

M&G Global Dividend Fund

Interim Long Report and unaudited Financial Statements
for the six months ended 30 September 2016



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M&G Global Dividend Fund

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Dividend Fund presents its Interim Long Report and unaudited Financial Statements for the six months ended 30 September 2016.

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 9 July 2008 and the fund was launched on 18 July 2008.

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.

Fund manager

Stuart Rhodes is 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, P R Jelfs, G W MacDowall, L J Mumford

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

International Financial Data Services (UK) Limited,
IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS, UK
(Authorised and regulated by the Financial Conduct Authority)

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

Important information

Please note that with effect from 1 October 2016, the M&G Global Dividend Fund began taking the annual management charge and administration charge from income in the case of Accumulation shares, and from capital in the case of Income shares.

This change will have no impact on the fund's investment approach. The fund's objective and policy will remain unchanged. All costs associated with introducing the change will be borne by M&G Securities Limited.

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 International Investments Limited,
mainBuilding, Taunusanlage 19, 60325 Frankfurt am Main, Germany
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: +49 69 1338 6767

Email: iocs@mandg.co.uk

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:

Raiffeisen Bank International AG,
Am Stadtpark 9, 1030 Wien, Austria

Belgian financial agent:

RBC Investor Services Belgium, Rogier Tower +10/43
Rogierplein 11 Place Rogier, 1210 Brussel, Belgium

M&G Global Dividend Fund

Authorised Corporate Director's Report

Investor information

Danish representative agent:

Nordea Bank Danmark A/S,
Issuer Services, Postboks 850, 0900 Copenhagen C, Denmark

French centralising agent:

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

German paying and information agent:

J.P. Morgan AG,
Junghofstraße 14, 60311 Frankfurt am Main, Germany

Irish facilities agent:

BNY Mellon Fund Services (Ireland) Limited,
Guild House, Guild Street, IFSC, Dublin 1, Ireland

Italian paying agents:

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:

J.P. Morgan Bank Luxembourg S.A., European Bank & Business
Center, 6 c route de Trèves, 2633 Senningerberg, 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:

Skandinaviska Enskilda Banken AB (publ),
Sergels Torg 2, 106 40 Stockholm, Sweden

Swiss paying agent:

JP Morgan Chase Bank,
National Association, Columbus, Zurich Branch,
Dreikönigstrasse 21, 8002 Zürich, Switzerland

Swiss representative:

Carnegie Fund Services S.A.,
11, rue du Général-Dufour, 1204 Genève, Switzerland

Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim long and short 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 Global Dividend Fund

Authorised Corporate Director's Report

Investment objective

The Fund aims to deliver a dividend yield above the market average, by investing mainly in a range of global equities. The Fund aims to grow distributions over the long term whilst also maximising total return (the combination of income and growth of capital).

Investment policy

The Fund aims to deliver a dividend yield above the market average, whilst aiming to increase annual distributions over the long term, by investing in a range of global equities. The Fund's exposure to global equities may be gained through the use of derivatives. The Fund may invest across a wide range of geographies, sectors and market capitalisations. The Fund may also invest in other assets including collective investment schemes, other transferable securities, cash and near cash, deposits, warrants, money market instruments and derivatives.

Investment approach

The M&G Global Dividend Fund employs a bottom-up stockpicking approach, driven by the fundamental analysis of individual companies. The fund manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The fund manager believes rising dividends create upward pressure on the value of shares. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a diversified portfolio with exposure to a broad range of countries and sectors. He selects stocks with different drivers of dividend growth to construct a portfolio that has the potential to cope in a variety of market conditions. The fund will usually hold around 50 stocks, with a long-term investment view and a typical holding period of three to five years. When attempting to grow distributions over the long term, the fund manager's main focus is on delivering an increase in sterling terms.

Risk profile

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

The fund's focus is on shares of companies that have the potential to grow their dividends over the long term. Income distributions from the fund's holdings, however, are not guaranteed and may vary. Diversification across industries and market capitalisation is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has changed during this period. From 1 April 2016 to 18 August 2016 the risk number was 5.

Investment review

As at 3 October 2016, for the six months ended 30 September 2016

Distribution summary

Over the six-month review period to 3 October 2016, the fund distributed income of 2,3457 pence per Sterling Class 'A' (Income) share. This is 9.3% higher than the distribution for the same period in the previous financial year. The payout represented a yield (distributed income as a percentage of the share price) of 3.02% versus a yield of 2.57% for the MSCI AC World Index, a comparative index.

We are pleased that distributions for the fund have grown compared to the same period last year and we are encouraged that the majority of our holdings continue to deliver dividend growth in the region of 5% to 15%, in line with previous years. (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.)

Given the timing of dividend announcements, the US dominated the list of dividend growers during the review period. Companies with defensive characteristics featured highly, with Medtronic and Johnson & Johnson in healthcare raising their dividends by 13% and 7% respectively, alongside Altria, the tobacco company, which announced an 8% dividend increase. The progress in dividends was by no means confined to defensive stocks, that is, stocks that tend to have steady earnings and are less affected by the peaks and troughs in the economy. Companies with more economic sensitivity delivered similar growth rates, led by US Bancorp (10%) and JPMorgan Chase (9%) in banks, LyondellBasell (9%) in chemicals and Keyera (6%) in energy. Outside the 5% to 15% range, UnitedHealth reported the biggest dividend increase, with a 25% uplift compared to last year's payment.

M&G Global Dividend Fund

Authorised Corporate Director's Report

Investment review

Distribution summary (continued)

Not all of our holdings delivered growth, however. Methanol producer Methanex and South African logistics business Imperial Holdings, held their dividends flat during the review period, but we are confident that both companies will be able to resume dividend growth in the future. Orica, an Australian company which serves the mining industry, announced a dividend cut following a change in dividend policy. The stock is under review.

We have also maintained a yield above that of the MSCI AC World Index. We are very aware that the combination of a premium yield and rising distribution is important to many of our investors and remain focused on meeting this objective.

The fund's distribution and distribution yield are shown in the 'Specific share class performance' tables in this report. The distribution is subject to a number of influences, including changes in the market environment and movements in currency, and as a result there is no guarantee that the fund will increase the distribution in every reporting period.

Performance against objective

Between 1 April 2016 (the start of the review period) and 3 October 2016, the M&G Global Dividend Fund delivered a positive total return (the combination of income and growth of capital) across all of its share classes. The higher returns generated by the sterling share classes reflect the British pound's weakness against the world's major currencies during the six-month review period. The fund's returns in all share classes were ahead of the MSCI AC World Index. (Over the six months, returns from the index were 18.5%, 8.4% and 7.2% in sterling, euro and US dollar terms, respectively.)

The fund also delivered a dividend yield above the market average during the review period and continued to meet its aim to increase distributions over the long term. Over five years, all share classes have delivered positive total returns.^[a]

Investment performance

The fund's positive performance during the period under review was driven by contributions from a variety of stocks. Casino operator Las Vegas Sands and methanol producer Methanex were among the top performers after both stocks, listed in the US, benefited from positive developments in their respective industries.

Las Vegas Sands, which owns casinos in the US, Singapore and Macau, returned more than 15% in US dollars during the review period. The shares performed particularly strongly in September following the news that gross gaming revenue in Macau rose unexpectedly in August following 26 months of consecutive declines. With the successful opening of The Parisian Macao in September, we believe the company's potential for cash generation is undervalued by the market. The stock remains a core holding and offers an attractive dividend yield of 5%.

Methanex returned more than 10% in US dollars as the contract price of methanol started to recover after a prolonged period of pressure. We continue to believe there is a wide disparity between the company's fundamentals and its distressed valuation in the stockmarket, and

continue to back our conviction. Management has emphasised the company's free cashflow generation and its ability to pay dividends, which will improve further should the methanol price continue to rebound from its lows. The outlook for demand looks encouraging and the stock was the fund's largest holding at the end of the review period.

The holding in Arthur J Gallagher, an insurance brokerage based in the US, added value after the company continued to deliver on its strategy of consistent growth, while Pembina Pipeline, an energy infrastructure company based in Canada, sustained its share price recovery after a difficult 2015.

Our holdings in emerging markets also performed well during the review period. Imperial Holdings, a South African logistics business, and Brazil's Banco Bradesco were prominent among the top contributors after their shares rallied by more than 20% and 30% respectively in US dollars.

During a time when defensive stocks were out of favour, British American Tobacco (BAT) and UnitedHealth bucked the trend with strong returns. Imperial Brands, on the other hand, was one of the biggest detractors over the six months as the stock failed to keep up with a rising market. We continue to be comfortable with the holding.

Wells Fargo was the biggest detractor. The US bank faces increased scrutiny from regulators following the revelation that staff opened accounts without their customers' consent. The company has agreed to pay a fine and scrapped the practice of sales targets for retail banking, but we are monitoring the situation closely and waiting for further clarity before taking any action either way.

The share price of Pandora, a jewellery business based in Denmark, was lower after second-quarter results showed a slowdown in some regions. From our perspective, there is no structural change to the long-term potential of the business, growth remains robust and both the chief executive and the company have been buying stock. We added to the holding on weakness.

In addition to stock selection, sector allocation also added value during the review period. Our lack of exposure to utilities and telecommunications proved beneficial in an environment where the perception of safety lost some of its previous lustre. Regional allocation was less favourable as our relatively small weighting in Asia, which performed well, provided a headwind. This was mitigated, however, by the strong performance of Las Vegas Sands, which is listed in the US but has a significant business in Macau. Aberdeen Asset Management, which is based in the UK but has meaningful exposure to Asia and emerging markets, also made a positive contribution over the six months.

Investment activities

We made four new purchases and five complete sales during the six months under review – a level of turnover consistent with our investment timeframe of three to five years.

Legrand and Publicis, both global businesses that happen to be based in France, joined the portfolio in May. Legrand, an industrials company, has strong cashflow characteristics despite the underlying cyclicality of demand. With about half of the business at cyclical lows, there is potential for an improvement in revenue and margins to drive organic growth, coupled with the potential for value-creating acquisitions which is not reflected in the valuation, in our opinion.

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Investment review

Investment activities (continued)

Advertising group Publicis has made progress since its aborted merger with Omnicom, but the shares remain on a valuation discount to its peers. Publicis, which owns Saatchi & Saatchi, is highly cash-generative with a history of growth across economic cycles; we believe its dividend payout, which was raised by 33% this year, has scope to increase further as the business continues to grow.

We also bought shares in St. James's Place and Schroders in June, taking advantage of the sell-off in UK financials following the nation's shock decision to leave the European Union. Wealth management company St. James's Place is a stock we have been monitoring for a while; the business is delivering strong growth and the negative sentiment in the market provided an opportunity to buy the stock on a dividend yield of more than 4%. We were pleased with the liquidity of the stock and were able to build a meaningful position for the fund in two trading days. Schroders is a larger, more diversified asset manager where the valuation also fell to attractive levels. The stock was also purchased on a starting yield of more than 4%.

The holding in Svenska Handelsbanken, a Swedish bank, was closed; we have been selling the shares steadily since the start of the year, and the stock had performed well for the fund since its initial purchase in March 2012. Nordea, our other Scandinavian bank holding, also exited the fund, while the holding in Blackrock was reduced to fund the new purchases in financial stocks mentioned above.

Outside financials, Roche was sold, having been one of the fund's original holdings at launch in July 2008. Dividends from the Swiss pharmaceutical company have increased by 76% during that time in local currency and the stock has added significant value. That said, dividend growth has slowed significantly in recent years, which has prompted us to rotate the capital into better ideas.

Eaton Corp and Cummins, both small holdings in US industrials, were also sold as sources of cash. In addition, we took profits in Inter Pipeline, Pembina Pipeline and Keyera to manage the fund's energy-related exposure.

As a result of these transactions, the number of holdings has fallen to 45. This is below our typical level of about 50, but it reflects the conviction we have in some of our holdings. From a regional perspective, the fund continues to have a meaningful exposure to the US with more than 50% of the fund invested in the world's biggest stockmarket. We have about 15% of the fund invested in the UK, but the exposure is dominated by global businesses, such as BAT and Compass, whose operational performance is little affected by the outcome of the referendum. We continue to have no exposure to Japan where we struggle to find investment ideas that meet our criteria. We have just over 10% of the fund in emerging markets, comprised of direct and indirect holdings.

Global stockmarkets offer excellent opportunities for stockpickers and we believe the potential for investors is best captured by a conviction-based approach.

Outlook

The financial markets have quickly brushed aside the uncertainties created by the outcome of the UK referendum, but our focus on company fundamentals and valuation remains unchanged. We are optimistic about the future not because of the macroeconomic environment, but because of the disparity of valuations in the stockmarket. Investors retain a preference for short-term safety over long-term value and we believe there are excellent opportunities in the latter. Discipline and patience will be rewarded over time, in our view. We remain committed to our pursuit of dividend growth and continue to be encouraged by the progress from our underlying holdings.

We are also mindful of potential risks. As always, there are macro factors that could turn sentiment for the worse. The oil price is well above its lows but remains susceptible to bouts of volatility despite being supported on fundamental grounds by the balance of supply and demand, in our view. From a political perspective, elections will no doubt lead to emotive discussions among market commentators, but we believe political events are unlikely to have a meaningful impact on the dividend-paying capacity of the companies we invest in.

We believe the valuation of the fund's underlying holdings, their cash-generative nature and their ability to grow dividends over time stand us in good stead to generate competitive returns over the long term. That said, it is possible that events could lead to higher volatility but we see market volatility as an opportunity to buy stocks we like at cheaper valuations than we would normally see. We are ready to take advantage of these opportunities and remain optimistic about the fund's prospects.

Stuart Rhodes

Fund manager

An employee of M&G Limited which is an associate of M&G Securities Limited.

[a] 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.

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 Global Dividend Fund

Authorised Corporate Director's Report

Investments

Portfolio statement

as at Holding	30.09.16 £'000	30.09.16 %	31.03.16 %
Denmark	144.913	2,34	2,07
1.573.061 Pandora	144.913	2,34	
Finland	150.750	2,44	2,30
3.916.599 Kone	150.750	2,44	
France	79.342	1,28	0,00
745.967 Legrand	33.434	0,54	
805.302 Publicis Groupe	45.908	0,74	
Norway	25.767	0,42	0,33
46.486.734 Prosafe	2.271	0,04	
876.200.000 Prosafe Rights	23.496	0,38	
Sweden	0	0,00	1,98
Switzerland	168.537	2,72	3,89
2.797.353 Novartis (Regd.)	168.537	2,72	
United Kingdom	950.405	15,36	13,42
34.765.724 Aberdeen Asset Management	111.772	1,81	
9.112.821 British American Tobacco	450.310	7,28	
5.582.620 Compass Group	82.846	1,34	
5.410.863 Imperial Brands	214.162	3,46	
422.434 Schroders	11.207	0,18	
8.454.662 St. James's Place	80.108	1,29	
Australia	285.641	4,62	4,56
15.964.067 Amcor	141.827	2,29	
16.145.059 Orica	143.814	2,33	
Hong Kong	65.722	1,06	1,10
12.613.600 AIA Group	64.690	1,04	
308.400 Sands China	1.032	0,02	
South Africa	130.212	2,10	1,70
14.085.524 Imperial Holdings	130.212	2,10	
Canada	747.468	12,08	11,28 ^[a]
26.178.756 Gibson Energy	266.904	4,31	
10.947.268 Inter Pipeline	178.067	2,88	
2.298.829 Keyera	57.463	0,93	
10.369.107 Pembina Pipeline	245.034	3,96	
United States	3.270.418	52,86	54,40 ^[a]
2.675.339 AbbVie	129.645	2,10	
2.332.133 Altria Group	113.013	1,83	
5.945.116 Arthur J. Gallagher & Co.	230.816	3,74	
197.947 Blackrock	54.538	0,88	
2.017.759 Broadcom	268.417	4,34	
2.888.394 Cisco Systems	69.940	1,13	
1.479.133 Johnson & Johnson	133.816	2,16	
1.684.206 JPMorgan Chase	85.279	1,38	
7.244.683 Las Vegas Sands	318.211	5,14	
1.944.883 LyondellBasell	120.727	1,95	
880.535 Mastercard	68.339	1,10	
1.897.926 Medtronic	125.045	2,02	
16.483.962 Methanex	454.586	7,35	
4.940.356 Microsoft	218.712	3,53	
1.899.282 Sabre	41.287	0,67	
2.298.236 Time Warner	139.364	2,25	
419.108 Union Pacific	31.021	0,50	
1.925.949 UnitedHealth Group	205.483	3,32	
5.270.909 US Bancorp	172.722	2,79	
572.930 VF	24.471	0,40	
6.543.376 Wells Fargo	223.959	3,62	
592.132 Yum! Brands	41.027	0,66	

Portfolio statement (continued)

as at Holding	30.09.16 £'000	30.09.16 %	31.03.16 %
Brazil	77.180	1,25	1,76
8.183.447 Ambev	38.184	0,62	
5.563.215 Banco Bradesco	38.996	0,63	
Portfolio of investments	6.096.355	98,53	98,79
'AAA' rated money market funds ^[b]	37.087	0,60	0,67
37.087.000 Northern Trust Global Fund - Sterling	37.087	0,60	
Total portfolio	6.133.442	99,13	99,46
Net other assets / (liabilities)	53.815	0,87	0,54
Net assets attributable to shareholders	6.187.257	100,00	100,00

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

^[a] The comparative weightings have been re-analysed to reflect changes to the country classifications.

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

Top ten portfolio transactions

for the six months to 30 September 2016

Largest purchases	£'000
St. James's Place	65.236
Publicis Groupe	51.386
Mastercard	46.838
Medtronic	42.600
Legrand	38.990
Imperial Brands	37.628
AIA Group	34.756
Sabre	30.604
Pandora	25.719
Altria Group	22.775
Other purchases	76.217
Total purchases	472.749
Largest sales	£'000
Blackrock	147.150
AbbVie	115.918
Svenska Handelsbanken 'A'	91.086
Roche Holding 'Genussscheine'	87.096
Broadcom	61.095
British American Tobacco	58.048
Banco Bradesco	45.849
Sands China	43.499
Inter Pipeline	42.041
Cummins	38.343
Other sales	274.137
Total sales	1.004.262

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

M&G Global Dividend 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 following charts and tables show the performance for two of the fund's share classes – Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

We show performance for these two share classes because:

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

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Global Dividend Fund, which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	30.09.16 £'000	31.03.16 £'000	31.03.15 £'000
Fund net asset value (NAV)	6,187,257	5,764,638	8,520,024

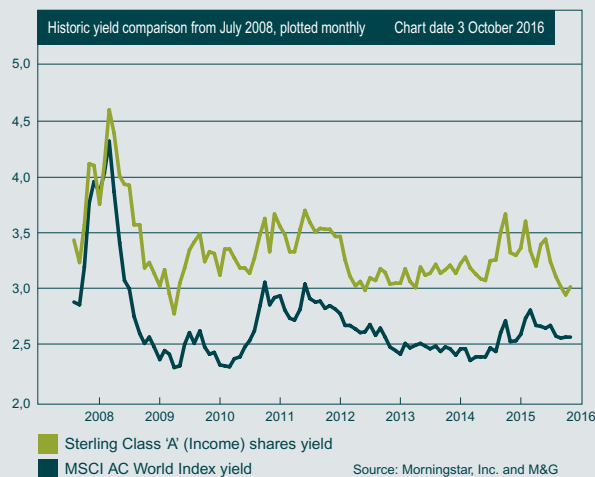
Performance since launch

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



Historic yield

The graph below shows the historic yield of Sterling Class 'A' (Income) shares against that of a comparative index.



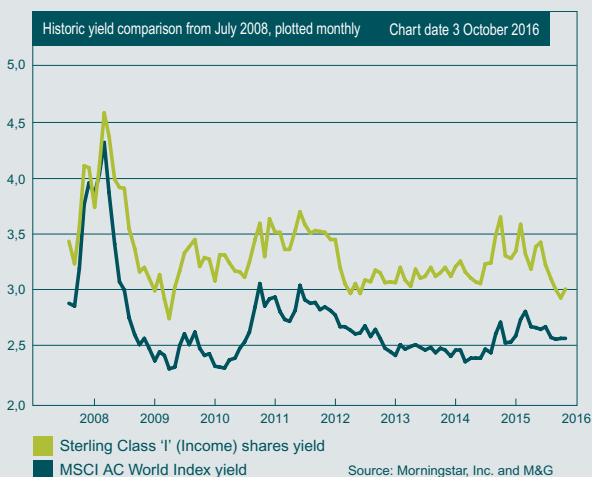
M&G Global Dividend Fund

Financial highlights

Fund performance

Historic yield (continued)

The graph below shows the historic yield of Sterling Class 'I' (Income) shares against that of a comparative index.



Historic yield: The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Distribution since launch

The graphs below show the annual distribution of Sterling Class 'A' (Income) shares and Sterling Class 'I' (Income) 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 01.04.16 % [a]	three years 03.10.13 % p.a.	five years 03.10.11 % p.a.	since launch % p.a.
Euro [b]				
Class 'A'	+9,6	+7,1	+12,3	+9,7 [c]
Class 'C'	+10,2	+8,1	+13,5	+10,8 [c]
Singapore dollar [b]				
Class 'A'	+9,2	n/a	n/a	+3,7 [d]
Class 'C'	+9,8	n/a	n/a	+4,7 [d]
Sterling [b]				
Class 'A'	+19,9	+8,7	+12,9	+11,2 [c]
Class 'I'	+20,4	+9,6	+13,8	+12,1 [c]
Class 'R'	+20,2	+9,3	n/a	+11,6 [e]
Class 'X'	+19,9	+8,7	+12,9	+11,2 [c]
US dollar [b]				
Class 'A'	+7,9	+0,5	+8,5	+5,2 [c]
Class 'C'	+8,5	+1,5	+9,6	+6,2 [c]

[a] Absolute basis.

[b] Price to price with net income reinvested.

[c] 18 July 2008, the launch date of the fund.

[d] 16 January 2015, the launch date of the share class.

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

M&G Global Dividend 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.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.

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, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

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

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

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

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

Portfolio transaction costs

	Six months to 30.09.16	Year to 31.03.16	Year to 31.03.15	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0,05	0,06	0,07	0,06
Taxes	0,03	0,01	0,03	0,02
Costs before dilution adjustments	0,08	0,07	0,10	0,08
Dilution adjustments ^[c]	(0,01)	(0,01)	(0,02)	(0,01)
Total direct portfolio transaction costs	0,07	0,06	0,08	0,07

as at	30.09.16	31.03.16	31.03.15	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0,07	0,07	0,08	0,07

^[a] Average of first three columns.

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

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

M&G Global Dividend 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 30.09.16	Year to 31.03.16	Year to 31.03.15
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1.806,17	2.127,01	1.796,24
Return before operating charges and after direct portfolio transaction costs	162,44	(218,60)	430,20
Operating charges	(17,81)	(36,86)	(36,71)
Return after operating charges	144,63	(255,46)	393,49
Distributions	(25,50)	(65,38)	(62,72)
Closing NAV	1.925,30	1.806,17	2.127,01

Direct portfolio transaction costs ^[a]	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0,70	1,37	2,01
Dilution adjustments ^[b]	(0,11)	(0,27)	(0,48)
Total direct portfolio transaction costs	0,59	1,10	1,53

Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,91	1,91	1,91
Return after operating charges	+8,01	-12,01	+21,91
Historic yield	3,20	3,66	2,87
Effect on yield of charges offset against capital	1,91	1,91	1,91

Other information

Closing NAV (£'000)	87.700	76.114	95.186
Closing NAV percentage of total fund NAV (%)	1,42	1,32	1,12
Number of shares	5.288.894	5.334.407	6.165.858
Highest share price (Euro ¢)	1.944,38	2.221,48	2.177,33
Lowest share price (Euro ¢)	1.761,33	1.539,38	1.745,65

Euro Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.16	Year to 31.03.16	Year to 31.03.15
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1.979,36	2.250,07	1.841,36
Return before operating charges and after direct portfolio transaction costs	178,74	(231,26)	446,80
Operating charges	(19,56)	(39,45)	(38,09)
Return after operating charges	159,18	(270,71)	408,71
Distributions	(28,04)	(70,06)	(64,98)
Retained distributions	28,04	70,06	64,98
Closing NAV	2.138,54	1.979,36	2.250,07

Direct portfolio transaction costs ^[a]	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0,77	1,46	2,08
Dilution adjustments ^[b]	(0,12)	(0,29)	(0,50)
Total direct portfolio transaction costs	0,65	1,17	1,58

Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,91	1,91	1,91
Return after operating charges	+8,04	-12,03	+22,20
Historic yield	3,13	3,58	2,82
Effect on yield of charges offset against capital	1,91	1,91	1,91

Other information

Closing NAV (£'000)	1.440.959	1.382.502	1.957.154
Closing NAV percentage of total fund NAV (%)	23,29	23,98	22,97
Number of shares	78.234.482	88.414.847	119.844.868
Highest share price (Euro ¢)	2.145,52	2.350,27	2.279,30
Lowest share price (Euro ¢)	1.930,24	1.664,94	1.816,05

Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 30.09.16	Year to 31.03.16	Year to 31.03.15
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2.011,54	2.345,14	2.004,09
Return before operating charges and after direct portfolio transaction costs	181,41	(241,67)	407,38
Operating charges	(9,48)	(19,41)	(12,68)
Return after operating charges	171,93	(261,08)	394,70
Distributions	(28,48)	(72,52)	(53,65)
Closing NAV	2.154,99	2.011,54	2.345,14

Direct portfolio transaction costs ^[a]	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0,78	1,51	1,46
Dilution adjustments ^[b]	(0,12)	(0,30)	(0,35)
Total direct portfolio transaction costs	0,66	1,21	1,11

Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	0,91	0,91	0,91
Return after operating charges	+8,55	-11,13	+19,69
Historic yield	3,18	3,65	2,80
Effect on yield of charges offset against capital	0,91	0,91	0,91

Other information

Closing NAV (£'000)	18.778	16.113	20.001
Closing NAV percentage of total fund NAV (%)	0,30	0,28	0,24
Number of shares	1.011.746	1.014.009	1.175.071
Highest share price (Euro ¢)	2.174,84	2.450,16	2.399,81
Lowest share price (Euro ¢)	1.962,04	1.712,09	1.916,13

M&G Global Dividend Fund

Financial highlights

Specific share class performance

Euro Class 'C' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.16	Year to 31.03.16	Year to 31.03.15
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,134.55	2,402.35	1,946.46
Return before operating charges and after direct portfolio transaction costs	193.32	(247.39)	475.19
Operating charges	(10.09)	(20.41)	(19.30)
Return after operating charges	183.23	(267.80)	455.89
Distributions	(30.32)	(75.31)	(69.08)
Retained distributions	30.32	75.31	69.08
Closing NAV	2,317.78	2,134.55	2,402.35
Direct portfolio transaction costs ^[a]	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.83	1.58	2.21
Dilution adjustments ^[b]	(0.13)	(0.31)	(0.53)
Total direct portfolio transaction costs	0.70	1.27	1.68
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.06	0.08
Operating charges	0.91	0.91	0.91
Return after operating charges	+8.58	-11.15	+23.42
Historic yield	3.11	3.57	2.80
Effect on yield of charges offset against capital	0.91	0.91	0.91
Other information			
Closing NAV (£'000)	329.081	341.161	1,004.594
Closing NAV percentage of total fund NAV (%)	5.32	5.92	11.79
Number of shares	16,485,203	20,231,914	57,616,370
Highest share price (Euro ¢)	2,323.75	2,510.20	2,432.76
Lowest share price (Euro ¢)	2,082.04	1,793.09	1,930.24

Singapore dollar Class 'A' Income share performance

The share class was launched on 16 January 2015.

	Six months to 30.09.16	Year to 31.03.16	Year to 31.03.15
Change in NAV per share	Singapore ¢	Singapore ¢	Singapore ¢
Opening NAV	940.63	1,068.14	1,000.00
Return before operating charges and after direct portfolio transaction costs	79.09	(74.21)	82.51
Operating charges	(9.15)	(19.05)	(3.99)
Return after operating charges	69.94	(93.26)	78.52
Distributions	(13.07)	(34.25)	(10.38)
Closing NAV	997.50	940.63	1,068.14
Direct portfolio transaction costs ^[a]	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.34	0.72	0.22
Dilution adjustments ^[b]	(0.05)	(0.14)	(0.05)
Total direct portfolio transaction costs	0.29	0.58	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.06	0.08
Operating charges	1.89	1.91	1.87*
Return after operating charges	+7.44	-8.73	+7.85
Historic yield	3.19	3.67	2.87
Effect on yield of charges offset against capital	1.89	1.91	1.87
Other information			
Closing NAV (£'000)	3	2	3
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (Singapore ¢)	1,009.52	1,097.03	1,097.47
Lowest share price (Singapore ¢)	900.23	825.09	1,000.00

* As the share class was not in existence for the full period in the year to 31.03.15, 1.91% is a more reliable estimate of the year to 31.03.15 ongoing charges.

Singapore dollar Class 'A' Accumulation share performance

The share class was launched on 16 January 2015.

	Six months to 30.09.16	Year to 31.03.16	Year to 31.03.15
Change in NAV per share	Singapore ¢	Singapore ¢	Singapore ¢
Opening NAV	984.12	1,078.52	1,000.00
Return before operating charges and after direct portfolio transaction costs	83.35	(75.53)	82.51
Operating charges	(9.69)	(18.87)	(3.99)
Return after operating charges	73.66	(94.40)	78.52
Distributions	(13.75)	(34.99)	(10.38)
Retained distributions	13.75	34.99	10.38
Closing NAV	1,057.78	984.12	1,078.52
Direct portfolio transaction costs ^[a]	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.38	0.74	0.22
Dilution adjustments ^[b]	(0.06)	(0.14)	(0.05)
Total direct portfolio transaction costs	0.32	0.60	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.06	0.08
Operating charges	1.91	1.87	1.87*
Return after operating charges	+7.48	-8.75	+7.85
Historic yield	3.12	3.58	2.82
Effect on yield of charges offset against capital	1.91	1.87	1.87
Other information			
Closing NAV (£'000)	161	82	3
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	26,816	16,223	500
Highest share price (Singapore ¢)	1,063.49	1,107.81	1,097.47
Lowest share price (Singapore ¢)	941.97	851.80	1,000.00

* As the share class was not in existence for the full period in the year to 31.03.15, 1.91% is a more reliable estimate of the year to 31.03.15 ongoing charges.

M&G Global Dividend Fund

Financial highlights

Specific share class performance

Singapore dollar Class 'C' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.16 Singapore ¢	Year to 31.03.16 Singapore ¢	Year to 31.03.15 Singapore ¢
Opening NAV	951,85	1,070,34	1,000,00
Return before operating charges and after direct portfolio transaction costs	80,27	(74,87)	82,55
Operating charges	(4,41)	(9,08)	(1,82)
Return after operating charges	75,86	(83,95)	80,73
Distributions	(13,26)	(34,54)	(10,39)
Closing NAV	1,014,45	951,85	1,070,34
Direct portfolio transaction costs ^[a]	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0,35	0,72	0,22
Dilution adjustments ^[b]	(0,06)	(0,14)	(0,05)
Total direct portfolio transaction costs	0,29	0,58	0,17
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	0,90	0,90	0,90*
Return after operating charges	+7,97	-7,84	+8,07
Historic yield	3,17	3,66	3,11
Effect on yield of charges offset against capital	0,90	0,90	0,90
Other information			
Closing NAV (£'000)	3	3	3
Closing NAV percentage of total fund NAV (%)	0,00	0,00	0,00
Number of shares	500	500	500
Highest share price (Singapore ¢)	1,026,62	1,100,94	1,099,46
Lowest share price (Singapore ¢)	913,21	833,85	1,000,00

* As the share class was not in existence for the full period in the year to 31.03.15, 0,94% is a more reliable estimate of the year to 31.03.15 ongoing charges.

Singapore dollar Class 'C' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.16 Singapore ¢	Year to 31.03.16 Singapore ¢	Year to 31.03.15 Singapore ¢
Opening NAV	996,00	1,080,72	1,000,00
Return before operating charges and after direct portfolio transaction costs	84,53	(75,45)	82,78
Operating charges	(4,63)	(9,27)	(2,06)
Return after operating charges	79,90	(84,72)	80,72
Distributions	(13,97)	(35,21)	(10,40)
Retained distributions	13,97	35,21	10,40
Closing NAV	1,075,90	996,00	1,080,72
Direct portfolio transaction costs ^[a]	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0,38	0,72	0,24
Dilution adjustments ^[b]	(0,06)	(0,14)	(0,06)
Total direct portfolio transaction costs	0,32	0,58	0,18
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	0,91	0,91	0,90*
Return after operating charges	+8,02	-7,84	+8,07
Historic yield	3,10	3,56	3,11
Effect on yield of charges offset against capital	0,91	0,91	0,90
Other information			
Closing NAV (£'000)	252	368	126
Closing NAV percentage of total fund NAV (%)	0,00	0,01	0,00
Number of shares	41,392	71,670	23,727
Highest share price (Singapore ¢)	1,081,68	1,111,79	1,099,46
Lowest share price (Singapore ¢)	955,64	861,04	1,000,00

* As the share class was not in existence for the full period in the year to 31.03.15, 0,94% is a more reliable estimate of the year to 31.03.15 ongoing charges.

Sterling Class 'A' Income share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.16 UK p	Year to 31.03.16 UK p	Year to 31.03.15 UK p
Opening NAV	155,09	167,38	161,06
Return before operating charges and after direct portfolio transaction costs	29,10	(4,38)	14,23
Operating charges	(1,38)	(2,58)	(2,72)
Return after operating charges	27,72	(6,96)	11,51
Distributions	(2,35)	(5,33)	(5,19)
Closing NAV	180,46	155,09	167,38
Direct portfolio transaction costs ^[a]	UK p	UK p	UK p
Costs before dilution adjustments	0,06	0,11	0,17
Dilution adjustments ^[b]	(0,01)	(0,02)	(0,04)
Total direct portfolio transaction costs	0,05	0,09	0,13
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,66	1,66	1,66
Return after operating charges	+17,87	-4,16	+7,15
Historic yield	2,92	3,44	3,01
Effect on yield of charges offset against capital	1,66	1,66	1,66
Other information			
Closing NAV (£'000)	517,669	451,271	755,586
Closing NAV percentage of total fund NAV (%)	8,37	7,83	8,87
Number of shares	286.858.012	290.966.346	451.411.763
Highest share price (UK p)	182,13	173,71	172,04
Lowest share price (UK p)	149,30	131,55	150,73

M&G Global Dividend Fund

Financial highlights

Specific share class performance

Sterling Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.16 UK p	Year to 31.03.16 UK p	Year to 31.03.15 UK p
Change in NAV per share			
Opening NAV	200,70	209,09	194,98
Return before operating charges and after direct portfolio transaction costs	37,80	(5,17)	17,43
Operating charges	(1,79)	(3,22)	(3,32)
Return after operating charges	36,01	(8,39)	14,11
Distributions	(3,05)	(6,74)	(6,35)
Retained distributions	3,05	6,74	6,35
Closing NAV	236,71	200,70	209,09
Direct portfolio transaction costs ^[a]	UK p	UK p	UK p
Costs before dilution adjustments	0,08	0,14	0,21
Dilution adjustments ^[b]	(0,01)	(0,03)	(0,05)
Total direct portfolio transaction costs	0,07	0,11	0,16
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,66	1,66	1,66
Return after operating charges	+17,94	-4,01	+7,24
Historic yield	2,86	3,36	2,95
Effect on yield of charges offset against capital	1,66	1,66	1,66
Other information			
Closing NAV (£'000)	535.592	498.569	867.233
Closing NAV percentage of total fund NAV (%)	8,65	8,65	10,18
Number of shares	226.268.770	248.412.651	414.761.964
Highest share price (UK p)	237,31	217,02	212,67
Lowest share price (UK p)	193,21	168,01	185,17

Sterling Class 'I' Income share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.16 UK p	Year to 31.03.16 UK p	Year to 31.03.15 UK p
Change in NAV per share			
Opening NAV	164,12	175,80	167,89
Return before operating charges and after direct portfolio transaction costs	30,86	(4,59)	14,90
Operating charges	(0,80)	(1,47)	(1,56)
Return after operating charges	30,06	(6,06)	13,34
Distributions	(2,49)	(5,62)	(5,43)
Closing NAV	191,69	164,12	175,80
Direct portfolio transaction costs ^[a]	UK p	UK p	UK p
Costs before dilution adjustments	0,07	0,11	0,18
Dilution adjustments ^[b]	(0,01)	(0,02)	(0,04)
Total direct portfolio transaction costs	0,06	0,09	0,14
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	0,91	0,91	0,91
Return after operating charges	+18,32	-3,45	+7,95
Historic yield	2,91	3,43	3,00
Effect on yield of charges offset against capital	0,91	0,91	0,91
Other information			
Closing NAV (£'000)	1.273.220	1.206.424	1.601.168
Closing NAV percentage of total fund NAV (%)	20,58	20,93	18,79
Number of shares	664.213.871	735.070.026	910.814.481
Highest share price (UK p)	193,45	182,49	180,66
Lowest share price (UK p)	158,15	139,07	157,77

Sterling Class 'I' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.16 UK p	Year to 31.03.16 UK p	Year to 31.03.15 UK p
Change in NAV per share			
Opening NAV	212,33	219,54	203,19
Return before operating charges and after direct portfolio transaction costs	40,07	(5,36)	18,26
Operating charges	(1,04)	(1,85)	(1,91)
Return after operating charges	39,03	(7,21)	16,35
Distributions	(3,23)	(7,11)	(6,65)
Retained distributions	3,23	7,11	6,65
Closing NAV	251,36	212,33	219,54
Direct portfolio transaction costs ^[a]	UK p	UK p	UK p
Costs before dilution adjustments	0,09	0,14	0,22
Dilution adjustments ^[b]	(0,01)	(0,03)	(0,05)
Total direct portfolio transaction costs	0,08	0,11	0,17
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	0,91	0,91	0,91
Return after operating charges	+18,38	-3,28	+8,05
Historic yield	2,85	3,35	2,94
Effect on yield of charges offset against capital	0,91	0,91	0,91
Other information			
Closing NAV (£'000)	1.618.363	1.439.914	1.550.839
Closing NAV percentage of total fund NAV (%)	26,16	24,98	18,20
Number of shares	643.844.166	678.156.157	706.398.229
Highest share price (UK p)	252,00	227,92	223,27
Lowest share price (UK p)	204,61	177,56	193,76

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 30.09.16 UK p	Year to 31.03.16 UK p	Year to 31.03.15 UK p
Change in NAV per share			
Opening NAV	116,73	125,35	120,01
Return before operating charges and after direct portfolio transaction costs	21,92	(3,28)	10,63
Operating charges	(0,72)	(1,34)	(1,41)
Return after operating charges	21,20	(4,62)	9,22
Distributions	(1,77)	(4,00)	(3,88)
Closing NAV	136,16	116,73	125,35
Direct portfolio transaction costs ^[a]	UK p	UK p	UK p
Costs before dilution adjustments	0,05	0,08	0,13
Dilution adjustments ^[b]	(0,01)	(0,02)	(0,03)
Total direct portfolio transaction costs	0,04	0,06	0,10
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,16	1,16	1,16
Return after operating charges	+18,16	-3,69	+7,68
Historic yield	2,91	3,43	3,00
Effect on yield of charges offset against capital	1,16	1,16	1,16
Other information			
Closing NAV (£'000)	9.859	9.773	14.873
Closing NAV percentage of total fund NAV (%)	0,16	0,17	0,17
Number of shares	7.240.238	8.372.314	11.865.472
Highest share price (UK p)	137,42	130,11	128,82
Lowest share price (UK p)	112,45	98,94	112,62

M&G Global Dividend Fund

Financial highlights

Specific share class performance

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 30.09.16 UK p	Year to 31.03.16 UK p	Year to 31.03.15 UK p
Change in NAV per share			
Opening NAV	131,93	136,75	126,88
Return before operating charges and after direct portfolio transaction costs	24,87	(3,34)	11,38
Operating charges	(0,82)	(1,48)	(1,51)
Return after operating charges	24,05	(4,82)	9,87
Distributions	(2,01)	(4,42)	(4,15)
Retained distributions	2,01	4,42	4,15
Closing NAV	155,98	131,93	136,75
Direct portfolio transaction costs ^[a]	UK p	UK p	UK p
Costs before dilution adjustments	0,05	0,09	0,14
Dilution adjustments ^[b]	(0,01)	(0,02)	(0,03)
Total direct portfolio transaction costs	0,04	0,07	0,11
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,16	1,16	1,16
Return after operating charges	+18,23	-3,52	+7,78
Historic yield	2,85	3,36	2,94
Effect on yield of charges offset against capital	1,16	1,16	1,16
Other information			
Closing NAV (£'000)	3.533	3.662	5.642
Closing NAV percentage of total fund NAV (%)	0,06	0,06	0,07
Number of shares	2.265.231	2.775.800	4.126.138
Highest share price (UK p)	156,38	141,96	139,08
Lowest share price (UK p)	127,09	110,36	120,83

Sterling Class 'X' Income share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.16 UK p	Year to 31.03.16 UK p	Year to 31.03.15 UK p
Change in NAV per share			
Opening NAV	155,16	167,45	161,13
Return before operating charges and after direct portfolio transaction costs	29,11	(4,42)	14,23
Operating charges	(1,38)	(2,54)	(2,72)
Return after operating charges	27,73	(6,96)	11,51
Distributions	(2,35)	(5,33)	(5,19)
Closing NAV	180,54	155,16	167,45
Direct portfolio transaction costs ^[a]	UK p	UK p	UK p
Costs before dilution adjustments	0,06	0,11	0,17
Dilution adjustments ^[b]	(0,01)	(0,02)	(0,04)
Total direct portfolio transaction costs	0,05	0,09	0,13
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,66	1,66	1,66
Return after operating charges	+17,87	-4,16	+7,14
Historic yield	2,92	3,44	3,01
Effect on yield of charges offset against capital	1,66	1,66	1,66
Other information			
Closing NAV (£'000)	64.967	60.039	69.916
Closing NAV percentage of total fund NAV (%)	1,05	1,04	0,82
Number of shares	35.984.742	38.694.054	41.753.066
Highest share price (UK p)	182,21	173,78	172,12
Lowest share price (UK p)	149,37	131,61	150,79

Sterling Class 'X' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.16 UK p	Year to 31.03.16 UK p	Year to 31.03.15 UK p
Change in NAV per share			
Opening NAV	200,81	209,20	195,08
Return before operating charges and after direct portfolio transaction costs	37,82	(5,17)	17,45
Operating charges	(1,79)	(3,22)	(3,33)
Return after operating charges	36,03	(8,39)	14,12
Distributions	(3,05)	(6,75)	(6,36)
Retained distributions	3,05	6,75	6,36
Closing NAV	236,84	200,81	209,20
Direct portfolio transaction costs ^[a]	UK p	UK p	UK p
Costs before dilution adjustments	0,08	0,14	0,21
Dilution adjustments ^[b]	(0,01)	(0,03)	(0,05)
Total direct portfolio transaction costs	0,07	0,11	0,16
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,66	1,66	1,66
Return after operating charges	+17,94	-4,01	+7,24
Historic yield	2,86	3,36	2,95
Effect on yield of charges offset against capital	1,66	1,66	1,66
Other information			
Closing NAV (£'000)	22.154	20.639	29.688
Closing NAV percentage of total fund NAV (%)	0,36	0,36	0,35
Number of shares	9.354.201	10.277.711	14.190.907
Highest share price (UK p)	237,45	217,13	212,79
Lowest share price (UK p)	193,32	168,10	185,27

US dollar Class 'A' Income share performance

The share class was launched on 8 August 2014.

	Six months to 30.09.16 US ¢	Year to 31.03.16 US ¢	Year to 31.03.15 US ¢
Change in NAV per share			
Opening NAV	1.339,43	1.489,39	1.597,18
Return before operating charges and after direct portfolio transaction costs	93,34	(75,60)	(51,71)
Operating charges	(12,99)	(26,53)	(19,08)
Return after operating charges	80,35	(102,13)	(70,79)
Distributions	(18,59)	(47,83)	(37,00)
Closing NAV	1.401,19	1.339,43	1.489,39
Direct portfolio transaction costs ^[a]	US ¢	US ¢	US ¢
Costs before dilution adjustments	0,51	0,98	1,05
Dilution adjustments ^[b]	(0,08)	(0,19)	(0,25)
Total direct portfolio transaction costs	0,43	0,79	0,80
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,91	1,91	1,91
Return after operating charges	+6,00	-6,86	-4,43
Historic yield	3,20	3,62	3,13
Effect on yield of charges offset against capital	1,91	1,91	1,91
Other information			
Closing NAV (£'000)	4.402	4.813	6.655
Closing NAV percentage of total fund NAV (%)	0,07	0,08	0,08
Number of shares	407.227	517.462	661.340
Highest share price (US ¢)	1.420,98	1.578,28	1.671,61
Lowest share price (US ¢)	1.274,37	1.123,03	1.433,88

M&G Global Dividend Fund

Financial highlights

Specific share class performance

US dollar Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.16 US ¢	Year to 31.03.16 US ¢	Year to 31.03.15 US ¢
Opening NAV	1,421,29	1,525,60	1,603,76
Return before operating charges and after direct portfolio transaction costs	99,62	(76,65)	(47,71)
Operating charges	(13,86)	(27,66)	(30,45)
Return after operating charges	85,76	(104,31)	(78,16)
Distributions	(19,79)	(49,52)	(49,51)
Retained distributions	19,79	49,52	49,51
Closing NAV	1,507,05	1,421,29	1,525,60
Direct portfolio transaction costs ^[a]	US ¢	US ¢	US ¢
Costs before dilution adjustments	0,55	1,02	1,67
Dilution adjustments ^[b]	(0,09)	(0,20)	(0,40)
Total direct portfolio transaction costs	0,46	0,82	1,27
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	1,91	1,92	1,91
Return after operating charges	+6,03	-6,84	-4,87
Historic yield	3,14	3,53	3,13
Effect on yield of charges offset against capital	1,91	1,92	1,91
Other information			
Closing NAV (£'000)	218,942	212,949	414,728
Closing NAV percentage of total fund NAV (%)	3,54	3,69	4,87
Number of shares	18,833,238	21,576,724	40,234,546
Highest share price (US ¢)	1,518,21	1,616,86	1,701,51
Lowest share price (US ¢)	1,352,30	1,176,11	1,453,44

US dollar Class 'C' Accumulation share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.16 US ¢	Year to 31.03.16 US ¢	Year to 31.03.15 US ¢
Opening NAV	1,532,32	1,628,39	1,694,76
Return before operating charges and after direct portfolio transaction costs	107,75	(81,81)	(50,95)
Operating charges	(7,14)	(14,26)	(15,42)
Return after operating charges	100,61	(96,07)	(66,37)
Distributions	(21,40)	(53,15)	(52,60)
Retained distributions	21,40	53,15	52,60
Closing NAV	1,632,93	1,532,32	1,628,39
Direct portfolio transaction costs ^[a]	US ¢	US ¢	US ¢
Costs before dilution adjustments	0,59	1,10	1,77
Dilution adjustments ^[b]	(0,09)	(0,22)	(0,42)
Total direct portfolio transaction costs	0,50	0,88	1,35
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	0,91	0,91	0,91
Return after operating charges	+6,57	-5,90	-3,92
Historic yield	3,12	3,51	3,11
Effect on yield of charges offset against capital	0,91	0,91	0,91
Other information			
Closing NAV (£'000)	38,674	37,728	123,705
Closing NAV percentage of total fund NAV (%)	0,62	0,66	1,45
Number of shares	3,070,229	3,545,696	11,243,583
Highest share price (US ¢)	1,644,05	1,727,93	1,802,84
Lowest share price (US ¢)	1,461,50	1,265,53	1,548,93

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

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

US dollar Class 'C' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 30.09.16 US ¢	Year to 31.03.16 US ¢	Year to 31.03.15 US ¢
Opening NAV	1,444,07	1,589,51	1,693,79
Return before operating charges and after direct portfolio transaction costs	100,98	(80,70)	(55,24)
Operating charges	(6,72)	(13,54)	(9,68)
Return after operating charges	94,26	(94,24)	(64,92)
Distributions	(20,10)	(51,20)	(39,36)
Closing NAV	1,518,23	1,444,07	1,589,51
Direct portfolio transaction costs ^[a]	US ¢	US ¢	US ¢
Costs before dilution adjustments	0,56	1,05	1,11
Dilution adjustments ^[b]	(0,09)	(0,21)	(0,26)
Total direct portfolio transaction costs	0,47	0,84	0,85
Performance and charges	%	%	%
Direct portfolio transaction costs	0,07	0,06	0,08
Operating charges	0,91	0,91	0,91
Return after operating charges	+6,53	-5,93	-3,83
Historic yield	3,19	3,59	3,11
Effect on yield of charges offset against capital	0,91	0,91	0,91
Other information			
Closing NAV (£'000)	2,945	2,512	2,921
Closing NAV percentage of total fund NAV (%)	0,05	0,04	0,03
Number of shares	251,489	250,548	272,026
Highest share price (US ¢)	1,538,73	1,686,64	1,774,06
Lowest share price (US ¢)	1,377,28	1,208,40	1,528,01

M&G Global Dividend Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2016		2015	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		932.509		(1.252.459)
Revenue	96.904		116.176	
Expenses	(39.107)		(50.608) ^[a]	
Net revenue / (expense) before taxation	57.797		65.568	
Taxation	(10.094)		(16.570)	
Net revenue / (expense) after taxation		47.703		48.998
Total return before distributions		980.212		(1.203.461)
Distributions		(82.441)		(99.602)
Change in net assets attributable to shareholders from investment activities		897.771		(1.303.063)

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2016		2015	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		5.764.638		8.520.024
Amounts received on issue of shares	87.756		318.457 ^[a]	
Value of in-specie transfers received	0		29.105	
Amounts paid on cancellation of shares	(618.675)		(1.521.705) ^[a]	
		(530.919)		(1.174.143)
Dilution adjustments		497		1.565 ^[a]
Change in net assets attributable to shareholders from investment activities (see above)		897.771		(1.303.063)
Retained distributions on Accumulation shares		55.270		67.735
Closing net assets attributable to shareholders		6.187.257		6.112.118

The opening net assets attributable to shareholders for 2016 differs to the closing position in 2015 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	30 September 2016	31 March 2016
	£'000	£'000
Assets		
Fixed assets		
Investments	6.133.442	5.733.715
Current assets		
Debtors	43.723	131.563
Cash and bank balances	41.205	19.487
Total assets	6.218.370	5.884.765
Liabilities		
Creditors		
Distribution payable	(13.154)	(24.162)
Other creditors	(17.959)	(95.965)
Total liabilities	(31.113)	(120.127)
Net assets attributable to shareholders	6.187.257	5.764.638

^[a] Restated. Please see notes to the financial statements.

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 2016. 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 for Authorised Funds issued by the Investment Association in May 2014 (2014 SORP).

Amendments to FRS 102 'Fair value hierarchy disclosures' effective for annual periods beginning on or after 1 January 2017 have been early adopted. These amendments improve the consistency of fair value disclosures for financial instruments with those required by EU-adopted IFRS (International Financial Reporting Standards).

'Dilution adjustments' totalling £497,000 (2015: £1,565,000) have been reclassified from 'Amounts received on issue of shares' of £(52,000) (2015: £368,000) and 'Amounts paid on cancellation of shares' of £549,000 (2015: £1,197,000).

Interest payable of £3,000 (2015: £4,000) has been reclassified from 'Distributions' into 'Expenses'.

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 2016

M&G Global Dividend Fund

Other regulatory disclosures

Interest bearing assets

In accordance with the EU Savings Directive (2003/48/EC), we disclose the percentage of interest-bearing assets held.

	% of NAV
M&G Global Dividend Fund	1,27

The EU Savings Directive was abolished following the implementation of the Common Reporting Standard under Directive 2014/107/EU. Accordingly, this percentage will no longer be published for accounting periods ended on or after 1 January 2017.

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.

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.

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.

Glossary

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.

Glossary

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.

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.

Glossary

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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