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## **M&G Global Dividend Fund**

Annual Long Report and audited Financial Statements  
for the year ended 31 March 2019

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# M&G Global Dividend Fund

## Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Dividend Fund presents its Annual Long Report and audited Financial Statements for the year ended 31 March 2019.

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

### Company information

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

The Company was authorised on 9 July 2008 and the fund was launched on 18 July 2008.

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

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

### Fund manager

Stuart Rhodes is employed by M&G Limited which is an associate of M&G Securities Limited.

### ACD

M&G Securities Limited,  
10 Fenchurch Avenue, London EC3M 5AG, UK  
Telephone: 0800 390 390 (UK only)

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

### Directors of the ACD

M Ammon, G N Cotton, C Dobson (non executive director),  
N M Donnelly, P R Jelfs, M McGrade (non executive director),  
L J Mumford

### Investment manager

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

(Authorised and regulated by the Financial Conduct Authority)

### Registrar

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

### Depositary

NatWest Trustee & Depositary Services Limited, Drummond House,  
1 Redheughs Avenue, Edinburgh EH12 9RH, UK

(Authorised and regulated by the Financial Conduct Authority)

### Independent auditor

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

### Important information

Following the successful extraordinary resolution at the shareholder meeting held on 4 October 2018, the non-sterling share classes of the M&G Global Dividend Fund merged into the equivalent share classes of the M&G (Lux) Global Dividend Fund (a sub-fund of M&G (Lux) Investment Funds 1) on 7 December 2018.

For further details of the mergers, please refer to [www.mandg.com/brexitmergerdocumentation](http://www.mandg.com/brexitmergerdocumentation).

On 28 September 2018, the Depositary changed from National Westminster Bank Plc to NatWest Trustee & Depositary Services Limited.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investor information

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

#### Customer services and administration for UK clients:

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

Please remember to quote your name and M&G client reference and sign any written communication to M&G. Failure to provide this will affect your ability to transact with us.

Telephone: 0800 390 390 (UK only)

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

#### Customer services and administration for non-UK clients:

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

Please remember to quote your name and M&G client reference and sign any written communication to M&G. Failure to provide this will affect your ability to transact with us.

Telephone: +352 2605 9944

Email: csmandg@rbc.com

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

#### Austrian paying and information agent:

Société Générale, Vienna Branch,  
Prinz Eugen-Strasse 8-10/5/Top 11, 1040 Wien, Austria

#### Belgian financial agent:

Société Générale Private Banking NV,  
Kortrijksesteenweg 302, 9000 Gent, Belgium

#### Danish representative agent:

Nordea Bank Danmark A/S,  
Client Relations DK, Investor Services & Solutions,  
Postbox 850, Reg.no.6428. HH. 6.1., 0900 København C, Denmark

#### French centralising agent:

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

#### German information agent:

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

#### Greek paying agent and distributor:

Eurobank Ergasias S.A.,  
8, Othonos Street, 10557 Athens, Greece

#### Irish facilities agent:

Société Générale S.A., Dublin Branch,  
3rd Floor IFSC House – The 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,  
Piazza Lina Bo Bardi 3, 20124 Milano, Italy

CACEIS Bank Luxembourg,  
Milan Branch, Piazza Cavour 2, 20121 Milano, Italy

RBC Investor Services Bank S.A., Milan Branch  
Via Vittor Pisani 26, 20124 Milano, Italy

State Street Bank S.p.A.,  
Via Ferrante Aporti 10, 20125 Milano, Italy

Société Générale Securities Services S.A.,  
Via Benigno Crespi 19A - MAC 2, 20159 Milano, Italy

#### Luxembourg paying and information agent:

Société Générale Bank & Trust S.A.,  
Centre opérationnel, 28-32, place de la Gare, 1616 Luxembourg,  
Grand Duchy of Luxembourg

#### Portuguese distributor:

Best - Banco Electrónico de Serviço Total, S.A.,  
Praça Marquês de Pombal, no. 3 - 3º, 1250-161 Lisboa, Portugal

#### Spanish representative:

Allfunds Bank, S.A.,  
Calle Estafeta, No 6 Complejo Plaza de la Fuente,  
La Moraleja 28109, Alcobendas, Madrid, Spain

#### Swedish paying agent:

Nordea Bank AB (publ),  
Smålandsgatan 17, 105 71 Stockholm, Sweden

#### Swiss paying agent and representative:

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

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Authorised Corporate Director's Responsibilities

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

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

### Directors' statement

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

G N COTTON

L J MUMFORD

} Directors

15 May 2019

# M&G Global Dividend Fund

## Depositary's Responsibilities and Report

### Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of M&G Global Dividend Fund ('the Company') for the period ended 31 March 2019

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cashflows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Edinburgh  
15 May 2019

NatWest Trustee and  
Depositary Services Limited

# M&G Global Dividend Fund

## Independent Auditor's Report

### Independent Auditor's Report to the shareholders of M&G Global Dividend Fund

#### Opinion

We have audited the financial statements of M&G Global Dividend Fund ICVC ("the Company") for the year ended 31 March 2019 which comprise the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders together with the Balance Sheet, the summary of significant accounting policies of the Company, the related notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 March 2019 and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority require us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

# M&G Global Dividend Fund

## Independent Auditor's Report

### Independent Auditor's Report to the shareholders of M&G Global Dividend Fund ICVC

#### Responsibilities of the Authorised Corporate Director (ACD)

As explained more fully in the ACD's responsibilities statement set out on page 3, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the Company's shareholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Edinburgh  
15 May 2019

Ernst & Young LLP  
Statutory Auditor

1. The maintenance and integrity of the M&G Securities Limited website is the responsibility of the ACD; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment objective

The fund has three aims:

- To deliver an income stream that increases every year.
- To deliver a yield above that available from the MSCI ACWI Index over any five-year period.
- To deliver a higher total return (the combination of income and growth of capital) than that of the MSCI ACWI Index over any five-year period.

### Investment policy

At least 70% of the fund is invested in a range of global equities. The fund may invest across a wide range of geographies, sectors and market capitalisations. The fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities, warrants and derivatives. The fund's exposure to global equities may be gained through the use of derivatives. Derivatives may be used for efficient portfolio management.

### Investment approach

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

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

### Risk profile

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

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

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



The above number:

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

### Investment review

As at 1 April 2019, for the year ended 31 March 2019

#### Distribution summary

Over the 12-month review period to 1 April 2019, the fund distributed income of 6.4083 pence per Sterling Class 'A' (Income) share. This is 7% higher than the distribution for the same period in the previous financial year. The payout represented a yield (distributed income as a percentage of the share price as at 1 April 2019) of 3.04% versus a yield of 2.54% for the MSCI ACWI Index, a comparative index.

We are pleased that distributions for the fund have risen compared to last year and we are encouraged that most of our holdings continue to deliver dividend growth in the region of 5% to 15%, in line with previous years. (Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.)

The fund benefited from dividend increases from a variety of sectors and countries. In healthcare, Medtronic and Johnson & Johnson accelerated their pace of dividend growth with increases of 9% and 7% respectively in US dollars and extended their long track record of raising their dividends year after year. UnitedHealth increased its dividend at a faster rate of 20%. The US managed care organisation has more than doubled the payment since we first bought the stock in May 2015. In consumer staples, Imperial Brands raised its dividend by 10% in sterling, while Unilever lifted its payment by 8% in euros.

Dividend growth was by no means confined to companies with defensive characteristics. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.)

In so-called cyclical sectors which have greater economic sensitivity, Union Pacific (industrials) raised its dividend by 10% in US dollars in February, the second increase of this magnitude in 12 months. In energy, Keyera and Pembina Pipeline lifted their payments by 7% and 6% respectively in Canadian dollars.

Technology accounted for the biggest dividend hikes during the review period. Samsung Electronics, Broadcom and ASML boosted their dividends by 50% or more in the semiconductor industry, while Visa reported an increase of almost 20% in digital payments.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment review

#### Distribution summary (continued)

US banks were also generous with their cash returns to shareholders after the Federal Reserve approved their capital plans. JPMorgan Chase and US Bancorp raised their dividends by 43% and 23%, respectively.

There were no dividend cuts during the review period, but not all our holdings delivered enough growth. Novo Nordisk, UCB and Helmerich & Payne were among the few holdings that fell short of the 5% growth we normally expect. All three stocks have been sold.

Aside from these minor disappointments, dividend growth was solid across the portfolio and the fund increased the distribution, while maintaining a yield above that of the MSCI ACWI Index. We are very aware that the combination of a premium yield and rising income is important to many of our investors and remain focused on meeting this objective.

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

#### Performance against objective

Between 3 April 2018 (the start of the review period) and 1 April 2019, the M&G Global Dividend Fund delivered a positive total return (the combination of income and growth of capital) across its sterling share classes\*. The fund's performance over the 12-month period was broadly in line with the MSCI ACWI Index which returned 12.4% in sterling. The fund's success in meeting its objective of outperforming the MSCI ACWI Index over this short timeframe was mixed. The fund delivered on its income objectives of providing a higher yield than the MSCI ACWI Index and increasing the income stream.

Over five years, the sterling share classes have delivered positive total returns, albeit behind the MSCI ACWI Index. The fund's yield has been at a consistent premium to the index during this time and distributions have increased in each financial year. Consequently, the fund has achieved two of its three objectives over this longer timeframe.

The fund's non-sterling share classes were discontinued from 7 December 2018 after they merged into the M&G (Lux) Global Dividend Fund, a Luxembourg-authorized SICAV which was launched on that date. Between 3 April 2018 and 7 December 2018, the euro and Singapore dollar share classes generated positive returns and outperformed the MSCI ACWI Index which returned 3.6% in euros and 0.4% in Singapore dollars. The US dollar share classes ended the period with negative returns, although the declines were less pronounced than the -3.9% loss of the index in US dollars.

Until the merger, the fund's euro and US dollar share classes generated positive returns over five years. The gains, however, trailed those of the MSCI ACWI Index. The fund therefore did not meet its objective of outperforming the MSCI ACWI Index over this longer timeframe. The Singapore dollar share classes have not been available for five years to make an equivalent assessment.

\* 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.

### Investment performance

The fund delivered positive returns during the past 12 months, but market timing differences held back performance. The fund is priced at midday in London, and therefore did not capture the rally in North America on the final day of the review period. The US and Canada account for the lion's share of the portfolio.

Positive stock selection was the key driver of the fund's underlying performance, with strong contributions from financials, energy, technology and healthcare.

Broadcom, Microsoft and Cisco Systems were among the top contributors in a buoyant technology sector as the companies delivered robust growth and their guidance for 2019 was well received by the market. Roche, Novartis and UnitedHealth added value in a strong healthcare sector, also backed by solid fundamentals.

Gibson Energy made the biggest contribution to performance after the shares returned more than 40% in Canadian dollars. Pembina Pipeline also made its mark. The energy infrastructure companies reported record results for 2018 and the valuations remain attractive.

US insurance brokerage Arthur J Gallagher, and AIA, a Hong Kong-listed insurer, bucked the trend in an underperforming financials sector. Both companies continued to deliver consistent growth in their operating performance and their shares moved higher accordingly.

Turning to the detractors, Trinseo (materials) and Pandora (consumer discretionary) were the biggest drag on performance.

Trinseo, which specialises in plastics, latex binders and synthetic rubber, has been reeling from a series of disappointments as the operating environment deteriorated in the fourth quarter. We believe the valuation is distressed and we added to the holding on weakness.

Pandora has been under pressure after reporting successive profit warnings, but there are signs that progress is being made. The Danish jewellery company delivered on its much reduced guidance for 2018 and investors welcomed its plan to steer the business back on a sustainable growth path. We are encouraged that the company has started to reshape the management team and we applaud the commitment to return excess cash to shareholders. Pandora has pledged to return more than 10% of its market value to shareholders in 2019 through dividends and share buybacks. We continue to monitor the situation closely.

Imperial Logistics and Motus held back returns in an underperforming South African market. Both stocks are cheap and remain core holdings.

#### Investment activities

We made eight new purchases and nine complete sales during the 12 months under review – a level of turnover consistent with our investment timeframe of three to five years.

The fund's exposure to technology increased with three new purchases in the sector: Taiwan Semiconductor Manufacturing Co (TSMC), Tokyo Electron and Lam Research. All three companies are leaders in their field in the semiconductor industry which is a beneficiary of the long-term demand for data and memory. Concerns about a slowdown in iPhone sales and cautious guidance from the likes of Applied Materials and Nvidia led to share price weakness across the industry which presented us with an attractive entry point. The companies we have targeted are highly cash-generative and have a strong commitment to returning cash to shareholders.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment review

#### Investment activities (continued)

We sold the stakes in Sabre and Analog Devices as sources of cash for better ideas in the technology sector. We also took profits in Broadcom, our core holding in semiconductors, towards the end of the review period. The shares have recovered more than 40% since July when we added to the holding in the wake of the maligned acquisition of CA Technologies. We reduced the exposure to manage the position size, but we continue to have faith in the investment case. The stock yields more than 3% and we expect the dividend to grow quickly.

The weighting in consumer staples rose after we bought shares in PepsiCo and Constellation Brands, both of which have strong growth stories. We also increased our position in Unilever. We completed the sale of our holding in British American Tobacco, which we have been reducing for a while. We believe that the likes of PepsiCo will provide better defensive characteristics for the portfolio.

DBS, the Singaporean bank, was the first new purchase during the review period. The company, which provides a range of financial services across the Asian region, is stepping up its cash returns to shareholders following clarity on capital requirements. The shares offer an attractive yield of more than 3%, with the dividend expected to grow in line with the progress of the business. We also added to our holding in Standard Life Aberdeen as the valuation looked increasingly distressed.

The new position in Starbucks also has an important Asian angle. The coffee chain has significant growth opportunities in China as well as a highly profitable US business and is accelerating its expansion plans in Asia's largest economy. The company is also returning US\$25 billion to shareholders over the next two years in the form of share buybacks and dividends, which is equivalent to 35% of the company's market cap.

We bought shares in Epiroc, the world's leading provider of drilling and rock excavation equipment for the mining and infrastructure industries, during the market downturn in October. The Swedish company, spun out of Atlas Copco, is highly profitable with resilient margins due to a significant contribution from service revenues.

The weighting in healthcare declined following the sale of our stakes in UCB and Novo Nordisk, although it remains the fund's largest exposure among the defensive sectors. We also reduced the holding in UnitedHealth as the shares rallied.

The weighting in consumer discretionary fell after we sold the holdings in French advertising company Publicis, and Compass, a UK-listed foodservice business.

The fund's exposure to financials was also lower. The stake in Intercontinental Exchange, the owner of derivatives exchanges and provider of data services, was sold after the stock returned 40% in US dollars from its initial purchase in May 2017. The holding became increasingly difficult to justify given the availability of more attractive valuations elsewhere. We also reduced our holding in US Bancorp, the most highly valued among our three US bank stocks.

Helmerich & Payne also left the portfolio and we trimmed the holding in Pembina Pipeline. We took profits in Methanex to manage the fund's energy-related exposure at about 20%. Our energy-related exposure remains focused on energy infrastructure and petrochemicals, and we continue to have zero exposure to the integrated majors.

Despite more sales than purchases, the number of holdings rose to 43 after we bought two lines of Epiroc stock and Imperial Holdings split into two businesses, Imperial Logistics and Motus. We would like to restore the number of holdings back up to our historic level of 50 over time. Global stockmarkets offer excellent opportunities for stockpickers and we believe the potential for investors is best captured by a conviction-based approach.

From a geographic perspective, the fund continues to have meaningful exposure to the US with around 50% of the fund invested in the world's biggest stockmarket. The UK accounts for 12% of the fund, which is little changed from a year ago, but the exposure remains dominated by global businesses, such as Unilever, whose operational performance will be little affected by Brexit. The weighting in Europe excluding the UK slipped to less than 15% after we sold the holdings in Publicis, UCB and Novo Nordisk. The fund gained exposure to Japan with the new purchase of Tokyo Electron and the weighting in Asia Pacific ex Japan rose after we bought shares in DBS and TSMC. The exposure to emerging markets, comprising direct and indirect holdings, was marginally lower as our South African holdings lagged.

#### Outlook

The vagaries of market movements over the past year, including the return of market turbulence in October and December, took many investors by surprise, and the shifting sands of market leadership have left many seeking direction. Volatility is not synonymous with risk, however, and it is our strong belief that short-term swings in sentiment can present excellent opportunities for long-term investors. We continue to see attractive valuations for companies with solid growth prospects across a variety of countries and sectors.

We are pleased with the progress of our holdings in the current reporting season and we are encouraged by their robust operating performance which is manifested in continued dividend growth. Dividends should not be taken for granted. As the recent dividend cut from Kraft Heinz demonstrated, there are pitfalls to be avoided. The shock announcement from a company considered as defensive by many investors was strongly influenced by high levels of debt which needed servicing ahead of cash returns to shareholders. The burden of debt was equally influential in the dividend cuts from General Electric, Kinder Morgan and PG&E that preceded it. Balance sheet strength is a key area of focus in our fundamental analysis, especially at a time when rising interest rates will increase the cost of debt as companies refinance their debt. This is a crucial exercise to ensure that dividend growth is sustainable.

Dividends are the ultimate sign of management confidence and the dividend increases we are seeing from the fund's holdings reflects well on the long-term potential and the financial health of the companies we are invested in. We continue to believe that the combination of strong dividend growth and attractive valuation stands us in good stead to generate competitive returns over the long term.

#### Stuart Rhodes

Fund manager

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

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

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investments

#### Portfolio statement

as at 31 March Holding	2019 £'000	2019 %	2018 %
<b>EQUITIES</b>	<b>2,374,256</b>	<b>98.77</b>	<b>98.61</b>
<b>United Kingdom</b>	<b>298,908</b>	<b>12.44</b>	<b>12.65</b>
5,530,063 Imperial Brands	145,219	6.04	
5,741,541 St. James's Place	59,023	2.46	
20,184,342 Standard Life Aberdeen	53,206	2.21	
947,114 Unilever	41,460	1.73	
<b>Belgium</b>	<b>0</b>	<b>0.00</b>	<b>0.99</b>
<b>Denmark</b>	<b>42,566</b>	<b>1.77</b>	<b>4.45</b>
1,195,024 Pandora	42,566	1.77	
<b>Finland</b>	<b>38,273</b>	<b>1.59</b>	<b>2.12</b>
998,288 Kone	38,273	1.59	
<b>France</b>	<b>0</b>	<b>0.00</b>	<b>1.14</b>
<b>Germany</b>	<b>51,339</b>	<b>2.14</b>	<b>1.64</b>
624,000 Siemens	51,339	2.14	
<b>Netherlands</b>	<b>34,702</b>	<b>1.44</b>	<b>1.13</b>
244,628 ASML	34,702	1.44	
<b>Norway</b>	<b>5,640</b>	<b>0.23</b>	<b>0.16</b>
3,981,819 Prosafe	5,640	0.23	
<b>Sweden</b>	<b>20,929</b>	<b>0.87</b>	<b>0.00</b>
1,345,851 Epiroc A Shares	10,315	0.43	
1,455,360 Epiroc B Shares	10,614	0.44	
<b>Switzerland</b>	<b>161,872</b>	<b>6.74</b>	<b>6.09</b>
1,039,348 Novartis	75,706	3.15	
414,870 Roche	86,166	3.59	
<b>United States</b>	<b>1,164,260</b>	<b>48.43</b>	<b>50.51</b>
1,577,376 Arthur J. Gallagher & Co.	92,821	3.86	
307,212 Broadcom	70,104	2.92	
1,542,585 Cisco Systems	62,807	2.61	
144,358 Constellation Brands	19,001	0.79	
452,529 Johnson & Johnson	47,955	1.99	
619,211 JPMorgan Chase	47,579	1.98	
131,660 Lam Research	17,645	0.73	
1,157,361 Las Vegas Sands	53,287	2.22	
723,582 Medtronic	49,663	2.07	
4,507,005 Methanex	192,997	8.03	
1,114,554 Microsoft	99,443	4.14	
544,462 PepsiCo	50,614	2.11	
631,724 Starbucks	35,651	1.48	
3,197,039 Trinseo	112,118	4.66	
268,228 Union Pacific	33,813	1.41	
405,517 UnitedHealth	74,943	3.12	
324,013 US Bancorp	11,877	0.49	
400,275 Visa	47,231	1.96	
1,193,890 Wells Fargo	44,711	1.86	
<b>Canada</b>	<b>240,619</b>	<b>10.01</b>	<b>8.38</b>
12,180,772 Gibson Energy	158,024	6.58	
3,199,544 Keyera	57,267	2.38	
903,457 Pembina Pipeline	25,328	1.05	
<b>Japan</b>	<b>45,733</b>	<b>1.90</b>	<b>0.00</b>
415,500 Tokyo Electron	45,733	1.90	
<b>Australia</b>	<b>70,900</b>	<b>2.95</b>	<b>2.17</b>
8,512,623 Amcor	70,900	2.95	
<b>Hong Kong</b>	<b>44,242</b>	<b>1.84</b>	<b>2.12</b>
5,831,527 AIA	44,242	1.84	
<b>Singapore</b>	<b>41,870</b>	<b>1.74</b>	<b>0.00</b>
2,950,500 DBS	41,870	1.74	

#### Portfolio statement (continued)

as at 31 March Holding	2019 £'000	2019 %	2018 %
<b>South Korea</b>	<b>35,785</b>	<b>1.49</b>	<b>1.47</b>
1,193,580 Samsung Electronics	35,785	1.49	
<b>Taiwan</b>	<b>25,494</b>	<b>1.06</b>	<b>0.00</b>
4,203,000 Taiwan Semiconductor Manufacturing	25,494	1.06	
<b>South Africa</b>	<b>51,124</b>	<b>2.13</b>	<b>3.59</b>
7,288,987 Imperial Logistics	23,277	0.97	
6,503,644 Motus	27,847	1.16	
<b>Portfolio of investments</b>	<b>2,374,256</b>	<b>98.77</b>	<b>98.61</b>
<b>CASH EQUIVALENTS</b>	<b>13,856</b>	<b>0.58</b>	<b>1.53</b>
<b>'AAA' rated money market funds [a]</b>	<b>13,856</b>	<b>0.58</b>	<b>1.53</b>
13,856,000 Northern Trust Global Fund - Sterling	13,856	0.58	
<b>Total portfolio (notes 2c &amp; 2d on pages 21 and 22)</b>	<b>2,388,112</b>	<b>99.35</b>	<b>100.14</b>
<b>Net other assets / (liabilities)</b>	<b>15,659</b>	<b>0.65</b>	<b>(0.14)</b>
<b>Net assets attributable to shareholders</b>	<b>2,403,771</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.

#### Top ten portfolio transactions

for the year to 31 March 2019

Largest purchases	£'000
Trinseo	113,414
Tokyo Electron	110,145
DBS	101,119
PepsiCo	87,703
Starbucks	69,701
Taiwan Semiconductor Manufacturing	61,052
Standard Life Aberdeen	55,891
Lam Research	49,594
Broadcom	39,483
US Bancorp	33,889
Other purchases	343,041
<b>Total purchases</b>	<b>1,065,032</b>
Largest sales	£'000
Methanex	217,078
Pembina Pipeline	106,497
Compass	105,742
Helmerich & Payne	98,639
Analog Devices	96,539
UnitedHealth	93,510
Intercontinental Exchange	91,176
Broadcom	90,066
British American Tobacco	82,965
US Bancorp	80,884
Other sales	724,174
<b>Total sales</b>	<b>1,787,270</b>

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

# M&G Global Dividend Fund

## Financial highlights

### Fund performance

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

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

We show performance for these two share classes because:

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

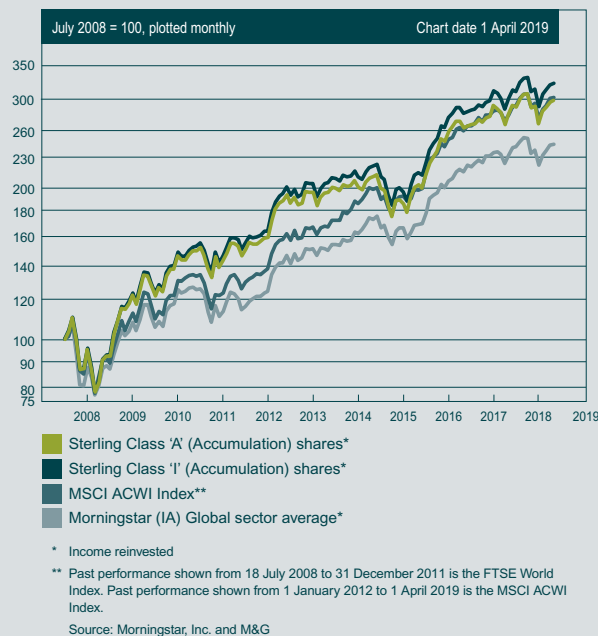
The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Global Dividend Fund, which is available free of charge either from our website at [www.mandg.co.uk/prospectuses](http://www.mandg.co.uk/prospectuses)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

### Fund level performance

Fund net asset value			
as at 31 March	2019 £'000	2018 £'000	2017 £'000
Fund net asset value (NAV)	2,403,771	5,912,060	6,883,700

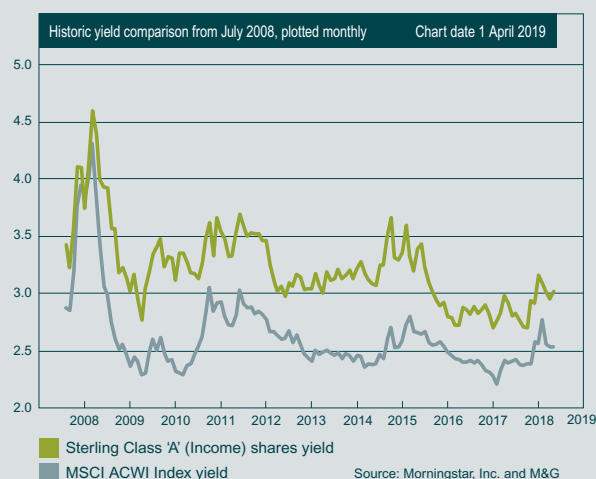
### Performance since launch

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



### Historic yield

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



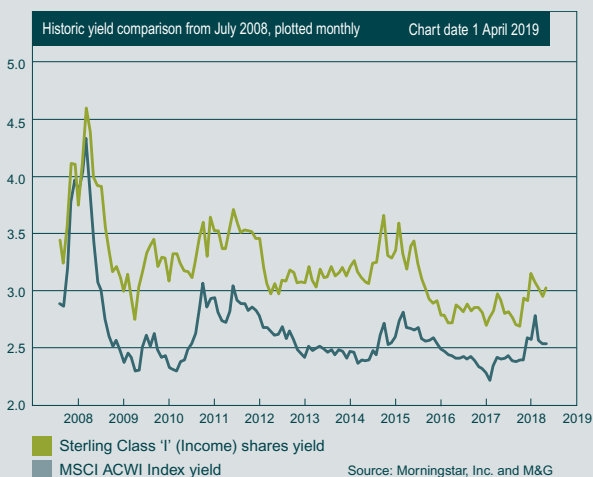
# M&G Global Dividend Fund

## Financial highlights

### Fund performance

#### Historic yield (continued)

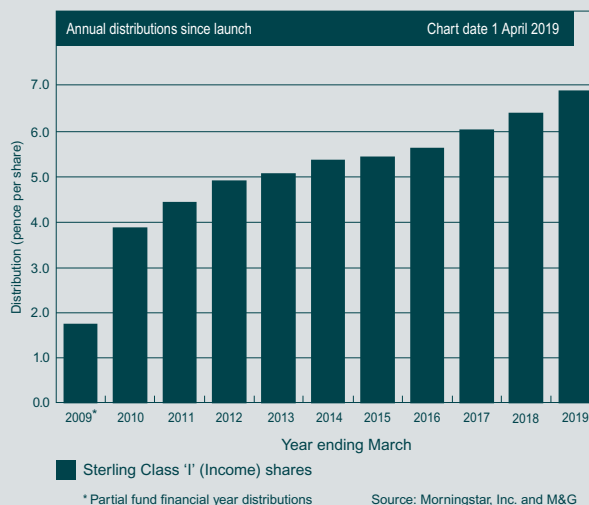
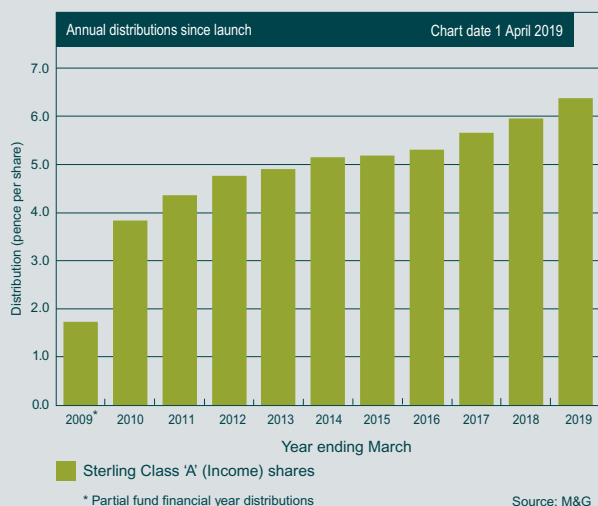
The chart below shows the historic yield of Sterling Class 'I' (Income) shares against that of a comparative index.



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

#### Distribution since launch

The charts below shows the annual distribution of Sterling Class 'A' (Income) shares and Sterling Class 'I' (Income) shares since launch.



# M&G Global Dividend Fund

## Financial highlights

### Fund performance

To give an indication of the performance of the fund, the following table shows the compound rate of return, over the period to 7 December 2018 for non-sterling share classes and 1 April 2019 for sterling share classes. Calculated on a price to price basis with income reinvested.

Long-term performance by share class				
	From 03.04.18 % <sup>[a]</sup>	From 01.04.16 % p.a.	From 01.04.14 % p.a.	Since launch % p.a.
<b>Euro<sup>[b]</sup></b>				
Class 'A'	+4.0	+8.9	+6.1	+9.0 <sup>[c]</sup>
Class 'C'	+4.7	+10.0	+7.2	+10.1 <sup>[c]</sup>
MSCI ACWI Index <sup>[d]</sup>	+3.6	+9.5	+10.0	+9.4 <sup>[c]</sup>
Class 'G'	+4.6	n/a	n/a	+2.7 <sup>[e]</sup>
MSCI ACWI Index	+3.6	+9.5	+10.0	+3.7 <sup>[e]</sup>
<b>Singapore dollar<sup>[b]</sup></b>				
Class 'A'	+0.7	+9.5	n/a	+5.7 <sup>[f]</sup>
Class 'C'	+1.4	+10.6	n/a	+6.8 <sup>[f]</sup>
MSCI ACWI Index	+0.4	+10.2	+7.5	+7.4 <sup>[f]</sup>
<b>Sterling<sup>[g]</sup></b>				
Class 'A'	+12.0	+14.3	+8.7	+10.8 <sup>[c]</sup>
Class 'I'	+12.7	+15.1	+9.5	+11.6 <sup>[c]</sup>
Class 'X'	+12.0	+14.3	+8.7	+10.8 <sup>[c]</sup>
MSCI ACWI Index <sup>[h]</sup>	+12.4	+14.8	+12.3	+10.9 <sup>[c]</sup>
Class 'R'	+12.5	+14.9	+9.3	+10.9 <sup>[i]</sup>
MSCI ACWI Index	+12.4	+14.8	+12.3	+13.1 <sup>[i]</sup>
<b>US dollar<sup>[b]</sup></b>				
Class 'A'	-3.7	+8.8	+1.9	+5.6 <sup>[c]</sup>
Class 'C'	-3.0	+9.9	+2.9	+6.7 <sup>[c]</sup>
MSCI ACWI Index <sup>[d]</sup>	-3.9	+9.7	+5.6	+5.9 <sup>[c]</sup>

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

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

<sup>[c]</sup> 18 July 2008, the launch date of the fund.

<sup>[d]</sup> Past performance shown from 18 July 2008 to 31 December 2011 is the FTSE World Index. Past performance shown from 1 January 2012 to 7 December 2018 is the MSCI ACWI Index.

<sup>[e]</sup> 21 July 2017, the launch date of the share class.

<sup>[f]</sup> 16 January 2015, the launch date of the share class.

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

<sup>[h]</sup> Past performance shown from 18 July 2008 to 31 December 2011 is the FTSE World Index. Past performance shown from 1 January 2012 to 1 April 2019 is the MSCI ACWI Index.

<sup>[i]</sup> 3 August 2012, the launch date of the share class.

### Operating charges and portfolio transaction costs

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

#### Operating charges

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

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.

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

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

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

# M&G Global Dividend Fund

## Financial highlights

### Fund performance

## Operating charges and portfolio transaction costs

### Portfolio transaction costs

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

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

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

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

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

Portfolio transaction costs				
for the year to 31 March	2019	2018	2017	Average <sup>[a]</sup>
<b>Direct portfolio transaction costs <sup>[b]</sup></b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Broker commission	0.02	0.03	0.03	0.03
Taxes	0.02	0.02	0.03	0.02
Costs before dilution adjustments	0.04	0.05	0.06	0.05
Dilution adjustments <sup>[c]</sup>	(0.02)	(0.01)	(0.01)	(0.01)
<b>Total direct portfolio transaction costs</b>	<b>0.02</b>	<b>0.04</b>	<b>0.05</b>	<b>0.04</b>
<b>as at 31 March</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>Average <sup>[a]</sup></b>
<b>Indirect portfolio transaction costs</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Average portfolio dealing spread	0.08	0.09	0.09	0.09

<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. Please see the section above this table for an explanation of dilution adjustments.

### 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.

The non-sterling share classes were merged into the equivalent share classes of the M&G (Lux) Global Dividend Fund on 7 December 2018. The historic yields for the current year non-sterling share classes were calculated at the merger date.

Historic yields for the sterling share classes for the current period are calculated as at 12 April 2019.

#### Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

for the year to 31 March	2019	2018	2017
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,029.63	2,170.48	1,806.17
Return before operating charges and after direct portfolio transaction costs	114.37	(38.66)	463.39
Operating charges	(29.06)	(40.06)	(37.94)
Return after operating charges	85.31	(78.72)	425.45
Distributions	(38.17)	(62.13)	(61.14)
Return to shareholder as a result of share class closure	(2,076.77)	n/a	n/a
Closing NAV	0.00	2,029.63	2,170.48
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0.65	1.07	1.25
Dilution adjustments <sup>[a]</sup>	(0.34)	(0.24)	(0.25)
<b>Total direct portfolio transaction costs</b>	<b>0.31</b>	<b>0.83</b>	<b>1.00</b>
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.91	1.91	1.91
Return after operating charges	+4.20	-3.63	+23.56
Historic yield	3.03	2.98	2.84
Effect on yield of charges offset against capital	1.91	1.91	1.91
<b>Other information</b>			
Closing NAV (£'000)	0	417,072	157,882
Closing NAV percentage of total fund NAV (%)	0.00	7.05	2.29
Number of shares	0	23,448,160	8,480,882
Highest share price (Euro ¢)	2,301.05	2,257.06	2,252.86
Lowest share price (Euro ¢)	2,085.27	1,981.84	1,761.33



# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

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

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 Euro ¢	2018 Euro ¢	2017 Euro ¢
Opening NAV	2,361.03	2,450.73	1,979.36
Return before operating charges and after direct portfolio transaction costs	131.37	(43.90)	513.06
Operating charges	(33.99)	(45.80)	(41.69)
Return after operating charges	97.38	(89.70)	471.37
Distributions	(11.03)	(25.26)	(45.64)
Retained distributions	11.03	25.26	45.64
Return to shareholder as a result of share class closure	(2,458.41)	n/a	n/a
Closing NAV	0.00	2,361.03	2,450.73
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0.76	1.23	1.37
Dilution adjustments <sup>[a]</sup>	(0.39)	(0.27)	(0.27)
Total direct portfolio transaction costs	0.37	0.96	1.10
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.91	1.91	1.91
Return after operating charges	+4.12	-3.66	+23.81
Historic yield	1.05	1.04	1.11
Effect on yield of charges offset against capital	0.01	0.01	0.01
<b>Other information</b>			
Closing NAV (£'000)	0	1,019,061	1,690,840
Closing NAV percentage of total fund NAV (%)	0.00	17.24	24.56
Number of shares	0	49,250,885	80,439,916
Highest share price (Euro ¢)	2,709.61	2,596.00	2,517.88
Lowest share price (Euro ¢)	2,455.51	2,252.09	1,930.24

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

The share class was launched on 8 August 2014.

for the year to 31 March Change in NAV per share	2019 Euro ¢	2018 Euro ¢	2017 Euro ¢
Opening NAV	2,306.04	2,441.43	2,011.54
Return before operating charges and after direct portfolio transaction costs	129.33	(43.32)	518.53
Operating charges	(15.81)	(21.78)	(20.16)
Return after operating charges	113.52	(65.10)	498.37
Distributions	(43.52)	(70.29)	(68.48)
Return to shareholder as a result of share class closure	(2,376.04)	n/a	n/a
Closing NAV	0.00	2,306.04	2,441.43
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0.74	1.22	1.39
Dilution adjustments <sup>[a]</sup>	(0.38)	(0.27)	(0.28)
Total direct portfolio transaction costs	0.36	0.95	1.11
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+4.92	-2.67	+24.78
Historic yield	3.01	2.97	2.83
Effect on yield of charges offset against capital	0.91	0.91	0.91
<b>Other information</b>			
Closing NAV (£'000)	0	30,414	21,802
Closing NAV percentage of total fund NAV (%)	0.00	0.51	0.32
Number of shares	0	1,504,948	1,041,165
Highest share price (Euro ¢)	2,628.02	2,558.87	2,532.33
Lowest share price (Euro ¢)	2,385.75	2,238.66	1,962.04

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

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 Euro ¢	2018 Euro ¢	2017 Euro ¢
Opening NAV	2,597.43	2,669.41	2,134.55
Return before operating charges and after direct portfolio transaction costs	143.81	(48.04)	556.29
Operating charges	(17.93)	(23.94)	(21.43)
Return after operating charges	125.88	(71.98)	534.86
Distributions	(31.69)	(54.01)	(62.11)
Retained distributions	31.69	54.01	62.11
Return to shareholder as a result of share class closure	(2,723.31)	n/a	n/a
Closing NAV	0.00	2,597.43	2,669.41
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0.84	1.34	1.48
Dilution adjustments <sup>[a]</sup>	(0.44)	(0.30)	(0.30)
Total direct portfolio transaction costs	0.40	1.04	1.18
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+4.85	-2.70	+25.06
Historic yield	2.05	2.03	1.99
Effect on yield of charges offset against capital	0.01	0.01	0.01
<b>Other information</b>			
Closing NAV (£'000)	0	244,576	332,949
Closing NAV percentage of total fund NAV (%)	0.00	4.14	4.84
Number of shares	0	10,744,491	14,542,099
Highest share price (Euro ¢)	2,996.31	2,849.71	2,740.35
Lowest share price (Euro ¢)	2,720.10	2,463.20	2,082.04

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

#### Euro Class 'G' Accumulation share performance

The share class was launched on 21 July 2017.

for the year to 31 March Change in NAV per share	2019 Euro ¢	2018 Euro ¢	2017 Euro ¢
Opening NAV	992.43	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	55.02	0.59	n/a
Operating charges	(8.70)	(8.16)	n/a
Return after operating charges	46.32	(7.57)	n/a
Distributions	(10.24)	(14.19)	n/a
Retained distributions	10.24	14.19	n/a
Return to shareholder as a result of share class closure	(1,038.75)	n/a	n/a
Closing NAV	0.00	992.43	n/a
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0.32	0.36	n/a
Dilution adjustments <sup>[a]</sup>	(0.17)	(0.08)	n/a
Total direct portfolio transaction costs	0.15	0.28	n/a
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	n/a
Operating charges	1.16	1.16	n/a
Return after operating charges	+4.67	-0.76	n/a
Historic yield	1.81	1.78	n/a
Effect on yield of charges offset against capital	0.01	0.01	n/a
<b>Other information</b>			
Closing NAV (£'000)	0	514,953	n/a
Closing NAV percentage of total fund NAV (%)	0.00	8.71	n/a
Number of shares	0	59,208,229	n/a
Highest share price (Euro ¢)	1,143.39	1,089.43	n/a
Lowest share price (Euro ¢)	1,037.52	942.53	n/a

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

The share class was launched on 16 January 2015.

for the year to 31 March Change in NAV per share	2019 Singapore ¢	2018 Singapore ¢	2017 Singapore ¢
Opening NAV	1,116.36	1,101.55	940.63
Return before operating charges and after direct portfolio transaction costs	21.42	69.73	211.42
Operating charges	(15.46)	(21.11)	(19.20)
Return after operating charges	5.96	48.62	192.22
Distributions	(20.47)	(33.81)	(31.30)
Return to shareholder as a result of share class closure	(1,101.85)	n/a	n/a
Closing NAV	0.00	1,116.36	1,101.55
<b>Direct portfolio transaction costs</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>
Costs before dilution adjustments	0.35	0.45	0.55
Dilution adjustments <sup>[a]</sup>	(0.18)	(0.10)	(0.11)
Total direct portfolio transaction costs	0.17	0.35	0.44
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.90	1.86	1.88
Return after operating charges	+0.53	+4.41	+20.44
Historic yield	3.12	2.95	2.88
Effect on yield of charges offset against capital	1.90	1.86	1.88
<b>Other information</b>			
Closing NAV (£'000)	0	3	3
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	0	500	500
Highest share price (Singapore ¢)	1,242.30	1,233.49	1,137.00
Lowest share price (Singapore ¢)	1,105.65	1,085.68	900.23

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

The share class was launched on 16 January 2015.

for the year to 31 March Change in NAV per share	2019 Singapore ¢	2018 Singapore ¢	2017 Singapore ¢
Opening NAV	1,239.12	1,184.80	984.12
Return before operating charges and after direct portfolio transaction costs	22.77	77.98	220.70
Operating charges	(17.44)	(23.66)	(20.02)
Return after operating charges	5.33	54.32	200.68
Distributions	(5.65)	(13.27)	(22.17)
Retained distributions	5.65	13.27	22.17
Return to shareholder as a result of share class closure	(1,244.45)	n/a	n/a
Closing NAV	0.00	1,239.12	1,184.80
<b>Direct portfolio transaction costs</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>
Costs before dilution adjustments	0.39	0.63	0.66
Dilution adjustments <sup>[a]</sup>	(0.20)	(0.14)	(0.13)
Total direct portfolio transaction costs	0.19	0.49	0.53
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.91	1.91	1.90
Return after operating charges	+0.43	+4.58	+20.39
Historic yield	1.09	1.04	1.11
Effect on yield of charges offset against capital	0.01	0.01	0.00
<b>Other information</b>			
Closing NAV (£'000)	0	34	35
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	0	5,085	5,085
Highest share price (Singapore ¢)	1,395.81	1,353.70	1,213.10
Lowest share price (Singapore ¢)	1,242.26	1,177.03	941.97

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

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

The share class was launched on 16 January 2015.

for the year to 31 March Change in NAV per share	2019 Singapore ¢	2018 Singapore ¢	2017 Singapore ¢
Opening NAV	1,152.37	1,126.03	951.85
Return before operating charges and after direct portfolio transaction costs	21.83	71.40	215.21
Operating charges	(7.57)	(10.33)	(9.14)
Return after operating charges	14.26	61.07	206.07
Distributions	(21.20)	(34.73)	(31.89)
Return to shareholder as a result of share class closure	(1,145.43)	n/a	n/a
Closing NAV	0.00	1,152.37	1,126.03
<b>Direct portfolio transaction costs</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>
Costs before dilution adjustments	0.36	0.45	0.56
Dilution adjustments <sup>[a]</sup>	(0.19)	(0.10)	(0.11)
Total direct portfolio transaction costs	0.17	0.35	0.45
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	0.90	0.89	0.88
Return after operating charges	+1.24	+5.42	+21.65
Historic yield	3.09	2.94	2.87
Effect on yield of charges offset against capital	0.90	0.89	0.88
<b>Other information</b>			
Closing NAV (£'000)	0	3	3
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	0	500	500
Highest share price (Singapore ¢)	1,289.17	1,271.21	1,161.38
Lowest share price (Singapore ¢)	1,149.33	1,113.94	913.21

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

The share class was launched on 16 January 2015.

for the year to 31 March Change in NAV per share	2019 Singapore ¢	2018 Singapore ¢	2017 Singapore ¢
Opening NAV	1,279.37	1,213.81	996.00
Return before operating charges and after direct portfolio transaction costs	23.05	77.11	227.41
Operating charges	(8.64)	(11.55)	(9.60)
Return after operating charges	14.41	65.56	217.81
Distributions	(15.25)	(26.51)	(28.53)
Retained distributions	15.25	26.51	28.53
Return to shareholder as a result of share class closure	(1,293.78)	n/a	n/a
Closing NAV	0.00	1,279.37	1,213.81
<b>Direct portfolio transaction costs</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>
Costs before dilution adjustments	0.40	0.65	0.66
Dilution adjustments <sup>[a]</sup>	(0.21)	(0.14)	(0.13)
Total direct portfolio transaction costs	0.19	0.51	0.53
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	0.91	0.91	0.90
Return after operating charges	+1.13	+5.40	+21.87
Historic yield	2.11	2.02	2.01
Effect on yield of charges offset against capital	0.01	0.01	0.00
<b>Other information</b>			
Closing NAV (£'000)	0	46	88
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	0	6,668	12,614
Highest share price (Singapore ¢)	1,448.62	1,395.42	1,239.05
Lowest share price (Singapore ¢)	1,291.47	1,203.80	955.64

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

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 UK p	2018 UK p	2017 UK p
Opening NAV	194.31	202.85	155.09
Return before operating charges and after direct portfolio transaction costs	24.87	0.80	56.45
Operating charges	(3.50)	(3.37)	(3.02)
Return after operating charges	21.37	(2.57)	53.43
Distributions	(6.41)	(5.97)	(5.67)
Closing NAV	209.27	194.31	202.85
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.09	0.10	0.11
Dilution adjustments <sup>[a]</sup>	(0.05)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.04	0.08	0.09
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.66	1.66	1.66
Return after operating charges	+11.00	-1.27	+34.45
Historic yield	2.98	3.00	2.83
Effect on yield of charges offset against capital	1.66	1.66	1.66
<b>Other information</b>			
Closing NAV (£'000)	365,458	585,598	685,830
Closing NAV percentage of total fund NAV (%)	15.20	9.91	9.96
Number of shares	174,635,779	301,369,940	338,103,216
Highest share price (UK p)	225.19	217.28	210.29
Lowest share price (UK p)	190.67	193.91	149.30

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

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

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 UK p	2018 UK p	2017 UK p
Opening NAV	266.91	270.48	200.70
Return before operating charges and after direct portfolio transaction costs	34.35	0.96	73.68
Operating charges	(4.84)	(4.53)	(3.90)
Return after operating charges	29.51	(3.57)	69.78
Distributions	(4.11)	(3.54)	(5.30)
Retained distributions	4.11	3.54	5.30
Closing NAV	296.42	266.91	270.48

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.14	0.15
Dilution adjustments <sup>[a]</sup>	(0.06)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.06	0.11	0.12

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.66	1.66	1.66
Return after operating charges	+11.06	-1.32	+34.77
Historic yield	1.34	1.30	1.37
Effect on yield of charges offset against capital	0.01	0.01	0.01

#### Other information

Closing NAV (£'000)	265,988	340,501	575,907
Closing NAV percentage of total fund NAV (%)	11.06	5.76	8.37
Number of shares	89,734,481	127,571,447	212,924,207
Highest share price (UK p)	311.25	295.10	277.49
Lowest share price (UK p)	264.49	258.61	193.21

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

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 UK p	2018 UK p	2017 UK p
Opening NAV	208.73	216.27	164.12
Return before operating charges and after direct portfolio transaction costs	26.74	0.83	59.92
Operating charges	(2.06)	(1.98)	(1.74)
Return after operating charges	24.68	(1.15)	58.18
Distributions	(6.91)	(6.39)	(6.03)
Closing NAV	226.50	208.73	216.27

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.11	0.12
Dilution adjustments <sup>[a]</sup>	(0.05)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.05	0.09	0.10

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+11.82	-0.53	+35.45
Historic yield	2.96	2.99	2.82
Effect on yield of charges offset against capital	0.91	0.91	0.91

#### Other information

Closing NAV (£'000)	851,380	858,505	1,360,071
Closing NAV percentage of total fund NAV (%)	35.42	14.52	19.76
Number of shares	375,886,902	411,302,750	628,862,926
Highest share price (UK p)	242.67	233.02	224.07
Lowest share price (UK p)	205.98	206.95	158.15

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

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 UK p	2018 UK p	2017 UK p
Opening NAV	286.62	288.29	212.33
Return before operating charges and after direct portfolio transaction costs	36.62	0.99	78.23
Operating charges	(2.87)	(2.66)	(2.27)
Return after operating charges	33.75	(1.67)	75.96
Distributions	(6.78)	(5.98)	(6.66)
Retained distributions	6.78	5.98	6.66
Closing NAV	320.37	286.62	288.29

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.15	0.16
Dilution adjustments <sup>[a]</sup>	(0.07)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.06	0.12	0.13

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	+11.78	-0.58	+35.77
Historic yield	2.05	2.04	2.01
Effect on yield of charges offset against capital	0.01	0.01	0.01

#### Other information

Closing NAV (£'000)	825,142	1,604,151	1,684,065
Closing NAV percentage of total fund NAV (%)	34.33	27.13	24.46
Number of shares	257,556,985	559,676,644	584,149,759
Highest share price (UK p)	335.29	316.37	295.59
Lowest share price (UK p)	284.06	275.92	204.61

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

The share class was launched on 3 August 2012.

for the year to 31 March Change in NAV per share	2019 UK p	2018 UK p	2017 UK p
Opening NAV	147.71	153.44	116.73
Return before operating charges and after direct portfolio transaction costs	18.93	0.59	42.56
Operating charges	(1.86)	(1.79)	(1.57)
Return after operating charges	17.07	(1.20)	40.99
Distributions	(4.89)	(4.53)	(4.28)
Closing NAV	159.89	147.71	153.44

Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.08	0.08
Dilution adjustments <sup>[a]</sup>	(0.04)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.03	0.06	0.06

Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.16	1.16	1.16
Return after operating charges	+11.56	-0.78	+35.12
Historic yield	2.97	2.99	2.83
Effect on yield of charges offset against capital	1.16	1.16	1.16

#### Other information

Closing NAV (£'000)	12,301	12,490	9,741
Closing NAV percentage of total fund NAV (%)	0.51	0.21	0.14
Number of shares	7,693,298	8,455,567	6,348,533
Highest share price (UK p)	171.55	165.00	159.00
Lowest share price (UK p)	145.49	146.77	112.45

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

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

The share class was launched on 3 August 2012.

for the year to 31 March Change in NAV per share	2019 UK p	2018 UK p	2017 UK p
Opening NAV	177.20	178.68	131.93
Return before operating charges and after direct portfolio transaction costs	22.83	0.63	48.54
Operating charges	(2.25)	(2.11)	(1.79)
Return after operating charges	20.58	(1.48)	46.75
Distributions	(3.70)	(3.25)	(3.92)
Retained distributions	3.70	3.25	3.92
Closing NAV	197.78	177.20	178.68
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.08	0.09	0.10
Dilution adjustments <sup>[a]</sup>	(0.04)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.04	0.07	0.08
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.16	1.16	1.16
Return after operating charges	+11.61	-0.83	+35.44
Historic yield	1.82	1.79	1.80
Effect on yield of charges offset against capital	0.01	0.01	0.01
<b>Other information</b>			
Closing NAV (£'000)	17,046	12,915	3,862
Closing NAV percentage of total fund NAV (%)	0.71	0.22	0.06
Number of shares	8,619,019	7,288,672	2,161,369
Highest share price (UK p)	207.07	195.70	183.24
Lowest share price (UK p)	175.61	170.95	127.09

#### Sterling Class 'X' Income share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 UK p	2018 UK p	2017 UK p
Opening NAV	194.39	202.94	155.16
Return before operating charges and after direct portfolio transaction costs	24.87	0.79	56.44
Operating charges	(3.49)	(3.37)	(2.99)
Return after operating charges	21.38	(2.58)	53.45
Distributions	(6.41)	(5.97)	(5.67)
Closing NAV	209.36	194.39	202.94
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.09	0.10	0.11
Dilution adjustments <sup>[a]</sup>	(0.05)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.04	0.08	0.09
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.66	1.66	1.66
Return after operating charges	+11.00	-1.27	+34.45
Historic yield	2.98	3.00	2.83
Effect on yield of charges offset against capital	1.66	1.66	1.66
<b>Other information</b>			
Closing NAV (£'000)	48,064	50,551	69,738
Closing NAV percentage of total fund NAV (%)	2.00	0.85	1.01
Number of shares	22,957,221	26,004,490	34,364,481
Highest share price (UK p)	225.29	217.38	210.38
Lowest share price (UK p)	190.75	193.99	149.37

#### Sterling Class 'X' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 UK p	2018 UK p	2017 UK p
Opening NAV	267.06	270.62	200.81
Return before operating charges and after direct portfolio transaction costs	34.36	0.97	73.72
Operating charges	(4.84)	(4.53)	(3.91)
Return after operating charges	29.52	(3.56)	69.81
Distributions	(4.11)	(3.54)	(5.30)
Retained distributions	4.11	3.54	5.30
Closing NAV	296.58	267.06	270.62
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.12	0.14	0.15
Dilution adjustments <sup>[a]</sup>	(0.06)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.06	0.11	0.12
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.66	1.66	1.66
Return after operating charges	+11.05	-1.32	+34.76
Historic yield	1.34	1.30	1.37
Effect on yield of charges offset against capital	0.01	0.01	0.01
<b>Other information</b>			
Closing NAV (£'000)	18,392	19,086	24,298
Closing NAV percentage of total fund NAV (%)	0.77	0.32	0.35
Number of shares	6,201,160	7,146,601	8,978,532
Highest share price (UK p)	311.42	295.26	277.65
Lowest share price (UK p)	264.64	258.76	193.32

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

The share class was launched on 8 August 2014.

for the year to 31 March Change in NAV per share	2019 US ¢	2018 US ¢	2017 US ¢
Opening NAV	1,630.35	1,511.02	1,339.43
Return before operating charges and after direct portfolio transaction costs	(38.80)	198.47	241.68
Operating charges	(22.12)	(30.71)	(26.85)
Return after operating charges	(60.92)	167.76	214.83
Distributions	(28.73)	(48.43)	(43.24)
Return to shareholder as a result of share class closure	(1,540.70)	n/a	n/a
Closing NAV	0.00	1,630.35	1,511.02
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.49	0.82	0.88
Dilution adjustments <sup>[a]</sup>	(0.26)	(0.18)	(0.18)
Total direct portfolio transaction costs	0.23	0.64	0.70
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.91	1.91	1.91
Return after operating charges	-3.74	+11.10	+16.04
Historic yield	3.18	2.91	2.90
Effect on yield of charges offset against capital	1.91	1.91	1.91
<b>Other information</b>			
Closing NAV (£'000)	0	5,130	5,965
Closing NAV percentage of total fund NAV (%)	0.00	0.09	0.09
Number of shares	0	442,448	491,545
Highest share price (US ¢)	1,737.58	1,804.27	1,545.10
Lowest share price (US ¢)	1,544.22	1,497.00	1,274.37

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

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

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 US ¢	2018 US ¢	2017 US ¢
Opening NAV	1,836.40	1,652.10	1,421.29
Return before operating charges and after direct portfolio transaction costs	(45.36)	218.16	259.52
Operating charges	(25.07)	(33.86)	(28.71)
Return after operating charges	(70.43)	184.30	230.81
Distributions	(8.03)	(19.28)	(31.57)
Retained distributions	8.03	19.28	31.57
Return to shareholder as a result of share class closure	(1,765.97)	n/a	n/a
Closing NAV	0.00	1,836.40	1,652.10
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.56	0.91	0.94
Dilution adjustments <sup>[a]</sup>	(0.29)	(0.20)	(0.19)
Total direct portfolio transaction costs	0.27	0.71	0.75
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	1.91	1.91	1.91
Return after operating charges	-3.84	+11.16	+16.24
Historic yield	1.12	1.03	1.13
Effect on yield of charges offset against capital	0.01	0.01	0.01

#### Other information

Closing NAV (£'000)	0	157,856	216,642
Closing NAV percentage of total fund NAV (%)	0.00	2.67	3.15
Number of shares	0	12,087,140	16,329,152
Highest share price (US ¢)	1,969.38	2,009.19	1,671.95
Lowest share price (US ¢)	1,760.90	1,637.13	1,352.30

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

The share class was launched on 8 August 2014.

for the year to 31 March Change in NAV per share	2019 US ¢	2018 US ¢	2017 US ¢
Opening NAV	1,793.19	1,645.45	1,444.07
Return before operating charges and after direct portfolio transaction costs	(43.42)	216.70	262.30
Operating charges	(11.65)	(15.95)	(14.02)
Return after operating charges	(55.07)	200.75	248.28
Distributions	(31.71)	(53.01)	(46.90)
Return to shareholder as a result of share class closure	(1,706.41)	n/a	n/a
Closing NAV	0.00	1,793.19	1,645.45
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.54	0.90	0.97
Dilution adjustments <sup>[a]</sup>	(0.28)	(0.20)	(0.19)
Total direct portfolio transaction costs	0.26	0.70	0.78
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	-3.07	+12.20	+17.19
Historic yield	3.15	2.89	2.89
Effect on yield of charges offset against capital	0.91	0.91	0.91
<b>Other information</b>			
Closing NAV (£'000)	0	3,326	4,195
Closing NAV percentage of total fund NAV (%)	0.00	0.06	0.06
Number of shares	0	260,809	317,458
Highest share price (US ¢)	1,920.54	1,981.25	1,681.20
Lowest share price (US ¢)	1,710.25	1,630.45	1,377.28

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

The share class was launched on 18 July 2008.

for the year to 31 March Change in NAV per share	2019 US ¢	2018 US ¢	2017 US ¢
Opening NAV	2,019.71	1,799.04	1,532.32
Return before operating charges and after direct portfolio transaction costs	(50.77)	238.32	281.57
Operating charges	(13.19)	(17.65)	(14.85)
Return after operating charges	(63.96)	220.67	266.72
Distributions	(23.09)	(40.85)	(42.69)
Retained distributions	23.09	40.85	42.69
Return to shareholder as a result of share class closure	(1,955.75)	n/a	n/a
Closing NAV	0.00	2,019.71	1,799.04
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.62	0.99	1.02
Dilution adjustments <sup>[a]</sup>	(0.32)	(0.22)	(0.20)
Total direct portfolio transaction costs	0.30	0.77	0.82
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.04	0.05
Operating charges	0.91	0.91	0.91
Return after operating charges	-3.17	+12.27	+17.41
Historic yield	2.15	1.98	2.03
Effect on yield of charges offset against capital	0.01	0.01	0.01
<b>Other information</b>			
Closing NAV (£'000)	0	35,789	39,784
Closing NAV percentage of total fund NAV (%)	0.00	0.61	0.58
Number of shares	0	2,491,652	2,753,741
Highest share price (US ¢)	2,176.60	2,206.19	1,819.20
Lowest share price (US ¢)	1,950.07	1,783.04	1,461.50

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

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

# M&G Global Dividend Fund

## Financial statements and notes

### Financial statements

#### Statement of total return

for the year to 31 March	Note	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains / (losses)	5		414,844		(151,669)
Revenue	7	157,853		211,715	
Expenses	8	(66,021)		(87,695)	
Net revenue / (expense) before taxation		91,832		124,020	
Taxation	9	(15,735)		(22,020)	
Net revenue / (expense) after taxation			76,097		102,000
<b>Total return before distributions</b>			<b>490,941</b>		<b>(49,669)</b>
Distributions	10		(99,687)		(131,970)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>391,254</b>		<b>(181,639)</b>

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

for the year to 31 March		2019		2018	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>			<b>5,912,060</b>		<b>6,883,700</b>
Amounts received on issue of shares		305,537		1,159,937	
Amounts paid on cancellation of shares		(1,047,430)		(2,017,738)	
Transfer to M&G (Lux) Global Dividend Fund		(2,375,796)		0	
Value of in specie transfer paid		(830,923)		0	
			(3,948,612)		(857,801)
Dilution adjustments			1,827		1,085
Change in net assets attributable to shareholders from investment activities (see above)			391,254		(181,639)
Retained distributions on Accumulation shares			47,218		66,715
Unclaimed distributions			24		0
<b>Closing net assets attributable to shareholders</b>			<b>2,403,771</b>		<b>5,912,060</b>

#### Balance sheet

as at 31 March	Note	2019	2018
		£'000	£'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		2,374,256	5,829,662
<b>Current assets</b>			
Debtors	11	42,426	51,268
Cash and bank balances	12	18,820	32,073
Cash equivalents		13,856	90,597
<b>Total assets</b>		<b>2,449,358</b>	<b>6,003,600</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distribution payable		(14,387)	(22,407)
Other creditors	13	(31,200)	(69,133)
<b>Total liabilities</b>		<b>(45,587)</b>	<b>(91,540)</b>
<b>Net assets attributable to shareholders</b>		<b>2,403,771</b>	<b>5,912,060</b>

### Notes to the financial statements

#### 1 Statement of compliance

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014.

#### 2 Summary of significant accounting policies

##### a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

##### b) Functional and presentational currency

The functional and presentational currency of M&G Global Dividend Fund is UK sterling.

##### c) Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 29 March 2019 being the last business day of the accounting period.

##### d) Investments - recognition and valuation

The provisions of both Section 11 and Section 12 of FRS 102 have been applied in full. All investments have been designated as fair value through profit and loss and recognised initially at fair value, which is normally the transaction price (excluding transaction costs and accrued interest).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 29 March 2019, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. Interest accrued is not included in the fair value. The methods of determining fair value for the principal classes of investment are:

- Equities and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
- Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

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

##### d) Investments - recognition and valuation (continued)

- Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
- Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
- Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
- Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
- Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.

##### e) Recognition of income and expenses

- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
- Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
- Interest income, including coupons from debt securities and bank interest is recognised on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Revenue from derivatives is recognised on an accruals basis.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.

##### f) Treatment of income and expenses

- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains / (losses).
- The value of any enhancement to a stock dividend is treated as capital.
- Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
- Special equity dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.

- Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.
- Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the shares and treated as capital.
- Other interest income, such as bank interest is treated as revenue.
- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.
- The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
- Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
- Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.

##### g) Tax

Dividends and similar income receivable are recognised at an amount that includes any withholding tax but excludes irrecoverable tax credits. Any withholding tax suffered is shown as part of the tax charge.

Tax is accounted for at the appropriate rate of corporation tax with relief for double taxation taken where appropriate. The tax accounting treatment follows the principal amounts involved.

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed by the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average rate of tax expected to apply in the period in which it expects the deferred tax to be realised or settled. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

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

##### h) Allocation of returns to share classes

The annual management charge, any share class hedging returns and associated share class hedging charge are directly attributable to individual share classes. All other returns are apportioned to the fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.



# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

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

##### h) Allocation of returns to share classes (continued)

All available net revenue accounted for in accordance with the above policies and distribution policy in note 4, is distributed to holders of Income shares or retained and reinvested for holders of Accumulation shares. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the fund.

#### 3 Risk management policies

The ACD is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which funds are or might be exposed.

The Company's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests; market risk, credit risk and liquidity risk.

These financial statements are designed to enable users to evaluate the nature and extent of those risks and how they are managed.

The following risk management policies are applicable to the fund, with specific risk disclosures set out in notes 20 to 23 in this report.

##### Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in a fund's portfolio attributable to changes in market variables, such as interest rates, exchange rates, equity and commodity prices or an issuer's creditworthiness.

In relation to market risk, processes are applied that take account of the investment objective and policy of each fund. All funds are subject to an investment oversight process in accordance with the type and nature of the fund. In addition all funds are monitored for compliance within regulatory limits.

In measuring and monitoring market risk, the global exposure of a fund may be calculated using a 'commitment' approach or 'Value at Risk' (VaR) approach.

##### Commitment approach

The commitment approach is applied for funds investing only in traditional asset classes, namely equities, fixed income, money market instruments and collective investment schemes.

In addition, the approach is applied for funds which use or intend to use derivatives or instruments embedding derivatives, but only for efficient portfolio management purposes, or in a simple way not necessarily restricted to efficient portfolio management.

Under the commitment approach the global exposure of funds is measured and monitored using a commitment (adjusted notional) methodology.

Market risk is considered on a daily basis and forms the foundation of investment oversight analysis. This can include for each fund (but is not limited to) the analysis of factors such as fund concentration; style,

geographical, industry and market capitalisation biases; active, systematic and specific risk measurements; active money; and beta characteristics.

##### Value at Risk approach

The Value at Risk (VaR) approach is a methodology for estimating the maximum potential loss due to market risk based on historic market volatilities and correlations. More particularly, the VaR approach gives a broad indication of the maximum potential loss at a given confidence level (probability), over a specific time period under normal market conditions.

Instrument and portfolio modelling techniques are based on market accepted practices and are subject to regular audit (back-testing). Market risk factors that are analysed include LIBOR / swap rates, government yield curves, equity prices, exchange rates, market volatility, credit spreads and credit default swap (CDS) spreads.

The VaR model is based on a Monte Carlo process with actual VaR being reported on the basis of a 99% confidence interval over a one month period (20 business days). Risk factor history used in the Monte Carlo process is based on 250 business days. From the variance / covariance matrices, a parametric Monte Carlo scenario set of 5,000 simulations is derived and applied to the fund.

VaR does have limitations in its ability to present valid levels of risk in extreme market conditions. Accordingly, the Risk Analysis team also carries out monthly stress testing and scenario based analysis. Stress testing allows for extreme sets of market circumstances which may not be reflected in historical data sets thereby enabling further assessment of combinations of market movements which may cause serious damage to portfolio values. The key element to the scenario based analysis is challenging the correlation assumptions implicit within statistical based models such as VaR.

The stress test and scenario based analysis is customised for each fund type and the VaR analysis is produced on a daily basis.

The table below shows funds using the 'commitment' approach and those using the 'Value at Risk (VaR)' approach:

Fund	Global exposure approach
M&G Global Dividend Fund	Commitment

##### Liquidity risk

Liquidity risk is the risk that a fund's holdings cannot be sold, liquidated or closed out at limited cost in an adequately short time frame and that the ability of the scheme to comply at any time with its obligation to sell and redeem shares is thereby compromised.

The overall liquidity profile for each fund is reviewed and updated regularly. The liquidity profile takes into account investment, cashflow and market liquidity considerations.

Investment liquidity considerations include an assessment of asset class liquidity conditions, liquidity of underlying holdings, portfolio construction and concentration, the scale of individual stock ownership and the nature of the investment strategy.

Cashflow liquidity is managed in each fund on a daily basis using reports that include subscription and redemption information as well as the impact of trading, derivative lifecycle events and corporate action activity. In addition to the daily reporting, the fund managers are provided with reporting that highlights the impact of reasonably predictable events in the portfolio, including an allowance for the potential future exposures that might result from derivative exposures.

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 3 Risk management policies (continued)

##### Liquidity risk (continued)

Market (or distribution-related) considerations include an assessment of asset demand, fund growth, client concentration and the persistency of the client base. Supplementary to this, market liquidity stress tests are carried out on a monthly basis for all sophisticated funds.

##### Credit risk

For funds exposed to credit risk, the credit rating, yield and maturity of each interest bearing security is considered to determine if the yield fully reflects the risk. The capital value of interest-bearing securities within the funds will fall in the event of the default or perceived increased credit risk of an issuer.

The capital value of interest-bearing securities within a fund may also be affected by interest rate fluctuations such that when interest rates rise, the capital value of the interest-bearing securities is likely to fall and vice versa.

Funds investing in derivatives are exposed to counterparty risk. This is the risk that the other party to the transaction fails to fulfil their obligations, either by failing to pay or failing to deliver securities. To minimise this risk, carefully selected, financially strong and well-established counterparties are selected following a thorough due diligence review and collateral is posted daily (in the form of cash or high-quality government bonds). Derivative positions are valued on a mark-to-market basis (revalued to reflect prevailing market prices) daily and collateral moves from one counterparty to the other to reflect movements in the unrealised profit or loss. As a result, the maximum loss to the fund would be limited to that day's price movements in affected derivatives contracts.

For funds in which they are used, credit default swaps are bought and sold in response to detailed credit research to take advantage of anticipated movements in credit spreads on individual stocks and baskets of securities. When a fund buys a credit default swap the default risk associated with the underlying security transfers to the counterparty. When a fund sells a credit default swap the fund assumes the credit risk of the underlying security.

#### 4 Distribution policy

In determining the amount available for reinvestment to Accumulation shares, all expenses with the exception of the annual management charge, administration charge and overdraft interest are offset against capital, increasing the amount available for reinvestment whilst restraining capital performance to an equivalent extent. In determining the amount available for distribution to Income shares, all expenses with the exception of overdraft interest are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

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

In order to conduct a controlled dividend flow to shareholders, interim distributions will be at the fund manager's discretion, up to the maximum of the distributable income available for the period.

#### 5 Net capital gains / (losses)

	2019 £'000	2018 £'000
<b>for the year to 31 March</b>		
Non-derivative securities	414,690	(151,877)
Currency gains / (losses)	164	218
Transaction charges	(10)	(10)
<b>Net capital gains / (losses)</b>	<b>414,844</b>	<b>(151,669)</b>

#### 6 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 13 and 14.

for the year to 31 March	2019 £'000	% of transaction	2018 £'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	1,063,747		1,400,036	
Commissions	556	0.05	675	0.05
Taxes	729	0.07	1,446	0.10
<b>Total purchases after transaction costs</b>	<b>1,065,032</b>		<b>1,402,157</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	1,788,175		2,214,541	
Commissions	(770)	0.04	(1,104)	0.05
Taxes	(135)	0.01	(95)	0.00
<b>Total sales after transaction costs</b>	<b>1,787,270</b>		<b>2,213,342</b>	
<b>c) Direct portfolio transaction costs</b>				
	2019 £'000	% of average NAV	2018 £'000	% of average NAV
<b>Commissions paid</b>				
Equities	1,326	0.02	1,779	0.03
<b>Taxes paid</b>				
Equities	864	0.02	1,541	0.02
<b>Total direct portfolio transaction costs <sup>[a]</sup></b>	<b>2,190</b>	<b>0.04</b>	<b>3,320</b>	<b>0.05</b>
<b>d) Indirect portfolio transaction costs</b>				
Portfolio dealing spread <sup>[b]</sup>		0.08		0.09

<sup>[a]</sup> Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

<sup>[b]</sup> Average portfolio dealing spread at the balance sheet date.

#### 7 Revenue

for the year to 31 March	2019 £'000	2018 £'000
Bank interest	36	18
Dividends from equity investments: non-taxable	156,572	208,374
Dividends from equity investments: taxable	991	679
Interest distributions	254	200
Stock dividends	0	2,444
<b>Total revenue</b>	<b>157,853</b>	<b>211,715</b>

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 8 Expenses

for the year to 31 March	2019 £'000	2018 £'000
<b>Payable to the ACD or associate</b>		
Annual management charge	57,600	77,283
Administration charge	7,710	9,743
	65,310	87,026
<b>Payable to the Depositary or associate</b>		
Depositary's charge (including VAT)	178	219
<b>Other expenses</b>		
Audit fee (including VAT)	10	9
Interest payable	36	11
Professional fees	32	7
Safe custody charge	455	423
	533	450
<b>Total expenses</b>	<b>66,021</b>	<b>87,695</b>

#### 9 Taxation

for the year to 31 March	2019 £'000	2018 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	15,735	22,020
Deferred tax (note 9c)	0	0
<b>Total taxation</b>	<b>15,735</b>	<b>22,020</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue / (expense) before taxation	91,832	124,020
Corporation tax at 20%	18,366	24,804
Effects of:		
Dividends from equity investments: non-taxable	(31,314)	(41,675)
Stock dividends not taxable	0	(489)
Current year expenses not utilised	12,948	17,360
Withholding tax	15,735	22,020
<b>Total tax charge (note 9a)</b>	<b>15,735</b>	<b>22,020</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 9a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of £125,754,000 (2018: £112,806,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

#### 10 Distributions

for the year to 31 March Dividend distributions	2019		2018	
	Inc <sup>[a]</sup> £'000	Acc <sup>[b]</sup> £'000	Inc <sup>[a]</sup> £'000	Acc <sup>[b]</sup> £'000
First interim	12,039	11,110	14,167	11,677
Second interim	12,022	14,288	13,910	12,145
Third interim	11,437	12,131	13,167	11,122
Final	14,387	9,689	22,407	31,771
<b>Total net distributions</b>		97,103		130,366
Income deducted on cancellation of shares		3,163		3,078
Income received on issue of shares		(579)		(1,474)
<b>Distributions</b>		<b>99,687</b>		<b>131,970</b>
Net revenue / (expense) per statement of total return		76,097		102,000
Expenses offset against capital		23,590		29,970
Undistributed income brought forward		1		1
Undistributed income carried forward		(1)		(1)
<b>Distributions</b>		<b>99,687</b>		<b>131,970</b>

[a] Distributions payable on Income shares.

[b] Retained distributions on Accumulation shares.

#### 11 Debtors

as at 31 March	2019 £'000	2018 £'000
Amounts receivable on issues of shares	172	5,564
Currency deals outstanding	9,247	15,763
Distributions receivable	12	33
Dividends receivable	6,337	12,806
Sales awaiting settlement	8,712	0
Withholding tax recoverable	17,946	17,102
<b>Total debtors</b>	<b>42,426</b>	<b>51,268</b>

#### 12 Cash and bank balances

as at 31 March	2019 £'000	2018 £'000
Cash held as bank balances	18,820	32,073
<b>Total cash and bank balances</b>	<b>18,820</b>	<b>32,073</b>

#### 13 Other creditors

as at 31 March	2019 £'000	2018 £'000
ACD's annual management charge payable	1,160	3,321
Administration charge payable	180	425
Amounts payable on cancellation of shares	1,776	34,055
Currency deals outstanding	9,259	15,786
Expenses payable	112	122
Purchases awaiting settlement	11,617	15,424
Payable to M&G (Lux) Global Dividend Fund	7,096	0
<b>Total other creditors</b>	<b>31,200</b>	<b>69,133</b>

#### 14 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2018: same).

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 15 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 16.

Share class	Opening 01.04.18	Movements		Closing 31.03.19
		Issued	Cancelled	
<b>Euro</b>				
Class 'A' Income	23,448,160	2,026,581	(25,474,741)	0
Class 'A' Accumulation	49,250,885	178,176	(49,429,061)	0
Class 'C' Income	1,504,948	165,004	(1,669,952)	0
Class 'C' Accumulation	10,744,491	1,854,307	(12,598,798)	0
Class 'G' Accumulation	59,208,229	12,214,983	(71,423,212)	0
<b>Singapore dollar</b>				
Class 'A' Income	500	1,967	(2,467)	0
Class 'A' Accumulation	5,085	1,281	(6,366)	0
Class 'C' Income	500	1,881	(2,381)	0
Class 'C' Accumulation	6,668	496	(7,164)	0
<b>Sterling</b>				
Class 'A' Income	301,369,940	3,110,899	(129,845,060)	174,635,779
Class 'A' Accumulation	127,571,447	3,029,175	(40,866,141)	89,734,481
Class 'I' Income	411,302,750	11,332,322	(46,748,170)	375,886,902
Class 'I' Accumulation	559,676,644	13,041,993	(315,161,652)	257,556,985
Class 'R' Income	8,455,567	911,642	(1,673,911)	7,693,298
Class 'R' Accumulation	7,288,672	1,968,263	(637,916)	8,619,019
Class 'X' Income	26,004,490	388,287	(3,435,556)	22,957,221
Class 'X' Accumulation	7,146,601	134,865	(1,080,306)	6,201,160
<b>US dollar</b>				
Class 'A' Income	442,448	51,013	(493,461)	0
Class 'A' Accumulation	12,087,140	246,300	(12,333,440)	0
Class 'C' Income	260,809	2,857	(263,666)	0
Class 'C' Accumulation	2,491,652	9,111	(2,500,763)	0

#### 16 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

Share class	Entry charge %	Exit charge %	Annual management charge %
<b>Euro</b>			
Class 'A'	4.00	n/a	1.75
Class 'C'	1.25	n/a	0.75
Class 'G'	nil	n/a	1.00
<b>Singapore dollar</b>			
Class 'A'	4.00	n/a	1.75
Class 'C'	1.25	n/a	0.75
<b>Sterling</b>			
Class 'A'	nil	n/a	1.50
Class 'I'	nil	n/a	0.75
Class 'R'	nil	n/a	1.00
Class 'X'	nil	n/a	1.50
<b>US dollar</b>			
Class 'A'	4.00	n/a	1.75
Class 'C'	1.25	n/a	0.75

#### 17 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 10. Amounts due to / from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 11 and 13 where applicable.

Amounts paid to M&G Securities Limited in respect of the ACD's annual management charge and administration charge are disclosed in note 8. Amounts due at the year end in respect of the ACD's annual management charge and administration charge are disclosed in note 13.

At the balance sheet date, shareholders from within Prudential plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 3.68% (2018: 3.28%) of the fund's shares.

#### 18 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

#### 19 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

##### Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (e.g. Government bonds) and exchange traded derivatives (e.g. futures) for which quoted prices are readily and regularly available.

##### Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs. However no such financial instruments were held.

##### Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights. However no such financial instruments were held.

as at 31 March Basis of valuation	Assets 2019	Liabilities 2019	Assets 2018	Liabilities 2018
	£'000	£'000	£'000	£'000
Level 1	2,374,256	0	5,829,662	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>2,374,256</b>	<b>0</b>	<b>5,829,662</b>	<b>0</b>

In accordance with FRS 102 (22.4a) the shares in issue for each class meet the definition of a puttable instrument as the shareholders have the right to sell the shares back to the issuer. The shares in the fund may be issued and redeemed on any business day at the quoted price. These shares are not traded on an exchange. However, the price is observable and transactions within the fund take place regularly at that price. The shares in issue as detailed in note 15 meet the definition of a level 2 financial instrument 'Valuation techniques using observable market data'.

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 20 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £118,713,000 (2018: £291,483,000). A five per cent decrease would have an equal and opposite effect.

#### 21 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by £120,189,000 (2018: £295,603,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2019 £'000	2018 £'000
<b>Currency exposure in respect of the fund</b>		
Australian dollar	72,258	130,551
Canadian dollar	244,106	500,623
Danish krone	45,447	265,256
Euro	129,094	409,100
Hong Kong dollar	44,242	126,445
Japanese yen	46,535	0
Norwegian krone	5,639	9,712
Singapore dollar	41,870	0
Sterling	289,523	809,875
South African rand	51,124	212,436
South Korean won	36,073	84,259
Swedish krona	20,929	0
Swiss franc	176,887	371,305
Taiwan dollar	33,140	0
US dollar	1,166,904	2,992,498
<b>Total</b>	<b>2,403,771</b>	<b>5,912,060</b>

#### 22 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

#### 23 Credit risk

Credit risk is not considered significant for the fund and is therefore not disclosed.

#### 24 Dividend distribution tables

This fund pays quarterly ordinary distributions and the following table sets out the distribution periods.

Quarterly distribution periods				
	Start	End	Xd	Payment
First interim	01.04.18	30.06.18	02.07.18	31.08.18
Second interim	01.07.18	30.09.18	01.10.18	30.11.18
Third interim <sup>[a]</sup>	01.10.18	31.12.18	02.01.19	28.02.19
Final	01.01.19	31.03.19	01.04.19	31.05.19

<sup>[a]</sup> As a result of the merger of M&G Global Dividend Fund into M&G (Lux) Global Dividend Fund on 7 December 2018 ('the effective date'), any income available for distribution to non-sterling share classes from the start of the period on 1 October 2018 to the effective date of the merger was distributed to shareholders on 31 January 2019.

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Euro Class 'A' Income shares				
Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2019	Equalisation 2019	2019	2018
	€	€	€	€
First interim	7.2680	6.2348	13.5028	13.0829
Second interim	8.5360	5.1663	13.7023	12.9428
Third interim	5.4184	5.5448	10.9632	12.9699
Final	n/a	n/a	n/a	23.1356

Euro Class 'A' Accumulation shares				
Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2019	Equalisation 2019	2019	2018
	€	€	€	€
First interim	1.7696	0.9029	2.6725	3.4428
Second interim	2.5047	2.6527	5.1574	3.6922
Third interim	1.1544	2.0443	3.1987	2.6464
Final	n/a	n/a	n/a	15.4767

Euro Class 'C' Income shares				
Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2019	Equalisation 2019	2019	2018
	€	€	€	€
First interim	3.3573	12.0044	15.3617	14.7278
Second interim	7.9891	7.6419	15.6310	14.6148
Third interim	8.0812	4.4482	12.5294	14.6792
Final	n/a	n/a	n/a	26.2644

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 24 Dividend distribution tables (continued)

##### Euro Class 'C' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	€	€	€	€
First interim	5.4370	5.0565	10.4935	10.2827
Second interim	4.4338	7.5862	12.0200	10.3663
Third interim	3.8527	5.3268	9.1795	9.9152
Final	n/a	n/a	n/a	23.4471

##### Euro Class 'G' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	€	€	€	€
First interim	2.0335	1.2574	3.2909	n/a
Second interim	2.4351	1.5492	3.9843	2.6393
Third interim	1.2152	1.7491	2.9643	3.2182
Final	n/a	n/a	n/a	8.3321

##### Singapore dollar Class 'A' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	¢	¢	¢	¢
First interim	7.2751	0.0000	7.2751	6.9015
Second interim	5.9292	1.5495	7.4787	7.1796
Third interim	5.7150	0.0000	5.7150	6.9725
Final	n/a	n/a	n/a	12.7580

##### Singapore dollar Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	¢	¢	¢	¢
First interim	1.3777	0.0000	1.3777	1.8330
Second interim	2.6744	0.0128	2.6872	1.9539
Third interim	1.5834	0.0000	1.5834	1.3497
Final	n/a	n/a	n/a	8.1371

##### Singapore dollar Class 'C' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	¢	¢	¢	¢
First interim	7.5240	0.0000	7.5240	7.0645
Second interim	6.1447	1.5955	7.7402	7.3569
Third interim	5.9363	0.0000	5.9363	7.1567
Final	n/a	n/a	n/a	13.1480

##### Singapore dollar Class 'C' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	¢	¢	¢	¢
First interim	5.0740	0.0000	5.0740	5.0082
Second interim	5.1087	0.7769	5.8856	5.1485
Third interim	4.2864	0.0000	4.2864	11.5753
Final	n/a	n/a	n/a	11.5753

##### Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	p	p	p	p
First interim	0.3825	0.9175	1.3000	1.2500
Second interim	0.6797	0.6703	1.3500	1.2500
Third interim	0.7740	0.6260	1.4000	1.2500
Final	1.1221	1.2362	2.3583	2.2195

##### Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	p	p	p	p
First interim	0.3610	0.1379	0.4989	0.5567
Second interim	0.1994	0.5657	0.7651	0.5861
Third interim	0.3015	0.3763	0.6778	0.4832
Final	1.3879	0.7786	2.1665	1.9166

##### Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	p	p	p	p
First interim	0.7797	0.6181	1.3978	1.3344
Second interim	0.7781	0.6765	1.4546	1.3365
Third interim	0.7691	0.7417	1.5108	1.3388
Final	1.4464	1.1044	2.5508	2.3828

##### Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	p	p	p	p
First interim	0.7630	0.4020	1.1650	1.1324
Second interim	0.7531	0.6096	1.3627	1.1559
Third interim	0.6807	0.6712	1.3519	1.1025
Final	1.6831	1.2158	2.8989	2.5918

##### Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	p	p	p	p
First interim	0.5882	0.4007	0.9889	0.9461
Second interim	0.2121	0.8162	1.0283	0.9473
Third interim	0.4479	0.6197	1.0676	0.9484
Final	0.7048	1.0962	1.8010	1.6866

# M&G Global Dividend Fund

## Financial statements and notes

### Notes to the financial statements

#### 24 Dividend distribution tables (continued)

##### Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	p	p	p	p
First interim	0.2664	0.3245	0.5909	0.5918
Second interim	0.3902	0.3405	0.7307	0.6063
Third interim	0.4029	0.3039	0.7068	0.5616
Final	1.0817	0.5928	1.6745	1.4924

##### Sterling Class 'X' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	p	p	p	p
First interim	0.5974	0.7031	1.3005	1.2510
Second interim	0.4796	0.8710	1.3506	1.2505
Third interim	0.4585	0.9422	1.4007	1.2506
Final	1.1976	1.1617	2.3593	2.2205

##### Sterling Class 'X' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	p	p	p	p
First interim	0.3212	0.1781	0.4993	0.5567
Second interim	0.4922	0.2733	0.7655	0.5864
Third interim	0.3431	0.3351	0.6782	0.4835
Final	0.9866	1.1811	2.1677	1.9177

##### US dollar Class 'A' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	¢	¢	¢	¢
First interim	3.3779	6.8639	10.2418	9.5281
Second interim	5.0530	5.4589	10.5119	10.3305
Third interim	3.8789	4.0938	7.9727	9.8294
Final	n/a	n/a	n/a	18.7435

##### US dollar Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	¢	¢	¢	¢
First interim	1.4520	0.5095	1.9615	2.4363
Second interim	1.9102	1.9204	3.8306	2.8473
Third interim	0.2428	1.9965	2.2393	1.9292
Final	n/a	n/a	n/a	12.0707

##### US dollar Class 'C' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	¢	¢	¢	¢
First interim	11.2794	0.0000	11.2794	10.3444
Second interim	9.1950	2.4134	11.6084	11.2948
Third interim	8.8207	0.0000	8.8207	10.7694
Final	n/a	n/a	n/a	20.5980

##### US dollar Class 'C' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2	
	Income 2019	Equalisation 2019	2019	Distribution 2018
	¢	¢	¢	¢
First interim	6.6683	1.0428	7.7111	7.2196
Second interim	7.9264	0.9991	8.9255	8.0076
Third interim	1.3074	5.1488	6.4562	7.2681
Final	n/a	n/a	n/a	18.3501

# M&G Global Dividend Fund

## Other regulatory disclosures

### Remuneration

In line with the requirements of the Undertakings for Collective Investments in Transferable Securities (UCITS) V, the UCITS Manager is subject to a remuneration policy which is consistent with the principles outlined in SYSC19E of the FCA Handbook (UCITS Remuneration Code).

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its staff is in line with the risk policies and objectives of the UCITS funds it manages. Further details of the remuneration policy applicable at an M&G Limited level can be found here: [www.mandg.com/about-us/policies-and-business-principles](http://www.mandg.com/about-us/policies-and-business-principles). M&G's remuneration policy and its implementation is reviewed on an annual basis, or more frequently where required, and approved by the M&G Remuneration Committee. The latest review found that the remuneration policy continued to align to all local regulatory requirements and continued to operate as intended.

The UCITS management company is required under UCITS to make quantitative disclosures of remuneration. These disclosures are made in line with M&G's interpretation of currently available guidance on quantitative remuneration disclosures. As market or regulatory guidance evolves, M&G may consider it appropriate to make changes to the way in which quantitative disclosures are calculated. Members of staff and senior management typically provide both UCITS and non-UCITS related services and have a number of areas of responsibility. Therefore, only the portion of remuneration for those individuals' services which may be attributable to UCITS is included in the remuneration figures disclosed. Accordingly the figures are not representative of any individual's actual remuneration.

M&G Securities Limited does not directly employ any staff members. However, for the financial year ended 31 December 2018, aggregate remuneration of £47,703,371 (£7,395,780 in respect of fixed remuneration and £40,307,591 in respect of variable remuneration) was paid to individuals whose actions may have a material impact on the risk profile of the UCITS Manager, of which £3,523,355 related to senior management.

### Swiss investor information

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

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



# Glossary

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

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

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

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

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

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

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

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

**Bunds:** Fixed income securities issued by the German government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary

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

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

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

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

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

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

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

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

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

**Futures:** A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a 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, i.e. higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary

**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.

**Ongoing Charge Figure:** The Ongoing Charge Figure includes charges for the following items: management of the fund (also known as Annual Management Charge), administration services, services provided by external parties which include depository, custody and audit, as well as incorporating the ongoing charge figure from funds held in the portfolio (taking into account any rebates).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary

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

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

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

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

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

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

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

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

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

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

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

**Top-down investing:** An investment approach that analyses economic factors, i.e. 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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