | 02.05.23      | 174                   | 0.40               |
| InterXion Holding 4.75%                      | 126,000   | €        | 15.06.25      | 132                   | 0.30               |
| KBC Group FRN                                | 500,000   | €        | 29.03.49      | 507                   | 1.17               |
| Lagardere 1.625%                             | 200,000   | €        | 21.06.24      | 195                   | 0.45               |
| Lloyds Banking Group FRN                     | 400,000   | £        | 29.12.49      | 458                   | 1.05               |
| Lusitano Mortgages No 5 FRN                  | 223,036   | €        | 15.07.59      | 210                   | 0.48               |
| Ocado Group 4%                               | 100,000   | £        | 15.06.24      | 113                   | 0.26               |
| Olin 5%                                      | 200,000   | US\$     | 01.02.30      | 162                   | 0.37               |
| Petrobras Global Finance 5.75%               | 500,000   | US\$     | 01.02.29      | 389                   | 0.90               |
| Puma International Financing 5%              | 200,000   | US\$     | 24.01.26      | 147                   | 0.34               |
| Senegal (Republic of) 4.75%                  | 150,000   | €        | 13.03.28      | 146                   | 0.34               |
| Sirius XM Radio 5%                           | 200,000   | US\$     | 01.08.27      | 166                   | 0.38               |
| Telecom Italia Milano 2.875%                 | 124,000   | €        | 28.01.26      | 124                   | 0.28               |
| Telefonica Europe FRN                        | 200,000   | €        | 31.12.99      | 192                   | 0.44               |
| Telefonica Europe FRN                        | 300,000   | €        | 31.12.49      | 308                   | 0.71               |
| T-Mobile USA 6.375%                          | 200,000   | US\$     | 01.03.25      | 180                   | 0.41               |
| United Rentals North America 4.875%          | 100,000   | US\$     | 15.01.28      | 81                    | 0.19               |
| Wind Tre FRN                                 | 400,000   | €        | 20.01.24      | 373                   | 0.86               |
|  |           |          |               | <b>2,735</b>          | <b>6.30</b>        |
| <b>'B' credit rated bonds</b>                |           |          |               |                       |                    |
| Altice Financial 4.75%                       | 100,000   | €        | 15.01.28      | 85                    | 0.19               |
| Altice France 5.875%                         | 100,000   | €        | 01.02.27      | 105                   | 0.24               |
| Argentina (Republic of) 5%                   | 100,000   | €        | 15.01.27      | 82                    | 0.19               |
| Argentina (Republic of) 5.875%               | 69,000    | US\$     | 11.01.28      | 48                    | 0.11               |
| Argentina (Republic of) 6.875%               | 50,000    | US\$     | 11.01.48      | 34                    | 0.08               |
| Cabot Financial Luxembourg II FRN            | 170,000   | €        | 15.11.21      | 172                   | 0.40               |
| Ceva Logistics Finance 5.25%                 | 104,000   | €        | 01.08.25      | 102                   | 0.23               |
| Côte d'Ivoire (Republic of) 5.125%           | 100,000   | €        | 15.06.25      | 101                   | 0.23               |
| Egypt (Republic of) 5.625%                   | 250,000   | €        | 16.04.30      | 237                   | 0.55               |
| Garfunkelux Holdco 3 FRN                     | 250,000   | €        | 01.09.23      | 224                   | 0.52               |
| Iceland Bondco FRN                           | 33,909    | £        | 15.07.20      | 38                    | 0.09               |
| Intesa Sanpaolo FRN                          | 200,000   | €        | 29.12.49      | 206                   | 0.47               |
| Matterhorn Telecom FRN                       | 57,143    | €        | 01.02.23      | 57                    | 0.13               |
| Nexi Capital FRN                             | 177,000   | €        | 01.05.23      | 177                   | 0.41               |
| Nomad Foods Bondco 3.25%                     | 150,000   | €        | 15.05.24      | 152                   | 0.35               |
| Premier Foods Finance 6.25%                  | 174,000   | £        | 15.10.23      | 199                   | 0.46               |
| SFR Group 5.625%                             | 220,000   | €        | 15.05.24      | 230                   | 0.53               |
| Tesla 5.3%                                   | 30,000    | US\$     | 15.08.25      | 22                    | 0.05               |
| UniCredit FRN                                | 400,000   | €        | 31.12.99      | 361                   | 0.83               |
| Vallourec 6.375%                             | 100,000   | €        | 15.10.23      | 103                   | 0.24               |

# M&G (Lux) Absolute Return Bond Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                | Contracts | Currency | Market value<br>€'000 | % of net<br>assets |
|---|-----------|----------|-----------------------|--------------------|
| <b>Debt derivatives</b>                               |           |          | (28)                  | (0.06)             |
| <b>Credit default swaps</b>                           |           |          | (137)                 | (0.32)             |
| Amgen Inc Jun 2023                                    | 250,000   | US\$     | (6)                   | (0.01)             |
| Anglo American Dec 2022                               | 100,000   | €        | 16                    | 0.04               |
| Anglo American Jun 2022                               | 250,000   | €        | 37                    | 0.08               |
| Glencore International Dec 2022                       | 100,000   | €        | 15                    | 0.03               |
| Glencore International Jun 2022                       | 100,000   | €        | 14                    | 0.03               |
| Glencore International Jun 2023                       | 300,000   | €        | 47                    | 0.11               |
| iTraxx Europe Crossover Dec 2023                      | 675,000   | €        | (75)                  | (0.17)             |
| iTraxx Europe Dec 2023                                | 9,300,000 | €        | (159)                 | (0.37)             |
| iTraxx Europe Jun 2028                                | 550,000   | €        | (2)                   | -                  |
| iTraxx Europe Senior Financials Dec 2023              | 550,000   | €        | (6)                   | (0.01)             |
| iTraxx Europe Sub Financials Dec 2023                 | 1,000,000 | €        | 32                    | 0.07               |
| Markit's North American High Yield CDX Index Jun 2023 | 2,600,000 | US\$     | (46)                  | (0.11)             |
| People's Republic of China Dec 2021                   | 200,000   | €        | 4                     | 0.01               |
| Pfizer Jun 2022                                       | 200,000   | US\$     | (5)                   | (0.01)             |
| Republic of Chile Dec 2021                            | 100,000   | €        | 2                     | -                  |
| Republic of Italy Dec 2022                            | 150,000   | US\$     | (5)                   | (0.01)             |
| <b>Interest rate swaps</b>                            |           |          |                       |                    |
| Pay 1.8045% Receive VAR Oct 2022                      | 200,000   | £        | 2                     | 0.01               |

|   |      | Maturity date | Commitment<br>value (€'000) |            |             |
|---|------|---------------|-----------------------------|------------|-------------|
| <b>Interest rate futures</b>                        |      |               |                             | <b>107</b> | <b>0.25</b> |
| Germany (Federal Republic of) Bobl 5 year Futures   | (46) | €             | 6,014                       | 39         | 0.09        |
| Germany (Federal Republic of) Bund 10 year Futures  | (17) | €             | 2,704                       | 28         | 0.06        |
| Germany (Federal Republic of) Buxl 30 year Futures  | (1)  | €             | 175                         | 3          | 0.01        |
| Germany (Federal Republic of) Schatz 2 year Futures | (13) | €             | 1,453                       | 2          | 0.01        |
| US Treasury Notes 10 year Futures                   | (5)  | US\$          | 513                         | 6          | 0.01        |
| US Treasury Notes 30 year Futures                   | (3)  | US\$          | 365                         | 9          | 0.02        |
| US Ultra Bond Futures                               | (4)  | US\$          | 536                         | 17         | 0.04        |
| UK Treasury Notes Futures                           | (2)  | £             | 273                         | 3          | 0.01        |

| <b>CURRENCY</b>  |  |          |      |             |               |
|--|--|----------|------|-------------|---------------|
| <b>Forward currency contracts</b>                      |  |          |      | <b>(94)</b> | <b>(0.21)</b> |
| Bought for CHF 266,803.89, Sold for € 237,373.16       |  | 17.10.18 | (1)  | -           |               |
| Bought for € 7,905,781.81, Sold for £ 7,038,873.07     |  | 17.10.18 | (16) | (0.04)      |               |
| Bought for € 9,428,629.84, Sold for US\$ 11,018,409.98 |  | 17.10.18 | (74) | (0.17)      |               |
| Bought for ¥ 143,858,348.00, Sold for € 1,100,239.98   |  | 17.10.18 | (6)  | (0.01)      |               |
| Bought for US\$ 289,966.59, Sold for € 247,405.04      |  | 17.10.18 | 3    | 0.01        |               |

|                                 |  |  |  |               |              |
|---------------------------------|--|--|--|---------------|--------------|
| <b>Portfolio of investments</b> |  |  |  | <b>42,299</b> | <b>97.42</b> |
|---------------------------------|--|--|--|---------------|--------------|

| <b>SHARE CLASS HEDGING</b>                         |  |          |    |      |  |
|--|--|----------|----|------|--|
| Bought for £ 5,490,493.89, Sold for € 6,156,514.22 |  | 17.10.18 | 23 | 0.05 |  |
| Bought for € 1,874.69, Sold for US\$ 2,176.68      |  | 17.10.18 | -  | -    |  |
| Bought for CHF 99,442.56, Sold for € 88,206.33     |  | 17.10.18 | -  | -    |  |
| Bought for US\$ 107,245.29, Sold for € 92,381.96   |  | 17.10.18 | -  | -    |  |

|                                |  |  |  |               |              |
|--------------------------------|--|--|--|---------------|--------------|
| <b>Total portfolio</b>         |  |  |  | <b>42,322</b> | <b>97.47</b> |
| Net other assets/(liabilities) |  |  |  | 1,100         | 2.53         |

|                   |  |  |  |               |               |
|-------------------|--|--|--|---------------|---------------|
| <b>NET ASSETS</b> |  |  |  | <b>43,422</b> | <b>100.00</b> |
|-------------------|--|--|--|---------------|---------------|

### PORTFOLIO SUMMARY

| <b>Investment assets</b>                       |  |  |  |        |       |
|--|--|--|--|--------|-------|
| Debt securities                                |  |  |  | 42,421 | 97.69 |
| Unrealised gains on futures contracts          |  |  |  | 107    | 0.25  |
| Unrealised gains on forward currency contracts |  |  |  | 26     | 0.06  |
| Unrealised gains on swap contracts             |  |  |  | 169    | 0.38  |

|                                |  |  |  |               |              |
|--------------------------------|--|--|--|---------------|--------------|
| <b>Total Investment assets</b> |  |  |  | <b>42,723</b> | <b>98.38</b> |
|--------------------------------|--|--|--|---------------|--------------|

| <b>Investment liabilities</b>                   |  |  |  |       |        |
|---|--|--|--|-------|--------|
| Unrealised losses on forward currency contracts |  |  |  | (97)  | (0.22) |
| Unrealised losses on swap contracts             |  |  |  | (304) | (0.69) |

|                                     |  |  |  |              |               |
|-------------------------------------|--|--|--|--------------|---------------|
| <b>Total Investment liabilities</b> |  |  |  | <b>(401)</b> | <b>(0.91)</b> |
|-------------------------------------|--|--|--|--------------|---------------|

|                        |  |  |  |               |              |
|------------------------|--|--|--|---------------|--------------|
| <b>Total portfolio</b> |  |  |  | <b>42,322</b> | <b>97.47</b> |
|------------------------|--|--|--|---------------|--------------|

|                                       |  |  |  |              |             |
|---------------------------------------|--|--|--|--------------|-------------|
| <b>Net other assets/(liabilities)</b> |  |  |  | <b>1,100</b> | <b>2.53</b> |
|---------------------------------------|--|--|--|--------------|-------------|

|                   |  |  |  |               |               |
|-------------------|--|--|--|---------------|---------------|
| <b>NET ASSETS</b> |  |  |  | <b>43,422</b> | <b>100.00</b> |
|-------------------|--|--|--|---------------|---------------|

## M&G (Lux) Absolute Return Bond Fund

# Portfolio statement

### Portfolio statement (continued)

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 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures |                                     |                  | Collateral held as cash<br>€'000 |
|---|----------------------|-------------------------------------|------------------|----------------------------------|
|   | Swaps<br>€'000       | Forward currency contracts<br>€'000 | Futures<br>€'000 |                                  |
| Barclays Bank London                    | 6                    | 9,429                               | -                | -                                |
| Citigroup Global Markets Limited        | 81                   | 203                                 | -                | -                                |
| Citibank New York                       | 106                  | -                                   | -                | -                                |
| Goldman Sachs International             | 232                  | -                                   | -                | -                                |
| J.P.Morgan                              | 47                   | 94                                  | -                | 290                              |
| Merrill Lynch Pierce Fenner + Smith Inc | -                    | -                                   | 12,033           | -                                |
| National Australia Bank Ltd             | -                    | 704                                 | -                | -                                |
| State Street Bank and Trust Company     | -                    | 6,339                               | -                | -                                |
| State Street Bank London                | -                    | 8,072                               | -                | -                                |
| UBS AG London                           | -                    | 417                                 | -                | -                                |

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 as at 30 September 2018

|                                   | Six months<br>29.03.18<br>% <sup>[a]</sup> | Three years<br>30.09.15<br>% p.a. | Five years<br>30.09.13<br>% p.a. | Since launch<br>% p.a. |
|-----------------------------------|--|-----------------------------------|----------------------------------|------------------------|
| <b>Euro <sup>[b]</sup></b>        |  |                                   |                                  |                        |
| Class 'A'                         | -1.0                                       | n/a                               | n/a                              | +0.2 <sup>[c]</sup>    |
| Class 'B'                         | n/a  | n/a                               | n/a                              | -1.0 <sup>[d]</sup>    |
| Class 'C'                         | -0.7                                       | n/a                               | n/a                              | +0.8 <sup>[c]</sup>    |
| Class 'CI'                        | -0.7                                       | n/a                               | n/a                              | +0.9 <sup>[c]</sup>    |
| <b>Sterling <sup>[b]</sup></b>    |  |                                   |                                  |                        |
| Class 'C-H'                       | -0.1                                       | n/a                               | n/a                              | +1.8 <sup>[c]</sup>    |
| <b>Swiss franc <sup>[b]</sup></b> |  |                                   |                                  |                        |
| Class 'A-H'                       | -1.2                                       | n/a                               | n/a                              | -0.2 <sup>[c]</sup>    |
| Class 'C-H'                       | -0.9                                       | n/a                               | n/a                              | +0.4 <sup>[c]</sup>    |
| <b>US dollar <sup>[b]</sup></b>   |  |                                   |                                  |                        |
| Class 'A-H'                       | +0.4                                       | n/a                               | n/a                              | +2.6 <sup>[c]</sup>    |
| Class 'C-H'                       | +0.7                                       | n/a                               | n/a                              | +3.2 <sup>[c]</sup>    |

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 21 December 2016, the launch date of the fund.

<sup>[d]</sup> 8 May 2018, the launch date of the share class. Not annualised.

### 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 six months ended 30 September 2018.

#### Semi-annual distribution periods

|         | Start    | End      | Record date | Xd       | Payment  |
|---------|----------|----------|-------------|----------|----------|
| Interim | 01.04.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Distributions

|                      | Euro Class 'A'          | Euro Class 'B'        | Euro Class 'C'        | Sterling Class 'C-H' | Swiss franc Class 'A-H' |
|----------------------|-------------------------|-----------------------|-----------------------|----------------------|-------------------------|
| to 30 September 2018 | Euro ¢                  | Euro ¢                | Euro ¢                | UK p                 | Swiss ¢                 |
| Interim              | 0.1388                  | 0.1129                | 0.1399                | 0.1410               | 0.1350                  |
|                      | Swiss franc Class 'C-H' | US dollar Class 'A-H' | US dollar Class 'C-H' |                      |                         |
| to 30 September 2018 | Swiss ¢                 | US ¢                  | US ¢                  |                      |                         |
| Interim              | 0.1360                  | 0.1440                | 0.1453                |                      |                         |

### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV           | TER  |
|--|---------------|------|
| <b>Euro</b>                            |               |      |
|  | €             | %    |
| Class 'A' Accumulation                 | 10.0430       | 1.30 |
| Class 'A' Distribution                 | 9.7975        | 1.27 |
| Class 'B' Accumulation                 | 9.9038        | 1.57 |
| Class 'B' Distribution                 | 9.9038        | 1.57 |
| Class 'C' Accumulation                 | 10.1503       | 0.70 |
| Class 'C' Distribution                 | 9.9020        | 0.70 |
| Class 'CI' Accumulation                | 10.1600       | 0.65 |
| <b>Sterling</b>                        |               |      |
|  | £             | %    |
| Class 'C-H' Accumulation               | 10.3275       | 0.69 |
| Class 'C-H' Distribution               | 10.0769       | 0.70 |
| <b>Swiss franc</b>                     |               |      |
|  | CHF           | %    |
| Class 'A-H' Accumulation               | 9.9666        | 1.31 |
| Class 'A-H' Distribution               | 9.7221        | 1.31 |
| Class 'C-H' Accumulation               | 10.0783       | 0.71 |
| Class 'C-H' Distribution               | 9.8242        | 0.71 |
| <b>US dollar</b>                       |               |      |
|  | US\$          | %    |
| Class 'A-H' Accumulation               | 10.4646       | 1.31 |
| Class 'A-H' Distribution               | 10.2078       | 1.31 |
| Class 'C-H' Accumulation               | 10.5831       | 0.72 |
| Class 'C-H' Distribution               | 10.3153       | 0.71 |
| <b>NAV at fund level</b>               |               |      |
|  | €'000         |      |
| Net assets                             | 43,422        |      |
| Swing pricing adjustment (see note 11) | 0             |      |
| <b>Swung net assets</b>                | <b>43,422</b> |      |

## 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:

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

## Portfolio statement

### Portfolio statement

| Investment description                        | Holding    | Currency | Market value<br>€'000 | % of net<br>assets |
|---|------------|----------|-----------------------|--------------------|
| <b>EQUITIES</b>                               |            |          | <b>789,958</b>        | <b>25.10</b>       |
| <b>Energy equipment &amp; services</b>        |            |          | <b>7,254</b>          | <b>0.23</b>        |
| Halliburton                                   | 70,700     | US\$     | 2,478                 | 0.08               |
| John Wood Group                               | 247,875    | £        | 2,141                 | 0.07               |
| Schlumberger                                  | 49,900     | US\$     | 2,635                 | 0.08               |
| <b>Oil, gas &amp; consumable fuels</b>        |            |          | <b>51,610</b>         | <b>1.64</b>        |
| Anadarko Petroleum                            | 56,800     | US\$     | 3,261                 | 0.10               |
| Borr Drilling                                 | 398,267    | NOK      | 1,559                 | 0.05               |
| Chevron                                       | 27,292     | US\$     | 2,886                 | 0.09               |
| Concho Resources                              | 21,700     | US\$     | 2,837                 | 0.09               |
| EOG Resources                                 | 16,469     | US\$     | 1,806                 | 0.06               |
| Kosmos Energy                                 | 258,947    | US\$     | 2,083                 | 0.07               |
| Lukoil  | 23,176     | US\$     | 1,516                 | 0.05               |
| Lukoil ADR                                    | 383,600    | US\$     | 25,093                | 0.80               |
| Royal Dutch Shell 'A'                         | 878        | £        | 26                    | 0.00               |
| Royal Dutch Shell 'B'                         | 193,712    | £        | 5,813                 | 0.18               |
| TOTAL   | 56,229     | €        | 3,139                 | 0.10               |
| Tupras Türkiye Petrol Rafinerileri            | 82,686     | TRY      | 1,591                 | 0.05               |
| <b>Chemicals</b>                              |            |          |                       |                    |
| Methanex                                      | 69,000     | US\$     | 4,727                 | 0.15               |
| <b>Metals &amp; mining</b>                    |            |          | <b>34,775</b>         | <b>1.11</b>        |
| Anglo American                                | 193,000    | £        | 3,733                 | 0.12               |
| BHP Billiton                                  | 209,714    | £        | 3,913                 | 0.12               |
| Eregli Demir ve Celik Fabrikalari             | 952,769    | TRY      | 1,514                 | 0.05               |
| Glencore                                      | 929,457    | £        | 3,439                 | 0.11               |
| Rio Tinto                                     | 84,958     | £        | 3,697                 | 0.12               |
| Severstal                                     | 1,304,176  | US\$     | 18,479                | 0.59               |
| <b>Industrial conglomerates</b>               |            |          |                       |                    |
| KOC Holding                                   | 376,362    | TRY      | 916                   | 0.03               |
| <b>Airlines</b>                               |            |          |                       |                    |
| Türk Hava Yolları                             | 680,491    | TRY      | 1,875                 | 0.06               |
| <b>Media</b>                                  |            |          | <b>2,273</b>          | <b>0.07</b>        |
| Criteo ADR                                    | 61,454     | US\$     | 1,272                 | 0.04               |
| Naspers 'N'                                   | 5,479      | ZAR      | 1,001                 | 0.03               |
| <b>Internet &amp; direct marketing retail</b> |            |          |                       |                    |
| Alibaba Group Holding ADR                     | 3,766      | US\$     | 541                   | 0.02               |
| <b>Food &amp; staples retailing</b>           |            |          |                       |                    |
| BİM Birlesik Magazalar                        | 133,628    | TRY      | 1,556                 | 0.05               |
| <b>Biotechnology</b>                          |            |          | <b>48,881</b>         | <b>1.55</b>        |
| Amgen   | 43,448     | US\$     | 7,838                 | 0.25               |
| Biogen  | 27,473     | US\$     | 8,435                 | 0.27               |
| Celgene                                       | 102,413    | US\$     | 7,891                 | 0.25               |
| Gilead Sciences                               | 114,164    | US\$     | 7,550                 | 0.24               |
| Regeneron Pharmaceuticals                     | 24,509     | US\$     | 8,591                 | 0.27               |
| Shire ADR                                     | 54,800     | US\$     | 8,576                 | 0.27               |
| <b>Banks</b>                                  |            |          | <b>241,934</b>        | <b>7.69</b>        |
| Akbank Turk                                   | 1,949,303  | TRY      | 1,968                 | 0.06               |
| Banco Bilbao Vizcaya Argentaria               | 1,025,420  | €        | 5,605                 | 0.18               |
| Bank of America                               | 894,174    | US\$     | 23,120                | 0.73               |
| BNP Paribas                                   | 116,707    | €        | 6,135                 | 0.20               |
| CaixaBank                                     | 1,684,418  | €        | 6,572                 | 0.21               |
| Citigroup                                     | 376,523    | US\$     | 23,715                | 0.75               |
| Commerzbank                                   | 749,902    | €        | 6,716                 | 0.21               |
| ING Groep                                     | 502,068    | €        | 5,655                 | 0.18               |
| Intesa Sanpaolo                               | 2,469,982  | €        | 5,522                 | 0.18               |
| JPMorgan Chase                                | 240,648    | US\$     | 23,797                | 0.76               |
| Lloyds Banking Group                          | 30,919,188 | £        | 20,689                | 0.66               |
| Mitsubishi UFJ Financial Group                | 2,521,800  | ¥        | 13,632                | 0.43               |
| Mizuho Financial Group                        | 8,450,400  | ¥        | 12,756                | 0.41               |
| Sberbank of Russia ADR                        | 2,344,769  | US\$     | 25,287                | 0.80               |
| Société Générale                              | 171,409    | €        | 6,282                 | 0.20               |
| Sumitomo Mitsui Financial Group               | 370,300    | ¥        | 12,932                | 0.41               |
| Sumitomo Mitsui Trust Holdings                | 363,000    | ¥        | 12,923                | 0.41               |
| Türkiye Garanti Bankası                       | 1,734,042  | TRY      | 1,917                 | 0.06               |
| Türkiye İş Bankası 'C'                        | 1,138,904  | TRY      | 727                   | 0.02               |

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description  | Holding    | Currency | Market value<br>€'000 | % of net<br>assets |      |
|---|------------|----------|-----------------------|--------------------|------|
| <b>EQUITIES (continued)</b>   |            |          |                       |                    |      |
| <b>Banks (continued)</b>  |            |          |                       |                    |      |
| UniCredit   | 428,050    | €        | 5,501                 | 0.18               |      |
| Wells Fargo   | 448,992    | US\$     | 20,483                | 0.65               |      |
| <b>Diversified financial services</b>   |            |          |                       |                    |      |
| Haci Omer Sabanci Holding   | 5,129,372  | TRY      | 5,620                 | 0.18               |      |
| <b>Consumer finance</b>   |            |          |                       |                    |      |
| American Express  | 255,427    | US\$     | 23,785                | 0.76               |      |
| Mastercard  | 16,562     | US\$     | 3,179                 | 0.10               |      |
| Visa 'A'  | 46,463     | US\$     | 6,020                 | 0.19               |      |
| <b>Capital markets</b>  |            |          |                       |                    |      |
| 3i Infrastructure   | 3,801,561  | £        | 10,491                | 0.33               |      |
| Bank of New York Mellon   | 467,503    | US\$     | 20,807                | 0.66               |      |
| International Public Partnerships   | 2,038,179  | £        | 3,486                 | 0.11               |      |
| John Laing Infrastructure Fund  | 6,120,334  | £        | 9,821                 | 0.31               |      |
| M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'CI' (Accumulation) <sup>[a]</sup> | 2,102,040  | US\$     | 18,615                | 0.59               |      |
| M&G Global Convertibles Fund GBP Class 'A' (Accumulation) <sup>[b]</sup>                    | 28,428,061 | £        | 64,885                | 2.06               |      |
| M&G Global Corporate Bond Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>               | 432,087    | €        | 5,013                 | 0.16               |      |
| M&G Global High Yield Bond Fund GBP Class 'X' (Accumulation) <sup>[b]</sup>                 | 33,994,308 | £        | 50,389                | 1.60               |      |
| M&G Japan Fund GBP Class 'A' (Accumulation) <sup>[b]</sup>                                  | 48,426,151 | £        | 32,963                | 1.05               |      |
| M&G Total Return Credit Fund Euro Class 'A' (Accumulation) <sup>[b]</sup>                   | 46,432     | €        | 5,321                 | 0.17               |      |
| SPDR® Barclays 10+ Year US Corporate Bond ETF   | 172,905    | US\$     | 4,583                 | 0.15               |      |
| <b>Internet software &amp; services</b>   |            |          |                       |                    |      |
| Alphabet 'A'  | 3,094      | US\$     | 3,225                 | 0.10               |      |
| Altaba  | 9,013      | US\$     | 533                   | 0.02               |      |
| Broadcom  | 10,535     | US\$     | 2,242                 | 0.07               |      |
| Facebook 'A'  | 26,643     | US\$     | 3,884                 | 0.12               |      |
| <b>IT services</b>  |            |          |                       |                    |      |
| Luxoft  | 61,600     | US\$     | 2,558                 | 0.08               |      |
| <b>Software</b>   |            |          |                       |                    |      |
| Microsoft   | 73,200     | US\$     | 7,233                 | 0.23               |      |
| <b>Technology hardware, storage &amp; peripherals</b>                                       |            |          |                       |                    |      |
| IQE   | 1,258,735  | £        | 1,186                 | 0.04               |      |
| Tower Semiconductor   | 76,517     | US\$     | 1,460                 | 0.04               |      |
| <b>Electronic equipment, instruments &amp; components</b>                                   |            |          |                       |                    |      |
| IPG Photonics   | 13,700     | US\$     | 1,879                 | 0.06               |      |
| <b>Semiconductors &amp; semiconductor equipment</b>   |            |          |                       |                    |      |
| ams   | 31,793     | CHF      | 1,514                 | 0.05               |      |
| Cabot Microelectronics  | 12,881     | US\$     | 1,131                 | 0.04               |      |
| Lam Research  | 10,838     | US\$     | 1,409                 | 0.04               |      |
| MACOM Technology Solutions Holdings   | 173,700    | US\$     | 2,976                 | 0.09               |      |
| NXP Semiconductors  | 8,900      | US\$     | 657                   | 0.02               |      |
| <b>Wireless telecommunication services</b>  |            |          |                       |                    |      |
| Turkcell Iletisim Hizmetleri  | 905,926    | TRY      | 1,507                 | 0.05               |      |
| <b>Independent power and renewable electricity producers</b>                                |            |          |                       |                    |      |
| Greencoat Renewables  | 15,818,408 | €        | 16,451                | 0.53               |      |
| Greencoat UK Wind   | 20,404,462 | £        | 29,662                | 0.94               |      |
| <b>Real estate management &amp; development</b>   |            |          |                       |                    |      |
| Unibail-Rodamco-Westfield   | 184,054    | €        | 32,211                | 1.02               |      |
| <b>Equity derivatives</b>   |            |          |                       |                    |      |
| <b>Equity index futures</b>   |            |          |                       |                    |      |
| CAC40 Futures   | 586        | €        | 32,205                | 920                | 0.03 |
| IBEX 35 Index Futures   | 1,068      | €        | 99,933                | (141)              | -    |
| Hang Seng China Enterprises Index Futures   | 493        | HK\$     | 30,091                | 467                | 0.02 |
| MSCI Singapore Index Futures  | 1,427      | SG\$     | 33,338                | 348                | 0.01 |
| MSCI Taiwan Index Futures   | 1,575      | US\$     | 55,839                | 40                 | -    |
| BIST 30 INDEX Futures   | 6,685      | TRY      | 12,195                | 928                | 0.03 |
| Korean Stock Exchange Futures   | 2,313      | KRW      | 135,754               | 3,858              | 0.12 |
| Topix Index Futures   | 834        | ¥        | 115,390               | 9,197              | 0.29 |

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                  | Contracts | Currency | Maturity date | Commitment value<br>(€'000) | Market value<br>€'000 | % of net<br>assets |
|---|-----------|----------|---------------|-----------------------------|-----------------------|--------------------|
| <b>EQUITIES (continued)</b>             |           |          |               |                             |                       |                    |
| <b>Equity index futures (continued)</b> |           |          |               |                             |                       |                    |
| Dax Index Futures                       | 171       | €        | 21.12.18      | 52,428                      | 807                   | 0.03               |
| DJ Euro Stoxx 50 Futures                | 919       | €        | 21.12.18      | 31,195                      | 617                   | 0.02               |
| FTSE MIB Index Futures                  | 192       | €        | 21.12.18      | 16,155                      | 433                   | 0.01               |
| FTSE MIB Index Futures                  | 136       | €        | 21.12.18      | 14,028                      | (196)                 | (0.01)             |
| S&P MINI 500 Futures                    | (2,020)   | US\$     | 21.12.18      | 254,159                     | (358)                 | (0.01)             |

| <b>Holding</b>                                 |                 |      |          |  |                  |              |
|--|-----------------|------|----------|--|------------------|--------------|
| <b>FIXED INCOME</b>                            |                 |      |          |  | <b>2,003,089</b> | <b>63.63</b> |
| <b>Debt securities</b>                         |                 |      |          |  | <b>2,000,260</b> | <b>63.54</b> |
| <b>'AAA' credit rated bonds</b>                |                 |      |          |  | <b>1,256,585</b> | <b>39.92</b> |
| France (Republic of) 0%                        | 73,190,000      | €    | 30.01.19 |  | 73,352           | 2.33         |
| France (Republic of) 0%                        | 24,800,000      | €    | 24.10.18 |  | 24,809           | 0.79         |
| France (Republic of) 0%                        | 107,000,000     | €    | 22.05.19 |  | 107,420          | 3.41         |
| France (Republic of) 0%                        | 71,100,000      | €    | 03.10.18 |  | 71,101           | 2.26         |
| France (Republic of) 0%                        | 107,000,000     | €    | 16.01.19 |  | 107,219          | 3.41         |
| France (Republic of) 0%                        | 82,907,000      | €    | 14.11.18 |  | 82,966           | 2.64         |
| France (Republic of) 0%                        | 74,400,000      | €    | 13.02.19 |  | 74,560           | 2.37         |
| Germany (Federal Republic of) 0%               | 60,786,292      | €    | 14.12.18 |  | 60,860           | 1.93         |
| Germany (Federal Republic of) 0%               | 125,292,000     | €    | 15.03.19 |  | 125,652          | 3.99         |
| Germany (Federal Republic of) 0%               | 134,622,000     | €    | 13.09.19 |  | 135,432          | 4.30         |
| Germany (Federal Republic of) 0%               | 87,300,000      | €    | 13.03.20 |  | 88,034           | 2.80         |
| Germany (Federal Republic of) 0%               | 29,248,000      | €    | 05.12.18 |  | 29,278           | 0.93         |
| Germany (Federal Republic of) 0.25%            | 44,068,000      | €    | 16.10.20 |  | 44,784           | 1.42         |
| Germany (Federal Republic of) 0.5%             | 44,230,000      | €    | 12.04.19 |  | 44,498           | 1.41         |
| Germany (Federal Republic of) Treasury Bill 0% | 50,200,000      | €    | 10.10.18 |  | 50,207           | 1.59         |
| Microsoft 2.7%                                 | 4,000,000       | US\$ | 12.02.25 |  | 3,315            | 0.11         |
| Microsoft 4%                                   | 8,296,000       | US\$ | 12.02.55 |  | 7,114            | 0.23         |
| US Treasury I/L 1%                             | 137,419,400     | US\$ | 15.02.46 |  | 125,984          | 4.00         |
| <b>'AA' credit rated bonds</b>                 |                 |      |          |  |                  |              |
| France (Republic of) 1%                        | 103,253,000     | €    | 25.11.18 |  | 103,489          | 3.29         |
| <b>'A' credit rated bonds</b>                  |                 |      |          |  | <b>48,401</b>    | <b>1.54</b>  |
| Amgen 4.663%                                   | 2,860,000       | US\$ | 15.06.51 |  | 2,454            | 0.08         |
| AT&T 4.5%                                      | 14,529,000      | US\$ | 09.03.48 |  | 11,080           | 0.35         |
| AT&T 6.375%                                    | 4,908,000       | US\$ | 01.03.41 |  | 4,705            | 0.15         |
| Goldman Sachs Group 6.75%                      | 4,764,000       | US\$ | 01.10.37 |  | 4,980            | 0.16         |
| Morgan Stanley 5%                              | 9,661,000       | US\$ | 24.11.25 |  | 8,651            | 0.27         |
| Verizon Communications 4.5%                    | 3,900,000       | US\$ | 10.08.33 |  | 3,348            | 0.11         |
| Verizon Communications 4.862%                  | 15,149,000      | US\$ | 21.08.46 |  | 13,183           | 0.42         |
| <b>'BBB' credit rated bonds</b>                |                 |      |          |  | <b>419,653</b>   | <b>13.33</b> |
| Bank of America 4.25%                          | 3,018,000       | US\$ | 22.10.26 |  | 2,578            | 0.08         |
| Basell Finance 8.1%                            | 1,266,000       | US\$ | 15.03.27 |  | 1,343            | 0.04         |
| BAT Capital 3.222%                             | 8,000,000       | US\$ | 15.08.24 |  | 6,587            | 0.21         |
| Enel Finance International 6.8%                | 2,024,000       | US\$ | 15.09.37 |  | 2,040            | 0.06         |
| Energy Transfer 6.125%                         | 5,708,000       | US\$ | 15.12.45 |  | 5,254            | 0.17         |
| Exelon Generation 5.6%                         | 7,351,000       | US\$ | 15.06.42 |  | 6,564            | 0.21         |
| Express Scripts Holding 4.8%                   | 5,735,000       | US\$ | 15.07.46 |  | 4,867            | 0.15         |
| Ford Motor 6.625%                              | 5,086,000       | US\$ | 01.10.28 |  | 4,643            | 0.15         |
| Ford Motor Credit 4.375%                       | 3,800,000       | US\$ | 06.08.23 |  | 3,249            | 0.10         |
| Indonesia (Republic of) 6.125%                 | 312,723,000,000 | IDR  | 15.05.28 |  | 15,901           | 0.51         |
| Indonesia (Republic of) 7%                     | 13,443,000,000  | IDR  | 15.05.27 |  | 724              | 0.02         |
| Indonesia (Republic of) 7.5%                   | 13,443,000,000  | IDR  | 15.08.32 |  | 730              | 0.02         |
| Indonesia (Republic of) 9%                     | 22,853,000,000  | IDR  | 15.03.29 |  | 1,402            | 0.04         |
| Indonesia Treasury Bond 8.375%                 | 532,617,000,000 | IDR  | 15.03.24 |  | 31,323           | 1.00         |
| Johnson Controls International 5.125%          | 1,080,000       | US\$ | 14.09.45 |  | 974              | 0.03         |
| Kraft Heinz Foods 6.875%                       | 1,726,000       | US\$ | 26.01.39 |  | 1,754            | 0.06         |
| Mexico (United Mexican States) 5.75%           | 1,729,157,400   | MXN  | 05.03.26 |  | 69,983           | 2.22         |
| Mexico (United Mexican States) 7.5%            | 890,000,000     | MXN  | 03.06.27 |  | 39,724           | 1.26         |
| Mexico (United Mexican States) 7.75%           | 2,280,284,900   | MXN  | 13.11.42 |  | 100,635          | 3.20         |
| Mylan 5.25%                                    | 2,339,000       | US\$ | 15.06.46 |  | 1,902            | 0.06         |
| Mylan 5.4%                                     | 4,931,000       | US\$ | 29.11.43 |  | 4,110            | 0.13         |
| Perrigo Finance Unlimited 4.9%                 | 338,000         | US\$ | 15.12.44 |  | 266              | 0.01         |
| Portugal (Republic of) 4.75%                   | 35,219,000      | €    | 14.06.19 |  | 36,480           | 1.16         |
| Portugal (Republic of) 4.8%                    | 66,177,000      | €    | 15.06.20 |  | 71,714           | 2.28         |
| Time Warner Cable 7.3%                         | 4,908,000       | US\$ | 01.07.38 |  | 4,906            | 0.16         |

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                | Holding       | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|---------------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                       |               |          |               |                       |                    |
| <b>Debt securities (continued)</b>                    |               |          |               |                       |                    |
| <b>'BB' credit rated bonds</b>                        |               |          |               |                       |                    |
|   |               |          |               | <b>148,943</b>        | <b>4.73</b>        |
| Brazil (Federal Republic of) 10%                      | 165,474,000   | BRL      | 01.01.27      | 32,969                | 1.05               |
| Brazil (Federal Republic of) 10%                      | 154,312,000   | BRL      | 01.01.29      | 30,237                | 0.96               |
| South Africa (Republic of) 10.5%                      | 513,643,000   | ZAR      | 21.12.26      | 33,792                | 1.07               |
| South Africa (Republic of) 10.5%                      | 199,863,445   | ZAR      | 21.12.26      | 13,149                | 0.42               |
| Teva Pharmaceutical Finance Netherlands III 4.1%      | 4,558,000     | US\$     | 01.10.46      | 2,882                 | 0.09               |
| Turkey (Republic of) 10.5%                            | 361,545,077   | TRY      | 11.08.27      | 35,914                | 1.14               |
| <b>'B' credit rated bonds</b>                         |               |          |               |                       |                    |
|   |               |          |               | <b>22,839</b>         | <b>0.72</b>        |
| Argentina (Republic of) 3.375%                        | 4,100,000     | €        | 15.01.23      | 3,542                 | 0.11               |
| Argentina (Republic of) 5%                            | 4,516,000     | €        | 15.01.27      | 3,685                 | 0.12               |
| Argentina (Republic of) 6.875%                        | 9,500,000     | US\$     | 22.04.21      | 7,987                 | 0.25               |
| Argentina (Republic of) 7.5%                          | 9,700,000     | US\$     | 22.04.26      | 7,625                 | 0.24               |
| <b>'D' credit rated bonds</b>                         |               |          |               |                       |                    |
|   |               |          |               |                       |                    |
| Yum! Brands 6.875%                                    | 399,000       | US\$     | 15.11.37      | 350                   | 0.01               |
| <b>Contracts</b>                                      |               |          |               |                       |                    |
| <b>Debt derivatives</b>                               |               |          |               |                       |                    |
|   |               |          |               | <b>2,829</b>          | <b>0.09</b>        |
| <b>Credit default swaps</b>                           |               |          |               |                       |                    |
|   |               |          |               | <b>(11,866)</b>       | <b>(0.38)</b>      |
| iTraxx Europe Crossover Dec 2022                      | 63,070,000    | EUR      |               | (6,433)               | (0.21)             |
| Markit's North American High Yield CDX Index Dec 2022 | 77,205,000    | USD      |               | (5,433)               | (0.17)             |
| <b>Interest rate swaps</b>                            |               |          |               |                       |                    |
|   |               |          |               | <b>8,796</b>          | <b>0.28</b>        |
| Pay 0.4925% Receive VAR Sep 2046                      | 446,500,000   | ¥        |               | 364                   | 0.01               |
| Pay 0.46% Receive VAR Sep 2046                        | 446,000,000   | ¥        |               | 420                   | 0.01               |
| Pay 1.287% Receive VAR Oct 2046                       | 9,500,000     | £        |               | 1,134                 | 0.04               |
| Pay 1.618% Receive VAR Nov 2046                       | 8,000,000     | £        |               | 256                   | 0.01               |
| Pay 0.7675% Receive VAR Nov 2046                      | 400,000,000   | ¥        |               | 104                   | -                  |
| Pay 1.558% Receive VAR Dec 2046                       | 2,155,000     | £        |               | 105                   | -                  |
| Pay 0.8% Receive VAR Dec 2046                         | 208,440,000   | ¥        |               | 42                    | -                  |
| Pay 1.692% Receive VAR Jan 2047                       | 3,000,000     | £        |               | 45                    | -                  |
| Pay 0.935% Receive VAR Feb 2047                       | 350,000,000   | ¥        |               | 11                    | -                  |
| Pay 1.5% Receive VAR Feb 2047                         | 3,000,000     | £        |               | 197                   | 0.01               |
| Pay 1.526% Receive VAR Mar 2047                       | 4,500,000     | £        |               | 267                   | 0.01               |
| Pay 0.87% Receive VAR Apr 2047                        | 500,000,000   | ¥        |               | 27                    | -                  |
| Pay 1.3115% Receive VAR Apr 2047                      | 9,000,000     | £        |               | 1,023                 | 0.03               |
| Pay 1.5225% Receive VAR May 2047                      | 6,500,000     | £        |               | 373                   | 0.01               |
| Pay 0.85875% Receive VAR May 2047                     | 350,000,000   | ¥        |               | 31                    | -                  |
| Pay 1.37% Receive VAR Jun 2047                        | 5,000,000     | £        |               | 492                   | 0.02               |
| Pay 1.605% Receive VAR Jun 2047                       | 5,500,000     | £        |               | 201                   | 0.01               |
| Pay 1.64% Receive VAR Jul 2047                        | 6,000,000     | £        |               | 167                   | 0.01               |
| Pay 0.93% Receive VAR Jul 2047                        | 850,000,000   | ¥        |               | (37)                  | -                  |
| Pay 1.471% Receive VAR Aug 2047                       | 5,500,000     | £        |               | 406                   | 0.01               |
| Pay 1.648% Receive VAR Sep 2047                       | 7,000,000     | £        |               | 194                   | 0.01               |
| Pay 0.835% Receive VAR Sep 2047                       | 1,000,000,000 | ¥        |               | 171                   | 0.01               |
| Pay 1.605% Receive VAR Oct 2047                       | 11,000,000    | £        |               | 389                   | 0.01               |
| Pay 1.51375% Receive VAR Nov 2047                     | 6,000,000     | £        |               | 361                   | 0.01               |
| Pay 0.875% Receive VAR Dec 2047                       | 1,100,000,000 | ¥        |               | 83                    | -                  |
| Pay 1.454% Receive VAR Jan 2048                       | 7,000,000     | £        |               | 544                   | 0.02               |
| Pay 0.94% Receive VAR Jan 2048                        | 600,000,000   | ¥        |               | (31)                  | -                  |
| Pay 1.523% Receive VAR Jan 2048                       | 1,100,000     | £        |               | 65                    | -                  |
| Pay 1.025% Receive VAR Jan 2048                       | 68,300,000    | ¥        |               | (9)                   | -                  |
| Pay 1.6625% Receive VAR Jan 2048                      | 7,500,000     | £        |               | 168                   | 0.01               |
| Pay 1.707% Receive VAR Feb 2048                       | 220,000       | £        |               | 2                     | -                  |
| Pay 1.741% Receive VAR Feb 2048                       | 170,000       | £        |               | -                     | -                  |
| Pay 1.731% Receive VAR Feb 2048                       | 230,000       | £        |               | 1                     | -                  |
| Pay 0.895% Receive VAR Feb 2048                       | 8,920,000     | ¥        |               | -                     | -                  |
| Pay 1.695% Receive VAR Feb 2048                       | 160,000       | £        |               | 2                     | -                  |
| Pay 0.9065% Receive VAR Feb 2048                      | 8,700,000     | ¥        |               | -                     | -                  |
| Pay 1.718% Receive VAR Feb 2048                       | 270,000       | £        |               | 2                     | -                  |
| Pay 0.8975% Receive VAR Feb 2048                      | 13,910,000    | ¥        |               | 1                     | -                  |
| Pay 1.793% Receive VAR Feb 2048                       | 210,000       | £        |               | (3)                   | -                  |
| Pay 0.8925% Receive VAR Feb 2048                      | 10,700,000    | ¥        |               | 1                     | -                  |
| Pay 1.731% Receive VAR Feb 2048                       | 260,000       | £        |               | 1                     | -                  |
| Pay 0.89625% Receive VAR Feb 2048                     | 13,430,000    | ¥        |               | 1                     | -                  |
| Pay 1.729% Receive VAR Feb 2048                       | 320,000       | £        |               | 2                     | -                  |
| Pay 1.771% Receive VAR Feb 2048                       | 290,000       | £        |               | (2)                   | -                  |

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                 | Contracts     | Currency | Market value<br>€'000 | % of net<br>assets |
|--|---------------|----------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>        |               |          |                       |                    |
| <b>Interest rate swaps (continued)</b> |               |          |                       |                    |
| Pay 0.8575% Receive VAR Feb 2048       | 47,050,000    | ¥        | 6                     | -                  |
| Pay 1.814% Receive VAR Feb 2048        | 390,000       | £        | (7)                   | -                  |
| Pay 0.833% Receive VAR Feb 2048        | 10,360,000    | ¥        | 2                     | -                  |
| Pay 1.747% Receive VAR Feb 2048        | 370,000       | £        | -                     | -                  |
| Pay 0.839% Receive VAR Feb 2048        | 23,220,000    | ¥        | 4                     | -                  |
| Pay 1.75% Receive VAR Feb 2048         | 120,000       | £        | -                     | -                  |
| Pay 0.85% Receive VAR Feb 2048         | 19,660,000    | ¥        | 3                     | -                  |
| Pay 1.7175% Receive VAR Feb 2048       | 610,000       | £        | 5                     | -                  |
| Pay 0.8475% Receive VAR Feb 2048       | 22,800,000    | ¥        | 4                     | -                  |
| Pay 1.676% Receive VAR Feb 2048        | 7,680,000     | £        | 149                   | 0.01               |
| Pay 1.676% Receive VAR Feb 2048        | 350,000       | £        | 7                     | -                  |
| Pay 0.82% Receive VAR Feb 2048         | 29,380,000    | ¥        | 6                     | -                  |
| Pay 1.68% Receive VAR Feb 2048         | 350,000       | £        | 6                     | -                  |
| Pay 1.671% Receive VAR Feb 2048        | 200,000       | £        | 4                     | -                  |
| Pay 1.63% Receive VAR Mar 2048         | 8,130,000     | £        | 259                   | 0.01               |
| Pay 0.81875% Receive VAR Mar 2048      | 39,000,000    | ¥        | 8                     | -                  |
| Pay 0.80625% Receive VAR Mar 2048      | 9,970,000     | ¥        | 2                     | -                  |
| Pay 1.642% Receive VAR Mar 2048        | 880,000       | £        | 25                    | -                  |
| Pay 0.828% Receive VAR Mar 2048        | 701,270,000   | ¥        | 137                   | -                  |
| Pay 1.711% Receive VAR Mar 2048        | 820,000       | £        | 8                     | -                  |
| Pay 0.815% Receive VAR Mar 2048        | 53,610,000    | ¥        | 12                    | -                  |
| Pay 1.666% Receive VAR Mar 2048        | 590,000       | £        | 13                    | -                  |
| Pay 1.6785% Receive VAR Mar 2048       | 400,000       | £        | 8                     | -                  |
| Pay 0.84625% Receive VAR Mar 2048      | 66,910,000    | ¥        | 11                    | -                  |
| Pay 1.579% Receive VAR Mar 2048        | 1,590,000     | £        | 73                    | -                  |
| Pay 0.821% Receive VAR Mar 2048        | 109,240,000   | ¥        | 24                    | -                  |
| Pay 1.77% Receive VAR May 2048         | 20,200,000    | £        | (195)                 | (0.01)             |
| Pay 1.64% Receive VAR Jun 2048         | 14,500,000    | £        | 379                   | 0.01               |
| Pay 0.815% Receive VAR Jun 2048        | 1,260,000,000 | ¥        | 272                   | 0.01               |

|  |         |      | Maturity date | Commitment value<br>(€'000) |         |        |
|--|---------|------|---------------|-----------------------------|---------|--------|
| <b>Interest rate futures</b>                       |         |      |               |                             |         |        |
| Euro BTP Futures                                   | 536     | €    | 06.12.18      | 66,038                      | 5,899   | 0.19   |
| Euro OAT Futures                                   | (1,069) | €    | 06.12.18      | 161,681                     | 1,417   | 0.05   |
| Germany (Federal Republic of) Bobl 5 year Futures  | (2,179) | €    | 06.12.18      | 284,872                     | 1,863   | 0.06   |
| Germany (Federal Republic of) Bund 10 year Futures | (728)   | €    | 06.12.18      | 115,777                     | 1,219   | 0.04   |
| Germany (Federal Republic of) Buxl 30 year Futures | (769)   | €    | 06.12.18      | 134,490                     | 1,946   | 0.06   |
| Japan 10 year Bond Futures                         | (52)    | ¥    | 13.12.18      | 59,413                      | 75      | -      |
| US Treasury Notes 10 year Futures                  | 2,534   | US\$ | 19.12.18      | 260,215                     | (3,077) | (0.10) |
| UK Treasury Notes Futures                          | (936)   | £    | 27.12.18      | 127,724                     | 1,333   | 0.04   |

| <b>CURRENCY</b>  |  |  |          |  |         |        |
|--|--|--|----------|--|---------|--------|
| <b>Forward currency contracts</b>                              |  |  |          |  |         |        |
| Bought for US\$ 10,995,482.51, Sold for PHP 599,308,774.00     |  |  | 12.10.18 |  | (1,363) | (0.04) |
| Bought for US\$ 36,791,080.48, Sold for TW\$ 1,131,877,591.00  |  |  | 12.10.18 |  | (72)    | -      |
| Bought for US\$ 14,065,513.76, Sold for CNY 95,603,297.00      |  |  | 25.10.18 |  | (310)   | (0.01) |
| Bought for US\$ 10,568,337.82, Sold for CNY 71,859,413.00      |  |  | 09.11.18 |  | 144     | -      |
| Bought for US\$ 10,951,279.54, Sold for PHP 599,308,773.00     |  |  | 16.11.18 |  | 116     | -      |
| Bought for US\$ 36,866,575.14, Sold for TW\$ 1,131,877,590.00  |  |  | 16.11.18 |  | (79)    | -      |
| Bought for US\$ 10,871,559.89, Sold for CNY 73,785,277.00      |  |  | 07.12.18 |  | (330)   | (0.01) |
| Bought for US\$ 30,410,280.74, Sold for CNY 200,885,655.00     |  |  | 14.12.18 |  | 151     | 0.01   |
| Bought for US\$ 26,204,936.45, Sold for CNY 167,923,448.00     |  |  | 11.01.19 |  | 1,115   | 0.04   |
| Bought for ¥ 441,825,233.00, Sold for € 3,365,087.60           |  |  | 18.01.19 |  | 1,633   | 0.03   |
| Bought for € 155,610,855.54, Sold for € 138,977,963.91         |  |  | 18.01.19 |  | (3)     | -      |
| Bought for € 10,053,348.14, Sold for ¥ 1,334,965,300.00        |  |  | 18.01.19 |  | (262)   | (0.01) |
| Bought for € 61,234,500.69, Sold for AU\$ 99,595,466.00        |  |  | 18.01.19 |  | (107)   | -      |
| Bought for € 121,437,032.16, Sold for MXN 2,732,697,534.70     |  |  | 18.01.19 |  | (254)   | (0.01) |
| Bought for € 96,451,519.77, Sold for SG\$ 155,614,882.00       |  |  | 18.01.19 |  | (524)   | (0.02) |
| Bought for € 708,625,819.30, Sold for US\$ 835,869,309.83      |  |  | 18.01.19 |  | (1,053) | (0.03) |
| Bought for IDR 205,553,118,804.00, Sold for US\$ 13,382,364.51 |  |  | 18.01.19 |  | (6,343) | (0.20) |
| Bought for KRW 17,700,595,527.00, Sold for US\$ 15,767,500.02  |  |  | 18.01.19 |  | 151     | 0.01   |
| Bought for TRY 78,460,549.11, Sold for € 9,832,765.10          |  |  | 18.01.19 |  | 186     | 0.01   |
| Bought for US\$ 36,506,626.96, Sold for BRL 154,926,823.49     |  |  | 18.01.19 |  | 592     | 0.02   |
| Bought for US\$ 10,888,208.51, Sold for PHP 599,308,773.00     |  |  | 18.01.19 |  | (1,496) | (0.05) |
| Bought for US\$ 37,031,820.38, Sold for TW\$ 1,131,877,590.00  |  |  | 18.01.19 |  | (80)    | -      |
| Bought for US\$ 9,017,622.45, Sold for CNY 58,253,841.00       |  |  | 01.02.19 |  | (354)   | (0.01) |
|  |  |  |          |  | 508     | 0.02   |

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                     | Maturity date | Market value<br>€'000 | % of net<br>assets |
|--|---------------|-----------------------|--------------------|
| <b>CURRENCY (continued)</b>                                |               |                       |                    |
| Bought for US\$ 20,032,694.92, Sold for CNY 130,012,190.00 | 01.03.19      | 1,067                 | 0.03               |
| Bought for US\$ 53,981,161.27, Sold for CNY 346,352,704.00 | 28.03.19      | 3,397                 | 0.11               |
| Bought for US\$ 36,313,815.90, Sold for CNY 245,146,193.96 | 06.06.19      | 845                   | 0.03               |
| Bought for US\$ 13,178,365.92, Sold for CNY 91,728,016.00  | 12.09.19      | (1)                   | -                  |
| <b>Portfolio of investments</b>                            |               | <b>2,793,047</b>      | <b>88.73</b>       |
| <b>SHARE CLASS HEDGING</b>                                 |               |                       |                    |
| Bought for € 857,205.16, Sold for US\$ 997,509.20          | 17.10.18      | 30                    | -                  |
| Bought for CHF 2,974,398.29, Sold for € 2,638,275.12       | 17.10.18      | (2)                   | -                  |
| Bought for US\$ 33,378,228.45, Sold for € 28,745,354.60    | 17.10.18      | (8)                   | -                  |
|  |               | 40                    | -                  |
| <b>Total portfolio</b>                                     |               | <b>2,791,714</b>      | <b>88.69</b>       |
| Net other assets/(liabilities)                             |               | 356,061               | 11.31              |
| <b>NET ASSETS</b>  |               | <b>3,147,775</b>      | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                   |               |                       |                    |
| <b>Investment assets</b>                                   |               |                       |                    |
| Equity securities  |               | 773,038               | 24.56              |
| Debt securities  |               | 2,000,260             | 63.54              |
| Unrealised gains on futures contracts                      |               | 26,591                | 0.85               |
| Unrealised gains on forward currency contracts             |               | 9,945                 | 0.31               |
| Unrealised gains on swap contracts                         |               | 9,080                 | 0.29               |
| <b>Total Investment assets</b>                             |               | <b>2,818,914</b>      | <b>89.55</b>       |
| <b>Investment liabilities</b>                              |               |                       |                    |
| Unrealised losses on futures contracts                     |               | (3,772)               | (0.12)             |
| Unrealised losses on forward currency contracts            |               | (11,278)              | (0.35)             |
| Unrealised losses on swap contracts                        |               | (12,150)              | (0.39)             |
| <b>Total Investment liabilities</b>                        |               | <b>(27,200)</b>       | <b>(0.86)</b>      |
| <b>Total portfolio</b>                                     |               | <b>2,791,714</b>      | <b>88.69</b>       |
| Net other assets/(liabilities)                             |               | 356,061               | 11.31              |
| <b>NET ASSETS</b>  |               | <b>3,147,775</b>      | <b>100.00</b>      |

[a] Crossholding (see note 12).

[b] Related Party (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 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures |                                     |                  | Collateral held as cash<br>€'000 |
|---|----------------------|-------------------------------------|------------------|----------------------------------|
|   | Swaps<br>€'000       | Forward currency contracts<br>€'000 | Futures<br>€'000 |                                  |
| Barclays Bank London                    | 504                  | 421                                 | -                | -                                |
| BNP Paribas                             | -                    | 102,867                             | -                | -                                |
| Citigroup Global Markets Limited        | 4,343                | 184,965                             | -                | -                                |
| Crédit Suisse First Boston              | 176                  | -                                   | -                | -                                |
| Goldman Sachs International             | 166                  | 207,641                             | -                | -                                |
| HSBC Bank Plc                           | 377                  | 286,931                             | -                | -                                |
| J.P.Morgan                              | 5,148                | 115,065                             | -                | 4,390                            |
| Merrill Lynch Pierce Fenner + Smith Inc | 6,102                | 177,198                             | 2,092,920        | 4,790                            |
| Standard Chartered Bank                 | -                    | 95,679                              | -                | -                                |
| State Street Bank and Trust Company     | -                    | 32,241                              | -                | -                                |
| State Street Bank London                | -                    | 318,690                             | -                | -                                |
| UBS AG London                           | 4,410                | 409,916                             | -                | -                                |

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 for the six months ended 30 September 2018.

#### Quarterly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Second interim | 01.07.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Distributions

|                      | Euro Class 'A' | Euro Class 'B' | Euro Class 'C' | US dollar Class 'A-H' | US dollar Class 'C-H' |
|----------------------|----------------|----------------|----------------|-----------------------|-----------------------|
| to 30 September 2018 | Euro ¢         | Euro ¢         | Euro ¢         | US ¢                  | US ¢                  |
| First interim        | 0.0390         | 0.0389         | 0.0391         | 0.0386                | 0.0386                |
| Second interim       | 0.0412         | 0.0412         | 0.0415         | 0.0422                | 0.0424                |

### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV              | TER      |
|--|------------------|----------|
| <b>Euro</b>                            | <b>€</b>         | <b>%</b> |
| Class 'A' Accumulation                 | 9.6362           | 1.63     |
| Class 'A' Distribution                 | 9.5926           | 1.63     |
| Class 'B' Accumulation                 | 9.6056           | 2.13     |
| Class 'B' Distribution                 | 9.5602           | 2.13     |
| Class 'C' Accumulation                 | 9.6916           | 0.83     |
| Class 'C' Distribution                 | 9.6479           | 0.83     |
| Class 'CI' Accumulation                | 9.6969           | 0.79     |
| <b>Swiss franc</b>                     | <b>CHF</b>       | <b>%</b> |
| Class 'A-H' Accumulation               | 9.6183           | 1.65     |
| Class 'C-H' Accumulation               | 9.6699           | 0.85     |
| <b>US dollar</b>                       | <b>US\$</b>      | <b>%</b> |
| Class 'A-H' Accumulation               | 9.8277           | 1.65     |
| Class 'A-H' Distribution               | 9.7878           | 1.65     |
| Class 'C-H' Accumulation               | 9.8837           | 0.85     |
| Class 'C-H' Distribution               | 9.8420           | 0.85     |
| <b>NAV at fund level</b>               | <b>€'000</b>     |          |
| Net assets                             | 3,147,775        |          |
| Swing pricing adjustment (see note 11) | 0                |          |
| <b>Swung net assets</b>                | <b>3,147,775</b> |          |

## 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:

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

## Portfolio statement

### Portfolio statement

| Investment description                        | Holding     | Currency | Market value<br>€'000 | % of net<br>assets |
|---|-------------|----------|-----------------------|--------------------|
| <b>EQUITIES</b>                               |             |          | <b>2,251,444</b>      | <b>25.61</b>       |
| <b>Energy equipment &amp; services</b>        |             |          | <b>21,675</b>         | <b>0.25</b>        |
| Halliburton                                   | 216,000     | US\$     | 7,569                 | 0.09               |
| John Wood Group                               | 682,813     | £        | 5,897                 | 0.07               |
| Schlumberger                                  | 155,434     | US\$     | 8,209                 | 0.09               |
| <b>Oil, gas &amp; consumable fuels</b>        |             |          | <b>151,424</b>        | <b>1.72</b>        |
| Anadarko Petroleum                            | 189,200     | US\$     | 10,863                | 0.12               |
| Borr Drilling                                 | 1,098,546   | NOK      | 4,302                 | 0.05               |
| Chevron                                       | 83,533      | US\$     | 8,834                 | 0.10               |
| Concho Resources                              | 70,928      | US\$     | 9,274                 | 0.11               |
| EOG Resources                                 | 45,367      | US\$     | 4,975                 | 0.06               |
| Kosmos Energy                                 | 818,793     | US\$     | 6,585                 | 0.07               |
| Lukoil  | 64,527      | US\$     | 4,220                 | 0.05               |
| Lukoil ADR                                    | 1,059,595   | US\$     | 69,313                | 0.79               |
| Royal Dutch Shell 'A'                         | 8,451       | £        | 248                   | 0.00               |
| Royal Dutch Shell 'B'                         | 626,557     | £        | 18,802                | 0.21               |
| TOTAL   | 172,102     | €        | 9,607                 | 0.11               |
| Tupras Türkiye Petrol Rafinerileri            | 228,688     | TRY      | 4,401                 | 0.05               |
| <b>Chemicals</b>                              |             |          |                       |                    |
| Methanex                                      | 385,000     | US\$     | 26,378                | 0.30               |
| <b>Metals &amp; mining</b>                    |             |          | <b>139,576</b>        | <b>1.59</b>        |
| Anglo American                                | 1,066,223   | £        | 20,624                | 0.23               |
| BHP Billiton                                  | 1,158,564   | £        | 21,619                | 0.25               |
| Eregli Demir ve Celik Fabrikalari             | 2,635,121   | TRY      | 4,186                 | 0.05               |
| Glencore                                      | 5,134,770   | £        | 18,999                | 0.22               |
| Rio Tinto                                     | 469,350     | £        | 20,422                | 0.23               |
| Severstal                                     | 3,791,750   | US\$     | 53,726                | 0.61               |
| <b>Industrial conglomerates</b>               |             |          |                       |                    |
| KOC Holding                                   | 1,040,923   | TRY      | 2,532                 | 0.03               |
| <b>Airlines</b>                               |             |          |                       |                    |
| Turk Hava Yollari                             | 1,880,533   | TRY      | 5,181                 | 0.06               |
| <b>Media</b>                                  |             |          | <b>6,412</b>          | <b>0.07</b>        |
| Criteo ADR                                    | 192,333     | US\$     | 3,983                 | 0.04               |
| Naspers 'N'                                   | 13,297      | ZAR      | 2,429                 | 0.03               |
| <b>Internet &amp; direct marketing retail</b> |             |          |                       |                    |
| Alibaba Group Holding ADR                     | 10,896      | US\$     | 1,564                 | 0.02               |
| <b>Food &amp; staples retailing</b>           |             |          |                       |                    |
| BIM Birlesik Magazalar                        | 369,279     | TRY      | 4,299                 | 0.05               |
| <b>Biotechnology</b>                          |             |          | <b>168,889</b>        | <b>1.92</b>        |
| Amgen   | 163,400     | US\$     | 29,476                | 0.34               |
| Biogen  | 91,500      | US\$     | 28,095                | 0.32               |
| Celgene                                       | 305,900     | US\$     | 23,569                | 0.27               |
| Gilead Sciences                               | 378,000     | US\$     | 24,997                | 0.28               |
| Regeneron Pharmaceuticals                     | 83,700      | US\$     | 29,339                | 0.33               |
| Shire ADR                                     | 213,500     | US\$     | 33,413                | 0.38               |
| <b>Banks</b>                                  |             |          | <b>848,483</b>        | <b>9.65</b>        |
| Akbank Turk                                   | 5,386,883   | TRY      | 5,437                 | 0.06               |
| Banco Bilbao Vizcaya Argentaria               | 3,785,565   | €        | 20,692                | 0.24               |
| Bank of America                               | 3,177,868   | US\$     | 82,167                | 0.94               |
| BNP Paribas                                   | 425,179     | €        | 22,352                | 0.25               |
| CaixaBank                                     | 6,136,578   | €        | 23,942                | 0.27               |
| Citigroup                                     | 1,338,149   | US\$     | 84,282                | 0.96               |
| Commerzbank                                   | 2,732,002   | €        | 24,468                | 0.28               |
| ING Groep                                     | 1,829,105   | €        | 20,603                | 0.23               |
| Intesa Sanpaolo                               | 9,118,480   | €        | 20,387                | 0.23               |
| JPMorgan Chase                                | 855,254     | US\$     | 84,573                | 0.96               |
| Lloyds Banking Group                          | 109,885,829 | £        | 73,529                | 0.84               |
| Mitsubishi UFJ Financial Group                | 9,309,800   | ¥        | 50,325                | 0.57               |
| Mizuho Financial Group                        | 31,196,500  | ¥        | 47,093                | 0.54               |
| Sberbank of Russia ADR                        | 6,479,752   | US\$     | 69,880                | 0.80               |
| Société Générale                              | 624,469     | €        | 22,885                | 0.26               |
| Sumitomo Mitsui Financial Group               | 1,367,100   | ¥        | 47,742                | 0.54               |
| Sumitomo Mitsui Trust Holdings                | 1,340,200   | ¥        | 47,711                | 0.54               |
| Türkiye Garanti Bankasi                       | 4,792,013   | TRY      | 5,298                 | 0.06               |
| Türkiye Is Bankasi 'C'                        | 3,149,925   | TRY      | 2,012                 | 0.02               |

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description  | Holding     | Currency | Market value<br>€'000 | % of net<br>assets |
|---|-------------|----------|-----------------------|--------------------|
| <b>EQUITIES (continued)</b>   |             |          |                       |                    |
| <b>Banks (continued)</b>  |             |          |                       |                    |
| UniCredit   | 1,580,242   | €        | 20,309                | 0.23               |
| Wells Fargo   | 1,595,705   | US\$     | 72,796                | 0.83               |
| <b>Diversified financial services</b>   |             |          |                       |                    |
| Haci Omer Sabanci Holding   | 14,174,980  | TRY      | 15,529                | 0.18               |
| <b>Consumer finance</b>   |             |          |                       |                    |
| American Express  | 907,779     | US\$     | 84,531                | 0.96               |
| Mastercard  | 61,130      | US\$     | 11,734                | 0.14               |
| Visa 'A'  | 151,317     | US\$     | 19,604                | 0.22               |
| <b>Capital markets</b>  |             |          |                       |                    |
| Bank of New York Mellon   | 1,661,492   | US\$     | 561,843               | 6.39               |
| M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'CI' (Accumulation) <sup>[a]</sup> |             |          | 73,947                | 0.84               |
| M&G Global Convertibles Fund GBP Class 'A' (Accumulation) <sup>[b]</sup>                    | 3,537,727   | US\$     | 31,330                | 0.36               |
| M&G Global Corporate Bond Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>               | 79,768,640  | €        | 182,067               | 2.07               |
| M&G Japan Fund GBP Class 'A' (Accumulation) <sup>[b]</sup>                                  | 432,634     | €        | 5,019                 | 0.06               |
| M&G Total Return Credit Fund Euro Class 'A' (Accumulation) <sup>[b]</sup>                   | 188,881,022 | €        | 128,568               | 1.46               |
| SPDR® Barclays 10+ Year US Corporate Bond ETF   | 1,148,466   | €        | 131,614               | 1.50               |
|   | 350,811     | US\$     | 9,298                 | 0.10               |
| <b>Internet software &amp; services</b>   |             |          |                       |                    |
| Alphabet 'A'  | 8,482       | US\$     | 31,169                | 0.35               |
| Altaba  | 26,076      | US\$     | 8,842                 | 0.10               |
| Broadcom  | 37,971      | US\$     | 1,542                 | 0.02               |
| Facebook 'A'  | 87,141      | US\$     | 8,081                 | 0.09               |
|   |             |          | 12,704                | 0.14               |
| <b>IT services</b>  |             |          |                       |                    |
| Luxoft  | 173,300     | US\$     | 7,197                 | 0.08               |
| <b>Software</b>   |             |          |                       |                    |
| Microsoft   | 225,300     | US\$     | 22,261                | 0.25               |
| <b>Technology hardware, storage &amp; peripherals</b>                                       |             |          |                       |                    |
| IQE   | 3,482,132   | €        | 7,321                 | 0.08               |
| Tower Semiconductor   | 211,676     | US\$     | 3,283                 | 0.04               |
|   |             |          | 4,038                 | 0.04               |
| <b>Electronic equipment, instruments &amp; components</b>                                   |             |          |                       |                    |
| IPG Photonics   | 39,800      | US\$     | 5,458                 | 0.06               |
| <b>Semiconductors &amp; semiconductor equipment</b>   |             |          |                       |                    |
| ams   | 99,337      | CHF      | 22,694                | 0.26               |
| Cabot Microelectronics  | 45,408      | US\$     | 4,731                 | 0.05               |
| Lam Research  | 29,970      | US\$     | 3,985                 | 0.05               |
| MACOM Technology Solutions Holdings   | 296,600     | US\$     | 3,897                 | 0.04               |
| NXP Semiconductors  | 67,700      | US\$     | 5,081                 | 0.06               |
|   |             |          | 5,000                 | 0.06               |
| <b>Wireless telecommunication services</b>  |             |          |                       |                    |
| Turkcell Iletisim Hizmetleri  | 2,503,520   | TRY      | 4,164                 | 0.05               |

|   | Contracts | Maturity date | Commitment value<br>(€'000) |         |
|---|-----------|---------------|-----------------------------|---------|
| <b>Equity derivatives</b>                 |           |               |                             |         |
| <b>Equity index futures</b>               |           |               |                             |         |
| CAC40 Futures                             | 2,419     | €             | 81,526                      | 0.93    |
| IBEX 35 Index Futures                     | 3,886     | €             | 132,942                     | 1.50    |
| Hang Seng China Enterprises Index Futures | 1,570     | HK\$          | 3,798                       | 0.04    |
| MSCI Singapore Index Futures              | 3,950     | SG\$          | 363,613                     | (515)   |
| MSCI Taiwan Index Futures                 | 10,831    | US\$          | 95,827                      | 1,487   |
| BIST 30 INDEX Futures                     | 27,734    | TRY           | 92,281                      | 964     |
| Korean Stock Exchange Futures             | 10,409    | KRW           | 383,992                     | 274     |
| Topix Index Futures                       | 3,801     | ¥             | 50,592                      | 3,849   |
| S&P 500 Futures                           | (1,282)   | US\$          | 610,923                     | 16,725  |
| Dax Index Futures                         | 1,163     | €             | 525,895                     | 41,916  |
| DJ Euro Stoxx 50 Futures                  | 7,759     | €             | 806,515                     | (1,143) |
| FTSE MIB Index Futures                    | 2,655     | €             | 356,576                     | 5,488   |
| FTSE MIB Index Futures                    | 1,751     | €             | 263,379                     | 5,208   |
|   |           |               | 223,389                     | 5,994   |
|   |           |               | 180,616                     | (2,519) |

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                           | Holding         | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|--|-----------------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME</b>                              |                 |          |               | <b>5,558,670</b>      | <b>63.22</b>       |
| <b>Debt securities</b>                           |                 |          |               | <b>5,540,447</b>      | <b>63.01</b>       |
| <b>'AAA' credit rated bonds</b>                  |                 |          |               | <b>3,383,888</b>      | <b>38.49</b>       |
| France (Republic of) 0%                          | 246,800,000     | €        | 30.01.19      | 247,348               | 2.81               |
| France (Republic of) 0%                          | 87,500,000      | €        | 24.10.18      | 87,531                | 1.00               |
| France (Republic of) 0%                          | 232,000,000     | €        | 22.05.19      | 232,911               | 2.65               |
| France (Republic of) 0%                          | 232,000,000     | €        | 16.01.19      | 232,474               | 2.64               |
| France (Republic of) 0%                          | 99,230,000      | €        | 14.11.18      | 99,300                | 1.13               |
| France (Republic of) 0%                          | 222,200,000     | €        | 13.02.19      | 222,677               | 2.53               |
| Germany (Federal Republic of) 0%                 | 254,528,359     | €        | 14.12.18      | 254,836               | 2.90               |
| Germany (Federal Republic of) 0%                 | 416,096,000     | €        | 15.03.19      | 417,292               | 4.75               |
| Germany (Federal Republic of) 0%                 | 278,379,000     | €        | 13.09.19      | 280,055               | 3.18               |
| Germany (Federal Republic of) 0%                 | 298,000,000     | €        | 13.03.20      | 300,505               | 3.42               |
| Germany (Federal Republic of) 0%                 | 143,870,000     | €        | 05.12.18      | 144,019               | 1.64               |
| Germany (Federal Republic of) 0.25%              | 146,988,000     | €        | 16.10.20      | 149,376               | 1.70               |
| Germany (Federal Republic of) 0.5%               | 147,529,000     | €        | 12.04.19      | 148,423               | 1.69               |
| Germany (Federal Republic of) Treasury Bill 0%   | 183,600,000     | €        | 10.10.18      | 183,625               | 2.09               |
| Microsoft 2.7%                                   | 10,900,000      | US\$     | 12.02.25      | 9,033                 | 0.10               |
| Microsoft 4%                                     | 1,431,000       | US\$     | 12.02.55      | 1,227                 | 0.01               |
| US Treasury I/L 1%                               | 407,135,700     | US\$     | 15.02.46      | 373,256               | 4.25               |
| <b>'AA' credit rated bonds</b>                   |                 |          |               |                       |                    |
| France (Republic of) 1%                          | 343,299,000     | €        | 25.11.18      | 344,085               | 3.91               |
| <b>'A' credit rated bonds</b>                    |                 |          |               | <b>99,647</b>         | <b>1.13</b>        |
| Amgen 4.663%                                     | 16,483,000      | US\$     | 15.06.51      | 14,144                | 0.16               |
| AT&T 4.5%  | 28,340,000      | US\$     | 09.03.48      | 21,613                | 0.25               |
| AT&T 6.375%                                      | 14,692,000      | US\$     | 01.03.41      | 14,084                | 0.16               |
| Goldman Sachs Group 6.75%                        | 17,026,000      | US\$     | 01.10.37      | 17,798                | 0.20               |
| Morgan Stanley 5%                                | 12,896,000      | US\$     | 24.11.25      | 11,547                | 0.13               |
| Verizon Communications 4.5%                      | 10,600,000      | US\$     | 10.08.33      | 9,101                 | 0.10               |
| Verizon Communications 4.862%                    | 13,055,000      | US\$     | 21.08.46      | 11,360                | 0.13               |
| <b>'BBB' credit rated bonds</b>                  |                 |          |               | <b>1,238,980</b>      | <b>14.09</b>       |
| Bank of America 4.25%                            | 21,878,000      | US\$     | 22.10.26      | 18,691                | 0.21               |
| BAT Capital 3.222%                               | 22,000,000      | US\$     | 15.08.24      | 18,114                | 0.21               |
| Enel Finance International 6.8%                  | 11,770,000      | US\$     | 15.09.37      | 11,861                | 0.13               |
| Energy Transfer 6.125%                           | 13,118,000      | US\$     | 15.12.45      | 12,076                | 0.14               |
| Exelon Generation 5.6%                           | 15,024,000      | US\$     | 15.06.42      | 13,416                | 0.15               |
| Express Scripts Holding 4.8%                     | 17,224,000      | US\$     | 15.07.46      | 14,618                | 0.17               |
| Ford Motor 6.625%                                | 12,381,000      | US\$     | 01.10.28      | 11,302                | 0.13               |
| Ford Motor Credit 4.375%                         | 10,300,000      | US\$     | 06.08.23      | 8,806                 | 0.10               |
| Indonesia (Republic of) 6.125%                   | 848,277,000,000 | IDR      | 15.05.28      | 43,131                | 0.49               |
| Indonesia (Republic of) 7%                       | 36,557,000,000  | IDR      | 15.05.27      | 1,968                 | 0.02               |
| Indonesia (Republic of) 7.5%                     | 36,557,000,000  | IDR      | 15.08.32      | 1,986                 | 0.02               |
| Indonesia (Republic of) 8.375%                   | 474,308,250,000 | IDR      | 15.03.24      | 27,893                | 0.32               |
| Indonesia (Republic of) 9%                       | 62,147,000,000  | IDR      | 15.03.29      | 3,813                 | 0.04               |
| Indonesia Treasury Bond 8.375%                   | 970,589,750,000 | IDR      | 15.03.24      | 57,079                | 0.65               |
| Kraft Heinz Foods 6.875%                         | 11,772,000      | US\$     | 26.01.39      | 11,966                | 0.14               |
| Mexico (United Mexican States) 5.75%             | 4,931,307,100   | MXN      | 05.03.26      | 199,582               | 2.27               |
| Mexico (United Mexican States) 7.5%              | 1,990,000,000   | MXN      | 03.06.27      | 88,822                | 1.01               |
| Mexico (United Mexican States) 7.75%             | 6,313,629,500   | MXN      | 13.11.42      | 278,637               | 3.17               |
| Mylan 5.4%                                       | 22,892,000      | US\$     | 29.11.43      | 19,079                | 0.22               |
| Perrigo Finance Unlimited 4.9%                   | 3,448,000       | US\$     | 15.12.44      | 2,714                 | 0.03               |
| Portugal (Republic of) 4.75%                     | 112,370,000     | €        | 14.06.19      | 116,392               | 1.32               |
| Portugal (Republic of) 4.8%                      | 241,340,000     | €        | 15.06.20      | 261,532               | 2.97               |
| Time Warner Cable 7.3%                           | 15,509,000      | US\$     | 01.07.38      | 15,502                | 0.18               |
| <b>'BB' credit rated bonds</b>                   |                 |          |               | <b>403,640</b>        | <b>4.59</b>        |
| Brazil (Federal Republic of) 10%                 | 386,301,000     | BRL      | 01.01.27      | 76,966                | 0.88               |
| Brazil (Federal Republic of) 10%                 | 498,467,000     | BRL      | 01.01.29      | 97,675                | 1.11               |
| South Africa (Republic of) 10.5%                 | 1,409,529,102   | ZAR      | 21.12.26      | 92,731                | 1.06               |
| South Africa (Republic of) 10.5%                 | 566,020,169     | ZAR      | 21.12.26      | 37,238                | 0.42               |
| Teva Pharmaceutical Finance Netherlands III 4.1% | 1,883,000       | US\$     | 01.10.46      | 1,191                 | 0.01               |
| Turkey (Republic of) 10.5%                       | 984,947,766     | TRY      | 11.08.27      | 97,839                | 1.11               |
| <b>'B' credit rated bonds</b>                    |                 |          |               | <b>63,127</b>         | <b>0.72</b>        |
| Argentina (Republic of) 3.375%                   | 11,300,000      | €        | 15.01.23      | 9,761                 | 0.11               |
| Argentina (Republic of) 5%                       | 12,484,000      | €        | 15.01.27      | 10,187                | 0.12               |
| Argentina (Republic of) 6.875%                   | 26,300,000      | US\$     | 22.04.21      | 22,111                | 0.25               |
| Argentina (Republic of) 7.5%                     | 26,800,000      | US\$     | 22.04.26      | 21,068                | 0.24               |

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                | Holding       | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|---------------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                       |               |          |               |                       |                    |
| <b>Debt securities (continued)</b>                    |               |          |               |                       |                    |
| <b>'D' credit rated bonds</b>                         |               |          |               |                       |                    |
| Yum! Brands 6.875%                                    | 8,074,000     | US\$     | 15.11.37      | 7,080                 | 0.08               |
| <b>Contracts</b>                                      |               |          |               |                       |                    |
| <b>Debt derivatives</b>                               |               |          |               | <b>18,223</b>         | <b>0.21</b>        |
| <b>Credit default swaps</b>                           |               |          |               | <b>(32,882)</b>       | <b>(0.37)</b>      |
| iTraxx Europe Crossover Dec 2022                      | 174,640,000   | EUR      |               | (17,811)              | (0.21)             |
| Markit's North American High Yield CDX Index Dec 2022 | 214,142,000   | USD      |               | (15,071)              | (0.16)             |
| <b>Interest rate swaps</b>                            |               |          |               | <b>29,616</b>         | <b>0.34</b>        |
| Pay 1.0925% Receive VAR Jul 2046                      | 23,000,000    | £        |               | 3,898                 | 0.05               |
| Pay 0.4975% Receive VAR Sep 2046                      | 3,164,000,000 | ¥        |               | 2,551                 | 0.03               |
| Pay 0.467% Receive VAR Sep 2046                       | 3,156,500,000 | ¥        |               | 2,735                 | 0.03               |
| Pay 1.289% Receive VAR Oct 2046                       | 55,500,000    | £        |               | 6,593                 | 0.08               |
| Pay 0.80875% Receive VAR Dec 2046                     | 2,463,081,000 | ¥        |               | 454                   | 0.01               |
| Pay 0.9425% Receive VAR Feb 2047                      | 1,850,000,000 | ¥        |               | 31                    | -                  |
| Pay 1.445% Receive VAR Mar 2047                       | 15,000,000    | £        |               | 1,214                 | 0.01               |
| Pay 1.3115% Receive VAR Apr 2047                      | 33,800,000    | £        |               | 3,843                 | 0.04               |
| Pay 1.5245% Receive VAR May 2047                      | 20,000,000    | £        |               | 1,138                 | 0.01               |
| Pay 0.865% Receive VAR May 2047                       | 1,500,000,000 | ¥        |               | 112                   | -                  |
| Pay 1.605% Receive VAR Jun 2047                       | 22,500,000    | £        |               | 823                   | 0.01               |
| Pay 0.935% Receive VAR Jul 2047                       | 2,000,000,000 | ¥        |               | (109)                 | -                  |
| Pay 1.471% Receive VAR Aug 2047                       | 15,000,000    | £        |               | 1,108                 | 0.01               |
| Pay 1.648% Receive VAR Sep 2047                       | 15,000,000    | £        |               | 415                   | 0.01               |
| Pay 0.835% Receive VAR Sep 2047                       | 2,200,000,000 | ¥        |               | 376                   | 0.01               |
| Pay 1.51375% Receive VAR Nov 2047                     | 18,000,000    | £        |               | 1,083                 | 0.01               |
| Pay 0.875% Receive VAR Dec 2047                       | 2,700,000,000 | ¥        |               | 203                   | -                  |
| Pay 1.454% Receive VAR Jan 2048                       | 23,000,000    | £        |               | 1,788                 | 0.02               |
| Pay 0.94% Receive VAR Jan 2048                        | 2,000,000,000 | ¥        |               | (102)                 | -                  |
| Pay 1.523% Receive VAR Jan 2048                       | 800,000       | £        |               | 48                    | -                  |
| Pay 1.534% Receive VAR Jan 2048                       | 400,000       | £        |               | 23                    | -                  |
| Pay 1.025% Receive VAR Jan 2048                       | 68,400,000    | ¥        |               | (9)                   | -                  |
| Pay 0.899% Receive VAR Jan 2048                       | 35,300,000    | ¥        |               | 1                     | -                  |
| Pay 1.629% Receive VAR Jan 2048                       | 284,000       | £        |               | 9                     | -                  |
| Pay 1.643% Receive VAR Jan 2048                       | 340,000       | £        |               | 9                     | -                  |
| Pay 0.905% Receive VAR Jan 2048                       | 22,771,000    | ¥        |               | 1                     | -                  |
| Pay 1.6625% Receive VAR Jan 2048                      | 460,000       | £        |               | 10                    | -                  |
| Pay 1.6625% Receive VAR Jan 2048                      | 24,500,000    | £        |               | 548                   | 0.01               |
| Pay 1.6745% Receive VAR Jan 2048                      | 700,000       | £        |               | 13                    | -                  |
| Pay 0.908% Receive VAR Feb 2048                       | 27,400,000    | ¥        |               | 1                     | -                  |
| Pay 1.707% Receive VAR Feb 2048                       | 620,000       | £        |               | 7                     | -                  |
| Pay 0.908% Receive VAR Feb 2048                       | 39,260,000    | ¥        |               | 1                     | -                  |
| Pay 1.741% Receive VAR Feb 2048                       | 700,000       | £        |               | 1                     | -                  |
| Pay 0.895% Receive VAR Feb 2048                       | 49,180,000    | ¥        |               | 2                     | -                  |
| Pay 1.731% Receive VAR Feb 2048                       | 710,000       | £        |               | 3                     | -                  |
| Pay 0.895% Receive VAR Feb 2048                       | 56,330,000    | ¥        |               | 3                     | -                  |
| Pay 1.695% Receive VAR Feb 2048                       | 810,000       | £        |               | 11                    | -                  |
| Pay 0.906% Receive VAR Feb 2048                       | 54,860,000    | ¥        |               | 2                     | -                  |
| Pay 1.718% Receive VAR Feb 2048                       | 685,000       | £        |               | 5                     | -                  |
| Pay 0.8975% Receive VAR Feb 2048                      | 82,880,000    | ¥        |               | 4                     | -                  |
| Pay 1.793% Receive VAR Feb 2048                       | 910,000       | £        |               | (11)                  | -                  |
| Pay 0.8925% Receive VAR Feb 2048                      | 52,690,000    | ¥        |               | 3                     | -                  |
| Pay 1.731% Receive VAR Feb 2048                       | 770,000       | £        |               | 3                     | -                  |
| Pay 0.89625% Receive VAR Feb 2048                     | 65,220,000    | ¥        |               | 3                     | -                  |
| Pay 1.729% Receive VAR Feb 2048                       | 960,000       | £        |               | 5                     | -                  |
| Pay 1.771% Receive VAR Feb 2048                       | 660,000       | £        |               | (4)                   | -                  |
| Pay 1.772% Receive VAR Feb 2048                       | 740,000       | £        |               | (5)                   | -                  |
| Pay 0.8575% Receive VAR Feb 2048                      | 218,590,000   | ¥        |               | 28                    | -                  |
| Pay 1.814% Receive VAR Feb 2048                       | 760,000       | £        |               | (14)                  | -                  |
| Pay 0.833% Receive VAR Feb 2048                       | 28,880,000    | ¥        |               | 5                     | -                  |
| Pay 1.747% Receive VAR Feb 2048                       | 1,000,000     | £        |               | -                     | -                  |
| Pay 0.839% Receive VAR Feb 2048                       | 75,070,000    | ¥        |               | 13                    | -                  |
| Pay 0.839% Receive VAR Feb 2048                       | 42,650,000    | ¥        |               | 7                     | -                  |
| Pay 0.85% Receive VAR Feb 2048                        | 87,260,000    | ¥        |               | 13                    | -                  |
| Pay 1.748% Receive VAR Feb 2048                       | 2,040,000     | £        |               | -                     | -                  |
| Pay 1.7175% Receive VAR Feb 2048                      | 1,150,000     | £        |               | 9                     | -                  |
| Pay 1.7% Receive VAR Feb 2048                         | 1,670,000     | £        |               | 21                    | -                  |

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                 | Contracts   | Currency | Market value<br>€'000 | % of net<br>assets |
|--|-------------|----------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>        |             |          |                       |                    |
| <b>Interest rate swaps (continued)</b> |             |          |                       |                    |
| Pay 0.83% Receive VAR Feb 2048         | 195,700,000 | ¥        | 37                    | -                  |
| Pay 1.676% Receive VAR Feb 2048        | 610,000     | £        | 12                    | -                  |
| Pay 0.82% Receive VAR Feb 2048         | 99,020,000  | ¥        | 21                    | -                  |
| Pay 1.68% Receive VAR Feb 2048         | 1,380,000   | £        | 25                    | -                  |
| Pay 0.8125% Receive VAR Feb 2048       | 124,400,000 | ¥        | 28                    | -                  |
| Pay 1.671% Receive VAR Feb 2048        | 1,360,000   | £        | 28                    | -                  |
| Pay 0.81875% Receive VAR Mar 2048      | 197,370,000 | ¥        | 42                    | -                  |
| Pay 0.80625% Receive VAR Mar 2048      | 95,990,000  | ¥        | 23                    | -                  |
| Pay 1.642% Receive VAR Mar 2048        | 3,300,000   | £        | 95                    | -                  |
| Pay 1.711% Receive VAR Mar 2048        | 1,370,000   | £        | 14                    | -                  |
| Pay 1.666% Receive VAR Mar 2048        | 2,040,000   | £        | 46                    | -                  |
| Pay 0.815% Receive VAR Mar 2048        | 383,730,000 | ¥        | 86                    | -                  |
| Pay 1.695% Receive VAR Mar 2048        | 2,910,000   | £        | 43                    | -                  |
| Pay 1.6275% Receive VAR Mar 2048       | 2,420,000   | £        | 79                    | -                  |
| Pay 0.84625% Receive VAR Mar 2048      | 418,150,000 | ¥        | 67                    | -                  |
| Pay 0.833% Receive VAR Mar 2048        | 250,350,000 | ¥        | 47                    | -                  |

|  |         |      | Maturity date | Commitment value<br>(€'000) |               |             |
|--|---------|------|---------------|-----------------------------|---------------|-------------|
| <b>Interest rate futures</b>                       |         |      |               |                             | <b>21,489</b> | <b>0.24</b> |
| Euro BTP Futures                                   | 1,452   | €    | 06.12.18      | 178,894                     | 3,042         | 0.03        |
| Euro OAT Futures                                   | (4,234) | €    | 06.12.18      | 640,371                     | 5,610         | 0.06        |
| Germany (Federal Republic of) Bobl 5 year Futures  | (5,303) | €    | 06.12.18      | 693,288                     | 4,534         | 0.05        |
| Germany (Federal Republic of) Bund 10 year Futures | (2,951) | €    | 06.12.18      | 469,312                     | 4,943         | 0.06        |
| Germany (Federal Republic of) Buxl 30 year Futures | (2,341) | €    | 06.12.18      | 409,418                     | 5,923         | 0.07        |
| Japan 10 year Bond Futures                         | (139)   | ¥    | 13.12.18      | 158,816                     | 201           | -           |
| US Treasury Notes 10 year Futures                  | 6,828   | US\$ | 19.12.18      | 701,163                     | (8,291)       | (0.09)      |
| UK Treasury Notes Futures                          | (3,880) | £    | 27.12.18      | 529,452                     | 5,527         | 0.06        |

| <b>CURRENCY</b>  |  |  |          |  | <b>(3,615)</b>   | <b>(0.04)</b> |
|--|--|--|----------|--|------------------|---------------|
| <b>Forward currency contracts</b>                              |  |  |          |  | <b>(3,615)</b>   | <b>(0.04)</b> |
| Bought for US\$ 68,290,379.38, Sold for PHP 3,722,167,128.00   |  |  | 12.10.18 |  | (447)            | -             |
| Bought for US\$ 135,312,267.19, Sold for TW\$ 4,162,881,900.00 |  |  | 12.10.18 |  | (1,139)          | (0.01)        |
| Bought for US\$ 26,856,273.80, Sold for CNY 182,542,093.00     |  |  | 25.10.18 |  | 274              | 0.01          |
| Bought for US\$ 22,882,531.66, Sold for CNY 155,589,774.00     |  |  | 09.11.18 |  | 251              | -             |
| Bought for US\$ 68,015,845.19, Sold for PHP 3,722,167,128.00   |  |  | 16.11.18 |  | (488)            | -             |
| Bought for US\$ 135,589,925.74, Sold for TW\$ 4,162,881,900.00 |  |  | 16.11.18 |  | (1,214)          | (0.01)        |
| Bought for US\$ 33,562,867.25, Sold for CNY 227,791,180.00     |  |  | 07.12.18 |  | 465              | 0.01          |
| Bought for US\$ 93,125,814.12, Sold for CNY 616,944,078.00     |  |  | 14.12.18 |  | 3,193            | 0.04          |
| Bought for US\$ 83,193,671.36, Sold for CNY 536,371,212.00     |  |  | 11.01.19 |  | 4,779            | -             |
| Bought for € 42,535,062.86, Sold for £ 37,972,113.99           |  |  | 18.01.19 |  | (53)             | -             |
| Bought for € 35,733,125.61, Sold for ¥ 4,691,645,047.00        |  |  | 18.01.19 |  | 27               | -             |
| Bought for € 168,921,908.93, Sold for AU\$ 274,744,728.00      |  |  | 18.01.19 |  | (700)            | (0.01)        |
| Bought for € 251,163,740.09, Sold for MXN 5,651,937,643.29     |  |  | 18.01.19 |  | (1,084)          | (0.01)        |
| Bought for € 266,172,390.60, Sold for SG\$ 429,442,535.00      |  |  | 18.01.19 |  | (2,907)          | (0.03)        |
| Bought for € 2,417,820,526.76, Sold for US\$ 2,851,973,382.76  |  |  | 18.01.19 |  | (21,644)         | (0.24)        |
| Bought for IDR 615,278,683,366.00, Sold for US\$ 40,057,205.95 |  |  | 18.01.19 |  | 452              | 0.01          |
| Bought for TRY 484,510,930.26, Sold for € 60,719,459.90        |  |  | 18.01.19 |  | 3,655            | 0.04          |
| Bought for US\$ 40,826,411.35, Sold for € 34,371,357.07        |  |  | 18.01.19 |  | 550              | 0.01          |
| Bought for US\$ 101,172,764.96, Sold for BRL 429,356,979.92    |  |  | 18.01.19 |  | (4,145)          | (0.05)        |
| Bought for US\$ 67,644,414.99, Sold for PHP 3,723,283,890.00   |  |  | 18.01.19 |  | (494)            | -             |
| Bought for US\$ 136,238,537.28, Sold for TW\$ 4,164,130,892.00 |  |  | 18.01.19 |  | (1,303)          | (0.01)        |
| Bought for US\$ 245,011,176.56, Sold for CNY 1,573,549,557.00  |  |  | 28.03.19 |  | 15,233           | 0.17          |
| Bought for US\$ 115,542,153.70, Sold for CNY 776,404,058.94    |  |  | 06.06.19 |  | 3,128            | 0.04          |
| Bought for US\$ 41,124,858.70, Sold for CNY 286,249,579.00     |  |  | 12.09.19 |  | (4)              | -             |
| <b>Portfolio of investments</b>                                |  |  |          |  | <b>7,810,114</b> | <b>88.83</b>  |
| <b>SHARE CLASS HEDGING</b>                                     |  |  |          |  | <b>175</b>       | <b>-</b>      |
| Bought for £ 8,159,296.29, Sold for € 9,148,999.27             |  |  | 17.10.18 |  | 34               | -             |
| Bought for € 90,687.08, Sold for £ 80,808.54                   |  |  | 17.10.18 |  | -                | -             |
| Bought for € 104,148.12, Sold for CHF 117,056.42               |  |  | 17.10.18 |  | 1                | -             |
| Bought for € 3,245,332.53, Sold for US\$ 3,778,194.83          |  |  | 17.10.18 |  | (13)             | -             |

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                    | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|---------------|-----------------------|--------------------|
| <b>SHARE CLASS HEDGING (continued)</b>                    |               |                       |                    |
| Bought for CHF 9,416,857.19, Sold for € 8,351,745.53      | 17.10.18      | (24)                  | -                  |
| Bought for US\$ 146,326,971.90, Sold for € 126,019,468.39 | 17.10.18      | 177                   | -                  |
| <b>Total portfolio</b>                                    |               | <b>7,806,674</b>      | <b>88.79</b>       |
| Net other assets/(liabilities)                            |               | 985,581               | 11.21              |
| <b>NET ASSETS</b>   |               | <b>8,792,255</b>      | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                  |               |                       |                    |
| <b>Investment assets</b>                                  |               |                       |                    |
| Equity securities   |               | 2,169,918             | 24.68              |
| Debt securities   |               | 5,540,447             | 63.01              |
| Unrealised gains on futures contracts                     |               | 115,483               | 1.30               |
| Unrealised gains on forward currency contracts            |               | 32,219                | 0.33               |
| Unrealised gains on swap contracts                        |               | 29,870                | 0.34               |
| <b>Total Investment assets</b>                            |               | <b>7,887,937</b>      | <b>89.66</b>       |
| <b>Investment liabilities</b>                             |               |                       |                    |
| Unrealised losses on futures contracts                    |               | (12,468)              | (0.13)             |
| Unrealised losses on forward currency contracts           |               | (35,659)              | (0.37)             |
| Unrealised losses on swap contracts                       |               | (33,136)              | (0.37)             |
| <b>Total Investment liabilities</b>                       |               | <b>(81,263)</b>       | <b>(0.87)</b>      |
| <b>Total portfolio</b>                                    |               | <b>7,806,674</b>      | <b>88.79</b>       |
| Net other assets/(liabilities)                            |               | 985,581               | 11.21              |
| <b>NET ASSETS</b>   |               | <b>8,792,255</b>      | <b>100.00</b>      |

[a] Crossholding (see note 12).

[b] Related Party (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 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures |   |                  | Collateral held as cash<br>€'000 |
|---|----------------------|---|------------------|----------------------------------|
|   | Swaps<br>€'000       | Forward<br>currency<br>contracts<br>€'000 | Futures<br>€'000 |                                  |
| Barclays Bank London                    | 927                  | 2,409                                     | -                | 350                              |
| BNP Paribas                             | 415                  | 460,854                                   | -                | -                                |
| Citigroup Global Markets Limited        | 9,487                | 180,841                                   | -                | -                                |
| Crédit Suisse First Boston              | 716                  | -   | -                | -                                |
| Crédit Suisse International             | -                    | -   | -                | 745                              |
| Goldman Sachs International             | 1,052                | 721,773                                   | -                | -                                |
| HSBC Bank Plc                           | 1,428                | 852,496                                   | -                | -                                |
| J.P.Morgan                              | 13,595               | 381,809                                   | -                | 12,355                           |
| Merrill Lynch Pierce Fenner + Smith Inc | 16,980               | 604,595                                   | 7,867,254        | 12,566                           |
| Standard Chartered Bank                 | -                    | 232,067                                   | -                | 450                              |
| State Street Bank and Trust Company     | -                    | 146,960                                   | -                | 697                              |
| State Street Bank London                | -                    | 1,006,903                                 | -                | -                                |
| UBS AG London                           | 18,402               | 1,225,169                                 | -                | -                                |

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 for the six months ended 30 September 2018.

#### Quarterly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Second interim | 01.07.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Monthly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.04.18 | 18.05.18    | 22.05.18 | 25.05.18 |
| Second interim | 01.05.18 | 31.05.18 | 15.06.18    | 18.06.18 | 21.06.18 |
| Third interim  | 01.06.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Fourth interim | 01.07.18 | 31.07.18 | 17.08.18    | 20.08.18 | 23.08.18 |
| Fifth interim  | 01.08.18 | 31.08.18 | 21.09.18    | 24.09.18 | 27.09.18 |
| Sixth interim  | 01.09.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Distributions

|                      | Euro Class 'A' | Euro Class 'C' | Sterling Class 'C-H' | US dollar Class 'A-H' | US dollar Class 'C-H' |
|----------------------|----------------|----------------|----------------------|-----------------------|-----------------------|
| to 30 September 2018 | Euro €         | Euro €         | UK p                 | US €                  | US €                  |
| First interim        | 0.0339         | 0.0340         | 0.0341               | 0.0334                | 0.0335                |
| Second interim       | 0.0399         | 0.0405         | 0.0406               | 0.0408                | 0.0412                |

|                      | US dollar Class 'A-H M F4' |
|----------------------|----------------------------|
| to 30 September 2018 | US €                       |
| First interim        | 0.0326                     |
| Second interim       | 0.0319                     |
| Third interim        | 0.0316                     |
| Fourth interim       | 0.0321                     |
| Fifth interim        | 0.0309                     |
| Sixth interim        | 0.0314                     |

### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV              | TER      |
|--|------------------|----------|
| <b>Euro</b>                            | <b>€</b>         | <b>%</b> |
| Class 'A' Accumulation                 | 9.5070           | 1.95     |
| Class 'A' Distribution                 | 9.4702           | 1.95     |
| Class 'B' Accumulation                 | 9.4738           | 2.45     |
| Class 'C' Accumulation                 | 9.5750           | 0.95     |
| Class 'C' Distribution                 | 9.5375           | 0.95     |
| Class 'CI' Accumulation                | 9.5800           | 0.91     |
| <b>Sterling</b>                        | <b>£</b>         | <b>%</b> |
| Class 'C-H' Accumulation               | 9.6536           | 0.97     |
| Class 'C-H' Distribution               | 9.6153           | 0.97     |
| <b>Swiss franc</b>                     | <b>CHF</b>       | <b>%</b> |
| Class 'A-H' Accumulation               | 9.4866           | 1.97     |
| Class 'C-H' Accumulation               | 9.5555           | 0.97     |
| <b>US dollar</b>                       | <b>US\$</b>      | <b>%</b> |
| Class 'A-H' Accumulation               | 9.6904           | 1.97     |
| Class 'A-H' Distribution               | 9.6601           | 1.97     |
| Class 'A-H M F4' Distribution          | 9.4118           | 1.97     |
| Class 'C-H' Accumulation               | 9.7603           | 0.97     |
| Class 'C-H' Distribution               | 9.7265           | 0.97     |
| <b>NAV at fund level</b>               | <b>€'000</b>     |          |
| Net assets                             | 8,792,255        |          |
| Swing pricing adjustment (see note 11) | 0                |          |
| <b>Swung net assets</b>                | <b>8,792,255</b> |          |

## M&G (Lux) Emerging Markets Bond Fund

# Investment objective and policy

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### Investment objective

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

### Investment policy

The Fund has the flexibility to invest across all types of emerging market debt, which includes sovereign, corporate and local currency debt.

The Fund invests at least 80% of its Net Asset Value in debt securities denominated in any currency, issued or guaranteed by emerging market governments or their agencies, local authorities, public authorities, quasi-sovereigns, supranational bodies and by companies that are domiciled in, or conducting the major part of their economic activity in emerging market countries\*.

The investment process of the Fund is based on both a top-down macroeconomic view and fundamental analysis of individual securities.

The Fund may invest up to a combined maximum of 100% of the Fund's Net Asset Value in below investment grade and unrated securities. There are no credit quality restrictions with respect to the debt securities in which the Fund may invest.

The Fund may hold up to a maximum of 10% of its Net Asset Value in Contingent Convertibles Debt Securities and up to 10% of its Net Asset Value in Asset-Backed Securities.

The Fund will typically invest directly. The Fund may also invest indirectly via derivatives instruments to take both long and short positions 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. Derivatives instruments can be used 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, Options, Credit Default Swaps, Interest Rate Swaps and Credit Linked Notes.

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

\* 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 Bond Fund

## Portfolio statement

### Portfolio statement

| Investment description   | Holding        | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|--|----------------|----------|---------------|--------------------------|--------------------|
| <b>FIXED INCOME</b>  |                |          |               | <b>69,189</b>            | <b>88.69</b>       |
| <b>Debt securities</b>   |                |          |               | <b>69,189</b>            | <b>88.69</b>       |
| <b>'AAA' credit rated bonds</b>  |                |          |               | <b>4,477</b>             | <b>5.74</b>        |
| Inter-American Development Bank 7.875%   | 5,190,000,000  | IDR      | 14.03.23      | 344                      | 0.44               |
| International Finance 6.3%   | 120,000,000    | INR      | 25.11.24      | 1,556                    | 2.00               |
| US Treasury Note 3.625%  | 2,554,400      | US\$     | 15.08.19      | 2,577                    | 3.30               |
| <b>'AA' credit rated bonds</b>   |                |          |               |                          |                    |
| Qatar (State of) 6.4%  | 700,000        | US\$     | 20.01.40      | 859                      | 1.10               |
| <b>'A' credit rated bonds</b>  |                |          |               | <b>5,061</b>             | <b>6.49</b>        |
| Chile (Republic of) 5.5%   | 400,000,000    | CLP      | 05.08.20      | 625                      | 0.80               |
| Israel (State of) 2.25%  | 3,530,000      | ILS      | 31.05.19      | 985                      | 1.26               |
| Malaysia (Federation of) 3.882%  | 4,831,000      | MYR      | 10.03.22      | 1,176                    | 1.51               |
| Peru (Republic of) 8.2%  | 3,834,000      | PEN      | 12.08.26      | 1,380                    | 1.77               |
| Poland (Republic of) 2.5%  | 3,452,000      | PLN      | 25.07.26      | 895                      | 1.15               |
| <b>'BBB' credit rated bonds</b>  |                |          |               | <b>18,803</b>            | <b>24.10</b>       |
| Aeropuerto Internacional de Tocumen 5.625%   | 400,000        | US\$     | 18.05.36      | 416                      | 0.53               |
| Banco Santander Mexico Institucion de Banca Multiple Grupo<br>Financiero Santander FRN | 200,000        | US\$     | 01.10.28      | 203                      | 0.26               |
| Bharti Airtel 4.375%   | 400,000        | US\$     | 10.06.25      | 373                      | 0.48               |
| Bogota Distrito Capital 9.75%  | 2,600,000,000  | COP      | 26.07.28      | 949                      | 1.22               |
| BRF 3.95%  | 400,000        | US\$     | 22.05.23      | 363                      | 0.47               |
| Commonwealth of Bahamas 6%   | 800,000        | US\$     | 21.11.28      | 817                      | 1.05               |
| Development Bank of Kazakhstan 9.5%  | 350,000,000    | KZT      | 14.12.20      | 973                      | 1.25               |
| DP World Crescent 4.848%   | 807,000        | US\$     | 26.09.28      | 802                      | 1.03               |
| Fibra Uno Trust F/1401 5.25%   | 400,000        | US\$     | 30.01.26      | 401                      | 0.51               |
| Fufeng Group 5.875%  | 400,000        | US\$     | 28.08.21      | 401                      | 0.51               |
| Gaz Capital 7.288%   | 500,000        | US\$     | 16.08.37      | 558                      | 0.71               |
| Hunt Oil Company of Peru 6.375%  | 400,000        | US\$     | 01.06.28      | 413                      | 0.53               |
| Indonesia (Republic of) 8.25%  | 16,000,000,000 | IDR      | 15.05.36      | 1,060                    | 1.36               |
| Mexico (United Mexican States) 5.625%  | 500,000        | £        | 19.03.14      | 672                      | 0.86               |
| Mexico (United Mexican States) 10%   | 20,990,000     | MXN      | 05.12.24      | 1,236                    | 1.58               |
| Morocco (Kingdom of) 5.5%  | 800,000        | US\$     | 11.12.42      | 848                      | 1.09               |
| Oman (Sultanate of) 5.625%   | 1,400,000      | US\$     | 17.01.28      | 1,377                    | 1.76               |
| Perusahaan Listrik Negara 4.125%   | 400,000        | US\$     | 15.05.27      | 376                      | 0.48               |
| Philippines (Republic of the) 6.25%  | 40,000,000     | PHP      | 14.01.36      | 701                      | 0.90               |
| Portugal (Republic of) 5.125%  | 690,000        | US\$     | 15.10.24      | 723                      | 0.93               |
| Russia (Federation of) 8.15%   | 111,430,000    | RUB      | 03.02.27      | 1,675                    | 2.15               |
| SASOL Financing USA 5.875%   | 232,000        | US\$     | 27.03.24      | 237                      | 0.30               |
| Thailand (Kingdom of) 1.25%  | 55,733,000     | THB      | 12.03.28      | 1,692                    | 2.17               |
| Uruguay (Republic of the) 9.875%   | 39,410,000     | UYU      | 20.06.22      | 1,175                    | 1.51               |
| Vanke Real Estate Hong Kong 3.975%   | 400,000        | US\$     | 09.11.27      | 362                      | 0.46               |
| <b>'BB' credit rated bonds</b>   |                |          |               | <b>17,075</b>            | <b>21.89</b>       |
| ABJA Investment 5.45%  | 400,000        | US\$     | 24.01.28      | 363                      | 0.47               |
| Bolivia (Plurinational State of) 4.5%  | 400,000        | US\$     | 20.03.28      | 385                      | 0.49               |
| Brazil (Federal Republic of) 10%   | 9,000,000      | BRL      | 01.01.25      | 2,128                    | 2.73               |
| C&W Senior Financing Designated Activity 6.875%  | 400,000        | US\$     | 15.09.27      | 401                      | 0.51               |
| Croatia (Republic of) 6%   | 400,000        | US\$     | 26.01.24      | 435                      | 0.56               |
| Debt and Asset Trading 1%  | 1,200,000      | US\$     | 10.10.25      | 823                      | 1.05               |
| Dominican Republic 8.9%  | 56,000,000     | DOP      | 15.02.23      | 1,121                    | 1.44               |
| Ghana (Republic of) 10.75%   | 800,000        | US\$     | 14.10.30      | 999                      | 1.28               |
| Grupo KUO 5.75%  | 400,000        | US\$     | 07.07.27      | 383                      | 0.49               |
| GTLK Europe 5.125%   | 400,000        | US\$     | 31.05.24      | 364                      | 0.47               |
| Guatemala (Republic of) 4.5%   | 800,000        | US\$     | 03.05.26      | 768                      | 0.98               |
| Honduras (Republic of) 7.5%  | 800,000        | US\$     | 15.03.24      | 864                      | 1.11               |
| Inretail Pharma 5.375%   | 300,000        | US\$     | 02.05.23      | 304                      | 0.39               |
| Macedonia (Republic of) 5.625%   | 600,000        | €        | 26.07.23      | 792                      | 1.02               |
| MAF Global Securities FRN  | 800,000        | US\$     | 31.12.99      | 739                      | 0.95               |
| MARB BondCo 6.875%   | 400,000        | US\$     | 19.01.25      | 372                      | 0.48               |
| Paraguay (Republic of) 6.1%  | 400,000        | US\$     | 11.08.44      | 422                      | 0.54               |
| Petrobras Global Finance 5.75%   | 1,128,000      | US\$     | 01.02.29      | 1,016                    | 1.30               |
| Rede D'or Finance 4.95%  | 400,000        | US\$     | 17.01.28      | 346                      | 0.44               |
| Senegal (Republic of) 4.75%  | 500,000        | €        | 13.03.28      | 562                      | 0.72               |
| Southern Gaz Corridor 6.875%   | 400,000        | US\$     | 24.03.26      | 445                      | 0.57               |
| TC Ziraat Bankasi 5.125%   | 800,000        | US\$     | 29.09.23      | 685                      | 0.88               |
| Turkey (Republic of) 10.5%   | 8,630,000      | TRY      | 15.01.20      | 1,223                    | 1.57               |
| VEON Holdings 4.95%  | 400,000        | US\$     | 16.06.24      | 381                      | 0.49               |
| VTR Finance 6.875%   | 400,000        | US\$     | 15.01.24      | 408                      | 0.52               |
| Yapi ve Kredi Bankasi 5.85%  | 400,000        | US\$     | 21.06.24      | 346                      | 0.44               |

# M&G (Lux) Emerging Markets Bond Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                  | Holding   | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|-----------|----------|---------------|--------------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                         |           |          |               |                          |                    |
| <b>'B' credit rated bonds</b>                           |           |          |               |                          |                    |
|   |           |          |               | 19,917                   | 25.53              |
| Albania (Republic of) 5.75%                             | 400,000   | €        | 12.11.20      | 506                      | 0.65               |
| Angola (Republic of) 9.375%                             | 800,000   | US\$     | 08.05.48      | 851                      | 1.09               |
| Argentina (Republic of) 7.125%                          | 750,000   | US\$     | 01.08.27      | 608                      | 0.78               |
| Argentina (Republic of) 7.875%                          | 550,000   | US\$     | 15.06.27      | 462                      | 0.59               |
| Armenia (Republic of) 7.15%                             | 900,000   | US\$     | 26.03.25      | 952                      | 1.22               |
| Cameroon (Republic of) 9.5%                             | 800,000   | US\$     | 19.11.25      | 846                      | 1.08               |
| CCO Holdings 6.5%                                       | 200,000   | US\$     | 28.11.27      | 194                      | 0.25               |
| China Evergrande Group 7.5%                             | 200,000   | US\$     | 28.06.23      | 184                      | 0.24               |
| Côte d'Ivoire (Republic of) 5.25%                       | 1,100,000 | €        | 22.03.30      | 1,220                    | 1.56               |
| Dar Al-Arkan Sukuk 6.875%                               | 400,000   | US\$     | 21.03.23      | 378                      | 0.48               |
| Ecuador (Republic of) 8.75%                             | 1,400,000 | US\$     | 02.06.23      | 1,417                    | 1.82               |
| Egypt (Republic of) 5.625%                              | 700,000   | €        | 16.04.30      | 768                      | 0.98               |
| Ethiopia (Federal Republic of) 6.625%                   | 800,000   | US\$     | 11.12.24      | 816                      | 1.05               |
| Gabon (Republic of) 6.95%                               | 800,000   | US\$     | 16.06.25      | 771                      | 0.99               |
| Georgia Capital Issued International Bonds 6.125%       | 800,000   | US\$     | 09.03.24      | 742                      | 0.95               |
| Jamaica 8%  | 500,000   | US\$     | 15.03.39      | 584                      | 0.75               |
| Jordan (Kingdom of) 7.375%                              | 400,000   | US\$     | 10.10.47      | 376                      | 0.48               |
| Kernel Holding 8.75%                                    | 400,000   | US\$     | 31.01.22      | 408                      | 0.52               |
| Liquid Telecommunications Financing 8.5%                | 400,000   | US\$     | 13.07.22      | 411                      | 0.53               |
| MHP Lux 6.95%   | 400,000   | US\$     | 03.04.26      | 374                      | 0.48               |
| Montenegro 3.375%                                       | 100,000   | €        | 21.04.25      | 115                      | 0.15               |
| Pakistan (Republic of) 6.875%                           | 650,000   | US\$     | 05.12.27      | 619                      | 0.79               |
| Rwanda (Republic of) 6.625%                             | 1,000,000 | US\$     | 02.05.23      | 1,019                    | 1.31               |
| Sri Lanka (Republic of) 6.85%                           | 1,200,000 | US\$     | 03.11.25      | 1,198                    | 1.54               |
| State Savings Bank of Ukraine Via SSB 1 FRN             | 400,000   | US\$     | 20.03.25      | 402                      | 0.51               |
| Sunac China Holdings 7.95%                              | 200,000   | US\$     | 08.08.22      | 191                      | 0.24               |
| Tajikistan (Republic of) 7.125%                         | 800,000   | US\$     | 14.09.27      | 733                      | 0.94               |
| Tunisia (Republic of) 5.625%                            | 500,000   | €        | 17.02.24      | 567                      | 0.73               |
| Ukraine 7.375%  | 1,000,000 | US\$     | 25.09.32      | 876                      | 1.12               |
| Wanda Properties International 7.25%                    | 200,000   | US\$     | 29.01.24      | 192                      | 0.25               |
| Yingde Gases Investment 6.25%                           | 400,000   | US\$     | 19.01.23      | 389                      | 0.50               |
| YPF 8.5%  | 464,000   | US\$     | 28.07.25      | 459                      | 0.59               |
| Zambia (Republic of) 8.5%                               | 400,000   | US\$     | 14.04.24      | 289                      | 0.37               |
| <b>'C' credit rated bonds</b>                           |           |          |               |                          |                    |
| Petroleos de Venezuela 6%                               | 2,260,600 | US\$     | 16.05.24      | 494                      | 0.63               |
| <b>'D' credit rated bonds</b>                           |           |          |               |                          |                    |
| Argentina (Republic of) 7.82%                           | 941,149   | €        | 31.12.33      | 1,051                    | 1.35               |
| Venezuela (Republic of) 9.25%                           | 1,861,900 | US\$     | 07.05.28      | 496                      | 0.63               |
| <b>Bonds with no credit rating</b>                      |           |          |               |                          |                    |
| Royal Capital 5.875%                                    | 800,000   | US\$     | 31.12.99      | 752                      | 0.97               |
| Tanzania (Republic of) FRN                              | 200,000   | US\$     | 09.03.20      | 204                      | 0.26               |
| <b>CURRENCY</b>   |           |          |               |                          |                    |
| <b>Forward currency contracts</b>                       |           |          |               |                          |                    |
| Bought for US\$ 4,135,260.06, Sold for € 3,515,000.00   |           |          | 17.10.18      | 60                       | 0.08               |
| Bought for ARS 18,697,500.00, Sold for US\$ 450,000.00  |           |          | 12.12.18      | (22)                     | (0.03)             |
| <b>Portfolio of investments</b>                         |           |          |               | <b>69,227</b>            | <b>88.74</b>       |
| <b>CASH EQUIVALENTS</b>                                 |           |          |               |                          |                    |
| <b>'AAA' rated money market funds</b>                   |           |          |               | <b>2,132</b>             | <b>2.73</b>        |
| Northern Trust Global Funds - US Dollar Fund Class 'D'  | 2,132,000 | US\$     |               | 2,132                    | 2.73               |
| <b>SHARE CLASS HEDGING</b>                              |           |          |               |                          |                    |
| <b>Maturity date</b>                                    |           |          |               |                          |                    |
| Bought for € 11,929,396.97, Sold for US\$ 13,997,561.63 |           |          | 17.10.18      | (166)                    | (0.21)             |
| Bought for CHF 48,050.00, Sold for US\$ 50,319.56       |           |          | 17.10.18      | (1)                      | -                  |
| <b>Total portfolio</b>                                  |           |          |               | <b>71,193</b>            | <b>91.26</b>       |
| <b>Net other assets/(liabilities)</b>                   |           |          |               | <b>6,821</b>             | <b>8.74</b>        |
| <b>NET ASSETS</b>                                       |           |          |               | <b>78,014</b>            | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                |           |          |               |                          |                    |
| <b>Investment assets</b>                                |           |          |               |                          |                    |
| <b>Debt securities</b>                                  |           |          |               | <b>69,189</b>            | <b>88.69</b>       |
| <b>Unrealised gains on forward currency contracts</b>   |           |          |               | <b>60</b>                | <b>0.08</b>        |
| <b>Total Investment assets</b>                          |           |          |               | <b>69,249</b>            | <b>88.77</b>       |

# M&G (Lux) Emerging Markets Bond Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                          | Market value<br>US\$'000 | % of net<br>assets |
|---|--------------------------|--------------------|
| <b>PORTFOLIO SUMMARY (continued)</b>            |                          |                    |
| <b>Investment liabilities</b>                   |                          |                    |
| Unrealised losses on forward currency contracts | (188)                    | (0.24)             |
| <b>Total Investment liabilities</b>             | <b>(188)</b>             | <b>(0.24)</b>      |
| <b>Total portfolio</b>                          | <b>69,061</b>            | <b>88.53</b>       |
| <b>Cash equivalents</b>                         | <b>2,132</b>             | <b>2.73</b>        |
| <b>Net other assets/(liabilities)</b>           | <b>6,821</b>             | <b>8.74</b>        |
| <b>NET ASSETS</b>                               | <b>78,014</b>            | <b>100.00</b>      |

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 28 September 2018.

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

### Counterparty exposure

| Counterparty                        | Derivative exposures<br>Forward<br>currency<br>contracts<br>US\$'000 |
|-------------------------------------|--|
| Barclays Bank London                | 4,135  |
| State Street Bank and Trust Company | 14,048   |
| State Street Bank London            | 450  |

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 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 semi-annual distributions to the holders of distribution share.

There will be no distribution payable in respect of this financial period, as the fund only recently launched on 17 September 2018.

### 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 30 September 2018 and Total Expense Ratio (TER) for the financial period from 17 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV             | Estimated TER |
|--|-----------------|---------------|
| <b>Euro</b>                            | <b>€</b>        | <b>%</b>      |
| Class 'A' Accumulation                 | 10.2372         | 1.47          |
| Class 'A' Distribution                 | 10.2372         | 1.47          |
| Class 'A-H' Accumulation               | 10.0740         | 1.49          |
| Class 'A-H' Distribution               | 10.0740         | 1.49          |
| Class 'B' Accumulation                 | 10.2367         | 1.97          |
| Class 'B' Distribution                 | 10.2367         | 1.97          |
| Class 'B-H' Accumulation               | 10.0734         | 1.99          |
| Class 'B-H' Distribution               | 10.0734         | 1.99          |
| Class 'C' Accumulation                 | 10.2380         | 0.82          |
| Class 'C' Distribution                 | 10.2380         | 0.82          |
| Class 'C-H' Accumulation               | 10.0747         | 0.84          |
| Class 'C-H' Distribution               | 10.0747         | 0.84          |
| Class 'CI' Accumulation                | 10.2410         | 0.78          |
| Class 'CI-H' Accumulation              | 10.0794         | 0.80          |
| <b>Swiss franc</b>                     | <b>CHF</b>      | <b>%</b>      |
| Class 'A' Accumulation                 | 10.2876         | 1.47          |
| Class 'A-H' Accumulation               | 10.0736         | 1.49          |
| Class 'C' Accumulation                 | 10.2882         | 0.82          |
| Class 'C-H' Accumulation               | 10.0743         | 0.84          |
| <b>US dollar</b>                       | <b>US\$</b>     | <b>%</b>      |
| Class 'A' Accumulation                 | 10.0786         | 1.47          |
| Class 'A' Distribution                 | 10.0786         | 1.47          |
| Class 'C' Accumulation                 | 10.0793         | 0.82          |
| Class 'C' Distribution                 | 10.0793         | 0.82          |
| Class 'CI' Accumulation                | 10.0822         | 0.78          |
| Class 'K' Accumulation                 | 10.1863         | 0.18          |
| <b>NAV at fund level</b>               | <b>US\$'000</b> |               |
| Net assets                             | 78,014          |               |
| Swing pricing adjustment (see note 11) | 286             |               |
| <b>Swung net assets</b>                | <b>78,300</b>   |               |

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) Emerging Markets Hard Currency Bond Fund

# Investment objective and policy

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### 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 USD, EUR, JPY and GBP.

\*\* 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

## Portfolio statement

### Portfolio statement

| Investment description                | Holding       | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---------------------------------------|---------------|----------|---------------|--------------------------|--------------------|
| <b>FIXED INCOME</b>                   |               |          |               | <b>181,459</b>           | <b>97.49</b>       |
| <b>Debt securities</b>                |               |          |               | <b>181,459</b>           | <b>97.49</b>       |
| <b>Albania</b>                        |               |          |               | <b>1,834</b>             | <b>0.99</b>        |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Albania (Republic of) 5.75%           | 1,450,000     | €        | 12.11.20      | 1,834                    | 0.99               |
| <b>Angola</b>                         |               |          |               | <b>3,571</b>             | <b>1.92</b>        |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Angola (Republic of) 9.5%             | 1,800,000     | US\$     | 12.11.25      | 2,052                    | 1.10               |
| Angola (Republic of) 9.375%           | 1,429,000     | US\$     | 08.05.48      | 1,519                    | 0.82               |
| <b>Argentina</b>                      |               |          |               | <b>6,997</b>             | <b>3.76</b>        |
| <b>'AAA' credit rated bonds</b>       |               |          |               |                          |                    |
| Argentina (Republic of) 0.000%        | 20,000,000    | ARS      | 12.10.18      | 560                      | 0.30               |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Argentina (Republic of) FRN           | 22,500,000    | ARS      | 21.06.20      | 662                      | 0.36               |
| Argentina (Republic of) 7.82%         | 5,229,194     | €        | 31.12.33      | 5,775                    | 3.10               |
| <b>Armenia</b>                        |               |          |               | <b>2,222</b>             | <b>1.19</b>        |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Armenia (Republic of) 7.15%           | 1,700,000     | US\$     | 26.03.25      | 1,799                    | 0.96               |
| Armenia (Republic of) 7.15%           | 400,000       | US\$     | 26.03.25      | 423                      | 0.23               |
| <b>Azerbaijan</b>                     |               |          |               | <b>3,063</b>             | <b>1.65</b>        |
| <b>'BB' credit rated bonds</b>        |               |          |               |                          |                    |
| Southern Gaz Corridor 6.875%          | 2,750,000     | US\$     | 24.03.26      | 3,063                    | 1.65               |
| <b>Bolivia</b>                        |               |          |               | <b>1,923</b>             | <b>1.03</b>        |
| <b>'BB' credit rated bonds</b>        |               |          |               |                          |                    |
| Bolivia (Plurinational State of) 4.5% | 2,000,000     | US\$     | 20.03.28      | 1,923                    | 1.03               |
| <b>Brazil</b>                         |               |          |               | <b>908</b>               | <b>0.49</b>        |
| <b>'BBB' credit rated bonds</b>       |               |          |               |                          |                    |
| BRF 3.95%                             | 1,000,000     | US\$     | 22.05.23      | 908                      | 0.49               |
| <b>British Virgin Islands</b>         |               |          |               | <b>971</b>               | <b>0.52</b>        |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Yingde Gases Investment 6.25%         | 1,000,000     | US\$     | 19.01.23      | 971                      | 0.52               |
| <b>Cameroon</b>                       |               |          |               | <b>2,062</b>             | <b>1.11</b>        |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Cameroon (Republic of) 9.5%           | 1,950,000     | US\$     | 19.11.25      | 2,062                    | 1.11               |
| <b>Cayman Islands</b>                 |               |          |               | <b>3,393</b>             | <b>1.82</b>        |
| <b>'BBB' credit rated bonds</b>       |               |          |               |                          |                    |
| Fufeng Group 5.875%                   | 916,000       | US\$     | 28.08.21      | 919                      | 0.49               |
| DP World Crescent 4.848%              | 1,500,000     | US\$     | 26.09.28      | 1,490                    | 0.80               |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Sunac China Holdings 7.95%            | 500,000       | US\$     | 08.08.22      | 478                      | 0.26               |
| China Evergrande Group 7.5%           | 550,000       | US\$     | 28.06.23      | 506                      | 0.27               |
| <b>Colombia</b>                       |               |          |               | <b>3,609</b>             | <b>1.94</b>        |
| <b>'BBB' credit rated bonds</b>       |               |          |               |                          |                    |
| Bogota Distrio Capital 9.75%          | 3,500,000,000 | COP      | 26.07.28      | 1,277                    | 0.69               |
| Colombia (Republic of) 6.125%         | 2,050,000     | US\$     | 18.01.41      | 2,332                    | 1.25               |
| <b>Croatia</b>                        |               |          |               | <b>2,502</b>             | <b>1.34</b>        |
| <b>'BB' credit rated bonds</b>        |               |          |               |                          |                    |
| Croatia (Republic of) 6%              | 2,300,000     | US\$     | 26.01.24      | 2,502                    | 1.34               |
| <b>Dominican Republic</b>             |               |          |               | <b>5,743</b>             | <b>3.09</b>        |
| <b>'BB' credit rated bonds</b>        |               |          |               |                          |                    |
| Dominican Republic 10.5%              | 63,000,000    | DOP      | 07.04.23      | 1,289                    | 0.69               |
| Dominican Republic 6.875%             | 1,850,000     | US\$     | 29.01.26      | 1,980                    | 1.07               |
| Dominican Republic 7.45%              | 2,300,000     | US\$     | 30.04.44      | 2,474                    | 1.33               |
| <b>Ecuador</b>                        |               |          |               | <b>5,401</b>             | <b>2.90</b>        |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Ecuador (Republic of) 8.75%           | 2,350,000     | US\$     | 02.06.23      | 2,379                    | 1.28               |
| Ecuador (Republic of) 9.65%           | 1,550,000     | US\$     | 13.12.26      | 1,566                    | 0.84               |
| Ecuador (Republic of) 7.875%          | 1,587,000     | US\$     | 23.01.28      | 1,456                    | 0.78               |
| <b>Egypt</b>                          |               |          |               | <b>3,840</b>             | <b>2.06</b>        |
| <b>'B' credit rated bonds</b>         |               |          |               |                          |                    |
| Egypt (Republic of) 5.625%            | 3,500,000     | €        | 16.04.30      | 3,840                    | 2.06               |
| <b>El Salvador</b>                    |               |          |               | <b>2,439</b>             | <b>1.31</b>        |
| <b>'CCC' credit rated bonds</b>       |               |          |               |                          |                    |
| El Salvador (Republic of) 5.875%      | 2,600,000     | US\$     | 30.01.25      | 2,439                    | 1.31               |



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

## Portfolio statement

### Portfolio statement (continued)

| Investment description  | Holding     | Currency | Maturity date           | Market value<br>US\$'000 | % of net<br>assets |
|---|-------------|----------|-------------------------|--------------------------|--------------------|
| <b>FIXED INCOME (continued)</b>   |             |          |                         |                          |                    |
| <b>Ethiopia</b>   |             |          |                         |                          |                    |
| <b>'B' credit rated bonds</b>   |             |          |                         |                          |                    |
| Ethiopia (Federal Republic of) 6.625%   | 2,000,000   | US\$     | 11.12.24                | 2,040                    | 1.10               |
| <b>Gabon</b>  |             |          |                         |                          |                    |
| <b>'B' credit rated bonds</b>   |             |          |                         |                          |                    |
| Gabon (Republic of) 6.375%  | 1,600,000   | US\$     | 12.12.24                | 1,520                    | 0.82               |
| <b>Ghana</b>  |             |          |                         |                          |                    |
| <b>'BB' credit rated bonds</b>  |             |          |                         |                          |                    |
| Ghana (Republic of) 10.75%  | 1,500,000   | US\$     | 14.10.30                | 1,873                    | 1.01               |
| <b>Guatemala</b>  |             |          |                         |                          |                    |
| <b>'BB' credit rated bonds</b>  |             |          |                         |                          |                    |
| Guatemala (Republic of) 5.75%   | 2,350,000   | US\$     | 06.06.22                | 2,447                    | 1.31               |
| <b>Honduras</b>   |             |          |                         |                          |                    |
| <b>'BB' credit rated bonds</b>  |             |          |                         |                          |                    |
| Honduras (Republic of) 7.5%   | 2,400,000   | US\$     | 15.03.24                | 2,593                    | 1.39               |
| <b>Hong Kong</b>  |             |          |                         |                          |                    |
| <b>'BBB' credit rated bonds</b>   |             |          |                         |                          |                    |
| Vanke Real Estate Hong Kong 3.975%  | 1,000,000   | US\$     | 09.11.27                | 904                      | 0.49               |
| <b>Hungary</b>  |             |          |                         |                          |                    |
| <b>'BBB' credit rated bonds</b>   |             |          |                         |                          |                    |
| Hungary (Republic of) 5.375%  | 2,000,000   | US\$     | 25.03.24                | 2,145                    | 1.15               |
| <b>India</b>  |             |          |                         |                          |                    |
| <b>'BBB' credit rated bonds</b>   |             |          |                         |                          |                    |
| Bharti Airtel 4.375%  | 1,000,000   | US\$     | 10.06.25                | 932                      | 0.50               |
| <b>Indonesia</b>  |             |          |                         |                          |                    |
| <b>'BBB' credit rated bonds</b>   |             |          |                         |                          |                    |
| Indonesia (Republic of) 4.35%   | 2,250,000   | US\$     | 08.01.27                | 2,225                    | 1.20               |
| Perusahaan Listrik Negara 4.125%  | 2,600,000   | US\$     | 15.05.27                | 2,444                    | 1.31               |
| <b>Ireland</b>  |             |          |                         |                          |                    |
| <b>'BB' credit rated bonds</b>  |             |          |                         |                          |                    |
| GTLK Europe 5.125%  | 3,750,000   | US\$     | 31.05.24                | 3,411                    | 1.83               |
| C&W Senior Financing Designated Activity 6.875%                                   | 692,000     | US\$     | 15.09.27                | 693                      | 0.37               |
| <b>Ivory Coast</b>  |             |          |                         |                          |                    |
| <b>'B' credit rated bonds</b>   |             |          |                         |                          |                    |
| Côte d'Ivoire (Republic of) 5.25%   | 1,486,000   | €        | 22.03.30                | 1,648                    | 0.89               |
| Côte d'Ivoire (Republic of) 6.625%  | 1,351,000   | €        | 22.03.48                | 1,471                    | 0.79               |
| <b>Jamaica</b>  |             |          |                         |                          |                    |
| <b>'B' credit rated bonds</b>   |             |          |                         |                          |                    |
| Jamaica 8%  | 2,450,000   | US\$     | 15.03.39                | 2,859                    | 1.54               |
| <b>Jordan</b>   |             |          |                         |                          |                    |
| <b>'B' credit rated bonds</b>   |             |          |                         |                          |                    |
| Jordan (Kingdom of) 6.125%  | 1,950,000   | US\$     | 29.01.26                | 1,918                    | 1.03               |
| <b>Kazakhstan</b>   |             |          |                         |                          |                    |
| <b>'BBB' credit rated bonds</b>   |             |          |                         |                          |                    |
| Development Bank of Kazakhstan 9.5%   | 530,000,000 | KZT      | 14.12.20                | 1,474                    | 0.79               |
| KazMunayGas National 4.75%  | 2,900,000   | US\$     | 19.04.27                | 2,913                    | 1.57               |
| <b>Kenya</b>  |             |          |                         |                          |                    |
| <b>'B' credit rated bonds</b>   |             |          |                         |                          |                    |
| Kenya (Republic of) 6.875%  | 1,250,000   | US\$     | 24.06.24                | 1,255                    | 0.67               |
| <b>Luxembourg</b>   |             |          |                         |                          |                    |
| <b>'B' credit rated bonds</b>   |             |          |                         |                          |                    |
| Kernel Holding 8.75%  | 1,150,000   | US\$     | 31.01.22                | 1,174                    | 0.63               |
| <b>Macedonia</b>  |             |          |                         |                          |                    |
| <b>'BB' credit rated bonds</b>  |             |          |                         |                          |                    |
| Macedonia (Republic of) 5.625%  | 2,100,000   | €        | 26.07.23                | 2,772                    | 1.49               |
| <b>Mexico</b>   |             |          |                         |                          |                    |
| <b>'BBB' credit rated bonds</b>   |             |          |                         |                          |                    |
| Petróleos Mexicanos 6.5%  | 1,300,000   | US\$     | 13.03.27                | 1,337                    | 0.72               |
| Banco Santander Mexico Institucion de Banca Multiple Grupo Financiero Santand FRN | 444,000     | US\$     | 01.10.28                | 452                      | 0.24               |
| Mexico (United Mexican States) 5.625%   | 1,600,000   | £        | 19.03.14 <sup>[a]</sup> | 2,152                    | 1.16               |
| <b>'BB' credit rated bonds</b>  |             |          |                         |                          |                    |
| Grupo KUO 5.75%   | 1,415,000   | US\$     | 07.07.27                | 1,356                    | 0.73               |

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

## Portfolio statement

### Portfolio statement (continued)

| Investment description                     | Holding     | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|--|-------------|----------|---------------|--------------------------|--------------------|
| <b>FIXED INCOME (continued)</b>            |             |          |               |                          |                    |
| <b>Montenegro</b>                          |             |          |               |                          |                    |
| <b>'B' credit rated bonds</b>              |             |          |               | 1,838                    | 0.99               |
| Montenegro 3.375%                          | 1,594,000   | €        | 21.04.25      | 1,838                    | 0.99               |
| <b>Morocco</b>                             |             |          |               |                          |                    |
| <b>'BBB' credit rated bonds</b>            |             |          |               | 1,007                    | 0.54               |
| Morocco (Kingdom of) 5.5%                  | 950,000     | US\$     | 11.12.42      | 1,007                    | 0.54               |
| <b>Netherlands (The)</b>                   |             |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>             |             |          |               | 4,310                    | 2.32               |
| VTR Finance 6.875%                         | 1,000,000   | US\$     | 15.01.24      | 1,019                    | 0.55               |
| Petrobras Global Finance 5.75%             | 2,200,000   | US\$     | 01.02.29      | 1,981                    | 1.06               |
| <b>Bonds with no credit rating</b>         |             |          |               |                          |                    |
| Royal Capital 5.875%                       | 1,394,000   | US\$     | 31.12.99      | 1,310                    | 0.71               |
| <b>Nigeria</b>                             |             |          |               |                          |                    |
| <b>'B' credit rated bonds</b>              |             |          |               | 2,522                    | 1.35               |
| Nigeria (Federal Republic of) 7.875%       | 2,450,000   | US\$     | 16.02.32      | 2,522                    | 1.35               |
| <b>Oman</b>                                |             |          |               |                          |                    |
| <b>'BBB' credit rated bonds</b>            |             |          |               | 2,319                    | 1.25               |
| Oman (Sultanate of) 5.625%                 | 2,357,000   | US\$     | 17.01.28      | 2,319                    | 1.25               |
| <b>Pakistan</b>                            |             |          |               |                          |                    |
| <b>'B' credit rated bonds</b>              |             |          |               | 1,842                    | 0.99               |
| Pakistan (Republic of) 7.875%              | 1,950,000   | US\$     | 31.03.36      | 1,842                    | 0.99               |
| <b>Panama</b>                              |             |          |               |                          |                    |
| <b>'BBB' credit rated bonds</b>            |             |          |               | 1,799                    | 0.97               |
| Aeropuerto Internacional de Tocumen 5.75%  | 533,923     | US\$     | 09.10.23      | 552                      | 0.30               |
| Aeropuerto Internacional de Tocumen 5.625% | 1,200,000   | US\$     | 18.05.36      | 1,247                    | 0.67               |
| <b>Paraguay</b>                            |             |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>             |             |          |               | 3,004                    | 1.61               |
| Paraguay (Republic of) 6.1%                | 2,850,000   | US\$     | 11.08.44      | 3,004                    | 1.61               |
| <b>Peru</b>                                |             |          |               |                          |                    |
| <b>'BBB' credit rated bonds</b>            |             |          |               | 3,196                    | 1.72               |
| Corp Financiera de Desarrollo 4.75%        | 2,400,000   | US\$     | 15.07.25      | 2,422                    | 1.30               |
| Hunt Oil Company of Peru 6.375%            | 750,000     | US\$     | 01.06.28      | 774                      | 0.42               |
| <b>Qatar</b>                               |             |          |               |                          |                    |
| <b>'AA' credit rated bonds</b>             |             |          |               | 3,918                    | 2.10               |
| Qatar (State of) 6.4%                      | 2,250,000   | US\$     | 20.01.40      | 2,760                    | 1.48               |
| Qatar (State of) 5.103%                    | 1,111,000   | US\$     | 23.04.48      | 1,158                    | 0.62               |
| <b>Romania</b>                             |             |          |               |                          |                    |
| <b>'BBB' credit rated bonds</b>            |             |          |               | 2,183                    | 1.17               |
| Romania 3.875%                             | 1,850,000   | €        | 29.10.35      | 2,183                    | 1.17               |
| <b>Russia</b>                              |             |          |               |                          |                    |
| <b>'BBB' credit rated bonds</b>            |             |          |               | 1,654                    | 0.89               |
| Russia (Federation of) 8.15%               | 110,000,000 | RUB      | 03.02.27      | 1,654                    | 0.89               |
| <b>Rwanda</b>                              |             |          |               |                          |                    |
| <b>'B' credit rated bonds</b>              |             |          |               | 2,497                    | 1.34               |
| Rwanda (Republic of) 6.625%                | 2,450,000   | US\$     | 02.05.23      | 2,497                    | 1.34               |
| <b>Saudi Arabia</b>                        |             |          |               |                          |                    |
| <b>'B' credit rated bonds</b>              |             |          |               | 1,049                    | 0.56               |
| Dar Al-Arkan Sukuk 6.875%                  | 1,111,000   | US\$     | 21.03.23      | 1,049                    | 0.56               |
| <b>Senegal</b>                             |             |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>             |             |          |               | 1,343                    | 0.72               |
| Senegal (Republic of) 4.75%                | 1,194,000   | €        | 13.03.28      | 1,343                    | 0.72               |
| <b>Serbia</b>                              |             |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>             |             |          |               | 2,725                    | 1.46               |
| Serbia (Republic of) 7.25%                 | 2,500,000   | US\$     | 28.09.21      | 2,725                    | 1.46               |
| <b>Singapore</b>                           |             |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>             |             |          |               | 908                      | 0.49               |
| ABJA Investment 5.45%                      | 1,000,000   | US\$     | 24.01.28      | 908                      | 0.49               |
| <b>South Africa</b>                        |             |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>             |             |          |               | 2,905                    | 1.56               |
| South Africa (Republic of) 5.875%          | 2,850,000   | US\$     | 16.09.25      | 2,905                    | 1.56               |

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

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                  | Holding   | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|-----------|----------|---------------|--------------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                         |           |          |               |                          |                    |
| <b>Sri Lanka</b>  |           |          |               |                          |                    |
| <b>'B' credit rated bonds</b>                           |           |          |               | 3,693                    | 1.98               |
| Sri Lanka (Republic of) 6.85%                           | 3,700,000 | US\$     | 03.11.25      | 3,693                    | 1.98               |
| <b>Tajikistan</b>                                       |           |          |               |                          |                    |
| <b>'B' credit rated bonds</b>                           |           |          |               | 1,313                    | 0.71               |
| Tajikistan (Republic of) 7.125%                         | 1,433,000 | US\$     | 14.09.27      | 1,313                    | 0.71               |
| <b>Tanzania</b>   |           |          |               |                          |                    |
| <b>Bonds with no credit rating</b>                      |           |          |               | 1,108                    | 0.59               |
| Tanzania (Republic of) FRN                              | 1,083,343 | US\$     | 09.03.20      | 1,108                    | 0.59               |
| <b>Tunisia</b>  |           |          |               |                          |                    |
| <b>'B' credit rated bonds</b>                           |           |          |               | 2,324                    | 1.25               |
| Tunisia (Republic of) 5.625%                            | 2,050,000 | €        | 17.02.24      | 2,324                    | 1.25               |
| <b>Turkey</b>   |           |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>                          |           |          |               | 5,366                    | 2.88               |
| TC Ziraat Bankasi 5.125%                                | 2,300,000 | US\$     | 29.09.23      | 1,968                    | 1.06               |
| Turkey (Republic of) 4.25%                              | 2,000,000 | US\$     | 14.04.26      | 1,686                    | 0.90               |
| Turkey (Republic of) 5.125%                             | 2,000,000 | US\$     | 17.02.28      | 1,712                    | 0.92               |
| <b>UK</b>   |           |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>                          |           |          |               | 3,405                    | 1.83               |
| MARB BondCo 6.875%                                      | 993,000   | US\$     | 19.01.25      | 923                      | 0.50               |
| <b>'B' credit rated bonds</b>                           |           |          |               |                          |                    |
| Liquid Telecommunications Financing 8.5%                | 850,000   | US\$     | 13.07.22      | 873                      | 0.47               |
| State Savings Bank of Ukraine Via SSB 1 FRN             | 1,600,000 | US\$     | 20.03.25      | 1,609                    | 0.86               |
| <b>Ukraine</b>  |           |          |               |                          |                    |
| <b>'B' credit rated bonds</b>                           |           |          |               | 4,822                    | 2.59               |
| Ukraine 7.75%   | 3,350,000 | US\$     | 01.09.22      | 3,355                    | 1.80               |
| Ukraine 7.375%  | 1,674,000 | US\$     | 25.09.32      | 1,467                    | 0.79               |
| <b>Uruguay</b>  |           |          |               |                          |                    |
| <b>'BBB' credit rated bonds</b>                         |           |          |               | 1,887                    | 1.01               |
| Uruguay (Republic of the) 7.625%                        | 1,400,000 | US\$     | 21.03.36      | 1,887                    | 1.01               |
| <b>US</b>   |           |          |               |                          |                    |
| <b>'AAA' credit rated bonds</b>                         |           |          |               | 15,031                   | 8.08               |
| US Treasury Note 0.75%                                  | 5,720,000 | US\$     | 15.02.19      | 5,687                    | 3.06               |
| <b>'A' credit rated bonds</b>                           |           |          |               |                          |                    |
| State Grid Overseas 3.5%                                | 2,050,000 | US\$     | 04.05.27      | 1,959                    | 1.05               |
| <b>'BBB' credit rated bonds</b>                         |           |          |               |                          |                    |
| Commonwealth of Bahamas 6%                              | 2,100,000 | US\$     | 21.11.28      | 2,145                    | 1.15               |
| <b>'BB' credit rated bonds</b>                          |           |          |               |                          |                    |
| Transnet 4%   | 2,650,000 | US\$     | 26.07.22      | 2,486                    | 1.34               |
| Inretail Pharma 5.375%                                  | 888,000   | US\$     | 02.05.23      | 899                      | 0.48               |
| <b>'B' credit rated bonds</b>                           |           |          |               |                          |                    |
| Georgia Capital Issued International Bonds 6.125%       | 2,000,000 | US\$     | 09.03.24      | 1,855                    | 1.00               |
| <b>Venezuela</b>  |           |          |               |                          |                    |
| <b>'C' credit rated bonds</b>                           |           |          |               | 1,728                    | 0.93               |
| Petroleos de Venezuela 6%                               | 4,000,000 | US\$     | 15.11.26      | 874                      | 0.47               |
| <b>'D' credit rated bonds</b>                           |           |          |               |                          |                    |
| Venezuela (Republic of) 9.25%                           | 3,200,000 | US\$     | 07.05.28      | 854                      | 0.46               |
| <b>Vietnam</b>  |           |          |               |                          |                    |
| <b>'BB' credit rated bonds</b>                          |           |          |               | 2,126                    | 1.14               |
| Debt and Asset Trading 1%                               | 3,100,000 | US\$     | 10.10.25      | 2,126                    | 1.14               |
| <b>Zambia</b>   |           |          |               |                          |                    |
| <b>'B' credit rated bonds</b>                           |           |          |               | 1,151                    | 0.62               |
| Zambia (Republic of) 8.97%                              | 1,600,000 | US\$     | 30.07.27      | 1,151                    | 0.62               |
| <b>CURRENCY</b>   |           |          |               |                          |                    |
| <b>Forward currency contracts</b>                       |           |          |               | 257                      | 0.14               |
| Bought for US\$ 2,432,040.55, Sold for £ 1,849,000.00   |           |          | 17.10.18      | 19                       | 0.01               |
| Bought for US\$ 26,141,146.75, Sold for € 22,339,500.00 |           |          | 17.10.18      | 238                      | 0.13               |
| <b>Portfolio of investments</b>                         |           |          |               | 181,716                  | 97.63              |

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

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                  | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|---------------|--------------------------|--------------------|
| <b>SHARE CLASS HEDGING</b>                              |               |                          |                    |
| Bought for € 40,350,887.17, Sold for US\$ 46,849,881.11 | 17.10.18      | (63)                     | (0.03)             |
| Bought for CHF 95,339.10, Sold for US\$ 98,173.32       | 17.10.18      | -                        | -                  |
| <b>Total portfolio</b>                                  |               | <b>181,653</b>           | <b>97.60</b>       |
| Net other assets/(liabilities)                          |               | 4,470                    | 2.40               |
| <b>NET ASSETS</b>                                       |               | <b>186,123</b>           | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                |               |                          |                    |
| <b>Investment assets</b>                                |               |                          |                    |
| Debt securities   |               | 181,459                  | 97.49              |
| Unrealised gains on forward currency contracts          |               | 257                      | 0.14               |
| <b>Total Investment assets</b>                          |               | <b>181,716</b>           | <b>97.63</b>       |
| <b>Investment liabilities</b>                           |               |                          |                    |
| Unrealised losses on forward currency contracts         |               | (63)                     | (0.03)             |
| <b>Total Investment liabilities</b>                     |               | <b>(63)</b>              | <b>(0.03)</b>      |
| <b>Total portfolio</b>                                  |               | <b>181,653</b>           | <b>97.60</b>       |
| <b>Net other assets/(liabilities)</b>                   |               | <b>4,470</b>             | <b>2.40</b>        |
| <b>NET ASSETS</b>                                       |               | <b>186,123</b>           | <b>100.00</b>      |

<sup>[a]</sup> 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 preredemmed date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

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

### Counterparty exposure

| Counterparty                        | Derivative exposures                         |
|-------------------------------------|--|
|                                     | Forward<br>currency<br>contracts<br>US\$'000 |
| J.P.Morgan                          | 26,141                                       |
| State Street Bank and Trust Company | 46,948                                       |
| State Street Bank London            | 2,432  |

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

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 as at 30 September 2018

|                                   | Six months<br>29.03.18<br>% <sup>[a]</sup> | Three years<br>30.09.15<br>% p.a. | Five years<br>30.09.13<br>% p.a. | Since launch<br>% p.a. |
|-----------------------------------|--|-----------------------------------|----------------------------------|------------------------|
| <b>Euro <sup>[b]</sup></b>        |  |                                   |                                  |                        |
| Class 'A'                         | +4.4                                       | n/a                               | n/a                              | -1.3 <sup>[c]</sup>    |
| Class 'A-H'                       | -3.4                                       | n/a                               | n/a                              | -1.7 <sup>[c]</sup>    |
| Class 'C'                         | +4.8                                       | n/a                               | n/a                              | -0.4 <sup>[c]</sup>    |
| Class 'C-H'                       | -2.9                                       | n/a                               | n/a                              | -0.8 <sup>[c]</sup>    |
| Class 'LI'                        | n/a  | n/a                               | n/a                              | +1.4 <sup>[d]</sup>    |
| <b>Sterling <sup>[b]</sup></b>    |  |                                   |                                  |                        |
| Class 'C'                         | +6.2                                       | n/a                               | n/a                              | +1.6 <sup>[c]</sup>    |
| <b>Swiss franc <sup>[b]</sup></b> |  |                                   |                                  |                        |
| Class 'A-H'                       | -3.5                                       | n/a                               | n/a                              | -2.0 <sup>[c]</sup>    |
| Class 'C-H'                       | -3.0                                       | n/a                               | n/a                              | -1.1 <sup>[c]</sup>    |
| <b>US dollar <sup>[b]</sup></b>   |  |                                   |                                  |                        |
| Class 'A'                         | -1.9                                       | n/a                               | n/a                              | +1.0 <sup>[c]</sup>    |
| Class 'C'                         | -1.5                                       | n/a                               | n/a                              | +1.8 <sup>[c]</sup>    |
| Class 'CI'                        | -1.5                                       | n/a                               | n/a                              | +1.9 <sup>[c]</sup>    |

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 22 May 2017, the launch date of the fund.

<sup>[d]</sup> 20 September 2018, the launch date of the share class. Not annualised.

### 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 for the six months ended 30 September 2018.

#### Quarterly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Second interim | 01.07.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Distributions

|                             | Euro Class 'A'          | Euro Class 'A-H'        | Euro Class 'C'      | Euro Class 'C-H'    | Sterling Class 'C' |
|-----------------------------|-------------------------|-------------------------|---------------------|---------------------|--------------------|
| <b>to 30 September 2018</b> | Euro €                  | Euro €                  | Euro €              | Euro €              | UK p               |
| First interim               | 0.1333                  | 0.1328                  | 0.1315              | 0.1350              | 0.1381             |
| Second interim              | 0.1339                  | 0.1324                  | 0.1346              | 0.1336              | 0.1390             |
|                             | Swiss franc Class 'A-H' | Swiss franc Class 'C-H' | US dollar Class 'A' | US dollar Class 'C' |                    |
| <b>to 30 September 2018</b> | Swiss €                 | Swiss €                 | US €                | US €                |                    |
| First Interim               | 0.1309                  | 0.1321                  | 0.1386              | 0.1392              |                    |
| Second Interim              | 0.1312                  | 0.1324                  | 0.1390              | 0.1395              |                    |

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

## Financial highlights (unaudited)

### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share            | NAV         | TER                 |
|--------------------------|-------------|---------------------|
| <b>Euro</b>              | <b>€</b>    | <b>%</b>            |
| Class 'A' Accumulation   | 9.8191      | 1.73                |
| Class 'A' Distribution   | 9.2623      | 1.71                |
| Class 'A-H' Accumulation | 9.7723      | 1.75                |
| Class 'A-H' Distribution | 9.2188      | 1.74                |
| Class 'C' Accumulation   | 9.9396      | 0.82                |
| Class 'C' Distribution   | 9.3625      | 0.83                |
| Class 'C-H' Accumulation | 9.8864      | 0.84                |
| Class 'C-H' Distribution | 9.3256      | 0.84                |
| Class 'LI' Accumulation  | 10.1400     | 0.53 <sup>[a]</sup> |
| <b>Sterling</b>          | <b>£</b>    | <b>%</b>            |
| Class 'C' Accumulation   | 10.2181     | 0.79                |
| Class 'C' Distribution   | 9.6395      | 0.80                |
| <b>Swiss franc</b>       | <b>CHF</b>  | <b>%</b>            |
| Class 'A-H' Accumulation | 9.7298      | 1.74                |
| Class 'A-H' Distribution | 9.1785      | 1.74                |
| Class 'C-H' Accumulation | 9.8477      | 0.84                |
| Class 'C-H' Distribution | 9.2927      | 0.84                |
| <b>US dollar</b>         | <b>US\$</b> | <b>%</b>            |
| Class 'A' Accumulation   | 10.1294     | 1.72                |
| Class 'A' Distribution   | 9.5548      | 1.72                |
| Class 'C' Accumulation   | 10.2505     | 0.81                |
| Class 'C' Distribution   | 9.6696      | 0.81                |
| Class 'CI' Accumulation  | 10.2565     | 0.77                |

[a] The share class has an estimated TER shown, as this share class launched in the period, therefore this is a more reliable estimate of the charges suffered.

| NAV at fund level                      | US\$'000       |
|--|----------------|
| Net assets                             | 186,123        |
| Swing pricing adjustment (see note 11) | 0              |
| <b>Swung net assets</b>                | <b>186,123</b> |

## 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:

- 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;
- a maximum of 75% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds; and
- a 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

## Portfolio statement

### Portfolio statement

| Investment description                          | Holding       | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|---------------|----------|---------------|--------------------------|--------------------|
| <b>PORTFOLIO OF INVESTMENTS</b>                 |               |          |               | <b>21,656</b>            | <b>97.87</b>       |
| <b>ARGENTINA</b>                                |               |          |               | <b>346</b>               | <b>1.56</b>        |
| <b>Argentina debt securities</b>                |               |          |               |                          |                    |
| YPF 8.5%  | 350,000       | US\$     | 28.07.25      | 346                      | 1.56               |
| <b>AUSTRIA</b>                                  |               |          |               | <b>202</b>               | <b>0.91</b>        |
| <b>Austria debt securities</b>                  |               |          |               |                          |                    |
| Suzano Austria 5.75%                            | 200,000       | US\$     | 14.07.26      | 202                      | 0.91               |
| <b>AZERBAIJAN</b>                               |               |          |               | <b>223</b>               | <b>1.01</b>        |
| <b>Azerbaijan debt securities</b>               |               |          |               |                          |                    |
| Southern Gaz Corridor 6.875%                    | 200,000       | US\$     | 24.03.26      | 223                      | 1.01               |
| <b>BRAZIL</b>                                   |               |          |               | <b>903</b>               | <b>4.08</b>        |
| <b>Brazil equities</b>                          |               |          |               |                          |                    |
| Banco Bradesco Pref. (voting)                   | 21,712        | BRL      |               | 158                      | 0.71               |
| CCR   | 41,859        | BRL      |               | 85                       | 0.39               |
| EDP - Energias do Brasil                        | 35,139        | BRL      |               | 113                      | 0.51               |
| Kroton Educacional                              | 52,859        | BRL      |               | 154                      | 0.70               |
| Transmissora Alianca de Energia Eletrica        | 42,748        | BRL      |               | 211                      | 0.95               |
| <b>Brazil debt securities</b>                   |               |          |               |                          |                    |
| BRF 3.95%                                       | 200,000       | US\$     | 22.05.23      | 182                      | 0.82               |
| <b>BRITISH VIRGIN ISLANDS</b>                   |               |          |               | <b>194</b>               | <b>0.88</b>        |
| <b>British Virgin Islands debt securities</b>   |               |          |               |                          |                    |
| Yingde Gases Investment 6.25%                   | 200,000       | US\$     | 19.01.23      | 194                      | 0.88               |
| <b>CAYMAN ISLANDS</b>                           |               |          |               | <b>904</b>               | <b>4.08</b>        |
| <b>Cayman Islands debt securities</b>           |               |          |               |                          |                    |
| China Evergrande Group 7.5%                     | 200,000       | US\$     | 28.06.23      | 184                      | 0.83               |
| DP World Crescent 4.848%                        | 244,000       | US\$     | 26.09.28      | 242                      | 1.09               |
| MAF Global Securities 5.5%                      | 300,000       | US\$     | 31.12.99      | 287                      | 1.30               |
| Sunac China Holdings 7.95%                      | 200,000       | US\$     | 08.08.22      | 191                      | 0.86               |
| <b>CHINA</b>                                    |               |          |               | <b>2,033</b>             | <b>9.19</b>        |
| <b>China equities</b>                           |               |          |               |                          |                    |
| China Lesso Group Holdings                      | 485,000       | HK\$     |               | 275                      | 1.24               |
| China Petroleum & Chemical                      | 454,000       | HK\$     |               | 455                      | 2.06               |
| CNOOC   | 395,000       | HK\$     |               | 783                      | 3.54               |
| Greatview Aseptic Packaging                     | 371,000       | HK\$     |               | 235                      | 1.06               |
| Lenovo Group                                    | 390,000       | HK\$     |               | 285                      | 1.29               |
| <b>COLOMBIA</b>                                 |               |          |               | <b>376</b>               | <b>1.70</b>        |
| <b>Colombia equities</b>                        |               |          |               |                          |                    |
| Banco Davivienda                                | 17,816        | COP      |               | 205                      | 0.93               |
| <b>Colombia debt securities</b>                 |               |          |               |                          |                    |
| Banco Davivienda 7.5%                           | 500,000,000   | COP      | 24.10.22      | 171                      | 0.77               |
| <b>HONG KONG</b>                                |               |          |               | <b>1,361</b>             | <b>6.15</b>        |
| <b>Hong Kong equities</b>                       |               |          |               |                          |                    |
| AIA Group                                       | 31,600        | HK\$     |               | 282                      | 1.27               |
| China Resources Power Holdings                  | 140,000       | HK\$     |               | 247                      | 1.12               |
| Far East Horizon                                | 464,000       | HK\$     |               | 442                      | 2.00               |
| First Pacific Hong Kong                         | 422,000       | HK\$     |               | 209                      | 0.94               |
| <b>Hong Kong debt securities</b>                |               |          |               |                          |                    |
| Vanke Real Estate Hong Kong 3.975%              | 200,000       | US\$     | 09.11.27      | 181                      | 0.82               |
| <b>INDIA</b>                                    |               |          |               | <b>579</b>               | <b>2.62</b>        |
| <b>India debt securities</b>                    |               |          |               |                          |                    |
| Bharti Airtel 4.375%                            | 200,000       | US\$     | 10.06.25      | 187                      | 0.85               |
| National Highways Authority of India 7.3%       | 30,000,000    | INR      | 18.05.22      | 392                      | 1.77               |
| <b>INDONESIA</b>                                |               |          |               | <b>444</b>               | <b>2.01</b>        |
| <b>Indonesia debt securities</b>                |               |          |               |                          |                    |
| Jasa Marga Persero 7.5%                         | 4,000,000,000 | IDR      | 11.12.20      | 256                      | 1.16               |
| Perusahaan Listrik Negara 4.125%                | 200,000       | US\$     | 15.05.27      | 188                      | 0.85               |
| <b>IRELAND</b>                                  |               |          |               | <b>382</b>               | <b>1.73</b>        |
| <b>Ireland debt securities</b>                  |               |          |               |                          |                    |
| C&W Senior Financing Designated Activity 6.875% | 200,000       | US\$     | 15.09.27      | 200                      | 0.91               |
| GTLK Europe 5.125%                              | 200,000       | US\$     | 31.05.24      | 182                      | 0.82               |
| <b>LUXEMBOURG</b>                               |               |          |               | <b>1,147</b>             | <b>5.18</b>        |
| <b>Luxembourg debt securities</b>               |               |          |               |                          |                    |
| Codere Finance 2 Luxembourg 7.625%              | 200,000       | US\$     | 01.11.21      | 184                      | 0.83               |
| Gaz Capital 7.288%                              | 200,000       | US\$     | 16.08.37      | 223                      | 1.01               |
| Kernel Holding 8.75%                            | 200,000       | US\$     | 31.01.22      | 204                      | 0.92               |



# M&G (Lux) Emerging Markets Income Opportunities Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description  | Holding | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|---------|----------|---------------|--------------------------|--------------------|
| <b>PORTFOLIO OF INVESTMENTS (continued)</b>                                       |         |          |               |                          |                    |
| <b>LUXEMBOURG (continued)</b>   |         |          |               |                          |                    |
| <b>Luxembourg debt securities (continued)</b>                                     |         |          |               |                          |                    |
| MHP Lux 6.95%   | 200,000 | US\$     | 03.04.26      | 187                      | 0.84               |
| Puma International Financing 5.125%   | 200,000 | US\$     | 06.10.24      | 176                      | 0.80               |
| Rede D'or Finance 4.95%   | 200,000 | US\$     | 17.01.28      | 173                      | 0.78               |
|   |         |          |               | <b>1,404</b>             | <b>6.34</b>        |
| <b>MEXICO</b>   |         |          |               |                          |                    |
| <b>Mexico equities</b>  |         |          |               |                          |                    |
| Alfa 'A'  | 382,709 | MXN      |               | 492                      | 2.22               |
| Fibra Uno Administracion  | 205,511 | MXN      |               | 269                      | 1.21               |
| <b>Mexico debt securities</b>   |         |          |               |                          |                    |
| Banco Santander Mexico Institucion de Banca Multiple Grupo Financiero Santand 25% | 200,000 | US\$     | 01.10.28      | 203                      | 0.92               |
| Grupo KUO 5.75%   | 266,000 | US\$     | 07.07.27      | 255                      | 1.15               |
| Mexichem 5.5%   | 200,000 | US\$     | 15.01.48      | 185                      | 0.84               |
|   |         |          |               | <b>1,336</b>             | <b>6.04</b>        |
| <b>NETHERLANDS (THE)</b>  |         |          |               |                          |                    |
| <b>Netherlands (The) debt securities</b>  |         |          |               |                          |                    |
| Indo Energy Finance II 6.375%   | 200,000 | US\$     | 24.01.23      | 198                      | 0.90               |
| Petrobras Global Finance 5.75%  | 500,000 | US\$     | 01.02.29      | 450                      | 2.03               |
| Royal Capital 5.875%  | 313,000 | US\$     | 31.12.99      | 294                      | 1.33               |
| VEON Holdings 4.95%   | 200,000 | US\$     | 16.06.24      | 190                      | 0.86               |
| VTR Finance 6.875%  | 200,000 | US\$     | 15.01.24      | 204                      | 0.92               |
|   |         |          |               | <b>208</b>               | <b>0.94</b>        |
| <b>PANAMA</b>   |         |          |               |                          |                    |
| <b>Panama debt securities</b>   |         |          |               |                          |                    |
| Aeropuerto Internacional de Tocumen 5.625%  | 200,000 | US\$     | 18.05.36      | 208                      | 0.94               |
|   |         |          |               | <b>206</b>               | <b>0.93</b>        |
| <b>PERU</b>   |         |          |               |                          |                    |
| <b>Peru debt securities</b>   |         |          |               |                          |                    |
| Hunt Oil Company of Peru 6.375%   | 200,000 | US\$     | 01.06.28      | 206                      | 0.93               |
|   |         |          |               | <b>1,360</b>             | <b>6.15</b>        |
| <b>RUSSIA</b>   |         |          |               |                          |                    |
| <b>Russia equities</b>  |         |          |               |                          |                    |
| Lukoil  | 9,377   | US\$     |               | 710                      | 3.21               |
| MMC Norilsk Nickel  | 5,775   | US\$     |               | 103                      | 0.47               |
| Sberbank of Russia ADR  | 43,778  | US\$     |               | 547                      | 2.47               |
|   |         |          |               | <b>210</b>               | <b>0.95</b>        |
| <b>SAUDI ARABIA</b>   |         |          |               |                          |                    |
| <b>Saudi Arabia debt securities</b>   |         |          |               |                          |                    |
| Dar Al-Arkan Sukuk 6.875%   | 222,000 | US\$     | 21.03.23      | 210                      | 0.95               |
|   |         |          |               | <b>764</b>               | <b>3.45</b>        |
| <b>SINGAPORE</b>  |         |          |               |                          |                    |
| <b>Singapore equities</b>   |         |          |               |                          |                    |
| DBS Group Holdings  | 10,000  | SG\$     |               | 190                      | 0.86               |
| Keppel  | 303,200 | SG\$     |               | 265                      | 1.20               |
| Mapletree Industrial Trust  | 87,600  | SG\$     |               | 127                      | 0.57               |
| <b>Singapore debt securities</b>  |         |          |               |                          |                    |
| ABJA Investment 5.45%   | 200,000 | US\$     | 24.01.28      | 182                      | 0.82               |
|   |         |          |               | <b>653</b>               | <b>2.95</b>        |
| <b>SOUTH AFRICA</b>   |         |          |               |                          |                    |
| <b>South Africa equities</b>  |         |          |               |                          |                    |
| Absa Group  | 40,530  | ZAR      |               | 430                      | 1.94               |
| Sanlam  | 40,296  | ZAR      |               | 223                      | 1.01               |
|   |         |          |               | <b>1,812</b>             | <b>8.19</b>        |
| <b>SOUTH KOREA</b>  |         |          |               |                          |                    |
| <b>South Korea equities</b>   |         |          |               |                          |                    |
| Hana Financial Group  | 13,284  | KRW      |               | 533                      | 2.41               |
| Samsung Electronics   | 15,550  | KRW      |               | 651                      | 2.94               |
| Samsung Fire & Marine Insurance   | 648     | KRW      |               | 166                      | 0.75               |
| Shinhan Financial Group   | 11,390  | KRW      |               | 462                      | 2.09               |
|   |         |          |               | <b>1,214</b>             | <b>5.49</b>        |
| <b>TAIWAN</b>   |         |          |               |                          |                    |
| <b>Taiwan equities</b>  |         |          |               |                          |                    |
| Casetek Holdings  | 110,943 | TW\$     |               | 189                      | 0.86               |
| Catcher Technology  | 18,000  | TW\$     |               | 198                      | 0.90               |
| Cathay Financial Holding  | 130,000 | TW\$     |               | 224                      | 1.01               |
| Chicony Electronics   | 115,142 | TW\$     |               | 233                      | 1.05               |
| Delta Electronics   | 42,000  | TW\$     |               | 180                      | 0.81               |
| Teco Electric and Machinery   | 263,000 | TW\$     |               | 190                      | 0.86               |
|   |         |          |               | <b>257</b>               | <b>1.16</b>        |
| <b>THAILAND</b>   |         |          |               |                          |                    |
| <b>Thailand equities</b>  |         |          |               |                          |                    |
| Siam Commercial Bank  | 56,000  | THB      |               | 257                      | 1.16               |

# M&G (Lux) Emerging Markets Income Opportunities Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                            | Holding | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|---------|----------|---------------|--------------------------|--------------------|
| <b>PORTFOLIO OF INVESTMENTS (continued)</b>       |         |          |               |                          |                    |
| <b>TURKEY</b>                                     |         |          |               | <b>1,076</b>             | <b>4.86</b>        |
| <b>Turkey equities</b>                            |         |          |               |                          |                    |
| Enerjisa Enerji                                   | 184,166 | TRY      |               | 162                      | 0.73               |
| Haci Omer Sabanci Holding                         | 136,078 | TRY      |               | 173                      | 0.78               |
| KOC Holding                                       | 42,701  | TRY      |               | 120                      | 0.54               |
| Tupras Turkiye Petrol Rafinerileri                | 4,281   | TRY      |               | 95                       | 0.43               |
| <b>Turkey debt securities</b>                     |         |          |               |                          |                    |
| Arcelik 5%  | 200,000 | US\$     | 03.04.23      | 182                      | 0.82               |
| TC Ziraat Bankasi 5.125%                          | 200,000 | US\$     | 29.09.23      | 171                      | 0.78               |
| Yapi ve Kredi Bankasi 5.85%                       | 200,000 | US\$     | 21.06.24      | 173                      | 0.78               |
| <b>UK</b>   |         |          |               | <b>593</b>               | <b>2.68</b>        |
| <b>UK debt securities</b>                         |         |          |               |                          |                    |
| Liquid Telecommunications Financing 8.5%          | 200,000 | US\$     | 13.07.22      | 206                      | 0.93               |
| MARB BondCo 6.875%                                | 200,000 | US\$     | 19.01.25      | 186                      | 0.84               |
| State Savings Bank of Ukraine Via SSB 1 9.625%    | 200,000 | US\$     | 20.03.25      | 201                      | 0.91               |
| <b>US</b>   |         |          |               | <b>1,469</b>             | <b>6.64</b>        |
| <b>US equities</b>                                |         |          |               |                          |                    |
| Etalon Group                                      | 65,098  | US\$     |               | 154                      | 0.70               |
| <b>US debt securities</b>                         |         |          |               |                          |                    |
| Georgia Capital Issued International Bonds 6.125% | 300,000 | US\$     | 09.03.24      | 278                      | 1.26               |
| Inretail Pharma 5.375%                            | 171,000 | US\$     | 02.05.23      | 173                      | 0.78               |
| SASOL Financing USA 5.875%                        | 200,000 | US\$     | 27.03.24      | 204                      | 0.92               |
| Teva Pharmaceuticals 6.75%                        | 200,000 | US\$     | 01.03.28      | 211                      | 0.95               |
| US Treasury Note 1.25%                            | 450,000 | US\$     | 31.01.19      | 449                      | 2.03               |
| <b>Portfolio of investments</b>                   |         |          |               | <b>21,656</b>            | <b>97.87</b>       |
| <b>SHARE CLASS HEDGING</b>                        |         |          |               | <b>(1)</b>               | <b>-</b>           |
| Bought for £ 48,848.25, Sold for US\$ 63,596.25   |         |          | 17.10.18      | -                        | -                  |
| Bought for € 290,477.25, Sold for US\$ 337,317.09 |         |          | 17.10.18      | (1)                      | -                  |
| Bought for CHF 95,894.16, Sold for US\$ 98,771.75 |         |          | 17.10.18      | -                        | -                  |
| <b>Total portfolio</b>                            |         |          |               | <b>21,655</b>            | <b>97.87</b>       |
| <b>Net other assets/(liabilities)</b>             |         |          |               | <b>472</b>               | <b>2.13</b>        |
| <b>NET ASSETS</b>                                 |         |          |               | <b>22,127</b>            | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                          |         |          |               |                          |                    |
| <b>Investment assets</b>                          |         |          |               |                          |                    |
| Equity securities                                 |         |          |               | 11,482                   | 51.89              |
| Debt securities                                   |         |          |               | 10,174                   | 45.98              |
| <b>Total Investment assets</b>                    |         |          |               | <b>21,656</b>            | <b>97.87</b>       |
| <b>Investment liabilities</b>                     |         |          |               |                          |                    |
| Unrealised losses on forward currency contracts   |         |          |               | (1)                      | 0.00               |
| <b>Total Investment liabilities</b>               |         |          |               | <b>(1)</b>               | <b>0.00</b>        |
| <b>Total portfolio</b>                            |         |          |               | <b>21,655</b>            | <b>97.87</b>       |
| <b>Net other assets/(liabilities)</b>             |         |          |               | <b>472</b>               | <b>2.13</b>        |
| <b>NET ASSETS</b>                                 |         |          |               | <b>22,127</b>            | <b>100.00</b>      |

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 28 September 2018.

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

### Counterparty exposure

| Counterparty                        | Derivative exposures                         |
|-------------------------------------|--|
|                                     | Forward<br>currency<br>contracts<br>US\$'000 |
| State Street Bank and Trust Company | 500  |

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

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 as at 30 September 2018

|                        | Six months<br>29.03.18<br>% [a] | Three years<br>30.09.15<br>% p.a. | Five years<br>30.09.13<br>% p.a. | Since launch<br>% p.a. |
|------------------------|---------------------------------|-----------------------------------|----------------------------------|------------------------|
| <b>Euro [b]</b>        |                                 |                                   |                                  |                        |
| Class 'A-H'            | -5.7                            | n/a                               | n/a                              | +1.7 [c]               |
| Class 'C-H'            | -5.3                            | n/a                               | n/a                              | +2.5 [c]               |
| <b>Sterling [b]</b>    |                                 |                                   |                                  |                        |
| Class 'C-H'            | -4.7                            | n/a                               | n/a                              | +3.7 [c]               |
| <b>Swiss franc [b]</b> |                                 |                                   |                                  |                        |
| Class 'A-H'            | -5.8                            | n/a                               | n/a                              | +1.4 [c]               |
| Class 'C-H'            | -5.3                            | n/a                               | n/a                              | +2.2 [c]               |
| <b>US dollar [b]</b>   |                                 |                                   |                                  |                        |
| Class 'A'              | -4.1                            | n/a                               | n/a                              | +4.6 [c]               |
| Class 'A M'            | -4.1                            | n/a                               | n/a                              | +4.5 [c]               |
| Class 'C'              | -3.7                            | n/a                               | n/a                              | +5.3 [c]               |
| Class 'CI'             | -3.7                            | n/a                               | n/a                              | +5.4 [c]               |
| Class 'C M'            | -3.7                            | n/a                               | n/a                              | +5.3 [c]               |

[a] Absolute basis.

[b] Price to price with income reinvested.

[c] 22 May 2017, the launch date of the fund.

### 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 for the six months ended 30 September 2018.

#### Quarterly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Second interim | 01.07.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Monthly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.04.18 | 18.05.18    | 22.05.18 | 25.05.18 |
| Second interim | 01.05.18 | 31.05.18 | 15.06.18    | 18.06.18 | 21.06.18 |
| Third interim  | 01.06.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Fourth interim | 01.07.18 | 31.07.18 | 17.08.18    | 20.08.18 | 23.08.18 |
| Fifth interim  | 01.08.18 | 31.08.18 | 21.09.18    | 24.09.18 | 27.09.18 |
| Sixth interim  | 01.09.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

### Distributions

| to 30 September 2018 | Euro Class 'A-H'<br>Euro ¢ | Euro Class 'C-H'<br>Euro ¢ | Sterling Class 'C-H'<br>UK p | Swiss franc Class 'A-H'<br>Swiss ¢ | Swiss franc Class 'C-H'<br>Swiss ¢ |
|----------------------|----------------------------|----------------------------|------------------------------|------------------------------------|------------------------------------|
| First interim        | 0.1587                     | 0.1592                     | 0.1607                       | 0.1564                             | 0.1578                             |
| Second interim       | 0.1446                     | 0.1463                     | 0.1484                       | 0.1439                             | 0.1456                             |

| to 30 September 2018 | US dollar Class 'A'<br>US ¢ | US dollar Class 'C'<br>US ¢ |
|----------------------|-----------------------------|-----------------------------|
| First interim        | 0.1642                      | 0.1655                      |
| Second interim       | 0.1514                      | 0.1531                      |

| to 30 September 2018 | US dollar Class 'A M'<br>US ¢ | US dollar Class 'C M'<br>US ¢ |
|----------------------|-------------------------------|-------------------------------|
| First interim        | 0.0471                        | 0.0475                        |
| Second interim       | 0.0551                        | 0.0557                        |
| Third interim        | 0.0611                        | 0.0616                        |
| Fourth interim       | 0.0587                        | 0.0593                        |
| Fifth interim        | 0.0409                        | 0.0414                        |
| Sixth interim        | 0.0507                        | 0.0515                        |

## M&G (Lux) Emerging Markets Income Opportunities Fund

### Financial highlights (unaudited)

#### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV             | TER      |
|--|-----------------|----------|
| <b>Euro</b>                            | <b>€</b>        | <b>%</b> |
| Class 'A-H' Accumulation               | 10.2254         | 1.85     |
| Class 'A-H' Distribution               | 9.6969          | 1.88     |
| Class 'C-H' Accumulation               | 10.3462         | 0.96     |
| Class 'C-H' Distribution               | 9.8264          | 0.96     |
| <b>Sterling</b>                        | <b>£</b>        | <b>%</b> |
| Class 'C-H' Accumulation               | 10.5006         | 0.97     |
| Class 'C-H' Distribution               | 9.9667          | 0.97     |
| <b>Swiss franc</b>                     | <b>CHF</b>      | <b>%</b> |
| Class 'A-H' Accumulation               | 10.1914         | 1.86     |
| Class 'A-H' Distribution               | 9.6723          | 1.86     |
| Class 'C-H' Accumulation               | 10.3054         | 0.96     |
| Class 'C-H' Distribution               | 9.7907          | 0.97     |
| <b>US dollar</b>                       | <b>US\$</b>     | <b>%</b> |
| Class 'A' Accumulation                 | 10.6208         | 1.84     |
| Class 'A' Distribution                 | 10.0790         | 1.85     |
| Class 'A M' Distribution               | 9.9748          | 1.85     |
| Class 'C' Accumulation                 | 10.7512         | 0.94     |
| Class 'C' Distribution                 | 10.2043         | 0.93     |
| Class 'C M' Distribution               | 10.0976         | 0.95     |
| Class 'CI' Accumulation                | 10.7545         | 0.91     |
| <b>NAV at fund level</b>               | <b>US\$'000</b> |          |
| Net assets                             | 22,127          |          |
| Swing pricing adjustment (see note 11) | 0               |          |
| <b>Swung net assets</b>                | <b>22,127</b>   |          |

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

# Investment objective and policy

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### 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:

- 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;
- floating rate notes, subject to a maximum of 50% of the Fund's Net Asset Value;
- bonds from issuers located in emerging markets, subject to a maximum of 20% of the Fund's Net Asset Value;
- unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 30% of the Fund's Net Asset Value; and
- 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 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) European Inflation Linked Corporate Bond Fund

## Portfolio statement

### Portfolio statement

| Investment description                        | Holding    | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|------------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME</b>                           |            |          |               | <b>93,568</b>         | <b>99.47</b>       |
| <b>Debt securities</b>                        |            |          |               | <b>92,739</b>         | <b>98.59</b>       |
| <b>'AAA' credit rated bonds</b>               |            |          |               | <b>23,872</b>         | <b>25.38</b>       |
| ALME Loan Funding II FRN                      | 750,000    | €        | 15.01.30      | 751                   | 0.80               |
| Avoca CLO XI FRN                              | 250,000    | €        | 15.07.30      | 250                   | 0.27               |
| Barings Euro CLO FRN                          | 500,000    | €        | 15.10.30      | 500                   | 0.53               |
| Delft FRN                                     | 341,092    | €        | 17.01.40      | 342                   | 0.36               |
| Dukinfield 2 FRN                              | 101,668    | £        | 20.12.52      | 116                   | 0.12               |
| Duncan Funding FRN                            | 67,678     | £        | 17.04.63      | 76                    | 0.08               |
| Finsbury Square FRN                           | 205,051    | £        | 12.09.65      | 231                   | 0.25               |
| Germany (Federal Republic of) I/L 0.1%        | 700,000    | €        | 15.04.23      | 803                   | 0.85               |
| Germany (Federal Republic of) I/L 0.1%        | 50,000     | €        | 15.04.26      | 57                    | 0.06               |
| Germany (Federal Republic of) I/L 0.1%        | 50,000     | €        | 15.04.46      | 64                    | 0.07               |
| Germany (Federal Republic of) I/L 0.5%        | 50,000     | €        | 15.04.30      | 61                    | 0.07               |
| Germany (Federal Republic of) I/L 1.75%       | 10,970,938 | €        | 15.04.20      | 13,075                | 13.90              |
| Harvest CLO VII FRN                           | 206,000    | €        | 12.04.31      | 206                   | 0.22               |
| Iliad 1.875%                                  | 300,000    | €        | 25.04.25      | 282                   | 0.30               |
| Newday Partnership Funding FRN                | 400,000    | £        | 15.12.27      | 451                   | 0.48               |
| Newgate Funding FRN                           | 442,957    | €        | 15.12.50      | 437                   | 0.46               |
| OAK No.1 FRN                                  | 51,997     | £        | 26.02.52      | 59                    | 0.06               |
| Paragon Mortgages No 14 FRN                   | 463,141    | US\$     | 15.09.39      | 384                   | 0.41               |
| THRONES FRN                                   | 46,246     | £        | 18.03.50      | 52                    | 0.06               |
| Tower Bridge Funding No 3 FRN                 | 186,000    | £        | 20.12.61      | 210                   | 0.22               |
| Trinity Square FRN                            | 106,467    | £        | 15.07.51      | 121                   | 0.13               |
| US Treasury I/L 0.125%                        | 3,000,000  | US\$     | 15.04.21      | 2,699                 | 2.87               |
| US Treasury I/L 0.125%                        | 950,000    | US\$     | 15.07.22      | 878                   | 0.93               |
| US Treasury I/L 1.25%                         | 1,750,000  | US\$     | 15.07.20      | 1,767                 | 1.88               |
| <b>'AA' credit rated bonds</b>                |            |          |               | <b>18,884</b>         | <b>20.07</b>       |
| Claris RMBS 2014 FRN                          | 34,923     | €        | 28.12.61      | 35                    | 0.04               |
| E-MAC NL I FRN                                | 222,864    | €        | 25.04.38      | 224                   | 0.24               |
| First Flexible No 6 FRN                       | 302,630    | €        | 01.12.35      | 302                   | 0.32               |
| France (Republic of) 0.1%                     | 8,495,000  | €        | 01.03.21      | 9,182                 | 9.76               |
| France (Republic of) 1.1%                     | 3,762,000  | €        | 25.07.22      | 4,664                 | 4.96               |
| HSBC Holdings FRN                             | 750,000    | €        | 05.10.23      | 748                   | 0.79               |
| Network Rail Infrastructure Finance 1.75%     | 400,000    | £        | 22.11.27      | 816                   | 0.87               |
| Paragon Mortgages No 13 FRN                   | 319,556    | €        | 15.01.39      | 305                   | 0.32               |
| Paragon Mortgages No 9 FRN                    | 55,539     | €        | 15.05.41      | 54                    | 0.06               |
| SNCF Reseau EPIC 2.45%                        | 1,750,000  | €        | 28.02.23      | 2,554                 | 2.71               |
| <b>'A' credit rated bonds</b>                 |            |          |               | <b>25,003</b>         | <b>26.58</b>       |
| Alba FRN                                      | 533,575    | €        | 15.12.38      | 506                   | 0.54               |
| Anglian Water Services Financing 4.125%       | 506,000    | £        | 28.07.20      | 1,051                 | 1.12               |
| AT&T FRN                                      | 750,000    | €        | 05.09.23      | 760                   | 0.81               |
| AXA FRN                                       | 429,000    | €        | 28.05.49      | 422                   | 0.45               |
| Banco Santander FRN                           | 200,000    | US\$     | 12.04.23      | 173                   | 0.18               |
| Bank of America FRN                           | 600,000    | US\$     | 05.02.26      | 510                   | 0.54               |
| Bank of America FRN                           | 800,000    | €        | 07.02.22      | 806                   | 0.86               |
| Barclays FRN                                  | 600,000    | US\$     | 10.08.21      | 537                   | 0.57               |
| BPCE FRN                                      | 400,000    | €        | 23.03.23      | 396                   | 0.42               |
| Citigroup FRN                                 | 150,000    | US\$     | 17.05.24      | 131                   | 0.14               |
| Citigroup FRN                                 | 100,000    | US\$     | 01.09.23      | 88                    | 0.09               |
| CK Hutchison Europe Finance 18 1.25%          | 243,000    | €        | 13.04.25      | 240                   | 0.25               |
| Cooperatieve Rabobank FRN                     | 307,000    | US\$     | 26.09.23      | 266                   | 0.28               |
| Goldman Sachs Group FRN                       | 150,000    | €        | 26.09.23      | 149                   | 0.16               |
| Goldman Sachs Group FRN                       | 400,000    | €        | 09.09.22      | 401                   | 0.43               |
| Goldman Sachs Group FRN                       | 300,000    | US\$     | 29.11.23      | 270                   | 0.29               |
| Goldman Sachs Group FRN                       | 200,000    | US\$     | 28.10.27      | 179                   | 0.19               |
| Halfmoon Parent FRN                           | 204,000    | US\$     | 17.09.21      | 176                   | 0.19               |
| HSBC Holdings FRN                             | 858,000    | €        | 27.09.22      | 863                   | 0.92               |
| ING Groep FRN                                 | 300,000    | €        | 20.09.23      | 301                   | 0.32               |
| KBC Group 0.75%                               | 600,000    | €        | 01.03.22      | 603                   | 0.64               |
| Landmark Mortgage Securities No 2 FRN         | 479,346    | €        | 17.06.39      | 459                   | 0.49               |
| Lloyds Banking Group FRN                      | 1,200,000  | €        | 21.06.24      | 1,195                 | 1.27               |
| Magellan Mortgages No 4 FRN                   | 441,926    | €        | 20.07.59      | 423                   | 0.45               |
| Mitchells & Butlers Finance FRN               | 65,902     | US\$     | 15.12.30      | 54                    | 0.06               |
| Morgan Stanley FRN                            | 1,000,000  | €        | 27.01.22      | 1,004                 | 1.07               |
| Morgan Stanley FRN                            | 200,000    | US\$     | 08.05.24      | 176                   | 0.19               |
| Morgan Stanley FRN                            | 400,000    | US\$     | 24.10.23      | 354                   | 0.38               |
| National Grid Electricity Transmission 3.806% | 275,000    | £        | 27.07.20      | 546                   | 0.58               |

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

## Portfolio statement

### Portfolio statement (continued)

| Investment description                          | Holding   | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|-----------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                 |           |          |               |                       |                    |
| <b>'A' credit rated bonds (continued)</b>       |           |          |               |                       |                    |
| Nationwide Building Society 3.875%              | 382,593   | £        | 30.07.21      | 1,415                 | 1.50               |
| Santander UK Group Holdings FRN                 | 346,000   | €        | 27.03.24      | 343                   | 0.36               |
| Société Générale FRN                            | 1,200,000 | €        | 22.05.24      | 1,198                 | 1.27               |
| South Eastern Power Networks 3.053%             | 25,000    | £        | 05.06.23      | 52                    | 0.05               |
| Southern Water Services Finance 3.816%          | 100,000   | £        | 31.03.23      | 212                   | 0.23               |
| Spain (Kingdom of) I/L 0.55%                    | 5,286,890 | €        | 30.11.19      | 5,629                 | 5.98               |
| Spain (Kingdom of) I/L 1.8%                     | 1,100,000 | €        | 30.11.24      | 1,311                 | 1.39               |
| Thames Water Utilities Finance 3.375%           | 280,000   | £        | 21.07.21      | 563                   | 0.60               |
| TOTAL FRN                                       | 800,000   | €        | 29.12.49      | 839                   | 0.89               |
| UBS Group Funding Switzerland FRN               | 400,000   | €        | 20.09.22      | 402                   | 0.43               |
| <b>'BBB' credit rated bonds</b>                 |           |          |               | <b>19,211</b>         | <b>20.42</b>       |
| Admiral Group 5.5%                              | 300,000   | £        | 25.07.24      | 368                   | 0.39               |
| Arion Banki 1%                                  | 525,000   | €        | 20.03.23      | 514                   | 0.55               |
| AT&T FRN  | 294,000   | US\$     | 12.06.24      | 255                   | 0.27               |
| Atrium European Real Estate 3%                  | 169,000   | €        | 11.09.25      | 171                   | 0.18               |
| Aviva FRN                                       | 400,000   | £        | 29.09.49      | 490                   | 0.52               |
| Aviva FRN                                       | 300,000   | €        | 04.12.45      | 303                   | 0.32               |
| Banco de Sabadell 1.625%                        | 500,000   | €        | 07.03.24      | 498                   | 0.53               |
| Banco Santander 2.125%                          | 200,000   | €        | 08.02.28      | 188                   | 0.20               |
| Bank of America FRN                             | 1,000,000 | US\$     | 15.09.26      | 834                   | 0.89               |
| Bayer US Finance II FRN                         | 500,000   | US\$     | 15.12.23      | 434                   | 0.46               |
| Belfius Bank FRN                                | 300,000   | €        | 15.03.28      | 293                   | 0.31               |
| Brisa Concessao Rodoviaria 2.375%               | 200,000   | €        | 10.05.27      | 206                   | 0.22               |
| British Telecommunications 3.5%                 | 37,000    | £        | 25.04.25      | 87                    | 0.09               |
| Catalyst Healthcare Manchester Financing 2.411% | 78,590    | £        | 30.09.40      | 153                   | 0.16               |
| Channel Link Enterprises Finance FRN            | 500,000   | €        | 30.06.50      | 504                   | 0.54               |
| Crédit Agricole FRN                             | 200,000   | €        | 29.04.49      | 219                   | 0.23               |
| Deutsche Bank 1.125%                            | 378,000   | €        | 30.08.23      | 381                   | 0.41               |
| Deutsche Telekom International Finance 0.875%   | 600,000   | €        | 30.01.24      | 604                   | 0.64               |
| Intesa Sanpaolo 1.75%                           | 500,000   | €        | 20.03.28      | 450                   | 0.48               |
| Italy (Republic of) 2.1%                        | 3,495,000 | €        | 15.09.21      | 4,074                 | 4.33               |
| Italy (Republic of) 2.35%                       | 4,300,000 | €        | 15.09.19      | 5,063                 | 5.38               |
| National Grid 1.25%                             | 225,000   | £        | 06.10.21      | 318                   | 0.34               |
| RCI Banque FRN                                  | 300,000   | €        | 12.01.23      | 297                   | 0.32               |
| Royal Bank of Scotland Group FRN                | 500,000   | £        | 19.09.26      | 550                   | 0.59               |
| Royal Bank of Scotland Group FRN                | 302,000   | €        | 04.03.25      | 303                   | 0.32               |
| Severn Trent 1.3%                               | 50,000    | £        | 11.07.22      | 70                    | 0.07               |
| Suez FRN  | 400,000   | €        | 31.12.99      | 401                   | 0.43               |
| Telecom Italia Finance 2.375%                   | 100,000   | €        | 12.10.27      | 94                    | 0.10               |
| Vodafone Group FRN                              | 600,000   | €        | 03.01.79      | 596                   | 0.63               |
| Volkswagen International Finance FRN            | 500,000   | €        | 31.12.99      | 493                   | 0.52               |
| <b>'BB' credit rated bonds</b>                  |           |          |               | <b>4,605</b>          | <b>4.90</b>        |
| Banco Bilbao Vizcaya Argentaria FRN             | 600,000   | €        | 29.12.49      | 612                   | 0.65               |
| Banco Santander FRN                             | 1,200,000 | €        | 12.03.49      | 1,210                 | 1.29               |
| Bayer FRN                                       | 800,000   | €        | 01.07.75      | 818                   | 0.87               |
| Crown European Holdings 3.375%                  | 350,000   | €        | 15.05.25      | 363                   | 0.39               |
| KBC Group FRN                                   | 600,000   | €        | 29.03.49      | 609                   | 0.65               |
| Lloyds Banking Group FRN                        | 200,000   | £        | 29.12.49      | 229                   | 0.24               |
| Telefonica Europe FRN                           | 400,000   | €        | 31.12.99      | 384                   | 0.41               |
| Tesco Personal Finance 1%                       | 200,000   | £        | 16.12.19      | 268                   | 0.28               |
| Unitymedia Hessen 3.5%                          | 106,000   | €        | 15.01.27      | 112                   | 0.12               |
| <b>'D' credit rated bonds</b>                   |           |          |               | <b>664</b>            | <b>0.71</b>        |
| Cooperatieve Rabobank 2.25%                     | 91,000    | £        | 22.11.22      | 160                   | 0.17               |
| Nationwide Building Society 4.25%               | 136,404   | £        | 23.02.24      | 504                   | 0.54               |
| <b>Bonds with no credit rating</b>              |           |          |               | <b>500</b>            | <b>0.53</b>        |
| Arbour CLO IV FRN                               | 186,000   | €        | 15.01.30      | 186                   | 0.20               |
| Eirles Two FRN                                  | 500,000   | €        | 30.10.20      | -                     | -                  |
| Groupe Bruxelles Lambert 1.875%                 | 200,000   | €        | 19.06.25      | 201                   | 0.21               |
| THFC Indexed 5.65%                              | 40,883    | £        | 30.09.20      | 113                   | 0.12               |
| <b>Contracts</b>                                |           |          |               |                       |                    |
| <b>Debt derivatives</b>                         |           |          |               | <b>829</b>            | <b>0.88</b>        |
| <b>Credit default swaps</b>                     |           |          |               | <b>673</b>            | <b>0.71</b>        |
| Allianz Dec 2021                                | 500,000   | €        |               | 14                    | 0.01               |
| Anglo American Dec 2022                         | 500,000   | €        |               | 81                    | 0.09               |

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

## Portfolio statement

### Portfolio statement (continued)

| Investment description  | Contracts | Currency | Market value<br>€'000 | % of net<br>assets |
|---|-----------|----------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>   |           |          |                       |                    |
| <b>Debt derivatives (continued)</b>                                     |           |          |                       |                    |
| <b>Credit default swaps (continued)</b>                                 |           |          |                       |                    |
| Aviva Jun 2021  | 500,000   | €        | 9                     | 0.01               |
| AXA Dec 2021  | 500,000   | €        | 12                    | 0.01               |
| BAA Funding Limited Dec 2020  | 500,000   | €        | 7                     | 0.01               |
| Barclays Dec 2022   | 500,000   | €        | -                     | -                  |
| BP Jun 2021   | 500,000   | €        | 11                    | 0.01               |
| British American Tobacco Dec 2022                                       | 1,500,000 | €        | 25                    | 0.03               |
| CDS Index North American Corporate Credits Investment<br>Grade Dec 2023 | 5,500,000 | US\$     | 38                    | 0.04               |
| CDS Index North American Corporate Credits Investment<br>Grade Dec 2025 | 3,000,000 | US\$     | 12                    | 0.01               |
| ENEL SpA Dec 2022   | 1,000,000 | €        | 10                    | 0.01               |
| Energy Transfer Partners Dec 2020                                       | 1,500,000 | US\$     | 23                    | 0.02               |
| Ford Motor Company Dec 2020   | 500,000   | US\$     | 44                    | 0.05               |
| Glencore International Dec 2021   | 500,000   | €        | 65                    | 0.07               |
| Glencore International Dec 2022   | 450,000   | €        | 68                    | 0.07               |
| Glencore International Jun 2023   | 200,000   | €        | 31                    | 0.03               |
| Holcim Ltd Jun 2023   | 250,000   | €        | -                     | -                  |
| HSBC Bank Jun 2021  | 500,000   | €        | 7                     | 0.01               |
| iTraxx Europe Crossover Jun 2022  | 1,250,000 | €        | (130)                 | (0.14)             |
| iTraxx Europe Dec 2022  | 800,000   | €        | 18                    | 0.02               |
| iTraxx Europe Dec 2027  | 2,050,000 | €        | 3                     | 0.00               |
| iTraxx Europe Jun 2023  | 2,750,000 | €        | 55                    | 0.06               |
| iTraxx Europe Jun 2028  | 450,000   | €        | (2)                   | (0.00)             |
| iTraxx Europe Senior Financials Jun 2023                                | 1,000,000 | €        | 15                    | 0.02               |
| LafargeHolcim Ltd Dec 2021  | 500,000   | €        | 7                     | 0.01               |
| Leonardo SpA Dec 2022   | 1,100,000 | €        | 173                   | 0.18               |
| Lloyds Bank Jun 2021  | 500,000   | €        | 5                     | 0.01               |
| Lloyds TSB Group Dec 2022   | 500,000   | €        | 2                     | -                  |
| Lloyds TSB Group Jun 2023   | 150,000   | €        | -                     | -                  |
| MetLife Inc Dec 2021  | 500,000   | US\$     | 9                     | 0.01               |
| Olivetti SpA Dec 2021   | 200,000   | €        | (3)                   | -                  |
| Olivetti SpA Dec 2022   | 250,000   | €        | (9)                   | (0.01)             |
| Repsol YPF Dec 2021   | 500,000   | €        | 11                    | 0.01               |
| Telecom Italia SpA Dec 2022   | 250,000   | €        | (9)                   | (0.01)             |
| Telefonica SA Dec 2022  | 650,000   | €        | 6                     | 0.00               |
| Telefonica SA Jun 2021  | 500,000   | €        | 7                     | 0.01               |
| Verizon Communications Inc Sep 2023                                     | 1,500,000 | US\$     | 28                    | 0.03               |
| Vodafone Group Ltd Dec 2022   | 1,000,000 | €        | 17                    | 0.02               |
| Zurich Insurance Company Dec 2021                                       | 500,000   | €        | 13                    | 0.01               |

|   |       |   | Maturity date | Commitment<br>value (€'000) |        |        |
|---|-------|---|---------------|-----------------------------|--------|--------|
| <b>Interest rate futures</b>                            |       |   |               |                             |        |        |
| Germany (Federal Republic of) Bobl 5 year Futures       | (103) | € | 06.12.18      | 13,466                      | 156    | 0.17   |
| Germany (Federal Republic of) Bund 10 year Futures      | (4)   | € | 06.12.18      | 636                         | 88     | 0.09   |
| Germany (Federal Republic of) Schatz 2 year Futures     | (116) | € | 06.12.18      | 12,966                      | 7      | 0.01   |
| UK Treasury Notes Futures                               | (29)  | £ | 27.12.18      | 3,957                       | 20     | 0.02   |
|   |       |   |               |                             | 41     | 0.05   |
| <b>CURRENCY</b>   |       |   |               |                             | (99)   | (0.10) |
| <b>Forward currency contracts</b>                       |       |   |               |                             | (99)   | (0.10) |
| Bought for € 9,336,089.66, Sold for £ 8,311,102.51      |       |   | 17.10.18      |                             | (18)   | (0.02) |
| Bought for € 10,262,516.93, Sold for US\$ 11,995,477.34 |       |   | 17.10.18      |                             | (82)   | (0.08) |
| Bought for US\$ 48,389.77, Sold for € 41,057.06         |       |   | 17.10.18      |                             | 1      | -      |
| <b>Portfolio of investments</b>                         |       |   |               |                             | 93,469 | 99.37  |
| <b>SHARE CLASS HEDGING</b>                              |       |   |               |                             |        |        |
| Bought for CHF 297,797.13, Sold for € 264,148.38        |       |   | 17.10.18      |                             | (1)    | -      |
| <b>Total portfolio</b>                                  |       |   |               |                             | 93,468 | 99.37  |
| <b>Net other assets/(liabilities)</b>                   |       |   |               |                             | 597    | 0.63   |
| <b>NET ASSETS</b>                                       |       |   |               |                             | 94,065 | 100.00 |
| <b>PORTFOLIO SUMMARY</b>                                |       |   |               |                             |        |        |
| <b>Investment assets</b>                                |       |   |               |                             |        |        |
| <b>Debt securities</b>                                  |       |   |               |                             | 92,739 | 98.59  |
| <b>Unrealised gains on futures contracts</b>            |       |   |               |                             | 156    | 0.17   |



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

## Portfolio statement

### Portfolio statement (continued)

| Investment description                          | Market value<br>€'000 | % of net<br>assets |
|---|-----------------------|--------------------|
| <b>PORTFOLIO SUMMARY (continued)</b>            |                       |                    |
| Unrealised gains on forward currency contracts  | 1                     | 0.00               |
| Unrealised gains on swap contracts              | 826                   | 0.87               |
| <b>Total Investment assets</b>                  | <b>93,722</b>         | <b>99.63</b>       |
| <b>Investment liabilities</b>                   |                       |                    |
| Unrealised losses on forward currency contracts | (101)                 | (0.10)             |
| Unrealised losses on swap contracts             | (153)                 | (0.16)             |
| <b>Total Investment liabilities</b>             | <b>(254)</b>          | <b>(0.26)</b>      |
| <b>Total portfolio</b>                          | <b>93,468</b>         | <b>99.37</b>       |
| <b>Net other assets/(liabilities)</b>           | <b>597</b>            | <b>0.63</b>        |
| <b>NET ASSETS</b>                               | <b>94,065</b>         | <b>100.00</b>      |

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 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures |   |                  |
|---|----------------------|---|------------------|
|   | Swaps<br>€'000       | Forward<br>currency<br>contracts<br>€'000 | Futures<br>€'000 |
| Bank of America Merrill Lynch           | 45                   | -   | -                |
| Barclays Bank London                    | 27                   | 9,962                                     | -                |
| BNP Paribas                             | 172                  | -   | -                |
| Citigroup Global Markets Limited        | 153                  | -   | -                |
| Crédit Suisse First Boston              | 220                  | -   | -                |
| Goldman Sachs International             | 94                   | -   | -                |
| J.P.Morgan                              | 239                  | -   | -                |
| Merrill Lynch Pierce Fenner + Smith Inc | 31                   | -   | 31,025           |
| National Australia Bank Ltd             | -                    | 372                                       | -                |
| State Street Bank and Trust Company     | -                    | 264                                       | -                |
| State Street Bank London                | -                    | 8,777                                     | -                |
| UBS AG London                           | -                    | 528                                       | -                |

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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV           | TER  |
|--|---------------|------|
| Euro                                   | €             | %    |
| Class 'A' Accumulation                 | 11.0997       | 1.23 |
| Class 'C' Accumulation                 | 11.5606       | 0.63 |
| Class 'CI' Accumulation                | 9.9841        | 0.59 |
| Swiss franc                            | CHF           | %    |
| Class 'A-H' Accumulation               | 9.8969        | 1.25 |
| Class 'C-H' Accumulation               | 10.1945       | 0.65 |
| <b>NAV at fund level</b>               | <b>€'000</b>  |      |
| Net assets                             | 94,065        |      |
| Swing pricing adjustment (see note 11) | 0             |      |
| <b>Swung net assets</b>                | <b>94,065</b> |      |

## M&G (Lux) European Strategic Value Fund

# Investment objective and policy

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### Investment objective

The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the European equity market over any five-year period.

### Investment policy

The Fund invests at least 80% of its Net Asset Value in the equity securities of companies across any sector and market capitalisation that are domiciled in, or conducting the major part of their economic activity in Europe.

The Fund uses an investment process that is based on the fundamental analysis of companies trading on low valuations relative to their history and the market.

The Fund may also invest in other assets including collective investment schemes\*, 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 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 Strategic Value Fund

## Portfolio statement

### Portfolio statement

| Investment description                    | Holding | Currency | Market value<br>€'000 | % of net<br>assets |
|---|---------|----------|-----------------------|--------------------|
| <b>EQUITIES</b>                           |         |          | <b>105,546</b>        | <b>94.64</b>       |
| <b>Energy equipment &amp; services</b>    |         |          | <b>1,451</b>          | <b>1.30</b>        |
| Lamprell                                  | 202,512 | £        | 145                   | 0.13               |
| Northern Drilling                         | 45,903  | NOK      | 367                   | 0.33               |
| Petroleum Geo-Services                    | 241,000 | NOK      | 939                   | 0.84               |
| <b>Oil, gas &amp; consumable fuels</b>    |         |          | <b>14,693</b>         | <b>13.17</b>       |
| Borr Drilling                             | 128,560 | NOK      | 504                   | 0.45               |
| BP  | 559,131 | £        | 3,724                 | 3.34               |
| Euronav                                   | 79,638  | €        | 585                   | 0.52               |
| Euronav                                   | 42,120  | US\$     | 312                   | 0.28               |
| Kosmos Energy                             | 177,824 | US\$     | 1,430                 | 1.28               |
| Ophir Energy                              | 276,076 | £        | 120                   | 0.11               |
| Royal Dutch Shell 'A'                     | 15,097  | £        | 444                   | 0.40               |
| Royal Dutch Shell 'B'                     | 79,182  | £        | 2,376                 | 2.13               |
| TOTAL                                     | 65,824  | €        | 3,674                 | 3.29               |
| Tullow Oil                                | 523,860 | £        | 1,524                 | 1.37               |
| <b>Chemicals</b>                          |         |          | <b>1,725</b>          | <b>1.55</b>        |
| Lenzing                                   | 8,752   | €        | 809                   | 0.73               |
| Yara International                        | 21,905  | NOK      | 916                   | 0.82               |
| <b>Construction materials</b>             |         |          |                       |                    |
| Buzzi Unicem                              | 95,953  | €        | 1,734                 | 1.55               |
| <b>Containers &amp; packaging</b>         |         |          |                       |                    |
| Vetropack Holding                         | 171     | CHF      | 371                   | 0.33               |
| <b>Metals &amp; mining</b>                |         |          | <b>3,263</b>          | <b>2.92</b>        |
| APERAM                                    | 47,016  | €        | 1,860                 | 1.66               |
| Outokumpu OYJ                             | 277,257 | €        | 1,403                 | 1.26               |
| <b>Paper &amp; forest products</b>        |         |          |                       |                    |
| UPM-Kymmene                               | 57,453  | €        | 1,951                 | 1.75               |
| <b>Aerospace &amp; defense</b>            |         |          | <b>2,550</b>          | <b>2.29</b>        |
| Chemring Group                            | 417,286 | £        | 1,022                 | 0.92               |
| Leonardo                                  | 63,346  | €        | 656                   | 0.59               |
| QinetiQ Group                             | 269,678 | £        | 872                   | 0.78               |
| <b>Construction &amp; engineering</b>     |         |          |                       |                    |
| Boskalis Westminster                      | 34,949  | €        | 949                   | 0.85               |
| <b>Electrical equipment</b>               |         |          |                       |                    |
| NKT                                       | 20,346  | DKK      | 456                   | 0.41               |
| <b>Industrial conglomerates</b>           |         |          | <b>1,406</b>          | <b>1.26</b>        |
| KOC Holding                               | 262,994 | TRY      | 640                   | 0.57               |
| Rheinmetall                               | 8,524   | €        | 766                   | 0.69               |
| <b>Machinery</b>                          |         |          |                       |                    |
| Alstom                                    | 29,109  | €        | 1,125                 | 1.01               |
| <b>Commercial services &amp; supplies</b> |         |          | <b>4,569</b>          | <b>4.10</b>        |
| Biffinger                                 | 28,524  | €        | 1,241                 | 1.11               |
| Securitas 'B'                             | 162,270 | SEK      | 2,439                 | 2.19               |
| Société BIC                               | 11,256  | €        | 889                   | 0.80               |
| <b>Professional services</b>              |         |          |                       |                    |
| Randstad                                  | 23,578  | €        | 1,072                 | 0.96               |
| <b>Airlines</b>                           |         |          | <b>2,385</b>          | <b>2.14</b>        |
| Deutsche Lufthansa<br>easyJet             | 77,489  | €        | 1,635                 | 1.47               |
|   | 51,373  | £        | 750                   | 0.67               |
| <b>Marine</b>                             |         |          |                       |                    |
| AP Moller - Maersk                        | 1,320   | DKK      | 1,614                 | 1.45               |
| <b>Automobiles</b>                        |         |          |                       |                    |
| Volkswagen Pref. (non voting)             | 17,183  | €        | 2,596                 | 2.33               |
| <b>Household durables</b>                 |         |          |                       |                    |
| Metall Zug                                | 98      | CHF      | 276                   | 0.25               |
| <b>Hotels, restaurants &amp; leisure</b>  |         |          | <b>4,296</b>          | <b>3.85</b>        |
| EI Group                                  | 818,124 | £        | 1,528                 | 1.37               |
| GVC Holdings                              | 100,332 | £        | 1,062                 | 0.95               |
| William Hill                              | 598,285 | £        | 1,706                 | 1.53               |
| <b>Media</b>                              |         |          |                       |                    |
| Vivendi                                   | 63,645  | €        | 1,409                 | 1.26               |

# M&G (Lux) European Strategic Value Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                 | Holding   | Currency | Market value<br>€'000 | % of net<br>assets |
|--|-----------|----------|-----------------------|--------------------|
| <b>EQUITIES (continued)</b>                            |           |          |                       |                    |
| <b>Multiline retail</b>                                |           |          |                       |                    |
| Next   | 21,419    | £        | 1,303                 | 1.17               |
| <b>Specialty retail</b>                                |           |          |                       |                    |
| CECONOMY   | 56,421    | €        | 348                   | 0.31               |
| Fnac Darty   | 6,792     | €        | 465                   | 0.42               |
| Hornbach Holding                                       | 22,341    | €        | 1,340                 | 1.20               |
| <b>Food &amp; staples retailing</b>                    |           |          |                       |                    |
| J Sainsbury  | 324,705   | £        | 1,177                 | 1.06               |
| Koninklijke Ahold Delhaize                             | 75,607    | €        | 1,495                 | 1.34               |
| <b>Beverages</b>                                       |           |          |                       |                    |
| Britvic  | 167,219   | £        | 1,489                 | 1.33               |
| <b>Food products</b>                                   |           |          |                       |                    |
| Orkla  | 80,550    | NOK      | 587                   | 0.53               |
| <b>Personal products</b>                               |           |          |                       |                    |
| Ontex Group  | 14,457    | €        | 262                   | 0.24               |
| Oriflame Holding                                       | 21,693    | SEK      | 482                   | 0.43               |
| <b>Health care providers &amp; services</b>            |           |          |                       |                    |
| Spire Healthcare Group                                 | 326,513   | £        | 522                   | 0.47               |
| <b>Pharmaceuticals</b>                                 |           |          |                       |                    |
| AstraZeneca  | 32,362    | £        | 2,175                 | 1.95               |
| Bayer  | 29,951    | €        | 2,302                 | 2.06               |
| Novartis   | 48,106    | CHF      | 3,601                 | 3.23               |
| Roche Holding  | 16,266    | CHF      | 3,421                 | 3.07               |
| Sanofi   | 17,134    | €        | 1,319                 | 1.18               |
| Vectura Group  | 907,528   | £        | 819                   | 0.74               |
| <b>Banks</b>   |           |          |                       |                    |
| Bank of Ireland Group                                  | 306,246   | €        | 2,053                 | 1.84               |
| Bankia   | 309,721   | €        | 1,053                 | 0.94               |
| BNP Paribas  | 35,319    | €        | 1,857                 | 1.67               |
| CaixaBank  | 256,633   | €        | 1,001                 | 0.90               |
| Erste Group Bank                                       | 39,087    | €        | 1,393                 | 1.25               |
| ING Groep  | 121,091   | €        | 1,364                 | 1.22               |
| Intesa Sanpaolo  | 60,716    | €        | 136                   | 0.12               |
| Lloyds Banking Group                                   | 2,424,749 | £        | 1,622                 | 1.45               |
| Permanent TSB Group Holdings                           | 517,113   | €        | 1,082                 | 0.97               |
| Royal Bank of Scotland Group                           | 418,791   | £        | 1,168                 | 1.05               |
| Société Générale                                       | 31,539    | €        | 1,156                 | 1.04               |
| <b>Capital markets</b>                                 |           |          |                       |                    |
| Deutsche Bank  | 18,146    | €        | 178                   | 0.16               |
| <b>Insurance</b>                                       |           |          |                       |                    |
| FBD Holdings   | 105,919   | €        | 1,073                 | 0.96               |
| Mapfre   | 304,604   | €        | 819                   | 0.74               |
| Muenchener Rueckversicherungs-Gesellschaft in Muenchen | 7,733     | €        | 1,482                 | 1.33               |
| Storebrand   | 125,693   | NOK      | 960                   | 0.86               |
| <b>IT services</b>                                     |           |          |                       |                    |
| Tieto  | 27,366    | €        | 738                   | 0.66               |
| <b>Communications equipment</b>                        |           |          |                       |                    |
| Nokia  | 409,057   | €        | 1,978                 | 1.77               |
| Telefonaktiebolaget LM Ericsson 'B'                    | 104,185   | SEK      | 805                   | 0.72               |
| <b>Technology hardware, storage &amp; peripherals</b>  |           |          |                       |                    |
| Neopost  | 33,732    | €        | 888                   | 0.80               |
| <b>Semiconductors &amp; semiconductor equipment</b>    |           |          |                       |                    |
| ASM International                                      | 14,077    | €        | 646                   | 0.58               |
| <b>Diversified telecommunication services</b>          |           |          |                       |                    |
| Deutsche Telekom                                       | 91,921    | €        | 1,282                 | 1.15               |
| Elisa  | 23,664    | €        | 867                   | 0.78               |
| Orange   | 82,157    | €        | 1,132                 | 1.01               |
| <b>Wireless telecommunication services</b>             |           |          |                       |                    |
| Vodafone Group   | 928,846   | £        | 1,730                 | 1.55               |
| <b>Electric utilities</b>                              |           |          |                       |                    |
| BKW  | 16,695    | CHF      | 921                   | 0.83               |

# M&G (Lux) European Strategic Value Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                      | Holding   | Currency | Market value<br>€'000 | % of net<br>assets |
|---|-----------|----------|-----------------------|--------------------|
| <b>EQUITIES (continued)</b>                                 |           |          |                       |                    |
| <b>Multi-utilities</b>                                      |           |          |                       |                    |
| E.ON  | 137,492   | €        | 1,206                 | 1.08               |
| <b>Equity Real Estate Investment Trusts (REITs)</b>         |           |          |                       |                    |
| Wereldhave  | 17,004    | €        | 515                   | 0.46               |
| <b>Real estate management &amp; development</b>             |           |          | <b>1,443</b>          | <b>1.29</b>        |
| St Modwen Properties  | 147,538   | £        | 635                   | 0.57               |
| Technopolis   | 173,361   | €        | 808                   | 0.72               |
| <b>Portfolio of investments</b>                             |           |          | <b>105,546</b>        | <b>94.64</b>       |
| <b>CASH EQUIVALENTS</b>                                     |           |          | <b>5,820</b>          | <b>5.22</b>        |
| <b>'AAA' rated money market funds</b>                       |           |          |                       |                    |
| Northern Trust Global Funds - Euro Liquidity Fund Class 'D' | 5,921,488 | €        | 5,820                 | 5.22               |
| <b>Total portfolio</b>                                      |           |          | <b>111,366</b>        | <b>99.86</b>       |
| Net other assets/(liabilities)                              |           |          | 160                   | 0.14               |
| <b>NET ASSETS</b>   |           |          | <b>111,526</b>        | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                    |           |          |                       |                    |
| <b>Investment assets</b>                                    |           |          |                       |                    |
| Equity securities   |           |          | 105,546               | 94.64              |
| <b>Total Investment assets</b>                              |           |          | <b>105,546</b>        | <b>94.64</b>       |
| <b>Total portfolio</b>                                      |           |          | <b>105,546</b>        | <b>94.64</b>       |
| <b>Cash equivalents</b>                                     |           |          | <b>5,820</b>          | <b>5.22</b>        |
| <b>Net other assets/(liabilities)</b>                       |           |          | <b>160</b>            | <b>0.14</b>        |
| <b>NET ASSETS</b>   |           |          | <b>111,526</b>        | <b>100.00</b>      |

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

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

# M&G (Lux) European Strategic Value 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 30 September 2018 and Total Expense Ratio (TER) for the financial period from 18 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV            | Estimated TER |
|--|----------------|---------------|
| <b>Euro</b>                            | <b>€</b>       | <b>%</b>      |
| Class 'A' Accumulation                 | 9.9855         | 1.97          |
| Class 'C' Accumulation                 | 9.9871         | 0.97          |
| Class 'CI' Accumulation                | 9.9881         | 0.93          |
| Class 'J' Accumulation                 | 9.9877         | 0.72          |
| Class 'JI' Accumulation                | 9.9887         | 0.68          |
| Class 'K' Accumulation                 | 10.0647        | 0.18          |
| <b>US dollar</b>                       | <b>US\$</b>    | <b>%</b>      |
| Class 'A' Accumulation                 | 9.8679         | 1.97          |
| Class 'C' Accumulation                 | 9.8695         | 0.97          |
| <b>NAV at fund level</b>               | <b>€'000</b>   |               |
| Net assets                             | 111,526        |               |
| Swing pricing adjustment (see note 11) | 339            |               |
| <b>Swung net assets</b>                | <b>111,865</b> |               |

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) 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, Total Return Swaps.

The Fund may also invest in government bonds, cash, currencies, near cash (short term and easily tradable bonds), 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

## Portfolio statement

### Portfolio statement

| Investment description                                  | Holding    | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|------------|----------|---------------|--------------------------|--------------------|
| <b>DEBT SECURITIES</b>                                  |            |          |               | <b>46,689</b>            | <b>84.91</b>       |
| <b>Investment grade government bonds</b>                |            |          |               | <b>42,823</b>            | <b>77.88</b>       |
| US Treasury Note FRN                                    | 8,500,000  | US\$     | 31.10.18      | 8,501                    | 15.46              |
| US Treasury Note FRN                                    | 5,900,000  | US\$     | 31.01.19      | 5,904                    | 10.74              |
| US Treasury Note FRN                                    | 8,500,000  | US\$     | 30.04.19      | 8,506                    | 15.47              |
| US Treasury Note FRN                                    | 5,900,000  | US\$     | 31.07.19      | 5,905                    | 10.74              |
| US Treasury Note FRN                                    | 8,000,000  | US\$     | 31.10.19      | 8,006                    | 14.56              |
| US Treasury Note FRN                                    | 6,000,000  | US\$     | 30.04.20      | 6,001                    | 10.91              |
| <b>Contracts</b>  |            |          |               |                          |                    |
| <b>Debt derivatives</b>                                 |            |          |               | <b>3,866</b>             | <b>7.03</b>        |
| <b>Credit default swaps</b>                             |            |          |               | <b>3,866</b>             | <b>7.03</b>        |
| iTraxx Europe Crossover Dec 2023                        | 12,950,000 | €        |               | 1,645                    | 2.99               |
| Markit's North American High Yield CDX Index Dec 2023   | 30,504,000 | US\$     |               | 2,221                    | 4.04               |
| <b>Portfolio of investments</b>                         |            |          |               | <b>46,689</b>            | <b>84.91</b>       |
| <b>SHARE CLASS HEDGING</b>                              |            |          |               | <b>108</b>               | <b>0.20</b>        |
| Bought for £ 38,994,080.19, Sold for US\$ 50,771,718.93 |            |          | 17.10.18      | 114                      | 0.23               |
| Bought for € 2,251,158.78, Sold for US\$ 2,617,274.68   |            |          | 17.10.18      | (6)                      | (0.03)             |
| Bought for CHF 94,183.91, Sold for US\$ 96,981.96       |            |          | 17.10.18      | -                        | -                  |
| Bought for SG\$ 71,642.62, Sold for US\$ 52,072.45      |            |          | 17.10.18      | -                        | -                  |
| Bought for US\$ 175,110.14, Sold for £ 133,100.04       |            |          | 17.10.18      | -                        | -                  |
| <b>Total portfolio</b>                                  |            |          |               | <b>46,797</b>            | <b>85.11</b>       |
| Net other assets/(liabilities)                          |            |          |               | 8,187                    | 14.89              |
| <b>NET ASSETS</b>                                       |            |          |               | <b>54,984</b>            | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                |            |          |               |                          |                    |
| <b>Investment assets</b>                                |            |          |               |                          |                    |
| Debt securities   |            |          |               | 42,823                   | 77.88              |
| Unrealised gains on forward currency contracts          |            |          |               | 114                      | 0.23               |
| Unrealised gains on swap contracts                      |            |          |               | 3,866                    | 7.03               |
| <b>Total Investment assets</b>                          |            |          |               | <b>46,803</b>            | <b>85.14</b>       |
| <b>Investment liabilities</b>                           |            |          |               |                          |                    |
| Unrealised losses on forward currency contracts         |            |          |               | (6)                      | (0.03)             |
| <b>Total Investment liabilities</b>                     |            |          |               | <b>(6)</b>               | <b>(0.03)</b>      |
| <b>Total portfolio</b>                                  |            |          |               | <b>46,797</b>            | <b>85.11</b>       |
| <b>Net other assets/(liabilities)</b>                   |            |          |               | <b>8,187</b>             | <b>14.89</b>       |
| <b>NET ASSETS</b>                                       |            |          |               | <b>54,984</b>            | <b>100.00</b>      |

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 28 September 2018.

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

### Counterparty exposure

| Counterparty                        | Derivative exposures |  |
|-------------------------------------|----------------------|--|
|                                     | Swaps<br>US\$'000    | Forward<br>currency<br>contracts<br>US\$'000 |
| Goldman Sachs International         | 1,645                | -  |
| J.P.Morgan                          | 2,221                | -  |
| State Street Bank and Trust Company | -                    | 53,713                                       |

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

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 as at 30 September 2018

|   | Six months<br>29.03.18<br>% <sup>[a]</sup> | Three years<br>30.09.15<br>% p.a. | Five years<br>30.09.13<br>% p.a. | Since launch<br>% p.a. |
|---|--|-----------------------------------|----------------------------------|------------------------|
| <b>Euro <sup>[b]</sup></b>              |  |                                   |                                  |                        |
| Class 'A-H'                             | +1.0                                       | n/a                               | n/a                              | +1.2 <sup>[c]</sup>    |
| Class 'B-H'                             | +0.7                                       | n/a                               | n/a                              | +0.8 <sup>[c]</sup>    |
| Class 'C-H'                             | +1.2                                       | n/a                               | n/a                              | +1.7 <sup>[c]</sup>    |
| <b>Singapore dollars <sup>[b]</sup></b> |  |                                   |                                  |                        |
| Class 'A-H'                             | +2.0                                       | n/a                               | n/a                              | +3.2 <sup>[c]</sup>    |
| Class 'A-H M'                           | +1.9                                       | n/a                               | n/a                              | +3.3 <sup>[c]</sup>    |
| Class 'C-H M'                           | +2.2                                       | n/a                               | n/a                              | +3.7 <sup>[c]</sup>    |
| <b>Sterling <sup>[b]</sup></b>          |  |                                   |                                  |                        |
| Class 'C-H'                             | +1.8                                       | n/a                               | n/a                              | +2.8 <sup>[c]</sup>    |
| <b>Swiss franc <sup>[b]</sup></b>       |  |                                   |                                  |                        |
| Class 'A-H'                             | +0.8                                       | n/a                               | n/a                              | +0.8 <sup>[c]</sup>    |
| Class 'C-H'                             | +1.0                                       | n/a                               | n/a                              | +1.2 <sup>[c]</sup>    |
| <b>US dollar <sup>[b]</sup></b>         |  |                                   |                                  |                        |
| Class 'A'                               | +2.4                                       | n/a                               | n/a                              | +3.9 <sup>[c]</sup>    |
| Class 'A M'                             | +2.4                                       | n/a                               | n/a                              | +3.9 <sup>[c]</sup>    |
| Class 'C'                               | +2.6                                       | n/a                               | n/a                              | +4.4 <sup>[c]</sup>    |
| Class 'C I'                             | +2.6                                       | n/a                               | n/a                              | +4.4 <sup>[c]</sup>    |
| Class 'C M'                             | +2.6                                       | n/a                               | n/a                              | +4.4 <sup>[c]</sup>    |

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 24 August 2017, the launch date of the fund.

### 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 for the six months ended to 30 September 2018.

#### Quarterly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Second interim | 01.07.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Monthly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.04.18 | 18.05.18    | 22.05.18 | 25.05.18 |
| Second interim | 01.05.18 | 31.05.18 | 15.06.18    | 18.06.18 | 21.06.18 |
| Third interim  | 01.06.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Fourth interim | 01.07.18 | 31.07.18 | 17.08.18    | 20.08.18 | 23.08.18 |
| Fifth interim  | 01.08.18 | 31.08.18 | 21.09.18    | 24.09.18 | 27.09.18 |
| Sixth interim  | 01.09.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Distributions

| to 30 September 2018 | Euro Class 'A-H' | Euro Class 'B-H' | Euro Class 'C-H' | Singapore dollar Class 'A-H' | Sterling Class 'C-H' |
|----------------------|------------------|------------------|------------------|------------------------------|----------------------|
|                      | Euro €           | Euro €           | Euro €           | SGD €                        | UK p                 |
| First Interim        | 0.1391           | 0.1384           | 0.1393           | 0.1400                       | 0.1404               |
| Second Interim       | 0.1369           | 0.1362           | 0.1374           | 0.1400                       | 0.1388               |

| to 30 September 2018 | Swiss franc Class 'A-H' | Swiss franc Class 'C-H' | US dollar Class 'A' | US dollar Class 'C' |
|----------------------|-------------------------|-------------------------|---------------------|---------------------|
|                      | Swiss €                 | Swiss €                 | US €                | US €                |
| First interim        | 0.1368                  | 0.1372                  | 0.1430              | 0.1434              |
| Second interim       | 0.1357                  | 0.1363                  | 0.1417              | 0.1423              |

| to 30 September 2018 | Singapore dollar Class 'A-H M' | Singapore dollar Class 'C-H M' | US dollar Class 'A M' | US dollar Class 'C M' |
|----------------------|--------------------------------|--------------------------------|-----------------------|-----------------------|
|                      | SGD €                          | SGD €                          | US €                  | US €                  |
| First interim        | 0.0530                         | 0.0531                         | 0.0546                | 0.0548                |
| Second interim       | 0.0461                         | 0.0463                         | 0.0467                | 0.0468                |
| Third interim        | 0.0402                         | 0.0403                         | 0.0409                | 0.0410                |
| Fourth interim       | 0.0460                         | 0.0463                         | 0.0463                | 0.0466                |
| Fifth interim        | 0.0487                         | 0.0489                         | 0.0497                | 0.0499                |
| Sixth interim        | 0.0446                         | 0.0447                         | 0.0449                | 0.0451                |

# M&G (Lux) Floating Rate High Yield Solution

## Financial highlights (unaudited)

### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV             | TER      |
|--|-----------------|----------|
| <b>Euro</b>                            | <b>€</b>        | <b>%</b> |
| Class 'A-H' Accumulation               | 10.1362         | 0.98     |
| Class 'A-H' Distribution               | 9.6713          | 0.98     |
| Class 'B-H' Accumulation               | 10.0833         | 1.48     |
| Class 'B-H' Distribution               | 9.6173          | 1.48     |
| Class 'C-H' Accumulation               | 10.1870         | 0.53     |
| Class 'C-H' Distribution               | 9.7172          | 0.53     |
| <b>Singapore dollar</b>                | <b>SG\$</b>     | <b>%</b> |
| Class 'A-H' Distribution               | 9.8770          | 0.98     |
| Class 'A-H M' Distribution             | 9.7842          | 0.98     |
| Class 'C-H M' Distribution             | 9.8329          | 0.53     |
| <b>Sterling</b>                        | <b>£</b>        | <b>%</b> |
| Class 'C-H' Accumulation               | 10.3029         | 0.53     |
| Class 'C-H' Distribution               | 9.8285          | 0.53     |
| <b>Swiss franc</b>                     | <b>CHF</b>      | <b>%</b> |
| Class 'A-H' Accumulation               | 10.0936         | 0.98     |
| Class 'A-H' Distribution               | 9.6327          | 1.00     |
| Class 'C-H' Accumulation               | 10.1360         | 0.53     |
| Class 'C-H' Distribution               | 9.6798          | 0.53     |
| <b>US dollar</b>                       | <b>US\$</b>     | <b>%</b> |
| Class 'A' Accumulation                 | 10.4289         | 0.95     |
| Class 'A' Distribution                 | 9.9539          | 0.95     |
| Class 'A M' Distribution               | 9.8577          | 0.95     |
| Class 'C' Accumulation                 | 10.4815         | 0.50     |
| Class 'C' Distribution                 | 10.0032         | 0.50     |
| Class 'C M' Distribution               | 9.9060          | 0.50     |
| Class 'CI' Accumulation                | 10.4852         | 0.48     |
| <b>NAV at fund level</b>               | <b>US\$'000</b> |          |
| Net assets                             | 54,984          |          |
| Swing pricing adjustment (see note 11) | 0               |          |
| <b>Swung net assets</b>                | <b>54,984</b>   |          |

## M&G (Lux) Global Dividend Fund

# Investment objective and policy

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### 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 equity securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. 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.

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\*, 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 Dividend Fund

## Portfolio statement

### Portfolio statement

| Investment description             | Holding | Currency | Market value<br>US\$'000 | % of net<br>assets |
|------------------------------------|---------|----------|--------------------------|--------------------|
| <b>EQUITIES</b>                    |         |          | <b>30,910</b>            | <b>97.69</b>       |
| <b>UK</b>                          |         |          | <b>3,563</b>             | <b>11.26</b>       |
| Compass Group                      | 20,576  | £        | 457                      | 1.44               |
| Imperial Brands                    | 44,858  | £        | 1,579                    | 4.99               |
| St James's Place                   | 48,329  | £        | 716                      | 2.26               |
| Standard Life Aberdeen             | 121,531 | £        | 486                      | 1.54               |
| Unilever                           | 5,909   | £        | 325                      | 1.03               |
| <b>Denmark</b>                     |         |          | <b>880</b>               | <b>2.78</b>        |
| Nova Nordisk 'B'                   | 5,747   | DKK      | 273                      | 0.86               |
| Pandora                            | 9,814   | DKK      | 607                      | 1.92               |
| <b>Finland</b>                     |         |          |                          |                    |
| Kone 'B'                           | 7,523   | €        | 399                      | 1.26               |
| <b>Germany</b>                     |         |          |                          |                    |
| Siemens                            | 4,395   | €        | 563                      | 1.78               |
| <b>Ireland</b>                     |         |          |                          |                    |
| Medtronic                          | 7,834   | US\$     | 765                      | 2.42               |
| <b>Netherlands (The)</b>           |         |          |                          |                    |
| ASML Holding                       | 2,304   | €        | 432                      | 1.37               |
| <b>Switzerland</b>                 |         |          | <b>2,012</b>             | <b>6.36</b>        |
| Novartis                           | 10,898  | CHF      | 945                      | 2.99               |
| Roche Holding                      | 4,382   | CHF      | 1,067                    | 3.37               |
| <b>US</b>                          |         |          | <b>12,755</b>            | <b>40.31</b>       |
| Analog Devices                     | 3,049   | US\$     | 281                      | 0.89               |
| Arthur J Gallagher                 | 14,805  | US\$     | 1,102                    | 3.48               |
| Broadcom                           | 5,676   | US\$     | 1,399                    | 4.42               |
| Cisco Systems                      | 13,743  | US\$     | 664                      | 2.10               |
| Helmerich & Payne                  | 3,292   | US\$     | 227                      | 0.72               |
| Intercontinental Exchange          | 4,932   | US\$     | 370                      | 1.17               |
| Johnson & Johnson                  | 3,538   | US\$     | 489                      | 1.55               |
| JPMorgan Chase                     | 5,515   | US\$     | 632                      | 2.00               |
| Lam Research                       | 1,155   | US\$     | 174                      | 0.55               |
| Las Vegas Sands                    | 8,054   | US\$     | 481                      | 1.52               |
| Microsoft                          | 10,382  | US\$     | 1,188                    | 3.75               |
| PepsiCo                            | 2,186   | US\$     | 243                      | 0.77               |
| Starbucks                          | 6,238   | US\$     | 358                      | 1.13               |
| Trinseo                            | 18,733  | US\$     | 1,446                    | 4.57               |
| Union Pacific                      | 4,235   | US\$     | 694                      | 2.19               |
| UnitedHealth Group                 | 4,013   | US\$     | 1,063                    | 3.36               |
| US Bancorp                         | 16,562  | US\$     | 877                      | 2.77               |
| Visa 'A'                           | 2,523   | US\$     | 378                      | 1.19               |
| Wells Fargo                        | 13,041  | US\$     | 689                      | 2.18               |
| <b>Canada</b>                      |         |          | <b>5,964</b>             | <b>18.85</b>       |
| Gibson Energy                      | 102,219 | CA\$     | 1,581                    | 5.00               |
| Keyera                             | 23,262  | CA\$     | 615                      | 1.94               |
| Methanex                           | 39,367  | US\$     | 3,124                    | 9.87               |
| Pembina Pipeline                   | 18,721  | CA\$     | 644                      | 2.04               |
| <b>Japan</b>                       |         |          |                          |                    |
| Tokyo Electron                     | 2,600   | ¥        | 358                      | 1.13               |
| <b>Australia</b>                   |         |          |                          |                    |
| Amcor                              | 62,912  | AU\$     | 621                      | 1.96               |
| <b>Hong Kong</b>                   |         |          |                          |                    |
| ALA Group                          | 76,000  | HK\$     | 679                      | 2.15               |
| <b>Singapore</b>                   |         |          |                          |                    |
| DBS Group Holdings                 | 22,900  | SG\$     | 437                      | 1.38               |
| <b>South Korea</b>                 |         |          |                          |                    |
| Samsung Electronics                | 10,104  | KRW      | 423                      | 1.34               |
| <b>Taiwan</b>                      |         |          |                          |                    |
| Taiwan Semiconductor Manufacturing | 41,000  | TW\$     | 352                      | 1.11               |
| <b>South Africa</b>                |         |          |                          |                    |
| Imperial Holdings                  | 57,149  | ZAR      | 707                      | 2.23               |
| <b>Portfolio of investments</b>    |         |          | <b>30,910</b>            | <b>97.69</b>       |

# M&G (Lux) Global Dividend Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                 | Holding | Currency | Market value<br>US\$'000 | % of net<br>assets |
|--|---------|----------|--------------------------|--------------------|
| <b>CASH EQUIVALENTS</b>                                |         |          | 630                      | 1.99               |
| 'AAA' rated money market funds                         |         |          |                          |                    |
| Northern Trust Global Funds - US Dollar Fund Class 'D' | 630,000 | USD      | 630                      | 1.99               |
| <b>Total portfolio</b>                                 |         |          | <b>31,540</b>            | <b>99.68</b>       |
| Net other assets/(liabilities)                         |         |          | 101                      | 0.32               |
| <b>NET ASSETS</b>                                      |         |          | <b>31,641</b>            | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                               |         |          |                          |                    |
| <b>Investment assets</b>                               |         |          |                          |                    |
| Equity securities                                      |         |          | 30,910                   | 97.69              |
| <b>Total Investment assets</b>                         |         |          | <b>30,910</b>            | <b>97.69</b>       |
| <b>Total portfolio</b>                                 |         |          | <b>30,910</b>            | <b>97.69</b>       |
| <b>Cash equivalents</b>                                |         |          | <b>630</b>               | <b>1.99</b>        |
| <b>Net other assets/(liabilities)</b>                  |         |          | <b>101</b>               | <b>0.32</b>        |
| <b>NET ASSETS</b>                                      |         |          | <b>31,641</b>            | <b>100.00</b>      |

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

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

## M&G (Lux) Global Dividend 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 for the financial period from 18 September 2018 (the launch date of the fund) to 30 September 2018.

#### Quarterly distribution periods

|               | Start    | End      | Record date | Xd       | Payment  |
|---------------|----------|----------|-------------|----------|----------|
| First interim | 18.09.18 | 30.09.18 | 28.09.18    | 01.10.18 | 04.10.18 |

#### Distributions

|                      | Euro Class 'A' | Euro Class 'C' | Euro Class 'CI' | Singapore dollar Class 'A' | Singapore dollar Class 'C' |
|----------------------|----------------|----------------|-----------------|----------------------------|----------------------------|
| to 30 September 2018 | Euro ¢         | Euro ¢         | Euro ¢          | SGD ¢                      | SGD ¢                      |
| First interim        | 0.0606         | 0.0606         | 0.0606          | 0.0608                     | 0.0606                     |

  

|                      | US dollar Class 'A' | US dollar Class 'C' |
|----------------------|---------------------|---------------------|
| to 30 September 2018 | US ¢                | US ¢                |
| First interim        | 0.0609              | 0.0609              |

### 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 30 September 2018 and Total Expense Ratio (TER) for the financial period from 18 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV             | Estimated TER |
|--|-----------------|---------------|
| <b>Euro</b>                            | <b>€</b>        | <b>%</b>      |
| Class 'A' Accumulation                 | 10.1571         | 1.97          |
| Class 'A' Distribution                 | 10.1571         | 1.97          |
| Class 'C' Accumulation                 | 10.1593         | 0.97          |
| Class 'C' Distribution                 | 10.1593         | 0.97          |
| Class 'CI' Accumulation                | 10.1603         | 0.93          |
| Class 'CI' Distribution                | 10.1603         | 0.93          |
| Class 'G' Accumulation                 | 10.1588         | 1.22          |
| <b>Singapore dollar</b>                | <b>SG\$</b>     | <b>%</b>      |
| Class 'A' Accumulation                 | 10.0432         | 1.97          |
| Class 'A' Distribution                 | 10.0432         | 1.97          |
| Class 'C' Accumulation                 | 10.0456         | 0.97          |
| Class 'C' Distribution                 | 10.0456         | 0.97          |
| <b>US dollar</b>                       | <b>US\$</b>     | <b>%</b>      |
| Class 'A' Accumulation                 | 10.0375         | 1.97          |
| Class 'A' Distribution                 | 10.0375         | 1.97          |
| Class 'C' Accumulation                 | 10.0397         | 0.97          |
| Class 'C' Distribution                 | 10.0397         | 0.97          |
| Class 'CI' Accumulation                | 10.0406         | 0.93          |
| Class 'K' Accumulation                 | 10.1299         | 0.18          |
| <b>NAV at fund level</b>               | <b>US\$'000</b> |               |
| Net assets                             | 31,641          |               |
| Swing pricing adjustment (see note 11) | 46              |               |
| <b>Swung net assets</b>                | <b>31,687</b>   |               |

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) Global Floating Rate High Yield Fund

# Investment objective and policy

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### Investment objective

The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global floating rate high yield bond market over any five-year period.

### Investment policy

The Fund invests at least 70% of its Net Asset Value in high yield floating rate bonds issued by companies or governments anywhere in the world and denominated in any currency. The Fund does not take currency views and aims to hedge any non-USD assets to USD. Exposure to these securities may be achieved, either directly or synthetically, through various combinations of government securities, corporate bonds and derivatives.

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

In addition to high yield securities, the Fund may invest in unrated debt securities up to a combined maximum of 100% of the Fund's Net Asset Value. There are no credit quality restrictions with respect to the high yield debt securities in which the Fund may invest.

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.

Derivative instruments, both long and short can be used to meet the Fund's objective, for efficient portfolio management and for the purpose of hedging. These derivative instruments may include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Credit Default Swaps, Interest Rate Swaps and Total Return 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 Floating Rate High Yield Fund

## Portfolio statement

### Portfolio statement

| Investment description                   | Holding   | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|--|-----------|----------|---------------|--------------------------|--------------------|
| <b>FIXED INCOME</b>                      |           |          |               | <b>111,803</b>           | <b>88.23</b>       |
| <b>Debt securities</b>                   |           |          |               | <b>109,907</b>           | <b>86.73</b>       |
| <b>'AAA' credit rated bonds</b>          |           |          |               | <b>22,895</b>            | <b>18.07</b>       |
| US Treasury Note FRN                     | 6,538,000 | US\$     | 30.04.19      | 6,543                    | 5.16               |
| US Treasury Note FRN                     | 9,153,000 | US\$     | 31.01.19      | 9,159                    | 7.23               |
| US Treasury Note FRN                     | 4,577,000 | US\$     | 31.10.18      | 4,578                    | 3.61               |
| US Treasury Note FRN                     | 2,615,000 | US\$     | 30.04.20      | 2,615                    | 2.07               |
| <b>'AA' credit rated bonds</b>           |           |          |               |                          |                    |
| Paragon Mortgages No 15 FRN              | 217,000   | €        | 15.12.39      | 232                      | 0.18               |
| <b>'A' credit rated bonds</b>            |           |          |               | <b>4,913</b>             | <b>3.88</b>        |
| Bank of America FRN                      | 936,000   | US\$     | 20.01.23      | 952                      | 0.75               |
| Citigroup FRN                            | 1,203,000 | US\$     | 01.09.23      | 1,232                    | 0.97               |
| ING Groep FRN                            | 262,000   | US\$     | 29.03.22      | 266                      | 0.21               |
| JPMorgan Chase FRN                       | 393,000   | US\$     | 24.10.23      | 401                      | 0.32               |
| Magellan Mortgages No 4 FRN              | 353,047   | €        | 20.07.59      | 392                      | 0.31               |
| Morgan Stanley FRN                       | 236,000   | US\$     | 08.05.24      | 240                      | 0.19               |
| UBS Group Funding Switzerland FRN        | 994,000   | US\$     | 23.05.23      | 1,008                    | 0.80               |
| Wells Fargo FRN                          | 413,000   | US\$     | 31.10.23      | 422                      | 0.33               |
| <b>'BBB' credit rated bonds</b>          |           |          |               | <b>1,940</b>             | <b>1.53</b>        |
| American International Group FRN         | 400,000   | €        | 15.03.67      | 435                      | 0.34               |
| Barclays FRN                             | 1,050,000 | US\$     | 16.05.24      | 1,043                    | 0.82               |
| Crédit Suisse Group Funding Guernsey FRN | 443,000   | US\$     | 16.04.21      | 462                      | 0.37               |
| <b>'BB' credit rated bonds</b>           |           |          |               | <b>26,336</b>            | <b>20.78</b>       |
| Altice US Finance I 5.375%               | 654,000   | US\$     | 15.07.23      | 662                      | 0.52               |
| AnaCap Financial Europe SICAV-RAIF FRN   | 850,000   | €        | 01.08.24      | 886                      | 0.70               |
| Ardagh Packaging Finance 4.625%          | 1,715,000 | US\$     | 15.05.23      | 1,704                    | 1.34               |
| Arena Luxembourg Financial FRN           | 459,000   | €        | 01.11.23      | 534                      | 0.42               |
| Arrow Global Finance FRN                 | 1,661,000 | €        | 01.04.25      | 1,806                    | 1.42               |
| Cemex 5.7%                               | 663,000   | US\$     | 11.01.25      | 673                      | 0.53               |
| Energy Transfer FRN                      | 1,406,000 | US\$     | 01.11.66      | 1,256                    | 0.99               |
| HCA 4.5%                                 | 1,431,000 | US\$     | 15.02.27      | 1,403                    | 1.11               |
| HT1 Funding FRN                          | 1,086,000 | €        | 29.07.49      | 1,179                    | 0.93               |
| IMS Health 3.25%                         | 197,000   | €        | 15.03.25      | 233                      | 0.18               |
| Intrum Justitia FRN                      | 785,000   | €        | 15.07.22      | 884                      | 0.70               |
| Lusitano Mortgages No 5 FRN              | 285,487   | €        | 15.07.59      | 312                      | 0.25               |
| Naviera Armas FRN                        | 1,454,000 | €        | 15.11.24      | 1,629                    | 1.29               |
| ProGroup FRN                             | 393,000   | €        | 31.03.24      | 457                      | 0.36               |
| Smurfit Kappa Acquisitions FRN           | 648,000   | €        | 15.10.20      | 791                      | 0.62               |
| Standard Chartered FRN                   | 800,000   | US\$     | 29.01.49      | 670                      | 0.53               |
| Telenet Finance VI Luxembourg 4.875%     | 636,300   | €        | 15.07.27      | 800                      | 0.63               |
| Tenet Healthcare 4.625%                  | 1,650,000 | US\$     | 15.07.24      | 1,605                    | 1.27               |
| Unitymedia Hessen 4%                     | 1,439,000 | €        | 15.01.25      | 1,757                    | 1.39               |
| Virgin Media Secured Finance 5.25%       | 380,000   | US\$     | 15.01.26      | 372                      | 0.29               |
| Wind Tre FRN                             | 4,394,000 | €        | 20.01.24      | 4,746                    | 3.75               |
| Ziggo 4.25%                              | 1,706,000 | €        | 15.01.27      | 1,977                    | 1.56               |
| <b>'B' credit rated bonds</b>            |           |          |               | <b>51,827</b>            | <b>40.90</b>       |
| 3AB Optique Developpement FRN            | 458,000   | €        | 01.10.23      | 510                      | 0.40               |
| Algeco Global Finance FRN                | 393,000   | €        | 15.02.23      | 463                      | 0.37               |
| Ardonagh Midco 3 8.375%                  | 266,000   | £        | 15.07.23      | 338                      | 0.27               |
| Autodis FRN                              | 983,000   | €        | 01.05.22      | 1,151                    | 0.91               |
| Bausch Health Cos 4.5%                   | 361,000   | €        | 15.05.23      | 414                      | 0.33               |
| Bormioli Pharma Bidco FRN                | 733,000   | €        | 15.11.24      | 829                      | 0.65               |
| Burger King France FRN                   | 1,392,000 | €        | 01.05.23      | 1,634                    | 1.29               |
| Cabot Financial Luxembourg II FRN        | 1,233,000 | €        | 15.11.21      | 1,442                    | 1.14               |
| Carlson Travel FRN                       | 840,000   | €        | 15.06.23      | 980                      | 0.77               |
| Ceva Logistics Finance 5.25%             | 272,000   | €        | 01.08.25      | 310                      | 0.25               |
| Chesapeake Energy FRN                    | 1,173,000 | US\$     | 15.04.19      | 1,176                    | 0.93               |
| Fabric BC FRN                            | 393,000   | €        | 30.11.24      | 453                      | 0.36               |
| Federal-Mogul FRN                        | 785,000   | €        | 15.04.24      | 923                      | 0.73               |
| Fire BC FRN                              | 498,000   | €        | 30.09.24      | 576                      | 0.45               |
| Galaxy Bidco FRN                         | 390,000   | £        | 15.11.20      | 504                      | 0.40               |
| Gamenet Group FRN                        | 537,000   | €        | 27.04.23      | 606                      | 0.48               |
| Garfunkelux HoldCo 3 FRN                 | 3,363,000 | €        | 01.09.23      | 3,330                    | 2.63               |
| Guala Closures Italy FRN                 | 109,000   | €        | 15.04.24      | 127                      | 0.10               |
| Hema Bondco I FRN                        | 809,000   | €        | 15.07.22      | 854                      | 0.67               |
| Iceland Bondco FRN                       | 1,088,491 | £        | 15.07.20      | 1,422                    | 1.12               |
| IPD 3 FRN                                | 458,000   | €        | 15.07.22      | 537                      | 0.42               |

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

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                  | Holding    | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|------------|----------|---------------|--------------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                         |            |          |               |                          |                    |
| <b>'B' credit rated bonds (continued)</b>               |            |          |               |                          |                    |
| Lecta FRN   | 570,000    | €        | 01.08.22      | 663                      | 0.52               |
| LHMC Fo FRN   | 785,000    | €        | 20.12.23      | 930                      | 0.73               |
| Limacorporate FRN                                       | 720,000    | €        | 15.08.23      | 841                      | 0.66               |
| Louvre Bidco FRN  | 158,000    | €        | 30.09.24      | 185                      | 0.15               |
| LSF10 Wolverine Investments FRN                         | 602,000    | €        | 15.03.24      | 706                      | 0.56               |
| Marcolin FRN  | 654,000    | €        | 15.02.23      | 761                      | 0.60               |
| Matterhorn Telecom FRN                                  | 2,282,000  | €        | 01.02.23      | 2,654                    | 2.09               |
| Monitchem HoldCo 3 FRN                                  | 438,000    | €        | 15.06.21      | 507                      | 0.40               |
| Newday Bondco FRN                                       | 393,000    | £        | 01.02.23      | 489                      | 0.39               |
| Nexi Capital FRN  | 1,831,000  | €        | 01.05.23      | 2,126                    | 1.68               |
| Nomad Foods Bondco 3.25%                                | 419,000    | €        | 15.05.24      | 492                      | 0.39               |
| Novafives FRN   | 405,000    | €        | 15.06.25      | 447                      | 0.35               |
| Paprec Holding FRN                                      | 523,000    | €        | 31.03.25      | 612                      | 0.48               |
| Picard Groupe FRN                                       | 3,269,000  | €        | 30.11.23      | 3,755                    | 2.96               |
| Premier Foods Finance FRN                               | 536,000    | £        | 15.07.22      | 706                      | 0.56               |
| Promontoria Holding 264 FRN                             | 576,000    | €        | 15.08.23      | 670                      | 0.53               |
| Reynolds Group Issuer FRN                               | 3,439,000  | US\$     | 15.07.21      | 3,499                    | 2.76               |
| Royal Bank of Scotland Group FRN                        | 1,200,000  | €        | 29.10.49      | 1,344                    | 1.06               |
| Selecta Group FRN                                       | 847,000    | €        | 01.02.24      | 984                      | 0.78               |
| SFR Group 5.625%  | 988,000    | €        | 15.05.24      | 1,198                    | 0.95               |
| Sisal Group FRN   | 702,000    | €        | 31.07.22      | 823                      | 0.65               |
| Snaitech FRN  | 533,000    | €        | 07.11.21      | 624                      | 0.49               |
| Stonegate Pub Financing FRN                             | 1,159,000  | £        | 15.03.22      | 1,499                    | 1.18               |
| Synlab Bondco FRN                                       | 2,378,000  | €        | 01.07.22      | 2,782                    | 2.20               |
| TeamSystem FRN  | 763,000    | €        | 15.04.23      | 890                      | 0.70               |
| Tendam Brands FRN                                       | 850,000    | €        | 15.09.24      | 952                      | 0.75               |
| TVL Finance FRN   | 323,000    | £        | 15.05.23      | 422                      | 0.33               |
| United Group FRN  | 1,444,000  | €        | 01.07.23      | 1,687                    | 1.33               |
| <b>'CCC' credit rated bonds</b>                         |            |          |               | <b>1,764</b>             | <b>1.39</b>        |
| Care UK Health & Social Care FRN                        | 593,000    | £        | 15.07.19      | 772                      | 0.61               |
| New Look Secured Issuer FRN                             | 782,000    | €        | 01.07.22      | 496                      | 0.39               |
| Verisure Midholding FRN                                 | 4,320,000  | SEK      | 01.12.23      | 496                      | 0.39               |
| <b>Contracts</b>  |            |          |               |                          |                    |
| <b>Debt derivatives</b>                                 |            |          |               | <b>1,896</b>             | <b>1.50</b>        |
| <b>Credit default swaps</b>                             |            |          |               | <b>2,058</b>             | <b>1.63</b>        |
| Iceland Bondco Jun 2022                                 | 730,000    | €        |               | 70                       | 0.06               |
| iTraxx Europe Crossover Dec 2021                        | 550,000    | €        |               | 61                       | 0.05               |
| iTraxx Europe Crossover Jun 2023                        | 1,300,000  | €        |               | 147                      | 0.12               |
| Markit's North American High Yield CDX Index Dec 2020   | 16,500,000 | US\$     |               | 1,108                    | 0.87               |
| Markit's North American High Yield CDX Index Jun 2021   | 6,500,000  | US\$     |               | 484                      | 0.38               |
| VUE International Bidco Dec 2021                        | 1,500,000  | €        |               | 188                      | 0.15               |
| <b>Interest rate swaps</b>                              |            |          |               | <b>(162)</b>             | <b>(0.13)</b>      |
| Pay 5.625% Receive VAR May 2019                         | 988,000    | €        |               | (50)                     | (0.04)             |
| Pay 4% Receive VAR Jan 2020                             | 1,439,000  | €        |               | (89)                     | (0.07)             |
| Pay 4.625% Receive VAR May 2021                         | 1,715,000  | US\$     |               | 9                        | 0.01               |
| Pay 4.875% Receive VAR Jul 2021                         | 707,000    | €        |               | (66)                     | (0.05)             |
| Pay 5.375% Receive VAR Jul 2021                         | 654,000    | US\$     |               | (9)                      | (0.01)             |
| Pay 4.25% Receive VAR Jan 2022                          | 1,706,000  | €        |               | 8                        | 0.01               |
| Pay 3.25% Receive VAR Mar 2022                          | 197,000    | €        |               | (3)                      | -                  |
| Pay 3.25% Receive VAR May 2022                          | 419,000    | €        |               | (5)                      | (0.01)             |
| Pay 5.7% Receive VAR Jan 2023                           | 663,000    | US\$     |               | (8)                      | (0.01)             |
| Pay 4.625% Receive VAR Apr 2024                         | 1,650,000  | US\$     |               | 30                       | 0.02               |
| Pay 5.25% Receive VAR Aug 2025                          | 272,000    | €        |               | 4                        | -                  |
| Pay 5.25% Receive VAR Jan 2026                          | 380,000    | US\$     |               | 8                        | 0.01               |
| Pay 4.5% Receive VAR Feb 2027                           | 1,431,000  | US\$     |               | 9                        | 0.01               |
| <b>Maturity date</b>                                    |            |          |               |                          |                    |
| <b>CURRENCY</b>   |            |          |               | <b>722</b>               | <b>0.57</b>        |
| <b>Forward currency contracts</b>                       |            |          |               | <b>722</b>               | <b>0.57</b>        |
| Bought for US\$ 62,246,810.82, Sold for € 53,096,430.94 |            |          | 17.10.18      | 681                      | 0.54               |
| Bought for US\$ 6,326,997.66, Sold for £ 4,813,313.49   |            |          | 17.10.18      | 46                       | 0.03               |
| Bought for US\$ 481,329.83, Sold for SEK 4,322,154.63   |            |          | 17.10.18      | (5)                      | -                  |
| <b>Portfolio of investments</b>                         |            |          |               | <b>112,525</b>           | <b>88.80</b>       |

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

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                 | Holding    | Currency | Market value<br>US\$'000 | % of net<br>assets |
|--|------------|----------|--------------------------|--------------------|
| <b>CASH EQUIVALENTS</b>                                |            |          |                          |                    |
| 'AAA' rated money market funds                         |            |          | 12,059                   | 9.52               |
| Northern Trust Global Funds - US Dollar Fund Class 'D' | 12,059,000 | US\$     | 12,059                   | 9.52               |
| <b>SHARE CLASS HEDGING</b>                             |            |          |                          |                    |
|  |            |          | (9)                      | (0.01)             |
| Bought for € 361,250.00, Sold for US\$ 424,820.28      |            |          | (4)                      | (0.01)             |
| Bought for CHF 142,300.00, Sold for US\$ 149,021.30    |            |          | (5)                      | -                  |
| Bought for SG\$ 73,650.00, Sold for US\$ 54,024.16     |            |          | -                        | -                  |
| <b>Total portfolio</b>                                 |            |          | <b>124,575</b>           | <b>98.31</b>       |
| Net other assets/(liabilities)                         |            |          | 2,143                    | 1.69               |
| <b>NET ASSETS</b>                                      |            |          | <b>126,718</b>           | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                               |            |          |                          |                    |
| <b>Investment assets</b>                               |            |          |                          |                    |
| Debt securities  |            |          | 109,907                  | 86.73              |
| Unrealised gains on forward currency contracts         |            |          | 727                      | 0.57               |
| Unrealised gains on swap contracts                     |            |          | 2,126                    | 1.69               |
| <b>Total Investment assets</b>                         |            |          | <b>112,760</b>           | <b>88.99</b>       |
| <b>Investment liabilities</b>                          |            |          |                          |                    |
| Unrealised losses on forward currency contracts        |            |          | (14)                     | (0.01)             |
| Unrealised losses on swap contracts                    |            |          | (230)                    | (0.19)             |
| <b>Total Investment liabilities</b>                    |            |          | <b>(244)</b>             | <b>(0.20)</b>      |
| <b>Total portfolio</b>                                 |            |          | <b>112,516</b>           | <b>88.79</b>       |
| <b>Cash equivalents</b>                                |            |          | <b>12,059</b>            | <b>9.52</b>        |
| <b>Net other assets/(liabilities)</b>                  |            |          | <b>2,143</b>             | <b>1.69</b>        |
| <b>NET ASSETS</b>                                      |            |          | <b>126,718</b>           | <b>100.00</b>      |

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 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures |  |
|---|----------------------|--|
|   | Swaps<br>US\$'000    | Forward<br>currency<br>contracts<br>US\$'000 |
| Citigroup Global Markets Limited        | 278                  | 968  |
| Goldman Sachs International             | 1,596                | -  |
| J.P.Morgan                              | 484                  | -  |
| Merrill Lynch Pierce Fenner + Smith Inc | -                    | 5,326  |
| Standard Chartered Bank                 | -                    | 336  |
| State Street Bank and Trust Company     | -                    | 628  |
| State Street Bank London                | -                    | 62,425                                       |

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 Floating Rate High Yield 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 timetable and rates per share declared in respect for the financial period from 13 September 2018 (the launch date of the fund) to 30 September 2018.

As the fund only recently launched on 13 September 2018 there will be no quarterly distribution payable in respect of this financial period.

#### Monthly distribution periods

|               | Start    | End      | Record date | Xd       | Payment  |
|---------------|----------|----------|-------------|----------|----------|
| First interim | 13.09.18 | 30.09.18 | 28.09.18    | 01.10.18 | 04.10.18 |

#### Distributions

|                      | Singapore dollar<br>Class 'A-H M' | Singapore dollar<br>Class 'C-H M' | US dollar<br>Class 'A M' | US dollar<br>Class 'C M' |
|----------------------|-----------------------------------|-----------------------------------|--------------------------|--------------------------|
| to 30 September 2018 | SGD €                             | SGD €                             | US €                     | US €                     |
| First interim        | 0.0372                            | 0.0372                            | 0.0373                   | 0.0373                   |

### 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 30 September 2018 and Total Expense Ratio (TER) for the financial period from 13 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV             | Estimated TER |
|--|-----------------|---------------|
| <b>Euro</b>                            | <b>€</b>        | <b>%</b>      |
| Class 'A-H' Accumulation               | 9.9815          | 1.49          |
| Class 'A-H' Distribution               | 9.9818          | 1.49          |
| Class 'B-H' Accumulation               | 9.9808          | 1.99          |
| Class 'B-H' Distribution               | 9.9808          | 1.99          |
| Class 'C-H' Accumulation               | 9.9830          | 0.89          |
| Class 'C-H' Distribution               | 9.9830          | 0.89          |
| Class 'CI-H' Accumulation              | 9.9839          | 0.85          |
| <b>Singapore dollar</b>                | <b>SG\$</b>     | <b>%</b>      |
| Class 'A-H' Distribution               | 9.9875          | 1.49          |
| Class 'A-H M' Distribution             | 9.9875          | 1.49          |
| Class 'C-H M' Distribution             | 9.9888          | 0.89          |
| <b>Swiss franc</b>                     | <b>CHF</b>      | <b>%</b>      |
| Class 'A-H' Accumulation               | 9.9810          | 1.49          |
| Class 'A-H' Distribution               | 9.9808          | 1.49          |
| Class 'C-H' Accumulation               | 9.9822          | 0.89          |
| Class 'C-H' Distribution               | 9.9822          | 0.89          |
| Class 'CI-H' Accumulation              | 9.9832          | 0.85          |
| <b>US dollar</b>                       | <b>US\$</b>     | <b>%</b>      |
| Class 'A' Accumulation                 | 9.9877          | 1.47          |
| Class 'A' Distribution                 | 9.9877          | 1.47          |
| Class 'A M' Distribution               | 9.9877          | 1.47          |
| Class 'C' Accumulation                 | 9.9888          | 0.87          |
| Class 'C' Distribution                 | 9.9888          | 0.87          |
| Class 'C M' Distribution               | 9.9888          | 0.87          |
| Class 'CI' Accumulation                | 9.9898          | 0.83          |
| Class 'K' Accumulation                 | 10.0271         | 0.18          |
| <b>NAV at fund level</b>               | <b>US\$'000</b> |               |
| Net assets                             | 126,718         |               |
| Swing pricing adjustment (see note 11) | 346             |               |
| <b>Swung net assets</b>                | <b>127,064</b>  |               |

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) 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 best-effort 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 and proprietary information. 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

## Portfolio statement

### Portfolio statement

| Investment description                        | Holding | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|---------|----------|---------------|--------------------------|--------------------|
| <b>DEBT SECURITIES</b>                        |         |          |               | <b>14,856</b>            | <b>92.45</b>       |
| <b>Investment grade corporate bonds</b>       |         |          |               |                          |                    |
| TOTAL FRN                                     | 140,000 | €        | 29.12.49      | 170                      | 1.06               |
| <b>Below investment grade corporate bonds</b> |         |          |               | <b>14,549</b>            | <b>90.54</b>       |
| AA Bond 4.875%                                | 100,000 | £        | 31.07.43      | 131                      | 0.82               |
| Antero Midstream Partners 5.375%              | 100,000 | US\$     | 15.09.24      | 101                      | 0.63               |
| Aramark International Finance 3.125%          | 100,000 | €        | 01.04.25      | 121                      | 0.75               |
| Arena Luxembourg Financial FRN                | 100,000 | €        | 01.11.23      | 116                      | 0.72               |
| Arrow Global Finance FRN                      | 125,000 | €        | 01.04.25      | 136                      | 0.85               |
| Assicurazioni Generali FRN                    | 50,000  | £        | 29.12.49      | 67                       | 0.42               |
| Avis Budget Car Rental 5.25%                  | 55,000  | US\$     | 15.03.25      | 52                       | 0.32               |
| Axalta Coating Systems Dutch Holding B 3.75%  | 150,000 | €        | 15.01.25      | 179                      | 1.11               |
| Banco Bilbao Vizcaya Argentaria FRN           | 200,000 | €        | 29.12.49      | 236                      | 1.47               |
| Banco de Sabadell FRN                         | 200,000 | €        | 31.12.99      | 234                      | 1.46               |
| Banco Santander FRN                           | 100,000 | €        | 12.03.49      | 117                      | 0.73               |
| Belden 3.375%                                 | 100,000 | €        | 15.07.27      | 114                      | 0.71               |
| Cabot Financial Luxembourg II FRN             | 150,000 | €        | 15.11.21      | 175                      | 1.09               |
| Caixabank FRN                                 | 200,000 | €        | 31.12.99      | 216                      | 1.34               |
| Care UK Health & Social Care FRN              | 100,000 | £        | 15.07.19      | 130                      | 0.81               |
| Catalent Pharma Solutions 4.75%               | 125,000 | €        | 15.12.24      | 153                      | 0.95               |
| Centene 4.75%                                 | 130,000 | US\$     | 15.01.25      | 131                      | 0.82               |
| Centene 6%                                    | 37,000  | US\$     | 15.05.26      | 39                       | 0.24               |
| Cheniere Corpus Christi Holdings 5.875%       | 140,000 | US\$     | 31.03.25      | 147                      | 0.91               |
| Cheniere Energy Partners 5.25%                | 60,000  | US\$     | 01.10.25      | 60                       | 0.37               |
| Cheniere Energy Partners 5.625%               | 163,000 | US\$     | 01.10.26      | 164                      | 1.02               |
| Citigroup FRN                                 | 85,000  | US\$     | 29.07.49      | 87                       | 0.54               |
| Commerzbank 8.125%                            | 200,000 | US\$     | 19.09.23      | 228                      | 1.42               |
| Constellium 4.25%                             | 100,000 | €        | 15.02.26      | 118                      | 0.73               |
| Cooperatieve Rabobank FRN                     | 200,000 | €        | 29.12.49      | 257                      | 1.60               |
| CPUK Finance 4.25%                            | 125,000 | £        | 28.02.47      | 164                      | 1.02               |
| Crédit Agricole FRN                           | 100,000 | €        | 29.04.49      | 127                      | 0.79               |
| Crédit Suisse Group FRN                       | 200,000 | US\$     | 31.12.99      | 205                      | 1.28               |
| DaVita 5%                                     | 140,000 | US\$     | 01.05.25      | 135                      | 0.84               |
| Dell International 5.45%                      | 100,000 | US\$     | 15.06.23      | 105                      | 0.65               |
| Drax Fo 4.25%                                 | 100,000 | £        | 01.05.22      | 134                      | 0.83               |
| Drax Fo 6.625%                                | 200,000 | US\$     | 01.11.25      | 204                      | 1.27               |
| EP Energy 6.375%                              | 85,000  | US\$     | 15.06.23      | 57                       | 0.35               |
| Equinix 2.875%                                | 129,000 | €        | 15.03.24      | 152                      | 0.95               |
| Goodyear Tire & Rubber 5%                     | 168,000 | US\$     | 31.05.26      | 158                      | 0.98               |
| Greif Nevada Holdings 7.375%                  | 125,000 | €        | 15.07.21      | 171                      | 1.06               |
| Hanesbrands 4.625%                            | 180,000 | US\$     | 15.05.24      | 175                      | 1.09               |
| HCA 4.75%                                     | 190,000 | US\$     | 01.05.23      | 194                      | 1.21               |
| HCA 5%  | 150,000 | US\$     | 15.03.24      | 154                      | 0.96               |
| HCA 5.375%                                    | 100,000 | US\$     | 01.09.26      | 101                      | 0.63               |
| Heathrow Finance 3.875%                       | 100,000 | £        | 01.03.27      | 124                      | 0.77               |
| Hertz 6.25%                                   | 50,000  | US\$     | 15.10.22      | 46                       | 0.29               |
| Hilton Worldwide Finance 4.625%               | 75,000  | US\$     | 01.04.25      | 74                       | 0.46               |
| Iceland Bondco 4.625%                         | 200,000 | £        | 15.03.25      | 242                      | 1.51               |
| IMS Health 3.25%                              | 190,000 | €        | 15.03.25      | 225                      | 1.40               |
| InterXion Holding 4.75%                       | 100,000 | €        | 15.06.25      | 121                      | 0.75               |
| Intesa Sanpaolo FRN                           | 200,000 | €        | 31.12.99      | 231                      | 1.44               |
| Intrum Justitia FRN                           | 290,000 | €        | 15.07.22      | 327                      | 2.03               |
| KBC Group FRN                                 | 150,000 | €        | 29.03.49      | 176                      | 1.10               |
| Legal & General Group FRN                     | 100,000 | £        | 27.10.45      | 139                      | 0.87               |
| Levi Strauss 5%                               | 50,000  | US\$     | 01.05.25      | 50                       | 0.31               |
| Levi Strauss 3.375%                           | 100,000 | €        | 15.03.27      | 120                      | 0.75               |
| MPLX 4.5%                                     | 165,000 | US\$     | 15.07.23      | 169                      | 1.05               |
| Nationwide Building Society FRN               | 100,000 | £        | 29.12.49      | 133                      | 0.83               |
| New Red Finance 5%                            | 140,000 | US\$     | 15.10.25      | 134                      | 0.83               |
| Newco 8%                                      | 100,000 | €        | 15.12.22      | 121                      | 0.75               |
| Newfield Exploration 5.375%                   | 50,000  | US\$     | 01.01.26      | 52                       | 0.32               |
| Oasis Petroleum 6.875%                        | 190,000 | US\$     | 15.03.22      | 194                      | 1.21               |
| Oasis Petroleum 6.25%                         | 10,000  | US\$     | 01.05.26      | 10                       | 0.06               |
| Ocado Group 4%                                | 100,000 | £        | 15.06.24      | 131                      | 0.82               |
| OI European Group 3.125%                      | 250,000 | €        | 15.11.24      | 299                      | 1.86               |
| Ortho-Clinical Diagnostics 6.625%             | 150,000 | US\$     | 15.05.22      | 147                      | 0.91               |
| Premier Foods Finance FRN                     | 100,000 | £        | 15.07.22      | 132                      | 0.82               |
| Premier Foods Finance 6.25%                   | 100,000 | £        | 15.10.23      | 133                      | 0.83               |
| Puma International Financing 5%               | 200,000 | US\$     | 24.01.26      | 170                      | 1.06               |

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

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                    | Holding | Currency | Maturity date | Market value<br>US\$'000 | % of net<br>assets |
|---|---------|----------|---------------|--------------------------|--------------------|
| <b>DEBT SECURITIES (continued)</b>                        |         |          |               |                          |                    |
| <b>Below investment grade corporate bonds (continued)</b> |         |          |               |                          |                    |
| Royal Bank of Scotland Group FRN                          | 200,000 | US\$     | 29.12.49      | 205                      | 1.28               |
| Sabine Pass Liquefaction 5.625%                           | 115,000 | US\$     | 01.03.25      | 123                      | 0.77               |
| Sable International Finance 6.875%                        | 200,000 | US\$     | 01.08.22      | 209                      | 1.30               |
| Sally Holdings 5.625%                                     | 80,000  | US\$     | 01.12.25      | 76                       | 0.47               |
| Sealed Air 5.125%   | 140,000 | US\$     | 01.12.24      | 141                      | 0.88               |
| Sirius XM Radio 6%  | 130,000 | US\$     | 15.07.24      | 135                      | 0.84               |
| SM Energy 5%  | 110,000 | US\$     | 15.01.24      | 108                      | 0.67               |
| SM Energy 6.625%  | 3,000   | US\$     | 15.01.27      | 3                        | 0.02               |
| Smurfit Kappa Acquisitions 2.375%                         | 100,000 | €        | 01.02.24      | 121                      | 0.75               |
| Société Générale FRN                                      | 100,000 | €        | 07.04.49      | 125                      | 0.78               |
| Southwestern Energy 7.75%                                 | 390,000 | US\$     | 01.10.27      | 414                      | 2.58               |
| Sprint Capital 7.875%                                     | 150,000 | US\$     | 15.09.23      | 162                      | 1.01               |
| Sprint Capital 6.875%                                     | 50,000  | US\$     | 15.11.28      | 50                       | 0.31               |
| Starfruit Fo 6.5%   | 100,000 | €        | 01.10.26      | 117                      | 0.73               |
| Swissport Financing 9.75%                                 | 100,000 | €        | 15.12.22      | 126                      | 0.78               |
| Telecom Italia Finance 7.75%                              | 75,000  | €        | 24.01.33      | 120                      | 0.75               |
| Telenet Finance VI Luxembourg 4.875%                      | 90,000  | €        | 15.07.27      | 113                      | 0.70               |
| Tenet Healthcare 6.75%                                    | 85,000  | US\$     | 15.06.23      | 84                       | 0.52               |
| Tenet Healthcare 4.625%                                   | 165,000 | US\$     | 15.07.24      | 160                      | 1.00               |
| Tesco 6.125%  | 75,000  | £        | 24.02.22      | 110                      | 0.68               |
| Tesla 5.3%  | 25,000  | US\$     | 15.08.25      | 21                       | 0.13               |
| UBS FRN   | 200,000 | €        | 29.12.49      | 257                      | 1.60               |
| UniCredit FRN   | 200,000 | €        | 31.12.99      | 209                      | 1.30               |
| United Group 4.375%                                       | 100,000 | €        | 01.07.22      | 119                      | 0.74               |
| United Rentals North America 4.625%                       | 100,000 | US\$     | 15.10.25      | 97                       | 0.60               |
| Unitymedia Hessen 4%                                      | 210,000 | €        | 15.01.25      | 256                      | 1.59               |
| Unitymedia Hessen 3.5%                                    | 210,000 | €        | 15.01.27      | 257                      | 1.60               |
| Vallourec 6.625%  | 100,000 | €        | 15.10.22      | 123                      | 0.77               |
| Videotron 5.375%  | 100,000 | US\$     | 15.06.24      | 103                      | 0.64               |
| Virgin Media Secured Finance 4.875%                       | 100,000 | £        | 15.01.27      | 129                      | 0.80               |
| VTR Finance 6.875%  | 215,000 | US\$     | 15.01.24      | 219                      | 1.36               |
| Wind Tre FRN  | 330,000 | €        | 20.01.24      | 356                      | 2.22               |
| Windstream Services 9%                                    | 32,000  | US\$     | 30.06.25      | 25                       | 0.16               |
| Ziggo Bond Finance 4.625%                                 | 100,000 | €        | 15.01.25      | 115                      | 0.72               |
| Ziggo Secured Finance 3.75%                               | 100,000 | €        | 15.01.25      | 116                      | 0.72               |
| <b>Corporate bonds with no credit rating</b>              |         |          |               |                          |                    |
| Stora Enso 7.25%  | 115,000 | US\$     | 15.04.36      | 137                      | 0.85               |
| <b>CURRENCY</b>   |         |          |               | <b>78</b>                | <b>0.48</b>        |
| <b>Forward currency contracts</b>                         |         |          |               | <b>78</b>                | <b>0.48</b>        |
| Bought for US\$ 2,019,977.40, Sold for £ 1,536,360.35     |         |          | 17.10.18      | 15                       | 0.09               |
| Bought for US\$ 7,180,928.40, Sold for € 6,138,934.88     |         |          | 17.10.18      | 63                       | 0.39               |
| <b>Portfolio of investments</b>                           |         |          |               | <b>14,934</b>            | <b>92.93</b>       |
| <b>SHARE CLASS HEDGING</b>                                |         |          |               | <b>(1)</b>               | <b>(0.01)</b>      |
| Bought for £ 164,254.42, Sold for US\$ 213,815.73         |         |          | 17.10.18      | -                        | -                  |
| Bought for € 211,185.41, Sold for US\$ 245,163.76         |         |          | 17.10.18      | (1)                      | (0.01)             |
| Bought for CHF 93,227.47, Sold for US\$ 95,991.13         |         |          | 17.10.18      | -                        | -                  |
| <b>Total portfolio</b>                                    |         |          |               | <b>14,933</b>            | <b>92.92</b>       |
| Net other assets/(liabilities)                            |         |          |               | 1,137                    | 7.08               |
| <b>NET ASSETS</b>   |         |          |               | <b>16,070</b>            | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                  |         |          |               |                          |                    |
| <b>Investment assets</b>                                  |         |          |               |                          |                    |
| Debt securities   |         |          |               | 14,856                   | 92.45              |
| Unrealised gains on forward currency contracts            |         |          |               | 78                       | 0.48               |
| <b>Total Investment assets</b>                            |         |          |               | <b>14,934</b>            | <b>92.93</b>       |
| <b>Investment liabilities</b>                             |         |          |               |                          |                    |
| Unrealised losses on forward currency contracts           |         |          |               | (1)                      | (0.01)             |
| <b>Total Investment liabilities</b>                       |         |          |               | <b>(1)</b>               | <b>(0.01)</b>      |
| <b>Total portfolio</b>                                    |         |          |               | <b>14,933</b>            | <b>92.92</b>       |
| Net other assets/(liabilities)                            |         |          |               | 1,137                    | 7.08               |
| <b>NET ASSETS</b>   |         |          |               | <b>16,070</b>            | <b>100.00</b>      |

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

# Portfolio statement

### Portfolio statement (continued)

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 preredemmed date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures                   |
|---|--|
|   | Forward currency contracts<br>US\$'000 |
| HSBC Bank Plc                           | 86                                     |
| Merrill Lynch Pierce Fenner + Smith Inc | 7,095                                  |
| National Australia Bank Ltd             | 2,020                                  |
| State Street Bank and Trust Company     | 555                                    |

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 for the six months ended 30 September 2018.

#### Quarterly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Second interim | 01.07.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Monthly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.04.18 | 18.05.18    | 22.05.18 | 25.05.18 |
| Second interim | 01.05.18 | 31.05.18 | 15.06.18    | 18.06.18 | 21.06.18 |
| Third interim  | 01.06.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Fourth interim | 01.07.18 | 31.07.18 | 17.08.18    | 20.08.18 | 23.08.18 |
| Fifth interim  | 01.08.18 | 31.08.18 | 21.09.18    | 24.09.18 | 27.09.18 |
| Sixth interim  | 01.09.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Distributions

| to 30 September 2018 | Euro        |             | Sterling    | Sterling    | Swiss franc |
|----------------------|-------------|-------------|-------------|-------------|-------------|
|                      | Class 'A-H' | Class 'C-H' | Class 'C-H' | Class 'L-H' | Class 'A-H' |
|                      | Euro €      | Euro €      | UK p        | UK p        | Swiss €     |
| First interim        | 0.1016      | 0.1019      | 0.1026      | n/a         | 0.0996      |
| Second interim       | 0.1010      | 0.1018      | 0.1027      | 0.1202      | 0.1004      |

| to 30 September 2018 | Swiss franc | US dollar | US dollar |
|----------------------|-------------|-----------|-----------|
|                      | Class 'C-H' | Class 'A' | Class 'C' |
|                      | Swiss €     | US €      | US €      |
| First interim        | 0.0999      | 0.1041    | 0.1046    |
| Second interim       | 0.1007      | 0.1046    | 0.1052    |

| to 30 September 2018 | US dollar   |
|----------------------|-------------|
|                      | Class 'A M' |
|                      | US €        |
| First interim        | 0.0359      |
| Second interim       | 0.0340      |
| Third interim        | 0.0340      |
| Fourth interim       | 0.0385      |
| Fifth interim        | 0.0338      |
| Sixth interim        | 0.0323      |

### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share             | NAV         | TER      |
|---------------------------|-------------|----------|
| <b>Euro</b>               | <b>€</b>    | <b>%</b> |
| Class 'A-H' Accumulation  | 9.8469      | 1.59     |
| Class 'A-H' Distribution  | 9.5507      | 1.58     |
| Class 'C-H' Accumulation  | 9.9061      | 0.98     |
| Class 'C-H' Distribution  | 9.6027      | 0.98     |
| Class 'CI-H' Accumulation | 9.9091      | 0.95     |
| Class 'L-H' Accumulation  | 9.9314      | 0.73     |
| <b>Sterling</b>           | <b>£</b>    | <b>%</b> |
| Class 'C-H' Accumulation  | 10.0115     | 0.99     |
| Class 'C-H' Distribution  | 9.7123      | 0.99     |
| Class 'L-H' Accumulation  | 10.0369     | 0.74     |
| Class 'L-H' Distribution  | 10.0271     | 0.77 [a] |
| <b>Swiss franc</b>        | <b>CHF</b>  | <b>%</b> |
| Class 'A-H' Accumulation  | 9.8043      | 1.58     |
| Class 'A-H' Distribution  | 9.5087      | 1.60     |
| Class 'C-H' Accumulation  | 9.8631      | 0.98     |
| Class 'C-H' Distribution  | 9.5655      | 0.98     |
| <b>US dollar</b>          | <b>US\$</b> | <b>%</b> |
| Class 'A' Accumulation    | 10.1084     | 1.56     |
| Class 'A' Distribution    | 9.8066      | 1.56     |
| Class 'A M' Distribution  | 9.7346      | 1.56     |
| Class 'C' Accumulation    | 10.1655     | 0.96     |
| Class 'C' Distribution    | 9.8643      | 0.96     |
| Class 'CI' Accumulation   | 10.1705     | 0.93     |
| Class 'L' Accumulation    | 10.1929     | 0.71     |

[a] The share class has an estimated TER shown, as this share class launched in the period, therefore this is a more reliable estimate of the charges suffered.

| NAV at fund level                      | US\$'000      |
|--|---------------|
| Net assets                             | 16,070        |
| Swing pricing adjustment (see note 11) | 0             |
| <b>Swung net assets</b>                | <b>16,070</b> |

## M&G (Lux) Global Listed Infrastructure Fund

# Investment objective and policy

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### 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

## Portfolio statement

### Portfolio statement

| Investment description                        | Holding | Currency | Market value<br>US\$'000 | % of net<br>assets |
|---|---------|----------|--------------------------|--------------------|
| <b>EQUITIES</b>                               |         |          | <b>9,132</b>             | <b>99.56</b>       |
| <b>Oil, gas &amp; consumable fuels</b>        |         |          | <b>1,704</b>             | <b>18.58</b>       |
| <b>US</b>                                     |         |          |                          |                    |
| ONEOK   | 3,484   | US\$     | 237                      | 2.58               |
| <b>Canada</b>                                 |         |          | <b>1,467</b>             | <b>16.00</b>       |
| Enbridge                                      | 9,042   | US\$     | 293                      | 3.20               |
| Gibson Energy                                 | 22,950  | CA\$     | 355                      | 3.87               |
| Keyera  | 8,575   | CA\$     | 227                      | 2.48               |
| PrairieSky Royalty                            | 16,540  | CA\$     | 291                      | 3.17               |
| TransCanada                                   | 7,454   | US\$     | 301                      | 3.28               |
| <b>Metals &amp; mining</b>                    |         |          | <b>352</b>               | <b>3.84</b>        |
| <b>Canada</b>                                 |         |          |                          |                    |
| Franco-Nevada                                 | 5,649   | CA\$     | 352                      | 3.84               |
| <b>Construction &amp; engineering</b>         |         |          | <b>626</b>               | <b>6.82</b>        |
| <b>France</b>                                 |         |          |                          |                    |
| Vi  | 3,690   | €        | 349                      | 3.80               |
| <b>Spain</b>                                  |         |          |                          |                    |
| Ferrovial                                     | 13,359  | €        | 277                      | 3.02               |
| <b>Commercial services &amp; supplies</b>     |         |          | <b>177</b>               | <b>1.93</b>        |
| <b>US</b>                                     |         |          |                          |                    |
| Republic Services                             | 2,439   | US\$     | 177                      | 1.93               |
| <b>Road &amp; rail</b>                        |         |          | <b>331</b>               | <b>3.61</b>        |
| <b>US</b>                                     |         |          |                          |                    |
| Union Pacific                                 | 1,460   | US\$     | 239                      | 2.61               |
| <b>Hong Kong</b>                              |         |          |                          |                    |
| MTR   | 17,500  | HK\$     | 92                       | 1.00               |
| <b>Transportation infrastructure</b>          |         |          | <b>751</b>               | <b>8.19</b>        |
| <b>Switzerland</b>                            |         |          |                          |                    |
| Flughafen Zurich                              | 549     | CHF      | 111                      | 1.21               |
| <b>Brazil</b>                                 |         |          |                          |                    |
| CCR   | 45,890  | BRL      | 93                       | 1.02               |
| <b>Australia</b>                              |         |          | <b>413</b>               | <b>4.50</b>        |
| Sydney Airport Stapled Security               | 28,086  | AU\$     | 140                      | 1.52               |
| Transurban Group                              | 33,783  | AU\$     | 273                      | 2.98               |
| <b>Hong Kong</b>                              |         |          |                          |                    |
| Hopewell Highway Infrastructure               | 256,500 | HK\$     | 134                      | 1.46               |
| <b>Consumer finance</b>                       |         |          | <b>165</b>               | <b>1.80</b>        |
| <b>US</b>                                     |         |          | <b>165</b>               | <b>1.80</b>        |
| Mastercard                                    | 343     | US\$     | 76                       | 0.83               |
| Visa 'A'                                      | 593     | US\$     | 89                       | 0.97               |
| <b>Capital markets</b>                        |         |          | <b>641</b>               | <b>6.99</b>        |
| <b>Guernsey</b>                               |         |          | <b>418</b>               | <b>4.56</b>        |
| HICL Infrastructure                           | 83,068  | £        | 165                      | 1.80               |
| International Public Partnerships             | 81,758  | £        | 162                      | 1.77               |
| John Laing Infrastructure Fund                | 48,844  | £        | 91                       | 0.99               |
| <b>US</b>                                     |         |          | <b>223</b>               | <b>2.43</b>        |
| CME Group                                     | 784     | US\$     | 135                      | 1.47               |
| Intercontinental Exchange                     | 1,169   | US\$     | 88                       | 0.96               |
| <b>Diversified telecommunication services</b> |         |          | <b>286</b>               | <b>3.12</b>        |
| <b>Italy</b>                                  |         |          |                          |                    |
| Infrastrutture Wireless Italiane              | 11,156  | €        | 83                       | 0.91               |
| <b>Singapore</b>                              |         |          |                          |                    |
| NetLink NBN Trust                             | 354,900 | SG\$     | 203                      | 2.21               |
| <b>Electric utilities</b>                     |         |          | <b>1,639</b>             | <b>17.87</b>       |
| <b>Belgium</b>                                |         |          |                          |                    |
| Elia System Operator                          | 4,164   | €        | 268                      | 2.92               |
| <b>Denmark</b>                                |         |          |                          |                    |
| Ørsted  | 6,465   | DKK      | 434                      | 4.73               |
| <b>Italy</b>                                  |         |          |                          |                    |
| Enel  | 68,056  | €        | 345                      | 3.76               |
| <b>US</b>                                     |         |          | <b>584</b>               | <b>6.37</b>        |
| Edison International                          | 6,127   | US\$     | 408                      | 4.45               |
| NextEra Energy                                | 1,061   | US\$     | 176                      | 1.92               |
| <b>Hong Kong</b>                              |         |          |                          |                    |
| CK Infrastructure Holdings                    | 1,000   | HK\$     | 8                        | 0.09               |

# M&G (Lux) Global Listed Infrastructure Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                       | Holding | Currency | Market value<br>US\$'000 | % of net<br>assets |
|--|---------|----------|--------------------------|--------------------|
| <b>EQUITIES (continued)</b>                                  |         |          |                          |                    |
| <b>Gas utilities</b>   |         |          |                          |                    |
| <b>Spain</b>   |         |          |                          |                    |
| Gas Natural  | 6,798   | €        | 187                      | 2.04               |
| <b>US</b>  |         |          |                          |                    |
| Atmos Energy   | 2,392   | US\$     | 223                      | 2.43               |
| <b>Multi-utilities</b>                                       |         |          |                          |                    |
| <b>UK</b>  |         |          |                          |                    |
| National Grid  | 25,252  | £        | 258                      | 2.81               |
| <b>Water utilities</b>                                       |         |          |                          |                    |
| <b>US</b>  |         |          |                          |                    |
| American Water Works   | 2,104   | US\$     | 183                      | 1.99               |
| <b>Independent power and renewable electricity producers</b> |         |          |                          |                    |
| <b>Guernsey</b>  |         |          |                          |                    |
| Renewables Infrastructure Group                              | 165,508 | £        | 243                      | 2.65               |
| <b>Equity Real Estate Investment Trusts (REITs)</b>          |         |          |                          |                    |
| <b>UK</b>  |         |          |                          |                    |
| UNITE Group  | 27,752  | £        | 319                      | 3.48               |
| <b>US</b>  |         |          |                          |                    |
| American Tower   | 925     | US\$     | 133                      | 1.45               |
| CoreSite Realty  | 2,429   | US\$     | 265                      | 2.89               |
| Crown Castle International                                   | 2,045   | US\$     | 223                      | 2.43               |
| Equinix  | 601     | US\$     | 258                      | 2.81               |
| Ventas   | 3,106   | US\$     | 168                      | 1.83               |
| <b>Portfolio of investments</b>                              |         |          | <b>9,132</b>             | <b>99.56</b>       |
| <b>Total portfolio</b>                                       |         |          | <b>9,132</b>             | <b>99.56</b>       |
| Net other assets/(liabilities)                               |         |          | 40                       | 0.44               |
| <b>NET ASSETS</b>  |         |          | <b>9,172</b>             | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                     |         |          |                          |                    |
| <b>Investment assets</b>                                     |         |          |                          |                    |
| Equity securities  |         |          | 9,132                    | 99.56              |
| <b>Total Investment assets</b>                               |         |          | <b>9,132</b>             | <b>99.56</b>       |
| <b>Total portfolio</b>                                       |         |          | <b>9,132</b>             | <b>99.56</b>       |
| Net other assets/(liabilities)                               |         |          | 40                       | 0.44               |
| <b>NET ASSETS</b>  |         |          | <b>9,172</b>             | <b>100.00</b>      |

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

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 for the six months ended 30 September 2018.

#### Quarterly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Second interim | 01.07.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Monthly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.04.18 | 18.05.18    | 22.05.18 | 25.05.18 |
| Second interim | 01.05.18 | 31.05.18 | 15.06.18    | 18.06.18 | 21.06.18 |
| Third interim  | 01.06.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Fourth interim | 01.07.18 | 31.07.18 | 17.08.18    | 20.08.18 | 23.08.18 |
| Fifth interim  | 01.08.18 | 31.08.18 | 21.09.18    | 24.09.18 | 27.09.18 |
| Sixth interim  | 01.09.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

### Distributions

|                      | Euro Class 'A' | Euro Class 'C' | Sterling Class 'C' | Swiss franc Class 'A' | Swiss franc Class 'C' |
|----------------------|----------------|----------------|--------------------|-----------------------|-----------------------|
| to 30 September 2018 | Euro €         | Euro €         | UK p               | Swiss €               | Swiss €               |
| First interim        | 0.1009         | 0.1016         | 0.1009             | 0.1017                | 0.1023                |
| Second interim       | 0.0905         | 0.0912         | 0.0909             | 0.0891                | 0.0899                |

|                      | US dollar Class 'A' | US dollar Class 'C' |
|----------------------|---------------------|---------------------|
| to 30 September 2018 | US €                | US €                |
| First interim        | 0.1000              | 0.1006              |
| Second interim       | 0.0891              | 0.0899              |

|                      | US dollar Class 'A M' |
|----------------------|-----------------------|
| to 30 September 2018 | US €                  |
| First interim        | 0.0392                |
| Second interim       | 0.0488                |
| Third interim        | 0.0195                |
| Fourth interim       | 0.0296                |
| Fifth interim        | 0.0220                |
| Sixth interim        | 0.0294                |

### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV             | TER      |
|--|-----------------|----------|
| <b>Euro</b>                            | <b>€</b>        | <b>%</b> |
| Class 'A' Accumulation                 | 10.2092         | 2.14     |
| Class 'A' Distribution                 | 10.0065         | 2.09     |
| Class 'C' Accumulation                 | 10.3147         | 1.11     |
| Class 'C' Distribution                 | 10.1048         | 1.10     |
| Class 'CI' Accumulation                | 10.3196         | 1.07     |
| Class 'L' Accumulation                 | 10.3409         | 0.86     |
| <b>Sterling</b>                        | <b>£</b>        | <b>%</b> |
| Class 'C' Accumulation                 | 10.2814         | 1.10     |
| Class 'C' Distribution                 | 10.0723         | 1.10     |
| Class 'L' Accumulation                 | 10.5414         | 0.85     |
| <b>Swiss franc</b>                     | <b>CHF</b>      | <b>%</b> |
| Class 'A' Accumulation                 | 10.0682         | 2.10     |
| Class 'A' Distribution                 | 9.8622          | 2.10     |
| Class 'C' Accumulation                 | 10.1674         | 1.10     |
| Class 'C' Distribution                 | 9.9598          | 1.10     |
| <b>US dollar</b>                       | <b>US\$</b>     | <b>%</b> |
| Class 'A' Accumulation                 | 10.0732         | 2.10     |
| Class 'A' Distribution                 | 9.8665          | 2.11     |
| Class 'A M' Distribution               | 9.8050          | 2.11     |
| Class 'C' Accumulation                 | 10.1728         | 1.10     |
| Class 'C' Distribution                 | 9.9641          | 1.10     |
| Class 'CI' Accumulation                | 10.1754         | 1.07     |
| Class 'L' Accumulation                 | 10.1975         | 0.85     |
| <b>NAV at fund level</b>               | <b>US\$'000</b> |          |
| Net assets                             | 9,172           |          |
| Swing pricing adjustment (see note 11) | 0               |          |
| <b>Swung net assets</b>                | <b>9,172</b>    |          |

## M&G (Lux) Global Recovery Fund

# Investment objective and policy

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### Investment objective

The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global equities market over any five-year period.

### Investment policy

The Fund invests at least 80% of its Net Asset Value in the equity securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets.

The Investment Manager seeks to invest in companies that are out of favour with the market or whose future prospects are not fully recognised by the market at the time of investment.

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\*, 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 Recovery Fund

## Portfolio statement

### Portfolio statement

| Investment description         | Holding   | Currency | Market value<br>US\$'000 | % of net<br>assets |
|--------------------------------|-----------|----------|--------------------------|--------------------|
| <b>EQUITIES</b>                |           |          | <b>1,221</b>             | <b>96.75</b>       |
| <b>UK</b>                      |           |          | <b>109</b>               | <b>8.64</b>        |
| BP                             | 3,964     | £        | 31                       | 2.46               |
| GW Pharmaceuticals ADR         | 198       | US\$     | 35                       | 2.77               |
| Reabold Resources              | 1,005,989 | £        | 11                       | 0.87               |
| Standard Chartered             | 1,550     | HK\$     | 13                       | 1.03               |
| Tullow Oil                     | 5,775     | £        | 19                       | 1.51               |
| <b>Denmark</b>                 |           |          |                          |                    |
| Pandora                        | 507       | DKK      | 31                       | 2.46               |
| <b>France</b>                  |           |          | <b>25</b>                | <b>1.98</b>        |
| Fnac Darty                     | 127       | €        | 10                       | 0.79               |
| Veolia Environnement           | 769       | €        | 15                       | 1.19               |
| <b>Germany</b>                 |           |          | <b>67</b>                | <b>5.31</b>        |
| Bayer                          | 110       | €        | 10                       | 0.79               |
| Commerzbank                    | 990       | €        | 10                       | 0.79               |
| MagForce                       | 806       | €        | 6                        | 0.48               |
| ThyssenKrupp                   | 552       | €        | 14                       | 1.11               |
| Volkswagen Pref. (non voting)  | 153       | €        | 27                       | 2.14               |
| <b>Ireland</b>                 |           |          | <b>54</b>                | <b>4.28</b>        |
| Allergan                       | 73        | US\$     | 14                       | 1.11               |
| Bank of Ireland Group          | 1,065     | €        | 8                        | 0.63               |
| Johnson Controls International | 501       | US\$     | 18                       | 1.43               |
| Kenmare Resources              | 4,410     | £        | 14                       | 1.11               |
| <b>Switzerland</b>             |           |          | <b>47</b>                | <b>3.72</b>        |
| Arbonia                        | 893       | CHF      | 12                       | 0.95               |
| Garmin                         | 297       | US\$     | 21                       | 1.66               |
| IWG                            | 4,394     | £        | 14                       | 1.11               |
| <b>US</b>                      |           |          | <b>436</b>               | <b>34.55</b>       |
| Advance Auto Parts             | 71        | US\$     | 12                       | 0.95               |
| Ally Financial                 | 353       | US\$     | 9                        | 0.71               |
| American Airlines Group        | 331       | US\$     | 14                       | 1.11               |
| Anadarko Petroleum             | 302       | US\$     | 20                       | 1.58               |
| Athersys                       | 11,897    | US\$     | 26                       | 2.06               |
| Carnival                       | 254       | US\$     | 16                       | 1.27               |
| Cherokee                       | 4,265     | US\$     | 3                        | 0.24               |
| Citigroup                      | 566       | US\$     | 41                       | 3.25               |
| Citizens Financial Group       | 449       | US\$     | 17                       | 1.35               |
| eBay                           | 439       | US\$     | 15                       | 1.19               |
| GameStop 'A'                   | 1,061     | US\$     | 16                       | 1.27               |
| Hewlett Packard Enterprise     | 849       | US\$     | 14                       | 1.11               |
| HP                             | 738       | US\$     | 19                       | 1.51               |
| Marriott Vacations Worldwide   | 65        | US\$     | 7                        | 0.55               |
| Mattel                         | 741       | US\$     | 12                       | 0.95               |
| Microsoft                      | 342       | US\$     | 39                       | 3.09               |
| PayPal Holdings                | 257       | US\$     | 23                       | 1.82               |
| Pfizer                         | 811       | US\$     | 36                       | 2.85               |
| Polaris Industries             | 146       | US\$     | 15                       | 1.19               |
| Stericycle                     | 204       | US\$     | 12                       | 0.95               |
| Syneos Health                  | 54        | US\$     | 3                        | 0.24               |
| Tapestry                       | 240       | US\$     | 12                       | 0.95               |
| Wells Fargo                    | 452       | US\$     | 24                       | 1.90               |
| Western Union                  | 742       | US\$     | 14                       | 1.11               |
| Weyerhaeuser                   | 510       | US\$     | 17                       | 1.35               |
| <b>Canada</b>                  |           |          | <b>61</b>                | <b>4.83</b>        |
| First Quantum Minerals         | 1,103     | CA\$     | 13                       | 1.03               |
| Midas Gold                     | 32,814    | CA\$     | 21                       | 1.66               |
| NexGen Energy                  | 3,964     | CA\$     | 8                        | 0.63               |
| Nutrien                        | 339       | US\$     | 19                       | 1.51               |
| <b>Japan</b>                   |           |          |                          |                    |
| Sony                           | 400       | ¥        | 25                       | 1.98               |
| <b>Australia</b>               |           |          | <b>158</b>               | <b>12.52</b>       |
| Afterpay Touch Group           | 825       | AU\$     | 11                       | 0.87               |
| Bionomics                      | 21,214    | AU\$     | 8                        | 0.63               |
| FAR                            | 197,838   | AU\$     | 16                       | 1.27               |
| FBR                            | 76,151    | AU\$     | 10                       | 0.79               |
| IPH                            | 6,869     | AU\$     | 30                       | 2.38               |

# M&G (Lux) Global Recovery Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description             | Holding | Currency | Market value<br>US\$'000 | % of net<br>assets |
|------------------------------------|---------|----------|--------------------------|--------------------|
| <b>EQUITIES (continued)</b>        |         |          |                          |                    |
| <b>Australia (continued)</b>       |         |          |                          |                    |
| Medical Developments International | 8,109   | AU\$     | 24                       | 1.90               |
| Mesoblast                          | 10,081  | AU\$     | 16                       | 1.27               |
| Mesoblast ADR                      | 1,273   | US\$     | 10                       | 0.79               |
| Mineral Commodities                | 101,425 | AU\$     | 13                       | 1.03               |
| St Barbara                         | 5,665   | AU\$     | 14                       | 1.11               |
| Vintage Energy                     | 35,613  | AU\$     | 6                        | 0.48               |
| <b>China</b>                       |         |          |                          |                    |
| China Financial Services Holdings  | 312,000 | HK\$     | 22                       | 1.74               |
| Kingsoft                           | 1,000   | HK\$     | 2                        | 0.16               |
| <b>Hong Kong</b>                   |         |          |                          |                    |
| Global Brands Group Holding        | 184,000 | HK\$     | 10                       | 0.79               |
| Hutchison China MediTech           | 713     | £        | 44                       | 3.49               |
| Hutchison China MediTech ADR       | 1,415   | US\$     | 45                       | 3.56               |
| Li & Fung                          | 20,000  | HK\$     | 5                        | 0.40               |
| <b>Malaysia</b>                    |         |          |                          |                    |
| AirAsia Group                      | 37,500  | MYR      | 29                       | 2.30               |
| <b>New Zealand</b>                 |         |          |                          |                    |
| Xero                               | 254     | AU\$     | 9                        | 0.71               |
| <b>Singapore</b>                   |         |          |                          |                    |
| ComfortDelGro                      | 3,800   | SG\$     | 7                        | 0.56               |
| <b>United Arab Emirates</b>        |         |          |                          |                    |
| DP World                           | 849     | US\$     | 16                       | 1.27               |
| <b>South Africa</b>                |         |          |                          |                    |
| MTN Group                          | 1,410   | ZAR      | 8                        | 0.63               |
| <b>Bermuda</b>                     |         |          |                          |                    |
| Belmond 'A'                        | 608     | US\$     | 11                       | 0.87               |
| <b>Portfolio of investments</b>    |         |          | <b>1,221</b>             | <b>96.75</b>       |
| <b>Total portfolio</b>             |         |          | <b>1,221</b>             | <b>96.75</b>       |
| Net other assets/(liabilities)     |         |          | 41                       | 3.25               |
| <b>NET ASSETS</b>                  |         |          | <b>1,262</b>             | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>           |         |          |                          |                    |
| <b>Investment assets</b>           |         |          |                          |                    |
| Equity securities                  |         |          | 1,221                    | 96.75              |
| <b>Total Investment assets</b>     |         |          | <b>1,221</b>             | <b>96.75</b>       |
| <b>Total portfolio</b>             |         |          | <b>1,221</b>             | <b>96.75</b>       |
| Net other assets/(liabilities)     |         |          | 41                       | 3.25               |
| <b>NET ASSETS</b>                  |         |          | <b>1,262</b>             | <b>100.00</b>      |

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

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



## M&G (Lux) Global Recovery 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 30 September 2018 and Total Expense Ratio (TER) for the financial period from 18 July 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV             | TER      |
|--|-----------------|----------|
| <b>Euro</b>                            | <b>€</b>        | <b>%</b> |
| Class 'A' Accumulation                 | 10.1131         | 1.95     |
| Class 'C' Accumulation                 | 10.1331         | 0.95     |
| Class 'L' Accumulation                 | 10.1382         | 0.70     |
| <b>US dollar</b>                       | <b>US\$</b>     | <b>%</b> |
| Class 'A' Accumulation                 | 10.0805         | 1.95     |
| Class 'C' Accumulation                 | 10.1004         | 0.95     |
| Class 'L' Accumulation                 | 10.1051         | 0.71     |
| <b>NAV at fund level</b>               | <b>US\$'000</b> |          |
| Net assets                             | 1,262           |          |
| Swing pricing adjustment (see note 11) | 6               |          |
| <b>Swung net assets</b>                | <b>1,268</b>    |          |

## 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.

- 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.

### 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:

- 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;
- bonds which are rated above investment grade by a recognised rating agency;
- a maximum of 60% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds;
- a maximum of 20% of the Fund's Net Asset Value in Contingent Convertible Debt Securities; and

# M&G (Lux) Global Target Return Fund

## Portfolio statement

### Portfolio statement

| Investment description  | Holding   | Currency | Market value<br>€'000 | % of net<br>assets |
|---|-----------|----------|-----------------------|--------------------|
| <b>EQUITIES</b>   |           |          | <b>16,564</b>         | <b>14.63</b>       |
| <b>Metals &amp; mining</b>  |           |          | <b>2,042</b>          | <b>1.80</b>        |
| Anglo American  | 27,400    | £        | 530                   | 0.47               |
| BHP Billiton  | 26,833    | £        | 501                   | 0.44               |
| Glencore  | 137,974   | £        | 510                   | 0.45               |
| Rio Tinto   | 11,520    | £        | 501                   | 0.44               |
| <b>Biotechnology</b>  |           |          |                       |                    |
| BioPharma Credit 'C'  | 620,400   | US\$     | 566                   | 0.50               |
| <b>Banks</b>  |           |          | <b>4,194</b>          | <b>3.70</b>        |
| Banco BPM   | 126,149   | €        | 263                   | 0.23               |
| Bankia  | 141,198   | €        | 480                   | 0.42               |
| Citigroup   | 8,252     | US\$     | 520                   | 0.46               |
| Intesa Sanpaolo   | 241,363   | €        | 540                   | 0.48               |
| JPMorgan Chase  | 5,104     | US\$     | 505                   | 0.45               |
| Lloyds Banking Group  | 646,691   | £        | 433                   | 0.38               |
| Mediobanca Banca di Credito Finanziario                                       | 50,323    | €        | 432                   | 0.38               |
| UniCredit   | 42,941    | €        | 552                   | 0.49               |
| Wells Fargo   | 10,288    | US\$     | 469                   | 0.41               |
| <b>Consumer finance</b>   |           |          |                       |                    |
| American Express  | 5,586     | US\$     | 520                   | 0.46               |
| <b>Capital markets</b>  |           |          | <b>6,403</b>          | <b>5.66</b>        |
| International Public Partnerships   | 92,747    | £        | 158                   | 0.14               |
| iShares MSCI Emerging Markets Investable Market Index                         | 50,065    | US\$     | 1,196                 | 1.06               |
| iShares MSCI Turkey ETF   | 70,946    | £        | 937                   | 0.83               |
| M&G Global Corporate Bond Fund Euro Class 'C-H' (Accumulation) <sup>[a]</sup> | 191,702   | €        | 2,224                 | 1.96               |
| M&G Japan Fund GBP Class 'A' (Accumulation) <sup>[a]</sup>                    | 1,915,293 | £        | 1,304                 | 1.15               |
| Xtrackers MSCI Indonesia Swap UCITS ETF                                       | 49,713    | £        | 584                   | 0.52               |
| <b>Diversified telecommunication services</b>                                 |           |          |                       |                    |
| NetLink NBN Trust   | 1,215,300 | SG\$     | 600                   | 0.53               |
| <b>Independent power and renewable electricity producers</b>                  |           |          | <b>1,361</b>          | <b>1.20</b>        |
| Greencoat Renewables  | 647,920   | €        | 674                   | 0.59               |
| Greencoat UK Wind   | 473,028   | £        | 687                   | 0.61               |
| <b>Real estate management &amp; development</b>                               |           |          |                       |                    |
| Unibail-Rodamco-Westfield   | 3,203     | €        | 561                   | 0.50               |

|   | Contracts | Maturity date | Commitment value<br>(€'000) |             |
|---|-----------|---------------|-----------------------------|-------------|
| <b>Equity derivatives</b>                 |           |               | <b>317</b>                  | <b>0.28</b> |
| <b>Equity index futures</b>               |           |               | <b>179</b>                  | <b>0.16</b> |
| IBEX 35 Index Futures                     | 6         | €             | 561                         | (1)         |
| Hang Seng China Enterprises Index Futures | 43        | HK\$          | 2,625                       | 41          |
| MSCI Singapore Index Futures              | 26        | SG\$          | 607                         | 6           |
| Korean Stock Exchange Futures             | 40        | KRW           | 2,348                       | 50          |
| Topix Index Futures                       | 9         | ¥             | 1,245                       | 99          |
| DJ Euro Stoxx 50 Futures                  | 225       | €             | 1,192                       | (16)        |
| <b>Equity options</b>                     |           |               |                             | <b>138</b>  |
| DJ Euro Stoxx 50 Call € 3,700.00          | 362       | €             | -                           | 72          |
| S&P 500 Put US\$ 2,600.00                 | (21)      | US\$          | 2,421                       | (24)        |
| S&P 500 Put US\$ 2,875.00                 | 21        | US\$          | -                           | 90          |

|                                  | Holding        |     |               |              |
|----------------------------------|----------------|-----|---------------|--------------|
| <b>FIXED INCOME</b>              |                |     | <b>11,850</b> | <b>10.47</b> |
| <b>Debt securities</b>           |                |     | <b>12,442</b> | <b>10.99</b> |
| <b>'AA' credit rated bonds</b>   |                |     |               |              |
| Paragon Mortgages No 24 FRN      | 200,000        | £   | 15.07.43      | 232          |
| <b>'BBB' credit rated bonds</b>  |                |     | <b>6,179</b>  | <b>5.46</b>  |
| Indonesia (Republic of) 8.25%    | 37,987,000,000 | IDR | 15.05.36      | 2,174        |
| Italy (Republic of) 2%           | 3,900,000      | €   | 01.02.28      | 3,573        |
| Newday Partnership Funding FRN   | 150,000        | £   | 15.04.25      | 171          |
| NewDay Partnership Funding FRN   | 227,000        | £   | 15.06.24      | 261          |
| <b>'BB' credit rated bonds</b>   |                |     | <b>3,838</b>  | <b>3.39</b>  |
| Brazil (Federal Republic of) 10% | 11,517,000     | BRL | 01.01.23      | 2,418        |
| South Africa (Republic of) 8.5%  | 26,379,000     | ZAR | 31.01.37      | 1,420        |

# M&G (Lux) Global Target Return Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description             | Holding   | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|------------------------------------|-----------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>    |           |          |               |                       |                    |
| <b>Debt securities (continued)</b> |           |          |               |                       |                    |
| <b>'B' credit rated bonds</b>      |           |          |               |                       |                    |
| Argentina (Republic of) 5%         | 1,007,000 | €        | 15.01.27      | 822                   | 0.73               |
| Argentina (Republic of) 5%         | 187,000   | €        | 15.01.27      | 152                   | 0.13               |
| <b>'D' credit rated bonds</b>      |           |          |               |                       |                    |
| Argentina (Republic of) 7.82%      | 1,264,639 | €        | 31.12.33      | 1,219                 | 1.08               |

| <b>Contracts</b>                                      |             |      |  |       |        |
|---|-------------|------|--|-------|--------|
| <b>Debt derivatives</b>                               |             |      |  |       |        |
| <b>Credit default swaps</b>                           |             |      |  |       |        |
| Markit's North American High Yield CDX Index Jun 2023 | 2,480,000   | US\$ |  | (170) | (0.15) |
| People's Republic of China Jun 2023                   | 11,040,000  | USD  |  | (207) | (0.18) |
| Republic of Chile Jun 2023                            | 11,029,000  | USD  |  | (266) | (0.23) |
| Republic of Korea Jun 2023                            | 10,990,000  | USD  |  | (282) | (0.25) |
| Republic of the Philippines Jun 2023                  | 11,180,000  | USD  |  | (129) | (0.12) |
| <b>Interest rate swaps</b>                            |             |      |  |       |        |
| Pay 1.591% Receive VAR Dec 2046                       | 283,000     | £    |  | 11    | 0.01   |
| Pay 1% Receive VAR Dec 2046                           | 68,420,250  | ¥    |  | 13    | 0.01   |
| Pay 1.54% Receive VAR Jan 2047                        | 97,500      | £    |  | 5     | -      |
| Pay 1.493% Receive VAR Mar 2047                       | 784,300     | £    |  | 54    | 0.05   |
| Pay 1.449% Receive VAR May 2047                       | 255,000     | £    |  | 20    | 0.02   |
| Pay 0.8423% Receive VAR May 2047                      | 52,620,000  | ¥    |  | 6     | 0.01   |
| Pay 1.383% Receive VAR Jun 2047                       | 472,000     | £    |  | 45    | 0.04   |
| Pay 1.464% Receive VAR Aug 2047                       | 165,000     | £    |  | 11    | 0.01   |
| Pay 0.8775% Receive VAR Aug 2047                      | 25,500,000  | ¥    |  | 4     | -      |
| Pay 1.424% Receive VAR Dec 2047                       | 700,000     | £    |  | 59    | 0.05   |
| Pay 1.747% Receive VAR Feb 2048                       | 560,000     | £    |  | -     | -      |
| Pay 0.85% Receive VAR Feb 2048                        | 51,000,000  | ¥    |  | 8     | 0.01   |
| Pay 1.63% Receive VAR Mar 2048                        | 280,600     | £    |  | 9     | 0.01   |
| Pay 0.814% Receive VAR May 2048                       | 111,700,000 | ¥    |  | 24    | 0.02   |
| Pay 1.713% Receive VAR May 2048                       | 581,000     | £    |  | 4     | -      |
| Pay 1.5955% Receive VAR Jul 2048                      | 331,000     | £    |  | 13    | 0.01   |

| <b>Commitment value<br/>(€'000)</b>                |      |   |          |        |    |
|--|------|---|----------|--------|----|
| <b>Interest rate futures</b>                       |      |   |          |        |    |
| Germany (Federal Republic of) Bobl 5 year Futures  | (91) | € | 06.12.18 | 11,897 | 78 |
| Germany (Federal Republic of) Bund 10 year Futures | (23) | € | 06.12.18 | 3,658  | 39 |
| Germany (Federal Republic of) Buxl 30 year Futures | (20) | € | 06.12.18 | 3,498  | 17 |
| Japan 10 year Bond Futures                         | (3)  | ¥ | 13.12.18 | 3,428  | 4  |
| UK Treasury Notes Futures                          | (27) | £ | 27.12.18 | 3,684  | 38 |

| <b>CURRENCY</b>   |  |  |          |       |        |
|---|--|--|----------|-------|--------|
| <b>Forward currency contracts</b>                           |  |  |          |       |        |
| Bought for £ 2,592,918.99, Sold for € 2,907,561.65          |  |  | 19.10.18 | 11    | 0.01   |
| Bought for ¥ 162,784,205.00, Sold for € 1,242,128.77        |  |  | 19.10.18 | (3)   | -      |
| Bought for € 6,236,422.40, Sold for £ 5,560,767.51          |  |  | 19.10.18 | (22)  | (0.02) |
| Bought for € 2,482,820.66, Sold for AU\$ 3,941,721.12       |  |  | 19.10.18 | 31    | 0.03   |
| Bought for € 1,238,173.23, Sold for CHF 1,426,728.44        |  |  | 19.10.18 | (24)  | (0.02) |
| Bought for € 3,033,302.15, Sold for SG\$ 4,851,736.45       |  |  | 19.10.18 | (25)  | (0.02) |
| Bought for € 1,348,286.98, Sold for TRY 9,923,392.14        |  |  | 19.10.18 | (60)  | (0.05) |
| Bought for € 13,727,080.73, Sold for US\$ 16,084,913.53     |  |  | 19.10.18 | (143) | (0.12) |
| Bought for AU\$ 2,018,051.14, Sold for € 1,281,791.43       |  |  | 19.10.18 | (27)  | (0.02) |
| Bought for IDR 4,488,446,923.00, Sold for US\$ 308,357.17   |  |  | 19.10.18 | (7)   | (0.01) |
| Bought for KRW 4,150,011,473.00, Sold for US\$ 3,656,746.85 |  |  | 19.10.18 | 71    | 0.07   |
| Bought for MYR 12,125,677.05, Sold for US\$ 2,965,160.07    |  |  | 19.10.18 | (29)  | (0.03) |
| Bought for RUB 184,390,248.07, Sold for US\$ 2,931,281.54   |  |  | 19.10.18 | (116) | (0.10) |
| Bought for SG\$ 1,016,883.27, Sold for € 646,566.71         |  |  | 19.10.18 | (6)   | -      |
| Bought for THB 25,572,613.59, Sold for US\$ 770,027.51      |  |  | 19.10.18 | 18    | 0.02   |
| Bought for TRY 21,284,622.17, Sold for € 3,457,653.59       |  |  | 19.10.18 | (437) | (0.39) |
| Bought for TW\$ 158,912,235.00, Sold for US\$ 5,206,089.37  |  |  | 19.10.18 | 11    | -      |
| Bought for US\$ 7,005,561.99, Sold for € 6,045,681.31       |  |  | 19.10.18 | (5)   | (0.01) |
| Bought for US\$ 2,920,223.24, Sold for BRL 11,432,673.99    |  |  | 19.10.18 | 65    | 0.06   |
| Bought for US\$ 5,717,311.12, Sold for KRW 6,435,882,671.00 |  |  | 19.10.18 | (70)  | (0.06) |
| Bought for US\$ 4,408,480.33, Sold for MYR 17,892,032.60    |  |  | 19.10.18 | 70    | 0.06   |
| Bought for US\$ 2,862,208.89, Sold for THB 95,225,689.80    |  |  | 19.10.18 | (72)  | (0.06) |

# M&G (Lux) Global Target Return Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                      | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|---------------|-----------------------|--------------------|
| <b>CURRENCY (continued)</b>                                 |               |                       |                    |
| Bought for US\$ 7,335,506.79, Sold for TW\$ 223,257,261.00  | 19.10.18      | 4                     | -                  |
| Bought for CNY 21,125,087.00, Sold for US\$ 3,144,088.52    | 07.12.18      | (70)                  | (0.06)             |
| Bought for HK\$ 10,920,993.06, Sold for US\$ 1,393,882.48   | 07.12.18      | 3                     | -                  |
| Bought for US\$ 3,131,220.01, Sold for CNY 21,125,087.00    | 07.12.18      | 59                    | 0.06               |
| Bought for US\$ 14,412,550.87, Sold for HK\$ 112,131,257.79 | 07.12.18      | 61                    | 0.04               |
| Bought for CNY 12,598,274.00, Sold for US\$ 1,836,376.01    | 06.06.19      | (18)                  | (0.02)             |
| Bought for US\$ 1,911,000.94, Sold for CNY 12,598,273.70    | 06.06.19      | 81                    | 0.07               |
| <b>Portfolio of investments</b>                             |               | <b>28,414</b>         | <b>25.10</b>       |
| <b>SHARE CLASS HEDGING</b>                                  |               |                       |                    |
| Bought for £ 24,981.54, Sold for € 28,010.83                | 17.10.18      | -                     | -                  |
| Bought for € 5,177.04, Sold for US\$ 6,010.99               | 17.10.18      | -                     | -                  |
| Bought for CHF 48,268.98, Sold for € 42,811.90              | 17.10.18      | -                     | -                  |
| Bought for US\$ 299,196.42, Sold for € 257,689.79           | 17.10.18      | -                     | -                  |
| <b>Total portfolio</b>                                      |               | <b>27,765</b>         | <b>24.53</b>       |
| Net other assets/(liabilities)                              |               | 85,415                | 75.47              |
| <b>NET ASSETS</b>   |               | <b>113,180</b>        | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                    |               |                       |                    |
| <b>Investment assets</b>                                    |               |                       |                    |
| Equity securities   |               | 16,247                | 14.35              |
| Debt securities   |               | 12,442                | 10.99              |
| Unrealised gains on futures contracts                       |               | 372                   | 0.33               |
| Unrealised gains on forward currency contracts              |               | 485                   | 0.42               |
| Unrealised gains on options contracts                       |               | 162                   | 0.14               |
| Unrealised gains on swap contracts                          |               | 286                   | 0.25               |
| <b>Total Investment assets</b>                              |               | <b>29,994</b>         | <b>26.48</b>       |
| <b>Investment liabilities</b>                               |               |                       |                    |
| Unrealised losses on futures contracts                      |               | (17)                  | (0.01)             |
| Unrealised losses on forward currency contracts             |               | (1,134)               | (0.99)             |
| Unrealised losses on options contracts                      |               | (24)                  | (0.02)             |
| Unrealised losses on swap contracts                         |               | (1,054)               | (0.93)             |
| <b>Total Investment liabilities</b>                         |               | <b>(2,229)</b>        | <b>(1.95)</b>      |
| <b>Total portfolio</b>                                      |               | <b>27,765</b>         | <b>24.53</b>       |
| Net other assets/(liabilities)                              |               | 85,415                | 75.47              |
| <b>NET ASSETS</b>   |               | <b>113,180</b>        | <b>100.00</b>      |

[a] Related Party (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 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures |   |                  |                  | Collateral held as cash<br>€'000 |
|---|----------------------|---|------------------|------------------|----------------------------------|
|   | Swaps<br>€'000       | Forward<br>currency<br>contracts<br>€'000 | Futures<br>€'000 | Options<br>€'000 |                                  |
| Barclays Bank London                    | 7                    | 2,576                                     | -                | -                | -                                |
| Citigroup Global Markets Limited        | 1,036                | 30,730                                    | -                | -                | 600                              |
| Goldman Sachs International             | 174                  | 2,723                                     | -                | -                | 160                              |
| HSBC Bank Plc                           | -                    | 3,331                                     | -                | -                | -                                |
| J.P.Morgan                              | -                    | 6,817                                     | -                | -                | -                                |
| Merrill Lynch Pierce Fenner + Smith Inc | -                    | -   | 34,743           | 2,421            | -                                |
| National Australia Bank Ltd             | -                    | 375                                       | -                | -                | -                                |
| State Street Bank and Trust Company     | -                    | 334                                       | -                | -                | 450                              |
| State Street Bank London                | -                    | 67,824                                    | -                | -                | -                                |
| UBS AG London                           | 121                  | 40,680                                    | -                | -                | -                                |

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 as at 30 September 2018

|                                   | Six months<br>29.03.18<br>% <sup>[a]</sup> | Three years<br>30.09.15<br>% p.a. | Five years<br>30.09.13<br>% p.a. | Since launch<br>% p.a. |
|-----------------------------------|--|-----------------------------------|----------------------------------|------------------------|
| <b>Euro <sup>[b]</sup></b>        |  |                                   |                                  |                        |
| Class 'A'                         | -2.8                                       | n/a                               | n/a                              | -0.1 <sup>[c]</sup>    |
| Class 'B'                         | -3.1                                       | n/a                               | n/a                              | -0.6 <sup>[c]</sup>    |
| Class 'C'                         | -2.5                                       | n/a                               | n/a                              | +0.7 <sup>[c]</sup>    |
| Class 'CI'                        | -2.5                                       | n/a                               | n/a                              | +0.7 <sup>[c]</sup>    |
| <b>Sterling <sup>[b]</sup></b>    |  |                                   |                                  |                        |
| Class 'C-H'                       | -1.9                                       | n/a                               | n/a                              | +1.7 <sup>[c]</sup>    |
| <b>Swiss franc <sup>[b]</sup></b> |  |                                   |                                  |                        |
| Class 'A-H'                       | -3.0                                       | n/a                               | n/a                              | -0.5 <sup>[c]</sup>    |
| Class 'C-H'                       | -2.6                                       | n/a                               | n/a                              | +0.3 <sup>[c]</sup>    |
| <b>US dollar <sup>[b]</sup></b>   |  |                                   |                                  |                        |
| Class 'A-H'                       | -1.4                                       | n/a                               | n/a                              | +2.3 <sup>[c]</sup>    |
| Class 'C-H'                       | -1.1                                       | n/a                               | n/a                              | +3.1 <sup>[c]</sup>    |

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV            | TER          |
|--|----------------|--------------|
| <b>Euro</b>                            | <b>€</b>       | <b>%</b>     |
| Class 'A' Accumulation                 | 9.9849         | 1.49         |
| Class 'B' Accumulation                 | 9.9011         | 1.95         |
| Class 'C' Accumulation                 | 10.1197        | 0.74         |
| Class 'CI' Accumulation                | 10.1302        | 0.70         |
| <b>Sterling</b>                        | <b>£</b>       | <b>%</b>     |
| Class 'C-H' Accumulation               | 10.2941        | 0.75         |
| <b>Swiss franc</b>                     | <b>CHF</b>     | <b>%</b>     |
| Class 'A-H' Accumulation               | 9.9160         | 1.49         |
| Class 'C-H' Accumulation               | 10.0527        | 0.74         |
| <b>US dollar</b>                       | <b>US\$</b>    | <b>%</b>     |
| Class 'A-H' Accumulation               | 10.4156        | 1.51         |
| Class 'C-H' Accumulation               | 10.5510        | 0.74         |
| <b>NAV at fund level</b>               |                | <b>€'000</b> |
| Net assets                             | 113,180        |              |
| Swing pricing adjustment (see note 11) | 0              |              |
| <b>Swung net assets</b>                | <b>113,180</b> |              |

## 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:

- bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- bonds from issuers located in emerging markets;
- bonds which are rated investment grade by a recognised rating agency;
- unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 40% of the Fund's Net Asset Value;
- Asset-Backed Securities subject to a maximum of 10% of the Fund's Net Asset Value; and
- 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

## Portfolio statement

### Portfolio statement

| Investment description                      | Holding   | Currency | Market value<br>€'000 | % of net<br>assets |
|---|-----------|----------|-----------------------|--------------------|
| <b>EQUITIES</b>                             |           |          | <b>626,061</b>        | <b>48.54</b>       |
| <b>Chemicals</b>                            |           |          |                       |                    |
| BASF  | 74,946    | €        | 5,708                 | 0.44               |
| <b>Aerospace &amp; defense</b>              |           |          |                       |                    |
| BAE Systems                                 | 479,795   | £        | 3,395                 | 0.26               |
| <b>Machinery</b>                            |           |          |                       |                    |
| Sembcorp Marine                             | 327,800   | SG\$     | 421                   | 0.03               |
| <b>Trading companies &amp; distributors</b> |           |          | <b>25,599</b>         | <b>1.98</b>        |
| ITOCHU                                      | 859,900   | ¥        | 13,621                | 1.05               |
| Mitsubishi                                  | 449,000   | ¥        | 11,978                | 0.93               |
| <b>Road &amp; rail</b>                      |           |          | <b>19,983</b>         | <b>1.55</b>        |
| East Japan Railway                          | 95,600    | ¥        | 7,688                 | 0.60               |
| West Japan Railway                          | 203,900   | ¥        | 12,295                | 0.95               |
| <b>Automobiles</b>                          |           |          | <b>46,511</b>         | <b>3.61</b>        |
| Daimler                                     | 199,135   | €        | 10,898                | 0.85               |
| Ford Motor                                  | 983,900   | US\$     | 7,837                 | 0.61               |
| Honda Motor                                 | 452,700   | ¥        | 11,858                | 0.92               |
| Kia Motors                                  | 195,105   | KRW      | 5,327                 | 0.41               |
| Nissan Motor                                | 1,309,500 | ¥        | 10,591                | 0.82               |
| <b>Household durables</b>                   |           |          |                       |                    |
| Coway                                       | 84,576    | KRW      | 5,708                 | 0.44               |
| <b>Textiles, apparel &amp; luxury goods</b> |           |          |                       |                    |
| LVMH Moet Hennessy Louis Vuitton            | 33,580    | €        | 10,322                | 0.80               |
| <b>Hotels, restaurants &amp; leisure</b>    |           |          | <b>4,378</b>          | <b>0.34</b>        |
| Greene King                                 | 249,728   | £        | 1,387                 | 0.11               |
| Kangwon Land                                | 134,001   | KRW      | 2,991                 | 0.23               |
| <b>Media</b>                                |           |          |                       |                    |
| Shaw Communications                         | 268,179   | CA\$     | 4,513                 | 0.35               |
| <b>Specialty retail</b>                     |           |          | <b>8,564</b>          | <b>0.66</b>        |
| Inditex                                     | 208,915   | €        | 5,494                 | 0.42               |
| Truworths International                     | 607,626   | ZAR      | 3,070                 | 0.24               |
| <b>Health care equipment &amp; supplies</b> |           |          |                       |                    |
| Meridian Bioscience                         | 612,400   | US\$     | 7,905                 | 0.61               |
| <b>Pharmaceuticals</b>                      |           |          | <b>17,104</b>         | <b>1.33</b>        |
| GlaxoSmithKline                             | 542,378   | £        | 9,424                 | 0.73               |
| Pfizer                                      | 202,600   | US\$     | 7,680                 | 0.60               |
| <b>Banks</b>                                |           |          | <b>262,834</b>        | <b>20.38</b>       |
| Banco Bilbao Vizcaya Argentaria             | 2,518,650 | €        | 13,767                | 1.07               |
| Banco de Sabadell                           | 9,264,429 | €        | 12,194                | 0.94               |
| Banco Santander                             | 3,208,119 | €        | 13,890                | 1.08               |
| Bank of America                             | 216,674   | US\$     | 5,602                 | 0.43               |
| Bank of Montreal                            | 184,472   | CA\$     | 13,208                | 1.02               |
| Bank of Nova Scotia                         | 170,711   | CA\$     | 8,801                 | 0.68               |
| Bankinter                                   | 1,598,463 | €        | 12,609                | 0.98               |
| BNP Paribas                                 | 224,892   | €        | 11,823                | 0.92               |
| Citigroup                                   | 239,100   | US\$     | 15,059                | 1.17               |
| Commonwealth Bank of Australia              | 94,509    | AU\$     | 4,203                 | 0.33               |
| Fifth Third Bancorp                         | 160,423   | US\$     | 3,871                 | 0.30               |
| HSBC Holdings                               | 1,025,806 | £        | 7,746                 | 0.60               |
| ING Groep                                   | 986,564   | €        | 11,113                | 0.86               |
| Intesa Sanpaolo                             | 2,577,026 | €        | 5,762                 | 0.45               |
| JPMorgan Chase                              | 76,525    | US\$     | 7,567                 | 0.59               |
| KBC Group                                   | 181,177   | €        | 11,664                | 0.90               |
| KeyCorp                                     | 309,600   | US\$     | 5,350                 | 0.41               |
| M&T Bank                                    | 38,757    | US\$     | 5,542                 | 0.43               |
| Mediobanca Banca di Credito Finanziario     | 1,853,607 | €        | 15,921                | 1.23               |
| Mitsubishi UFJ Financial Group              | 826,400   | ¥        | 4,467                 | 0.35               |
| Mizuho Financial Group                      | 5,988,000 | ¥        | 9,039                 | 0.70               |
| PNC Financial Services Group                | 83,501    | US\$     | 9,902                 | 0.77               |
| Resona Holdings                             | 2,147,000 | ¥        | 10,440                | 0.81               |
| Sumitomo Mitsui Financial Group             | 277,000   | ¥        | 9,673                 | 0.75               |
| Sumitomo Mitsui Trust Holdings              | 56,700    | ¥        | 2,019                 | 0.16               |
| SunTrust Banks                              | 102,076   | US\$     | 5,924                 | 0.46               |
| US Bancorp                                  | 282,300   | US\$     | 12,903                | 1.00               |
| Wells Fargo                                 | 280,025   | US\$     | 12,775                | 0.99               |



# M&G (Lux) Income Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description  | Holding        | Currency |          | Market value<br>€'000 | % of net<br>assets |
|---|----------------|----------|----------|-----------------------|--------------------|
| <b>EQUITIES (continued)</b>   |                |          |          |                       |                    |
| <b>Diversified financial services</b>   |                |          |          | <b>16,109</b>         | <b>1.25</b>        |
| Banca Mediolanum  | 2,190,415      | €        |          | 13,077                | 1.01               |
| ORIX  | 216,300        | ¥        |          | 3,032                 | 0.24               |
| <b>Consumer finance</b>   |                |          |          | <b>10,996</b>         | <b>0.85</b>        |
| American Express  | 94,362         | US\$     |          | 8,787                 | 0.68               |
| Mastercard  | 11,507         | US\$     |          | 2,209                 | 0.17               |
| <b>Capital markets</b>  |                |          |          | <b>51,564</b>         | <b>4.00</b>        |
| IG Group Holdings   | 326,159        | £        |          | 2,337                 | 0.18               |
| M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'C'<br>(Distribution) <sup>[a]</sup> | 2,063,722      | US\$     |          | 17,231                | 1.34               |
| Natixis   | 2,500,100      | €        |          | 14,593                | 1.13               |
| Nomura Holdings   | 2,136,900      | ¥        |          | 8,828                 | 0.69               |
| Pendal Group  | 1,109          | AU\$     |          | 6                     | 0.00               |
| SPDR® Barclays 10+ Year US Corporate Bond ETF   | 323,324        | US\$     |          | 8,569                 | 0.66               |
| <b>Insurance</b>  |                |          |          | <b>21,362</b>         | <b>1.66</b>        |
| Fairfax Financial Holdings  | 13,636         | CA\$     |          | 6,348                 | 0.49               |
| Legal & General Group   | 1,346,885      | £        |          | 3,950                 | 0.31               |
| Muenchener Rueckversicherungs-Gesellschaft in Muenchen  | 57,735         | €        |          | 11,064                | 0.86               |
| <b>Software</b>   |                |          |          |                       |                    |
| Microsoft   | 179,000        | US\$     |          | 17,687                | 1.37               |
| <b>Technology hardware, storage &amp; peripherals</b>   |                |          |          |                       |                    |
| Apple   | 89,633         | US\$     |          | 17,423                | 1.35               |
| <b>Electronic equipment, instruments &amp; components</b>                                     |                |          |          | <b>14,528</b>         | <b>1.13</b>        |
| Hitachi   | 403,400        | ¥        |          | 11,849                | 0.92               |
| Hon Hai Precision Industry  | 1,197,000      | TW\$     |          | 2,679                 | 0.21               |
| <b>Diversified telecommunication services</b>   |                |          |          | <b>12,716</b>         | <b>0.99</b>        |
| CenturyLink   | 498,600        | US\$     |          | 8,995                 | 0.70               |
| Consolidated Communications Holdings  | 334,700        | US\$     |          | 3,721                 | 0.29               |
| <b>Wireless telecommunication services</b>  |                |          |          |                       |                    |
| SK Telecom  | 58,805         | KRW      |          | 12,920                | 1.00               |
| <b>Electric utilities</b>   |                |          |          |                       |                    |
| Korea Electric Power  | 264,063        | KRW      |          | 6,038                 | 0.47               |
| <b>Equity Real Estate Investment Trusts (REITs)</b>   |                |          |          | <b>21,773</b>         | <b>1.69</b>        |
| Advance Residence Investment  | 2,322          | ¥        |          | 5,127                 | 0.40               |
| British Land  | 927,708        | £        |          | 6,435                 | 0.50               |
| Japan Retail Fund Investment  | 3,483          | ¥        |          | 5,474                 | 0.42               |
| Stockland   | 1,831,417      | AU\$     |          | 4,737                 | 0.37               |
| <b>Maturity date</b>  |                |          |          |                       |                    |
| <b>FIXED INCOME</b>   |                |          |          | <b>544,333</b>        | <b>42.21</b>       |
| <b>Debt securities</b>  |                |          |          | <b>544,025</b>        | <b>42.19</b>       |
| <b>'AAA' credit rated bonds</b>   |                |          |          | <b>248,528</b>        | <b>19.27</b>       |
| US Treasury Note 2.75%  | 189,018,200    | US\$     | 15.08.42 | 152,060               | 11.79              |
| US Treasury Note 2.75%  | 50,093,200     | US\$     | 15.02.28 | 42,262                | 3.28               |
| US Treasury Note 3%   | 64,803,600     | US\$     | 15.02.48 | 54,206                | 4.20               |
| <b>'A' credit rated bonds</b>   |                |          |          | <b>69,888</b>         | <b>5.42</b>        |
| Chile (Republic of) 5.5%  | 11,937,000,000 | CLP      | 05.08.20 | 16,121                | 1.25               |
| Peru (Republic of) 6.95%  | 21,942,000     | PEN      | 12.08.31 | 6,292                 | 0.49               |
| Poland (Republic of) 5.75%  | 82,859,000     | PLN      | 23.09.22 | 21,909                | 1.70               |
| Spain (Kingdom of) 5.15%  | 16,862,000     | €        | 31.10.44 | 25,566                | 1.98               |
| <b>'BBB' credit rated bonds</b>   |                |          |          | <b>135,105</b>        | <b>10.48</b>       |
| Admiral Group 5.5%  | 3,201,000      | £        | 25.07.24 | 3,923                 | 0.31               |
| Barclays Bank FRN   | 1,189,000      | £        | 29.11.49 | 1,448                 | 0.11               |
| BUPA Finance 5%   | 3,016,000      | £        | 25.04.23 | 3,659                 | 0.28               |
| Colombia (Republic of) 10%  | 54,906,300,000 | COP      | 24.07.24 | 18,696                | 1.45               |
| Ford Motor 7.125%   | 840,000        | US\$     | 15.11.25 | 803                   | 0.06               |
| innogy Finance 5.625%   | 1,131,000      | £        | 06.12.23 | 1,488                 | 0.12               |
| Italy (Republic of) 2.7%  | 61,356,000     | €        | 01.03.47 | 52,064                | 4.04               |
| Italy (Republic of) 4.75%   | 6,657,000      | €        | 01.09.44 | 7,794                 | 0.61               |
| Marks & Spencer 4.75%   | 2,047,000      | £        | 12.06.25 | 2,497                 | 0.19               |
| Mexico (United Mexican States) 8.5%   | 820,620,300    | MXN      | 18.11.38 | 39,117                | 3.03               |
| Thomson Reuters 5.85%   | 125,000        | US\$     | 15.04.40 | 119                   | 0.01               |

# M&G (Lux) Income Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                    | Holding     | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|-------------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                           |             |          |               |                       |                    |
| <b>Debt securities (continued)</b>                        |             |          |               |                       |                    |
| <b>'BBB' credit rated bonds (continued)</b>               |             |          |               |                       |                    |
| Western Union 6.2%  | 344,000     | US\$     | 17.11.36      | 303                   | 0.02               |
| Zoetis 3.25%  | 3,760,000   | US\$     | 01.02.23      | 3,194                 | 0.25               |
| <b>'BB' credit rated bonds</b>                            |             |          |               |                       |                    |
| Brazil (Federal Republic of) 10%                          | 145,802,000 | BRL      | 01.01.23      | 30,605                | 2.37               |
| EI Group 6%   | 2,917,000   | £        | 06.10.23      | 3,560                 | 0.28               |
| HCA 4.75%   | 1,840,000   | US\$     | 01.05.23      | 1,619                 | 0.13               |
| Ladbrokes Group Finance 5.125%                            | 1,740,000   | £        | 08.09.23      | 2,069                 | 0.16               |
| Qwest 6.875%  | 3,316,000   | US\$     | 15.09.33      | 2,849                 | 0.22               |
| South Africa (Republic of) 6.25%                          | 756,554,617 | ZAR      | 31.03.36      | 32,641                | 2.53               |
| Tesco 6.125%  | 218,000     | £        | 24.02.22      | 276                   | 0.02               |
| Virgin Media Secured Finance 4.875%                       | 2,822,000   | £        | 15.01.27      | 3,134                 | 0.24               |
| <b>'B' credit rated bonds</b>                             |             |          |               |                       |                    |
| Altice Financial 9%                                       | 3,036,000   | €        | 15.06.23      | 8,256                 | 0.64               |
| Sprint Capital 6.875%                                     | 2,917,000   | US\$     | 15.11.28      | 3,185                 | 0.25               |
| Ziggo Bond Finance 4.625%                                 | 2,583,000   | €        | 15.01.25      | 2,504                 | 0.19               |
| <b>'CCC' credit rated bonds</b>                           |             |          |               |                       |                    |
| Windstream Services 9%                                    | 3,281,000   | US\$     | 30.06.25      | 2,567                 | 0.20               |
| <b>'D' credit rated bonds</b>                             |             |          |               |                       |                    |
| Norfolk Southern Railway 9.75%                            | 252,000     | US\$     | 15.06.20      | 314                   | 0.03               |
| TRU Taj 12%   | 131,000     | US\$     | 15.08.21      | 240                   | 0.02               |
| <b>Bonds with no credit rating</b>                        |             |          |               |                       |                    |
| John Lewis 6.125%   | 2,347,000   | £        | 21.01.25      | 74                    | 0.01               |
| <b>Contracts</b>  |             |          |               |                       |                    |
| <b>Debt derivatives</b>                                   |             |          |               | <b>308</b>            | <b>0.02</b>        |
| <b>Interest rate swaps</b>                                |             |          |               |                       |                    |
| Pay 1.515% Receive VAR Feb 2047                           | 4,500,000   | £        |               | 308                   | 0.02               |
| Pay 1.523% Receive VAR Jan 2048                           | 200,000     | £        |               | 277                   | 0.02               |
| Pay 1.641% Receive VAR Mar 2048                           | 670,000     | £        |               | 12                    | -                  |
|   |             |          |               | 19                    | -                  |
| <b>CURRENCY</b>   |             |          |               |                       |                    |
| <b>Forward currency contracts</b>                         |             |          |               | <b>(3,762)</b>        | <b>(0.29)</b>      |
| Bought for € 25,480,017.37, Sold for £ 22,746,648.51      |             |          | 18.01.19      | (32)                  | -                  |
| Bought for € 95,894,423.76, Sold for ¥ 12,590,630,977.00  |             |          | 18.01.19      | 72                    | 0.01               |
| Bought for € 6,780,770.51, Sold for AU\$ 11,028,652.00    |             |          | 18.01.19      | (28)                  | -                  |
| Bought for € 19,487,536.83, Sold for PLN 84,255,905.00    |             |          | 18.01.19      | (84)                  | (0.01)             |
| Bought for € 396,234,106.91, Sold for US\$ 467,383,378.43 |             |          | 18.01.19      | (3,546)               | (0.28)             |
| Bought for € 3,657,729.77, Sold for ZAR 64,184,196.00     |             |          | 18.01.19      | (144)                 | (0.01)             |
| <b>Portfolio of investments</b>                           |             |          |               | <b>1,170,394</b>      | <b>90.75</b>       |
| <b>SHARE CLASS HEDGING</b>                                |             |          |               |                       |                    |
| Bought for € 54,024.62, Sold for CHF 61,256.84            |             |          | 17.10.18      | 7                     | -                  |
| Bought for € 2,250.76, Sold for SG\$ 3,595.95             |             |          | 17.10.18      | -                     | -                  |
| Bought for € 224,045.88, Sold for US\$ 261,049.78         |             |          | 17.10.18      | -                     | -                  |
| Bought for CHF 832,724.44, Sold for € 738,635.64          |             |          | 17.10.18      | (2)                   | -                  |
| Bought for SG\$ 199,464.39, Sold for € 124,885.90         |             |          | 17.10.18      | -                     | -                  |
| Bought for US\$ 7,846,884.94, Sold for € 6,758,128.79     |             |          | 17.10.18      | 9                     | -                  |
| <b>Total portfolio</b>                                    |             |          |               | <b>1,166,639</b>      | <b>90.46</b>       |
| <b>Net other assets/(liabilities)</b>                     |             |          |               | <b>123,012</b>        | <b>9.54</b>        |
| <b>NET ASSETS</b>   |             |          |               | <b>1,289,651</b>      | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                  |             |          |               |                       |                    |
| <b>Investment assets</b>                                  |             |          |               |                       |                    |
| Equity securities   |             |          |               | 626,061               | 48.54              |
| Debt securities   |             |          |               | 544,025               | 42.19              |
| Unrealised gains on forward currency contracts            |             |          |               | 81                    | 0.01               |
| Unrealised gains on swap contracts                        |             |          |               | 308                   | 0.02               |
| <b>Total Investment assets</b>                            |             |          |               | <b>1,170,475</b>      | <b>90.76</b>       |

# M&G (Lux) Income Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                          | Market value<br>€'000 | % of net<br>assets |
|---|-----------------------|--------------------|
| <b>PORTFOLIO SUMMARY (continued)</b>            |                       |                    |
| <b>Investment liabilities</b>                   |                       |                    |
| Unrealised losses on forward currency contracts | (3,836)               | (0.30)             |
| <b>Total Investment liabilities</b>             | <b>(3,836)</b>        | <b>(0.30)</b>      |
| <b>Total portfolio</b>                          | <b>1,166,639</b>      | <b>90.46</b>       |
| <b>Net other assets/(liabilities)</b>           | <b>123,012</b>        | <b>9.54</b>        |
| <b>NET ASSETS</b>                               | <b>1,289,651</b>      | <b>100.00</b>      |

[a] Crossholding (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 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures |   |
|---|----------------------|---|
|   | Swaps<br>€'000       | Forward<br>currency<br>contracts<br>€'000 |
| BNP Paribas                             | 19                   | 19,488                                    |
| Citigroup Global Markets Limited        | -                    | 25,480                                    |
| Goldman Sachs International             | -                    | 194,934                                   |
| HSBC Bank Plc                           | 277                  | 10,439                                    |
| Merrill Lynch Pierce Fenner + Smith Inc | -                    | 99,082                                    |
| State Street Bank and Trust Company     | -                    | 7,902                                     |
| State Street Bank London                | -                    | 99,057                                    |
| UBS AG London                           | 12                   | 99,056                                    |

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 for the six months ended 30 September 2018.

#### Quarterly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Second interim | 01.07.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Monthly distribution periods

|                | Start    | End      | Record date | Xd       | Payment  |
|----------------|----------|----------|-------------|----------|----------|
| First interim  | 01.04.18 | 30.04.18 | 18.05.18    | 22.05.18 | 25.05.18 |
| Second interim | 01.05.18 | 31.05.18 | 15.06.18    | 18.06.18 | 21.06.18 |
| Third interim  | 01.06.18 | 30.06.18 | 20.07.18    | 23.07.18 | 26.07.18 |
| Fourth interim | 01.07.18 | 31.07.18 | 17.08.18    | 20.08.18 | 23.08.18 |
| Fifth interim  | 01.08.18 | 31.08.18 | 21.09.18    | 24.09.18 | 27.09.18 |
| Sixth interim  | 01.09.18 | 30.09.18 | 19.10.18    | 22.10.18 | 25.10.18 |

#### Distributions

| to 30 September 2018 | Euro        |             |             |
|----------------------|-------------|-------------|-------------|
|                      | Class 'A Q' | Class 'B Q' | Class 'C Q' |
|                      | Euro €      | Euro €      | Euro €      |
| First interim        | 0.0970      | 0.0967      | 0.0972      |
| Second interim       | 0.0745      | 0.0742      | 0.0748      |

| to 30 September 2018 | Euro Class 'A' |        | Euro Class 'A F2' |        | Euro Class 'A F3' |        | Euro Class 'B F2' |        | Euro Class 'B F3' |        |
|----------------------|----------------|--------|-------------------|--------|-------------------|--------|-------------------|--------|-------------------|--------|
|                      | Euro €         | Euro € | Euro €            | Euro € | Euro €            | Euro € | Euro €            | Euro € | Euro €            | Euro € |
| First interim        | 0.0482         | 0.0169 | 0.0254            | 0.0169 | 0.0254            | 0.0169 | 0.0254            | 0.0169 | 0.0254            | 0.0254 |
| Second interim       | 0.0250         | 0.0167 | 0.0250            | 0.0167 | 0.0250            | 0.0167 | 0.0250            | 0.0167 | 0.0250            | 0.0250 |
| Third interim        | 0.0228         | 0.0164 | 0.0246            | 0.0164 | 0.0246            | 0.0164 | 0.0246            | 0.0164 | 0.0246            | 0.0246 |
| Fourth interim       | 0.0250         | 0.0167 | 0.0249            | 0.0166 | 0.0249            | 0.0166 | 0.0249            | 0.0166 | 0.0249            | 0.0249 |
| Fifth interim        | 0.0244         | 0.0163 | 0.0244            | 0.0163 | 0.0244            | 0.0163 | 0.0244            | 0.0163 | 0.0244            | 0.0244 |
| Sixth interim        | 0.0245         | 0.0164 | 0.0244            | 0.0163 | 0.0244            | 0.0163 | 0.0244            | 0.0163 | 0.0244            | 0.0244 |

| to 30 September 2018 | Euro Class 'C' |        | Euro Class 'ZI' |        | Singapore dollar Class 'A-H' |        | Singapore dollar Class 'C-H' |        |
|----------------------|----------------|--------|-----------------|--------|------------------------------|--------|------------------------------|--------|
|                      | Euro €         | Euro € | Euro €          | Euro € | SGD €                        | SGD €  | SGD €                        | SGD €  |
| First interim        | 0.0482         | -      | 0.0473          | 0.0475 | 0.0473                       | 0.0475 | 0.0473                       | 0.0475 |
| Second interim       | 0.0251         | 0.0257 | 0.0252          | 0.0253 | 0.0252                       | 0.0253 | 0.0252                       | 0.0253 |
| Third interim        | 0.0228         | 0.0163 | 0.0229          | 0.0230 | 0.0229                       | 0.0230 | 0.0229                       | 0.0230 |
| Fourth interim       | 0.0251         | 0.0257 | 0.0252          | 0.0253 | 0.0252                       | 0.0253 | 0.0252                       | 0.0253 |
| Fifth interim        | 0.0246         | 0.0252 | 0.0247          | 0.0248 | 0.0247                       | 0.0248 | 0.0247                       | 0.0248 |
| Sixth interim        | 0.0246         | 0.0253 | 0.0248          | 0.0249 | 0.0248                       | 0.0249 | 0.0248                       | 0.0249 |

| to 30 September 2018 | US dollar Class 'A-H' |        | US dollar Class 'C-H' |        |
|----------------------|-----------------------|--------|-----------------------|--------|
|                      | US €                  | US €   | US €                  | US €   |
| First interim        | 0.0472                | 0.0470 | 0.0472                | 0.0470 |
| Second interim       | 0.0253                | 0.0254 | 0.0253                | 0.0254 |
| Third interim        | 0.0231                | 0.0231 | 0.0231                | 0.0231 |
| Fourth interim       | 0.0254                | 0.0254 | 0.0254                | 0.0254 |
| Fifth interim        | 0.0249                | 0.0250 | 0.0249                | 0.0250 |
| Sixth interim        | 0.0250                | 0.0251 | 0.0250                | 0.0251 |

### 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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share             | NAV         | TER      |
|---------------------------|-------------|----------|
| <b>Euro</b>               | <b>€</b>    | <b>%</b> |
| Class 'A' Accumulation    | 9.5983      | 1.71     |
| Class 'A' Distribution    | 9.4120      | 1.71     |
| Class 'A Q' Distribution  | 9.4865      | 1.71     |
| Class 'A F2' Distribution | 9.8162      | 1.72 [a] |
| Class 'A F3' Distribution | 9.7751      | 1.72 [a] |
| Class 'B' Accumulation    | 9.5662      | 2.21     |
| Class 'B Q' Distribution  | 9.4530      | 2.21     |
| Class 'B F2' Distribution | 9.7928      | 2.22 [a] |
| Class 'B F3' Distribution | 9.7511      | 2.22 [a] |
| Class 'C' Accumulation    | 9.6557      | 0.86     |
| Class 'C' Distribution    | 9.4683      | 0.86     |
| Class 'C Q' Distribution  | 9.5305      | 0.86     |
| Class 'C' Accumulation    | 9.6617      | 0.82     |
| Class 'ZI' Distribution   | 9.7237      | 0.18 [a] |
| <b>Singapore dollar</b>   | <b>SG\$</b> | <b>%</b> |
| Class 'A-H' Accumulation  | 9.7262      | 1.73     |
| Class 'A-H' Distribution  | 9.5298      | 1.73     |
| Class 'C-H' Accumulation  | 9.7862      | 0.88     |
| Class 'C-H' Distribution  | 9.5873      | 0.88     |
| <b>Swiss franc</b>        | <b>CHF</b>  | <b>%</b> |
| Class 'A-H' Accumulation  | 9.5780      | 1.73     |
| Class 'C-H' Accumulation  | 9.6349      | 0.89     |
| <b>US dollar</b>          | <b>US\$</b> | <b>%</b> |
| Class 'A-H' Accumulation  | 9.7836      | 1.73     |
| Class 'A-H' Distribution  | 9.6013      | 1.73     |
| Class 'C-H' Accumulation  | 9.8439      | 0.89     |
| Class 'C-H' Distribution  | 9.6440      | 0.89     |

[a] The share class has an estimated TER shown, as this share class launched in the period, therefore this is a more reliable estimate of the charges suffered.

| NAV at fund level                      | €'000            |
|--|------------------|
| Net assets                             | 1,289,651        |
| Swing pricing adjustment (see note 11) | 0                |
| <b>Swung net assets</b>                | <b>1,289,651</b> |

## M&G (Lux) Multi Asset 2023 Fund

# Investment objective and policy

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### 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.

\* 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) Multi Asset 2023 Fund

## Portfolio statement

### Portfolio statement

| Investment description   | Holding   | Currency | Market value<br>€'000 | % of net<br>assets |
|--|-----------|----------|-----------------------|--------------------|
| <b>EQUITIES</b>  |           |          | <b>116,513</b>        | <b>70.33</b>       |
| <b>Equity portfolio</b>  |           |          | <b>116,513</b>        | <b>70.33</b>       |
| M&G (Lux) Conservative Allocation Fund Class 'C' (Accumulation) <sup>[a]</sup>               | 1,760,135 | €        | 17,059                | 10.30              |
| M&G (Lux) Dynamic Allocation Fund Class 'C' (Accumulation) <sup>[a]</sup>                    | 2,439,924 | €        | 23,397                | 14.12              |
| M&G (Lux) Global Target Return Fund Class 'CI' (Accumulation) <sup>[a]</sup>                 | 1,671,281 | €        | 16,970                | 10.24              |
| M&G (Lux) Income Allocation Fund Class 'C' (Distribution) <sup>[a]</sup>                     | 2,619,291 | €        | 24,824                | 14.99              |
| M&G Episode Macro Fund Class 'S-H' (Accumulation) <sup>[b]</sup>                             | 1,804,640 | €        | 23,486                | 14.18              |
| M&G Global Dividend Fund Euro Class 'C' (Accumulation) <sup>[b]</sup>                        | 417,727   | €        | 10,777                | 6.50               |
| <b>FIXED INCOME</b>  |           |          | <b>48,092</b>         | <b>29.03</b>       |
| <b>Bond portfolios</b>   |           |          | <b>48,092</b>         | <b>29.03</b>       |
| M&G Emerging Markets Bond Fund EUR Class 'C-H' (Accumulation) <sup>[b]</sup>                 | 1,053,593 | €        | 9,025                 | 5.45               |
| M&G Global Convertibles Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>                  | 239,831   | €        | 3,285                 | 1.98               |
| M&G Global High Yield Bond Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>               | 267,029   | €        | 3,279                 | 1.98               |
| M&G Optimal Income Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>                       | 890,352   | €        | 16,758                | 10.12              |
| M&G (Lux) Absolute Return Bond Fund Class 'C' (Distribution) <sup>[a]</sup>                  | 638,786   | €        | 6,326                 | 3.82               |
| M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'C-H' (Distribution) <sup>[a]</sup> | 1,012,153 | €        | 9,419                 | 5.68               |
| <b>Portfolio of investments</b>  |           |          | <b>164,605</b>        | <b>99.36</b>       |
| <b>Total portfolio</b>   |           |          | <b>164,605</b>        | <b>99.36</b>       |
| Net other assets/(liabilities)   |           |          | 1,065                 | 0.64               |
| <b>NET ASSETS</b>  |           |          | <b>165,670</b>        | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>   |           |          |                       |                    |
| <b>Investment assets</b>   |           |          |                       |                    |
| Equity Portfolios  |           |          | 116,513               | 70.33              |
| Bond portfolios  |           |          | 48,092                | 29.03              |
| <b>Total Investment assets</b>   |           |          | <b>164,605</b>        | <b>99.36</b>       |
| <b>Total portfolio</b>   |           |          | <b>164,605</b>        | <b>99.36</b>       |
| <b>Net other assets/(liabilities)</b>  |           |          | <b>1,065</b>          | <b>0.64</b>        |
| <b>NET ASSETS</b>  |           |          | <b>165,670</b>        | <b>100.00</b>      |

<sup>[a]</sup> Crossholding (see note 12).

<sup>[b]</sup> Related Party (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 28 September 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 distributions to the holders of distribution shares.

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 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share                          | NAV            | TER  |
|--|----------------|------|
| Euro                                   | €              | %    |
| Class 'P' Accumulation                 | 9.7759         | 1.63 |
| Class 'P' Distribution                 | 9.7759         | 1.63 |
| NAV at fund level                      | €'000          |      |
| Net assets                             | 165,670        |      |
| Swing pricing adjustment (see note 11) | 0              |      |
| <b>Swung net assets</b>                | <b>165,670</b> |      |

## M&G (Lux) Optimal Income Fund

# Investment objective and policy

---

### Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) to investors based on exposure to optimal income streams in investment markets.

### Investment policy

The Fund invests at least 50% of its Net Asset Value in debt securities including investment grade bonds, high yield bonds, unrated securities and Asset-Backed Securities. These securities may be issued by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies. Issuers of these securities may be located in any country, including emerging markets, and denominated in any currency. At least 80% of the Net Asset Value will be in Euro or hedged into Euro.

While the Fund's overall duration will not be negative, the Fund may derive negative duration from individual fixed income markets.

The Fund may invest up to a combined maximum of 100% of the Fund's Net Asset Value in below investment grade and unrated securities. There are no credit quality restrictions with respect to the debt securities in which the Fund may invest.

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

The Fund is a flexible bond fund that allows investment across a broad range of fixed income assets according to where the Investment Manager finds value. In identifying the optimal income stream, the Fund also has the flexibility to invest up to a maximum of 20% of its Net Asset Value in equities.

The Fund will typically invest directly. The Fund may also invest indirectly via derivative instruments to take both long and short positions 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. Derivative instruments can be used 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, Total Return Swaps and Interest Rate Swaps.

The Fund may also invest in other assets including, collective investment schemes\*, cash and near cash, deposits, 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) Optimal Income Fund

## Portfolio statement

### Portfolio statement

| Investment description                                 | Holding | Currency | Market value<br>€'000 | % of net<br>assets |
|--|---------|----------|-----------------------|--------------------|
| <b>EQUITIES</b>  |         |          | <b>5,440</b>          | <b>4.75</b>        |
| <b>Commercial services &amp; supplies</b>              |         |          |                       |                    |
| Babcock International Group                            | 7,000   | £        | 57                    | 0.05               |
| <b>Automobiles</b>                                     |         |          | <b>956</b>            | <b>0.83</b>        |
| Bayerische Motoren Werke                               | 5,000   | €        | 389                   | 0.34               |
| Daimler  | 6,000   | €        | 328                   | 0.28               |
| Ford Motor   | 30,000  | US\$     | 239                   | 0.21               |
| <b>Tobacco</b>   |         |          | <b>416</b>            | <b>0.36</b>        |
| British American Tobacco                               | 5,000   | £        | 204                   | 0.18               |
| Imperial Brands  | 7,000   | £        | 212                   | 0.18               |
| <b>Pharmaceuticals</b>                                 |         |          | <b>870</b>            | <b>0.76</b>        |
| Novartis   | 6,000   | CHF      | 449                   | 0.39               |
| Roche Holding  | 2,000   | CHF      | 421                   | 0.37               |
| <b>Banks</b>   |         |          | <b>1,900</b>          | <b>1.66</b>        |
| Banco Bilbao Vizcaya Argentaria                        | 39,000  | €        | 213                   | 0.19               |
| Banco Santander  | 51,000  | €        | 221                   | 0.19               |
| BNP Paribas  | 7,000   | €        | 368                   | 0.32               |
| Intesa Sanpaolo  | 68,000  | €        | 152                   | 0.13               |
| Lloyds Banking Group                                   | 424,000 | £        | 284                   | 0.25               |
| Royal Bank of Scotland Group                           | 64,000  | £        | 178                   | 0.16               |
| Société Générale                                       | 9,000   | €        | 330                   | 0.29               |
| UniCredit  | 12,000  | €        | 154                   | 0.13               |
| <b>Insurance</b>                                       |         |          | <b>750</b>            | <b>0.66</b>        |
| AXA  | 16,000  | €        | 367                   | 0.32               |
| Muenchener Rueckversicherungs-Gesellschaft in Muenchen | 2,000   | €        | 383                   | 0.34               |
| <b>Diversified telecommunication services</b>          |         |          |                       |                    |
| BT Group   | 106,000 | £        | 271                   | 0.24               |
| <b>Electric utilities</b>                              |         |          |                       |                    |
| SSE  | 17,000  | £        | 220                   | 0.19               |

|  |           |      | Maturity date |                |              |
|--|-----------|------|---------------|----------------|--------------|
| <b>FIXED INCOME</b>  |           |      |               | <b>104,515</b> | <b>91.29</b> |
| <b>Debt securities</b>                                     |           |      |               | <b>104,170</b> | <b>90.99</b> |
| <b>'AAA' credit rated bonds</b>                            |           |      |               | <b>36,916</b>  | <b>32.25</b> |
| European Investment Bank 5.5%                              | 900,000   | £    | 15.04.25      | 1,259          | 1.10         |
| Germany (Federal Republic of) 0%                           | 4,000,000 | €    | 09.04.21      | 4,049          | 3.54         |
| Germany (Federal Republic of) 0.25%                        | 4,000,000 | €    | 16.10.20      | 4,065          | 3.55         |
| Germany (Federal Republic of) 0.25%                        | 1,100,000 | €    | 11.10.19      | 1,110          | 0.97         |
| Germany (Federal Republic of) 0.5%                         | 1,100,000 | €    | 12.04.19      | 1,107          | 0.97         |
| Germany (Federal Republic of) 0.5%                         | 1,800,000 | €    | 15.02.28      | 1,817          | 1.59         |
| Germany (Federal Republic of) 1%                           | 1,900,000 | €    | 22.02.19      | 1,912          | 1.67         |
| Germany (Federal Republic of) 3%                           | 2,800,000 | €    | 04.07.20      | 2,977          | 2.60         |
| Germany (Federal Republic of) 3.5%                         | 600,000   | €    | 04.07.19      | 619            | 0.54         |
| Johnson & Johnson 0.25%                                    | 600,000   | €    | 20.01.22      | 603            | 0.53         |
| Kreditanstalt fuer Wiederaufbau 5.5%                       | 1,100,000 | £    | 18.06.25      | 1,549          | 1.35         |
| Microsoft 3.3%   | 2,000,000 | US\$ | 06.02.27      | 1,700          | 1.49         |
| Microsoft 3.95%  | 1,200,000 | US\$ | 08.08.56      | 1,021          | 0.89         |
| Microsoft 4%   | 1,100,000 | US\$ | 12.02.55      | 943            | 0.82         |
| Santander UK 5.25%   | 400,000   | £    | 16.02.29      | 576            | 0.50         |
| US Treasury I/L 0.625%                                     | 2,200,000 | US\$ | 15.04.23      | 1,903          | 1.66         |
| US Treasury Note 2.5%                                      | 3,800,000 | US\$ | 15.05.24      | 3,204          | 2.80         |
| US Treasury Note 2.75%                                     | 3,800,000 | US\$ | 15.02.24      | 3,250          | 2.84         |
| US Treasury Note 2.75%                                     | 3,800,000 | US\$ | 15.11.23      | 3,252          | 2.84         |
| <b>'AA' credit rated bonds</b>                             |           |      |               | <b>11,062</b>  | <b>9.66</b>  |
| Apple 2.9%   | 1,200,000 | US\$ | 12.09.27      | 977            | 0.85         |
| Deutsche Bahn Finance 1.375%                               | 300,000   | £    | 07.07.25      | 329            | 0.29         |
| France (Republic of) 0%                                    | 2,000,000 | €    | 25.05.21      | 2,018          | 1.76         |
| France (Republic of) 0%                                    | 2,000,000 | €    | 25.02.20      | 2,015          | 1.76         |
| France (Republic of) 1%                                    | 2,000,000 | €    | 25.05.27      | 2,068          | 1.81         |
| Land Securities Capital Markets 2.375%                     | 300,000   | £    | 29.03.29      | 339            | 0.30         |
| Paragon Mortgages No 13 FRN                                | 352,611   | US\$ | 15.01.39      | 287            | 0.25         |
| SNCF Réseau EPIC 5.5%                                      | 400,000   | £    | 01.12.21      | 508            | 0.44         |
| United Kingdom of Great Britain and Northern Ireland 1.75% | 1,100,000 | £    | 22.07.19      | 1,248          | 1.09         |
| United Kingdom of Great Britain and Northern Ireland 3.75% | 1,100,000 | £    | 07.09.19      | 1,273          | 1.11         |

# M&G (Lux) Optimal Income Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                       | Holding   | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|--|-----------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>              |           |          |               |                       |                    |
| <b>Debt securities (continued)</b>           |           |          |               |                       |                    |
| <b>'A' credit rated bonds</b>                |           |          |               |                       |                    |
|  |           |          |               | <b>7,562</b>          | <b>6.61</b>        |
| Anheuser-Busch InBev 2.25%                   | 500,000   | £        | 24.05.29      | 533                   | 0.47               |
| AT&T 4.5%                                    | 2,000,000 | US\$     | 09.03.48      | 1,525                 | 1.33               |
| Crédit Suisse Group FRN                      | 250,000   | £        | 12.09.25      | 269                   | 0.23               |
| Electricite de France 6%                     | 200,000   | £        | 23.01.14      | 290                   | 0.25               |
| Engie 5.95%                                  | 109,000   | €        | 16.03.11      | 189                   | 0.17               |
| Eni 4.75%                                    | 200,000   | US\$     | 12.09.28      | 172                   | 0.15               |
| Halfmoon Parent 4.375%                       | 140,000   | US\$     | 15.10.28      | 121                   | 0.11               |
| Hammerson 3.5%                               | 300,000   | £        | 27.10.25      | 345                   | 0.30               |
| Heathrow Funding 6.75%                       | 400,000   | £        | 03.12.28      | 586                   | 0.51               |
| TOTAL FRN                                    | 250,000   | €        | 29.12.49      | 262                   | 0.23               |
| Verizon Communications 4.672%                | 1,900,000 | US\$     | 15.03.55      | 1,553                 | 1.36               |
| Verizon Communications 5.012%                | 2,000,000 | US\$     | 21.08.54      | 1,717                 | 1.50               |
|  |           |          |               | <b>36,767</b>         | <b>32.11</b>       |
| <b>'BBB' credit rated bonds</b>              |           |          |               |                       |                    |
| 3i Group 5.75%                               | 200,000   | £        | 03.12.32      | 280                   | 0.24               |
| Assicurazioni Generali FRN                   | 300,000   | €        | 27.10.47      | 319                   | 0.28               |
| AT&T 4.55%                                   | 2,200,000 | US\$     | 09.03.49      | 1,682                 | 1.47               |
| Aviva FRN                                    | 700,000   | £        | 20.05.58      | 930                   | 0.81               |
| AXA FRN                                      | 400,000   | £        | 16.01.54      | 476                   | 0.42               |
| Bank of America 4.183%                       | 1,500,000 | US\$     | 25.11.27      | 1,268                 | 1.11               |
| Bank of America 4.25%                        | 1,300,000 | US\$     | 22.10.26      | 1,111                 | 0.97               |
| Barclays 3.25%                               | 600,000   | £        | 17.01.33      | 614                   | 0.54               |
| BAT International Finance 4%                 | 600,000   | £        | 04.09.26      | 730                   | 0.64               |
| Bayer US Finance II 4.875%                   | 1,200,000 | US\$     | 25.06.48      | 1,010                 | 0.88               |
| BNP Paribas 4.625%                           | 1,000,000 | US\$     | 13.03.27      | 855                   | 0.75               |
| BPCE 5.25%                                   | 200,000   | £        | 16.04.29      | 257                   | 0.22               |
| British Telecommunications 9.625%            | 300,000   | US\$     | 15.12.30      | 369                   | 0.32               |
| Channel Link Enterprises Finance FRN         | 250,000   | €        | 30.06.50      | 252                   | 0.22               |
| Citigroup 4.45%                              | 1,800,000 | US\$     | 29.09.27      | 1,540                 | 1.34               |
| Colombia (Republic of) 5%                    | 300,000   | US\$     | 15.06.45      | 260                   | 0.23               |
| Cooperatieve Rabobank 5.25%                  | 200,000   | £        | 14.09.27      | 258                   | 0.22               |
| Crédit Agricole London 4.125%                | 800,000   | US\$     | 10.01.27      | 670                   | 0.58               |
| CVS Health 4.3%                              | 300,000   | US\$     | 25.03.28      | 257                   | 0.22               |
| Deutsche Telekom International Finance 8.75% | 700,000   | US\$     | 15.06.30      | 806                   | 0.70               |
| DP World 4.25%                               | 128,000   | £        | 25.09.30      | 144                   | 0.13               |
| Enel Finance International 3.625%            | 1,000,000 | US\$     | 25.05.27      | 783                   | 0.68               |
| Express Scripts Holding 3%                   | 150,000   | £        | 12.05.32      | 157                   | 0.14               |
| Gatwick Funding 3.125%                       | 400,000   | £        | 28.09.41      | 434                   | 0.38               |
| General Motors Financial 5.25%               | 1,300,000 | US\$     | 01.03.26      | 1,151                 | 1.01               |
| Goldman Sachs Group 7.25%                    | 600,000   | £        | 10.04.28      | 905                   | 0.79               |
| HSBC Holdings 6%                             | 1,300,000 | £        | 29.03.40      | 1,831                 | 1.60               |
| Imperial Brands Finance 4.875%               | 200,000   | £        | 07.06.32      | 255                   | 0.22               |
| Italy (Republic of) 6%                       | 500,000   | £        | 04.08.28      | 660                   | 0.58               |
| JPMorgan Chase 3.875%                        | 2,200,000 | US\$     | 10.09.24      | 1,881                 | 1.64               |
| Kinder Morgan 5.05%                          | 500,000   | US\$     | 15.02.46      | 430                   | 0.38               |
| Koninklijke KPN 5.75%                        | 400,000   | £        | 17.09.29      | 550                   | 0.48               |
| Kraft Heinz Foods 2.25%                      | 500,000   | €        | 25.05.28      | 505                   | 0.44               |
| Legal & General Group FRN                    | 600,000   | £        | 27.10.45      | 718                   | 0.63               |
| Mexico (United Mexican States) 5.625%        | 900,000   | £        | 19.03.14      | 1,045                 | 0.91               |
| Molson Coors Brewing 1.25%                   | 250,000   | €        | 15.07.24      | 247                   | 0.22               |
| Morgan Stanley 4.35%                         | 1,800,000 | US\$     | 08.09.26      | 1,544                 | 1.35               |
| Next 3.625%                                  | 200,000   | £        | 18.05.28      | 225                   | 0.20               |
| NGG Finance FRN                              | 200,000   | £        | 18.06.73      | 247                   | 0.22               |
| Orange FRN                                   | 1,200,000 | €        | 29.10.49      | 1,327                 | 1.16               |
| Petroleos Mexicanos 3.75%                    | 300,000   | €        | 21.02.24      | 309                   | 0.27               |
| Société Générale 4.25%                       | 800,000   | US\$     | 14.04.25      | 668                   | 0.58               |
| Sunoco Logistics Partners Operations 5.4%    | 700,000   | US\$     | 01.10.47      | 597                   | 0.52               |
| Telefonica Emisiones 7.045%                  | 700,000   | US\$     | 20.06.36      | 733                   | 0.64               |
| Thames Water Utilities Cayman Finance FRN    | 500,000   | £        | 13.09.30      | 623                   | 0.54               |
| Time Warner Cable 5.75%                      | 400,000   | £        | 02.06.31      | 515                   | 0.45               |
| Verizon Communications 5.25%                 | 1,300,000 | US\$     | 16.03.37      | 1,202                 | 1.05               |
| Vodafone Group 3%                            | 1,100,000 | £        | 12.08.56      | 1,050                 | 0.92               |
| Vodafone Group FRN                           | 129,000   | €        | 03.10.78      | 129                   | 0.11               |
| Walgreens Boots Alliance 3.6%                | 200,000   | £        | 20.11.25      | 234                   | 0.20               |
| Wells Fargo 4.3%                             | 2,000,000 | US\$     | 22.07.27      | 1,724                 | 1.51               |

# M&G (Lux) Optimal Income Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                  | Holding    | Currency | Maturity date | Market value<br>€'000 | % of net<br>assets |
|---|------------|----------|---------------|-----------------------|--------------------|
| <b>FIXED INCOME (continued)</b>                         |            |          |               |                       |                    |
| <b>Debt securities (continued)</b>                      |            |          |               |                       |                    |
| <b>'BB' credit rated bonds</b>                          |            |          |               | <b>10,406</b>         | <b>9.09</b>        |
| Banco Santander FRN                                     | 400,000    | €        | 12.03.49      | 403                   | 0.35               |
| Brazil (Federal Republic of) 5%                         | 500,000    | US\$     | 27.01.45      | 360                   | 0.32               |
| CaixaBank FRN   | 200,000    | €        | 31.12.99      | 216                   | 0.19               |
| Cemex Finance 4.625%                                    | 400,000    | €        | 15.06.24      | 426                   | 0.37               |
| EI Group 6%   | 200,000    | £        | 06.10.23      | 244                   | 0.21               |
| HCA 5.5%  | 1,100,000  | US\$     | 15.06.47      | 961                   | 0.84               |
| KBC Group FRN   | 400,000    | €        | 31.12.99      | 370                   | 0.32               |
| Lloyds Banking Group FRN                                | 1,100,000  | £        | 29.12.49      | 1,414                 | 1.24               |
| Nationwide Building Society FRN                         | 600,000    | £        | 29.12.49      | 690                   | 0.60               |
| Petrobras Global Finance 6.625%                         | 500,000    | £        | 16.01.34      | 551                   | 0.48               |
| Royal Bank of Scotland Group 6.1%                       | 700,000    | US\$     | 10.06.23      | 631                   | 0.55               |
| Solvay Finance FRN                                      | 300,000    | €        | 29.12.49      | 344                   | 0.30               |
| Telecom Italia Milano 5.25%                             | 600,000    | €        | 17.03.55      | 608                   | 0.53               |
| Tesco Property Finance 4 5.801%                         | 685,263    | £        | 13.10.40      | 896                   | 0.78               |
| Teva Pharmaceutical Finance Netherlands III 4.1%        | 300,000    | US\$     | 01.10.46      | 190                   | 0.17               |
| UBS Group Funding Switzerland FRN                       | 800,000    | US\$     | 31.12.99      | 612                   | 0.54               |
| Unitymedia Hessen 4%                                    | 600,000    | €        | 15.01.25      | 632                   | 0.55               |
| Virgin Media Secured Finance 5.5%                       | 540,000    | £        | 15.01.25      | 625                   | 0.55               |
| Wind Tre FRN  | 250,000    | €        | 20.01.24      | 233                   | 0.20               |
| <b>'B' credit rated bonds</b>                           |            |          |               | <b>1,247</b>          | <b>1.09</b>        |
| Argentina (Republic of) 5%                              | 300,000    | €        | 15.01.27      | 245                   | 0.22               |
| Banco de Sabadell FRN                                   | 400,000    | €        | 31.12.99      | 405                   | 0.35               |
| Intesa Sanpaolo FRN                                     | 400,000    | €        | 31.12.99      | 399                   | 0.35               |
| UniCredit FRN   | 200,000    | €        | 31.12.99      | 198                   | 0.17               |
| <b>Bonds with no credit rating</b>                      |            |          |               |                       |                    |
| John Lewis 4.25%  | 200,000    | £        | 18.12.34      | 210                   | 0.18               |
| <b>Contracts</b>  |            |          |               |                       |                    |
| <b>Debt derivatives</b>                                 |            |          |               | <b>345</b>            | <b>0.30</b>        |
| <b>Credit default swaps</b>                             |            |          |               | <b>22</b>             | <b>0.02</b>        |
| iTraxx Europe Crossover Jun 2023                        | 700,000    | €        |               | (69)                  | (0.06)             |
| iTraxx Europe Jun 2023                                  | 12,100,000 | €        |               | 239                   | 0.21               |
| iTraxx Europe Jun 2028                                  | 9,400,000  | €        |               | (32)                  | (0.03)             |
| iTraxx Europe Sub Financials Jun 2023                   | 1,700,000  | €        |               | (37)                  | (0.03)             |
| Markit's North American Investment Grade Jun 2023       | 7,800,000  | US\$     |               | (137)                 | (0.12)             |
| Markit's North American Investment Grade Jun 2028       | 1,700,000  | US\$     |               | (3)                   | -                  |
| Markit's North American High Yield CDX Index Jun 2023   | 900,000    | US\$     |               | 61                    | 0.05               |
| <b>Interest rate swaps</b>                              |            |          |               | <b>55</b>             | <b>0.05</b>        |
| Pay 1.658% Receive VAR Sep 2048                         | 1,100,000  | £        |               | 27                    | 0.03               |
| Receive 1.493% Pay VAR Sep 2048                         | 850,000    | €        |               | (8)                   | (0.01)             |
| Pay 1.578% Receive VAR Sep 2068                         | 900,000    | £        |               | 36                    | 0.03               |
| <b>Commitment value (€'000)</b>                         |            |          |               |                       |                    |
| <b>Interest rate futures</b>                            |            |          |               | <b>268</b>            | <b>0.23</b>        |
| Germany (Federal Republic of) Bobl 5 year Futures       | (20)       | €        | 06.12.18      | 2,615                 | 11                 |
| Germany (Federal Republic of) Bund 10 year Futures      | (49)       | €        | 06.12.18      | 7,793                 | 46                 |
| Germany (Federal Republic of) Buxl 30 year Futures      | (33)       | €        | 06.12.18      | 5,771                 | 10                 |
| Germany (Federal Republic of) Schatz 2 year Futures     | (9)        | €        | 06.12.18      | 1,006                 | 1                  |
| US Treasury Notes 10 year Futures                       | 48         | US\$     | 19.12.18      | 4,929                 | (43)               |
| US Treasury Notes 30 year Futures                       | (20)       | US\$     | 19.12.18      | 2,435                 | 38                 |
| US Ultra Bond Futures                                   | (92)       | US\$     | 19.12.18      | 12,324                | 213                |
| UK Treasury Notes Futures                               | (70)       | £        | 27.12.18      | 9,552                 | 59                 |
| US Treasury Notes 5 year Futures                        | 110        | US\$     | 31.12.18      | 10,689                | (67)               |
| <b>CURRENCY</b>   |            |          |               | <b>(628)</b>          | <b>(0.55)</b>      |
| <b>Forward currency contracts</b>                       |            |          |               | <b>(628)</b>          | <b>(0.55)</b>      |
| Bought for € 28,311,926.22, Sold for £ 25,482,223.57    |            |          | 17.10.18      | (368)                 | (0.31)             |
| Bought for € 874,674.56, Sold for CHF 985,861.07        |            |          | 17.10.18      | 3                     | -                  |
| Bought for € 44,739,528.10, Sold for US\$ 52,181,728.90 |            |          | 17.10.18      | (263)                 | (0.24)             |
| Bought for CHF 20,634.45, Sold for € 18,330.29          |            |          | 17.10.18      | -                     | -                  |
| <b>Portfolio of investments</b>                         |            |          |               | <b>109,955</b>        | <b>96.04</b>       |

# M&G (Lux) Optimal Income Fund

## Portfolio statement

### Portfolio statement (continued)

| Investment description                                      | Holding   | Currency | Market value<br>€'000 | % of net<br>assets |
|---|-----------|----------|-----------------------|--------------------|
| <b>CASH EQUIVALENTS</b>                                     |           |          |                       |                    |
| 'AAA' rated money market funds                              |           |          | 1,373                 | 1.20               |
| Northern Trust Global Funds - Euro Liquidity Fund Class 'D' | 1,397,069 | €        | 1,373                 | 1.20               |
| <b>SHARE CLASS HEDGING</b>                                  |           |          |                       |                    |
| <b>Maturity date</b>  |           |          |                       |                    |
| Bought for € 692.85, Sold for CHF 780.92                    |           |          | -                     | -                  |
| Bought for CHF 167,627.82, Sold for € 148,687.16            |           |          | -                     | -                  |
| Bought for SG\$ 72,869.89, Sold for € 45,625.42             |           |          | -                     | -                  |
| Bought for US\$ 218,129.01, Sold for € 187,897.96           |           |          | -                     | -                  |
| <b>Total portfolio</b>                                      |           |          | <b>110,700</b>        | <b>96.69</b>       |
| Net other assets/(liabilities)                              |           |          | 3,785                 | 3.31               |
| <b>NET ASSETS</b>   |           |          | <b>114,485</b>        | <b>100.00</b>      |
| <b>PORTFOLIO SUMMARY</b>                                    |           |          |                       |                    |
| <b>Investment assets</b>                                    |           |          |                       |                    |
| Equity securities   |           |          | 5,440                 | 4.75               |
| Debt securities   |           |          | 104,170               | 90.99              |
| Unrealised gains on futures contracts                       |           |          | 378                   | 0.33               |
| Unrealised gains on forward currency contracts              |           |          | 3                     | 0.00               |
| Unrealised gains on swap contracts                          |           |          | 363                   | 0.32               |
| <b>Total Investment assets</b>                              |           |          | <b>110,354</b>        | <b>96.39</b>       |
| <b>Investment liabilities</b>                               |           |          |                       |                    |
| Unrealised losses on futures contracts                      |           |          | (110)                 | (0.10)             |
| Unrealised losses on forward currency contracts             |           |          | (631)                 | (0.55)             |
| Unrealised losses on swap contracts                         |           |          | (286)                 | (0.25)             |
| <b>Total Investment liabilities</b>                         |           |          | <b>(1,027)</b>        | <b>(0.90)</b>      |
| <b>Total portfolio</b>                                      |           |          | <b>109,327</b>        | <b>95.49</b>       |
| <b>Cash equivalents</b>                                     |           |          | <b>1,373</b>          | <b>1.20</b>        |
| <b>Net other assets/(liabilities)</b>                       |           |          | <b>3,785</b>          | <b>3.31</b>        |
| <b>NET ASSETS</b>   |           |          | <b>114,485</b>        | <b>100.00</b>      |

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 28 September 2018.

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

### Counterparty exposure

| Counterparty                            | Derivative exposures |   |                  |
|---|----------------------|---|------------------|
|   | Swaps<br>€'000       | Forward<br>currency<br>contracts<br>€'000 | Futures<br>€'000 |
| Barclays Bank London                    | 69                   | -   | -                |
| Citigroup Global Markets Limited        | 276                  | 45,533                                    | -                |
| J.P.Morgan                              | 301                  | -   | -                |
| Merrill Lynch Pierce Fenner + Smith Inc | 3                    | -   | 57,114           |
| National Australia Bank Ltd             | -                    | 1,046                                     | -                |
| Standard Chartered Bank                 | -                    | 19  | -                |
| State Street Bank and Trust Company     | -                    | 383                                       | -                |
| State Street Bank London                | -                    | 27,346                                    | -                |

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) Optimal Income 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 monthly and 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 financial period from 5 September 2018 (the launch date of the fund) to 30 September 2018.

#### Semi-annual distribution periods

|         | Start    | End      | Record date | Xd       | Payment  |
|---------|----------|----------|-------------|----------|----------|
| Interim | 05.09.18 | 30.09.18 | 28.09.18    | 01.10.18 | 04.10.18 |

#### Monthly distribution periods

|               | Start    | End      | Record date | Xd       | Payment  |
|---------------|----------|----------|-------------|----------|----------|
| First interim | 05.09.18 | 30.09.18 | 28.09.18    | 01.10.18 | 04.10.18 |

#### Distributions

|                      | Euro Class 'A' | Euro Class 'B' | Euro Class 'C' | Swiss franc Class 'A-H' | Swiss franc Class 'C-H' |
|----------------------|----------------|----------------|----------------|-------------------------|-------------------------|
| to 30 September 2018 | Euro €         | Euro €         | Euro €         | Swiss €                 | Swiss €                 |
| First interim        | 0.1754         | 0.1756         | 0.1753         | 0.1760                  | 0.1761                  |

|                      | US dollar Class 'A-H' | US dollar Class 'C-H' | US dollar Class 'J-H' |
|----------------------|-----------------------|-----------------------|-----------------------|
| to 30 September 2018 | US €                  | US €                  | US €                  |
| First interim        | 0.1722                | 0.1719                | 0.1746                |

|                      | Singapore dollar Class 'A-H M' | US dollar Class 'A-H M' |
|----------------------|--------------------------------|-------------------------|
| to 30 September 2018 | SGD €                          | US €                    |
| First interim        | 0.0354                         | 0.0355                  |

### 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 30 September 2018 and Total Expense Ratio (TER) for the financial period from 5 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

| NAV per share           | NAV      | Estimated TER |
|-------------------------|----------|---------------|
| <b>Euro</b>             | <b>€</b> | <b>%</b>      |
| Class 'A' Accumulation  | 10.0330  | 1.47          |
| Class 'A' Distribution  | 10.0347  | 1.47          |
| Class 'B' Accumulation  | 10.0317  | 1.97          |
| Class 'B' Distribution  | 10.0317  | 1.97          |
| Class 'C' Accumulation  | 10.0375  | 0.97          |
| Class 'C' Distribution  | 10.0375  | 0.97          |
| Class 'CI' Accumulation | 10.0380  | 0.93          |
| Class 'J' Accumulation  | 10.0385  | 0.82          |
| Class 'K' Accumulation  | 10.0534  | 0.18          |

| <b>Singapore dollar</b>    | <b>SG\$</b> | <b>%</b> |
|----------------------------|-------------|----------|
| Class 'A-H' Accumulation   | 10.0460     | 1.49     |
| Class 'A-H M' Distribution | 10.0461     | 1.49     |
| Class 'C-H' Accumulation   | 10.0490     | 0.99     |

| <b>Swiss franc</b>        | <b>CHF</b> | <b>%</b> |
|---------------------------|------------|----------|
| Class 'A-H' Accumulation  | 10.0320    | 1.49     |
| Class 'A-H' Distribution  | 10.0313    | 1.49     |
| Class 'C-H' Accumulation  | 10.0349    | 0.99     |
| Class 'C-H' Distribution  | 10.0349    | 0.99     |
| Class 'CI-H' Accumulation | 10.0360    | 0.95     |
| Class 'J-H' Accumulation  | 10.0357    | 0.84     |

| <b>US dollar</b>           | <b>US\$</b> | <b>%</b> |
|----------------------------|-------------|----------|
| Class 'A-H' Accumulation   | 10.0496     | 1.49     |
| Class 'A-H' Distribution   | 10.0496     | 1.49     |
| Class 'A-H M' Distribution | 10.0496     | 1.49     |
| Class 'C-H' Accumulation   | 10.0525     | 0.99     |
| Class 'C-H' Distribution   | 10.0525     | 0.99     |
| Class 'CI-H' Accumulation  | 10.0536     | 0.95     |
| Class 'J-H' Accumulation   | 10.0533     | 0.84     |
| Class 'J-H' Distribution   | 10.0533     | 0.84     |

| <b>NAV at fund level</b>               | <b>€'000</b>   |
|--|----------------|
| Net assets                             | 114,485        |
| Swing pricing adjustment (see note 11) | 261            |
| <b>Swung net assets</b>                | <b>114,746</b> |

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) Investment Funds 1

# Financial statements and notes

### Financial statements

#### Statement of net assets

| as at 30 September 2018  | Notes  | M&G (Lux)<br>Absolute Return<br>Bond Fund<br>€'000 | M&G (Lux)<br>Conservative<br>Allocation Fund<br>€'000 | M&G (Lux)<br>Dynamic<br>Allocation Fund<br>€'000 | M&G (Lux) Emerging<br>Markets Bond<br>Fund<br>US\$'000 | M&G (Lux) Emerging<br>Markets Hard<br>Currency Bond Fund<br>US\$'000 |
|--|--------|--|---|--|--|--|
| <b>ASSETS</b>  |        |  |   |  |  |  |
| Investment assets <sup>[a]</sup>   | 2c     | 42,723   | 2,818,914   | 7,887,937  | 69,249   | 181,716  |
| Cash and bank balances   | 2c     |  |   |  |  |  |
| Amounts held at futures clearing houses<br>and collateral manager        |        | 13   | 38,418  | 166,846  | 0  | 0  |
| Cash equivalents   |        | 0  | 0   | 0  | 2,132  | 0  |
| Cash held on deposit   |        | 290  | 9,180   | 27,163   | 0  | 0  |
| Cash held as bank balances   |        | 1,317  | 363,652   | 1,149,627  | 1,499  | 13,057   |
| <b>Total cash and bank balances</b>                                      |        | <b>1,620</b>                                       | <b>411,250</b>  | <b>1,343,636</b>                                 | <b>3,631</b>   | <b>13,057</b>  |
| <b>Other assets</b>  |        |  |   |  |  |  |
| Sales awaiting settlement  | 2c     | 405  | 410   | 0  | 573  | 261  |
| Amounts receivable on issues of shares                                   |        | 63   | 12,968  | 107,128  | 13,795   | 507  |
| Debt security interest receivable  | 2c     | 343  | 12,070  | 34,489   | 1,176  | 2,950  |
| Derivative income receivable   | 2d     | 1  | 0   | 0  | 0  | 0  |
| Dividends receivable   | 2d     | 0  | 1,763   | 6,050  | 0  | 0  |
| Other receivable   | 2d     | 0  | 119   | 431  | 0  | 0  |
| <b>Total other assets</b>  |        | <b>812</b>   | <b>27,330</b>   | <b>148,098</b>                                   | <b>15,544</b>  | <b>3,718</b>   |
| <b>Total assets</b>  |        | <b>45,155</b>                                      | <b>3,257,494</b>                                      | <b>9,379,671</b>                                 | <b>88,424</b>  | <b>198,491</b>   |
| <b>LIABILITIES</b>   |        |  |   |  |  |  |
| Investment liabilities   | 2c     | (401)  | (27,200)  | (81,263)   | (188)  | (63)   |
| Cash and bank balances   | 2c     |  |   |  |  |  |
| Bank overdrafts  | 2c     | (991)  | (59,599)  | (342,114)  | (842)  | (10,996)   |
| Overdrawn positions at futures clearing<br>houses and collateral manager | 2c     | (36)   | (8,684)   | (33,406)   | 0  | 0  |
| <b>Total overdraft</b>   |        | <b>(1,027)</b>                                     | <b>(68,283)</b>                                       | <b>(375,520)</b>                                 | <b>(842)</b>   | <b>(10,996)</b>  |
| <b>Other liabilities</b>   |        |  |   |  |  |  |
| Amounts payable on cancellation of shares                                | 2d, 6  | (60)   | (10,059)  | (117,085)  | (54)   | (495)  |
| Purchases awaiting settlement  | 2d, 6  | (194)  | 0   | 0  | (9,318)  | (647)  |
| Annual management charge payable   | 2d, 6  | (15)   | (2,747)   | (9,850)  | 0  | (94)   |
| Administration charge payable  | 2d, 6  | (6)  | (399)   | (1,115)  | (3)  | (23)   |
| Depository's charge payable  | 2d, 7  | (2)  | (69)  | (146)  | 0  | (8)  |
| Audit fee payable  | 2d, 8  | (10)   | (9)   | (10)   | 0  | (5)  |
| Safe custody charges payable   | 2d, 7  | (1)  | (77)  | (226)  | 0  | (4)  |
| Custody transaction charges payable                                      | 2d, 7  | (10)   | (26)  | (59)   | 0  | (7)  |
| Taxe d'abonnement payable  | 2d, 10 | (7)  | (772)   | (2,086)  | (4)  | (26)   |
| Other payable  | 2d     | 0  | (78)  | (56)   | (1)  | 0  |
| <b>Total other liabilities</b>   |        | <b>(305)</b>                                       | <b>(14,236)</b>                                       | <b>(130,633)</b>                                 | <b>(9,380)</b>   | <b>(1,309)</b>   |
| <b>Total liabilities</b>   |        | <b>(1,733)</b>                                     | <b>(109,719)</b>                                      | <b>(587,416)</b>                                 | <b>(10,410)</b>  | <b>(12,368)</b>  |
| <b>NET ASSETS</b>  |        | <b>43,422</b>                                      | <b>3,147,775</b>                                      | <b>8,792,255</b>                                 | <b>78,014</b>  | <b>186,123</b>   |

[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 net assets (continued)

| as at 30 September 2018   | Notes  | M&G (Lux) Emerging Markets Income Opportunities Fund US\$'000 | M&G (Lux) European Inflation Linked Corporate Bond Fund €'000 | M&G (Lux) European Strategic Value Fund €'000 | M&G (Lux) Floating Rate High Yield Solution US\$'000 | M&G (Lux) Global Dividend Fund US\$'000 |
|---|--------|---|---|---|--|---|
| <b>ASSETS</b>   |        |   |   |   |  |   |
| Investment assets [a]   | 2c     | 21,656  | 93,722  | 105,546                                       | 46,803   | 30,910                                  |
| <b>Cash and bank balances</b>   |        |   |   |   |  |   |
| Amounts held at futures clearing houses and collateral manager        | 2c     | 0   | 11  | 0   | 0  | 0                                       |
| Cash equivalents  |        | 0   | 0   | 5,820   | 0  | 630                                     |
| Cash held on deposit  |        | 0   | 0   | 0   | 0  | 0                                       |
| Cash held as bank balances  |        | 1,350   | 6,364   | 82  | 7,893  | 228                                     |
| <b>Total cash and bank balances</b>                                   |        | <b>1,350</b>  | <b>6,375</b>  | <b>5,902</b>                                  | <b>7,893</b>   | <b>858</b>                              |
| <b>Other assets</b>   |        |   |   |   |  |   |
| Sales awaiting settlement   | 2c     | 0   | 202   | 105   | 190  | 16                                      |
| Amounts receivable on issues of shares                                |        | 0   | 554   | 0   | 125  | 0                                       |
| Debt security interest receivable                                     | 2c     | 149   | 409   | 0   | 151  | 0                                       |
| Derivative income receivable  | 2d     | 0   | 10  | 0   | 51   | 0                                       |
| Dividends receivable  | 2d     | 25  | 0   | 65  | 0  | 51                                      |
| Other receivable  | 2d     | 0   | 0   | 0   | 0  | 0                                       |
| <b>Total other assets</b>   |        | <b>174</b>  | <b>1,175</b>  | <b>170</b>                                    | <b>517</b>   | <b>67</b>                               |
| <b>Total assets</b>   |        | <b>23,180</b>   | <b>101,272</b>  | <b>111,618</b>                                | <b>55,213</b>  | <b>31,835</b>                           |
| <b>LIABILITIES</b>  |        |   |   |   |  |   |
| Investment liabilities  | 2c     | (1)   | (254)   | 0   | (6)  | 0                                       |
| <b>Cash and bank balances</b>   |        |   |   |   |  |   |
| Bank overdrafts   | 2c     | (815)   | (5,544)   | 0   | (136)  | 0                                       |
| Overdrawn positions at futures clearing houses and collateral manager | 2c     | 0   | 0   | 0   | 0  | 0                                       |
| <b>Total overdraft</b>  |        | <b>(815)</b>  | <b>(5,544)</b>  | <b>0</b>                                      | <b>(136)</b>   | <b>0</b>                                |
| <b>Other liabilities</b>  |        |   |   |   |  |   |
| Amounts payable on cancellation of shares                             | 2d, 6  | (1)   | (696)   | 0   | (14)   | 0                                       |
| Purchases awaiting settlement   | 2d, 6  | (200)   | (599)   | (92)  | (34)   | (194)                                   |
| Annual management charge payable                                      | 2d, 6  | (11)  | (66)  | 0   | (13)   | 0                                       |
| Administration charge payable   | 2d, 6  | (3)   | (12)  | 0   | (7)  | 0                                       |
| Depositary's charge payable   | 2d, 7  | (1)   | (3)   | 0   | (1)  | 0                                       |
| Audit fee payable   | 2d, 8  | (5)   | (7)   | 0   | 0  | 0                                       |
| Safe custody charges payable  | 2d, 7  | (8)   | 0   | 0   | 0  | 0                                       |
| Custody transaction charges payable                                   | 2d, 7  | (7)   | (2)   | 0   | (11)   | 0                                       |
| Taxe d'abonnement payable   | 2d, 10 | (1)   | (24)  | 0   | (7)  | 0                                       |
| Other payable   | 2d     | 0   | 0   | 0   | 0  | 0                                       |
| <b>Total other liabilities</b>  |        | <b>(237)</b>  | <b>(1,409)</b>  | <b>(92)</b>                                   | <b>(87)</b>  | <b>(194)</b>                            |
| <b>Total liabilities</b>  |        | <b>(1,053)</b>  | <b>(7,207)</b>  | <b>(92)</b>                                   | <b>(229)</b>   | <b>(194)</b>                            |
| <b>NET ASSETS</b>   |        | <b>22,127</b>   | <b>94,065</b>   | <b>111,526</b>                                | <b>54,984</b>  | <b>31,641</b>                           |

[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 net assets (continued)

| as at 30 September 2018   | Notes  | M&G (Lux) Global Floating Rate High Yield Fund<br>US\$'000 | M&G (Lux) Global High Yield ESG Bond Fund<br>US\$'000 | M&G (Lux) Global Listed Infrastructure Fund<br>US\$'000 | M&G (Lux) Global Recovery Fund<br>US\$'000 | M&G (Lux) Global Target Return Fund<br>€'000 |
|---|--------|--|---|---|--|--|
| <b>ASSETS</b>   |        |  |   |   |  |  |
| Investment assets [a]   | 2c     | 112,760  | 14,934  | 9,132   | 1,221                                      | 29,994                                       |
| <b>Cash and bank balances</b>   | 2c     |  |   |   |  |  |
| Amounts held at futures clearing houses and collateral manager        |        | 0  | 0   | 0   | 0  | 769  |
| Cash equivalents  |        | 12,059   | 0   | 0   | 0  | 0  |
| Cash held on deposit  |        | 0  | 0   | 0   | 0  | 1,210  |
| Cash held as bank balances  |        | 1,711  | 1,022   | 236   | 42   | 84,968                                       |
| <b>Total cash and bank balances</b>                                   |        | <b>13,770</b>  | <b>1,022</b>  | <b>236</b>  | <b>42</b>                                  | <b>86,947</b>                                |
| <b>Other assets</b>   |        |  |   |   |  |  |
| Sales awaiting settlement   | 2c     | 0  | 121   | 37  | 2  | 0  |
| Amounts receivable on issues of shares                                |        | 199  | 54  | 201   | 0  | 157  |
| Debt security interest receivable                                     | 2c     | 695  | 197   | 0   | 0  | 216  |
| Derivative income receivable  | 2d     | 31   | 0   | 0   | 0  | 0  |
| Dividends receivable  | 2d     | 0  | 0   | 24  | 2  | 14   |
| Other receivable  | 2d     | 0  | 0   | 0   | 0  | 0  |
| <b>Total other assets</b>   |        | <b>925</b>   | <b>372</b>  | <b>262</b>  | <b>4</b>                                   | <b>387</b>                                   |
| <b>Total assets</b>   |        | <b>127,455</b>   | <b>16,328</b>   | <b>9,630</b>  | <b>1,267</b>                               | <b>117,328</b>                               |
| <b>LIABILITIES</b>  |        |  |   |   |  |  |
| Investment liabilities  | 2c     | (244)  | (1)   | 0   | 0  | (2,229)                                      |
| <b>Cash and bank balances</b>   | 2c     |  |   |   |  |  |
| Bank overdrafts   | 2c     | (354)  | (115)   | (155)   | (1)  | (1,372)                                      |
| Overdrawn positions at futures clearing houses and collateral manager | 2c     | 0  | 0   | 0   | 0  | (350)  |
| <b>Total overdraft</b>  |        | <b>(354)</b>   | <b>(115)</b>  | <b>(155)</b>  | <b>(1)</b>                                 | <b>(1,722)</b>                               |
| <b>Other liabilities</b>  |        |  |   |   |  |  |
| Amounts payable on cancellation of shares                             | 2d, 6  | 0  | 0   | (4)   | 0  | (84)   |
| Purchases awaiting settlement   | 2d, 6  | (126)  | (117)   | (280)   | (3)  | 0  |
| Annual management charge payable                                      | 2d, 6  | 0  | (9)   | (6)   | (1)  | (53)   |
| Administration charge payable   | 2d, 6  | (8)  | (2)   | (1)   | 0  | (15)   |
| Depositary's charge payable   | 2d, 7  | (1)  | (1)   | 0   | 0  | (5)  |
| Audit fee payable   | 2d, 8  | (1)  | 0   | 0   | 0  | (10)   |
| Safe custody charges payable  | 2d, 7  | 0  | (1)   | (2)   | 0  | (8)  |
| Custody transaction charges payable                                   | 2d, 7  | 0  | (11)  | (9)   | 0  | (9)  |
| Taxe d'abonnement payable   | 2d, 10 | (3)  | (1)   | (1)   | 0  | (13)   |
| Other payable   | 2d     | 0  | 0   | 0   | 0  | 0  |
| <b>Total other liabilities</b>  |        | <b>(139)</b>   | <b>(142)</b>  | <b>(303)</b>  | <b>(4)</b>                                 | <b>(197)</b>                                 |
| <b>Total liabilities</b>  |        | <b>(737)</b>   | <b>(258)</b>  | <b>(458)</b>  | <b>(5)</b>                                 | <b>(4,148)</b>                               |
| <b>NET ASSETS</b>   |        | <b>126,718</b>   | <b>16,070</b>   | <b>9,172</b>  | <b>1,262</b>                               | <b>113,180</b>                               |

[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 net assets (continued)

| as at 30 September 2018   | Notes  | M&G (Lux) Income Allocation Fund<br>€'000 | M&G (Lux) Multi Asset 2023 Fund<br>€'000 | M&G (Lux) Optimal Income Fund<br>€'000 | Combined total<br>€'000 |
|---|--------|---|--|--|-------------------------|
| <b>ASSETS</b>   |        |   |  |  |                         |
| Investment assets <sup>[a]</sup>                                      | 2c     | 1,170,475                                 | 164,605                                  | 110,354                                | 12,845,961              |
| <b>Cash and bank balances</b>   |        |   |  |  |                         |
| Amounts held at futures clearing houses and collateral manager        |        | 0   | 0  | 192                                    | 206,249                 |
| Cash equivalents  |        | 0   | 0  | 1,373                                  | 19,990                  |
| Cash held on deposit  |        | 0   | 0  | 0                                      | 37,843                  |
| Cash held as bank balances  |        | 282,625                                   | 2,490                                    | 2,737                                  | 1,917,208               |
| <b>Total cash and bank balances</b>                                   |        | <b>282,625</b>                            | <b>2,490</b>                             | <b>4,302</b>                           | <b>2,181,290</b>        |
| <b>Other assets</b>   |        |   |  |  |                         |
| Sales awaiting settlement   | 2c     | 12,176                                    | 0  | 0                                      | 14,334                  |
| Amounts receivable on issues of shares                                |        | 6,518                                     | 0  | 595                                    | 140,832                 |
| Debt security interest receivable                                     | 2c     | 6,172                                     | 0  | 1,049                                  | 59,340                  |
| Derivative income receivable  | 2d     | 0   | 0  | 6                                      | 88                      |
| Dividends receivable  | 2d     | 2,877                                     | 78                                       | 0                                      | 10,935                  |
| Other receivable  | 2d     | 0   | 419                                      | 0                                      | 969                     |
| <b>Total other assets</b>   |        | <b>27,743</b>                             | <b>497</b>                               | <b>1,650</b>                           | <b>226,498</b>          |
| <b>Total assets</b>   |        | <b>1,480,843</b>                          | <b>167,592</b>                           | <b>116,306</b>                         | <b>15,253,749</b>       |
| <b>LIABILITIES</b>  |        |   |  |  |                         |
| Investment liabilities  | 2c     | (3,836)                                   | 0  | (1,027)                                | (116,644)               |
| <b>Cash and bank balances</b>   |        |   |  |  |                         |
| Bank overdrafts   | 2c     | (166,908)                                 | (1,725)                                  | (640)                                  | (590,475)               |
| Overdrawn positions at futures clearing houses and collateral manager | 2c     | 0   | 0  | (1)                                    | (42,477)                |
| <b>Total overdraft</b>  |        | <b>(166,908)</b>                          | <b>(1,725)</b>                           | <b>(641)</b>                           | <b>(632,952)</b>        |
| <b>Other liabilities</b>  |        |   |  |  |                         |
| Amounts payable on cancellation of shares                             | 2d, 6  | (6,110)                                   | 0  | (9)                                    | (134,593)               |
| Purchases awaiting settlement   | 2d, 6  | (12,176)                                  | 0  | (129)                                  | (22,618)                |
| Annual management charge payable                                      | 2d, 6  | (1,392)                                   | (197)                                    | 0                                      | (14,436)                |
| Administration charge payable   | 2d, 6  | (164)                                     | 0  | (11)                                   | (1,763)                 |
| Depository's charge payable   | 2d, 7  | (33)                                      | 0  | 0                                      | (268)                   |
| Audit fee payable   | 2d, 8  | (10)                                      | 0  | (1)                                    | (66)                    |
| Safe custody charges payable  | 2d, 7  | 0   | 0  | 0                                      | (325)                   |
| Custody transaction charges payable                                   | 2d, 7  | 6   | 0  | 0                                      | (139)                   |
| Taxe d'abonnement payable   | 2d, 10 | (326)                                     | 0  | (3)                                    | (3,268)                 |
| Other payable   | 2d     | (243)                                     | 0  | 0                                      | (378)                   |
| <b>Total other liabilities</b>  |        | <b>(20,448)</b>                           | <b>(197)</b>                             | <b>(153)</b>                           | <b>(177,854)</b>        |
| <b>Total liabilities</b>  |        | <b>(191,192)</b>                          | <b>(1,922)</b>                           | <b>(1,821)</b>                         | <b>(927,450)</b>        |
| <b>NET ASSETS</b>   |        | <b>1,289,651</b>                          | <b>165,670</b>                           | <b>114,485</b>                         | <b>14,326,299</b>       |

[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

| * Fund launch date (if within the period).<br>for the period/year to 30 September 2018 | Notes  | M&G (Lux)<br>Absolute Return<br>Bond Fund<br>€'000 | M&G (Lux)<br>Conservative<br>Allocation Fund<br>€'000 | M&G (Lux)<br>Dynamic<br>Allocation Fund<br>€'000 | M&G (Lux) Emerging<br>Markets Bond<br>Fund<br>17.09.18*<br>US\$'000 | M&G (Lux) Emerging<br>Markets Hard<br>Currency Bond Fund<br>US\$'000 |
|--|--------|--|---|--|---|--|
| <b>OPENING NET ASSETS</b>  |        | 37,596   | 2,948,508   | 8,466,426  | 0   | 187,118  |
| <b>Income</b>  |        |  |   |  |   |  |
| Bank interest  | 2d     | (3)  | (195)   | (116)  | 0   | 1  |
| Deposit interest   |        | 0  | (1,032)   | (2,247)  | 0   | 0  |
| Derivative Income  | 2d, 4  | 26   | 0   | 0  | 0   | 0  |
| Dividends  | 2d     | 0  | 12,621  | 31,628   | 0   | 0  |
| Interest on debt securities  | 2d     | 615  | 22,945  | 64,224   | 102   | 5,433  |
| Accretion of market discount/<br>(Amortisation of market premium)                      | 2d     | (23)   | (6,385)   | (20,227)   | 0   | (222)  |
| Withholding tax on dividends and<br>other investment income                            | 2d     | 0  | (1,761)   | (4,467)  | 0   | 0  |
| <b>Total income</b>  |        | <b>615</b>   | <b>26,193</b>   | <b>68,795</b>                                    | <b>102</b>  | <b>5,212</b>   |
| <b>Expenses</b>  |        |  |   |  |   |  |
| Overdraft expenses   | 2d     | 0  | (112)   | (380)  | 0   | 0  |
| Annual management charge   | 2d, 6  | (90)   | (16,451)  | (60,222)   | 0   | (558)  |
| Administration charge  | 2d, 6  | (32)   | (2,413)   | (6,685)  | (3)   | (139)  |
| Share class hedging charge   | 2d, 6  | (1)  | (3)   | (12)   | 0   | (5)  |
| Depositary's charge  | 2d, 7  | (1)  | (64)  | (133)  | 0   | (5)  |
| Audit fee  | 2d, 8  | (6)  | (7)   | (7)  | (1)   | (8)  |
| Audit fee reimbursement from Manager   | 2d     | 0  | 0   | 0  | 0   | 2  |
| Safe custody charge  | 2d, 7  | (1)  | (109)   | (313)  | 0   | (4)  |
| Custody transaction charges  | 2d, 7  | (12)   | (65)  | (178)  | 0   | (7)  |
| Taxe d'abonnement charge   | 2d, 10 | (7)  | (779)   | (2,096)  | (4)   | (25)   |
| <b>Total expenses</b>  |        | <b>(150)</b>                                       | <b>(20,003)</b>                                       | <b>(70,026)</b>                                  | <b>(8)</b>  | <b>(749)</b>   |
| <b>Net income/(expense) for the period</b>   |        | <b>465</b>   | <b>6,190</b>  | <b>(1,231)</b>                                   | <b>94</b>   | <b>4,463</b>   |
| <b>REALISED GAINS/(LOSSES) ON INVESTMENTS</b>  |        |  |   |  |   |  |
| Investments excluding derivatives [a]  | 2c     | 3  | 605   | 1,952  | (2)   | (478)  |
| Currency and forward currency contracts  | 2c     | (703)  | (54,140)  | (171,276)  | (30)  | (2,247)  |
| Futures contracts  | 2c     | (225)  | (36,322)  | (138,937)  | 0   | 0  |
| Swap contracts   | 2c     | (64)   | 16,639  | 82,460   | 0   | 0  |
| <b>Net realised loss</b>   |        | <b>(989)</b>                                       | <b>(73,218)</b>                                       | <b>(225,801)</b>                                 | <b>(32)</b>   | <b>(2,725)</b>   |
| <b>CHANGE IN UNREALISED GAINS/(LOSSES)</b>   |        |  |   |  |   |  |
| Investments excluding derivatives [a]  | 2c     | (103)  | (2,361)   | (1,511)  | 825   | (8,789)  |
| Currency and forward currency contracts  | 2c     | 50   | 2,382   | 2,395  | (136)   | 506  |
| Futures contracts  | 2c     | 207  | 24,562  | 130,872  | 0   | 0  |
| Swap contracts   | 2c     | (48)   | 15,783  | 50,454   | 0   | 0  |
| <b>Net change in unrealised gain/(loss)</b>  |        | <b>106</b>   | <b>40,366</b>   | <b>182,210</b>                                   | <b>689</b>  | <b>(8,283)</b>   |
| <b>Change in net asset assets from investment activities</b>                           |        | <b>(418)</b>                                       | <b>(26,662)</b>                                       | <b>(44,822)</b>                                  | <b>751</b>  | <b>(6,545)</b>   |
| Net share issues and redemptions   |        | 6,317  | 227,426   | 373,316  | 77,263  | 6,805  |
| Distributions  | 3, 14  | (73)   | (1,497)   | (2,665)  | 0   | (1,255)  |
| <b>NET ASSETS</b>  |        | <b>43,422</b>                                      | <b>3,147,775</b>                                      | <b>8,792,255</b>                                 | <b>78,014</b>   | <b>186,123</b>   |

[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)

|  |        | M&G (Lux) Emerging<br>Markets Income<br>Opportunities Fund | M&G (Lux) European<br>Inflation Linked<br>Corporate<br>Bond Fund | M&G (Lux)<br>European<br>Strategic Value<br>Fund<br>18.09.18* | M&G (Lux)<br>Floating<br>Rate High<br>Yield Solution | M&G (Lux) Global<br>Dividend<br>Fund<br>18.09.18* |
|--|--------|--|--|---|--|---|
| * Fund launch date (if within the period).<br>for the period/year to 30 September 2018 | Notes  | US\$'000   | €'000  | €'000   | US\$'000   | US\$'000  |
| <b>OPENING NET ASSETS</b>  |        | <b>22,994</b>  | <b>97,705</b>  | <b>0</b>  | <b>1,034</b>   | <b>0</b>  |
| <b>Income</b>  |        |  |  |   |  |   |
| Bank interest  | 2d     | 0  | 15   | 0   | 2  | 0   |
| Deposit interest   |        | 0  | 0  | 0   | 0  | 0   |
| Derivative Income  | 2d, 4  | 0  | 234  | 0   | 465  | 0   |
| Dividends  | 2d     | 422  | 0  | 82  | 0  | 65  |
| Interest on debt securities  | 2d     | 308  | 740  | 0   | 130  | 0   |
| Accretion of market discount/<br>(Amortisation of market premium)                      | 2d     | (3)  | (85)   | 0   | (12)   | 0   |
| Withholding tax on dividends and<br>other investment income                            | 2d     | (45)   | (3)  | (4)   | 0  | (14)  |
| <b>Total income</b>  |        | <b>682</b>   | <b>901</b>   | <b>78</b>   | <b>585</b>   | <b>51</b>   |
| <b>Expenses</b>  |        |  |  |   |  |   |
| Overdraft expenses   | 2d     | 0  | (1)  | 0   | 0  | 0   |
| Annual management charge   | 2d, 6  | (68)   | (394)  | 0   | (31)   | 0   |
| Administration charge  | 2d, 6  | (17)   | (72)   | 0   | (16)   | 0   |
| Share class hedging charge   | 2d, 6  | 0  | 0  | 0   | (2)  | 0   |
| Depository's charge  | 2d, 7  | (1)  | (3)  | 0   | (1)  | 0   |
| Audit fee  | 2d, 8  | (7)  | (6)  | 0   | (6)  | 0   |
| Audit fee reimbursement from Manager   | 2d     | 2  | 0  | 0   | 6  | 0   |
| Safe custody charge  | 2d, 7  | (7)  | (1)  | 0   | 0  | 0   |
| Custody transaction charges  | 2d, 7  | (6)  | (4)  | 0   | (10)   | 0   |
| Taxe d'abonnement charge   | 2d, 10 | (1)  | (24)   | 0   | (7)  | 0   |
| <b>Total expenses</b>  |        | <b>(105)</b>   | <b>(505)</b>   | <b>0</b>  | <b>(67)</b>  | <b>0</b>  |
| <b>Net income for the period</b>   |        | <b>577</b>   | <b>396</b>   | <b>78</b>   | <b>518</b>   | <b>51</b>   |
| <b>REALISED GAINS/(LOSSES) ON INVESTMENTS</b>  |        |  |  |   |  |   |
| Investments excluding derivatives [a]  | 2c     | 124  | (95)   | (6)   | 0  | 3   |
| Currency and forward currency contracts  | 2c     | (80)   | (759)  | (7)   | (934)  | (8)   |
| Futures contracts  | 2c     | 0  | (359)  | 0   | 0  | 0   |
| Swap contracts   | 2c     | 0  | (67)   | 0   | 387  | 0   |
| <b>Net realised gain/(loss)</b>  |        | <b>44</b>  | <b>(1,280)</b>   | <b>(13)</b>   | <b>(547)</b>   | <b>(5)</b>  |
| <b>CHANGE IN UNREALISED GAINS/(LOSSES)</b>   |        |  |  |   |  |   |
| Investments excluding derivatives [a]  | 2c     | (1,495)  | 36   | 321   | (3)  | 314   |
| Currency and forward currency contracts  | 2c     | (12)   | 70   | 1   | 107  | 0   |
| Futures contracts  | 2c     | 0  | 157  | 0   | 0  | 0   |
| Swap contracts   | 2c     | 0  | 300  | 0   | (32)   | 0   |
| <b>Net change in unrealised gain/(loss)</b>  |        | <b>(1,507)</b>   | <b>563</b>   | <b>322</b>  | <b>72</b>  | <b>314</b>  |
| <b>Change in net asset assets from investment activities</b>                           |        | <b>(886)</b>   | <b>(321)</b>   | <b>387</b>  | <b>43</b>  | <b>360</b>  |
| Net share issues and redemptions   |        | 29   | (3,319)  | 111,139   | 53,914   | 31,281  |
| Distributions  | 3, 14  | (10)   | 0  | 0   | (7)  | 0   |
| <b>NET ASSETS</b>  |        | <b>22,127</b>  | <b>94,065</b>  | <b>111,526</b>  | <b>54,984</b>  | <b>31,641</b>                                     |

[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).<br>for the period/year to 30 September 2018 | Notes  | M&G (Lux) Global Floating<br>Rate High Yield<br>Fund<br>13.09.18*<br>US\$'000 | M&G (Lux) Global<br>High Yield ESG<br>Bond Fund<br>US\$'000 | M&G (Lux)<br>Global Listed<br>Infrastructure<br>Fund<br>US\$'000 | M&G (Lux)<br>Global Recovery<br>Fund<br>18.07.18*<br>US\$'000 | M&G (Lux)<br>Global Target<br>Return Fund<br>€'000 |
|--|--------|---|---|--|---|--|
| <b>OPENING NET ASSETS</b>  |        | 0   | 15,547  | 8,606  | 0   | 100,030  |
| <b>Income</b>  |        |   |   |  |   |  |
| Bank interest  | 2d     | 0   | 1   | 0  | 0   | 35   |
| Deposit interest   |        | 0   | 0   | 0  | 0   | (250)  |
| Derivative Income  | 2d, 4  | 32  | 0   | 0  | 0   | 0  |
| Dividends  | 2d     | 0   | 0   | 204  | 7   | 215  |
| Interest on debt securities  | 2d     | 132   | 376   | 0  | 0   | 403  |
| Accretion of market discount/<br>(Amortisation of market premium)                      | 2d     | 0   | (37)  | 0  | 0   | 0  |
| Withholding tax on dividends and<br>other investment income                            | 2d     | 0   | (3)   | (33)   | (1)   | (25)   |
| <b>Total income</b>  |        | <b>164</b>  | <b>337</b>  | <b>171</b>   | <b>6</b>  | <b>378</b>   |
| <b>Expenses</b>  |        |   |   |  |   |  |
| Overdraft expenses   | 2d     | 0   | 0   | 0  | 0   | (4)  |
| Annual management charge   | 2d, 6  | 0   | (52)  | (33)   | (1)   | (328)  |
| Administration charge  | 2d, 6  | (8)   | (12)  | (7)  | (1)   | (88)   |
| Share class hedging charge   | 2d, 6  | 0   | 0   | 0  | 0   | 0  |
| Depository's charge  | 2d, 7  | 0   | 0   | 0  | 0   | (3)  |
| Audit fee  | 2d, 8  | (1)   | (8)   | (7)  | 0   | (7)  |
| Audit fee reimbursement from Manager   | 2d     | 0   | 8   | 7  | 0   | 0  |
| Safe custody charge  | 2d, 7  | 0   | (1)   | (1)  | 0   | (9)  |
| Custody transaction charges  | 2d, 7  | 0   | (10)  | (8)  | 0   | (12)   |
| Taxe d'abonnement charge   | 2d, 10 | (3)   | (1)   | (1)  | 0   | (13)   |
| <b>Total expenses</b>  |        | <b>(12)</b>   | <b>(76)</b>   | <b>(50)</b>  | <b>(2)</b>  | <b>(464)</b>                                       |
| <b>Net income/(expense) for the period</b>   |        | <b>152</b>  | <b>261</b>  | <b>121</b>   | <b>4</b>  | <b>(86)</b>  |
| <b>REALISED GAINS/(LOSSES) ON INVESTMENTS</b>  |        |   |   |  |   |  |
| Investments excluding derivatives [a]  | 2c     | 0   | (18)  | (5)  | 13  | (146)  |
| Currency and forward currency contracts  | 2c     | (308)   | 514   | (4)  | 2   | (511)  |
| Futures contracts  | 2c     | 0   | 0   | 0  | 0   | (827)  |
| Swap contracts   | 2c     | 0   | 0   | 0  | 0   | (396)  |
| Options contracts  | 2c     | 0   | 0   | 0  | 0   | (199)  |
| <b>Net realised (loss)/gain</b>  |        | <b>(308)</b>  | <b>496</b>  | <b>(9)</b>   | <b>15</b>   | <b>(2,079)</b>                                     |
| <b>CHANGE IN UNREALISED GAINS/(LOSSES)</b>   |        |   |   |  |   |  |
| Investments excluding derivatives [a]  | 2c     | (712)   | (575)   | 248  | (12)  | (1,307)  |
| Currency and forward currency contracts  | 2c     | 711   | 85  | (6)  | 0   | (447)  |
| Futures contracts  | 2c     | 0   | 0   | 0  | 0   | 800  |
| Swap contracts   | 2c     | 144   | 0   | 0  | 0   | 236  |
| Options contracts  | 2c     | 0   | 0   | 0  | 0   | (274)  |
| <b>Net change in unrealised gain/(loss)</b>  |        | <b>143</b>  | <b>(490)</b>  | <b>242</b>   | <b>(12)</b>   | <b>(992)</b>                                       |
| <b>Change in net asset assets from investment activities</b>                           |        | <b>(13)</b>   | <b>267</b>  | <b>354</b>   | <b>7</b>  | <b>(3,157)</b>                                     |
| Net share issues and redemptions   |        | 126,731   | 261   | 214  | 1,255   | 16,307   |
| Distributions  | 3, 14  | 0   | (5)   | (2)  | 0   | 0  |
| Foreign currency translation   |        |   |   |  |   |  |
| <b>NET ASSETS</b>  |        | <b>126,718</b>  | <b>16,070</b>   | <b>9,172</b>   | <b>1,262</b>  | <b>113,180</b>                                     |

[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).<br>for the period/year to 30 September 2018 | Notes  | M&G (Lux) Income<br>Allocation Fund<br>€'000 | M&G (Lux) Multi<br>Asset 2023 Fund<br>€'000 | M&G (Lux) Optimal<br>Income Fund<br>05.09.18*<br>€'000 | Combined<br>total<br>€'000 |
|--|--------|--|---|--|----------------------------|
| <b>OPENING NET ASSETS</b>  |        | <b>1,333,711</b>                             | <b>168,778</b>                              | <b>0</b>   | <b>13,343,695</b>          |
| <b>Income</b>  |        |  |   |  |                            |
| Bank interest  | 2d     | (78)   | (3)   | 0  | (342)                      |
| Deposit interest   |        | (213)  | 0   | 0  | (3,742)                    |
| Derivative Income  | 2d, 4  | 0  | 0   | 17   | 706                        |
| Dividends  | 2d     | 14,602                                       | 1,760                                       | 0  | 61,511                     |
| Interest on debt securities  | 2d     | 13,278                                       | 0   | 200  | 108,001                    |
| Accretion of market discount/<br>(Amortisation of market premium)                      | 2d     | (726)  | 0   | (32)   | (27,715)                   |
| Withholding tax on dividends and<br>other investment income                            | 2d     | (1,888)                                      | 0   | 0  | (8,231)                    |
| <b>Total income</b>  |        | <b>24,975</b>                                | <b>1,757</b>                                | <b>185</b>   | <b>130,188</b>             |
| <b>Expenses</b>  |        |  |   |  |                            |
| Overdraft expenses   | 2d     | 0  | 0   | 0  | (497)                      |
| Annual management charge   | 2d, 6  | (8,313)                                      | (467)                                       | 0  | (86,907)                   |
| Administration charge  | 2d, 6  | (982)  | 0   | (11)   | (10,458)                   |
| Share class hedging charge   | 2d, 6  | (1)  | 0   | 0  | (23)                       |
| Depository's charge  | 2d, 7  | (31)   | 0   | 0  | (241)                      |
| Audit fee  | 2d, 8  | (7)  | 0   | (1)  | (74)                       |
| Audit fee reimbursement from Manager   | 2d     | 0  | 0   | 0  | 22                         |
| Safe custody charge  | 2d, 7  | 2  | 0   | 0  | (442)                      |
| Custody transaction charges  | 2d, 7  | (5)  | 0   | 0  | (311)                      |
| Taxe d'abonnement charge   | 2d, 10 | (328)  | 0   | (3)  | (3,286)                    |
| <b>Total expenses</b>  |        | <b>(9,665)</b>                               | <b>(467)</b>                                | <b>(15)</b>  | <b>(102,217)</b>           |
| <b>Net income for the period</b>   |        | <b>15,310</b>                                | <b>1,290</b>                                | <b>170</b>   | <b>27,971</b>              |
| <b>REALISED GAINS/(LOSSES) ON INVESTMENTS</b>  |        |  |   |  |                            |
| Investments excluding derivatives [a]  | 2c     | 1,093  | 16  | 0  | 3,109                      |
| Currency and forward currency contracts  | 2c     | (21,034)                                     | 0   | (16)   | (251,118)                  |
| Futures contracts  | 2c     | 0  | 0   | (1)  | (176,671)                  |
| Swap contracts   | 2c     | (27)   | 0   | (26)   | 98,853                     |
| Options contracts  | 2c     | 0  | 0   | 0  | (199)                      |
| <b>Net realised (loss)/gain</b>  |        | <b>(19,968)</b>                              | <b>16</b>                                   | <b>(43)</b>  | <b>(326,026)</b>           |
| <b>CHANGE IN UNREALISED GAINS/(LOSSES)</b>   |        |  |   |  |                            |
| Investments excluding derivatives [a]  | 2c     | (2,462)                                      | (2,857)                                     | 356  | (18,694)                   |
| Currency and forward currency contracts  | 2c     | (5,421)                                      | 0   | (621)  | (507)                      |
| Futures contracts  | 2c     | 0  | 0   | 268  | 156,866                    |
| Swap contracts   | 2c     | 441  | 0   | 205  | 67,468                     |
| Options contracts  | 2c     | 0  | 0   | 0  | (274)                      |
| <b>Net change in unrealised gain/(loss)</b>  |        | <b>(7,442)</b>                               | <b>(2,857)</b>                              | <b>208</b>   | <b>204,859</b>             |
| <b>Change in net asset assets from investment activities</b>                           |        | <b>(12,100)</b>                              | <b>(1,551)</b>                              | <b>335</b>   | <b>(93,196)</b>            |
| Net share issues and redemptions   |        | (21,205)                                     | (1,557)                                     | 114,150  | 1,079,669                  |
| Distributions  | 3, 14  | (10,755)                                     | 0   | 0  | (16,094)                   |
| Foreign currency translation   |        |  |   |  | 12,225                     |
| <b>NET ASSETS</b>  |        | <b>1,289,651</b>                             | <b>165,670</b>                              | <b>114,485</b>   | <b>14,326,299</b>          |

[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

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 to 30 September 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 |
|---|--------------------------|---|----------------|-----------------|---|-------------------------|
| <b>M&amp;G (Lux) Absolute Return Bond Fund</b>    |                          |   |                |                 |   |                         |
|   | <b>Euro</b>              |   |                |                 |   |                         |
|   | Class 'A' Accumulation   | 176,219.529                                       | 36,004.840     | 122,889.756     | 89,334.613                                  | 21.12.16                |
|   | Class 'A' Distribution   | 4,435.629   | 3,508.280      | 0.000           | 7,943.909                                   | 21.12.16                |
|   | Class 'B' Accumulation   | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 04.05.18                |
|   | Class 'B' Distribution   | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 04.05.18                |
|   | Class 'C' Accumulation   | 914,516.984                                       | 103,164.825    | 21,431.156      | 996,250.653                                 | 21.12.16                |
|   | Class 'C' Distribution   | 639,786.211                                       | 0.000          | 0.000           | 639,786.211                                 | 21.12.16                |
|   | Class 'CI' Accumulation  | 1,929,600.000                                     | 985.500        | 0.000           | 1,930,585.500                               | 21.12.16                |
|   | <b>Sterling</b>          |   |                |                 |   |                         |
|   | Class 'C-H' Accumulation | 2,903.500   | 575,200.000    | 48,532.380      | 529,571.120                                 | 21.12.16                |
|   | Class 'C-H' Distribution | 2,507.500   | 0.000          | 0.000           | 2,507.500                                   | 21.12.16                |
|   | <b>Swiss franc</b>       |   |                |                 |   |                         |
|   | 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                |
|   | <b>US dollar</b>         |   |                |                 |   |                         |
|   | 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                |
| <b>M&amp;G (Lux) Conservative Allocation Fund</b> |                          |   |                |                 |   |                         |
|   | <b>Euro</b>              |   |                |                 |   |                         |
|   | Class 'A' Accumulation   | 128,972,782.865                                   | 36,251,767.104 | 20,546,240.424  | 144,678,309.545                             | 16.01.18                |
|   | Class 'A' Distribution   | 10,429,536.029                                    | 3,481,194.644  | 883,316.663     | 13,027,414.010                              | 16.01.18                |
|   | Class 'B' Accumulation   | 20,623,246.579                                    | 5,849,486.147  | 2,274,440.091   | 24,198,292.635                              | 16.01.18                |
|   | Class 'B' Distribution   | 6,627,764.573                                     | 1,364,574.955  | 769,822.171     | 7,222,517.357                               | 16.01.18                |
|   | Class 'C' Accumulation   | 116,024,160.736                                   | 30,902,842.727 | 41,934,262.566  | 104,992,740.897                             | 16.01.18                |
|   | Class 'C' Distribution   | 12,170,026.012                                    | 486,871.608    | 432,626.951     | 12,224,270.669                              | 16.01.18                |
|   | Class 'CI' Accumulation  | 4,354,600.000                                     | 20,981,089.720 | 8,723,029.230   | 16,612,660.490                              | 16.01.18                |
|   | <b>Swiss franc</b>       |   |                |                 |   |                         |
|   | Class 'A-H' Accumulation | 22,010.262  | 13,924.090     | 10,290.000      | 25,644.352                                  | 16.01.18                |
|   | Class 'C-H' Accumulation | 275,450.897                                       | 18,100.000     | 10,355.997      | 283,194.900                                 | 16.01.18                |
|   | <b>US dollar</b>         |   |                |                 |   |                         |
|   | Class 'A-H' Accumulation | 1,384,183.519                                     | 299,161.962    | 161,682.306     | 1,521,663.175                               | 16.01.18                |
|   | Class 'A-H' Distribution | 214,518.214                                       | 40,998.784     | 61,701.207      | 193,815.791                                 | 16.01.18                |
|   | Class 'C-H' Accumulation | 1,277,362.743                                     | 163,848.659    | 75,141.965      | 1,366,069.437                               | 16.01.18                |
|   | Class 'C-H' Distribution | 206,941.002                                       | 0.000          | 0.000           | 206,941.002                                 | 16.01.18                |

# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Financial statements

Shares in issue (continued)

| For the period to 30 September 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 |
|---|-------------------------------|---|-----------------|-----------------|---|-------------------------|
| <b>M&amp;G (Lux) Dynamic Allocation Fund</b>    |                               |   |                 |                 |   |                         |
|   | <b>Euro</b>                   |   |                 |                 |   |                         |
|   | Class 'A' Accumulation        | 455,340,863.481                                   | 87,675,688.577  | 80,937,197.447  | 462,079,354.611                             | 16.01.18                |
|   | Class 'A' Distribution        | 54,633,187.914                                    | 9,306,411.384   | 6,520,192.684   | 57,419,406.614                              | 16.01.18                |
|   | Class 'B' Accumulation        | 41,840,361.037                                    | 11,880,600.031  | 5,444,281.486   | 48,276,679.582                              | 16.01.18                |
|   | Class 'C' Accumulation        | 301,292,203.573                                   | 58,596,193.318  | 125,401,461.546 | 234,486,935.345                             | 16.01.18                |
|   | Class 'C' Distribution        | 6,899,904.167                                     | 2,655,952.727   | 5,041,198.325   | 4,514,658.569                               | 16.01.18                |
|   | Class 'CI' Accumulation       | 6,297,970.382                                     | 109,054,823.885 | 14,262,058.663  | 101,090,735.604                             | 16.01.18                |
|   | <b>Sterling</b>               |   |                 |                 |   |                         |
|   | Class 'C-H' Accumulation      | 541,036.376                                       | 254,462.567     | 12,993.830      | 782,505.113                                 | 16.01.18                |
|   | Class 'C-H' Distribution      | 68,097.518  | 0.000           | 0.000           | 68,097.518                                  | 16.01.18                |
|   | <b>Swiss franc</b>            |   |                 |                 |   |                         |
|   | Class 'A-H' Accumulation      | 377,688.535                                       | 397,354.077     | 13,900.776      | 761,141.836                                 | 16.01.18                |
|   | Class 'C-H' Accumulation      | 177,764.681                                       | 68,447.476      | 29,147.952      | 217,064.205                                 | 16.01.18                |
|   | <b>US dollar</b>              |   |                 |                 |   |                         |
|   | Class 'A-H M F4' Distribution | 103,400.000                                       | 850,612.372     | 0.000           | 954,012.372                                 | 01.02.18                |
|   | Class 'A-H' Accumulation      | 6,476,559.824                                     | 1,546,961.038   | 1,157,083.680   | 6,866,437.182                               | 16.01.18                |
|   | Class 'A-H' Distribution      | 1,938,441.139                                     | 189,286.986     | 257,841.650     | 1,869,886.475                               | 16.01.18                |
|   | Class 'C-H' Accumulation      | 4,502,317.665                                     | 1,189,026.582   | 660,297.602     | 5,031,046.645                               | 16.01.18                |
|   | Class 'C-H' Distribution      | 121,646.899                                       | 20,745.797      | 54,355.599      | 88,037.097                                  | 16.01.18                |
| <b>M&amp;G (Lux) Emerging Markets Bond Fund</b> |                               |   |                 |                 |   |                         |
|   | <b>Euro</b>                   |   |                 |                 |   |                         |
|   | Class 'A' Accumulation        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'A' Distribution        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'A-H' Accumulation      | 0.000   | 2,410.000       | 0.000           | 2,410.000                                   | 21.09.18                |
|   | Class 'A-H' Distribution      | 0.000   | 2,415.000       | 0.000           | 2,415.000                                   | 21.09.18                |
|   | Class 'B' Accumulation        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'B' Distribution        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'B-H' Accumulation      | 0.000   | 2,420.000       | 0.000           | 2,420.000                                   | 21.09.18                |
|   | Class 'B-H' Distribution      | 0.000   | 2,425.000       | 0.000           | 2,425.000                                   | 21.09.18                |
|   | Class 'C' Accumulation        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'C' Distribution        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'C-H' Accumulation      | 0.000   | 2,430.000       | 0.000           | 2,430.000                                   | 21.09.18                |
|   | Class 'C-H' Distribution      | 0.000   | 2,435.000       | 0.000           | 2,435.000                                   | 21.09.18                |
|   | Class 'CI' Accumulation       | 0.000   | 4,600.000       | 0.000           | 4,600.000                                   | 21.09.18                |
|   | Class 'CI-H' Accumulation     | 0.000   | 1,171,399.324   | 0.000           | 1,171,399.324                               | 21.09.18                |
|   | <b>Swiss franc</b>            |   |                 |                 |   |                         |
|   | Class 'A' Accumulation        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'A-H' Accumulation      | 0.000   | 2,400.000       | 0.000           | 2,400.000                                   | 21.09.18                |
|   | Class 'C' Accumulation        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'C-H' Accumulation      | 0.000   | 2,405.000       | 0.000           | 2,405.000                                   | 21.09.18                |
|   | <b>US dollar</b>              |   |                 |                 |   |                         |
|   | Class 'A' Accumulation        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'A' Distribution        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'C' Accumulation        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'C' Distribution        | 0.000   | 1,000.000       | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'CI' Accumulation       | 0.000   | 4,600.000       | 0.000           | 4,600.000                                   | 21.09.18                |
|   | Class 'K' Accumulation        | 0.000   | 6,300,000.000   | 0.000           | 6,300,000.000                               | 17.09.18                |

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

Shares in issue (continued)

| For the period to 30 September 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 |
|---|--------------------------|---|---------------|-----------------|---|-------------------------|
| <b>M&amp;G (Lux) Emerging Markets Hard Currency Bond Fund</b>   |                          |   |               |                 |   |                         |
| <b>Euro</b>   |                          |   |               |                 |   |                         |
|   | Class 'A' Accumulation   | 1,000.000   | 1,016.778     | 0.000           | 2,016.778                                   | 22.05.17                |
|   | Class 'A' Distribution   | 1,000.000   | 1,138.252     | 0.000           | 2,138.252                                   | 22.05.17                |
|   | Class 'A-H' Accumulation | 2,500.000   | 303.482       | 0.000           | 2,803.482                                   | 22.05.17                |
|   | Class 'A-H' Distribution | 2,505.000   | 1,013.613     | 1,013.613       | 2,505.000                                   | 22.05.17                |
|   | Class 'C' Accumulation   | 1,000.000   | 206.400       | 0.000           | 1,206.400                                   | 22.05.17                |
|   | Class 'C' Distribution   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'C-H' Accumulation | 3,156,790.476                                     | 0.000         | 0.000           | 3,156,790.476                               | 22.05.17                |
|   | Class 'C-H' Distribution | 1,014,668.053                                     | 0.000         | 0.000           | 1,014,668.053                               | 22.05.17                |
|   | Class 'LI' Accumulation  | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 27.09.18                |
| <b>Sterling</b>   |                          |   |               |                 |   |                         |
|   | Class 'C' Accumulation   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'C' Distribution   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
| <b>Swiss franc</b>  |                          |   |               |                 |   |                         |
|   | Class 'A-H' Accumulation | 2,520.000   | 0.000         | 0.000           | 2,520.000                                   | 22.05.17                |
|   | Class 'A-H' Distribution | 2,525.000   | 0.000         | 0.000           | 2,525.000                                   | 22.05.17                |
|   | Class 'C-H' Accumulation | 2,530.000   | 0.000         | 0.000           | 2,530.000                                   | 22.05.17                |
|   | Class 'C-H' Distribution | 2,535.000   | 0.000         | 0.000           | 2,535.000                                   | 22.05.17                |
| <b>US dollar</b>  |                          |   |               |                 |   |                         |
|   | Class 'A' Accumulation   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'A' Distribution   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'C' Accumulation   | 2,434.830   | 0.000         | 0.000           | 2,434.830                                   | 22.05.17                |
|   | Class 'C' Distribution   | 3,462,722.000                                     | 0.000         | 0.000           | 3,462,722.000                               | 22.05.17                |
|   | Class 'CI' Accumulation  | 9,602,510.000                                     | 882,375.000   | 225,425.000     | 10,259,460.000                              | 22.05.17                |
| <b>M&amp;G (Lux) Emerging Markets Income Opportunities Fund</b> |                          |   |               |                 |   |                         |
| <b>Euro</b>   |                          |   |               |                 |   |                         |
|   | Class 'A-H' Accumulation | 2,857.952   | 6,173.105     | 0.000           | 9,031.057                                   | 22.05.17                |
|   | Class 'A-H' Distribution | 19,805.000  | 20.000        | 3,900.000       | 15,925.000                                  | 22.05.17                |
|   | Class 'C-H' Accumulation | 2,410.000   | 0.000         | 0.000           | 2,410.000                                   | 22.05.17                |
|   | Class 'C-H' Distribution | 2,415.000   | 0.000         | 0.000           | 2,415.000                                   | 22.05.17                |
| <b>Sterling</b>   |                          |   |               |                 |   |                         |
|   | Class 'C-H' Accumulation | 2,420.000   | 0.000         | 0.000           | 2,420.000                                   | 22.05.17                |
|   | Class 'C-H' Distribution | 2,425.000   | 0.000         | 0.000           | 2,425.000                                   | 22.05.17                |
| <b>Swiss franc</b>  |                          |   |               |                 |   |                         |
|   | Class 'A-H' Accumulation | 2,430.000   | 0.000         | 0.000           | 2,430.000                                   | 22.05.17                |
|   | Class 'A-H' Distribution | 2,435.000   | 0.000         | 0.000           | 2,435.000                                   | 22.05.17                |
|   | Class 'C-H' Accumulation | 2,440.000   | 0.000         | 0.000           | 2,440.000                                   | 22.05.17                |
|   | Class 'C-H' Distribution | 2,445.000   | 0.000         | 0.000           | 2,445.000                                   | 22.05.17                |
| <b>US dollar</b>  |                          |   |               |                 |   |                         |
|   | Class 'A' Accumulation   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'A' Distribution   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'A M' Distribution | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'C' Accumulation   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'C' Distribution   | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'C M' Distribution | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.05.17                |
|   | Class 'CI' Accumulation  | 2,004,600.000                                     | 0.000         | 0.000           | 2,004,600.000                               | 22.05.17                |



# M&G (Lux) Investment Funds 1

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Shares in issue (continued)

| For the period to 30 September 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 |
|--|----------------------------|---|----------------|-----------------|---|-------------------------|
| <b>M&amp;G (Lux) European Inflation Linked Corporate Bond Fund</b> |                            |   |                |                 |   |                         |
| <b>Euro</b>  |                            |   |                |                 |   |                         |
|  | Class 'A' Accumulation     | 5,969,467.160                                     | 665,152.343    | 734,762.753     | 5,899,856.750                               | 16.03.18                |
|  | Class 'C' Accumulation     | 2,654,660.661                                     | 720,583.180    | 930,085.212     | 2,445,158.629                               | 16.03.18                |
|  | Class 'CI' Accumulation    | 4,600.000   | 0.000          | 0.000           | 4,600.000                                   | 20.03.18                |
| <b>Swiss franc</b>   |                            |   |                |                 |   |                         |
|  | Class 'A-H' Accumulation   | 11,381.515  | 0.000          | 0.000           | 11,381.515                                  | 16.03.18                |
|  | Class 'C-H' Accumulation   | 18,349.434  | 0.000          | 0.000           | 18,349.434                                  | 16.03.18                |
| <b>M&amp;G (Lux) European Strategic Value Fund</b>                 |                            |   |                |                 |   |                         |
| <b>Euro</b>  |                            |   |                |                 |   |                         |
|  | Class 'A' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|  | Class 'C' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|  | Class 'CI' Accumulation    | 0.000   | 4,600.000      | 0.000           | 4,600.000                                   | 20.09.18                |
|  | Class 'J' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|  | Class 'JI' Accumulation    | 0.000   | 4,600.000      | 0.000           | 4,600.000                                   | 20.08.18                |
|  | Class 'K' Accumulation     | 0.000   | 11,100,000.000 | 0.000           | 11,100,000.000                              | 18.09.18                |
| <b>US dollar</b>   |                            |   |                |                 |   |                         |
|  | Class 'A' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|  | Class 'C' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
| <b>M&amp;G (Lux) Floating Rate High Yield Solution</b>             |                            |   |                |                 |   |                         |
| <b>Euro</b>  |                            |   |                |                 |   |                         |
|  | Class 'A-H' Accumulation   | 2,420.000   | 206,242.887    | 0.000           | 208,662.887                                 | 24.08.17                |
|  | Class 'A-H' Distribution   | 2,425.000   | 0.000          | 0.000           | 2,425.000                                   | 24.08.17                |
|  | Class 'B-H' Accumulation   | 3,348.387   | 5,608.810      | 908.387         | 8,048.810                                   | 24.08.17                |
|  | Class 'B-H' Distribution   | 2,445.000   | 0.000          | 0.000           | 2,445.000                                   | 24.08.17                |
|  | Class 'C-H' Accumulation   | 2,430.000   | 0.000          | 0.000           | 2,430.000                                   | 24.08.17                |
|  | Class 'C-H' Distribution   | 2,435.000   | 0.000          | 0.000           | 2,435.000                                   | 24.08.17                |
| <b>Singapore dollar</b>  |                            |   |                |                 |   |                         |
|  | Class 'A-H' Distribution   | 2,460.000   | 0.000          | 0.000           | 2,460.000                                   | 24.08.17                |
|  | Class 'A-H M' Distribution | 2,465.000   | 0.000          | 0.000           | 2,465.000                                   | 24.08.17                |
|  | Class 'C-H M' Distribution | 2,470.000   | 0.000          | 0.000           | 2,470.000                                   | 24.08.17                |
| <b>Sterling</b>  |                            |   |                |                 |   |                         |
|  | Class 'C-H' Accumulation   | 2,450.000   | 3,884,213.637  | 52,561.563      | 3,834,102.074                               | 24.08.17                |
|  | Class 'C-H' Distribution   | 2,455.000   | 0.000          | 0.000           | 2,455.000                                   | 24.08.17                |
| <b>Swiss franc</b>   |                            |   |                |                 |   |                         |
|  | Class 'A-H' Accumulation   | 2,400.000   | 0.000          | 0.000           | 2,400.000                                   | 24.08.17                |
|  | Class 'A-H' Distribution   | 2,405.000   | 0.000          | 0.000           | 2,405.000                                   | 24.08.17                |
|  | Class 'C-H' Accumulation   | 2,410.000   | 0.000          | 0.000           | 2,410.000                                   | 24.08.17                |
|  | Class 'C-H' Distribution   | 2,415.000   | 0.000          | 0.000           | 2,415.000                                   | 24.08.17                |
| <b>US dollar</b>   |                            |   |                |                 |   |                         |
|  | Class 'A' Accumulation     | 1,000.000   | 0.000          | 0.000           | 1,000.000                                   | 24.08.17                |
|  | Class 'A' Distribution     | 1,000.000   | 0.000          | 0.000           | 1,000.000                                   | 24.08.17                |
|  | Class 'A M' Distribution   | 1,000.000   | 0.000          | 0.000           | 1,000.000                                   | 24.08.17                |
|  | Class 'C' Accumulation     | 1,000.000   | 0.000          | 0.000           | 1,000.000                                   | 24.08.17                |
|  | Class 'C' Distribution     | 1,000.000   | 0.000          | 0.000           | 1,000.000                                   | 24.08.17                |
|  | Class 'C M' Distribution   | 1,000.000   | 0.000          | 0.000           | 1,000.000                                   | 24.08.17                |
|  | Class 'CI' Accumulation    | 54,600.000  | 0.000          | 0.000           | 54,600.000                                  | 24.08.17                |

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Shares in issue (continued)

| For the period to 30 September 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 |
|---|----------------------------|---|----------------|-----------------|---|-------------------------|
| <b>M&amp;G (Lux) Global Dividend Fund</b>                 |                            |   |                |                 |   |                         |
|   | <b>Euro</b>                |   |                |                 |   |                         |
|   | Class 'A' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'A' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'C' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'C' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'CI' Accumulation    | 0.000   | 4,600.000      | 0.000           | 4,600.000                                   | 20.09.18                |
|   | Class 'CI' Distribution    | 0.000   | 4,600.000      | 0.000           | 4,600.000                                   | 20.09.18                |
|   | Class 'G' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | <b>Singapore dollar</b>    |   |                |                 |   |                         |
|   | Class 'A' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'A' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'C' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'C' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | <b>US dollar</b>           |   |                |                 |   |                         |
|   | Class 'A' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'A' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'C' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'C' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 20.09.18                |
|   | Class 'CI' Accumulation    | 0.000   | 4,600.000      | 0.000           | 4,600.000                                   | 20.09.18                |
|   | Class 'K' Accumulation     | 0.000   | 3,100,000.000  | 0.000           | 3,100,000.000                               | 18.09.18                |
| <b>M&amp;G (Lux) Global Floating Rate High Yield Fund</b> |                            |   |                |                 |   |                         |
|   | <b>Euro</b>                |   |                |                 |   |                         |
|   | Class 'A-H' Accumulation   | 0.000   | 19,373.312     | 0.000           | 19,373.312                                  | 21.09.18                |
|   | Class 'A-H' Distribution   | 0.000   | 2,425.000      | 0.000           | 2,425.000                                   | 21.09.18                |
|   | Class 'B-H' Accumulation   | 0.000   | 2,430.000      | 0.000           | 2,430.000                                   | 21.09.18                |
|   | Class 'B-H' Distribution   | 0.000   | 2,435.000      | 0.000           | 2,435.000                                   | 21.09.18                |
|   | Class 'C-H' Accumulation   | 0.000   | 2,440.000      | 0.000           | 2,440.000                                   | 21.09.18                |
|   | Class 'C-H' Distribution   | 0.000   | 2,445.000      | 0.000           | 2,445.000                                   | 21.09.18                |
|   | Class 'CI-H' Accumulation  | 0.000   | 4,605.000      | 0.000           | 4,605.000                                   | 21.09.18                |
|   | <b>Singapore dollar</b>    |   |                |                 |   |                         |
|   | Class 'A-H' Distribution   | 0.000   | 2,450.000      | 0.000           | 2,450.000                                   | 21.09.18                |
|   | Class 'A-H M' Distribution | 0.000   | 2,455.000      | 0.000           | 2,455.000                                   | 21.09.18                |
|   | Class 'C-H M' Distribution | 0.000   | 2,460.000      | 0.000           | 2,460.000                                   | 21.09.18                |
|   | <b>Swiss franc</b>         |   |                |                 |   |                         |
|   | Class 'A-H' Accumulation   | 0.000   | 2,400.000      | 0.000           | 2,400.000                                   | 21.09.18                |
|   | Class 'A-H' Distribution   | 0.000   | 2,405.000      | 0.000           | 2,405.000                                   | 21.09.18                |
|   | Class 'C-H' Accumulation   | 0.000   | 2,410.000      | 0.000           | 2,410.000                                   | 21.09.18                |
|   | Class 'C-H' Distribution   | 0.000   | 2,415.000      | 0.000           | 2,415.000                                   | 21.09.18                |
|   | Class 'CI-H' Accumulation  | 0.000   | 4,600.000      | 0.000           | 4,600.000                                   | 21.09.18                |
|   | <b>US dollar</b>           |   |                |                 |   |                         |
|   | Class 'A' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'A' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'A M' Distribution   | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'C' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'C' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'C M' Distribution   | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 21.09.18                |
|   | Class 'CI' Accumulation    | 0.000   | 4,600.000      | 0.000           | 4,600.000                                   | 21.09.18                |
|   | Class 'K' Accumulation     | 0.000   | 12,600,000.000 | 0.000           | 12,600,000.000                              | 13.09.18                |

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Shares in issue (continued)

| For the period to 30 September 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 |
|--|---------------------------|---|---------------|-----------------|---|-------------------------|
| <b>M&amp;G (Lux) Global High Yield ESG Bond Fund</b>   |                           |   |               |                 |   |                         |
| <b>Euro</b>  |                           |   |               |                 |   |                         |
|  | Class 'A-H' Accumulation  | 2,405.000   | 3,100.000     | 0.000           | 5,505.000                                   | 05.10.17                |
|  | Class 'A-H' Distribution  | 2,400.000   | 0.000         | 0.000           | 2,400.000                                   | 05.10.17                |
|  | Class 'C-H' Accumulation  | 2,415.000   | 0.000         | 0.000           | 2,415.000                                   | 05.10.17                |
|  | Class 'C-H' Distribution  | 2,410.000   | 2,000.000     | 0.000           | 4,410.000                                   | 05.10.17                |
|  | Class 'CI-H' Accumulation | 4,650.000   | 0.000         | 0.000           | 4,650.000                                   | 05.10.17                |
|  | Class 'L-H' Accumulation  | 2,450.000   | 0.000         | 0.000           | 2,450.000                                   | 05.10.17                |
| <b>Sterling</b>  |                           |   |               |                 |   |                         |
|  | Class 'C-H' Accumulation  | 2,445.000   | 0.000         | 0.000           | 2,445.000                                   | 05.10.17                |
|  | Class 'C-H' Distribution  | 7,440.000   | 2,050.000     | 0.000           | 9,490.000                                   | 05.10.17                |
|  | Class 'L-H' Accumulation  | 2,455.000   | 0.000         | 0.000           | 2,455.000                                   | 05.10.17                |
|  | Class 'L-H' Distribution  | 0.000   | 2,400.000     | 0.000           | 2,400.000                                   | 23.08.18                |
| <b>Swiss franc</b>                                     |                           |   |               |                 |   |                         |
|  | Class 'A-H' Accumulation  | 2,425.000   | 0.000         | 0.000           | 2,425.000                                   | 05.10.17                |
|  | Class 'A-H' Distribution  | 2,420.000   | 0.000         | 0.000           | 2,420.000                                   | 05.10.17                |
|  | Class 'C-H' Accumulation  | 2,435.000   | 0.000         | 0.000           | 2,435.000                                   | 05.10.17                |
|  | Class 'C-H' Distribution  | 2,430.000   | 0.000         | 0.000           | 2,430.000                                   | 05.10.17                |
| <b>US dollar</b>                                       |                           |   |               |                 |   |                         |
|  | Class 'A' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'A' Distribution    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'A M' Distribution  | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'C' Accumulation    | 1,000.000   | 15,188.000    | 591.000         | 15,597.000                                  | 05.10.17                |
|  | Class 'C' Distribution    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'CI' Accumulation   | 1,504,600.000                                     | 0.000         | 0.000           | 1,504,600.000                               | 05.10.17                |
|  | Class 'L' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
| <b>M&amp;G (Lux) Global Listed Infrastructure Fund</b> |                           |   |               |                 |   |                         |
| <b>Euro</b>  |                           |   |               |                 |   |                         |
|  | Class 'A' Accumulation    | 1,000.000   | 873.228       | 0.000           | 1,873.228                                   | 05.10.17                |
|  | Class 'A' Distribution    | 1,339.000   | 1,090.290     | 607.742         | 1,821.548                                   | 05.10.17                |
|  | Class 'C' Accumulation    | 101,500.000                                       | 16,495.143    | 0.000           | 117,995.143                                 | 05.10.17                |
|  | Class 'C' Distribution    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'CI' Accumulation   | 4,600.000   | 0.000         | 0.000           | 4,600.000                                   | 05.10.17                |
|  | Class 'L' Accumulation    | 71,000.000  | 0.000         | 0.000           | 71,000.000                                  | 05.10.17                |
| <b>Sterling</b>  |                           |   |               |                 |   |                         |
|  | Class 'C' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'C' Distribution    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'L' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 22.01.18                |
| <b>Swiss franc</b>                                     |                           |   |               |                 |   |                         |
|  | Class 'A' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'A' Distribution    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'C' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'C' Distribution    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
| <b>US dollar</b>                                       |                           |   |               |                 |   |                         |
|  | Class 'A' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'A' Distribution    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'A M' Distribution  | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'C' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'C' Distribution    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |
|  | Class 'CI' Accumulation   | 654,600.000                                       | 0.000         | 0.000           | 654,600.000                                 | 05.10.17                |
|  | Class 'L' Accumulation    | 1,000.000   | 0.000         | 0.000           | 1,000.000                                   | 05.10.17                |

# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Financial statements

Shares in issue (continued)

| For the period to 30 September 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 |
|--|---------------------------|---|---------------|-----------------|---|-------------------------|
| <b>M&amp;G (Lux) Global Recovery Fund</b>      |                           |   |               |                 |   |                         |
|  | <b>Euro</b>               |   |               |                 |   |                         |
|  | Class 'A' Accumulation    | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 18.07.18                |
|  | Class 'C' Accumulation    | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 18.07.18                |
|  | Class 'L' Accumulation    | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 18.07.18                |
|  | <b>US dollar</b>          |   |               |                 |   |                         |
|  | Class 'A' Accumulation    | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 18.07.18                |
|  | Class 'C' Accumulation    | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 18.07.18                |
|  | Class 'L' Accumulation    | 0.000   | 120,000.000   | 0.000           | 120,000.000                                 | 18.07.18                |
| <b>M&amp;G (Lux) Global Target Return Fund</b> |                           |   |               |                 |   |                         |
|  | <b>Euro</b>               |   |               |                 |   |                         |
|  | Class 'A' Accumulation    | 406,623.365                                       | 1,171,188.371 | 6,869.874       | 1,570,941.862                               | 21.12.16                |
|  | Class 'B' Accumulation    | 22,049.276  | 42,057.860    | 0.000           | 64,107.136                                  | 21.12.16                |
|  | Class 'C' Accumulation    | 1,219,154.321                                     | 1,215,501.091 | 754,766.700     | 1,679,888.712                               | 21.12.16                |
|  | Class 'CI' Accumulation   | 7,960,234.831                                     | 523,035.400   | 631,774.968     | 7,851,495.263                               | 21.12.16                |
|  | <b>Sterling</b>           |   |               |                 |   |                         |
|  | Class 'C-H' Accumulation  | 2,416.000   | 0.000         | 0.000           | 2,416.000                                   | 21.12.16                |
|  | <b>Swiss franc</b>        |   |               |                 |   |                         |
|  | Class 'A-H' Accumulation  | 2,406.000   | 0.000         | 0.000           | 2,406.000                                   | 21.12.16                |
|  | Class 'C-H' Accumulation  | 2,410.000   | 0.000         | 0.000           | 2,410.000                                   | 21.12.16                |
|  | <b>US dollar</b>          |   |               |                 |   |                         |
|  | Class 'A-H' Accumulation  | 25,546.925  | 0.000         | 0.000           | 25,546.925                                  | 21.12.16                |
|  | Class 'C-H' Accumulation  | 2,425.000   | 0.000         | 0.000           | 2,425.000                                   | 21.12.16                |
| <b>M&amp;G (Lux) Income Allocation Fund</b>    |                           |   |               |                 |   |                         |
|  | <b>Euro</b>               |   |               |                 |   |                         |
|  | Class 'A' Accumulation    | 36,979,899.025                                    | 1,042,605.832 | 1,591,373.608   | 36,431,131.249                              | 16.01.18                |
|  | Class 'A' Distribution    | 47,640,973.830                                    | 2,325,899.679 | 1,521,459.341   | 48,445,414.168                              | 16.01.18                |
|  | Class 'A F2' Distribution | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 03.04.18                |
|  | Class 'A F3' Distribution | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 03.04.18                |
|  | Class 'A Q' Distribution  | 3,796,782.119                                     | 681,532.223   | 85,390.356      | 4,392,923.986                               | 16.01.18                |
|  | Class 'B' Accumulation    | 1,329,022.874                                     | 531,647.543   | 102,222.496     | 1,758,447.921                               | 16.01.18                |
|  | Class 'B F2' Distribution | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 03.04.18                |
|  | Class 'B F3' Distribution | 0.000   | 1,000.000     | 0.000           | 1,000.000                                   | 03.04.18                |
|  | Class 'B Q' Distribution  | 4,415,012.802                                     | 994,235.774   | 107,397.304     | 5,301,851.272                               | 16.01.18                |
|  | Class 'C' Accumulation    | 27,172,086.852                                    | 390,860.913   | 2,069,740.179   | 25,493,207.586                              | 16.01.18                |
|  | Class 'C' Distribution    | 10,970,962.638                                    | 546,685.653   | 821,593.244     | 10,696,055.047                              | 16.01.18                |
|  | Class 'C Q' Distribution  | 3,539.670   | 0.000         | 0.000           | 3,539.670                                   | 16.01.18                |
|  | Class 'CI' Accumulation   | 4,254,600.000                                     | 1,779,353.441 | 4,384,794.573   | 1,649,158.868                               | 16.01.18                |
|  | Class 'ZI' Distribution   | 0.000   | 475,854.000   | 0.000           | 475,854.000                                 | 04.05.18                |
|  | <b>Singapore dollar</b>   |   |               |                 |   |                         |
|  | Class 'A-H' Accumulation  | 5,052.303   | 0.000         | 0.000           | 5,052.303                                   | 16.01.18                |
|  | Class 'A-H' Distribution  | 5,057.704   | 0.000         | 0.000           | 5,057.704                                   | 16.01.18                |
|  | Class 'C-H' Accumulation  | 5,059.542   | 0.000         | 0.000           | 5,059.542                                   | 16.01.18                |
|  | Class 'C-H' Distribution  | 5,066.399   | 0.000         | 0.000           | 5,066.399                                   | 16.01.18                |
|  | <b>Swiss franc</b>        |   |               |                 |   |                         |
|  | Class 'A-H' Accumulation  | 79,437.059  | 30,000.000    | 53,163.948      | 56,273.111                                  | 16.01.18                |
|  | Class 'C-H' Accumulation  | 24,076.925  | 0.000         | 0.000           | 24,076.925                                  | 16.01.18                |
|  | <b>US dollar</b>          |   |               |                 |   |                         |
|  | Class 'A-H' Accumulation  | 905,952.758                                       | 158,422.561   | 455,046.295     | 609,329.024                                 | 16.01.18                |
|  | Class 'A-H' Distribution  | 172,313.321                                       | 51,440.276    | 67,770.001      | 155,983.596                                 | 16.01.18                |
|  | Class 'C-H' Accumulation  | 5,027.145   | 0.000         | 0.000           | 5,027.145                                   | 16.01.18                |
|  | Class 'C-H' Distribution  | 5,033.788   | 0.000         | 0.000           | 5,033.788                                   | 16.01.18                |

# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Financial statements

#### Shares in issue (continued)

| For the period to 30 September 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 |
|--|----------------------------|---|----------------|-----------------|---|-------------------------|
| <b>M&amp;G (Lux) Multi Asset 2023 Fund</b> |                            |   |                |                 |   |                         |
|  | <b>Euro</b>                |   |                |                 |   |                         |
|  | Class 'P' Accumulation     | 3,919,290.215                                     | 0.000          | 51,371.307      | 3,867,918.908                               | 14.12.17                |
|  | Class 'P' Distribution     | 13,186,066.626                                    | 0.000          | 107,152.538     | 13,078,914.088                              | 14.12.17                |
| <b>M&amp;G (Lux) Optimal Income Fund</b>   |                            |   |                |                 |   |                         |
|  | <b>Euro</b>                |   |                |                 |   |                         |
|  | Class 'A' Accumulation     | 0.000   | 12,977.811     | 0.000           | 12,977.811                                  | 07.09.18                |
|  | Class 'A' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 07.09.18                |
|  | Class 'B' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 07.09.18                |
|  | Class 'B' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 07.09.18                |
|  | Class 'C' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 07.09.18                |
|  | Class 'C' Distribution     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 07.09.18                |
|  | Class 'CI' Accumulation    | 0.000   | 257,175.687    | 206.992         | 256,968.695                                 | 07.09.18                |
|  | Class 'J' Accumulation     | 0.000   | 1,000.000      | 0.000           | 1,000.000                                   | 07.09.18                |
|  | Class 'K' Accumulation     | 0.000   | 11,100,000.000 | 0.000           | 11,100,000.000                              | 05.09.18                |
|  | <b>Singapore dollar</b>    |   |                |                 |   |                         |
|  | Class 'A-H' Accumulation   | 0.000   | 2,420.000      | 0.000           | 2,420.000                                   | 07.09.18                |
|  | Class 'A-H M' Distribution | 0.000   | 2,425.000      | 0.000           | 2,425.000                                   | 07.09.18                |
|  | Class 'C-H' Accumulation   | 0.000   | 2,430.000      | 0.000           | 2,430.000                                   | 07.09.18                |
|  | <b>Swiss franc</b>         |   |                |                 |   |                         |
|  | Class 'A-H' Accumulation   | 0.000   | 2,400.000      | 0.000           | 2,400.000                                   | 07.09.18                |
|  | Class 'A-H' Distribution   | 0.000   | 2,405.000      | 0.000           | 2,405.000                                   | 07.09.18                |
|  | Class 'C-H' Accumulation   | 0.000   | 2,410.000      | 0.000           | 2,410.000                                   | 07.09.18                |
|  | Class 'C-H' Distribution   | 0.000   | 2,415.000      | 0.000           | 2,415.000                                   | 07.09.18                |
|  | Class 'CI-H' Accumulation  | 0.000   | 4,600.000      | 0.000           | 4,600.000                                   | 07.09.18                |
|  | Class 'J-H' Accumulation   | 0.000   | 2,460.000      | 0.000           | 2,460.000                                   | 07.09.18                |
|  | <b>US dollar</b>           |   |                |                 |   |                         |
|  | Class 'A-H M' Distribution | 0.000   | 2,445.000      | 0.000           | 2,445.000                                   | 07.09.18                |
|  | Class 'A-H' Accumulation   | 0.000   | 2,435.000      | 0.000           | 2,435.000                                   | 07.09.18                |
|  | Class 'A-H' Distribution   | 0.000   | 2,440.000      | 0.000           | 2,440.000                                   | 07.09.18                |
|  | Class 'C-H' Accumulation   | 0.000   | 2,450.000      | 0.000           | 2,450.000                                   | 07.09.18                |
|  | Class 'C-H' Distribution   | 0.000   | 2,455.000      | 0.000           | 2,455.000                                   | 07.09.18                |
|  | Class 'CI-H' Accumulation  | 0.000   | 4,605.000      | 0.000           | 4,605.000                                   | 07.09.18                |
|  | Class 'J-H' Accumulation   | 0.000   | 2,465.000      | 0.000           | 2,465.000                                   | 07.09.18                |
|  | Class 'J-H' Distribution   | 0.000   | 2,470.000      | 0.000           | 2,470.000                                   | 07.09.18                |

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### 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 28 September 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 28 September 2018 being the last business day of the accounting period:

1 Euro € = 1.584812484 Singapore dollars (SG\$)

1 Euro € = 1.130991400 Swiss francs (CHF)

1 Euro € = 0.888083331 UK sterling (£)

1 Euro € = 1.158150017 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 28 September 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.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 2 Summary of significant accounting policies (continued)

##### d) Recognition of income and expenses (continued)

- 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.

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.

##### f) JPM Collection account

Cash account arrangements have been put in place in respect of the SICAV and each fund. These cash accounts are held with a third party banking entity for collection of subscriptions, payment of redemptions and distributions for the SICAV and are deemed assets of the SICAV. The balance on these cash accounts was immaterial at the period end.

#### 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 Dividend 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.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 4 Transaction costs (continued)

| Direct portfolio transaction costs                            | For the six months ended 30 September 2018 |
|---|--|
| M&G (Lux) Absolute Return Bond Fund                           | €564.30                                    |
| M&G (Lux) Conservative Allocation Fund                        | €463,149.95                                |
| M&G (Lux) Dynamic Allocation Fund                             | €1,583,670.21                              |
| M&G (Lux) Emerging Markets Bond Fund <sup>[a]</sup>           | US\$0.00                                   |
| M&G (Lux) Emerging Markets Hard Currency Bond Fund            | US\$0.00                                   |
| M&G (Lux) Emerging Markets Income Opportunities Fund          | US\$3,440.37                               |
| M&G (Lux) European Inflation Linked Corporate Bond Fund       | €1,597.60                                  |
| M&G (Lux) European Strategic Value Fund <sup>[b]</sup>        | €243,043.20                                |
| M&G (Lux) Floating Rate High Yield Solution                   | US\$0.00                                   |
| M&G (Lux) Global Dividend Fund <sup>[b]</sup>                 | US\$26,930.68                              |
| M&G (Lux) Global Floating Rate High Yield Fund <sup>[c]</sup> | US\$0.00                                   |
| M&G (Lux) Global High Yield ESG Bond Fund                     | US\$0.00                                   |
| M&G (Lux) Global Listed Infrastructure Fund                   | US\$2,733.85                               |
| M&G (Lux) Global Recovery Fund <sup>[d]</sup>                 | US\$1,008.97                               |
| M&G (Lux) Global Target Return Fund                           | €24,518.29                                 |
| M&G (Lux) Income Allocation Fund                              | €103,320.75                                |
| M&G (Lux) Multi Asset 2023 Fund                               | €0.00                                      |
| M&G (Lux) Optimal Income Fund <sup>[e]</sup>                  | €12,362.63                                 |

<sup>[a]</sup> For the period from 17 September 2018 (the launch date of the fund) to 30 September 2018.

<sup>[b]</sup> For the period from 18 September 2018 (the launch date of the fund) to 30 September 2018.

<sup>[c]</sup> For the period from 13 September 2018 (the launch date of the fund) to 30 September 2018.

<sup>[d]</sup> For the period from 18 July 2018 (the launch date of the fund) to 30 September 2018.

<sup>[e]</sup> For the period from 5 September 2018 (the launch date of the fund) to 30 September 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%.

For M&G (Lux) Multi Asset 2023, 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% per 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 % | J % | JI % |
| M&G (Lux) Absolute Return Bond Fund                     | 1.00          | 1.30 | 0.40 | 0.40 | n/a | n/a  |
| M&G (Lux) Conservative Allocation Fund                  | 1.40          | 1.90 | 0.60 | 0.60 | n/a | n/a  |
| M&G (Lux) Dynamic Allocation Fund                       | 1.75          | 2.25 | 0.75 | 0.75 | n/a | n/a  |
| M&G (Lux) Emerging Markets Bond Fund                    | 1.25          | 1.75 | 0.60 | 0.60 | n/a | n/a  |
| M&G (Lux) Emerging Markets Hard Currency Bond Fund      | 1.50          | 2.00 | 0.60 | 0.60 | n/a | n/a  |
| M&G (Lux) Emerging Markets Income Opportunities Fund    | 1.50          | 2.00 | 0.60 | 0.60 | n/a | n/a  |
| M&G (Lux) European Inflation Linked Corporate Bond Fund | 1.00          | 1.50 | 0.40 | 0.40 | n/a | n/a  |
| M&G (Lux) European Strategic Value Fund                 | 1.50          | 2.00 | 0.75 | 0.75 | [b] | [b]  |
| M&G (Lux) Floating Rate High Yield Solution             | 0.70          | 1.20 | 0.25 | 0.25 | n/a | n/a  |
| M&G (Lux) Global Dividend Fund                          | 1.75          | 2.25 | 0.75 | 0.75 | n/a | n/a  |
| M&G (Lux) Global Floating Rate High Yield Fund          | 1.25          | 1.75 | 0.65 | 0.65 | n/a | n/a  |
| M&G (Lux) Global High Yield ESG Bond Fund               | 1.25          | 1.75 | 0.65 | 0.65 | n/a | n/a  |
| M&G (Lux) Global Listed Infrastructure Fund             | 1.75          | 2.25 | 0.75 | 0.75 | n/a | n/a  |
| M&G (Lux) Global Recovery Fund                          | 1.75          | 2.25 | 0.75 | 0.75 | n/a | n/a  |



## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 6 Annual management, administration and share class hedging charges (continued)

##### Annual Management Charge

|                                     | Share classes |        |        |         |        |         |
|-------------------------------------|---------------|--------|--------|---------|--------|---------|
|                                     | A<br>%        | B<br>% | C<br>% | CI<br>% | J<br>% | JI<br>% |
| M&G (Lux) Global Target Return Fund | 1.25          | 1.75   | 0.50   | 0.50    | n/a    | n/a     |
| M&G (Lux) Income Allocation Fund    | 1.50          | 2.00   | 0.65   | 0.65    | n/a    | n/a     |
| M&G (Lux) Multi Asset 2023 Fund     | n/a           | n/a    | n/a    | n/a     | n/a    | n/a     |
| M&G (Lux) Optimal Income Fund       | 1.25          | 1.75   | 0.75   | 0.75    | [b]    | [b]     |

##### Annual Management Charge

|   | Share classes |         |        |        |         |
|---|---------------|---------|--------|--------|---------|
|   | L<br>%        | LI<br>% | P<br>% | Z<br>% | ZI<br>% |
| 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 Bond Fund                    | n/a           | n/a     | n/a    | nil    | nil     |
| M&G (Lux) Emerging Markets Hard Currency Bond Fund      | 0.35          | 0.35    | 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) European Strategic Value 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 Dividend Fund                          | n/a           | n/a     | n/a    | nil    | nil     |
| M&G (Lux) Global Floating Rate High Yield Fund          | n/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 Recovery 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     |
| M&G (Lux) Optimal Income Fund                           | n/a           | n/a     | n/a    | nil    | nil     |

[a] Upon agreement with the Company.

[b] Up to 0.75%.

#### 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) Global Recovery Fund

M&G (Lux) Multi Asset 2023 Fund

#### 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<br>%        | B<br>% | C<br>% | CI<br>% |
| Current annual rate of local tax (Taxe d'abonnement) | 0.05          | 0.05   | 0.05   | 0.01    |

##### Taxe d'abonnement

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

\* For M&G (Lux) Floating Rate High Yield Solution the figure is 0.01%.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 10 Taxes (continued)

##### 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) Emerging Markets Bond Fund
- M&G (Lux) European Strategic Value Fund
- M&G (Lux) Global Dividend Fund
- M&G (Lux) Global Floating Rate High Yield Fund
- M&G (Lux) Global Recovery Fund
- M&G (Lux) Optimal Income 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.

As at 30 September 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 18,616 and represents 0.59% of the net assets of the sub-fund M&G (Lux) Conservative Allocation Fund.

As at 30 September 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 31,330 and represents 0.36% of the net assets of the sub-fund M&G (Lux) Dynamic Allocation Fund.

As at 30 September 2018, the M&G (Lux) Income 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 17,230 and represents 1.34% of the net assets of the sub-fund M&G (Lux) Income Allocation Fund.

As at 30 September 2018, the M&G (Lux) Multi Asset 2023 Fund sub-fund invested in shares of the sub-funds 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) Global Target Return Fund and M&G (Lux) Income Allocation Fund. The value of the shares held amounts to USD 97,994 and represents 59.15% 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.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 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              | 31.03.18 |
| Ex dividend date       | 23.04.18 |
| Pay date               | 26.04.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A'                         | 0.1117        |
| Class 'C'                         | 0.1119        |

|                 |             |
|-----------------|-------------|
| <b>Sterling</b> | <b>UK p</b> |
| Class 'C-H'     | 0.1127      |

|                    |                |
|--------------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.1104         |
| Class 'C-H'        | 0.1109         |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A-H'      | 0.1147      |
| Class 'C-H'      | 0.1153      |

#### M&G (Lux) Conservative Allocation Fund

| Distribution timetable |          |          |  |
|------------------------|----------|----------|--|
| Period to              | 31.03.18 | 30.06.18 |  |
| Ex dividend date       | 23.04.18 | 23.07.18 |  |
| Pay date               | 26.04.18 | 26.07.18 |  |

| Distribution rate per share class |               |               |  |
|-----------------------------------|---------------|---------------|--|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> |  |
| Class 'A'                         | 0.0075        | 0.0390        |  |
| Class 'B'                         | 0.0072        | 0.0389        |  |
| Class 'C'                         | 0.0072        | 0.0391        |  |

|                  |             |             |  |
|------------------|-------------|-------------|--|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> |  |
| Class 'A-H'      | 0.0073      | 0.0386      |  |
| Class 'C-H'      | 0.0074      | 0.0386      |  |

#### M&G (Lux) Dynamic Allocation Fund

| Distribution timetable |          |          |          |          |
|------------------------|----------|----------|----------|----------|
| Period to              | 28.02.18 | 31.03.18 | 30.04.18 | 31.05.18 |
| Ex dividend date       | 29.03.18 | 23.04.18 | 22.05.18 | 18.06.18 |
| Pay date               | 05.04.18 | 26.04.18 | 25.05.18 | 21.06.18 |

| Distribution rate per share class |               |               |               |               |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A'                         | -             | 0.0046        | -             | -             |
| Class 'C'                         | -             | 0.0042        | -             | -             |

|                 |             |             |             |             |
|-----------------|-------------|-------------|-------------|-------------|
| <b>Sterling</b> | <b>UK p</b> | <b>UK p</b> | <b>UK p</b> | <b>UK p</b> |
| Class 'C-H'     | -           | 0.0045      | -           | -           |

|                  |             |             |             |             |
|------------------|-------------|-------------|-------------|-------------|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> | <b>US €</b> | <b>US €</b> |
| Class 'A-H'      | -           | 0.0052      | -           | -           |
| Class 'A-H M F4' | 0.0294      | 0.0320      | 0.0326      | 0.0319      |
| Class 'C-H'      | -           | 0.0044      | -           | -           |

#### M&G (Lux) Dynamic Allocation Fund (continued)

| Distribution timetable |          |          |          |
|------------------------|----------|----------|----------|
| Period to              | 30.06.18 | 31.07.18 | 31.08.18 |
| Ex dividend date       | 23.07.18 | 20.08.18 | 24.09.18 |
| Pay date               | 26.07.18 | 23.08.18 | 27.09.18 |

| Distribution rate per share class |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A'                         | 0.0339        | -             | -             |
| Class 'C'                         | 0.0340        | -             | -             |

|                 |             |             |             |
|-----------------|-------------|-------------|-------------|
| <b>Sterling</b> | <b>UK p</b> | <b>UK p</b> | <b>UK p</b> |
| Class 'C-H'     | 0.0341      | -           | -           |

|                  |             |             |             |
|------------------|-------------|-------------|-------------|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> | <b>US €</b> |
| Class 'A-H'      | 0.0334      | -           | -           |
| Class 'A-H M F4' | 0.0316      | 0.0321      | 0.0309      |
| Class 'C-H'      | 0.0335      | -           | -           |

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

| Distribution timetable |  |          |          |
|------------------------|--|----------|----------|
| Period to              |  | 31.03.18 | 30.06.18 |
| Ex dividend date       |  | 23.04.18 | 23.07.18 |
| Pay date               |  | 26.04.18 | 26.07.18 |

| Distribution rate per share class |               |               |
|-----------------------------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A'                         | 0.1177        | 0.1333        |
| Class 'A-H'                       | 0.1281        | 0.1328        |
| Class 'C'                         | 0.1177        | 0.1315        |
| Class 'C-H'                       | 0.1290        | 0.1350        |

|                 |             |             |
|-----------------|-------------|-------------|
| <b>Sterling</b> | <b>UK p</b> | <b>UK p</b> |
| Class 'C'       | 0.1203      | 0.1381      |

|                    |                |                |
|--------------------|----------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.1271         | 0.1309         |
| Class 'C-H'        | 0.1280         | 0.1321         |

|                  |             |             |
|------------------|-------------|-------------|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> |
| Class 'A'        | 0.1295      | 0.1386      |
| Class 'C'        | 0.1297      | 0.1392      |

#### M&G (Lux) Emerging Markets Income Opportunities Fund

| Distribution timetable |          |          |          |
|------------------------|----------|----------|----------|
| Period to              | 31.03.18 | 30.04.18 | 31.05.18 |
| Ex dividend date       | 23.04.18 | 22.05.18 | 18.06.18 |
| Pay date               | 26.04.18 | 25.05.18 | 21.06.18 |

| Distribution rate per share class |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A-H'                       | 0.0954        | -             | -             |
| Class 'C-H'                       | 0.0962        | -             | -             |

|                 |             |             |             |
|-----------------|-------------|-------------|-------------|
| <b>Sterling</b> | <b>UK p</b> | <b>UK p</b> | <b>UK p</b> |
| Class 'C-H'     | 0.0976      | -           | -           |

|                    |                |                |                |
|--------------------|----------------|----------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.0947         | -              | -              |
| Class 'C-H'        | 0.0954         | -              | -              |

|                  |             |             |             |
|------------------|-------------|-------------|-------------|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> | <b>US €</b> |
| Class 'A'        | 0.0962      | -           | -           |
| Class 'A M'      | 0.0323      | 0.0471      | 0.0551      |
| Class 'C'        | 0.0968      | -           | -           |
| Class 'C M'      | 0.0324      | 0.0475      | 0.0557      |

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 14 Distributions (continued)

##### M&G (Lux) Emerging Markets Income Opportunities Fund (continued)

| Distribution timetable            |                |                |                |
|-----------------------------------|----------------|----------------|----------------|
| Period to                         | 30.06.18       | 31.07.18       | 31.08.18       |
| Ex dividend date                  | 23.07.18       | 20.08.18       | 24.09.18       |
| Pay date                          | 26.07.18       | 23.08.18       | 27.09.18       |
| Distribution rate per share class |                |                |                |
| <b>Euro</b>                       | <b>Euro €</b>  | <b>Euro €</b>  | <b>Euro €</b>  |
| Class 'A-H'                       | 0.1587         | -              | -              |
| Class 'C-H'                       | 0.1592         | -              | -              |
| <b>Sterling</b>                   | <b>UK p</b>    | <b>UK p</b>    | <b>UK p</b>    |
| Class 'C-H'                       | 0.1607         | -              | -              |
| <b>Swiss franc</b>                | <b>Swiss €</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A-H'                       | 0.1564         | -              | -              |
| Class 'C-H'                       | 0.1578         | -              | -              |
| <b>US dollar</b>                  | <b>US €</b>    | <b>US €</b>    | <b>US €</b>    |
| Class 'A'                         | 0.1642         | -              | -              |
| Class 'A M'                       | 0.0611         | 0.0587         | 0.0409         |
| Class 'C'                         | 0.1655         | -              | -              |
| Class 'C M'                       | 0.0616         | 0.0593         | 0.0414         |

##### M&G (Lux) Floating Rate High Yield Solution

| Distribution timetable            |                |                |                |
|-----------------------------------|----------------|----------------|----------------|
| Period to                         | 31.03.18       | 30.04.18       | 31.05.18       |
| Ex dividend date                  | 23.04.18       | 22.05.18       | 18.06.18       |
| Pay date                          | 26.04.18       | 25.05.18       | 21.06.18       |
| Distribution rate per share class |                |                |                |
| <b>Euro</b>                       | <b>Euro €</b>  | <b>Euro €</b>  | <b>Euro €</b>  |
| Class 'A-H'                       | 0.1430         | -              | -              |
| Class 'B-H'                       | 0.1427         | -              | -              |
| Class 'C-H'                       | 0.1432         | -              | -              |
| <b>Singapore dollar</b>           | <b>SGD €</b>   | <b>SGD €</b>   | <b>SGD €</b>   |
| Class 'A-H'                       | 0.1439         | -              | -              |
| Class 'A-H M'                     | 0.0560         | 0.0530         | 0.0461         |
| Class 'C-H M'                     | 0.0562         | 0.0531         | 0.0463         |
| <b>Sterling</b>                   | <b>UK p</b>    | <b>UK p</b>    | <b>UK p</b>    |
| Class 'C-H'                       | 0.1458         | -              | -              |
| <b>Swiss franc</b>                | <b>Swiss €</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A-H'                       | 0.1413         | -              | -              |
| Class 'C-H'                       | 0.1420         | -              | -              |
| <b>US dollar</b>                  | <b>US €</b>    | <b>US €</b>    | <b>US €</b>    |
| Class 'A'                         | 0.1429         | -              | -              |
| Class 'A M'                       | 0.0486         | 0.0546         | 0.0467         |
| Class 'C'                         | 0.1434         | -              | -              |
| Class 'C M'                       | 0.0487         | 0.0548         | 0.0468         |

##### M&G (Lux) Floating Rate High Yield Solution (continued)

| Distribution timetable            |                |                |                |
|-----------------------------------|----------------|----------------|----------------|
| Period to                         | 30.06.18       | 31.07.18       | 31.08.18       |
| Ex dividend date                  | 23.07.18       | 20.08.18       | 24.09.18       |
| Pay date                          | 26.07.18       | 23.08.18       | 27.09.18       |
| Distribution rate per share class |                |                |                |
| <b>Euro</b>                       | <b>Euro €</b>  | <b>Euro €</b>  | <b>Euro €</b>  |
| Class 'A-H'                       | 0.1391         | -              | -              |
| Class 'B-H'                       | 0.1384         | -              | -              |
| Class 'C-H'                       | 0.1393         | -              | -              |
| <b>Singapore dollar</b>           | <b>SGD €</b>   | <b>SGD €</b>   | <b>SGD €</b>   |
| Class 'A-H'                       | 0.1400         | -              | -              |
| Class 'A-H M'                     | 0.0402         | 0.0460         | 0.0487         |
| Class 'C-H M'                     | 0.0403         | 0.0463         | 0.0489         |
| <b>Sterling</b>                   | <b>UK p</b>    | <b>UK p</b>    | <b>UK p</b>    |
| Class 'C-H'                       | 0.1404         | -              | -              |
| <b>Swiss franc</b>                | <b>Swiss €</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A-H'                       | 0.1368         | -              | -              |
| Class 'C-H'                       | 0.1372         | -              | -              |
| <b>US dollar</b>                  | <b>US €</b>    | <b>US €</b>    | <b>US €</b>    |
| Class 'A'                         | 0.1430         | -              | -              |
| Class 'A M'                       | 0.0409         | 0.0463         | 0.0497         |
| Class 'C'                         | 0.1434         | -              | -              |
| Class 'C M'                       | 0.0410         | 0.0466         | 0.0499         |

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

| Distribution timetable            |                |                |                |
|-----------------------------------|----------------|----------------|----------------|
| Period to                         | 31.03.18       | 30.04.18       | 31.05.18       |
| Ex dividend date                  | 23.04.18       | 22.05.18       | 18.06.18       |
| Pay date                          | 26.04.18       | 25.05.18       | 21.06.18       |
| Distribution rate per share class |                |                |                |
| <b>Euro</b>                       | <b>Euro €</b>  | <b>Euro €</b>  | <b>Euro €</b>  |
| Class 'A-H'                       | 0.1096         | -              | -              |
| Class 'C-H'                       | 0.1098         | -              | -              |
| <b>Sterling</b>                   | <b>UK p</b>    | <b>UK p</b>    | <b>UK p</b>    |
| Class 'C-H'                       | 0.1114         | -              | -              |
| <b>Swiss franc</b>                | <b>Swiss €</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A-H'                       | 0.1081         | -              | -              |
| Class 'C-H'                       | 0.1091         | -              | -              |
| <b>US dollar</b>                  | <b>US €</b>    | <b>US €</b>    | <b>US €</b>    |
| Class 'A'                         | 0.1106         | -              | -              |
| Class 'A M'                       | 0.0349         | 0.0359         | 0.0340         |
| Class 'C'                         | 0.1110         | -              | -              |

# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Notes to the financial statements

#### 14 Distributions (continued)

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

| Distribution timetable |          |          |          |
|------------------------|----------|----------|----------|
| Period to              | 30.06.18 | 31.07.18 | 31.08.18 |
| Ex dividend date       | 23.07.18 | 20.08.18 | 24.09.18 |
| Pay date               | 26.07.18 | 23.08.18 | 27.09.18 |

| Distribution rate per share class |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A-H'                       | 0.1016        | -             | -             |
| Class 'C-H'                       | 0.1019        | -             | -             |

|                 |             |             |             |
|-----------------|-------------|-------------|-------------|
| <b>Sterling</b> | <b>UK p</b> | <b>UK p</b> | <b>UK p</b> |
| Class 'C-H'     | 0.1026      | -           | -           |

|                    |                |                |                |
|--------------------|----------------|----------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.0996         | -              | -              |
| Class 'C-H'        | 0.0999         | -              | -              |

|                  |             |             |             |
|------------------|-------------|-------------|-------------|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> | <b>US €</b> |
| Class 'A'        | 0.1041      | -           | -           |
| Class 'A M'      | 0.0340      | 0.0385      | 0.0338      |
| Class 'C'        | 0.1046      | -           | -           |

##### M&G (Lux) Global Listed Infrastructure Fund

| Distribution timetable |          |          |          |
|------------------------|----------|----------|----------|
| Period to              | 31.03.18 | 30.04.18 | 31.05.18 |
| Ex dividend date       | 23.04.18 | 22.05.18 | 18.06.18 |
| Pay date               | 26.04.18 | 25.05.18 | 21.06.18 |

| Distribution rate per share class |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A'                         | 0.0483        | -             | -             |
| Class 'C'                         | 0.0484        | -             | -             |

|                 |             |             |             |
|-----------------|-------------|-------------|-------------|
| <b>Sterling</b> | <b>UK p</b> | <b>UK p</b> | <b>UK p</b> |
| Class 'C'       | 0.0477      | -           | -           |

|                    |                |                |                |
|--------------------|----------------|----------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A'          | 0.0496         | -              | -              |
| Class 'C'          | 0.0498         | -              | -              |

|                  |             |             |             |
|------------------|-------------|-------------|-------------|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> | <b>US €</b> |
| Class 'A'        | 0.0506      | -           | -           |
| Class 'A M'      | 0.0247      | 0.0392      | 0.0488      |
| Class 'C'        | 0.0508      | -           | -           |

##### M&G (Lux) Global Listed Infrastructure Fund (continued)

| Distribution timetable |          |          |          |
|------------------------|----------|----------|----------|
| Period to              | 30.06.18 | 31.07.18 | 31.08.18 |
| Ex dividend date       | 23.07.18 | 20.08.18 | 24.09.18 |
| Pay date               | 26.07.18 | 23.08.18 | 27.09.18 |

| Distribution rate per share class |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A'                         | 0.1009        | -             | -             |
| Class 'C'                         | 0.1016        | -             | -             |

|                 |             |             |             |
|-----------------|-------------|-------------|-------------|
| <b>Sterling</b> | <b>UK p</b> | <b>UK p</b> | <b>UK p</b> |
| Class 'C'       | 0.1009      | -           | -           |

|                    |                |                |                |
|--------------------|----------------|----------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> | <b>Swiss €</b> | <b>Swiss €</b> |
| Class 'A'          | 0.1017         | -              | -              |
| Class 'C'          | 0.1023         | -              | -              |

|                  |             |             |             |
|------------------|-------------|-------------|-------------|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> | <b>US €</b> |
| Class 'A'        | 0.1000      | -           | -           |
| Class 'A M'      | 0.0195      | 0.0296      | 0.0220      |
| Class 'C'        | 0.1006      | -           | -           |

##### M&G (Lux) Income Allocation Fund

| Distribution timetable |          |          |          |
|------------------------|----------|----------|----------|
| Period to              | 31.03.18 | 30.04.18 | 31.05.18 |
| Ex dividend date       | 23.04.18 | 22.05.18 | 18.06.18 |
| Pay date               | 26.04.18 | 25.05.18 | 21.06.18 |

| Distribution rate per share class |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A'                         | 0.0177        | 0.0482        | 0.0250        |
| Class 'A F2'                      | -             | 0.0169        | 0.0167        |
| Class 'A F3'                      | -             | 0.0254        | 0.0250        |
| Class 'A Q'                       | 0.0172        | -             | -             |
| Class 'B F2'                      | -             | 0.0169        | 0.0167        |
| Class 'B F3'                      | -             | 0.0254        | 0.0250        |
| Class 'B Q'                       | 0.0172        | -             | -             |
| Class 'C'                         | 0.0184        | 0.0482        | 0.0251        |
| Class 'C Q'                       | 0.0311        | -             | -             |
| Class 'ZI'                        | -             | -             | 0.0257        |

|                         |              |              |              |
|-------------------------|--------------|--------------|--------------|
| <b>Singapore dollar</b> | <b>SGD €</b> | <b>SGD €</b> | <b>SGD €</b> |
| Class 'A-H'             | 0.0286       | 0.0473       | 0.0252       |
| Class 'C-H'             | 0.0286       | 0.0475       | 0.0253       |

|                  |             |             |             |
|------------------|-------------|-------------|-------------|
| <b>US dollar</b> | <b>US €</b> | <b>US €</b> | <b>US €</b> |
| Class 'A-H'      | 0.0175      | 0.0472      | 0.0253      |
| Class 'C-H'      | 0.0288      | 0.0470      | 0.0254      |

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 14 Distributions (continued)

##### M&G (Lux) Income Allocation Fund (continued)

| Distribution timetable |          |          |          |
|------------------------|----------|----------|----------|
| Period to              | 30.06.18 | 31.07.18 | 31.08.18 |
| Ex dividend date       | 23.07.18 | 20.08.18 | 24.09.18 |
| Pay date               | 26.07.18 | 23.08.18 | 27.09.18 |

| Distribution rate per share class |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> | <b>Euro €</b> | <b>Euro €</b> |
| Class 'A'                         | 0.0228        | 0.0250        | 0.0244        |
| Class 'A F2'                      | 0.0164        | 0.0167        | 0.0163        |
| Class 'A F3'                      | 0.0246        | 0.0249        | 0.0244        |
| Class 'A Q'                       | 0.0970        | -             | -             |
| Class 'B F2'                      | 0.0164        | 0.0166        | 0.0163        |
| Class 'B F3'                      | 0.0246        | 0.0249        | 0.0243        |
| Class 'B Q'                       | 0.0967        | -             | -             |
| Class 'C'                         | 0.0228        | 0.0251        | 0.0246        |
| Class 'C Q'                       | 0.0972        | -             | -             |
| Class 'ZI'                        | 0.0163        | 0.0257        | 0.0252        |
| <b>Singapore dollar</b>           | <b>SGD €</b>  | <b>SGD €</b>  | <b>SGD €</b>  |
| Class 'A-H'                       | 0.0229        | 0.0252        | 0.0247        |
| Class 'C-H'                       | 0.0230        | 0.0253        | 0.0248        |
| <b>US dollar</b>                  | <b>US €</b>   | <b>US €</b>   | <b>US €</b>   |
| Class 'A-H'                       | 0.0231        | 0.0254        | 0.0249        |
| Class 'C-H'                       | 0.0231        | 0.0254        | 0.0250        |

#### 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              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |                |
|-----------------------------------|----------------|
| <b>Euro</b>                       | <b>Euro €</b>  |
| Class 'A'                         | 0.1388         |
| Class 'B'                         | 0.1129         |
| Class 'C'                         | 0.1399         |
| <b>Sterling</b>                   | <b>UK p</b>    |
| Class 'C-H'                       | 0.1410         |
| <b>Swiss franc</b>                | <b>Swiss €</b> |
| Class 'A-H'                       | 0.1350         |
| Class 'C-H'                       | 0.1360         |
| <b>US dollar</b>                  | <b>US €</b>    |
| Class 'A-H'                       | 0.1440         |
| Class 'C-H'                       | 0.1453         |

##### M&G (Lux) Conservative Allocation Fund

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A'                         | 0.0412        |
| Class 'B'                         | 0.0412        |
| Class 'C'                         | 0.0415        |
| <b>US dollar</b>                  | <b>US €</b>   |
| Class 'A-H'                       | 0.0422        |
| Class 'C-H'                       | 0.0424        |

##### M&G (Lux) Dynamic Allocation Fund

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A'                         | 0.0399        |
| Class 'C'                         | 0.0405        |
| <b>Sterling</b>                   | <b>UK p</b>   |
| Class 'C-H'                       | 0.0406        |
| <b>US dollar</b>                  | <b>US €</b>   |
| Class 'A-H'                       | 0.0408        |
| Class 'A-H M F4'                  | 0.0314        |
| Class 'C-H'                       | 0.0412        |

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 15 Subsequent events (continued)

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

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A'                         | 0.1339        |
| Class 'A-H'                       | 0.1324        |
| Class 'C'                         | 0.1346        |
| Class 'C-H'                       | 0.1336        |

|                 |             |
|-----------------|-------------|
| <b>Sterling</b> | <b>UK p</b> |
| Class 'C'       | 0.1390      |

|                    |                |
|--------------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.3112         |
| Class 'C-H'        | 0.1324         |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A'        | 0.1390      |
| Class 'C'        | 0.1395      |

##### M&G (Lux) Emerging Markets Income Opportunities Fund

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A-H'                       | 0.1446        |
| Class 'C-H'                       | 0.1463        |

|                 |             |
|-----------------|-------------|
| <b>Sterling</b> | <b>UK p</b> |
| Class 'C-H'     | 0.1484      |

|                    |                |
|--------------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.1439         |
| Class 'C-H'        | 0.1456         |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A'        | 0.1514      |
| Class 'A M'      | 0.0507      |
| Class 'C'        | 0.1531      |
| Class 'C M'      | 0.0515      |

##### M&G (Lux) Floating Rate High Yield Solution

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A-H'                       | 0.1369        |
| Class 'B-H'                       | 0.1362        |
| Class 'C-H'                       | 0.1374        |

|                         |              |
|-------------------------|--------------|
| <b>Singapore dollar</b> | <b>SGD €</b> |
| Class 'A-H'             | 0.1400       |
| Class 'A-H M'           | 0.0446       |
| Class 'C-H M'           | 0.0447       |

|                 |             |
|-----------------|-------------|
| <b>Sterling</b> | <b>UK p</b> |
| Class 'C-H'     | 0.1388      |

|                    |                |
|--------------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.1357         |
| Class 'C-H'        | 0.1363         |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A'        | 0.1417      |
| Class 'A M'      | 0.0449      |
| Class 'C'        | 0.1423      |
| Class 'C M'      | 0.0451      |

##### M&G (Lux) Global Dividend Fund

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 01.10.18 |
| Pay date               | 04.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A'                         | 0.0606        |
| Class 'C'                         | 0.0606        |
| Class 'CI'                        | 0.0606        |

|                         |              |
|-------------------------|--------------|
| <b>Singapore dollar</b> | <b>SGD €</b> |
| Class 'A'               | 0.0608       |
| Class 'C'               | 0.0606       |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A'        | 0.0609      |
| Class 'C'        | 0.0609      |

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

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 01.10.18 |
| Pay date               | 04.10.18 |

| Distribution rate per share class |              |
|-----------------------------------|--------------|
| <b>Singapore dollar</b>           | <b>SGD €</b> |
| Class 'A-H M'                     | 0.0372       |
| Class 'C-H M'                     | 0.0372       |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A M'      | 0.0373      |
| Class 'C M'      | 0.0373      |

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 15 Subsequent events (continued)

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

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A-H'                       | 0.1010        |
| Class 'C-H'                       | 0.1018        |

|                 |             |
|-----------------|-------------|
| <b>Sterling</b> | <b>UK p</b> |
| Class 'C-H'     | 0.1027      |
| Class 'L-H'     | 0.1202      |

|                    |                |
|--------------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.1004         |
| Class 'C-H'        | 0.1007         |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A'        | 0.1046      |
| Class 'A M'      | 0.0323      |
| Class 'C'        | 0.1052      |

##### M&G (Lux) Global Listed Infrastructure Fund

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A'                         | 0.0905        |
| Class 'C'                         | 0.0912        |

|                 |             |
|-----------------|-------------|
| <b>Sterling</b> | <b>UK p</b> |
| Class 'C'       | 0.0909      |

|                    |                |
|--------------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> |
| Class 'A'          | 0.0891         |
| Class 'C'          | 0.0899         |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A'        | 0.0891      |
| Class 'A M'      | 0.0294      |
| Class 'C'        | 0.0899      |

##### M&G (Lux) Income Allocation Fund

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 22.10.18 |
| Pay date               | 25.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A'                         | 0.0245        |
| Class 'A F2'                      | 0.0164        |
| Class 'A F3'                      | 0.0244        |
| Class 'A Q'                       | 0.0745        |
| Class 'B F2'                      | 0.0163        |
| Class 'B F3'                      | 0.0244        |
| Class 'B Q'                       | 0.0742        |
| Class 'C'                         | 0.0246        |
| Class 'C Q'                       | 0.0748        |
| Class 'ZI'                        | 0.0253        |

|                         |              |
|-------------------------|--------------|
| <b>Singapore dollar</b> | <b>SGD €</b> |
| Class 'A-H'             | 0.0248       |
| Class 'C-H'             | 0.0249       |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A-H'      | 0.0250      |
| Class 'C-H'      | 0.0251      |

##### M&G (Lux) Optimal Income Fund

| Distribution timetable |          |
|------------------------|----------|
| Period to              | 30.09.18 |
| Ex dividend date       | 01.10.18 |
| Pay date               | 04.10.18 |

| Distribution rate per share class |               |
|-----------------------------------|---------------|
| <b>Euro</b>                       | <b>Euro €</b> |
| Class 'A'                         | 0.1754        |
| Class 'B'                         | 0.1756        |
| Class 'C'                         | 0.1753        |

|                         |              |
|-------------------------|--------------|
| <b>Singapore dollar</b> | <b>SGD €</b> |
| Class 'A-H M'           | 0.0354       |

|                    |                |
|--------------------|----------------|
| <b>Swiss franc</b> | <b>Swiss €</b> |
| Class 'A-H'        | 0.1760         |
| Class 'C-H'        | 0.1761         |

|                  |             |
|------------------|-------------|
| <b>US dollar</b> | <b>US €</b> |
| Class 'A-H'      | 0.1722      |
| Class 'A-H M'    | 0.0355      |
| Class 'C-H'      | 0.1719      |
| Class 'J-H'      | 0.1746      |



## 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 of £39,245,473 (£4,916,932 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) Floating Rate High Yield Solution
- M&G (Lux) Global Floating Rate High Yield Fund
- M&G (Lux) Global Target Return Fund
- M&G (Lux) Income Allocation Fund
- M&G (Lux) Optimal Income Fund

During the period from 1 April 2018 to 30 September 2018 no funds 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.

# Appendix

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## 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

# Glossary

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**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.

**Depository:** State Street Bank Luxembourg S.C.A.

**Depository agreement:** The depository agreement dated 5 December 2016 pursuant to which the Depository is appointed to provide depository 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.

**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.

# Glossary

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**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.



