

M&G Dynamic Allocation Fund

Interim Long Report and unaudited Financial Statements
for the six months ended 30 September 2017



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M&G Dynamic Allocation Fund

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Dynamic Allocation Fund presents its Interim Long Report and unaudited Financial Statements for the six months ended 30 September 2017.

Please note that we have included an explanation of key investment terminology in the 'Glossary' (at the back of this report).

Company information

This Open-Ended Investment Company (OEIC) is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The Company is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA.

The Company was authorised on 22 October 2009 and the fund was launched on 3 December 2009.

The Company's principal activity is to carry on business as an OEIC.

A shareholder is not liable for the debts of the Company and will never be liable to make any further payment to the Company after paying the purchase price of the shares.

Co-fund managers

Juan Nevado & Tony Finding are employed by M&G Limited which is an associate of M&G Securities Limited.

ACD

M&G Securities Limited,
Laurence Pountney Hill, London EC4R 0HH, UK
Telephone: 0800 390 390 (UK only)

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

Directors of the ACD

W J Nott (Chief Executive),
G N Cotton, N M Donnelly*, P R Jelfs, G W MacDowall, L J Mumford

* Appointed 9 June 2017.

Investment manager

M&G Investment Management Limited,
Laurence Pountney Hill, London EC4R 0HH, UK
Telephone: +44 (0)20 7626 4588

(Authorised and regulated by the Financial Conduct Authority)

Registrar

DST Financial Services Europe Ltd*,
DST House, St. Nicholas Lane, Basildon, Essex SS15 5FS, UK
(Authorised and regulated by the Financial Conduct Authority)

* International Financial Data Services (UK) Ltd changed its name to DST Financial Services Europe Ltd on 14 August 2017.

Depository

National Westminster Bank Plc, Trustee & Depository Services,
Younger Building, 3 Redheughs Avenue, Edinburgh EH12 9RH, UK
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

Independent auditor

Ernst & Young LLP
Ten George Street, Edinburgh EH2 2DZ, UK

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, the latest Annual or Interim Investment Report and Financial Statements as well as a list of purchases and sales are available free of charge on request from the following addresses. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depository.

Customer services and administration for UK clients:

M&G Securities Limited,
PO Box 9039, Chelmsford CM99 2XG, UK

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.

Telephone: 0800 390 390 (UK only)

For security purposes and to improve the quality of our service, we may record and monitor telephone calls. You will require your M&G client reference. Failure to provide this will affect your ability to transact with us.

Customer services and administration for non-UK clients:

M&G Securities Limited,
c/o RBC I&TS, 14, Porte de France, L-4360 Esch-sur-Alzette,
Grand Duchy of Luxembourg

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.

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For security purposes and to improve the quality of our service, we may record and monitor telephone calls. You will require your M&G client reference. Failure to provide this will affect your ability to transact with us.

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 København C, Denmark

M&G Dynamic Allocation Fund

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Investor information

French centralising agent:

RBC Investor Services, Bank France S.A.,
105 rue Réaumur, 75002 Paris, France

German information agent:

M&G International Investments Limited,
mainBuilding, Taunusanlage 19, 60325 Frankfurt am Main, Germany

Greek paying agent and distributor:

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8, Othonos Street, 10557 Athens, Greece

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3rd Floor IFSC House – The IFSC, Dublin 1, Ireland

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Allfunds Bank, S.A.,
Via Santa Margherita 7, 20121 Milano, 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,
Via Ansperto 5, 20123 Milano, Italy

RBC Investor Services Bank S.A., Milan Branch
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

Luxembourg paying and information agent:

Société Générale Bank & Trust S.A.,
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Grand Duchy of Luxembourg

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, P.O. Box 5070, 8021 Zurich, Switzerland

Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim long reports for the Company. The ACD must ensure that the financial statements, contained in the Long Report, for the fund are prepared in accordance with the Investment Association Statement of Recommended Practice for Financial Statements of UK Authorised Funds (SORP) and UK Financial Reporting Standards, and give a true and fair view of the net revenue or expenses and net capital gains or losses for the accounting period, and the financial position at the end of that period.

The ACD is required to keep proper accounting records, and to manage the Company in accordance with the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA, the Instrument of Incorporation and the Prospectus, and to take reasonable steps for the prevention and detection of fraud or other irregularities.

M&G Dynamic Allocation Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to deliver positive total returns in any three year period from a flexibly managed portfolio of global assets. There is no guarantee that the Fund will achieve a positive return over this, or any other, period and investors may not recoup the original amount they invested.

Investment policy

The fund invests in multiple asset classes and is managed through the allocation of capital based on the fund manager's macroeconomic outlook, asset class valuations and active risk management in portfolio construction. The Fund is not managed against any market index.

Depending on the fund manager's view of market conditions and relative asset valuations, at any one time the portfolio may be diversified across asset classes, sectors, currencies and countries, or may have a high concentration in one or more of these.

The fund seeks to participate in a variety of rising asset values; in times of severe market uncertainty, however, capital preservation will be central to the Fund's strategy. The fund manager may use derivatives strategies to create value through additional asset exposure and/or where these may help to manage portfolio risk.

Whilst the fund aims to deliver positive total returns in any three year period there is no guarantee that this will be achieved.

The fund may invest in a range of equities, fixed income assets and other assets, including collective investment schemes, other transferable securities, cash and near cash, deposits, warrants and money market instruments. Derivatives may also be used, for both hedging and investment purposes.

Investment approach

The fund managers believe that the fund's highly flexible investment approach has the potential to deliver returns of 5-10% per annum on average over the medium term (over three to five years), with annualised volatility in those returns of between 5% and 12%. (Volatility measures the degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.)

The fund will normally invest within the following net allocation ranges: 20-60% in equities, 0-80% in fixed income securities (excluding cash and cash equivalents) and up to 20% in other assets, which can include indirect exposure to property and convertibles (fixed income investments that have the right to be converted into a predetermined number of company shares). The fund managers will actively manage the fund's foreign currency exposure to seek to enhance returns. At least 30% of the fund will be held in euro assets and at least 60% will be held in a combination of US dollar, sterling and euro assets. The fund's investment strategy may involve the use of financial instruments to take short positions, that is, positions that profit from a fall in the price of an asset, or to generate leverage (gain exposure to greater investment than the net asset value of the fund).

Risk profile

The fund invests globally in a broad range of assets, including company shares (equities), fixed income securities (bonds), currencies and other assets such as property shares and convertible bonds. The fund is, therefore, subject to the price volatility of global financial and currency markets. Exposure to the different asset classes is typically gained through the use of derivatives.

In association with the use of derivatives, including those instruments not traded through an exchange, collateral is deposited in order to mitigate the risk that a counterparty may default on its obligations or become insolvent.

The fund adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets, and the managers will seek to maximise portfolio diversity wherever possible. However, in cases where the managers believe that the opportunities are limited to a few areas, there may be a higher-than-usual concentration of asset or market exposure. Such strategies may result in higher volatility of the fund's short-term performance.

The blend of assets held in the fund is regularly adjusted depending on where the managers see the most value and to manage risks, including liquidity, credit, currency and market risks. The fund's risks are measured and managed as an integral part of the investment process.

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



The above number:

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

Investment review

As at 2 October 2017, for the six months ended 30 September 2017

Performance against objective

Between 3 April 2017 (the start of the review period) and 2 October 2017, the M&G Dynamic Allocation Fund delivered a positive total return (the combination of income and growth of capital) across all of its share classes.*

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Fund performance' section of this report.

Over a three-year period, the fund has achieved its aim of delivering a positive total return.

M&G Dynamic Allocation Fund

Authorised Corporate Director's Report

Investment review

Investment performance

Global equities advanced over the six-month period under review, supported by an upswing in global economic data and company earnings. This is providing a positive backdrop for assets such as company shares, which tend to do well when the global economy is growing, but can experience a degree of turbulence amid market uncertainty. However, global bond markets experienced mixed performance as growing investor confidence saw bonds issued by some developed market governments at times fall out of favour. These bonds are often considered 'safe' given the high creditworthiness of their issuers, and therefore tend to underperform when investor sentiment over the health of the global economy improves, as their lower-risk attributes are less in demand. This environment largely proved beneficial for the fund which was positioned in favour of equities over bonds, based on observations of relative valuation signals and signs of global economic growth.

Most of the gains came from equity positions, where notable value was added through positions in Asia Pacific ex Japan, in particular South Korea, which held up well despite political turbulence in the region towards the end of the period. Our exposure to Europe also added significantly to gains as the region saw concerted economic growth. Holdings of banking stocks generated good returns as well, while Japanese equities rallied as corporate confidence improved. Short exposure (a position designed to benefit from a fall in the value of the stocks) to the S&P 500 Index detracted as the index reached new highs.

The fund's exposure to bonds detracted from performance as investors became more confident about taking on risk. The fund's positioning designed to gain from a fall in the value of bonds issued by the Western governments detracted from performance, as these markets benefited from several periods of strength throughout the period. Holdings of emerging market government bonds also detracted, with the exception of Mexico. However, exposure to peripheral European countries Poland and Portugal helped returns.

Currency positioning gave a further boost to fund returns, in relation to phases of both euro and dollar weakness during the period. Meanwhile, the exposure to convertibles detracted.

Investment activities

By the end of the review period, we had increased the extent to which the fund is positioned in favour of equities versus bonds. This was implemented by increasing positions designed to benefit from losses in bond markets as well as those designed to benefit from gains in equity markets. In the latter stages of the quarter, changes focused on realising profits on positions that had worked well, while retaining the focus of the fund on exploiting the still-elevated difference in valuation between equities and bonds. In our view, many stockmarkets appear cheaply valued while developed government bond markets seem expensive and vulnerable to price falls.

Specifically, European and US equity positions were increased, while the portfolio was increasingly positioned away from US government bonds. We reduced positions in Latin American bonds after strong performance left them offering somewhat less value than previously. Some proceeds were reinvested in the new M&G (Lux) Emerging Markets Hard Currency Bond Fund, giving us access to emerging

bond markets, and making use of M&G's fixed interest team's credit expertise. Meanwhile the fund's holdings of corporate bonds in the mining sector were sold in favour of a basket of shares in large mining companies. This was to take advantage of what we believed was unwarranted weakness in the share prices of miners and to diversify exposure to the natural resources sector. We also reduced stakes in the shares of businesses in the oil and gas industry.

Outlook

Despite potentially unsettling newsflow about politics and policy action dominating headlines over the review period, global economic indicators have broadly improved. Economic data in the US remains robust, although investors are generally finding this less surprising than in the past. This means there is perhaps less potential for substantial gains in parts of the US market where share prices are already reflecting this positive economic backdrop. Importantly though, for the first time in many years, we are witnessing a synchronised upswing in global growth, with much of the good news coming from outside the US.

In Europe, positive data on factors such as employment seems to be outweighing political risks for now, and the European Central Bank has so far maintained a very supportive policy stance. The UK has seen some slightly weaker figures lately, but these are small changes and not, in our view, signs of a material deterioration in current economic conditions – we are certainly wary of commentary attributing it to the June 2017 general election or ongoing Brexit issues. Meanwhile, in Asia, markets such as South Korea and China are showing sustained growth.

Improving global economic activity and the potential for this to trigger higher inflation means we have observed a shift in tone from developed market central bankers, suggesting increased aversion to the low or negative interest rates they have used in recent years to tackle the aftermath of the 2008 financial crisis. There are also signs of a pick-up in consumer and business sentiment. We believe this is very important as, despite evidence of robust global economic recovery, persistent pessimism has weighed on the sustainability of the growth outlook since 2008. In other words, consumers and businesses need to believe that economic conditions are genuinely improving in order to be encouraged to spend and invest more, in order to stimulate further growth.

For now, we remain positive on company shares overall as we believe, despite the recent rise in prices, these assets continue to offer the best compensation for genuine risk in terms of the compelling prices at which they can be bought, in the context of an improving economic environment. Meanwhile, the unattractiveness of developed market government bonds also remains a key area of opportunity, in our view, enabling us to establish positions designed to benefit from lower prices.

Juan Nevado & Tony Finding

Co-fund managers

Employees of M&G Limited which is an associate of M&G Securities Limited.

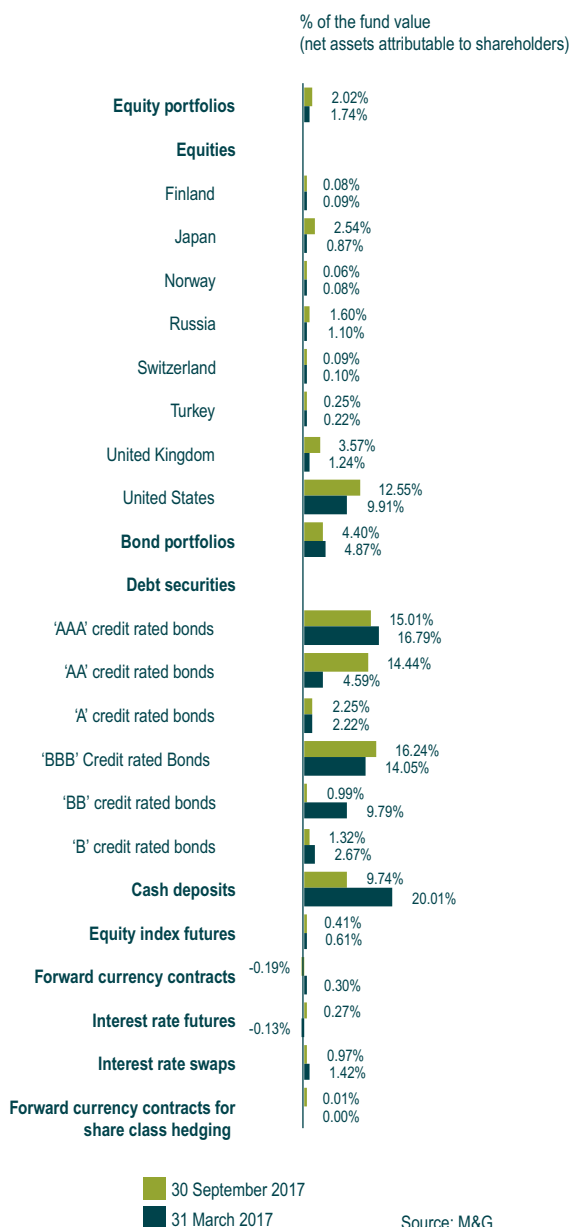
Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial Adviser.

M&G Dynamic Allocation Fund

Authorised Corporate Director's Report

Investments

Classification of investments



Portfolio statement

as at Holding	30.09.17 €'000	30.09.17 %	31.03.17 %
Equity portfolios	119,666	2.02	1.74
180,369,233 M&G Japan Fund Sterling Class 'A' (Accumulation)	119,666	2.02	
Equities	1,225,684	20.74	13.61
Finland	4,739	0.08	0.09
945,853 Nokia	4,739	0.08	
Japan	150,351	2.54	0.87
7,014,500 Mitsubishi UFJ Financial	38,571	0.65	
24,760,000 Mizuho Financial Group	36,702	0.62	
1,147,700 Sumitomo Mitsui Financial	37,309	0.63	
1,236,300 Sumitomo Mitsui Trust Holdings	37,769	0.64	
Norway	3,540	0.06	0.08
215,583 Aker BP	3,540	0.06	
Russia	94,690	1.60	1.10
658,509 Lukoil ADR	29,499	0.50	
224,024 Magnit GDR	7,659	0.13	
2,901,862 Sberbank of Russia ADR	34,856	0.59	
1,789,459 Severstal GDR	22,676	0.38	
Switzerland	5,040	0.09	0.10
82,347 ams	5,040	0.09	
Turkey	14,587	0.25	0.22
6,070,322 Haci Omer Sabanci (formerly Sabanci Holdings)	14,587	0.25	
United Kingdom	210,842	3.57	1.24
2,042,543 Anglo American	30,835	0.52	
1,939,608 BHP Billiton	29,083	0.49	
7,491,250 Glencore	29,132	0.49	
945,497 John Wood Group	7,311	0.13	
92,157,722 Lloyds Banking Group	70,466	1.19	
750,215 Rio Tinto	29,553	0.50	
556,090 Royal Dutch Shell	14,462	0.25	
United States	741,895	12.55	9.91
265,600 AbbVie	19,996	0.34	
6,100 Alphabet	4,980	0.08	
902,865 American Express	68,883	1.17	
112,600 Amgen	17,676	0.30	
169,800 Anadarko Petroleum	7,024	0.12	
3,317,917 Bank of America	71,450	1.21	
1,515,727 Bank of New York Mellon	68,001	1.15	
66,900 Biogen	17,555	0.30	
19,900 Bioverativ	956	0.02	
147,600 Celgene	17,837	0.30	
143,900 Chevron	14,321	0.24	
1,153,711 Citigroup	70,931	1.20	
60,928 Concho Resources	6,800	0.12	
120,800 Criteo ADR	4,242	0.07	
33,200 Facebook	4,742	0.08	
261,200 Gilead Sciences	17,887	0.30	
174,100 Halliburton	6,754	0.11	
35,100 IPG Photonics	5,459	0.09	
860,824 JPMorgan Chase	69,479	1.18	
825,793 Kosmos Energy	5,585	0.10	
121,700 Luxoft	4,770	0.08	
147,400 MACOM Technology Solutions	5,540	0.09	
558,234 MasterCard	66,222	1.12	
385,000 Methanex	16,702	0.28	
170,200 Microsoft	10,640	0.18	
67,700 NXP Semiconductors	6,467	0.11	
40,300 Regeneron Pharmaceuticals	14,840	0.25	
114,900 Schlumberger	6,726	0.11	
129,400 Shire ADR	16,606	0.28	
2,964,400 Veon ADR	10,263	0.17	
1,534,116 Wells Fargo	70,424	1.19	
442,800 Yandex N.V.	12,137	0.21	

M&G Dynamic Allocation Fund

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Investments

Portfolio statement (continued)				
as at Holding	30.09.17 €'000	30.09.17 %	31.03.17 %	
Bond portfolios	260,112	4.40	4.87	
2,909,000 M&G (Lux) Emerging Markets Hard Currency Bond Fund Euro Class 'CI' (Accumulation)	25,503	0.43		
50,924,648 M&G Global Convertibles Fund Class Sterling 'A' (Accumulation)	117,322	1.98		
926,979 M&G Global Corporate Bond Fund Class Euro 'C-H' (Accumulation)	11,060	0.19		
861,627 M&G Total Return Credit Investment Fund Euro Class 'A' (Accumulation)	98,682	1.67		
275,000 SPDR® Barclays 10+ Year US Corporate Bond ETF	7,545	0.13		
Debt securities	2,970,309	50.25	50.11	
'AAA' credit rated bonds	887,083	15.01	16.79	
€83,902,000 Germany (Federal Republic of) 0% 2017 (15 Nov)	83,975	1.42		
€83,794,000 Germany (Federal Republic of) 0% 2017 (13 Dec)	83,904	1.42		
€167,304,000 Germany (Federal Republic of) 0% 2017 (15 Dec)	167,513	2.84		
€41,345,000 Germany (Federal Republic of) 0% 2018 (10 Jan)	41,433	0.70		
€166,923,000 Germany (Federal Republic of) 0% 2018 (16 Mar)	167,459	2.83		
€166,641,000 Germany (Federal Republic of) 0% 2018 (15 Jun)	167,488	2.84		
€87,000,000 Germany (Federal Republic of) 0% 2018 (14 Sep)	87,631	1.48		
€86,900,000 Germany (Federal Republic of) 0% 2018 (14 Dec)	87,680	1.48		
'AA' credit rated bonds	853,828	14.44	4.59	
€149,044,959 France (Govt. of) 0% 2017 (25 Oct)	149,108	2.52		
€148,791,775 France (Govt. of) 0% 2018 (31 Jan)	149,109	2.52		
€87,400,000 France (Govt. of) 0% 2018 (14 Feb)	87,609	1.48		
€148,537,278 France (Govt. of) 0% 2018 (24 May)	149,112	2.52		
€87,200,000 France (Govt. of) 0% 2018 (15 Aug)	87,648	1.49		
\$260,067,600 US Treasury 1% 2046	231,242	3.91		
'A' credit rated bonds	132,792	2.25	2.22	
\$13,512,000 Amgen 4.663% 2051	12,359	0.21		
\$10,311,000 Intel 4.9% 2045	10,266	0.17		
PLN504,399,000 Poland (Republic of) 2.5% 2026	110,167	1.87		
'BBB' credit rated bonds	959,892	16.24	14.05	
\$11,431,000 AT&T 4.5% 2048	8,855	0.15		
\$13,331,000 AT&T 6.375% 2041	13,157	0.22		
\$5,966,000 Bank of America 4.25% 2026	5,280	0.09		
COP94,961,300,000 Colombia (Republic of) 7.50% 2026	28,880	0.49		
\$9,408,000 Enel Finance International 6.8% 2037	10,465	0.18		
\$7,630,000 Energy Transfer Partners 4.05% 2025	6,558	0.11		
\$10,260,000 Energy Transfer Partners 6.125% 2045	9,453	0.16		
\$13,429,000 Exelon Generation 5.6% 2042	11,548	0.20		
\$14,211,000 Express Scripts 4.8% 2046	12,576	0.21		
\$10,951,000 Ford Motor Company 6.625% 2028	11,124	0.19		
\$15,203,000 Goldman Sachs Group 6.75% 2037	16,755	0.28		
IDR843,320,000,000 Indonesia (Republic of) 8.375% 2024	58,195	0.99		
\$11,035,000 Kraft Foods Group 6.875% 2039	11,955	0.20		
MXN3,804,626,300 Mexico (United Mexican States) 5.75% 2026	164,985	2.79		

Portfolio statement (continued)

as at Holding	30.09.17 €'000	30.09.17 %	31.03.17 %
'BBB' credit rated bonds (continued)			
MXN3,656,563,700 Mexico (United Mexican States) 7.75% 2042	179,819	3.04	
\$11,389,000 Morgan Stanley 5% 2025	10,525	0.18	
\$20,660,000 Mylan 5.4% 2043	18,938	0.32	
\$11,035,000 Perrigo Finance Unlimited 4.9% 2044	9,419	0.16	
€97,951,000 Portugal (Republic of) 4.75% 2019	105,710	1.79	
€213,709,000 Portugal (Republic of) 4.8% 2020	240,260	4.06	
\$14,179,000 Time Warner Cable 7.3% 2038	14,940	0.25	
\$8,920,000 Weyerhaeuser 7.375% 2032	10,495	0.18	
'BB' credit rated bonds	58,870	0.99	9.79
BRL218,244,000 Brazil (Federal Republic of) 10% 2027	58,870	0.99	
'B' credit rated bonds	77,844	1.32	2.67
\$37,843,000 Argentina (Republic of) 6.875% 2021	34,767	0.59	
\$35,768,000 Argentina (Republic of) 7.5% 2026	33,888	0.57	
\$9,980,000 Yum! Brands 6.875% 2037	9,189	0.16	
Cash deposits	575,727	9.74	20.01
€140,061,779 HSBC 0.6% 2017	140,062	2.37	
€342,738,565 Rabobank 0.55% 2017	342,738	5.80	
€92,927,101 Standard Chartered Bank 0.6% 2017	92,927	1.57	
Equity index futures	24,159	0.41	0.61
24,134 BIST 30 Oct 2017	(5,217)	(0.09)	
2,795 CAC 40 Euro Oct 2017	3,990	0.07	
913 DAX Index Dec 2017	7,113	0.12	
3,183 EURO STOXX 50 Index Dec 2017	2,807	0.05	
2,820 FTSE 100 Index Dec 2017	(1,014)	(0.02)	
1,559 FTSE MIB Index Dec 2017	3,914	0.07	
1,677 IBEX 35 Index Oct 2017	(482)	(0.01)	
5,434 KOSPI 200 Index Dec 2017	7,386	0.13	
5,174 MSCI Taiwan Index Oct 2017	(1,041)	(0.02)	
(1,171) S&P 500 Index Dec 2017	(10,143)	(0.17)	
2,536 TOPIX Index Dec 2017	16,846	0.28	
Forward currency contracts	(11,394)	(0.19)	0.30
AUD(163,767,680) Sold for €109,758,343 (expires 29.11.17)	1,457	0.02	
INR4,160,908,047 Bought for \$64,258,647 (expires 30.11.17)	(830)	(0.01)	
¥19,077,413,466 Bought for €146,961,864 (expires 29.11.17)	(3,401)	(0.06)	
¥(22,891,640,034) Sold for €175,276,507 (expires 29.11.17)	3,013	0.05	
MXN(3,148,765,380) Sold for €147,988,653 (expires 29.11.17)	3,298	0.06	
£71,099,353 Bought for €77,828,822 (expires 29.11.17)	2,617	0.04	
£(15,570,656) Sold for €17,116,348 (expires 29.11.17)	(501)	(0.01)	
TRY268,644,286 Bought for €63,070,922 (expires 29.11.17)	(404)	(0.01)	
\$81,594,863 Bought for TWD2,477,464,835 (expires 23.10.17)	(158)	0.00	
\$8,644,259 Bought for CNY61,166,780 (expires 17.11.17)	(463)	(0.01)	
\$96,851,198 Bought for €82,032,794 (expires 29.11.17)	(294)	0.00	
\$128,353,908 Bought for PHP6,667,985,531 (expires 29.11.17)	(2,112)	(0.03)	
\$103,059,814 Bought for KRW117,341,843,463 (expires 30.11.17)	446	0.01	
\$103,567,429 Bought for TWD3,129,289,878 (expires 30.11.17)	72	0.00	

M&G Dynamic Allocation Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)				
as at Holding	30.09.17 €'000	30.09.17 %	31.03.17 %	
Forward currency contracts (continued)				
\$87,730,946 Bought for TWD2,631,928,389 (expires 15.12.17)	527	0.01		
\$20,919,173 Bought for CNY151,392,052 (expires 22.12.17)	(1,517)	(0.03)		
\$31,521,532 Bought for CNY223,724,073 (expires 23.02.18)	(1,643)	(0.03)		
\$117,065,823 Bought for CNY828,611,343 (expires 04.04.18)	(5,630)	(0.10)		
\$113,872,074 Bought for CNY811,053,848 (expires 08.05.18)	(5,963)	(0.10)		
\$29,826,449 Bought for CNY208,993,926 (expires 22.06.18)	(1,084)	(0.02)		
\$35,461,941 Bought for CNY244,421,430 (expires 25.07.18)	(747)	(0.01)		
\$42,431,040 Bought for CNY286,249,579 (expires 21.09.18)	(50)	0.00		
\$(2,607,521,621) Sold for €2,202,871,149 (expires 29.11.17)	2,228	0.04		
\$(281,529,736) Sold for €174,900,987 (expires 29.11.17)	(255)	0.00		
Interest rate futures	16,207	0.27	(0.13)	
(5,764) 5 Year US Treasury Note Dec 2017	3,939	0.06		
(5,443) 10 Year US Treasury Note Dec 2017	7,561	0.13		
(1,125) Euro Bund Dec 2017	758	0.01		
(1,848) Euro Buxl Dec 2017	2,829	0.05		
(1,832) Euro OAT Dec 2017	858	0.01		
(1,616) UK Long Gilt Bond Dec 2017	5,134	0.09		
1,566 US Ultra Long Treasury Bond Dec 2017	(4,872)	(0.08)		
Interest rate swaps	57,148	0.97	1.42	
¥3,156,500,000 Pay 0.467% Receive VAR Sep 2046	2,356	0.04		
¥3,164,000,000 Pay 0.4975% Receive VAR Sep 2046	2,168	0.04		
¥2,463,081,000 Pay 0.80875% Receive VAR Dec 2046	138	0.01		
¥2,200,000,000 Pay 0.835% Receive VAR Sep 2047	87	0.00		
¥1,500,000,000 Pay 0.865% Receive VAR May 2047	(58)	0.00		
¥2,000,000,000 Pay 0.935% Receive VAR Jul 2047	(346)	0.00		
¥1,850,000,000 Pay 0.9425% Receive VAR Feb 2047	(354)	(0.01)		
£23,000,000 Pay 1.0925% Receive VAR Jul 2046	3,371	0.06		
£55,500,000 Pay 1.289% Receive VAR Oct 2046	5,110	0.09		
£33,800,000 Pay 1.3115% Receive VAR Apr 2047	2,822	0.05		
£15,000,000 Pay 1.445% Receive VAR Mar 2047	781	0.01		
£15,000,000 Pay 1.471% Receive VAR Aug 2047	648	0.01		
£20,000,000 Pay 1.5245% Receive VAR May 2047	522	0.01		
£22,500,000 Pay 1.605% Receive VAR Jun 2047	134	0.00		
£15,000,000 Pay 1.648% Receive VAR Sep 2047	25	0.00		
\$76,000,000 Pay 1.793% Receive VAR Jul 2046	9,648	0.16		
\$30,000,000 Pay 1.8% Receive VAR Jul 2046	3,764	0.06		
\$90,000,000 Pay 1.837% Receive VAR Jul 2046	10,449	0.18		
\$50,000,000 Pay 1.964% Receive VAR Oct 2046	4,454	0.07		
\$150,500,000 Pay 2.1325% Receive VAR Apr 2046	10,014	0.16		
\$33,000,000 Pay 2.379% Receive VAR Sep 2047	934	0.02		
\$70,000,000 Pay 2.463% Receive VAR Sep 2047	922	0.02		
\$12,262,000 Pay 2.697% Receive VAR Dec 2046	(441)	(0.01)		
Portfolio of investments	5,237,618	88.61	92.54	

Portfolio statement (continued)

as at Holding	30.09.17 €'000	30.09.17 %	31.03.17 %
Forward currency contracts for share class hedging			
£5,627,544 Bought for €6,231,671 (expires 18.10.17)	142	0.00	
£(9,122) Sold for €10,339 (expires 18.10.17)	0	0.00	
CHF2,426,866 Bought for €2,109,407 (expires 18.10.17)	12	0.00	
CHF(19,308) Sold for €16,800 (expires 18.10.17)	0	0.00	
\$53,442,586 Bought for €44,531,741 (expires 18.10.17)	671	0.01	
\$(1,204,553) Sold for €1,003,314 (expires 18.10.17)	(16)	0.00	
Total portfolio	5,238,427	88.62	92.54
Net other assets / (liabilities)	672,742	11.38	7.46
Net assets attributable to shareholders	5,911,169	100.00	100.00

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

Portfolio transactions

for the six months to 30 September	2017 €'000	2016 €'000
Portfolio transactions		
Total purchases	2,214,059	965,993
Total sales	586,370	977,387

M&G Dynamic Allocation Fund

Financial highlights

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.

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Dynamic Allocation Fund, which is available free of charge either from our website at:

www.mandg.lu/private-investors/fund-literature/
or by calling M&G Customer Relations.

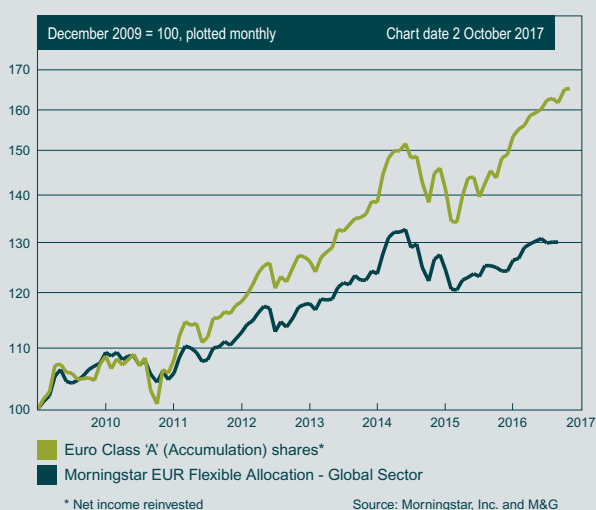
Fund level performance

Fund net asset value

as at	30.09.17 €'000	31.03.17 €'000	31.03.16 €'000
Fund net asset value (NAV)	5,911,169	4,253,594	2,694,144

Performance since launch

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



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

	Six months 03.04.17 % ^[a]	Three years 02.10.14 % p.a.	Five years 02.10.12 % p.a.	Since launch % p.a.
Euro ^[b]				
Class 'A'	+4.2	+7.3	+7.2	+6.6 ^[c]
Class 'B'	+4.0	+6.8	n/a	+6.7 ^[d]
Class 'C'	+4.7	+8.2	+8.1	+7.6 ^[c]
Sterling ^[e]				
Class 'I-H'	+5.1	n/a	n/a	+11.5 ^[f]
Swiss franc ^[b]				
Class 'A-H'	+4.0	n/a	n/a	+3.8 ^[g]
Class 'C-H'	+4.6	n/a	n/a	+4.6 ^[g]
US dollar ^[b]				
Class 'A-H'	+5.3	n/a	n/a	+5.5 ^[g]
Class 'C-H'	+5.8	n/a	n/a	+6.3 ^[g]

^[a] Absolute basis.

^[b] Price to price with net income reinvested.

^[c] 3 December 2009, the launch date of the fund.

^[d] 26 July 2013, the launch date of the share class.

^[e] Price to price with income reinvested.

^[f] 14 December 2015, the launch date of the share class.

^[g] 5 June 2015, the launch date of the share class.

M&G Dynamic Allocation Fund

Financial highlights

Fund performance

Operating charges and portfolio transaction costs

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

Operating charges

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

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **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.

The operating charges paid by each share class of the fund are shown in the following performance tables. Operating charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

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

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

Portfolio transaction costs

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

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

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

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

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.lu/private-investors/fund-literature/ or by calling M&G Customer Relations.

Portfolio transaction costs

	Six months to 30.09.17	Year to 31.03.17	Year to 31.03.16	Average ^[a]
	%	%	%	%
Direct portfolio transaction costs ^[b]				
Broker commission	0.03	0.03	0.02	0.03
Taxes	0.02	0.01	0.01	0.01
Costs before dilution adjustments	0.05	0.04	0.03	0.04
Dilution adjustments ^[c]	(0.01)	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.04	0.03	0.02	0.03
as at	30.09.17	31.03.17	31.03.16	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.13	0.22	0.59	0.31

^[a] Average of first three columns.

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

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

M&G Dynamic Allocation Fund

Financial highlights

Specific share class performance

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

Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

	Six months to 30.09.17 Euro ¢	Year to 31.03.17 Euro ¢	Year to 31.03.16 Euro ¢
Change in NAV per share			
Opening NAV	1,550.48	1,389.98	1,501.19
Return before operating charges and after direct portfolio transaction costs	80.28	210.98	(78.33)
Operating charges	(15.25)	(26.92)	(27.22)
Return after operating charges	65.03	184.06	(105.55)
Distributions	(11.08)	(23.56)	(5.66)
Closing NAV	1,604.43	1,550.48	1,389.98
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.42	0.62	0.41
Dilution adjustments ^[a]	(0.10)	(0.14)	(0.21)
Total direct portfolio transaction costs	0.32	0.48	0.20
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	1.91	1.84	1.91
Return after operating charges	+4.19	+13.24	-7.03
Historic yield ^[c]	1.59	1.97	0.43
Effect on yield of charges offset against capital	1.90	1.90	0.00
Other information			
Closing NAV (€'000)	383,903	268,558	178,399
Closing NAV percentage of total fund NAV (%)	6.50	6.31	6.63
Number of shares	23,927,742	17,320,957	12,834,689
Highest share price (Euro ¢)	1,613.14	1,565.31	1,538.79
Lowest share price (Euro ¢)	1,533.94	1,365.01	1,268.18

Euro Class 'A' Accumulation share performance

The share class was launched on 3 December 2009.

	Six months to 30.09.17 Euro ¢	Year to 31.03.17 Euro ¢	Year to 31.03.16 Euro ¢
Change in NAV per share			
Opening NAV	1,582.87	1,396.82	1,502.19
Return before operating charges and after direct portfolio transaction costs	82.09	213.24	(77.97)
Operating charges	(15.61)	(27.19)	(27.40)
Return after operating charges	66.48	186.05	(105.37)
Distributions	0.00	(2.93)	(5.87)
Retained distributions	0.00	2.93	5.87
Closing NAV	1,649.35	1,582.87	1,396.82
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.43	0.63	0.41
Dilution adjustments ^[a]	(0.10)	(0.14)	(0.21)
Total direct portfolio transaction costs	0.33	0.49	0.20
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	1.91	1.84	1.92
Return after operating charges	+4.20	+13.32	-7.01
Historic yield	0.03	0.19	0.40
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	3,076,481	2,339,278	1,623,886
Closing NAV percentage of total fund NAV (%)	52.05	55.00	60.27
Number of shares	186,526,946	147,787,554	116,255,819
Highest share price (Euro ¢)	1,652.52	1,590.61	1,539.84
Lowest share price (Euro ¢)	1,565.98	1,371.83	1,272.28

Euro Class 'B' Accumulation share performance

The share class was launched on 26 July 2013.

	Six months to 30.09.17 Euro ¢	Year to 31.03.17 Euro ¢	Year to 31.03.16 Euro ¢
Change in NAV per share			
Opening NAV	1,259.08	1,115.52	1,204.63
Return before operating charges and after direct portfolio transaction costs	65.21	171.05	(61.53)
Operating charges	(15.57)	(27.49)	(27.58)
Return after operating charges	49.64	143.56	(89.11)
Distributions	0.00	0.00	(0.42)
Retained distributions	0.00	0.00	0.42
Closing NAV	1,308.72	1,259.08	1,115.52
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.34	0.50	0.33
Dilution adjustments ^[a]	(0.08)	(0.11)	(0.16)
Total direct portfolio transaction costs	0.26	0.39	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	2.41	2.34	2.42
Return after operating charges	+3.94	+12.87	-7.40
Historic yield	0.00	0.00	0.04
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	240,283	157,601	128,187
Closing NAV percentage of total fund NAV (%)	4.06	3.71	4.76
Number of shares	18,360,065	12,517,149	11,491,273
Highest share price (Euro ¢)	1,311.23	1,265.39	1,234.59
Lowest share price (Euro ¢)	1,245.35	1,094.29	1,016.59

M&G Dynamic Allocation Fund

Financial highlights

Specific share class performance

Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 30.09.17 Euro ¢	Year to 31.03.17 Euro ¢	Year to 31.03.16 Euro ¢
Opening NAV	1,631.48	1,452.16	1,568.33
Return before operating charges and after direct portfolio transaction costs	84.70	218.02	(84.92)
Operating charges	(7.84)	(12.95)	(13.60)
Return after operating charges	76.86	205.07	(98.52)
Distributions	(11.67)	(25.75)	(17.65)
Closing NAV	1,696.67	1,631.48	1,452.16
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.44	0.65	0.42
Dilution adjustments ^[a]	(0.11)	(0.14)	(0.21)
Total direct portfolio transaction costs	0.33	0.51	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	0.92	0.85	0.91
Return after operating charges	+4.71	+14.12	-6.28
Historic yield ^[c]	1.51	1.80	1.21
Effect on yield of charges offset against capital	0.90	0.90	0.00
Other information			
Closing NAV (€'000)	70,954	60,793	20,853
Closing NAV percentage of total fund NAV (%)	1.20	1.43	0.77
Number of shares	4,181,966	3,726,259	1,435,988
Highest share price (Euro ¢)	1,706.01	1,646.13	1,608.11
Lowest share price (Euro ¢)	1,614.75	1,428.92	1,326.10

Euro Class 'C' Accumulation share performance

The share class was launched on 3 December 2009.

Change in NAV per share	Six months to 30.09.17 Euro ¢	Year to 31.03.17 Euro ¢	Year to 31.03.16 Euro ¢
Opening NAV	1,686.39	1,476.33	1,575.38
Return before operating charges and after direct portfolio transaction costs	87.68	223.33	(85.28)
Operating charges	(8.10)	(13.27)	(13.77)
Return after operating charges	79.58	210.06	(99.05)
Distributions	(4.45)	(15.62)	(17.80)
Retained distributions	4.45	15.62	17.80
Closing NAV	1,765.97	1,686.39	1,476.33
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.46	0.67	0.43
Dilution adjustments ^[a]	(0.11)	(0.15)	(0.22)
Total direct portfolio transaction costs	0.35	0.52	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	0.92	0.85	0.92
Return after operating charges	+4.72	+14.23	-6.29
Historic yield	0.65	0.94	1.20
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	2,086,294	1,401,141	724,817
Closing NAV percentage of total fund NAV (%)	35.29	32.94	26.90
Number of shares	118,138,893	83,085,054	49,095,909
Highest share price (Euro ¢)	1,769.38	1,694.28	1,615.30
Lowest share price (Euro ¢)	1,669.14	1,452.73	1,343.18

Sterling Class 'I-H' Income share performance

The share class was launched on 14 December 2015.

Change in NAV per share	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
Opening NAV	112.68	99.53	100.00
Return before operating charges and after direct portfolio transaction costs	6.24	15.83	0.61
Operating charges	(0.52)	(0.90)	(0.32)
Return after operating charges	5.72	14.93	0.29
Distributions	(0.81)	(1.78)	(0.76)
Closing NAV	117.59	112.68	99.53
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.05	0.01
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.02	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	0.91	0.85	0.91
Return after operating charges	+5.08	+15.00	+0.29
Historic yield ^[c]	1.51	1.79	0.43
Effect on yield of charges offset against capital	0.92	0.92	0.00
Other information			
Closing NAV (€'000)	748	26	25
Closing NAV percentage of total fund NAV (%)	0.01	0.00	0.00
Number of shares	561,548	20,000	20,000
Highest share price (UK p)	118.22	113.68	101.46
Lowest share price (UK p)	111.59	97.90	90.61

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 14 December 2015.

Change in NAV per share	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
Opening NAV	115.37	100.25	100.00
Return before operating charges and after direct portfolio transaction costs	6.46	16.03	0.57
Operating charges	(0.56)	(0.91)	(0.32)
Return after operating charges	5.90	15.12	0.25
Distributions	(0.30)	(1.06)	(0.76)
Retained distributions	0.30	1.06	0.76
Closing NAV	121.27	115.37	100.25
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.05	0.01
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.02	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	0.94	0.86	0.91
Return after operating charges	+5.11	+15.08	+0.25
Historic yield	0.64	0.92	0.39
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	5,720	904	25
Closing NAV percentage of total fund NAV (%)	0.10	0.02	0.00
Number of shares	4,163,100	671,602	20,010
Highest share price (UK p)	121.51	115.89	101.46
Lowest share price (UK p)	114.25	98.49	90.88

M&G Dynamic Allocation Fund

Financial highlights

Specific share class performance

Swiss franc Class 'A-H' Accumulation share performance

The share class was launched on 5 June 2015.

Change in NAV per share	Six months to 30.09.17 Swiss ¢	Year to 31.03.17 Swiss ¢	Year to 31.03.16 Swiss ¢
Opening NAV	1,044.28	925.99	1,000.00
Return before operating charges and after direct portfolio transaction costs	52.32	136.87	(58.05)
Operating charges	(10.34)	(18.58)	(15.96)
Return after operating charges	41.98	118.29	(74.01)
Distributions	0.00	(1.78)	(3.92)
Retained distributions	0.00	1.78	3.92
Closing NAV	1,086.26	1,044.28	925.99
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.28	0.42	0.24
Dilution adjustments ^[a]	(0.07)	(0.09)	(0.12)
Total direct portfolio transaction costs	0.21	0.33	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	1.93	1.90	1.91
Return after operating charges	+4.02	+12.77	-7.40
Historic yield	0.03	0.17	0.41
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	1,413	771	53
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.00
Number of shares	148,907	78,918	6,218
Highest share price (Swiss ¢)	1,088.30	1,049.64	1,011.62
Lowest share price (Swiss ¢)	1,032.88	909.95	845.00

Swiss franc Class 'C-H' Accumulation share performance

The share class was launched on 5 June 2015.

Change in NAV per share	Six months to 30.09.17 Swiss ¢	Year to 31.03.17 Swiss ¢	Year to 31.03.16 Swiss ¢
Opening NAV	1,058.92	931.90	1,000.00
Return before operating charges and after direct portfolio transaction costs	53.34	135.58	(60.49)
Operating charges	(5.18)	(8.56)	(7.61)
Return after operating charges	48.16	127.02	(68.10)
Distributions	(2.73)	(9.66)	(11.30)
Retained distributions	2.73	9.66	11.30
Closing NAV	1,107.08	1,058.92	931.90
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.29	0.42	0.24
Dilution adjustments ^[a]	(0.07)	(0.09)	(0.12)
Total direct portfolio transaction costs	0.22	0.33	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	0.94	0.87	0.91
Return after operating charges	+4.55	+13.63	-6.81
Historic yield	0.64	0.92	1.21
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	749	577	255
Closing NAV percentage of total fund NAV (%)	0.01	0.01	0.01
Number of shares	77,457	58,206	29,950
Highest share price (Swiss ¢)	1,109.22	1,064.14	1,012.55
Lowest share price (Swiss ¢)	1,047.86	917.34	850.00

US dollar Class 'A-H' Income share performance

The share class was launched on 5 June 2015.

Change in NAV per share	Six months to 30.09.17 US ¢	Year to 31.03.17 US ¢	Year to 31.03.16 US ¢
Opening NAV	1,051.89	930.43	1,000.00
Return before operating charges and after direct portfolio transaction costs	65.44	156.16	(49.09)
Operating charges	(10.31)	(18.85)	(16.35)
Return after operating charges	55.13	137.31	(65.44)
Distributions	(7.62)	(15.85)	(4.13)
Closing NAV	1,099.40	1,051.89	930.43
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.28	0.43	0.25
Dilution adjustments ^[a]	(0.07)	(0.09)	(0.12)
Total direct portfolio transaction costs	0.21	0.34	0.13
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	1.93	1.88	1.92
Return after operating charges	+5.24	+14.76	-6.54
Historic yield ^[c]	1.59	1.95	1.20
Effect on yield of charges offset against capital	1.92	1.92	0.00
Other information			
Closing NAV (€'000)	7,694	2,642	431
Closing NAV percentage of total fund NAV (%)	0.13	0.06	0.02
Number of shares	826,752	268,307	52,700
Highest share price (US ¢)	1,105.41	1,061.45	1,013.35
Lowest share price (US ¢)	1,041.46	915.83	847.00

US dollar Class 'A-H' Accumulation share performance

The share class was launched on 5 June 2015.

Change in NAV per share	Six months to 30.09.17 US ¢	Year to 31.03.17 US ¢	Year to 31.03.16 US ¢
Opening NAV	1,071.96	933.61	1,000.00
Return before operating charges and after direct portfolio transaction costs	67.43	157.06	(50.16)
Operating charges	(10.67)	(18.71)	(16.23)
Return after operating charges	56.76	138.35	(66.39)
Distributions	0.00	(1.75)	(4.13)
Retained distributions	0.00	1.75	4.13
Closing NAV	1,128.72	1,071.96	933.61
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.29	0.43	0.25
Dilution adjustments ^[a]	(0.07)	(0.09)	(0.12)
Total direct portfolio transaction costs	0.22	0.34	0.13
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	1.93	1.88	1.91
Return after operating charges	+5.29	+14.82	-6.64
Historic yield	0.02	0.16	0.43
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	21,772	13,611	2,759
Closing NAV percentage of total fund NAV (%)	0.37	0.32	0.10
Number of shares	2,278,766	1,356,119	336,175
Highest share price (US ¢)	1,130.89	1,076.67	1,013.44
Lowest share price (US ¢)	1,061.35	919.02	849.00

M&G Dynamic Allocation Fund

Financial highlights

Specific share class performance

US dollar Class 'C-H' Income share performance

The share class was launched on 5 June 2015.

	Six months to 30.09.17 US ¢	Year to 31.03.17 US ¢	Year to 31.03.16 US ¢
Change in NAV per share			
Opening NAV	1,056.85	928.57	1,000.00
Return before operating charges and after direct portfolio transaction costs	66.53	154.02	(52.01)
Operating charges	(5.23)	(9.26)	(8.13)
Return after operating charges	61.30	144.76	(60.14)
Distributions	(7.69)	(16.48)	(11.29)
Closing NAV	1,110.46	1,056.85	928.57
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.29	0.43	0.23
Dilution adjustments ^[a]	(0.07)	(0.10)	(0.12)
Total direct portfolio transaction costs	0.22	0.33	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	0.94	0.96	0.95
Return after operating charges	+5.80	+15.59	-6.01
Historic yield ^[c]	1.51	1.77	1.21
Effect on yield of charges offset against capital	0.92	0.92	0.00
Other information			
Closing NAV (€'000)	469	494	8
Closing NAV percentage of total fund NAV (%)	0.01	0.01	0.00
Number of shares	49,946	49,946	1,000
Highest share price (US ¢)	1,116.54	1,065.66	1,012.78
Lowest share price (US ¢)	1,046.81	913.97	846.00

US dollar Class 'C-H' Accumulation share performance

The share class was launched on 5 June 2015.

	Six months to 30.09.17 US ¢	Year to 31.03.17 US ¢	Year to 31.03.16 US ¢
Change in NAV per share			
Opening NAV	1,087.01	938.93	1,000.00
Return before operating charges and after direct portfolio transaction costs	68.18	156.43	(53.56)
Operating charges	(5.30)	(8.35)	(7.51)
Return after operating charges	62.88	148.08	(61.07)
Distributions	(2.83)	(9.81)	(11.31)
Retained distributions	2.83	9.81	11.31
Closing NAV	1,149.89	1,087.01	938.93
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.29	0.42	0.25
Dilution adjustments ^[a]	(0.07)	(0.09)	(0.13)
Total direct portfolio transaction costs	0.22	0.33	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.04	0.03	0.02
Operating charges	0.94	0.85	0.87
Return after operating charges	+5.78	+15.77	-6.11
Historic yield	0.63	0.91	0.43
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (€'000)	14,689	7,198	14,446
Closing NAV percentage of total fund NAV (%)	0.25	0.17	0.54
Number of shares	1,509,094	707,210	1,750,365
Highest share price (US ¢)	1,152.09	1,091.63	1,014.42
Lowest share price (US ¢)	1,076.80	924.40	853.00

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

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

^[c] Following the change in charging structure, you may see variances between the comparative and current year figures.

M&G Dynamic Allocation Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2017		2016	
	€'000	€'000	€'000	€'000
Income				
Net capital gains / (losses)		216,247		69,176
Revenue	39,453		32,297	
Expenses	(39,802)		(22,530)	
Interest payable	(314)		(139)	
Net revenue / (expense) before taxation	(663)		9,628	
Taxation	(2,502)		(1,813)	
Net revenue / (expense) after taxation		(3,165)		7,815
Total return before distributions		213,082		76,991
Distributions		(8,288)		(8,614)
Change in net assets attributable to shareholders from investment activities		204,794		68,377

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2017		2016	
	€'000	€'000	€'000	€'000
Opening net assets attributable to shareholders		4,253,594		2,694,144
Amounts received on issue of shares	1,518,834		302,290	
Amounts paid on cancellation of shares	(72,322)		(281,373)	
		1,446,512		20,917
Dilution adjustments		1,343		729
Change in net assets attributable to shareholders from investment activities (see above)		204,794		68,377
Retained distributions on Accumulation shares		4,926		7,286
Closing net assets attributable to shareholders		5,911,169		2,791,453

The opening net assets attributable to shareholders for 2017 differs to the closing position in 2016 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	30 September 2017	31 March 2017
	€'000	€'000
Assets		
Fixed assets		
Investments	5,287,463	3,966,092
Current assets		
Debtors	65,215	91,822
Cash and bank balances	1,193,509	283,973
Total assets	6,546,187	4,341,887
Liabilities		
Investment liabilities	(49,036)	(29,915)
Creditors		
Bank overdrafts	0	(2)
Distribution payable	(1,626)	(1,529)
Other creditors	(584,356)	(56,847)
Total liabilities	(635,018)	(88,293)
Net assets attributable to shareholders	5,911,169	4,253,594

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 31 March 2017. They are prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014.

Distribution policy

In determining the amount available for distribution to Income shares, the annual management charge, administration charge and the share class hedging charge are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

Directors' statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes sourcebook, as issued and amended by the Financial Conduct Authority.

G W MACDOWALL }
L J MUMFORD } Directors

14 November 2017

M&G Dynamic Allocation Fund

Other regulatory disclosures

Swiss investor information

For funds registered in Switzerland we are required by FINMA to disclose the Total Expense Ratio (TER).

For this fund the TERs are the same as the operating charges disclosed in the fund's financial highlights section under 'Performance and charges'.

Glossary

Accumulation shares: A type of share where distributions are automatically reinvested and reflected in the value of the shares.

Accumulation units: A type of unit where distributions are automatically reinvested and reflected in the value of the units.

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

Asset allocation: Apportioning a portfolio's assets according to risk tolerance and investment goals.

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

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

Bond issue: A set of fixed income securities offered for sale to the public by a company or government. If the bonds are sold for the first time, it is called a 'new issue'.

Bottom-up selection: Selecting stocks based on the attractiveness of a company.

Bunds: Fixed income securities issued by the German government.

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

Capital growth: Occurs when the current value of an investment is greater than the initial amount invested.

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

Cash equivalents: Deposits or investments with similar characteristics to cash.

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

Consumer Prices Index (CPI): An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

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

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

Coupon: The interest paid by the government or company that has raised a loan by selling bonds.

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

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

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

Credit rating agency: A company that analyses the financial strength of issuers of fixed income securities and attaches a rating to their debt. Examples include Standard & Poor's and Moody's.

Credit risk: Risk that a financial obligation will not be paid and a loss will result for the lender.

Credit selection: The process of evaluating a fixed income security, also called a bond, in order to ascertain the ability of the borrower to meet its debt obligations. This research seeks to identify the appropriate level of default risk associated with investing in that particular bond.

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

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

Default risk: Risk that a debtholder will not receive interest and full repayment of the loan when due.

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

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

Dilution adjustments: The dilution adjustment is used to protect ongoing investors against the transaction charges incurred in investing or divesting in respect of creations and cancellations. The dilution adjustment is made up of the direct and indirect transaction charges. In the financial statements the direct transaction charges as a percentage of average NAV will be disclosed. This percentage will take account of those direct transaction charges that have been recovered through the dilution adjustment leaving a percentage that just represents the costs incurred in portfolio management.

Glossary

Distribution: Distributions represent a share in the net income of the fund and are paid out to Income Shareholders or reinvested for Accumulation Shareholders at set times of the year (monthly, quarterly, half-yearly or annually). They may either be in the form of interest distributions or dividend distributions.

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

Diversification: The practice of investing in a variety of assets. This is a risk management technique where, in a well-diversified portfolio, any loss from an individual holding should be offset by gains in other holdings, thereby lessening the impact on the overall portfolio.

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

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

Duration risk: The longer a fixed income security, also called a bond, or bond fund's duration, the more sensitive and therefore at risk it is to changes in interest rates.

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

Equities: Shares of ownership in a company.

Exchange traded: Usually refers to investments traded on an exchange, such as company shares on a stock exchange.

Ex-dividend date: The date on which declared distributions officially belong to underlying investors, rather than the fund, usually the first business day of the month.

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

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

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

Foreign exchange: The exchange of one currency for another, or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as 'forex' and occasionally as 'FX'.

Foreign exchange (FX) strategy: Currencies can be an asset class in its own right, along with company shares, fixed income securities, property and cash. Foreign exchange strategy can therefore be a source of investment returns.

Forward contract: A contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Examples include forward currency contracts.

Fundamentals (company): A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

Fundamentals (economic): A basic principle, rule, law, or the like, that serves as the groundwork of a system. Economic fundamentals are factors such as inflation, employment, economic growth.

Futures: A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Futures are traded on a regulated exchange.

Gilts: Fixed income securities issued by the UK government.

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

Hedging: A method of reducing unnecessary or unintended risk.

High water mark (HWM): The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

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

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

Income yield: Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

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

Income shares: A type of share where distributions are paid out as cash on the payment date.

Income units: A type of unit where distributions are paid out as cash on the payment date.

Index tracking: A fund management strategy that aims to match the returns from a particular index.

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

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

Inflation risk: The risk that inflation will reduce the return of an investment in real terms.

Initial public offering (IPO): The first sale of shares by a private company to the public.

Interest rate risk: The risk that a fixed income investment will lose value if interest rates rise.

Interest rate swap: An agreement between two parties to swap a fixed interest payment with a variable interest payment over a specified period of time.

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

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

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

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

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

Liquidity: A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

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

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

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

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

Monetary easing: When central banks lower interest rates or buy securities on the open market to increase the money in circulation.

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

Monetary tightening: When central banks raise interest rates or sell securities on the open market to decrease the money in circulation.

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

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

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

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

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

Over-the-counter (OTC): Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

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

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

Physical assets: An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

Portfolio transaction cost: The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

Principal: The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

Private placement: An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

Real yield: The return of an investment, adjusted for changes in prices in an economy.

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

Risk: The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.

Risk management: The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

Risk premium: The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

Risk-free asset: An asset that notionally carries no risk of non-payment by the borrower such as a high-quality fixed income security issued by a government or cash.

Risk/reward ratio: A ratio comparing the expected returns of an investment with the amount of risk undertaken.

Safe-haven assets: Refers to assets that investors perceive to be relatively safe from suffering a loss in times of market turmoil.

Glossary

Security: Financial term for a paper asset – usually a share in a company or a fixed income security also known as a bond.

Share class: Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the Key Investor Information Documents.

Share class hedging: Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

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

Short selling: This often refers to the practice whereby an investor sells an asset they do not own. The investor borrows the asset from someone who does own it and pays a fee. The investor must eventually return the borrowed asset by buying it in the open market. If the asset has fallen in price, the investor buys it for less than they sold it for, thus making a profit. The contrary may also occur.

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

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

Sovereign debt: Debt of a government. Also referred to as government bonds.

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

Top-down investing: An investment approach that analyses economic factors, ie surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at which industries are likely to generate the best returns in certain economic conditions and limit the search to that area.

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

Treasuries: Fixed income securities issued by the US government.

Triple A or AAA rated: The highest possible rating a fixed income security, also called a bond, can be assigned by credit rating agencies. Bonds that are rated AAA are perceived to have the lowest risk of default. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

UCITS: Stands for Undertakings for Collective Investment in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

Unconstrained: The term used to describe the mandate of a fund whereby the manager has the freedom to invest according to his or her own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

Underlying value: The fundamental value of a company, reflecting both tangible and intangible assets, rather than the current market value.

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

Underweight: If a portfolio is 'underweight' a stock, it holds a smaller proportion of that stock than the comparable index or sector.

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

Unit/share type: Type of units/shares held by investors in a trust or fund (unit/share types differ by features such as whether income is to be paid out as cash or reinvested on the payment date).

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

Volatile: When the value of a particular share, market or sector swings up and down fairly frequently and/or significantly, it is considered volatile.

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

Warrant: A security issued by a company that gives the holder the right to buy shares in that company at a specified price and within a certain timeframe.

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

Yield (equity): Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (bonds): This refers to the interest received from a fixed income security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

Yield (income): Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

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