M&G Global Select Fund

a sub-fund of M&G Investment Funds (1)

Interim Short Report February 2020
For the six months ended 29 February 2020

Fund information

The Authorised Corporate Director (ACD) of M&G Investment Funds (1) presents its Interim Short Report for M&G Global Select Fund which contains a review of the fund's investment activities and investment performance during the period. The ACD's Interim Long Report and unaudited Financial Statements for M&G Investment Funds (1), incorporating all the sub-funds and a Glossary of terms is available free of charge either from our website at www.mandg.co.uk/reports or by calling M&G Customer Relations on 0800 390 390.

ACD

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

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

Important information

On 29 November 2019, the investment objective, policy and approach were changed for the M&G Global Select Fund.

Between 29 February 2020 and 9 April 2020 the net asset values (NAV) per share have fallen. The fall in NAV stems from a fall in the value of investments driven by fears of the negative impact on global growth from COVID-19. For further details on the share class movements please refer to the Interim Long Report and unaudited Financial Statements for M&G Investment Funds (1) from our website at https://www.mandg.co.uk/investor/forms-and-literature

Investment objective up to 28 November 2019

The fund aims to provide a total return (the combination of capital growth and income).

Investment policy up to 28 November 2019

At least 80% of the fund is invested in companies globally across a wide range of geographies, sectors and market capitalisations. The fund has a concentrated portfolio and usually holds fewer than 40 stocks.

The fund is based on an investment process that uses fundamental analysis to identify competitively advantaged companies with sustainable business models.

Sustainability considerations play an important role in determining the investment universe and assessing business models. Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment and anti-corruption are excluded from the investment universe. Industries such as tobacco and controversial weapons are also excluded.

The fund may also invest in other transferable securities, directly or via collective investment schemes, and may hold cash for liquidity purposes. Collective investment schemes may include funds managed by M&G.

Derivatives may be used for efficient portfolio management.

Investment approach up to 28 November 2019

The fund is a focused core global equity fund, making long-term investments in companies with sustainable business models and competitively advantageous characteristics to protect their profitability. Importantly, the fund manager invests in these businesses where short-term issues have provided a clear valuation opportunity.

Sustainability considerations are fully integrated into the investment process.

The fund manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company's share price when a short-term issue has been resolved.

Fund information

Investment objective from 29 November 2019

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

Investment policy from 29 November 2019

At least 80% of the fund is invested in equity securities and equity-related securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. The fund has a concentrated portfolio and usually holds fewer than 40 companies.

Sustainability considerations play an important role in determining the investment universe and assessing business models. The fund excludes securities issued by companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment and anti-corruption and companies involved in the production of tobacco and controversial weapons.

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

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach from 29 November 2019

The fund is a focused core global equity fund.

The fund is based on an investment process that uses fundamental analysis to identify companies with sustainable business models and competitively advantageous characteristics to protect their profitability. The fund makes long-term investments in these companies and importantly, the fund manager invests in businesses where short-term issues have provided a clear valuation opportunity.

Sustainability considerations are fully integrated into the investment process.

The fund manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company's share price when a short-term issue has been resolved.

Benchmark

Benchmark: MSCI World Index.

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

Fund information

Risk profile

The fund invests globally in the shares of listed companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates. The fund's focus is on quality businesses where an element of change is helping to drive their value, and these stocks could potentially experience a degree of illiquidity in times of market distress. The fund is a concentrated portfolio of between 30 and 40 holdings, but is mainly invested in the shares of large and medium-sized companies, which are normally traded with relative ease. Diversification across countries, 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.

Low risk ◄──► High risk

Typically lower rewards — Typically higher rewards

1	2	3	4	**5**	6	7

The above number:

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

Investment review

As at 2 March 2020, for the six months ended 29 February 2020

Performance against objective

Between 2 September 2019 (the start of the review period) and 2 March 2020, the fund's sterling share classes delivered a negative total return (the combination of income and growth of capital). The fund's sterling returns lagged its benchmark, the MSCI World Index, which declined by 1.0% for the period in sterling terms. However, the shortfall was the result of market timing differences. The fund is priced at midday in London, and therefore did not capture the gains from a strong market rally on the last day of the review period.

Over five years, the fund has delivered positive total returns, however, it has not finished ahead of the benchmark for the period. The benchmark returned 11.2% p.a. in sterling terms over five years.* Therefore, the fund's performance has not met its current objective over its specified timeframe of five years, but this is a reflection of the market timing difference mentioned above.

* For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Fund performance' section of the Interim Long Report and unaudited Financial Statements for M&G Investment Funds (1).

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period for Sterling Class 'A' (Accumulation) shares. Calculated on a price to price basis with income reinvested.

Long-term performance

	Six months 02.09.19 % [a]	Three years 02.03.17 %p.a.	Five years 02.03.15 %p.a.	Since launch %p.a.
Sterling [b]				
Class 'A'	-5.0	+5.2	+9.4	+10.4 [c]

[a] Absolute basis.

[b] Price to price with income reinvested.

[c] 19 December 1967, the end of the initial offer period of the predecessor unit trust.

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.

Investment performance

Stockmarkets in developed countries delivered negative returns for the six months under review, with the end of the period witnessing levels of volatility, or market turbulence, not seen since the financial crisis in 2008.

For much of the period, market sentiment had been dominated by a number of repeat themes, one of the most destabilising of which was the ongoing 'trade war' between the US and China. Concerns about on-again / off-again trade negotiations drove waves of both euphoria and risk aversion, depending on how those negotiations were perceived to be progressing. Other sources of disillusionment included an apparent slowdown in China and signs of weakness in the US economy, political difficulties in Europe, exacerbated by the looming presence of Brexit, geopolitical tensions in the Middle East and weakness in the oil price, amid potential declining demand in the face of reduced economic activity.

Despite these difficulties, markets maintained a generally upward trajectory, and as we entered the new year investors appeared upbeat. The Brexit situation had relatively stabilised, following a majority conservative government win in the UK's December general election, trade tensions between the US and China appeared to be cooling, and concerns over declining global economic activity were being ameliorated by central bank intervention in both Europe and China.

This positive sentiment, however, was to prove short-lived. The mood darkened as news of the new coronavirus – COVID-19 – outbreak spreading from China took a detrimental toll. As we moved through the end of the period under review, initial hopes that the virus might be contained faded as new outbreaks were reported beyond China, notably in Iran, Italy and South Korea. Fearful of the emergence of a global pandemic and its potential negative effects on the global economy, stocks sold off in dramatic fashion at the end of February, resulting in the largest weekly stockmarket fall since 2008. Oil prices also tumbled, amid fears that a global economic slowdown would reduce demand for crude.

Against this background, some of the more defensive sectors, (that is, those that have relatively predictable and stable earnings regardless of the state of the overall economy) including healthcare and utilities, proved more resilient than the wider market, as risk-averse investors tend to favour these sectors in periods of uncertainty. The best-performing sector for the period was information technology. Conversely, energy was the clear laggard for the period, given turbulence in the oil price, while consumer staples, materials and real estate all underperformed the wider market.

For the fund, stock selection within the information technology and financial sectors led to the largest drag on relative returns, while selection within the consumer staples and materials sectors also weighed on relative performance. On the upside, stockpicking within the consumer discretionary, communication services and healthcare sectors was supportive.

At an individual stock level, the fund's largest detractor was US supply chain systems IT specialist Manhattan Associates. The company's shares had risen by around 10% in US dollar terms from the beginning of the review period on the back of ongoing operational success, but then declined at the beginning of February. This was despite the company reporting record-beating annual revenue as it continues to transition to a subscription-based software-as-a-service cloud model. Manhattan's shares fell further in the sell-off at the end of the month, partially in relation to its association with retail, given the negative effects of coronavirus on the sector.

Danish global services provider ISS dragged on returns as well. The company's shares fell sharply after it cut its earnings and cashflow guidance for the year, while warning that it might not reach its ambitious medium-term targets until 2022, a year later than previously forecast, with lower profits partly resulting from problems in France, Denmark and Hong Kong. ISS also suffered a major malware attack in February that disrupted its global operations.

Other laggards included US metal packaging specialist Ball Corporation and Anglo-Dutch consumer goods company Unilever. At the end of October Ball Corp reported a 25% year-on-year increase in third-quarter earnings per share on the back of strong demand trends in both aluminium packaging and its aerospace business. This, however, fell below some analysts' estimates and its shares declined, regained some ground and then declined again in the general market sell-off in February.

For Unilever, while consumer staples companies were generally out of favour for the period, Unilever also cut its sales guidance amid growth concerns in India, its largest market by volume, as well as experiencing a slowdown in South Asia and weakness in West Africa.

On the upside, the fund's largest contributor was US luxury jeweller Tiffany & Co. Tiffany's shares rose sharply on news that French luxury goods giant LVMH was bidding some US$14.5 billion to acquire the company, in part to leverage Tiffany's US exposure and its appeal to high-spending Chinese consumers. Its shares rose further on news that shareholders had approved the deal, expected to complete in the middle of this year, provided regulatory approval is granted.

Other supportive holdings included US tech giant Microsoft, which has produced solid returns, boosted by its cloud-based solution Azure and its Office 365 subscription service, and multinational energy management company Schneider Electric. Schneider has continued to deliver operational success, and this has been reflected in solid, ongoing share price performance. Its shares rallied to an all-time high in February after publishing financial results that beat expectations, as well as the firm saying it was confident it could offset the impact of the coronavirus outbreak in China.

Investment activities

We run a concentrated portfolio of between 30 and 40 holdings, maintaining a watchlist of around 300 quality 'moated' companies that we would like to own when the timing and price are right (moated companies are those where we feel the business model is well protected from competition). We monitor our watchlist closely, waiting patiently for short-term issues to create buying opportunities.

During the review period, one such opportunity presented itself: Danish allergy immunotherapy specialist ALK-Abelló. ALK is a quality company that specialises in autoimmune therapy for dust mite and grass allergies. These treatments were traditionally injectable, which could result in sometimes fatal allergic reactions, but ALK has developed much safer, and easier to administer, pills. These have been approved for distribution to adults in Europe and the US, and the company is currently conducting clinical trials in children to establish if the pills are effective for allergic asthma – this could open up the large paediatric market when completed in 2020. We believe that ALK has a unique, well-protected, skill-set, having developed its R&D capabilities since the early 1900s. We see strong growth potential for the business if its distribution strategy plays out, particularly in the US.

Conversely, we closed our small remaining position in Israeli pharmaceutical company Teva, having lost faith in the investment case for the business.

Outlook

Events like the extreme market reaction to the COVID-19 outbreak are difficult to predict, and while, from an investment viewpoint, such events can be painful in the short term, they can also create opportunities for long-term investors. We believe that investing in quality companies when they are being undervalued can help to deliver long-term benefits for our customers, as markets return to more normal levels.

It is unlikely that the market will go up in a straight line from where we find ourselves at the end of the review period, but we see great long-term value at these levels. Companies with less robust business models have seen a very substantial setback, limiting the future downside risk, while stable growth companies have seen a smaller setback, but still look very cheap, in our opinion.

We focus on company fundamentals more so than macroeconomics, but it seems likely that the coronavirus outbreak will slow down economies for a while and potentially push Europe into a recession – but we do not believe that all recessions are created equal. In the current situation we do not see extreme excess in the corporate system or exuberance in the banking sector, and government efforts to fight the downturn will potentially make it a shallow recession, as it presently appears to us. This could still lead to bankruptcies and rising unemployment, but we do not now think it poses a systemic threat, and there is not currently a stockmarket bubble to deflate.

In terms of the current portfolio, while short-term setbacks are frustrating, we remain confident in the quality of the stocks within the portfolio. As long-term investors, our focus is on the ability of our holdings to generate long-term value for the fund and for our customers, and we continue to be optimistic about their prospects.

John William Olsen
Fund manager

An employee of M&G FA Limited (formerly 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.

Portfolio statement

as at Holding		29.02.20 $'000	29.02.20 %	31.08.19 %
	EQUITIES	663,953	97.90	98.11
	Energy equipment & services	**7,243**	**1.07**	**1.13**
385,064	National Oilwell Varco	7,243	1.07	
	Chemicals	**18,314**	**2.70**	**2.86**
94,776	Linde	18,314	2.70	
	Containers & packaging	**26,093**	**3.85**	**4.82**
362,448	Ball	26,093	3.85	
	Building products	**18,316**	**2.70**	**3.27**
483,264	Johnson Controls International	18,316	2.70	
	Electrical equipment	**26,460**	**3.90**	**3.29**
266,594	Schneider Electric	26,460	3.90	
	Machinery	**17,780**	**2.62**	**2.33**
349,166	Graco	17,780	2.62	
	Commercial services & supplies	**10,252**	**1.51**	**2.20**
592,415	ISS	10,252	1.51	
	Marine	**14,006**	**2.06**	**2.09**
97,597	Kuehne & Nagel	14,006	2.06	
	Specialty retail	**68,559**	**10.11**	**7.93**
211,009	Tiffany	28,062	4.14	
1,607,213	WH Smith	40,497	5.97	
	Food products	**20,933**	**3.09**	**3.34**
202,430	Nestlé	20,933	3.09	
	Household products	**14,340**	**2.11**	**2.23**
194,886	Reckitt Benckiser	14,340	2.11	
	Personal products	**20,225**	**2.98**	**3.46**
379,715	Unilever	20,225	2.98	
	Health care equipment & supplies	**33,022**	**4.87**	**5.08**
136,110	Becton Dickinson	33,022	4.87	
	Health care providers & services	**40,943**	**6.04**	**5.45**
161,365	UnitedHealth	40,943	6.04	
	Pharmaceuticals	**43,565**	**6.42**	**4.87**
69,180	ALK-Abelló	17,564	2.59	
441,415	Novo-Nordisk	26,001	3.83	
	Banks	**21,698**	**3.20**	**3.26**
1,188,847	ING	11,135	1.64	
73,016	M&T Bank	10,563	1.56	
	Consumer finance	**39,035**	**5.76**	**6.47**
193,443	American Express	21,817	3.22	
260,175	Discover Financial Services	17,218	2.54	

Portfolio statement (continued)

as at Holding		29.02.20 $'000	29.02.20 %	31.08.19 %
	Capital markets	**17,503**	**2.58**	**2.86**
319,886	Bank of New York Mellon	13,096	1.93	
511,419	Georgia Capital	4,407	0.65	
	Insurance	**25,199**	**3.71**	**3.81**
473,100	Tokio Marine	25,199	3.71	
	IT services	**23,788**	**3.51**	**3.51**
132,156	Visa	23,788	3.51	
	Software	**93,730**	**13.82**	**14.95**
79,737	ANSYS	19,467	2.87	
418,323	Manhattan Associates	28,893	4.26	
287,150	Microsoft	45,370	6.69	
	Entertainment	**14,077**	**2.08**	**1.87**
137,053	Electronic Arts	14,077	2.08	
	Interactive media & services	**48,872**	**7.21**	**7.03**
22,545	Alphabet	29,640	4.37	
388,300	Tencent	19,232	2.84	
Portfolio of investments		**663,953**	**97.90**	**98.11**
	CASH EQUIVALENTS	16,719	2.47	2.30
	'AAA' rated money market funds [a]	**16,719**	**2.47**	**2.30**
16,719,000	Northern Trust Global Fund - US dollar	16,719	2.47	
Total portfolio		**680,672**	**100.37**	**100.41**
Net other assets / (liabilities)		**(2,509)**	**(0.37)**	**(0.41)**
Net assets attributable to shareholders		**678,163**	**100.00**	**100.00**

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.

Investment review

Top ten portfolio transactions

for the six months to 29 February 2020

Purchases	$'000
ALK-Abelló	14,561
WH Smith	6,871
Total purchases	**21,432**

Largest sales	$'000
Microsoft	8,597
Novo-Nordisk	7,721
WH Smith	6,571
Alphabet	6,021
ANSYS	5,914
Ball	4,075
Teva Pharmaceuticals ADR	3,744
Tokio Marine	2,379
Linde	2,212
Johnson Controls International	2,197
Other sales	9,561
Total sales	**58,992**

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

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 reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (1), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

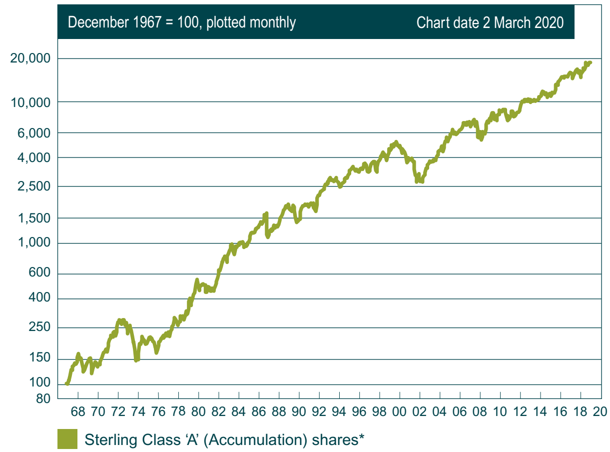
Fund level performance

Fund net asset value

as at	29.02.20 $'000	31.08.19 $'000	31.08.18 $'000
Fund net asset value (NAV)	678,163	697,719	971,265

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.

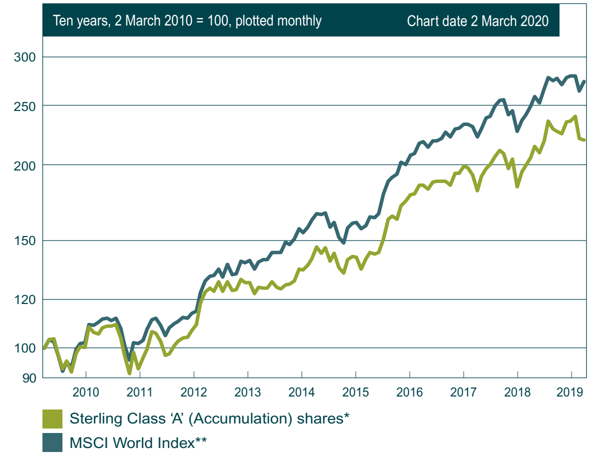


* Income reinvested

Source: Morningstar, Inc. and M&G

Ten-year performance

Please note that the comparator benchmark's total return is not available from fund launch. Therefore a ten-year comparable performance chart is shown below.



* Income reinvested

** Past performance shown from 2 March 2010 to 31 December 2011 is the FTSE World Index. Past performance shown from 1 January 2012 to 31 December 2015 is the MSCI ACWI Index. Past performance shown from 1 January 2016 to 2 March 2020 is the MSCI World Index.

Source: Morningstar, Inc. and M&G

To give an indication of how the fund has performed during the period the table below shows the performance of Sterling Class 'A' (Accumulation) shares.

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

Historic yields for the current period are calculated as at 13 March 2020.

Sterling Class 'A' Accumulation share performance

The share class was launched on 19 December 1967.

Change in NAV per share	Six months to 29.02.20 UK p	Year to 31.08.19 UK p	Year to 31.08.18 UK p
Opening NAV	911.27	839.00	748.20
Return before operating charges and after direct portfolio transaction costs	(29.42)	85.74	103.61
Operating charges	(3.21)	(13.47)	(12.81)
Return after operating charges	(32.63)	72.27	90.80
Distributions	n/a	(1.45)	0.00
Retained distributions	n/a	1.45	0.00
Closing NAV	878.64	911.27	839.00
Direct portfolio transaction costs	**UK p**	**UK p**	**UK p**
Costs before dilution adjustments	0.06	0.17	0.20
Dilution adjustments [a]	(0.03)	(0.15)	(0.11)
Total direct portfolio transaction costs	0.03	0.02	0.09
Performance and charges	**%**	**%**	**%**
Direct portfolio transaction costs [b]	0.00	0.01	0.02
Operating charges [c]	1.40	1.64	1.66
Return after operating charges	-3.58	+8.61	+12.14
Historic yield	0.19	0.00	0.00
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV ($'000)	148,860	147,531	115,527
Closing NAV percentage of total fund NAV (%)	21.95	21.14	11.89
Number of shares	13,151,764	13,293,991	10,587,533
Highest share price (UK p)	995.67	938.08	848.18
Lowest share price (UK p)	872.43	722.35	710.03

[a] In respect of direct portfolio transaction costs.

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

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

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

Operating charges

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

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. From 1 August 2019, this charge rolls all costs that make up the operating charges into one annual charge.

  For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).

- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

- **Investment management:** Charge paid to M&G for investment management of the fund. From 1 August 2019 this charge forms part of the annual charge.

- **Administration:** Charge paid for administration services in addition to investment management – any surplus from this charge will be retained by M&G. From 1 August 2019 this charge is rolled into the annual charge.

- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit. From 1 August 2019 these charges will be paid by M&G and rolled into the annual charge.

- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated. From 1 August 2019 charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Once the annual charge has been operational for twelve months, operating charges will be in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

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

Financial highlights

Operating charges and portfolio transaction costs

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

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

Portfolio transaction costs

Direct portfolio transaction costs [b]	Six months to 29.02.20 %	Year to 31.08.19 %	Year to 31.08.18 %	Average [a] %
Broker commission	0.01	0.02	0.01	0.01
Taxes	0.00	0.00	0.02	0.01
Costs before dilution adjustments	0.01	0.02	0.03	0.02
Dilution adjustments [c]	(0.01)	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.00	0.01	0.02	0.01

as at Indirect portfolio transaction costs	29.02.20 %	31.08.19 %	31.08.18 %	Average [a] %
Average portfolio dealing spread	0.05	0.04	0.03	0.04

[a] Average of first three columns.

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

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

Notes

Contact

Customer Relations*

0800 390 390

Write to us at:**

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

Our website:

www.mandg.co.uk

Email us with queries:†

info@mandg.co.uk

* For security purposes and to improve the quality of our service, we may record and monitor telephone calls. Please have your M&G client reference to hand.

** Please remember to quote your name and M&G client reference and sign any written communication to M&G.

† Please note that information contained within an email cannot be guaranteed as secure. We advise that you do not include any sensitive information when corresponding with M&G in this way.

M&G Securities Limited is authorised and regulated by the Financial Conduct Authority and provides investment products. The company's registered office is 10 Fenchurch Avenue, London EC3M 5AG. Registered in England number 90776.

59583_SR_311020