



M&G Investment Funds (12)

Interim Long Report and unaudited Financial Statements
for the six months ended 31 July 2020

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M&G Investment Funds (12)

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (12) presents its Interim Long Report and unaudited Financial Statements for the six months ended 31 July 2020.

The unaudited financial statements of M&G Investment Funds (12) and the investment report and unaudited financial statements and notes of the sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (12) is an umbrella Open-Ended Investment Company (OEIC) and contains one sub-fund, hereinafter referred to as 'fund' in the rest of this report. This fund 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 Financial Conduct Authority (FCA). This 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 FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 2 November 2011 and the fund was launched on 17 February 2012.

The Company's principal activity is to carry on business as an OEIC. The Company is structured as an umbrella company, and different funds may be established by the ACD from time to time with the agreement of the Depositary and approval from the FCA.

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

The following co-fund managers are employed by M&G FA Limited which is an associate of M&G Securities Limited.

M&G Global Strategic Value Fund

Richard Halle, Daniel White & Shane Kelly

ACD

M&G Securities Limited,
10 Fenchurch Avenue, London EC3M 5AG, 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 Investing and Saving Alliance (formerly Tax Incentivised Savings Association)).

Directors of the ACD

C Dobson (non executive director), N M Donnelly*, S A Fitzgerald, P R Jelfs, M McGrade (non executive director), L J Mumford

* Resigned 30 June 2020.

Investment manager

M&G Investment Management Limited,
10 Fenchurch Avenue, London EC3M 5AG, UK
Telephone: +44 (0)20 7626 4588

(Authorised and regulated by the Financial Conduct Authority)

Registrar

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

* DST Financial Services Europe Ltd changed its name to SS&C Financial Services Europe Ltd on 31 March 2020.

Depositary

NatWest Trustee & Depositary Services Limited, Drummond House, 1 Redheughs Avenue, Edinburgh EH12 9RH, UK
(Authorised and regulated by the Financial Conduct Authority)

Independent auditor

Ernst & Young LLP
Atria One, 144 Morrison Street, Edinburgh EH3 8EX, UK

Annual value assessment

An annual assessment report is available which shows value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The report can be found at www.mandg.co.uk/valueassessment

Important information

The World Health Organisation declared the COVID-19 outbreak a pandemic on 11 March 2020.

Global financial markets have been reacting to the outbreak. All markets have incurred increased volatility and uncertainty since the onset of the pandemic.

The ACD has also noted the operational risks that are posed to the Company and its service providers due to global and local movement restrictions that have been enacted by various governments.

The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The ACD will continue to monitor this situation.

M&G Investment Funds (12)

Authorised Corporate Director's Report

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, Costs and Charges illustration, 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 Depositary.

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.

Telephone: +352 2605 9944

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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.

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Danish representative agent:

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Client Relations DK, Investor Services & Solutions,
Postbox 850, Reg.no.6428. HH. 6.1., 0900 København C,
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Smålandsgatan 17, 105 71 Stockholm, Sweden

Swiss paying agent and representative:

Société Générale, Paris, Zurich Branch,
Talacker 50, 8021 Zurich, Switzerland

M&G Investment Funds (12)

Authorised Corporate Director's Report

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 this 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.

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.

M&G Securities Limited
14 September 2020

M&G Investment Funds (12)

Financial statements and notes

The financial statements for M&G Investment Funds (12) comprise the individual financial statements for the fund and the notes below.

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 January 2020. They are prepared under 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 and amended in June 2017.

M&G Global Strategic Value Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the MSCI ACWI Index over any five-year period.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity related securities of companies across any sector and market capitalisations that are domiciled in any country, including emerging markets.

The fund may also invest in other transferable securities, cash and near cash directly and via collective investment schemes (including funds managed by M&G).

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.

The investment approach focuses on identifying shares in cheap or out-of-favour companies that the fund manager believes are undervalued, while trying to avoid companies with problems that could prevent their share prices from improving over time.

The fund's approach combines a strict valuation screen and rigorous qualitative analysis. This ensures the fund concentrates on cheap stocks without compromising on characteristics such as financial strength or competitive advantages.

The main drivers of returns are expected to be the value style and overall stock selection rather than any individual sector or stock.

Benchmark

Benchmark: MSCI ACWI Index.

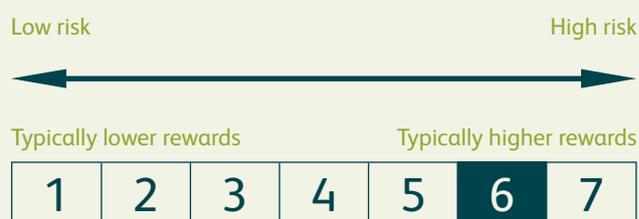
The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

Risk profile

The fund invests globally in the shares of listed companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund's focus is on companies that are out of favour with the market, and these stocks could potentially experience a degree of illiquidity in times of market distress. However, the fund is mainly invested in the shares of large and medium-sized companies, which are normally traded with relative ease. The fund also invests in the shares of

smaller companies, which can be more unpredictable and difficult to buy and sell. Diversification across industries and market capitalisation is therefore 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 3 February 2020 to 25 June 2020 the risk number was 5.

Investment review

As at 3 August 2020, for the six months ended 31 July 2020

Performance against objective

Between 3 February 2020 (the start of the review period) and 3 August 2020, the euro and sterling share classes of the M&G Global Strategic Value Fund produced a negative total return (the combination of income and growth of capital). The fund's US dollar share classes closed on 16 July 2020 but between 3 February 2020 and their closure they too produced a negative total return.*

The returns in all of the fund's share classes, over both time periods, were behind those of the fund's benchmark, the MSCI ACWI Index. The index returned 0.4% and -5.3% in sterling and euro terms over the six-month period. In US dollars to 16 July 2020, the index returned -1.3%.

The fund's objective is to provide a higher total return, net of the Ongoing Charge Figure, than that of the MSCI ACWI Index over any five-year period. Over five years, the fund lagged the index, and has therefore failed to meet its objective. The benchmark index returned 12.2% pa in sterling over five years.

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Financial highlights' section of this report. Please note that the euro and US dollar share classes do not have a five-year history.

M&G Global Strategic Value Fund

Authorised Corporate Director's Report

Investment performance

The coronavirus pandemic dominated financial markets, along with almost every other aspect of life, during the review period. Despite experiencing exceptional levels of turbulence, global equities (company shares) ended the period broadly flat (in sterling terms).

In March global stockmarkets experienced one of their steepest and fastest ever declines, sparked by worries that the new coronavirus and the subsequent measures introduced to curb its spread would cause a global economic recession. Oil prices tumbled too on concerns that the pandemic would hit demand.

Remarkably, the sudden sell-off was followed by an almost equally swift rebound, driven by unprecedented stimulus measures by governments and central banks around the world to stabilise the financial system and support their economies. More recently share prices continued to recover as various countries eased their coronavirus-induced lockdowns and economic activity resumed.

Despite evidence of the significant economic damage – the US economy shrank a record 32.9% in the second quarter, on an annualised basis – and the potential for a second wave of infections, by the end of the period, global stockmarkets had largely recouped their losses in the March downturn.

China's stockmarket was the standout performer in the six months, despite being the first country affected by coronavirus. We think China's resilience is largely due to its rapid response to and strict control of the outbreak, which has meant economic activity has bounced back quickly. South Korea and Taiwan also performed well.

Elsewhere in emerging markets, commodity-producing nations in Latin America such as Brazil, Colombia and Mexico were among the weakest markets. At the beginning of August, the region was the worst affected globally by coronavirus, with the number of infections rising rapidly.

In developed markets, the US was one of the best-performing markets. After a precipitous fall in March, the S&P 500 Index rebounded to end the period close to record highs. Stockmarkets in Germany and Switzerland also rose. On the other hand, Japan and the UK lagged the MSCI ACWI Index.

At the sector level, information technology led the way, driven by large US stocks such as Apple, Facebook and Microsoft, which surged, partly because their business models are well suited to people staying at home in lockdown situations. Consumer discretionary, which includes Amazon.com, and communication services also gained. In the panic and uncertainty surrounding the new coronavirus outbreak, investors favoured a relatively small group of 'growth' stocks that are considered more likely to deliver steady earnings in a challenging environment.

This was in marked contrast to economically sensitive, or cyclical, areas such as energy, financials and real estate, which fell furthest. Companies in these areas have been shunned as they are perceived to be risky, since they are more likely to be exposed to the severe coronavirus-induced economic downturn.

From a style perspective, cheap out-of-favour 'value' stocks lagged the broader market as the coronavirus crisis intensified the recent trend for buying 'growth' stocks. We recognise that investing in companies like Amazon and Microsoft that are immediate beneficiaries of COVID-19 related lockdowns provides investors with a sense of safety in uncertain times. However, over a longer investment horizon, we are much more cautious about the sustainability of the extreme valuations of some of these perceived 'winners'.

Against this backdrop, the fund declined and trailed the MSCI ACWI Index. Our below-index position in the US was a significant factor behind the underperformance as US stocks were among the best performers.

In particular, not holding any shares in Apple or Amazon.com held back fund performance as the two large index constituents rallied to all-time highs. Despite the COVID-19 crisis, Apple reported impressive quarterly results, boosted by robust demand for all its products and services, including iPhones. Meanwhile, Amazon's quarterly revenues rocketed, driven by increased demand for its online services in the lockdown.

Among our portfolio holdings, several financials were leading detractors as the sector struggled amid worries about the extent of the economic downturn and the potential for bad debts. These included US banks Citigroup and JPMorgan Chase, Irish lender Bank of Ireland and UK financial services group NatWest, formerly known as Royal Bank of Scotland.

In energy, our relatively large holding in UK oil & gas giant BP was a significant drag on performance too. Against a backdrop of falling oil prices, BP announced that it was lowering the value of its assets by up to US\$17.5 billion as it cut its long-term price assumptions for oil and gas. Immediately after the review period ended, the company also cut its dividend by 50%.

These detractors outweighed the positive contributions from some of our more defensive consumer staples and healthcare stocks. Our shares in US grocery chain Kroger and Dutch supermarket firm Ahold Delhaize advanced as they benefited from robust demand for food during the lockdowns, when alternatives such as restaurants were closed.

In healthcare, Belgium-based drug maker UCB added value as the stock gained following encouraging results from a Phase III drug trial. Greater recognition of UCB's drug pipeline is part of our original investment thesis and we are happy to see it playing out.

US biotechnology companies Athersys and Biogen were notable contributors too, with shares in Athersys boosted by the news it was planning to test whether its therapy could treat COVID-19.

The biggest single contributor was Canadian gold miner Midas Gold, which rallied as gold prices approached a record US\$2000 an ounce. The firm is planning to restore a historical gold project in Idaho and investors were encouraged when Midas reached a key stage in the process.

M&G Global Strategic Value Fund

Authorised Corporate Director's Report

Investment activities

During the review period, we continued to reposition the fund in line with the broader investment strategy. Following the market turmoil in March, we identified a number of attractively valued opportunities that we believe have the necessary robust business models and finances to weather the current crisis.

In the UK, we invested in clothing retailer Next, after the company's share price halved in value, and hotel and restaurant operator Whitbread. In our view, Whitbread is a high-quality business that is well placed to thrive while many other hotel operators are struggling. We think Whitbread's budget hotels are not reliant on overseas visitors or conferences and the company has just raised capital to fund its expansion plans.

We also added Mexican property company Fibra Uno to the portfolio. As with Whitbread, the business has been hit by the effects of the COVID-19 pandemic but we think the company's balance sheet is solid and that the shares are attractively valued.

In Japan, we started positions in construction firm Kajima and airline Japan Airlines. US low cost airline Southwest Airlines was another newcomer during the period. Japan Airlines and Southwest replaced German airline Deutsche Lufthansa, which left the portfolio, as we believe they are better positioned to benefit from the eventual recovery in the sector.

Other notable sales included US biotechnology company Biogen following a period of good performance driven by optimism about its new Alzheimer's disease treatment. We also closed our position in US-based cruise operator Carnival on concerns that the pandemic has dramatically changed the prospects of the cruise industry.

UK pub operator Ei left the portfolio following a takeover, while Dubai-based ports operator DP World also departed as the stock was delisted by its parent company.

Outlook

Global stockmarkets have made a remarkable comeback from their lows in March, driven by optimism about the global economic recovery and the unprecedented levels of stimulus from central banks and governments. It is certainly encouraging that economic activity has started to pick up in many countries, but we believe the outlook remains uncertain. The full economic fallout from the pandemic is still to be revealed, while COVID-19 is still looming large and the potential for a second wave of infections is never far away.

As value investors, though, we are extremely excited about the opportunities that exist currently. The crisis has accelerated the trend for investing in 'safe' assets that typically offer reliable growth and profits. Conversely, what once was cheap in valuation has become even cheaper. As a result, there is now an extreme valuation divide between assets that are perceived to be safe and those that are considered 'unsafe'. In our view, this is unsustainable and there is likely to be a reversal at some point. In this situation, the potential long-term returns from investing in cheaply valued out-of-favour stocks could be very attractive.

Throughout this challenging time for value investing, we have consistently focused on buying cheap stocks that we think are undervalued. We think the market sell-off provided the opportunity to invest in a number of promising stocks at prices that we think are attractive. As a result, we believe the fund is well placed to take advantage of any value recovery.

We remain optimistic that investors will once again look beyond the narrow range of growth stocks that have dominated in recent months and start to recognise the opportunities that exist among cheaper stocks. At the same time, we think our rigorous analysis of a firm's underlying qualities and intense focus on the strength of companies' balance sheets could help the fund cope with any future turbulence.

Richard Halle, Daniel White & Shane Kelly Co-fund managers

Employees of M&G FA 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 Global Strategic Value Fund

Authorised Corporate Director's Report

Portfolio statement

as at		31.07.20	31.07.20	31.01.20
Holding		\$'000	%	%
	EQUITIES	308,990	94.96	96.29
	United Kingdom	27,959	8.59	10.30
1,250,000	African Minerals ^[a]	0	0.00	
1,480,865	BP	5,458	1.68	
77,823	Coca-Cola European Partners	3,241	1.00	
34,620	GW Pharmaceuticals ADR	4,480	1.38	
103,786	Izodia ^[a]	0	0.00	
1,356,277	Kenmare Resources	3,412	1.05	
894,398	KSK Power Ventur ^[a]	0	0.00	
1,888,741	Natwest	2,653	0.81	
33,126	Next	2,402	0.74	
1,349,617	OPG Power Ventures ^[b]	177	0.05	
383,165	Standard Chartered	2,002	0.61	
2,936,927	William Hill	4,134	1.27	
	Belgium	7,630	2.34	1.18
124,016	Euronav	1,214	0.37	
49,031	UCB	6,416	1.97	
	Finland	5,543	1.70	1.65
203,148	UPM-Kymmene	5,543	1.70	
	France	6,573	2.02	0.76
50,599	Fnac Darty	2,048	0.63	
119,893	TOTAL	4,525	1.39	
	Germany	14,060	4.32	5.45
42,361	Bayer	2,866	0.88	
78,271	Bilfinger	1,372	0.42	
28,599	Rheinmetall	2,777	0.85	
46,925	Volkswagen Preference Shares	7,045	2.17	
	Ireland	1,946	0.60	1.23
906,173	Bank of Ireland	1,946	0.60	
	Italy	2,047	0.63	0.00
343,786	Tenaris	2,047	0.63	
	Netherlands	9,690	2.98	2.51
114,949	APERAM	3,284	1.01	
219,983	Koninklijke Ahold Delhaize	6,406	1.97	
	Spain	6,489	1.99	2.20
1,157,999	CaixaBank	2,586	0.79	
2,117,232	Mapfre	3,903	1.20	
	Sweden	6,960	2.14	1.81
455,115	Securitas	6,960	2.14	
	Switzerland	3,667	1.13	1.01
314,319	Arbonia	3,667	1.13	
	United States	144,835	44.51	45.56
24,806	Anthem	6,874	2.11	
21,711	AT&T	642	0.20	
209,613	Athersys	541	0.17	
31,639	Autohome ADR	2,707	0.83	
117,996	Bristol-Myers Squibb	6,946	2.13	
135,171	Cisco Systems	6,277	1.93	
87,163	Citigroup	4,434	1.36	
77,567	Cognizant Technology Solutions	5,364	1.65	
179,353	Corncast	7,832	2.41	
322,543	Coty	1,232	0.38	
90,950	DXC Technology	1,615	0.50	
156,055	Exelon	6,004	1.84	
216,222	Extended Stay America	2,510	0.77	
19,881	FedEx	3,434	1.06	
81,620	Foot Locker	2,498	0.77	
408,649	General Electric	2,558	0.79	
1,079,172	Gurnet Point Capital ^[a]	0	0.00	
112,126	Hartford Financial Services	4,542	1.40	
337,392	Hewlett Packard Enterprise	3,242	1.00	
198,901	Hutchison China MediTech ADR	5,368	1.65	
96,118	Intel	4,614	1.42	

M&G Global Strategic Value Fund

Authorised Corporate Director's Report

Portfolio statement (continued)

as at Holding		31.07.20 \$'000	31.07.20 %	31.01.20 %
	EQUITIES (continued)			
	United States (continued)			
76,957	JPMorgan Chase	7,465	2.29	
135,418	Kroger	4,660	1.43	
59,932	Loews	2,188	0.67	
33,763	Microsoft	6,884	2.12	
70,110	Molson Coors Beverage	2,625	0.81	
318,436	New York Community Bancorp	3,426	1.05	
95,016	Oracle	5,250	1.61	
27,992	Oshkosh	2,249	0.69	
229,605	Pfizer	8,895	2.73	
25,135	PNC Financial Services	2,671	0.82	
46,603	Southwest Airlines	1,443	0.44	
25,121	Syneos Health	1,575	0.48	
155,000	Tapestry	2,060	0.63	
36,348	Tyson Foods	2,237	0.69	
110,074	Verizon Communications	6,308	1.94	
110,453	Weyerhaeuser REIT	3,137	0.96	
85,642	Whitbread	2,528	0.78	
	Canada	8,999	2.77	2.28
43,958	Elemental Royalties	57	0.02	
390,000	First Quantum Minerals	3,289	1.01	
5,344,577	Midas Gold	5,653	1.74	
	Argentina	0	0.00	0.47
	Japan	29,542	9.08	5.91
128,600	Japan Airlines	2,098	0.65	
208,600	Kajima	2,302	0.71	
272,200	Nippon Telegraph & Telephone	6,347	1.95	
122,500	Sony	9,439	2.90	
151,700	Takeda Pharmaceutical	5,441	1.67	
257,600	Tokyo Broadcasting System	3,915	1.20	
	Australia	14,264	4.38	5.89
68,728,544	FBR	2,966	0.91	
18,500,000	International Petroleum ^(a)	0	0.00	
490,077	IPH	2,615	0.80	
35,741,300	Mineral Commodities	6,040	1.86	
925,433	St Barbara	2,230	0.68	
7,464,387	Vintage Energy	413	0.13	
	Hong Kong	7,442	2.29	5.01
67,638,000	China Financial Services	1,266	0.39	
704,702	Hutchison China MediTech ^(b)	3,666	1.13	
3,002,000	Kunlun Energy	2,510	0.77	
	India	93	0.03	0.06
643,041	Great Eastern Energy GDR	93	0.03	
	Singapore	1,339	0.41	0.58
1,350,000	ComfortDelGro	1,339	0.41	
	South Korea	6,042	1.86	1.30
124,332	Samsung Electronics	6,042	1.86	
	Mexico	2,563	0.79	0.00
3,199,237	Fibra Uno Administracion REIT	2,563	0.79	
	Thailand	1,307	0.40	0.00
409,700	Bangkok Bank	1,307	0.40	
	United Arab Emirates	0	0.00	1.13
	Portfolio of investments	308,990	94.96	96.29

M&G Global Strategic Value Fund

Authorised Corporate Director's Report

Portfolio statement (continued)

as at		31.07.20	31.07.20	31.01.20
Holding		\$'000	%	%
	CASH EQUIVALENTS	17,987	5.53	3.98
	'AAA' rated money market funds ^[c]	17,987	5.53	3.98
13,691,000	Northern Trust Global Fund - Sterling	17,987	5.53	
Total portfolio		326,977	100.49	100.27
Net other assets / (liabilities)		(1,603)	(0.49)	(0.27)
Net assets attributable to shareholders		325,374	100.00	100.00

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

[a] Suspended.

[b] AIM quoted.

[c] 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 31 July 2020		
Largest purchases		\$'000
Takeda Pharmaceutical		5,361
TOTAL		5,208
Fibra Uno Administracion REIT		2,698
Whitbread		2,656
Japan Airlines		2,458
Kunlun Energy		2,267
Autohome ADR		2,255
Kajima		2,197
Comcast		1,870
Coty		1,737
Other purchases		23,047
Total purchases		51,754
Largest sales		\$'000
Athersys		5,041
DP World		4,866
Biogen		4,435
Syneos Health		4,215
Midas Gold		4,050
Reabold Resources ^[a]		2,886
Ei		2,884
Carnival		2,777
Deutsche Lufthansa		2,741
Intel		2,727
Other sales		23,631
Total sales		60,253

[a] AIM quoted.

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

M&G Global Strategic Value 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 chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (12), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

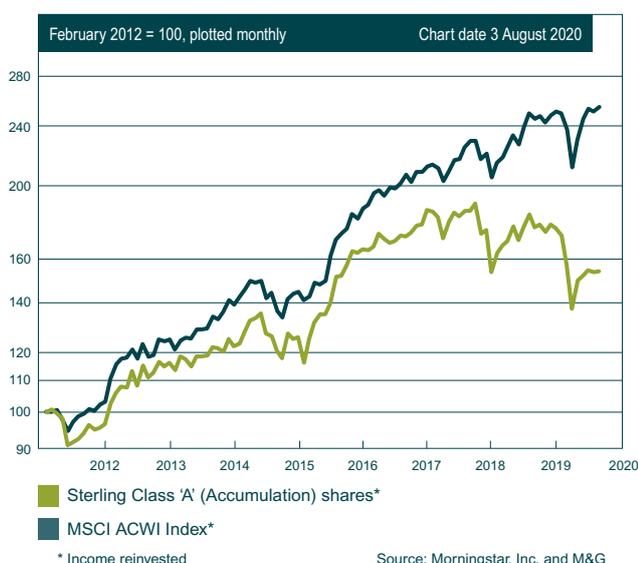
Fund level performance

Fund net asset value

as at	31.07.20 \$'000	31.01.20 \$'000	31.01.19 \$'000
Fund net asset value (NAV)	325,374	372,498	377,409

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling 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 03.02.20 % [a]	Three years 03.08.17 % p.a.	Five years 03.08.15 % p.a.	Since launch % p.a.
Euro [b]				
Class 'A'	-15.3	-3.7	n/a	-1.5 [c]
Class 'C'	-14.9	-2.7	n/a	-0.5 [c]
Sterling [d]				
Class 'A'	-9.6	-3.3	+4.0	+5.2 [e]
Class 'I'	-9.4	-2.6	+4.7	+6.0 [e]
Class 'R'	-9.5	-2.9	+4.5	+7.0 [f]
US dollar [b]				
Class 'A'	-10.9	-4.3	n/a	-0.1 [c]
Class 'C'	-10.5	-3.4	n/a	+0.9 [c]

[a] Absolute basis.

[b] The returns of the US dollar share classes are as at 16 July 2020, the closure date of the share class. Price to price with net income reinvested.

[c] 6 November 2015, the launch date of the share class.

[d] Price to price with income reinvested.

[e] 17 February 2012, the launch date of the fund.

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

M&G Global Strategic Value Fund

Financial highlights

Operating charges and portfolio transaction costs

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

Operating charges

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

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. From 1 August 2019, this charge rolls all costs that make up the operating charges into one annual charge.
 For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- Investment management:** Charge paid to M&G for investment management of the fund. From 1 August 2019 this charge forms part of the annual charge.
- Administration:** Charge paid for administration services in addition to investment management – any surplus from this charge will be retained by M&G. From 1 August 2019 this charge is rolled into the annual charge.
- Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depository, custody and audit. From 1 August 2019 these charges will be paid by M&G and rolled into the annual charge.
- Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated. From 1 August 2019 charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These 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.

Once the annual charge has been operational for twelve months, operating charges will be in line with the ongoing charges shown in the Key Investor Information Document, other than where

there have been extraordinary legal or tax expenses, or 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.

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 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 31.07.20	Year to 31.01.20	Year to 31.01.19	Average ^[a]
	%	%	%	%
Direct portfolio transaction costs ^[b]				
Broker commission	0.03	0.05	0.01	0.03
Taxes	0.03	0.02	0.01	0.02
Costs before dilution adjustments	0.06	0.07	0.02	0.05
Dilution adjustments ^[c]	(0.01)	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.05	0.06	0.01	0.04
as at	31.07.20	31.01.20	31.01.19	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.41	0.52	1.07	0.67

^[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 Global Strategic Value 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.

Historic yields for the current year are calculated as at 14 August 2020.

Euro Class 'A' Accumulation share performance

The share class was launched on 6 November 2015.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	Euro €	Euro €	Euro €
Opening NAV	1,117.56	1,021.08	1,156.24
Return before operating charges and after direct portfolio transaction costs	(180.52)	117.47	(113.82)
Operating charges	(8.94)	(20.99)	(21.34)
Return after operating charges	(189.46)	96.48	(135.16)
Distributions	(3.04)	(2.77)	(0.49)
Retained distributions	3.04	2.77	0.49
Closing NAV	928.10	1,117.56	1,021.08
Direct portfolio transaction costs	Euro €	Euro €	Euro €
Costs before dilution adjustments	0.31	0.81	0.27
Dilution adjustments ^[a]	(0.03)	(0.08)	(0.07)
Total direct portfolio transaction costs	0.28	0.73	0.20
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	1.90	1.92	1.93
Return after operating charges	-16.95	+9.45	-11.69
Historic yield	0.37	0.25	0.22
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	51	71	67
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.02
Number of shares	4,633	5,722	5,722
Highest share price (Euro €)	1,157.30	1,156.95	1,179.44
Lowest share price (Euro €)	737.50	1,019.09	921.83

Euro Class 'C' Accumulation share performance

The share class was launched on 6 November 2015.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	Euro €	Euro €	Euro €
Opening NAV	1,165.83	1,054.60	1,182.27
Return before operating charges and after direct portfolio transaction costs	(188.40)	121.67	(117.24)
Operating charges	(4.40)	(10.44)	(10.43)
Return after operating charges	(192.80)	111.23	(127.67)
Distributions	(7.63)	(14.27)	(10.49)
Retained distributions	7.63	14.27	10.49
Closing NAV	973.03	1,165.83	1,054.60
Direct portfolio transaction costs	Euro €	Euro €	Euro €
Costs before dilution adjustments	0.32	0.84	0.27
Dilution adjustments ^[a]	(0.03)	(0.09)	(0.07)
Total direct portfolio transaction costs	0.29	0.75	0.20
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	0.90	0.92	0.93
Return after operating charges	-16.54	+10.55	-10.80
Historic yield	1.38	1.21	1.30
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	26,317	29,373	27,655
Closing NAV percentage of total fund NAV (%)	8.09	7.88	7.33
Number of shares	2,282,855	2,282,855	2,282,855
Highest share price (Euro €)	1,207.74	1,206.55	1,210.48
Lowest share price (Euro €)	770.47	1,053.20	951.09

Sterling Class 'A' Income share performance

The share class was launched on 17 February 2012.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	UK p	UK p	UK p
Opening NAV	160.30	155.16	179.51
Return before operating charges and after direct portfolio transaction costs	(16.18)	11.32	(18.31)
Operating charges	(0.99)	(2.56)	(2.89)
Return after operating charges	(17.17)	8.76	21.20
Distributions	(1.72)	(3.62)	(3.15)
Closing NAV	141.41	160.30	155.16
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.12	0.04
Dilution adjustments ^[a]	0.00	(0.01)	(0.01)
Total direct portfolio transaction costs	0.05	0.11	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	1.40	1.54	1.68
Return after operating charges	-10.71	+5.65	-11.81
Historic yield	2.27	2.20	2.35
Effect on yield of charges offset against capital	1.40	1.52	1.65
Other information			
Closing NAV (\$'000)	276,125	317,825	325,736
Closing NAV percentage of total fund NAV (%)	84.86	85.32	86.30
Number of shares	148,630,418	151,045,868	159,894,821
Highest share price (UK p)	165.30	174.40	183.81
Lowest share price (UK p)	116.88	155.03	145.52

M&G Global Strategic Value Fund

Financial highlights

Specific share class performance

Sterling Class 'A' Accumulation share performance

The share class was launched on 17 February 2012.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	UK p	UK p	UK p
Opening NAV	172.10	163.00	185.10
Return before operating charges and after direct portfolio transaction costs	(17.36)	11.81	(19.10)
Operating charges	(1.06)	(2.71)	(3.00)
Return after operating charges	(18.42)	9.10	(22.10)
Distributions	(0.85)	(1.13)	(0.31)
Retained distributions	0.85	1.13	0.31
Closing NAV	153.68	172.10	163.00
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.13	0.04
Dilution adjustments ^[a]	0.00	(0.01)	(0.01)
Total direct portfolio transaction costs	0.05	0.12	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	1.40	1.54	1.68
Return after operating charges	-10.70	+5.58	-11.94
Historic yield	0.85	0.64	0.49
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	628	735	766
Closing NAV percentage of total fund NAV (%)	0.19	0.20	0.20
Number of shares	310,755	325,465	357,887
Highest share price (UK p)	177.51	183.23	190.51
Lowest share price (UK p)	125.51	163.39	151.52

Sterling Class 'T' Income share performance

The share class was launched on 17 February 2012.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	UK p	UK p	UK p
Opening NAV	164.90	158.61	182.12
Return before operating charges and after direct portfolio transaction costs	(16.65)	11.56	(18.67)
Operating charges	(0.65)	(1.56)	(1.63)
Return after operating charges	(17.30)	10.00	(20.30)
Distributions	(1.77)	(3.71)	(3.21)
Closing NAV	145.83	164.90	158.61
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.13	0.04
Dilution adjustments ^[a]	0.00	(0.01)	(0.01)
Total direct portfolio transaction costs	0.05	0.12	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	0.90	0.92	0.93
Return after operating charges	-10.49	+6.30	-11.15
Historic yield	2.26	2.19	2.34
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (\$'000)	2,444	2,704	2,911
Closing NAV percentage of total fund NAV (%)	0.75	0.73	0.77
Number of shares	1,275,602	1,249,418	1,398,006
Highest share price (UK p)	170.08	178.95	186.98
Lowest share price (UK p)	120.32	158.48	148.63

Sterling Class 'I' Accumulation share performance

The share class was launched on 17 February 2012.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	UK p	UK p	UK p
Opening NAV	182.20	171.51	193.28
Return before operating charges and after direct portfolio transaction costs	(18.38)	12.39	(20.04)
Operating charges	(0.72)	(1.70)	(1.73)
Return after operating charges	(19.10)	10.69	(21.77)
Distributions	(1.28)	(2.33)	(1.72)
Retained distributions	1.28	2.33	1.72
Closing NAV	163.10	182.20	171.51
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.14	0.05
Dilution adjustments ^[a]	0.00	(0.01)	(0.01)
Total direct portfolio transaction costs	0.05	0.13	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	0.90	0.92	0.93
Return after operating charges	-10.48	+6.23	-11.26
Historic yield	1.34	1.25	1.31
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	3,357	3,961	4,089
Closing NAV percentage of total fund NAV (%)	1.03	1.06	1.08
Number of shares	1,566,519	1,656,134	1,815,900
Highest share price (UK p)	187.95	193.49	199.92
Lowest share price (UK p)	132.96	171.90	159.28

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	UK p	UK p	UK p
Opening NAV	176.44	170.14	195.84
Return before operating charges and after direct portfolio transaction costs	(17.82)	12.41	(20.05)
Operating charges	(0.89)	(2.13)	(2.21)
Return after operating charges	(18.71)	10.28	(22.26)
Distributions	(1.89)	(3.98)	(3.44)
Closing NAV	155.84	176.44	170.14
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.13	0.05
Dilution adjustments ^[a]	0.00	(0.01)	(0.01)
Total direct portfolio transaction costs	0.05	0.12	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	1.15	1.17	1.18
Return after operating charges	-10.60	+6.04	-11.37
Historic yield	2.27	2.20	2.34
Effect on yield of charges offset against capital	1.15	1.15	1.15
Other information			
Closing NAV (\$'000)	1,162	1,324	1,265
Closing NAV percentage of total fund NAV (%)	0.36	0.36	0.34
Number of shares	567,767	571,862	566,388
Highest share price (UK p)	181.95	191.71	200.89
Lowest share price (UK p)	128.70	170.00	159.47

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Financial highlights

Specific share class performance

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	UK p	UK p	UK p
Opening NAV	191.75	180.96	204.43
Return before operating charges and after direct portfolio transaction costs	(19.35)	13.06	(21.15)
Operating charges	(0.97)	(2.27)	(2.32)
Return after operating charges	(20.32)	10.79	(23.47)
Distributions	(1.15)	(1.96)	(1.33)
Retained distributions	1.15	1.96	1.33
Closing NAV	171.43	191.75	180.96
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.14	0.05
Dilution adjustments ^[a]	0.00	(0.01)	(0.01)
Total direct portfolio transaction costs	0.06	0.13	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	1.15	1.17	1.18
Return after operating charges	-10.60	+5.96	-11.48
Historic yield	1.10	1.00	1.04
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	15,290	16,435	14,854
Closing NAV percentage of total fund NAV (%)	4.70	4.41	3.94
Number of shares	6,788,511	6,529,389	6,252,022
Highest share price (UK p)	197.78	203.89	211.11
Lowest share price (UK p)	139.89	181.37	168.10

US dollar Class 'A' Accumulation share performance

The share class was launched on 6 November 2015.			
	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	US ¢	US ¢	US ¢
Opening NAV	1,134.02	1,078.50	1,323.96
Return before operating charges and after direct portfolio transaction costs	(25.74)	77.09	(222.50)
Operating charges	(8.28)	(21.57)	(22.96)
Return after operating charges	(34.02)	55.52	(245.46)
Distributions	n/a	(2.82)	(0.57)
Retained distributions	n/a	2.82	0.57
Return to shareholder as a result of share class closure	(1,100.00)	n/a	n/a
Closing NAV	0.00	1,134.02	1,078.50
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.29	0.83	0.29
Dilution adjustments ^[a]	(0.03)	(0.09)	(0.08)
Total direct portfolio transaction costs	0.26	0.74	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	1.90	1.92	1.93
Return after operating charges	-3.00	+5.15	-18.54
Historic yield	0.00	0.25	0.23
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	0	34	32
Closing NAV percentage of total fund NAV (%)	0.00	0.01	0.01
Number of shares	0	3,000	3,000
Highest share price (US ¢)	1,157.00	1,179.30	1,321.87
Lowest share price (US ¢)	736.00	1,045.17	965.95

M&G Global Strategic Value Fund

Financial highlights

Specific share class performance

US dollar Class 'C' Accumulation share performance

The share class was launched on 6 November 2015.

	Six months to 31.07.20	Year to 31.01.20	Year to 31.01.19
Change in NAV per share	US €	US €	US €
Opening NAV	1,182.84	1,113.70	1,353.62
Return before operating charges and after direct portfolio transaction costs	(478.74)	79.85	(228.58)
Operating charges	(4.10)	(10.71)	(11.34)
Return after operating charges	(482.84)	69.14	(239.92)
Distributions	n/a	(14.55)	(11.24)
Retained distributions	n/a	14.55	11.24
Return to shareholder as a result of share class closure	(700.00)	n/a	n/a
Closing NAV	0.00	1,182.84	1,113.70
Direct portfolio transaction costs	US €	US €	US €
Costs before dilution adjustments	0.30	0.86	0.30
Dilution adjustments ^[a]	(0.03)	(0.09)	(0.08)
Total direct portfolio transaction costs	0.27	0.77	0.22
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.05	0.06	0.01
Operating charges ^[c]	0.90	0.92	0.93
Return after operating charges	-40.82	+6.21	-17.72
Historic yield	0.00	1.21	1.32
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	0	36	34
Closing NAV percentage of total fund NAV (%)	0.00	0.01	0.01
Number of shares	0	3,000	3,000
Highest share price (US €)	1,207.00	1,229.70	1,351.51
Lowest share price (US €)	769.00	1,085.12	996.44

^[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 Global Strategic Value Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 July	2020		2019	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains / (losses)		(41,478)		14,480
Revenue	4,673		5,000	
Expenses	(2,088)		(3,072)	
Net revenue / (expense) before taxation	2,585		1,928	
Taxation	(419)		(420)	
Net revenue / (expense) after taxation		2,166		1,508
Total return before distributions		(39,312)		15,988
Distributions		(3,764)		(4,142)
Change in net assets attributable to shareholders from investment activities		(43,076)		11,846

Statement of change in net assets attributable to shareholders

for the six months to 31 July	2020		2019	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		372,498		377,409
Amounts received on issue of shares	4,255		4,978	
Amounts paid on cancellation of shares	(8,677)		(13,163)	
		(4,422)		(8,185)
Dilution adjustments		35		65
Change in net assets attributable to shareholders from investment activities (see above)		(43,076)		11,846
Retained distributions on Accumulation shares		339		319
Closing net assets attributable to shareholders		325,374		381,454

The opening net assets attributable to shareholders for 2020 differs to the closing position in 2019 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

M&G Global Strategic Value Fund

Financial statements and notes

Financial statements (continued)

Balance sheet

as at	31 July 2020 \$'000	31 January 2020 \$'000
Assets		
Fixed assets		
Investments	308,990	358,674
Current assets		
Debtors	5,576	1,604
Cash and bank balances	1,601	2,931
Cash equivalents	17,987	14,830
Total assets	334,154	378,039
Liabilities		
Creditors		
Distribution payable	(3,397)	(3,331)
Other creditors	(5,383)	(2,210)
Total liabilities	(8,780)	(5,541)
Net assets attributable to shareholders	325,374	372,498

M&G Global Strategic Value Fund

Financial statements and notes

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared in accordance with the 'Accounting policies' set out on page 4.

Distribution policy

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

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

Marginal tax relief has not been taken into account in respect of expenses offset against capital.

M&G Investment Funds (12)

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.

Charity Authorised Investment Fund (CAIF) : An investment entity that is both a registered charity and an authorised investment fund. The CAIF must comply with charity law as well as financial services laws and regulations, and is usually treated as a registered charity for tax purposes.

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 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.

Glossary

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, ex-distribution or XD date: The date on which declared distributions officially belong to underlying investors.

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 predetermined 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.

Glossary

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.

Ongoing Charge Figure: The Ongoing charge Figure represents the operating costs investors can reasonably expect to pay under normal circumstances.

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.

Preference shares: Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

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.

Property Expense Ratio (PER): Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

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 nonpayment 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.

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.

Glossary

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.

