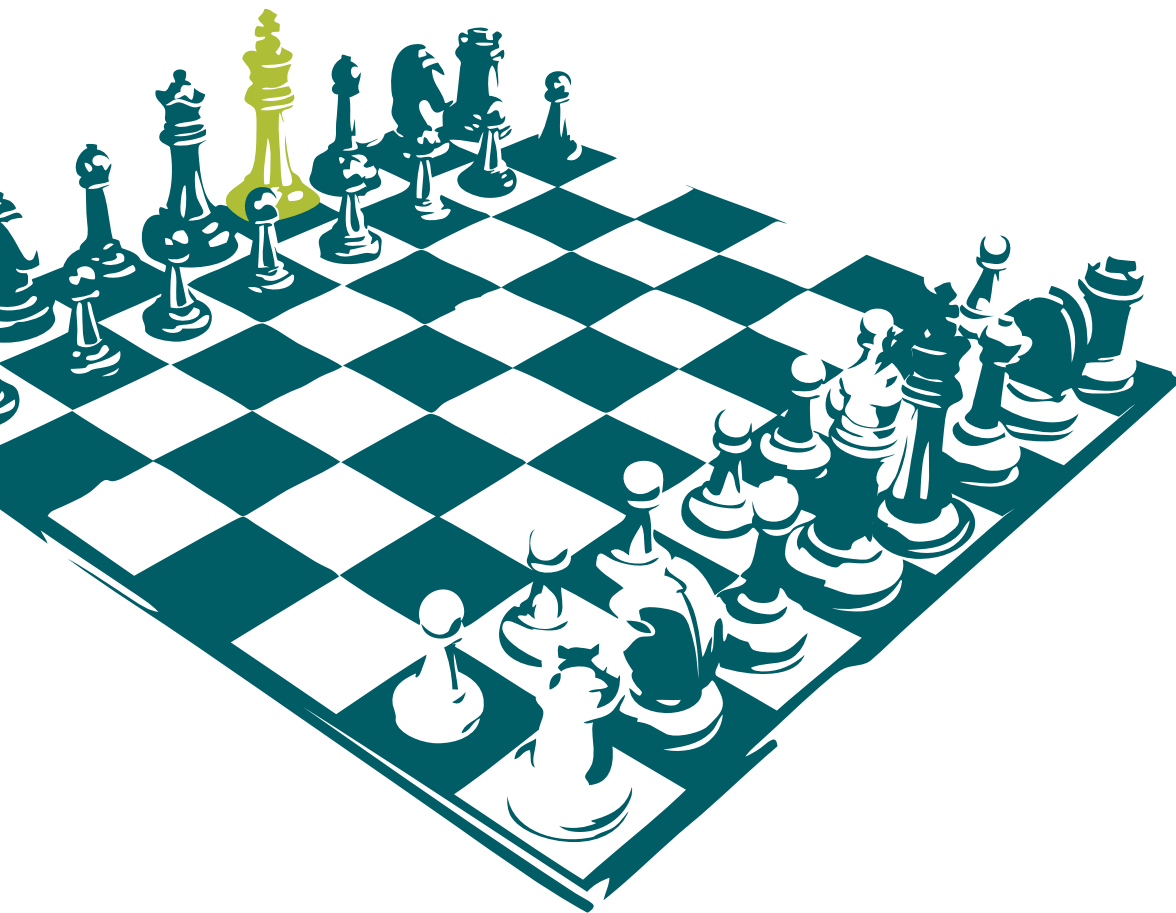




# M&G Investment Funds (5)

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



# Contents

## **M&G Investment Funds (5)**

**Authorised Corporate Director's Report** Page 1

**Financial statements and notes** Page 4

Accounting policies Page 4

Directors' statement Page 4

## **Authorised Corporate Director's Reports, including the financial highlights and financial statements and notes for:**

M&G Episode Macro Fund Page 5

M&G Global Corporate Bond Fund Page 15

**Other regulatory disclosures** Page 27

**Glossary** Page 28

# M&G Investment Funds (5)

## Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (5) presents its Interim Long Report and unaudited Financial Statements for the six months ended 30 June 2016.

The unaudited financial statements of M&G Investment Funds (5) and the investment report and unaudited financial statements and notes of each 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 (5) is an umbrella Open-Ended Investment Company (OEIC) and contains two sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each 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 24 December 2002, the M&G Episode Macro Fund was launched on 3 June 2010 and the M&G Global Corporate Bond Fund was launched on 5 September 2013.

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. The funds are operated separately and the assets of each fund are managed in accordance with the investment objective and policy applicable to that fund.

As at 30 June 2016, none of the funds held shares of the other funds within this 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 managers

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

##### **M&G Episode Macro Fund**

David Fishwick & Eric Lonergan

##### **M&G Global Corporate Bond Fund**

Ben Lord

#### 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)

#### Depositary

National Westminster Bank Plc, Trustee & Depositary 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

# M&G Investment Funds (5)

## Authorised Corporate Director's Report

### 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 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 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](mailto: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

#### 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

# M&G Investment Funds (5)

## Authorised Corporate Director's Report

### 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 each of the funds 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 Investment Funds (5)

## Financial statements and notes

The financial statements for M&G Investment Funds (5) comprise the individual financial statements for each 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 annual financial statements for the year ended 31 December 2015. They are prepared in accordance with 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).

### 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

8 August 2016

# M&G Episode Macro Fund

## Authorised Corporate Director's Report

### Investment objective

The Fund aims to deliver a higher total return, with lower volatility on average, than global equities over a rolling three to five year period. There is no guarantee that the Fund will achieve a positive return over this, or any other, period and investors may not recoup the original amount they invested.

### Investment policy

The fund manager adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets. Central to this approach is the identification of episodes, which are periods of time during which, in the fund manager's view, asset prices become over- or under-stated, relative to objective valuation measures, due to the emotional reaction of investors to events. These episodes can exist over both the short and medium term. The short term volatility of the fund may be high.

The Fund will typically invest in a variety of equity index futures, currency forwards, interest rate swaps, and other highly-liquid derivatives. The portfolio may therefore comprise a high proportion of cash and near cash, the majority of which is likely to be held in cash deposits. In addition to derivatives, the fund may invest in a range of equities, fixed income and other assets, including collective investment schemes, other transferable securities, deposits, warrants and money market instruments.

Subject to rigorous risk management, the fund is likely to operate with a gross asset exposure in excess of net assets. This will be achieved through the use of derivative contracts, often with a view to increasing diversification.

### Investment approach

The managers believe the best approach for achieving the fund objective lies in the flexible allocation of capital between asset classes, guided by a robust valuation framework. In particular, they seek to respond where asset prices move away from a reasonable sense of 'fair' value due to investors reacting emotionally to events. They believe such 'episodes' create opportunities because emotions should be less important than underlying fundamentals over the medium and long term.

The fund is fully flexible and is not bound by any sense of neutrality or benchmark. The fund's investment strategy is likely to involve the use of financial instruments to take short positions, that is, positions that profit from a fall in the price of an asset, or to generate modest amounts of leverage (gain exposure to greater investment than the net asset value of the fund).

### Risk profile

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

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

The fund is fully flexible and is managed aggressively, although the managers will seek to maximise portfolio diversity wherever possible. However, in cases where the managers believe that the opportunities are limited to a few areas, there may be a higher-than-usual concentration of asset or market exposure. Such strategies may result in higher volatility of the fund's short-term performance.

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

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



The above number:

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

### Investment review

**As at 1 July 2016, for the six months ended 30 June 2016**

#### Performance against objective

Between 4 January 2016 (the start of the review period) and 1 July 2016, the M&G Episode Macro Fund delivered a positive or flat return across all but one share class.<sup>[a]</sup> This was despite a very turbulent market environment over the first half of the review period, in which nervous sentiment saw investors shun the so-called 'risk' assets the fund was positioned in favour of. Over the period as a whole, maintaining a geographically diverse selection of equity (or company shares) and bond positions proved helpful in terms of gains from some areas offsetting losses from others. (Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as 'corporate bonds', while those issued by governments are called 'government bonds'.)

Over rolling periods of three to five years, the fund has not achieved its aim of delivering a higher total return, with lower volatility on average, than global equities. While volatility of the fund has been lower, total returns have lagged global equities.

# M&G Episode Macro Fund

## Authorised Corporate Director's Report

### Investment review

#### Investment performance

The six months under review was a very turbulent period across global financial markets, driven by sharp shifts in sentiment. Investors found plenty to fret about over the first half of 2016: a slowdown in Chinese economic growth, fears that the US would enter another recession, the UK's referendum on membership of the European Union (EU), and whether this would have knock-on effects – both political and economic – on the rest of Europe. Although there was a short-lived rebound in risk appetite during February and March 2016, overall, the period was characterised by a great deal of uncertainty and pessimism over the global economic outlook.

This nervous backdrop, in which investors largely shunned 'risk' assets like equities in favour of 'safe havens' such as bonds issued by governments in developed countries, made for a challenging environment. The fund's performance in such a variable review period is attributable to the portfolio holding a diverse range of investments, some of which compensated for others. For example, within equities, a basket of UK mining stocks delivered strong gains, which helped to offset losses from exposure to the broad European and Japanese equity markets, as well as a basket of banking stocks.

Meanwhile, within the bond allocation, the fund was positioned to profit from a decline in the value of US bonds due to mature in five years, and from an increase in value of US bonds due to mature in 30 years. However, US government bonds – perceived to be some of the lowest risk assets in the world – did well across the board amid nervous sentiment. This meant the two sides of this trade offset each other. The fund was also positioned to profit from a decline in value of Japanese government bonds, also regarded as 'safe havens', and this position incurred losses. Elsewhere, there was a notable contribution from the fund's diverse basket of global currencies.

#### Investment activities

By the middle of 2016, the fund's portfolio looked somewhat different compared to the start of the review period. Overall, the fund remained positioned in favour of equities and away from bonds. However, the degree to which the fund is positioned in this way has been increased somewhat, as over the period, the difference in performance between equities and bonds widened the gap in valuation between these asset classes. Although we do not believe equities have become significantly cheaper, bonds did become materially more expensive. As such, we feel equities are even better placed to outperform bonds over the period ahead. However, we believe equities are most attractively priced when compared to bonds, rather than in their own right. Therefore, we felt the most prudent way to exploit this was to increase our 'bet' against bonds, rather than increase the fund's equity exposure.

Overall, the fund's equity exposure was actually reduced over the period, by cutting positions across regional allocations. However, the movement away from bonds was more pronounced. This was achieved by opening a large position designed to profit from a decline in value of US government bonds due to mature in five years. We also closed the position designed to profit from an increase in value of US government bonds due to mature in 30 years.

### Outlook

The review period ended with investors keenly focused on geopolitics and how events such as the UK's exit from the EU may affect economies and markets. Political uncertainty aside, while world economic growth is far from strong, progress is modest and remains encouraging, in our view. We believe it is important to remember that at any given time there are multiple factors at play when assessing the long-term outlook for financial markets, so we feel we need to avoid falling into the trap of solely focusing on one single event.

There is a lot of uncertainty at the moment among investors, and across the global economy as a whole. We feel this is not necessarily a cause for concern; in fact, the large swings in sentiment may present us with opportunities. In the meantime, we continue to maintain the view that so-called 'safe havens', such as developed market government bonds are unattractive, not just because of their high prices, but also because they appear very vulnerable to changes in sentiment. Our answer is to back assets that offer attractive valuations that are adequately compensating us for the associated risk, and diversify the portfolio across both sectors and geographies. As such, we remain comfortable with the portfolio being currently positioned broadly 'pro-risk', that is, in favour of selected equity markets and away from developed market government bonds.

#### David Fishwick & Eric Lonergan

Co-fund managers

Employees 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.

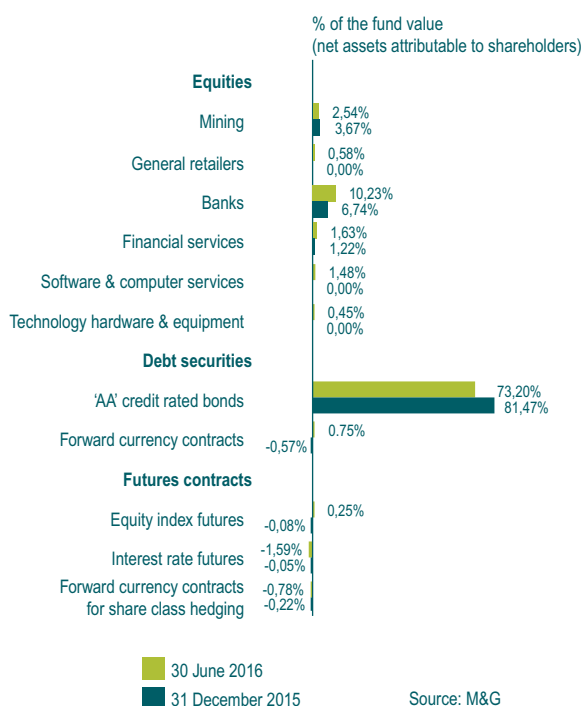


# M&G Episode Macro Fund

## Authorised Corporate Director's Report

### Investment review

#### Classification of investments



### Investments

#### Portfolio statement

Holding	30.06.16 \$'000	30.06.16 %	31.12.15 %
<b>Equities</b>	<b>14,602</b>	<b>16,91</b>	<b>11,63</b>
<b>Mining</b>	<b>2,195</b>	<b>2,54</b>	<b>3,67</b>
25.409 Anglo American	250	0,29	
41.601 BHP Billiton	525	0,61	
225.635 Glencore	471	0,54	
1.819 Randgold Resources	204	0,24	
24.294 Rio Tinto	745	0,86	
<b>General retailers</b>	<b>501</b>	<b>0,58</b>	<b>0,00</b>
700 Amazon	501	0,58	
<b>Banks</b>	<b>8,836</b>	<b>10,23</b>	<b>6,74</b>
104.405 Bank of America	1.376	1,59	
32.862 Citigroup	1.384	1,60	
23.744 JPMorgan Chase	1.453	1,68	
1.514.438 Lloyds Banking Group	1.104	1,28	
157.500 Mitsubishi UFJ Financial Group	698	0,81	
500.000 Mizuho Financial Group	721	0,84	
23.700 Sumitomo Mitsui Financial Group	675	0,78	
30.359 Wells Fargo	1.425	1,65	
<b>Financial services</b>	<b>1,410</b>	<b>1,63</b>	<b>1,22</b>
23.643 American Express	1.410	1,63	
<b>Software &amp; computer services</b>	<b>1,273</b>	<b>1,48</b>	<b>0,00</b>
600 Alphabet A	417	0,49	
4.000 Facebook	457	0,53	
7.900 Microsoft	399	0,46	
<b>Technology hardware &amp; equipment</b>	<b>387</b>	<b>0,45</b>	<b>0,00</b>
4.100 Apple	387	0,45	
<b>Debt securities</b>	<b>63,193</b>	<b>73,20</b>	<b>81,47</b>
<b>'AA' credit rated bonds</b>	<b>63,193</b>	<b>73,20</b>	<b>81,47</b>
\$15.696.700 US Treasury 0% 2016 (7 Jul)	15.696	18,18	
\$8.737.500 US Treasury 0% 2016 (14 Jul)	8.737	10,12	
\$3.548.200 US Treasury 0% 2016 (24 Aug)	3.547	4,11	
\$9.700.600 US Treasury 0% 2016 (8 Sep)	9.697	11,23	
\$9.351.000 US Treasury 0% 2016 (15 Sep)	9.347	10,83	
\$8.152.000 US Treasury 0% 2016 (22 Sep)	8.147	9,44	
\$8.027.400 US Treasury 0% 2016 (29 Sep)	8.022	9,29	
<b>Forward currency contracts</b>	<b>651</b>	<b>0,75</b>	<b>(0,57)</b>
BRL12.726.286 Bought for \$3.506.733 (expires 29.07.16)	418	0,48	
BRL(1.033.327) Sold for €305.537 (expires 29.07.16)	(13)	(0,02)	
CZK(53.735.240) Sold for \$2.252.129 (expires 29.07.16)	42	0,05	
€1.511.544 Bought for \$1.694.971 (expires 29.07.16)	(9)	(0,01)	
€(5.548.057) Sold for \$6.293.773 (expires 29.07.16)	105	0,12	
HKD750.964 Bought for \$96.755 (expires 29.07.16)	0	0,00	
HKD(5.716.896) Sold for \$737.354 (expires 29.07.16)	0	0,00	
IDR71.162.786.331 Bought for \$5.310.656 (expires 29.07.16)	56	0,07	
IDR(2.198.535.573) Sold for \$166.241 (expires 29.07.16)	0	0,00	
¥137.213.653 Bought for \$1.317.443 (expires 29.07.16)	18	0,02	
¥(335.171.021) Sold for \$3.021.104 (expires 29.07.16)	(242)	(0,28)	
KRW223.980.505 Bought for \$189.189 (expires 29.07.16)	5	0,01	

# M&G Episode Macro Fund

## Authorised Corporate Director's Report

### Investments

Portfolio statement (continued)			
Holding	30.06.16 \$'000	30.06.16 %	31.12.15 %
<b>Forward currency contracts (continued)</b>			
KRW(2,498,941.972) Sold for \$2,168,976 (expires 29.07.16)	0	0,00	
SGD389.051 Bought for \$287,154 (expires 29.07.16)	2	0,00	
SGD(4,554.892) Sold for \$3,370,524 (expires 29.07.16)	(14)	(0,02)	
£629.954 Bought for \$868,087 (expires 29.07.16)	(18)	(0,02)	
£(2,957,390) Sold for \$4,328,103 (expires 29.07.16)	339	0,39	
CHF(1,311,891) Sold for \$1,353,679 (expires 29.07.16)	7	0,01	
TWD4,924,586 Bought for \$152,346 (expires 29.07.16)	0	0,00	
TWD(101,863,157) Sold for \$3,148,297 (expires 29.07.16)	(11)	(0,01)	
TRY15,236,861 Bought for \$5,285,621 (expires 29.07.16)	(34)	(0,04)	
<b>Futures contracts</b>	<b>(1,154)</b>	<b>(1,34)</b>	<b>(0,13)</b>
<b>Equity index futures</b>	<b>216</b>	<b>0,25</b>	<b>(0,08)</b>
136 EURO STOXX 50 Index Sep 2016	41	0,05	
26 FTSE 100 Index Sep 16	139	0,16	
22 FTSE MIB Index Sep16	(18)	(0,02)	
80 H-Shares Index Jul 16	219	0,25	
34 KOSPI 200 Index Sep 16	(30)	(0,04)	
95 MSCI Singapore Index Jul 2016	110	0,13	
37 TOPIX Index Sep 2016	(245)	(0,28)	
<b>Interest rate futures</b>	<b>(1,370)</b>	<b>(1,59)</b>	<b>(0,05)</b>
(12) 10 Year Japan Government Bond Sep 16	(92)	(0,11)	
(696) 5 Year US Treasury Note Sep 2016	(1,278)	(1,48)	
<b>Portfolio of investments</b>	<b>77,292</b>	<b>89,52</b>	<b>92,40</b>
<b>Forward currency contracts for share class hedging</b>			
€6,118,752 Bought for \$6,847,871 (expires 27.07.16)	(23)	(0,02)	
€(323,529) Sold for \$361,259 (expires 27.07.16)	0	0,00	
£6,994,395 Bought for \$10,110,270 (expires 27.07.16)	(674)	(0,78)	
£(433,352) Sold for \$601,607 (expires 27.07.16)	17	0,02	
CHF76,104 Bought for \$77,072 (expires 27.07.16)	1	0,00	
CHF(5,242) Sold for \$5,381 (expires 27.07.16)	0	0,00	
<b>Total portfolio</b>	<b>76,613</b>	<b>88,74</b>	<b>92,18</b>
<b>Net other assets / (liabilities)</b>	<b>9,723</b>	<b>11,26</b>	<b>7,82</b>
<b>Net assets attributable to shareholders</b>	<b>86,336</b>	<b>100,00</b>	<b>100,00</b>

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

Portfolio transactions		
for the six months to 30 June	2016	2015
Portfolio transactions	\$'000	\$'000
Total purchases	144,046	192,307
Total sales	165,610	189,709

# M&G Episode Macro 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 graph and table reflect the key financial information of a representative share class, Sterling Class 'S-H' (Accumulation) shares. As different share classes have different attributes, for example charging structures, please be aware that their performance may be different.

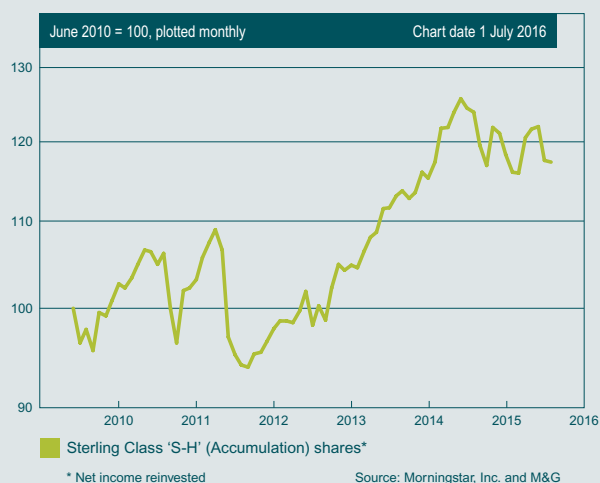
### Fund level performance

#### Fund net asset value

as at	30.06.16 \$'000	31.12.15 \$'000	31.12.14 \$'000
Fund net asset value (NAV)	86.336	106.905	110.620

### Share class performance since launch

To give an indication of how the fund has performed since launch, the graph below shows total return of Sterling Class 'S-H' (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 04.01.16 % [a]	Three years 01.07.13 % p.a.	Five years 01.07.11 % p.a.	Since launch % p.a.
<b>Euro [b]</b>				
Class 'B-H'	+0,0	+5,0	n/a	+1,1 [c]
Class 'S-H'	+0,2	+5,4	+1,4	+2,2 [d]
Class 'T-H'	+0,7	+5,3	+1,5	+2,1 [d]
<b>Sterling [b]</b>				
Class 'S-H'	+0,4	+6,0	+2,1	+2,7 [d]
Class 'T-H'	+1,3	+5,8	+2,1	+2,7 [d]
<b>Swiss franc [b]</b>				
Class 'S-H'	+0,0	+4,9	n/a	+4,8 [e]
Class 'T-H'	+0,5	+5,6	n/a	+5,4 [e]
<b>US dollar [b]</b>				
Class 'N'	-6,0	+7,2	+3,9	+4,0 [d]
Class 'S'	+0,6	+5,8	+1,8	+2,5 [d]
Class 'T'	+1,0	+6,5	+2,3	+2,9 [d]

[a] Absolute basis.

[b] Price to price with net income reinvested.

[c] 19 April 2012, the launch date of the share class.

[d] 3 June 2010, the launch date of the fund.

[e] 28 September 2012, the launch date of the share class.

# M&G Episode Macro 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).
- **Performance fee:** Fee based on fund performance.
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.

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](http://www.mandg.co.uk/prospectuses) or by calling M&G Customer Relations.

### Portfolio transaction costs

	Six months to 30.06.16	Year to 31.12.15	Year to 31.12.14	Average <sup>[a]</sup>
Direct portfolio transaction costs <sup>[b]</sup>	%	%	%	%
Broker commission	0,06	0,02	0,02	0,03
Taxes	0,05	0,02	0,01	0,03
Costs before dilution adjustments	0,11	0,04	0,03	0,06
Dilution adjustments <sup>[c]</sup>	0,00	0,00	0,00	0,00
Total direct portfolio transaction costs	0,11	0,04	0,03	0,06
as at	30.06.16	31.12.15	31.12.14	Average <sup>[a]</sup>
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0,02	0,01	0,01	0,01

<sup>[a]</sup> Average of first three columns.

<sup>[b]</sup> As a percentage of average net asset value.

<sup>[c]</sup> In respect of direct portfolio transaction costs.

# M&G Episode Macro 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 'B-H' Accumulation share performance

The share class was launched on 19 April 2012.

	Six months to 30.06.16 Euro ¢	Year to 31.12.15 Euro ¢	Year to 31.12.14 Euro ¢
<b>Change in NAV per share</b>			
Opening NAV	1.057,73	1.040,85	954,35
Return before operating charges and after direct portfolio transaction costs	2,41	43,71	111,33
Operating charges	(12,86)	(26,83)	(24,83)
Return after operating charges	(10,45)	16,88	86,50
Closing NAV	1.047,28	1.057,73	1.040,85
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0,59	0,37	0,25
Dilution adjustments <sup>[b]</sup>	(0,03)	(0,01)	0,00
Total direct portfolio transaction costs	0,56	0,36	0,25
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	2,45	2,45	2,49
Return after operating charges	-0,99	+1,62	+9,06
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	29	29	32
Closing NAV percentage of total fund NAV (%)	0,03	0,03	0,03
Number of shares	2.500	2.500	2.500
Highest share price (Euro ¢)	1.130,00	1.140,66	1.051,81
Lowest share price (Euro ¢)	971,00	1.031,09	934,06

#### Euro Class 'S-H' Accumulation share performance

The share class was launched on 3 June 2010.

	Six months to 30.06.16 Euro ¢	Year to 31.12.15 Euro ¢	Year to 31.12.14 Euro ¢
<b>Change in NAV per share</b>			
Opening NAV	1.150,41	1.134,24	1.030,35
Return before operating charges and after direct portfolio transaction costs	1,80	39,31	125,52
Operating charges	(11,09)	(23,14)	(21,63)
Return after operating charges	(9,29)	16,17	103,89
Closing NAV	1.141,12	1.150,41	1.134,24
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0,64	0,41	0,28
Dilution adjustments <sup>[b]</sup>	(0,03)	(0,01)	0,00
Total direct portfolio transaction costs	0,61	0,40	0,28
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	1,95	1,95	1,98
Return after operating charges	-0,81	+1,43	+10,08
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	2.879	1.383	68
Closing NAV percentage of total fund NAV (%)	3,34	1,29	0,06
Number of shares	226.366	110.366	4.900
Highest share price (Euro ¢)	1.227,00	1.237,25	1.144,70
Lowest share price (Euro ¢)	1.057,00	1.123,77	1.008,90

#### Euro Class 'T-H' Accumulation share performance

The share class was launched on 3 June 2010.

	Six months to 30.06.16 Euro ¢	Year to 31.12.15 Euro ¢	Year to 31.12.14 Euro ¢
<b>Change in NAV per share</b>			
Opening NAV	1.139,00	1.087,58	1.030,63
Return before operating charges and after direct portfolio transaction costs	2,18	66,93	96,26
Operating charges	(5,40)	(11,04)	(17,53)
Performance fee	0,00	(4,47)	(21,78)
Return after operating charges	(3,22)	51,42	56,95
Closing NAV	1.135,78	1.139,00	1.087,58
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0,63	0,40	0,27
Dilution adjustments <sup>[b]</sup>	(0,03)	(0,01)	0,00
Total direct portfolio transaction costs	0,60	0,39	0,27
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	0,95	0,95	1,63
Performance fee	0,00	0,39	2,02
Return after operating charges	-0,28	+4,73	+5,53
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	3.673	3.600	4.158
Closing NAV percentage of total fund NAV (%)	4,26	3,37	3,76
Number of shares	290.156	290.156	314.545
Highest share price (Euro ¢)	1.196,00	1.202,03	1.124,85
Lowest share price (Euro ¢)	1.048,00	1.102,15	1.009,31

# M&G Episode Macro Fund

## Financial highlights

### Specific share class performance

#### Sterling Class 'S-H' Accumulation share performance

The share class was launched on 3 June 2010.

Change in NAV per share	Six months to 30.06.16 UK p	Year to 31.12.15 UK p	Year to 31.12.14 UK p
Opening NAV	118,41	115,43	104,82
Return before operating charges and after direct portfolio transaction costs	0,37	5,36	12,77
Operating charges	(1,14)	(2,38)	(2,16)
Return after operating charges	(0,77)	2,98	10,61
Closing NAV	117,64	118,41	115,43
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0,07	0,04	0,03
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,07	0,04	0,03
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	1,94	1,95	1,98
Return after operating charges	-0,65	+2,58	+10,12
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	3.542	291	175
Closing NAV percentage of total fund NAV (%)	4,10	0,27	0,16
Number of shares	2.232.115	166.000	97.000
Highest share price (UK p)	125,93	126,80	116,68
Lowest share price (UK p)	108,47	114,39	103,60

#### Sterling Class 'T-H' Accumulation share performance

The share class was launched on 3 June 2010.

Change in NAV per share	Six months to 30.06.16 UK p	Year to 31.12.15 UK p	Year to 31.12.14 UK p
Opening NAV	117,59	114,42	105,38
Return before operating charges and after direct portfolio transaction costs	0,83	5,33	12,98
Operating charges	(0,57)	(1,14)	(1,76)
Performance fee	(0,03)	(1,02)	(2,18)
Return after operating charges	0,23	3,17	9,04
Closing NAV	117,82	117,59	114,42
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0,07	0,04	0,03
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,07	0,04	0,03
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	0,97	0,95	1,61
Performance fee	0,05	0,86	1,98
Return after operating charges	+0,20	+2,77	+8,58
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	5.481	30.326	39.334
Closing NAV percentage of total fund NAV (%)	6,35	28,37	35,55
Number of shares	3.448.673	17.403.312	22.025.229
Highest share price (UK p)	122,98	123,47	115,32
Lowest share price (UK p)	108,13	113,12	103,24

#### Swiss franc Class 'S-H' Accumulation share performance

The share class was launched on 28 September 2012.

Change in NAV per share	Six months to 30.06.16 Swiss ¢	Year to 31.12.15 Swiss ¢	Year to 31.12.14 Swiss ¢
Opening NAV	1.207,00	1.194,66	1.090,40
Return before operating charges and after direct portfolio transaction costs	(0,42)	36,78	126,86
Operating charges	(11,72)	(24,44)	(22,60)
Return after operating charges	(12,14)	12,34	104,26
Closing NAV	1.194,86	1.207,00	1.194,66
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Swiss ¢</b>	<b>Swiss ¢</b>	<b>Swiss ¢</b>
Costs before dilution adjustments	0,67	0,43	0,29
Dilution adjustments <sup>[b]</sup>	(0,03)	(0,01)	0,00
Total direct portfolio transaction costs	0,64	0,42	0,29
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	1,96	1,95	1,98
Return after operating charges	-1,01	+1,03	+9,56
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	37	36	36
Closing NAV percentage of total fund NAV (%)	0,04	0,03	0,03
Number of shares	3.000	3.000	3.000
Highest share price (Swiss ¢)	1.292,00	1.304,85	1.206,66
Lowest share price (Swiss ¢)	1.108,00	1.183,54	1.067,72

# M&G Episode Macro Fund

## Financial highlights

### Specific share class performance

#### Swiss franc Class 'T-H' Accumulation share performance

The share class was launched on 28 September 2012.

	Six months to 30.06.16 Swiss ¢	Year to 31.12.15 Swiss ¢	Year to 31.12.14 Swiss ¢
<b>Change in NAV per share</b>			
Opening NAV	1,227,00	1,202,38	1,093,19
Return before operating charges and after direct portfolio transaction costs	(0,89)	36,70	127,51
Operating charges	(5,84)	(12,08)	(18,32)
Return after operating charges	(6,73)	24,62	109,19
Closing NAV	1,220,27	1,227,00	1,202,38
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Swiss ¢</b>	<b>Swiss ¢</b>	<b>Swiss ¢</b>
Costs before dilution adjustments	0,68	0,44	0,29
Dilution adjustments <sup>[b]</sup>	(0,03)	(0,01)	0,00
Total direct portfolio transaction costs	0,65	0,43	0,29
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	0,96	0,95	1,60
Return after operating charges	-0,55	+2,05	+9,99
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	37	37	36
Closing NAV percentage of total fund NAV (%)	0,04	0,03	0,03
Number of shares	3,000	3,000	3,000
Highest share price (Swiss ¢)	1,308,00	1,318,47	1,213,58
Lowest share price (Swiss ¢)	1,127,00	1,191,44	1,070,69

#### US dollar Class 'N' Accumulation share performance

US dollar Class 'N' shares are not generally available to all investors.

The share class was launched on 3 June 2010.

	Six months to 30.06.16 US ¢	Year to 31.12.15 US ¢	Year to 31.12.14 US ¢
<b>Change in NAV per share</b>			
Opening NAV	1,284,00	1,234,10	1,105,07
Return before operating charges and after direct portfolio transaction costs	6,57	52,29	131,44
Operating charges	(1,20)	(2,39)	(2,41)
Return after operating charges	5,37	49,90	129,03
Closing NAV	1,289,37	1,284,00	1,234,10
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0,73	0,45	0,29
Dilution adjustments <sup>[b]</sup>	(0,04)	(0,01)	0,00
Total direct portfolio transaction costs	0,69	0,44	0,29
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	0,19	0,18	0,21
Return after operating charges	+0,42	+4,04	+11,68
Historic yield	0,00	0,00	0,57
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	64,246	63,994	62,962
Closing NAV percentage of total fund NAV (%)	74,42	59,86	56,92
Number of shares	4,982,754	4,982,754	5,101,854
Highest share price (US ¢)	1,357,00	1,362,98	1,245,23
Lowest share price (US ¢)	1,180,00	1,223,21	1,083,47

#### US dollar Class 'S' Accumulation share performance

The share class was launched on 3 June 2010.

	Six months to 30.06.16 US ¢	Year to 31.12.15 US ¢	Year to 31.12.14 US ¢
<b>Change in NAV per share</b>			
Opening NAV	1,168,00	1,142,19	1,040,24
Return before operating charges and after direct portfolio transaction costs	5,54	48,91	123,48
Operating charges	(11,24)	(23,10)	(21,53)
Return after operating charges	(5,70)	25,81	101,95
Closing NAV	1,162,30	1,168,00	1,142,19
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0,66	0,41	0,28
Dilution adjustments <sup>[b]</sup>	(0,03)	(0,01)	0,00
Total direct portfolio transaction costs	0,63	0,40	0,28
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	1,94	1,93	1,94
Return after operating charges	-0,49	+2,26	+9,80
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	5,563	5,363	2,595
Closing NAV percentage of total fund NAV (%)	6,44	5,02	2,35
Number of shares	478,587	459,187	227,162
Highest share price (US ¢)	1,244,00	1,252,49	1,153,97
Lowest share price (US ¢)	1,071,00	1,131,73	10,19

#### US dollar Class 'T' Accumulation share performance

The share class was launched on 3 June 2010.

	Six months to 30.06.16 US ¢	Year to 31.12.15 US ¢	Year to 31.12.14 US ¢
<b>Change in NAV per share</b>			
Opening NAV	1,194,00	1,156,14	1,049,12
Return before operating charges and after direct portfolio transaction costs	5,72	49,30	124,40
Operating charges	(5,61)	(11,44)	(17,38)
Return after operating charges	0,11	37,86	107,02
Closing NAV	1,194,11	1,194,00	1,156,14
Retained distributions	n/a	nil	nil
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0,67	0,42	0,28
Dilution adjustments <sup>[b]</sup>	(0,03)	(0,01)	0,00
Total direct portfolio transaction costs	0,64	0,41	0,28
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,11	0,04	0,03
Operating charges	0,94	0,93	1,58
Return after operating charges	+0,01	+3,27	+10,20
Historic yield	0,00	0,00	0,00
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	849	1,846	1,224
Closing NAV percentage of total fund NAV (%)	0,98	1,73	1,11
Number of shares	71,135	154,635	105,916
Highest share price (US ¢)	1,266,00	1,272,71	1,167,19
Lowest share price (US ¢)	1,096,00	1,145,78	1,027,52

<sup>[a]</sup> As a percentage of average net asset value.

<sup>[b]</sup> In respect of direct portfolio transaction costs.



# M&G Episode Macro Fund

## Financial statements and notes

### Financial statements

#### Statement of total return

for the six months to 30 June	2016		2015	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains / (losses)		(2,293)		9,859
Revenue	(128)		(385)	
Expenses	(213)		(989) <sup>[a]</sup>	
Net revenue / (expense) before taxation	(341)		(1,374)	
Taxation	(12)		(18)	
Net revenue / (expense) after taxation		(353)		(1,392)
<b>Total return before equalisation</b>		<b>(2,646)</b>		<b>8,467</b>
Equalisation		(15)		0
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(2,661)</b>		<b>8,467</b>

#### Statement of change in net assets attributable to shareholders

for the six months to 30 June	2016		2015	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>106,905</b>		<b>110,620</b>
Amounts received on issue of shares	7,952		6,680 <sup>[a]</sup>	
Amounts paid on cancellation of shares	(25,863)		(8,499) <sup>[a]</sup>	
		(17,911)		(1,819)
Dilution adjustments		3		1 <sup>[a]</sup>
Change in net assets attributable to shareholders from investment activities (see above)		(2,661)		8,467
<b>Closing net assets attributable to shareholders</b>		<b>86,336</b>		<b>117,269</b>

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 June 2016	31 December 2015
	\$'000	\$'000
<b>Fixed assets</b>		
Investments	79,314	100,364
<b>Current assets</b>		
Debtors	98	48
Cash and bank balances	9,649	8,867
<b>Total assets</b>	<b>89,061</b>	<b>109,279</b>
<b>Liabilities</b>		
Investment liabilities	(2,701)	(1,823)
<b>Creditors</b>		
Other creditors	(24)	(551)
<b>Total liabilities</b>	<b>(2,725)</b>	<b>(2,374)</b>
<b>Net assets attributable to shareholders</b>	<b>86,336</b>	<b>106,905</b>

<sup>[a]</sup> Restated, please see notes to the financial statements.

### Notes to the financial statements

#### Accounting policies

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

The fund has adopted FRS 102 and the 2014 SORP. As a result there are some presentational changes to the classification of items in the financial statements. The following presentational changes are considered to be minimal and have no impact on the total return or net asset value in either the current or prior accounting period. In the 'Statement of change in net assets attributable to shareholders', 'Dilution adjustments' are now disclosed as a separate line item.

'Dilution adjustments' totalling \$3,000 (2015: \$1,000) have been reclassified from 'Amounts received on issue of shares' of \$2,000 (2015: \$1,000) and 'Amounts paid on cancellation of shares' of \$1,000 (2015: \$nil).

Interest payable of \$5,000 (2015: \$2,000) has been reclassified from 'Equalisation' into 'Expenses'.



# M&G Global Corporate Bond Fund

## Authorised Corporate Director's Report

### Investment objective

The Fund aims to maximise total return (the combination of income and growth of capital).

### Investment policy

The Fund invests on a global basis mainly in investment grade corporate bonds denominated in any currency. The Fund's exposure to investment grade corporate bonds may be gained through the use of derivatives.

The Fund may also invest in high yield corporate bonds, government and public securities, collective investment schemes, other transferable securities, cash and near cash, deposits, warrants and money market instruments which may be denominated in any currency.

Any currency exposures within the Fund may be managed by currency hedges.

Derivatives may be used in pursuit of the fund objective and for efficient portfolio management purposes.

### Investment approach

The fund manager believes that bond returns are driven by a combination of macroeconomic, asset class, sector, geographic and individual credit-level factors. A dynamic investment approach combining top-down and bottom-up stock selection is followed, allowing the fund manager to change the blend of duration and credit exposure based on his outlook for bond markets. An in-house team of independent credit analysts assists the fund manager in individual credit selection along with the monitoring of names held by the fund.

The fund is not managed closely to a benchmark, which allows for a flexible and high-conviction investment approach. The fund's currency exposure is typically hedged back to its base currency.

### Risk profile

The fund invests mainly in investment grade corporate bonds denominated in any currency. It is therefore subject to the price volatility of the global bond market as well as the performance of individual issuers. It is also subject to fluctuations in currency exchange rates.

The fund's focus is on high-quality corporate bonds, securities that are normally traded with relative ease. Up to 20% of the fund may be invested in other fixed income investments, such as government bonds, which are typically highly liquid assets, or high yield corporate bonds, which are higher risk assets that could potentially experience a degree of illiquidity in times of market distress.

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

Portfolio diversification is key in managing liquidity and default risks as well as 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-H' shares.



The above number:

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

### Investment review

**As at 1 July 2016, for the six months ended 30 June 2016**

#### Performance against objective

Between 4 January 2016 (the start of the review period) and 1 July 2016, the M&G Global Corporate Bond Fund produced a positive total return (the combination of income and growth of capital) across all share classes.<sup>[a]</sup> The fund's performance was broadly in line with the average return from its peer group of comparable global corporate bond funds over the same period.

Over the period since the fund's launch on 5 September 2013, the fund has generated a positive total return across all share classes, in accordance with its objective of maximising total returns.

#### Investment performance

As 2016 got under way, investors became increasingly worried about the prospect of slower global growth, driven particularly by the ongoing deceleration of the Chinese economy and renewed weakness in oil and commodity prices. Against the more uncertain outlook, demand for global corporate bonds tended to wane, and as a result, these assets initially delivered mixed returns. In contrast, demand for core government bonds, including those issued by the governments of developed countries such as the US and Germany, increased sharply as investors sought out 'safe-haven' assets. (Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as 'corporate bonds', while those issued by governments are called 'government bonds'.)

In contrast, the price of assets perceived to be riskier (such as emerging market bonds) fell sharply over the first six weeks of 2016. However, higher risk assets, including corporate bonds, staged a rebound from around the middle of February, helped by a stabilisation in oil prices and hints of further stimulus measures from the European Central Bank (ECB). At the same time, some more positive US economic data helped allay fears that the country was about to slip into another recession.

# M&G Global Corporate Bond Fund

## Authorised Corporate Director's Report

### Investment review

#### Investment performance (continued)

By March, there was a significant rebound in most corporate bond markets, reversing the weakness seen at the beginning of the year. The ECB announced additional measures that exceeded market expectations, which included the expansion of the asset-purchase programme by €20 billion a month to €80 billion and the inclusion of euro-denominated bonds issued by non-banks in the list of assets eligible for regular purchase. As a result, demand for corporate bonds increased during March and April as investors moved from 'safe-haven' assets into corporate, high yield and emerging market bonds. (High yield bonds are issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of non-repayment than better quality, ie higher rated fixed income securities but have the potential for higher rewards.)

However, the UK's decision to leave the European Union, announced on 24 June, took markets by surprise and proved to be the key driver of returns over the last days of the review period. Expectations with regard to the timing of interest rate increases in the UK and US began to shift from that point onwards, with the political and economic uncertainty all but ruling out the possibility of any further increases in US interest rates for the foreseeable future. This led to a sharp fall in 10-year US Treasury bond yields, which fell from 1.75% immediately before the referendum to 1.47% by the end of June. There were similar moves in 10-year bunds yields which ended June in negative territory. Gilts also fell to record lows below 1%. (Bond yields refer to the interest received from a fixed interest security, which is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.)

Bond yields typically move in the opposite direction to bond prices, which meant that the significant drop in bond yields resulted in strong returns for US and European government bonds, as well as for highly rated (investment grade) corporate bonds from those regions.

Against this backdrop, the M&G Global Corporate Bond Fund generated a positive return across all of its share classes.

#### Investment activities

We continued to build up our positions in US-dollar denominated bonds over the review period. We maintained the fund's exposure to inflation-linked bonds (also known as index-linked bonds). These are bonds where both the value of the loans and the interest payments are adjusted in line with inflation over the life of the securities, thus providing protection from rising inflation. As at the end of the review period, the total exposure to index-linked bonds stood at approximately 13%, with the majority invested in US Treasury Inflation-Protected Securities (TIPS). We had been reducing the fund's exposure to TIPS after healthy gains over the six months, while increasing the amount of UK government index-linked bonds.

Following a strong performance in the US market at the beginning of the review period, we also added new bonds issued in US dollars. These included bonds from Ford, AT&T Anheuser-Busch InBev, Apple and General Motors as we believed they were attractively priced relative to comparable bonds.

By the middle of the review period, we increased the fund's exposure to euro-denominated issues, including bonds from Commerzbank and AXA Insurance as the price of these bonds were attractive. We sold some long-dated US dollar bonds, which had delivered solid returns, to fund the purchase of the euro-denominated bonds. (Long-dated bonds refer to issues repaid over relatively long periods.)

Following the UK referendum result and the ongoing volatility in financial markets, we reduced our exposure to high yield bonds in both Europe and the US. The proceeds were reinvested into highly rated issues from US corporates, including Microsoft and Oracle.

#### Outlook

We have a positive outlook on corporate bonds and continue to see value in these securities as we believe companies are generally in good financial health. We believe this asset class remains attractive relative to cash and government bonds, can perform well during periods of uncertainty, and can spread risk away from investment in company shares. A combination of historically low yields on government bonds, a relatively low premium for holding corporate bonds over equivalent government bonds, and a weaker macroeconomic outlook, makes European corporate bonds less attractive relative to the US dollar and sterling markets.

Volatility in financial markets appears set to stay high as the outcome from the UK referendum and the implications of Brexit remain uncertain. Geopolitical issues, the direction of central bank monetary policy, and concerns surrounding the strength of the Chinese economy are also potential sources of uncertainty. However, with the continuing strength of the US economy, we continue to believe that investment grade corporate bonds should do well as companies are generally in good shape.

#### Ben Lord

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.

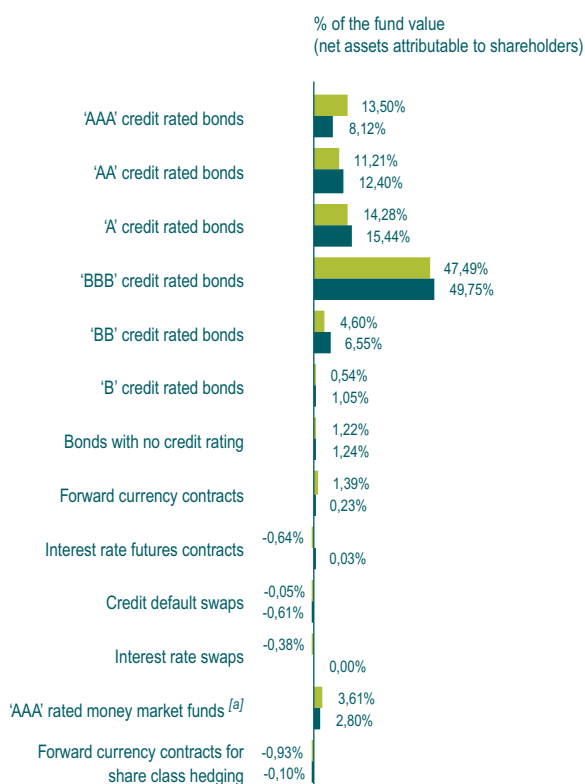
Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial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

# M&G Global Corporate Bond Fund

## Authorised Corporate Director's Report

### Investment review

#### Classification of investments



<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

■ 30 June 2016

■ 31 December 2015

Source: M&G

### Investments

#### Portfolio statement

as at 30 June Holding	30.06.16 \$'000	30.06.16 %	31.12.15 %
<b>Debt securities</b>	<b>21.008</b>	<b>92,84</b>	<b>94,55</b>
<b>'AAA' credit rated bonds</b>	<b>3.055</b>	<b>13,50</b>	<b>8,12</b>
\$400.000 American Tower Trust 3,07% 2048	411	1,81	
€350.000 Germany (Federal Republic of) 1,75% IL 2020	472	2,08	
€350.000 Johnson & Johnson 0,65% 2024	398	1,76	
\$150.000 Microsoft 4,45% 2045	168	0,74	
\$510.000 Microsoft 4,75% 2055	579	2,56	
£195.000 Treasury 1,875% IL 2022	420	1,86	
£45.000 Treasury 2,5% IL 2020	223	0,99	
£80.000 Treasury 2,5% IL 2024	384	1,70	
<b>'AA' credit rated bonds</b>	<b>2.537</b>	<b>11,21</b>	<b>12,40</b>
\$274.000 Apple 4,65% 2046	308	1,36	
\$250.000 Chevron 2,954% 2026	257	1,14	
\$100.000 Oracle Group 2,65% 2026	100	0,44	
\$100.000 Oracle Group 3,85% 2036	100	0,44	
\$125.000 Oracle Group 4,375% 2054	130	0,57	
£289.000 Towd Point Mortgage Funding FRN 2046	378	1,67	
\$250.000 US Treasury 0,125% 2021	258	1,14	
\$965.000 US Treasury 0,125% IL 2020	1.006	4,45	
<b>'A' credit rated bonds</b>	<b>3.231</b>	<b>14,28</b>	<b>15,44</b>
\$207.000 ABBVIE Inc 3,2% 2026	207	0,92	
\$200.000 AIG Sunamer 6,9% 2032	261	1,16	
\$200.000 American International Group 3,9% 2026	205	0,91	
\$400.000 Anheuser-Busch InBev 3,65% 2026	424	1,87	
\$200.000 BBVA BANCOMER S.A. 4,375% 2024	208	0,92	
\$328.736 British Airways 4,625% 2025	347	1,53	
\$200.000 Cloverie 5,625% 2046	211	0,93	
€100.000 Cloverie for Zurich Insurance Var. Rate 2039 (7,5%)	129	0,57	
\$300.000 EMD Finance 3,25% 2025	308	1,36	
\$300.000 Georgia-Pacific 3,6% 2025	313	1,38	
£83.087 Greene King Finance FRN 2033	107	0,47	
\$288.611 Mitchells & Butlers Finance FRN 2030	235	1,04	
£110.000 Munich Re Finance Var. Rate 2028 (7,625%)	162	0,72	
€100.000 Simon International Finances 1,25% 2025	114	0,50	
<b>'BBB' credit rated bonds</b>	<b>10.746</b>	<b>47,49</b>	<b>49,75</b>
\$150.000 AT&T 4,8% 2044	154	0,68	
\$222.000 AT&T 5,65% 2047	255	1,13	
€126.000 Atrium European Real Estate 3,625% 2022	152	0,67	
£100.000 Aviva Var. Rate Perp. (6,125%)	135	0,60	
€101.000 AXA Var. Rate 2047 (3,375%)	111	0,49	
£100.000 AXA Var. Rate Perp. (6,6862%)	138	0,61	
\$267.000 Bank of America 3,95% 2025	270	1,19	
\$60.000 Bank of America 4% 2024	64	0,28	
\$30.000 Bank of America 4,25% 2026	31	0,14	
\$236.000 Celgene Corp 3,875% 2025	251	1,11	
\$250.000 Charter Communication Operation 4,908% 2025	272	1,20	
\$150.000 Citigroup 4,3% 2026	154	0,68	
\$158.000 Citigroup 4,4% 2025	164	0,72	
€202.000 Commerzbank 4% 2026	230	1,02	
\$200.000 Delphi 4,25% 2026	217	0,96	
\$325.000 Deutsche Telekom International Finance 8,75% 2030	491	2,16	

# M&G Global Corporate Bond Fund

## Authorised Corporate Director's Report

### Investments

#### Portfolio statement (continued)

Holding	30.06.16 \$'000	30.06.16 %	31.12.15 %
<b>'BBB' credit rated bonds (continued)</b>			
\$74.000 Diamond 1 and 2 Finance 5,45% 2023	76	0,34	
\$300.000 Dow Chemical 9,4% 2039	472	2,09	
\$430.000 Energy Transfers Partners 4,05% 2025	421	1,86	
\$100.000 Enlink Midstream 4,15% 2025	90	0,40	
\$200.000 Enlink Midstream 4,4% 2024	185	0,82	
\$200.000 Enterprise Products 3,75% 2025	209	0,92	
\$200.000 Exelon Generation 5,6% 2042	205	0,91	
£100.000 FCE Bank 2,727% 2022	138	0,61	
\$200.000 Ford Motor Credit 4,389% 2026	216	0,95	
\$46.000 General Motors Financial 6,6% 2036	52	0,23	
\$60.000 Goldman Sachs Group 3,85% 2024	63	0,28	
\$132.000 Goldman Sachs Group FRN 2023	131	0,58	
\$200.000 ING Bank Var. Rate 2023 (4,125%)	203	0,90	
\$200.000 International Paper 4,8% 2044	205	0,91	
\$250.000 JPMorgan Chase 4,25% 2027	263	1,16	
\$198.000 KPN 8,375% 2030	275	1,22	
€120.000 Kraft Heinz 2,25% 2028	140	0,62	
£50.000 Legal & General Group 10% IL 2041	84	0,37	
£100.000 Legal & General Group 5,375% 2045	133	0,59	
€200.000 Liberty Mutual Group 2,75% 2026	227	1,00	
\$200.000 LyondellBasell Industries 4,625% 2055	191	0,84	
\$100.000 Mellon Capital FRN Perp.	79	0,35	
£150.000 Mondeléz International 4,5% 2035	223	0,99	
\$300.000 Monsanto 4,4% 2044	294	1,30	
\$115.000 Morgan Stanley 3,95% 2027	115	0,51	
\$200.000 Morgan Stanley 5% 2025	218	0,96	
\$150.000 Mpix LP 4,875% 2025	145	0,64	
\$200.000 Mylan 5,4% 2043	212	0,94	
\$200.000 Perrigo Finance 3,9% 2024	203	0,90	
€171.000 Petróleos Mexicanos 2,75% 2027	159	0,70	
\$200.000 Reynolds American 5,85% 2045	253	1,12	
£120.000 RSA Insurance 5,125% 2045	154	0,68	
\$100.000 Santander 7,95% 2029	127	0,56	
£100.000 Santander Var. Rate 2023 (9,625%)	154	0,68	
£37.000 Tesco 4% IL 2016	78	0,34	
€100.000 Tyco International 1,375% 2025	110	0,49	
\$188.000 USB Capital IX FRN 2099	150	0,66	
\$194.000 Verizon Communications 4,522% 2048	200	0,88	
\$98.000 Verizon Communications 4,672% 2022	98	0,43	
\$133.000 Verizon Communications 5,012% 2054	140	0,62	
\$325.000 Weyerhaeuser 7,375% 2032	425	1,88	
£101.000 Yorkshire Building Society 3,5% 2026	141	0,62	
<b>'BB' credit rated bonds</b>	<b>1.042</b>	<b>4,60</b>	<b>6,55</b>
€146.000 Assicurazioni Generali Var. Rate 2047 (5,5%)	167	0,74	
\$21.000 Bank of America 6,3% Perp.	22	0,10	
\$50.000 Fifth Third Bancorp Var. Rate Perp. (4,9%)	43	0,19	
\$150.000 Methanex Corporation 5,65% 2044	123	0,54	
£100.000 Old Mutual 8% 2021	144	0,64	
\$275.000 Royal Bank of Scotland 5,125% 2024	266	1,17	
£185.009 Tesco Property Finance 1 7,6227% 2039	277	1,22	
<b>'B' credit rated bonds</b>	<b>122</b>	<b>0,54</b>	<b>1,05</b>
\$150.000 Sprint Corporation 7,875% 2023	122	0,54	

#### Portfolio statement (continued)

Holding	30.06.16 \$'000	30.06.16 %	31.12.15 %
<b>Bonds with no credit rating</b>			
€ 238.000 ATON 3,875% 2018	275	1,22	1,24
<b>Forward currency contracts</b>			
€(2.633.607) Sold for \$2.996.899 (expires 27.07.16)	59	0,26	
£55.829 Bought for \$74.791 (expires 27.07.16)	1	0,00	
£(2.749.874) Sold for \$3.964.205 (expires 27.07.16)	254	1,13	
<b>Interest rate futures contracts</b>			
(1) 10 Year US Treasury Bond Note Mar 2015	0	0,00	
2 5 Year US Treasury Bond Note Mar 2015	(1)	0,00	
4 Euro Bond Long Mar 2015	13	0,06	
(8) UK Long Gilt Mar 2015	(54)	(0,24)	
(13) US Long Treasury Bond Mar 2015	(103)	(0,46)	
<b>Credit default swaps</b>			
\$ (100.000) Bristol-Myers Squibb Sep 2020	(4)	(0,02)	
\$ (100.000) Freeport-McMoRan Sep 2020	(14)	(0,06)	
€ (60.000) Glencore International Jun 2021	(10)	(0,04)	
\$ (100.000) International Business Machine Sep 2020	(2)	(0,01)	
\$ (150.000) Markit CDX North American Investment Grade Series 23 10 Year Dec 2024	(4)	(0,02)	
\$ (2.050.000) Markit CDX North American Investment Grade Series 26 5 Year Jun 2021	18	0,08	
€ (200.000) Markit iTraxx Europe Xover Series 25 5 Year Jun 2021	12	0,05	
\$ (100.000) Pfizer Sep 2020	(3)	(0,01)	
\$ (210.000) Wells Fargo Dec 2020	(4)	(0,02)	
<b>Interest rate swaps</b>			
\$ (625.000) Pay 2,332% Receive VAR Feb 2046	(86)	(0,38)	0,00
<b>Portfolio of investments</b>	<b>21.080</b>	<b>93,16</b>	<b>94,20</b>
<b>'AAA' rated money market funds [a]</b>			
816.000 Northern Trust Global Fund - US dollar	816	3,61	2,80
<b>Forward currency contracts for share class hedging</b>			
CHF94.946 Bought for \$96.185 (expires 27.07.16)	2	0,01	
CHF(1.774) Sold for \$1.797 (expires 27.07.16)	0	0,00	
€1.096.276 Bought for \$1.229.608 (expires 27.07.16)	(7)	(0,03)	
€(8.828) Sold for \$9.868 (expires 27.07.16)	0	0,00	
£2.153.268 Bought for \$3.111.714 (expires 27.07.16)	(207)	(0,92)	
£(23.403) Sold for \$33.821 (expires 27.07.16)	2	0,01	
<b>Total portfolio</b>	<b>21.686</b>	<b>95,84</b>	<b>96,90</b>
<b>Net other assets / (liabilities)</b>	<b>942</b>	<b>4,16</b>	<b>3,10</b>
<b>Net assets attributable to shareholders</b>	<b>22.628</b>	<b>100,00</b>	<b>100,00</b>

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

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

#### Portfolio transactions

for the six months to 30 June	2016 \$'000	2015 \$'000
<b>Portfolio transactions</b>		
Total purchases	8.383	15.534
Total sales	8.402	13.684

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

# M&G Global Corporate Bond 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 show the performance for two of the fund's share classes – Sterling Class 'A-H' (Accumulation) shares and Sterling Class 'I-H' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A-H' (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-H' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share 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.

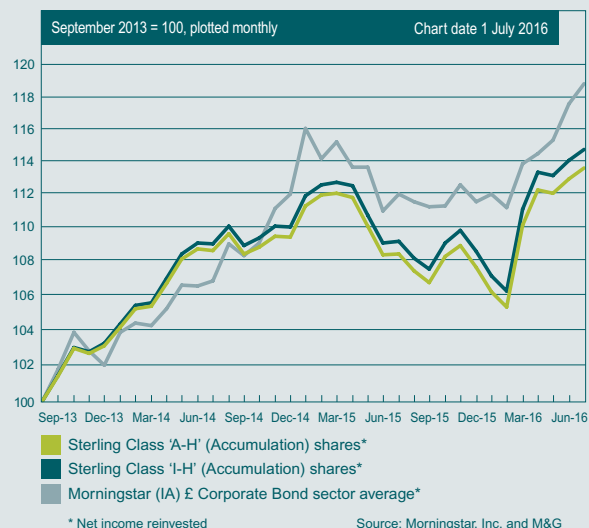
The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (5), which is available free of charge either from our website at [www.mandg.co.uk/prospectuses](http://www.mandg.co.uk/prospectuses) or by calling M&G Customer Relations.

### Fund level performance

Fund net asset value			
as at	30.06.16 \$'000	31.12.15 \$'000	31.12.14 \$'000
Fund net asset value (NAV)	22.628	21.179	23.231

### Share class 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-H' (Accumulation) shares and Sterling Class 'I-H' (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 04.01.16 % [a]	Three years 01.07.13 % p.a.	Five years 01.07.11 % p.a.	Since launch % p.a.
<b>Euro [b]</b>				
Class 'A-H'	+5,0	n/a	n/a	+4,3 [c]
Class 'C-H'	+5,3	n/a	n/a	+4,8 [c]
<b>Sterling [d]</b>				
Class 'A-H'	+5,4	n/a	n/a	+4,6 [c]
Class 'I-H'	+5,6	n/a	n/a	+5,0 [c]
Class 'R-H'	+5,5	n/a	n/a	+4,8 [c]
<b>Swiss franc [b]</b>				
Class 'A-H'	+4,7	n/a	n/a	+3,6 [c]
Class 'C-H'	+4,8	n/a	n/a	+4,2 [c]
<b>US dollar [b]</b>				
Class 'A'	+5,6	n/a	n/a	+4,8 [c]
Class 'C'	+5,9	n/a	n/a	+5,3 [c]

[a] Absolute basis.

[b] Price to price with gross income reinvested.

[c] 5 September 2013, the launch date of the fund.

[d] Price to price with net income reinvested.



# M&G Global Corporate Bond Fund

## Financial highlights

### Fund performance

### Operating charges and portfolio transaction costs

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

#### Operating charges

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

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.

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. As the fund invests wholly in fixed interest securities no direct portfolio transaction costs are applicable. To give an indication of the indirect portfolio dealing costs the table below 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](http://www.mandg.co.uk/prospectuses) or by calling M&G Customer Relations.

#### Portfolio transaction costs

as at	30.04.16	31.10.15	31.10.14	Average <sup>[a]</sup>
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	1,11	1,07	0,79	0,99

<sup>[a]</sup> Average of first three columns.

# M&G Global Corporate Bond 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-H' Income share performance

The share class was launched on 5 September 2013.

	Six months to 30.06.16 Euro ¢	Year to 31.12.15 Euro ¢	Year to 31.12.14 Euro ¢
<b>Change in NAV per share</b>			
Opening NAV	1.017,37	1.061,65	1.018,63
Return before operating charges and after direct portfolio transaction costs	52,76	(9,43)	79,14
Operating charges	(6,56)	(13,14)	(13,54)
Return after operating charges	46,20	(22,57)	65,60
Distributions	(12,42)	(21,71)	(22,58)
Closing NAV	1.051,15	1.017,37	1.061,65
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0,02	0,05	0,04
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,04
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,27	1,27	1,29
Return after operating charges	+4,54	-2,13	+6,44
Distribution yield	2,51	2,50	1,76
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	170	161	181
Closing NAV percentage of total fund NAV (%)	0,75	0,76	0,78
Number of shares	14.477	14.477	14.000
Highest share price (Euro ¢)	1.071,02	1.098,05	1.084,32
Lowest share price (Euro ¢)	986,89	1.026,95	1.026,34

#### Euro Class 'A-H' Accumulation share performance

The share class was launched on 5 September 2013.

	Six months to 30.06.16 Euro ¢	Year to 31.12.15 Euro ¢	Year to 31.12.14 Euro ¢
<b>Change in NAV per share</b>			
Opening NAV	1.060,99	1.084,26	1.020,90
Return before operating charges and after direct portfolio transaction costs	54,87	(9,34)	76,62
Operating charges	(6,86)	(13,93)	(13,26)
Return after operating charges	48,01	(23,27)	63,36
Closing NAV	1.109,00	1.060,99	1.084,26
Retained distributions	12,98	22,36	22,82
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0,02	0,05	0,04
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,04
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,28	1,27	1,25
Return after operating charges	+4,53	-2,15	+6,21
Distribution yield	2,51	2,51	1,77
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	287	268	369
Closing NAV percentage of total fund NAV (%)	1,27	1,26	1,59
Number of shares	23.217	23.217	28.007
Highest share price (Euro ¢)	1.123,35	1.126,85	1.096,12
Lowest share price (Euro ¢)	1.028,90	1.063,89	1.028,68

#### Euro Class 'C-H' Income share performance

The share class was launched on 5 September 2013.

	Six months to 30.06.16 Euro ¢	Year to 31.12.15 Euro ¢	Year to 31.12.14 Euro ¢
<b>Change in NAV per share</b>			
Opening NAV	1.014,28	1.058,75	1.018,77
Return before operating charges and after direct portfolio transaction costs	53,11	(9,29)	76,84
Operating charges	(3,97)	(8,20)	(8,85)
Return after operating charges	49,14	(17,49)	67,99
Distributions	(14,98)	(26,98)	(28,01)
Closing NAV	1.048,44	1.014,28	1.058,75
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0,02	0,05	0,04
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,04
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	0,77	0,77	0,83
Return after operating charges	+4,84	-1,65	+6,67
Distribution yield	3,00	3,01	2,25
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	12	11	13
Closing NAV percentage of total fund NAV (%)	0,05	0,05	0,06
Number of shares	1.000	1.000	1.000
Highest share price (Euro ¢)	1.069,45	1.095,68	1.082,86
Lowest share price (Euro ¢)	984,49	1.023,69	1.026,53

# M&G Global Corporate Bond Fund

## Financial highlights

### Specific share class performance

#### Euro Class 'C-H' Accumulation share performance

The share class was launched on 5 September 2013.

	Six months to 30.06.16	Year to 31.12.15	Year to 31.12.14
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,072,30	1,090,62	1,022,65
Return before operating charges and after direct portfolio transaction costs	56,23	(9,88)	75,75
Operating charges	(4,20)	(8,44)	(7,78)
Return after operating charges	52,03	(18,32)	67,97
Closing NAV	1,124,33	1,072,30	1,090,62
Retained distributions	15,83	28,11	28,42
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0,02	0,05	0,04
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,04
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	0,78	0,77	0,72
Return after operating charges	+4,85	-1,68	+6,65
Distribution yield	3,01	3,02	2,28
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	762	192	198
Closing NAV percentage of total fund NAV (%)	3,37	0,91	0,85
Number of shares	60.833	16.433	14.933
Highest share price (Euro ¢)	1.138,42	1.134,35	1.101,36
Lowest share price (Euro ¢)	1.040,48	1.073,89	1.030,49

#### Sterling Class 'A-H' Income share performance

The share class was launched on 5 September 2013.

	Six months to 30.06.16	Year to 31.12.15	Year to 31.12.14
Change in NAV per share	UK p	UK p	UK p
Opening NAV	102,60	106,32	101,98
Return before operating charges and after direct portfolio transaction costs	5,91	(0,16)	8,05
Operating charges	(0,67)	(1,39)	(1,39)
Return after operating charges	5,24	(1,55)	6,66
Distributions	(1,29)	(2,17)	(2,32)
Closing NAV	106,55	102,60	106,32
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0,00	0,01	0,00
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,00	0,01	0,00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,28	1,27	1,32
Return after operating charges	+5,11	-1,46	+6,53
Distribution yield	2,62	2,55	1,70
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	244	213	100
Closing NAV percentage of total fund NAV (%)	1,08	1,01	0,43
Number of shares	170.000	140.000	60.000
Highest share price (UK p)	108,39	110,04	108,35
Lowest share price (UK p)	99,45	103,36	102,75

#### Sterling Class 'A-H' Accumulation share performance

The share class was launched on 5 September 2013.

	Six months to 30.06.16	Year to 31.12.15	Year to 31.12.14
Change in NAV per share	UK p	UK p	UK p
Opening NAV	106,46	108,47	102,23
Return before operating charges and after direct portfolio transaction costs	6,16	(0,20)	8,08
Operating charges	(0,69)	(1,37)	(1,39)
Return after operating charges	5,47	(1,57)	6,69
Distributions	(0,27)	(0,44)	(0,45)
Closing NAV	111,66	106,46	108,47
Retained distributions	1,07	1,78	1,82
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0,00	0,01	0,00
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,00	0,01	0,00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,28	1,27	1,31
Return after operating charges	+5,14	-1,45	+6,54
Distribution yield	2,62	2,55	1,71
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	125	131	252
Closing NAV percentage of total fund NAV (%)	0,55	0,62	1,09
Number of shares	83.061	83.061	148.775
Highest share price (UK p)	113,05	112,68	109,59
Lowest share price (UK p)	103,18	106,66	103,00

#### Sterling Class 'I-H' Income share performance

The share class was launched on 5 September 2013.

	Six months to 30.06.16	Year to 31.12.15	Year to 31.12.14
Change in NAV per share	UK p	UK p	UK p
Opening NAV	102,66	106,40	102,02
Return before operating charges and after direct portfolio transaction costs	5,91	(0,23)	8,17
Operating charges	(0,41)	(0,83)	(0,82)
Return after operating charges	5,50	(1,06)	7,35
Distributions	(1,55)	(2,68)	(2,97)
Closing NAV	106,61	102,66	106,40
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0,00	0,01	0,00
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,00	0,01	0,00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	0,78	0,76	0,78
Return after operating charges	+5,36	-1,00	+7,20
Distribution yield	3,15	3,06	2,22
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	79	47	249
Closing NAV percentage of total fund NAV (%)	0,35	0,22	1,07
Number of shares	55.065	31.065	150.065
Highest share price (UK p)	108,56	110,14	108,50
Lowest share price (UK p)	99,55	103,45	102,79



# M&G Global Corporate Bond Fund

## Financial highlights

### Specific share class performance

#### Sterling Class 'I-H' Accumulation share performance

The share class was launched on 5 September 2013.

Change in NAV per share	Six months to 30.06.16 UK p	Year to 31.12.15 UK p	Year to 31.12.14 UK p
Opening NAV	107,35	109,12	102,35
Return before operating charges and after direct portfolio transaction costs	6,18	(0,41)	8,14
Operating charges	(0,43)	(0,80)	(0,80)
Return after operating charges	5,75	(1,21)	7,34
Distributions	(0,32)	(0,56)	(0,57)
Closing NAV	112,78	107,35	109,12
Retained distributions	1,30	2,23	2,28
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0,00	0,01	0,00
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,00	0,01	0,00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	0,78	0,76	0,75
Return after operating charges	+5,36	-1,11	+7,17
Distribution yield	3,15	3,06	2,21
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	2.384	3.124	4.304
Closing NAV percentage of total fund NAV (%)	10,54	14,75	18,53
Number of shares	1.566.996	1.963.496	2.527.418
Highest share price (UK p)	114,19	113,38	110,05
Lowest share price (UK p)	104,09	107,43	103,12

#### Sterling Class 'R-H' Income share performance

The share class was launched on 5 September 2013.

Change in NAV per share	Six months to 30.06.16 UK p	Year to 31.12.15 UK p	Year to 31.12.14 UK p
Opening NAV	102,62	106,44	102,02
Return before operating charges and after direct portfolio transaction costs	5,93	(0,31)	8,09
Operating charges	(0,53)	(1,08)	(1,14)
Return after operating charges	5,40	(1,39)	6,95
Distributions	(1,42)	(2,43)	(2,53)
Closing NAV	106,60	102,62	106,44
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0,00	0,01	0,00
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,00	0,01	0,00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,02	1,01	1,07
Return after operating charges	+5,26	-1,31	+6,81
Distribution yield	2,88	2,82	1,96
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	14	15	17
Closing NAV percentage of total fund NAV (%)	0,06	0,07	0,07
Number of shares	10.000	10.000	10.000
Highest share price (UK p)	108,49	110,11	108,47
Lowest share price (UK p)	99,50	103,38	102,79

#### Sterling Class 'R-H' Accumulation share performance

The share class was launched on 5 September 2013.

Change in NAV per share	Six months to 30.06.16 UK p	Year to 31.12.15 UK p	Year to 31.12.14 UK p
Opening NAV	106,82	108,70	102,27
Return before operating charges and after direct portfolio transaction costs	6,19	(0,27)	8,09
Operating charges	(0,56)	(1,11)	(1,15)
Return after operating charges	5,63	(1,38)	6,94
Distributions	(0,29)	(0,50)	(0,51)
Closing NAV	112,16	106,82	108,70
Retained distributions	1,18	2,00	2,04
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0,00	0,01	0,00
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,00	0,01	0,00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,03	1,01	1,08
Return after operating charges	+5,27	-1,27	+6,79
Distribution yield	2,88	2,82	1,96
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	15	16	17
Closing NAV percentage of total fund NAV (%)	0,07	0,08	0,07
Number of shares	10.000	10.000	10.000
Highest share price (UK p)	113,55	112,91	109,80
Lowest share price (UK p)	103,56	106,97	103,04

#### Swiss franc Class 'A-H' Accumulation share performance

The share class was launched on 5 September 2013.

Change in NAV per share	Six months to 30.06.16 Swiss ¢	Year to 31.12.15 Swiss ¢	Year to 31.12.14 Swiss ¢
Opening NAV	1.043,37	1.080,58	1.019,83
Return before operating charges and after direct portfolio transaction costs	51,01	(23,51)	74,29
Operating charges	(6,64)	(13,70)	(13,54)
Return after operating charges	44,37	(37,21)	60,75
Closing NAV	1.087,74	1.043,37	1.080,58
Retained distributions	12,63	22,03	22,63
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Swiss ¢</b>	<b>Swiss ¢</b>	<b>Swiss ¢</b>
Costs before dilution adjustments	0,02	0,05	0,04
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,04
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,28	1,27	1,29
Return after operating charges	+4,25	-3,44	+5,96
Distribution yield	2,52	2,51	1,75
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	75	175	182
Closing NAV percentage of total fund NAV (%)	0,33	0,83	0,78
Number of shares	6.700	16.700	16.700
Highest share price (Swiss ¢)	1.101,95	1.115,17	1.092,72
Lowest share price (Swiss ¢)	1.011,10	1.048,83	1.027,58

# M&G Global Corporate Bond Fund

## Financial highlights

### Specific share class performance

#### Swiss franc Class 'C-H' Accumulation share performance

The share class was launched on 5 September 2013.

Change in NAV per share	Six months to 30.06.16 Swiss ¢	Year to 31.12.15 Swiss ¢	Year to 31.12.14 Swiss ¢
Opening NAV	1,058,17	1,087,58	1,021,69
Return before operating charges and after direct portfolio transaction costs	50,61	(21,02)	74,62
Operating charges	(4,09)	(8,39)	(8,73)
Return after operating charges	46,52	(29,41)	65,89
Closing NAV	1,104,69	1,058,17	1,087,58
Retained distributions	15,35	27,76	28,16
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>Swiss ¢</b>	<b>Swiss ¢</b>	<b>Swiss ¢</b>
Costs before dilution adjustments	0,02	0,05	0,04
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,04
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	0,77	0,77	0,81
Return after operating charges	+4,40	-2,70	+6,45
Distribution yield	3,02	3,02	2,25
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	21	51	53
Closing NAV percentage of total fund NAV (%)	0,09	0,24	0,23
Number of shares	1,815	4,815	4,815
Highest share price (Swiss ¢)	1,119,03	1,126,56	1,098,34
Lowest share price (Swiss ¢)	1,026,60	1,062,52	1,029,50

#### US dollar Class 'A' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 30.06.16 US ¢	Year to 31.12.15 US ¢	Year to 31.12.14 US ¢
Opening NAV	1,034,75	1,075,24	1,084,86
Return before operating charges and after direct portfolio transaction costs	60,29	(5,36)	7,81
Operating charges	(6,60)	(13,35)	(7,01)
Return after operating charges	53,69	(18,71)	0,80
Distributions	(12,94)	(21,78)	(10,42)
Closing NAV	1,075,50	1,034,75	1,075,24
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0,02	0,05	0,02
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,02
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,26	1,25	1,28
Return after operating charges	+5,19	-1,74	+0,07
Distribution yield	2,49	2,52	1,72
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	64	72	5
Closing NAV percentage of total fund NAV (%)	0,28	0,34	0,02
Number of shares	5,961	6,961	461
Highest share price (US ¢)	1,094,81	1,111,96	1,097,16
Lowest share price (US ¢)	1,004,05	1,042,70	1,080,04

#### US dollar Class 'A' Accumulation share performance

The share class was launched on 5 September 2013.

Change in NAV per share	Six months to 30.06.16 US ¢	Year to 31.12.15 US ¢	Year to 31.12.14 US ¢
Opening NAV	1,066,39	1,085,67	1,021,90
Return before operating charges and after direct portfolio transaction costs	62,26	(5,63)	77,81
Operating charges	(6,83)	(13,65)	(14,04)
Return after operating charges	55,43	(19,28)	63,77
Closing NAV	1,121,82	1,066,39	1,085,67
Retained distributions	13,37	22,23	22,45
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0,02	0,05	0,04
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,04
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	1,26	1,25	1,31
Return after operating charges	+5,20	-1,78	+6,24
Distribution yield	2,50	2,51	1,72
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	16,960	16,210	16,909
Closing NAV percentage of total fund NAV (%)	74,95	76,54	72,79
Number of shares	1,511,818	1,520,103	1,557,466
Highest share price (US ¢)	1,135,24	1,127,50	1,097,10
Lowest share price (US ¢)	1,034,69	1,067,43	1,029,82

#### US dollar Class 'C' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 30.06.16 US ¢	Year to 31.12.15 US ¢	Year to 31.12.14 US ¢
Opening NAV	1,039,30	1,079,74	1,090,09
Return before operating charges and after direct portfolio transaction costs	60,49	(5,26)	7,13
Operating charges	(3,91)	(7,98)	(4,19)
Return after operating charges	56,58	(13,24)	2,94
Distributions	(15,47)	(27,20)	(13,29)
Closing NAV	1,080,41	1,039,30	1,079,74
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0,02	0,05	0,02
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,02
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	0,74	0,74	0,76
Return after operating charges	+5,44	-1,23	+0,27
Distribution yield	3,01	3,03	2,22
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	5	5	5
Closing NAV percentage of total fund NAV (%)	0,02	0,02	0,02
Number of shares	459	459	459
Highest share price (US ¢)	1,101,03	1,118,02	1,102,81
Lowest share price (US ¢)	1,009,04	1,047,26	1,084,64

# M&G Global Corporate Bond Fund

## Financial highlights

### Specific share class performance

#### US dollar Class 'C' Accumulation share performance

The share class was launched on 5 September 2013.

	Six months to 30.06.16 US ¢	Year to 31.12.15 US ¢	Year to 31.12.14 US ¢
<b>Change in NAV per share</b>			
Opening NAV	1.079,03	1.093,06	1.023,53
Return before operating charges and after direct portfolio transaction costs	63,11	(5,80)	78,03
Operating charges	(4,18)	(8,23)	(8,50)
Return after operating charges	58,93	(14,03)	69,53
Closing NAV	1.137,96	1.079,03	1.093,06
Retained distributions	16,28	27,97	28,09
<b>Direct portfolio transaction costs <sup>[a]</sup></b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0,02	0,05	0,04
Dilution adjustments <sup>[b]</sup>	0,00	0,00	0,00
Total direct portfolio transaction costs	0,02	0,05	0,04
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0,00	0,00	0,00
Operating charges	0,76	0,74	0,78
Return after operating charges	+5,46	-1,28	+6,79
Distribution yield	3,00	3,02	2,22
Effect on yield of charges offset against capital	n/a	n/a	n/a
<b>Other information</b>			
Closing NAV (\$'000)	1.411	488	377
Closing NAV percentage of total fund NAV (%)	6,24	2,30	1,62
Number of shares	124.014	45.200	34.500
Highest share price (US ¢)	1.151,48	1.136,82	1.102,76
Lowest share price (US ¢)	1.047,58	1.078,72	1.031,50

<sup>[a]</sup> As a percentage of average net asset value.

<sup>[b]</sup> In respect of direct portfolio transaction costs.

# M&G Global Corporate Bond Fund

## Financial statements and notes

### Financial statements

#### Statement of total return

for the six months to 30 June	2016		2015	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains / (losses)		504		(333)
Revenue	398		385	
Expenses	(122)		(133)	
Net revenue / (expense) before taxation	276		252	
Taxation	0		(8)	
Net revenue / (expense) after taxation		276		244
<b>Total return before distributions</b>		<b>780</b>		<b>(89)</b>
Distributions		(272)		(243)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>508</b>		<b>(332)</b>

#### Statement of change in net assets attributable to shareholders

for the six months to 30 June	2016		2015	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		21,179		23,231
Amounts received on issue of shares	1,692		2,910 <sup>[a]</sup>	
Amounts paid on cancellation of shares	(1,021)		(3,876) <sup>[a]</sup>	
		671		(966)
Dilution adjustments		9		23 <sup>[a]</sup>
Change in net assets attributable to shareholders from investment activities (see above)		508		(332)
Retained distributions on Accumulation shares		261		217
<b>Closing net assets attributable to shareholders</b>		<b>22,628</b>		<b>22,173</b>

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 June 2016	31 December 2015
	\$'000	\$'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	22,185	20,754
<b>Current assets</b>		
Debtors	955	378
Cash and bank balances	389	325
<b>Total assets</b>	<b>23,529</b>	<b>21,457</b>
<b>Liabilities</b>		
Investment liabilities	(499)	(231)
<b>Creditors</b>		
Distribution payable	(15)	(13)
Other creditors	(387)	(34)
<b>Total liabilities</b>	<b>(901)</b>	<b>(278)</b>
<b>Net assets attributable to shareholders</b>	<b>22,628</b>	<b>21,179</b>

<sup>[a]</sup> Restated, please see notes to the financial statements.

### Notes to the financial statements

#### Accounting policies

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

The fund has adopted FRS 102 and the 2014 SORP. As a result there are some presentational changes to the classification of items in the financial statements. The following presentational changes are considered to be minimal and have no impact on the total return or net asset value in either the current or prior accounting period. In the 'Statement of change in net assets attributable to shareholders', 'Dilution adjustments' are now disclosed as a separate line item.

'Dilution adjustments' totalling \$9,000 (2015: \$23,000) have been reclassified from 'Amounts received on issue of shares' of \$6,000 (2015: \$11,000) and 'Amounts paid on cancellation of shares' of \$3,000 (2015: \$12,000).

# M&G Investment Funds (5)

## Other regulatory disclosures

### Interest bearing assets

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

	% of NAV
M&G Episode Macro Fund	82,78%
M&G Global Corporate Bond Fund	97,53%

### Swiss investor information

The TERs for M&G Episode Macro Fund are disclosed below. For M&G Global Corporate Bond Fund the TERs are the same as the Operating Charges detailed in the fund's financial highlights section.

	Share class	Total Expense Ratio		
		30.06.16	31.12.15	
		%	%	
M&G Episode Macro Fund	Euro	Class 'S-H'	1,95	1,95
		Class 'T-H'	0,95	1,34
	Sterling	Class 'S-H'	1,94	1,95
		Class 'T-H'	1,02	1,81
	Swiss franc	Class 'S-H'	1,96	1,95
		Class 'T-H'	0,96	0,95
	US dollar	Class 'S'	1,94	1,93
		Class 'T'	0,94	0,93

The TER shows the relevant annualised operating expenses of each share class from the most recent reporting period as a single percentage of the average net asset value for that share class over the same period.

# 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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