



M&G Global Macro Bond Fund

Interim Long Report and unaudited Financial Statements
for the six months ended 30 April 2019

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M&G Global Macro Bond Fund

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Macro Bond Fund presents its Interim Long Report and unaudited Financial Statements for the six months ended 30 April 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 26 January 2009 and the fund was launched on 1 May 2009.

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

Jim Leaviss 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)

Depository

NatWest Trustee & Depository 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

On 8 April 2019, the Sterling Class 'PP' (Accumulation) shares were launched.

M&G Global Macro Bond Fund

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Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Customer services and administration for non-UK clients:

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

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

Telephone: +352 2605 9944

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

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.,
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German information agent:

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

Greek paying agent and distributor:

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Irish facilities agent:

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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.,
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Luxembourg paying and information agent:

Société Générale Bank & Trust S.A.,
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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

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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

14 June 2019

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Authorised Corporate Director's Report

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Authorised Corporate Director's Report

Investment objective

The fund's objective is to maximise long term total return (the combination of income and growth of capital).

Investment policy

The fund invests mainly in debt instruments on a global basis which include, but are not limited to, variable rate securities, fixed interest securities, sovereign debt and corporate debt. The fund's exposure to debt instruments may be gained through the use of derivatives. The fund may also invest in other assets including collective investment schemes, money market instruments, cash and near cash, deposits, other transferable securities and derivatives.

Investment approach

The M&G Global Macro Bond Fund is a flexible global bond fund. Its investment approach is driven primarily by the fund manager's views on macroeconomic factors such as economic growth, interest rates and inflation. This assessment determines the asset classes in which he believes the fund should invest in order to achieve its objective. It also influences the portfolio's mix of interest rate risk, credit risk and currency exposure, as well as the subsequent holdings. These factors drive the fund's long-term performance. With the active management of the fund's currency exposures being one of these drivers, its returns will include a higher degree of currency risk than domestic fixed income funds.

Risk profile

The fund is a flexible bond fund which invests in a range of fixed income securities from anywhere in the world and in any currency. The fund is therefore subject to the price volatility of global bond markets and fluctuations in currency exchange rates.

There are no restrictions on the amount of government bonds, investment grade bonds or high yield bonds that can be held within the portfolio. While government and investment grade bonds are generally highly liquid assets that are normally traded with relative ease, high yield corporate bonds are higher risk assets that could potentially experience a degree of illiquidity in times of market distress.

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

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

The following table shows the risk number associated with the fund and is based on Sterling Class 'A' 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 May 2019, for the six months ended 30 April 2019

Performance against objective

Between 1 November 2018 (the start of the review period) and 1 May 2019, the performance of global bond markets was initially mixed. However, a rally in the opening months of 2019 generated positive performance among global bonds. This helped the M&G Global Macro Bond Fund to record positive returns across the different share classes. Over five years (or since launch of the share class for those share classes launched less than five years ago), the fund has achieved its objective of maximising long-term total return.*

* 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

Several themes dampened investors' sentiment in global financial markets as the six-month period got underway. These included signs that economic growth was slowing, while international trade tensions also remained a concern, especially between the US and China.

Much attention also stayed focused on the monetary policy of the US Federal Reserve (Fed). During 2018, the Fed continued its recent trend of raising interest rates as the US economy strengthened. Despite the weaker economic signals, US interest rates were increased again in December by a quarter of a percentage point.

Bonds are loans in the form of securities, usually issued by a government (sovereign bonds) or company (corporate bonds). They normally pay a fixed rate of interest (also known as a coupon) over a given time period, at the end of which the initial amount borrowed is repaid. The performance of bonds, particularly government bonds, is influenced by expected or actual changes in interest rates. Bond prices move inversely to interest rates, so rising interest rates can reduce the returns of bonds, while falling rates tend to be helpful. Given the size and importance of the US market in a global context, the effects of higher US interest rates can be felt internationally.

M&G Global Macro Bond Fund

Authorised Corporate Director's Report

Investment review

Investment performance (continued)

At the beginning of 2019, the Fed softened its rhetoric about further interest rate increases, largely in response to more moderate economic forecasts. This outlook also contributed to decisions by the Bank of England and European Central Bank to hold interest rates unchanged at low levels. In turn, this backdrop helped to generate a notable rally among most areas of the global bond markets in the opening months of 2019.

In the UK, uncertainty persisted about the terms and timing of its departure from the European Union (EU). While a withdrawal deal was agreed with the EU, the agreement failed to win approval in the UK parliament. The way forward on Brexit was still unclear as the review period ended, as the deadline for the UK's departure from the EU was moved back to 31 October. However, UK government bonds, helped by their perceived 'safe-haven' status among investors in times of uncertainty, found support in this environment.

There was less support among investors for corporate bonds at the start of the review period. This partly reflected how demand for these assets can weaken as economic activity slows down. Nevertheless, while corporate bonds declined towards the end of 2018, this area of the market subsequently registered solid returns amid the rally by global markets in the New Year.

In the corporate markets, we mostly held an allocation to companies with high credit ratings, but avoided those ranked as less creditworthy. This avoidance of the latter area hampered the fund's relative performance to an extent, as both of these segments of the corporate markets performed well, particularly during the rally early in 2019.

The fund's flexibility also allows us to invest in emerging market bonds, and we maintained an exposure to these assets on a selective basis. After a challenging period for performance last year, areas of the emerging bond markets also recorded marked upside as 2019 progressed. As a result, the fund's performance benefited from its allocation to this segment of the market.

Overall, the fund remained invested in a globally diversified bond portfolio and delivered a positive return across its different share classes. This outcome was helped by its allocations to areas of the bond markets that performed well. However, the fund's relative performance was held back to an extent by factors such as its small exposure to areas of the corporate bond market that generated some of the best returns. In the government markets, we also maintained a preference for shorter dated bonds, but these assets underperformed their longer dated counterparts.

The modest variance in results between the fund's unhedged and hedged share classes largely reflected the limited movement of relevant currency exchange rates during the period.

Investment activities

Despite the headwinds faced by global bonds as the review period began, we sought to assess whether potentially attractive buying opportunities were available where price declines were overdone. Within this theme, while maintaining a cautious approach to investing in corporate bonds, we added some exposure in the belief that value could be found in this area on a selective basis. The fund's purchases included financial bonds from Spain's Banco Sabadell, as well as securities from Mexican energy group Pemex.

We also added exposure to government bonds in emerging markets. This activity included buying euro-denominated bonds from the governments of Romania and Egypt. Our transactions in the emerging markets also included selling some holdings after the strength of the rally in early 2019. We reduced the fund's position in US dollar-denominated government bonds in Argentina, as well as lira-denominated bonds in Turkey. In March, we took some profits from holdings of real estate bonds in China and switched the proceeds into US government bonds. We also lowered exposure to the Indian rupee by selling rupee-denominated supranational bonds from the International Bank for Reconstruction and Development (IBRD).

However, from a long-term perspective we continue to favour holding an allocation to emerging markets based on factors such as the potential to earn higher returns for taking on additional degrees of risk. We also continue to believe many bond issuers in the emerging markets can exhibit solid creditworthiness.

In the mainstream government bond markets, our activity included taking some profits from holdings of US securities whose returns are linked to inflation, known as Treasury Inflation-Protected Securities (TIPS). We switched some money from these assets into conventional US government bonds that we felt offered better relative value. Generally, we maintained a bias for holding shorter dated government bonds, as the performance of these assets is typically less sensitive to expected or actual movements in interest rates.

Turning to the fund's currency positioning, we favoured a sizeable exposure to the US dollar. The Japanese yen was among our other preferred mainstream currency exposures. In our view, the yen offered attractive relative value and provided helpful diversification for the fund. Elsewhere, we increased the fund's sterling allocation as we felt the prospect of a softer Brexit appeared more likely.

Outlook

We continue to favour investing in a globally diversified portfolio of bonds in both developed and emerging markets. Within this strategy, we maintained a cautious approach to holding exposure to corporate bonds as the review period ended. In our view, areas of the corporate markets lacked relative value after recent solid performance, although we continue to monitor these assets for better long-term buying opportunities.

Within the fund's current positioning, we maintain a preference for holding a sizeable allocation to government bonds. At the end of the period, the fund's largest position in this segment was in US government bonds, while we continued to stay away from the German government market. In our assessment, the low yields available in the latter segment meant that better value could be found elsewhere.

In other areas, despite a challenging time for emerging market bonds during 2018, we continue to believe that with careful stock selection, these assets offer attractive reward potential for taking on more risk. At the end of the period, our preference was to hold most of the fund's exposure to emerging markets in US dollar-denominated government bonds. In our view, this segment offered the best relative value.

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Investment review

Outlook (continued)

Within the fund's currency positioning, we also kept a small and select allocation to emerging market local currencies. These included the Indonesian rupiah, Singapore dollar and Malaysian ringgit. However, the fund's largest currency exposure remained to the US dollar, followed by smaller allocations to the euro, sterling, and Japanese yen.

Looking ahead, our investment strategy is still to seek what we believe is the most attractive value among global bonds and currencies amid the prevailing economic conditions, while avoiding areas where we view the outlook as less favourable.

Jim Leaviss

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.

Investments

Portfolio statement

as at Holding	30.04.19 \$'000	30.04.19 %	31.10.18 %
FIXED INCOME	1,169,232	94.24	99.20
Debt securities	1,171,531	94.43	99.62
'AAA' credit rated bonds	107,004	8.62	16.22
€3,022,000 Barings Euro CLO FRN 0.9% 15/10/2030	3,382	0.27	
£2,296,475 Dukinfield FRN 2.08713% 20/12/2052	3,015	0.24	
\$24,174,000 European Bank for Reconstruction & Development FRN 2.69288% 19/11/2020	24,175	1.95	
AUD15,109,000 European Investment Bank 5% 22/08/2022	11,766	0.95	
€24,456,104 Germany (Federal Republic of) 0.5% 15/02/2025	28,786	2.32	
£1,887,000 Lanark Master Issuer FRN 1.6979% 22/12/2069	2,463	0.20	
\$1,155,674 Paragon Mortgages No. 12 FRN 2.90375% 15/11/2038	1,086	0.09	
£797,111 Paragon Mortgages No. 14 FRN 1.04463% 15/09/2039	984	0.08	
\$4,649,867 Paragon Mortgages No. 14 FRN 2.81088% 15/09/2039	4,392	0.35	
£3,022,000 Santander FRN 1.08238% 05/05/2020	3,937	0.32	
SGD18,130,000 Singapore (Republic of) 2.5% 01/06/2019	13,330	1.07	
£2,399,143 THRONES 2015-1 FRN 2.046% 18/03/2050	3,130	0.25	
£2,274,698 Trinity Square 2015-1 FRN 1.97088% 15/07/2051	2,978	0.24	
£2,730,136 Warwick Finance Residential Mortgages No. 2 FRN 2.33871% 21/09/2049	3,580	0.29	

Portfolio statement (continued)

as at Holding	30.04.19 \$'000	30.04.19 %	31.10.18 %
'AA' credit rated bonds	497,931	40.13	38.07
ILS45,326,000 Israel (Govt. of) 2.25% 31/05/2019	12,588	1.01	
NZD3,022,000 New Zealand (Govt. of) IL 2.5% 20/09/2035	2,547	0.20	
€5,031,758 Paragon Mortgages No. 13 FRN 0% 15/01/2039	5,281	0.43	
\$1,733,441 Paragon Mortgages No. 13 FRN 2.77675% 15/01/2039	1,623	0.13	
£29,065,158 UK Treasury 2% 22/07/2020	38,381	3.09	
\$55,000,000 US Treasury 2.375% 31/12/2020	55,034	4.44	
\$259,825,300 US Treasury 2.75% 15/02/2028	264,839	21.35	
\$30,000,000 US Treasury 3% 15/08/2048	30,197	2.43	
\$80,000,000 US Treasury IL 0.625% 15/01/2024	87,441	7.05	
'A' credit rated bonds	140,710	11.34	11.89
\$4,737,000 ABN AMRO Bank FRN 3.0015% 19/01/2021	4,741	0.38	
£364,000 Anglian Water Services Financing IL 4.125% 28/07/2020	862	0.07	
€1,500,000 Banco Santander Var. Rate 5.481% Perpetual	1,680	0.13	
€2,417,000 Bank of America FRN 0.491% 07/02/2022	2,729	0.22	
\$5,000,000 BNP Paribas Var. Rate 5.198% 10/01/2030	5,428	0.44	
£6,043,000 Canadian Imperial Bank of Commerce FRN 1.254% 10/01/2022	7,886	0.64	
CLP7,252,000,000 Chile (Republic of) 5.5% 05/08/2020	10,943	0.88	
€3,022,000 Cooperatieve Rabobank UA FRN 0% 29/05/2020	3,397	0.27	
£483,000 Cooperatieve Rabobank UA IL 2.25% 22/11/2022	976	0.08	
\$3,898,000 Crédit Agricole FRN 3.57063% 10/06/2020	3,929	0.32	
\$6,669,000 Crédit Agricole FRN 4.014% 10/01/2022	6,750	0.54	
\$5,439,000 HSBC FRN 4.09775% 05/01/2022	5,564	0.45	
€238,000 HSBC Var. Rate 4.75% Perpetual	273	0.02	
\$2,137,000 HSBC Var. Rate 6% Perpetual	2,141	0.17	
\$6,043,000 IBM Credit FRN 2.8515% 20/01/2021	6,044	0.49	
€555,918 Ludgate Funding FRN 0% 01/01/2061	588	0.05	
MYR64,556,000 Malaysia (Govt. of) 3.882% 10/03/2022	15,803	1.27	
MXN200,000,000 Mexico (United Mexican States) 10% 05/12/2024	11,490	0.93	
\$2,258,544 Mitchells & Butlers Finance FRN 3.06088% 15/12/2030	2,100	0.17	
£1,447,000 National Grid Electricity Transmission IL 3.806% 27/07/2020	3,275	0.26	
£954,900 National Grid IL 1.25% 06/10/2021	1,561	0.12	
£3,022,000 National Westminster Bank FRN 1.12988% 15/05/2020	3,936	0.32	
£166,497 Nationwide Building Society IL 3.875% 30/07/2021	708	0.06	
PEN25,382,000 Peru (Republic of) 6.95% 12/08/2031	8,647	0.70	
£1,692,204 RMAC Securities No. 1 FRN 1.015% 12/06/2044	2,073	0.17	
\$2,245,028 RMAC Securities No. 1 FRN 2.74663% 12/06/2044	2,116	0.17	
€3,499,263 Silverback Finance 3.1261% 25/02/2037	4,071	0.33	
\$3,022,000 UBS FRN 3.33288% 14/08/2019	3,026	0.24	
\$6,043,000 UBS Group Funding Switzerland FRN 4.109% 01/02/2022	6,149	0.49	
\$2,555,000 US Bancorp 3.375% 05/02/2024	2,606	0.21	
\$3,022,000 Wells Fargo FRN 3.81275% 31/10/2023	3,067	0.25	
\$6,043,000 Wells Fargo FRN 3.95513% 04/03/2021	6,151	0.50	

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Authorised Corporate Director's Report

Investments

Portfolio statement (continued)				
as at Holding	30.04.19 \$'000	30.04.19 %	31.10.18 %	
'BBB' credit rated bonds				
	285,073	22.99	21.51	
\$4,835,000 American Tower Trust 3.07% 15/03/2023	4,815	0.39		
€9,065,000 AT&T FRN 0.541% 05/09/2023	10,260	0.83		
\$3,555,000 AT&T FRN 3.77663% 12/06/2024	3,568	0.29		
\$6,043,000 Barclays FRN 4.209% 10/01/2023	6,078	0.49		
\$12,087,000 Barclays FRN 4.807% 10/08/2021	12,367	1.00		
\$4,018,000 BNP Paribas 4.625% 13/03/2027	4,131	0.33		
COP17,889,000,000 Bogota Distrito Capital 9.75% 26/07/2028	5,971	0.48		
\$3,626,000 Citigroup 3.5% 15/05/2023	3,659	0.29		
\$1,805,000 Citigroup FRN 3.201% 25/08/2036	1,427	0.12		
\$4,835,000 Citigroup FRN 3.78288% 17/05/2024	4,867	0.39		
\$3,022,000 Citigroup FRN 3.89638% 26/10/2020	3,064	0.25		
\$9,065,000 Citigroup FRN 4.05613% 01/09/2023	9,233	0.74		
\$3,022,000 Credit Suisse Group Funding Guernsey 3.75% 26/03/2025	3,049	0.24		
\$1,692,000 Dell International 4.42% 15/06/2021	1,730	0.14		
\$1,209,000 Energy Transfer Operating 5.875% 15/01/2024	1,317	0.11		
€2,983,000 Fairfax Financial 2.75% 29/03/2028	3,495	0.28		
\$6,043,000 Ford Motor Credit FRN 3.49513% 04/11/2019	6,050	0.49		
\$6,000,000 GE Capital International Funding 4.418% 15/11/2035	5,516	0.44		
\$6,043,000 General Motors Financial FRN 4.15675% 15/01/2020	6,087	0.49		
€1,209,000 Goldman Sachs FRN 0.438% 29/10/2019	1,359	0.11		
\$6,043,000 Goldman Sachs FRN 4.22888% 29/11/2023	6,189	0.50		
\$1,209,000 Goldman Sachs FRN 4.33238% 28/10/2027	1,230	0.10		
£1,816,762 Greene King Finance FRN 3.34463% 15/12/2033	2,370	0.19		
\$2,417,000 HCA 5.25% 15/04/2025	2,584	0.21		
\$1,874,000 HSBC 4.375% 23/11/2026	1,922	0.15		
IDR163,173,000,000 Indonesia (Republic of) 8.25% 15/05/2036	11,354	0.92		
IDR191,577,000,000 Indonesia (Republic of) 9% 15/03/2029	14,428	1.16		
€10,274,000 Lloyds Banking FRN 0.47% 21/06/2024	11,402	0.92		
£4,230,000 Mexico (United Mexican States) 5.625% 19/03/2114	5,628	0.45		
£907,000 Mitchells & Butlers Finance FRN 1.44463% 15/12/2033	953	0.08		
\$6,043,000 Morgan Stanley FRN 3.72238% 27/01/2020	6,082	0.49		
\$3,022,000 Morgan Stanley FRN 3.77988% 08/05/2024	3,057	0.25		
\$1,209,000 Morgan Stanley FRN 3.98113% 24/10/2023	1,230	0.10		
€5,000,000 Mylan 1.25% 23/11/2020	5,673	0.46		
€2,179,000 Nationwide Building Society Var. Rate 1.5% 08/03/2026	2,480	0.20		
\$5,000,000 NatWest Markets 3.625% 29/09/2022	5,005	0.40		
\$4,000,000 Panama (Republic of) 6.7% 26/01/2036	5,196	0.42		
\$3,000,000 Peru (Republic of) 5.625% 18/11/2050	3,840	0.31		

Portfolio statement (continued)

as at Holding	30.04.19 \$'000	30.04.19 %	31.10.18 %
'BBB' credit rated bonds (continued)			
\$5,000,000 Petroleos Mexicanos 5.35% 12/02/2028	4,706	0.38	
€9,681,000 Romania (Republic of) 3.875% 29/10/2035	11,278	0.91	
RON24,170,000 Romania (Republic of) 5.95% 11/06/2021	5,959	0.48	
\$6,043,000 Royal Bank of Scotland FRN 4.15375% 15/05/2023	6,037	0.49	
\$3,266,000 Royal Bank of Scotland Var. Rate 4.892% 18/05/2029	3,417	0.28	
RUB1,136,166,000 Russia (Federation of) 8.15% 03/02/2027	17,929	1.45	
€1,087,000 Schaeffler 2.875% 26/03/2027	1,276	0.10	
\$6,500,000 Shire Acquisitions Investments Ireland 3.2% 23/09/2026	6,306	0.51	
\$3,022,000 Société Générale 4.25% 14/09/2023	3,102	0.25	
\$3,022,000 Société Générale 5% 17/01/2024	3,142	0.25	
€3,100,000 Société Générale FRN 0.492% 22/05/2024	3,460	0.28	
THB344,476,000 Thailand (Kingdom of) IL 1.25% 12/03/2028	10,554	0.85	
£1,902,000 Thames Water Utilities Finance 2.375% 03/05/2023	2,426	0.20	
UYU167,380,000 Uruguay (Republic of) 8.5% 15/03/2028	4,120	0.33	
UYU64,060,448 Uruguay (Republic of) IL 4.375% 15/12/2028	3,534	0.28	
\$3,626,000 Verizon Communications 4.522% 15/09/2048	3,760	0.30	
\$1,087,000 Vodafone 3.75% 16/01/2024	1,103	0.09	
€3,100,000 Volkswagen International Finance 4.125% 17/11/2031	4,298	0.35	
'BB' credit rated bonds			
	101,346	8.17	6.82
€2,000,000 Axalta Coating 3.75% 15/01/2025	2,311	0.19	
\$3,000,000 Bahamas (Commonwealth of) 6% 21/11/2028	3,179	0.26	
€1,813,000 Ball 4.375% 15/12/2023	2,325	0.19	
€3,500,000 Banco de Sabadell Var. Rate 5.375% 12/12/2028	4,209	0.34	
\$2,510,000 Barclays 4.836% 09/05/2028	2,508	0.20	
\$1,250,000 Bolivia (Plurinational State of) 4.5% 20/03/2028	1,169	0.09	
BRL76,000,000 Brazil (Federal Republic of) 10% 01/01/2025	20,403	1.64	
\$2,000,000 CCO 5.75% 15/02/2026	2,069	0.17	
€2,720,000 Crown European 3.375% 15/05/2025	3,303	0.27	
\$3,000,000 Dominican Republic 6.5% 15/02/2048	3,105	0.25	
\$3,022,000 Dominican Republic 6.85% 27/01/2045	3,230	0.26	
DOP64,300,000 Dominican Republic 8.9% 15/02/2023	1,259	0.10	
DOP105,800,000 Dominican Republic 10.5% 07/04/2023	2,192	0.18	
\$2,000,000 Hanesbrands 4.625% 15/05/2024	2,018	0.16	
\$2,417,000 HCA 5.375% 01/09/2026	2,511	0.20	
\$466,000 HCA 5.875% 01/02/2029	496	0.04	
\$3,022,000 Honduras (Republic of) 7.5% 15/03/2024	3,295	0.26	
\$2,064,000 Inretail Pharma 5.375% 02/05/2023	2,145	0.17	
\$2,000,000 Oasis Petroleum 6.875% 15/03/2022	2,009	0.16	
€1,994,000 OI European 3.125% 15/11/2024	2,378	0.19	
\$940,000 Paraguay (Republic of) 4.7% 27/03/2027	979	0.08	
\$2,014,000 Paraguay (Republic of) 5.6% 13/03/2048	2,148	0.17	
\$4,511,000 Paraguay (Republic of) 6.1% 11/08/2044	5,086	0.41	

M&G Global Macro Bond Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)				
as at Holding	30.04.19 \$'000	30.04.19 %	31.10.18 %	
'BB' credit rated bonds (continued)				
\$6,043,000 Petrobras Global Finance 5.75% 01/02/2029	6,033	0.49		
\$4,230,000 Petrobras Global Finance 7.25% 17/03/2044	4,463	0.36		
\$2,000,000 Pilgrim's Pride 5.75% 15/03/2025	2,048	0.17		
\$1,209,000 Shea Homes 6.125% 01/04/2025	1,190	0.10		
\$1,600,000 Southwestern Energy 7.75% 01/10/2027	1,622	0.13		
£121,000 Tesco IL 3.322% 05/11/2025	316	0.03		
€2,000,000 Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025	2,359	0.19		
\$4,835,000 UBS Group Funding Switzerland Var. Rate 5% Perpetual	4,276	0.34		
€1,209,000 UBS Group Funding Switzerland Var. Rate 5.75% Perpetual	1,495	0.12		
€3,000,000 Wind Tre FRN 2.75% 20/01/2024	3,217	0.26		
'B' credit rated bonds	25,211	2.03	4.05	
\$2,408,000 Altice France 7.375% 01/05/2026	2,405	0.19		
ARS30,594,907 Argentina (Republic of) FRN 70.052033% 21/06/2020	690	0.06		
\$2,518,000 Buenos Aires (Province of) 7.875% 15/06/2027	1,667	0.13		
\$208,000 Covey Park Energy 7.5% 15/05/2025	194	0.02		
€3,000,000 Egypt (Arab Republic of) 4.75% 16/04/2026	3,292	0.27		
€1,632,000 Matterhorn Telecom 3.875% 01/05/2022	1,842	0.15		
€2,000,000 Scientific Games International 5.5% 15/02/2026	2,164	0.17		
€2,000,000 Selecta 5.875% 01/02/2024	2,314	0.19		
\$2,417,000 Sri Lanka (Republic of) 6.85% 03/11/2025	2,409	0.19		
€1,750,000 Turkey (Republic of) 4.625% 31/03/2025	1,888	0.15		
€2,550,000 Turkey (Republic of) 5.2% 16/02/2026	2,781	0.22		
\$3,581,000 Turkey (Republic of) 7.25% 23/12/2023	3,565	0.29		
Bonds with no credit rating	14,256	1.15	1.06	
£1,209,000 Admiral 5.5% 25/07/2024	1,699	0.14		
€4,164,000 Cote d'Ivoire 5.125% 15/06/2025	4,770	0.38		
€1,510,860 Eirles Two FRN 2020 ^[a]	0	0.00		
£1,988,970 Finsbury Square FRN 1.525% 12/09/2065	2,585	0.21		
\$1,625,733 Home Partners of America Trust FRN 3.62388% 17/10/2033	1,623	0.13		
£2,238,000 Skipton Building Society 1.75% 30/06/2022	2,862	0.23		
£463,800 Tesco Personal Finance IL 1% 16/12/2019	717	0.06		
Debt derivatives	(2,299)	(0.19)	(0.42)	
Credit default swaps	(491)	(0.03)	(0.44)	
\$25,000,000 Markit iTraxx Australia Series 30 5 Year Dec 2023	(491)	(0.03)		
Interest rate futures	(1,808)	(0.16)	0.02	
90 10 year US Treasury Note Jun 2019	26	0.00		
(769) Euro Bobl Jun 2019	(684)	(0.06)		
(354) Euro Bund Jun 2019	(823)	(0.07)		
(57) Euro Buxl Jun 2019	(327)	(0.03)		

Portfolio statement (continued)

as at Holding	30.04.19 \$'000	30.04.19 %	31.10.18 %
CURRENCY	(1,380)	(0.11)	(0.31)
Forward currency contracts	(1,380)	(0.11)	(0.31)
AUD(47,000,000) Sold for \$33,431,297 (expires 09.05.19)	274	0.02	
BRL(134,000,000) Sold for \$34,576,184 (expires 03.07.19)	773	0.06	
€122,750,000 Bought for \$138,381,844 (expires 09.05.19)	(682)	(0.05)	
¥7,950,000,000 Bought for €63,431,288 (expires 09.05.19)	297	0.02	
¥12,800,000,000 Bought for \$115,133,291 (expires 09.05.19)	(88)	(0.01)	
MXN(460,000,000) Sold for \$23,831,220 (expires 03.07.19)	(138)	(0.01)	
NOK100,000,000 Bought for €10,348,601 (expires 03.07.19)	(46)	0.00	
€45,500,000 Bought for \$60,644,188 (expires 09.05.19)	(1,424)	(0.11)	
RUB(1,600,000,000) Sold for \$24,182,700 (expires 03.07.19)	(443)	(0.04)	
ZAR(335,000,000) Sold for \$23,548,770 (expires 03.07.19)	324	0.03	
SEK110,000,000 Bought for €10,543,155 (expires 03.07.19)	(227)	(0.02)	
Portfolio of investments	1,167,852	94.13	98.89
CASH EQUIVALENTS	22,973	1.85	0.00
'AAA' rated money market funds ^[b]	22,973	1.85	0.00
22,973,000 Northern Trust Global Fund - US Dollar	22,973	1.85	
SHARE CLASS HEDGING	(783)	(0.06)	0.00
Forward currency contracts for share class hedging	(783)	(0.06)	0.00
£46,019,516 Bought for \$60,683,170 (expires 09.05.19)	(787)	(0.06)	
£(460,808) Sold for \$603,737 (expires 09.05.19)	4	0.00	
Total portfolio	1,190,042	95.92	98.89
Net other assets / (liabilities)	50,679	4.08	1.11
Net assets attributable to shareholders	1,240,721	100.00	100.00

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

^[a] Defaulted bond.

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

Portfolio transactions

for the six months to 30 April	2019 \$'000	2018 \$'000
Portfolio transactions		
Total purchases	522,184	844,238
Total sales	516,404	1,068,370

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

M&G Global Macro Bond Fund

Financial highlights

Fund performance

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

The following chart and tables show the performance for two of the fund's share classes – Sterling Class 'A' (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.

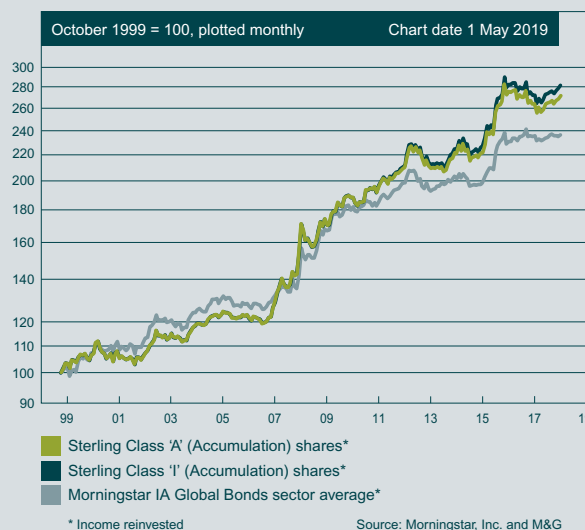
The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Global Macro Bond Fund, which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer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

Fund level performance

Fund net asset value			
as at	30.04.19 \$'000	31.10.18 \$'000	31.10.17 \$'000
Fund net asset value (NAV)	1,240,721	1,138,569	2,335,573

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.



The fund's Sterling Class 'I' (Accumulation) shares were launched on 16 December 2011. Performance data shown prior to this date is that of the fund's Sterling Class 'A' (Accumulation) shares.

M&G Global Macro Bond Fund

Financial highlights

Fund performance

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested.

Long-term performance by share class ^[a]				
	Six months 01.11.18 % ^[b]	Three years 03.05.16 % p.a.	Five years 01.05.14 % p.a.	Since launch % p.a.
Sterling ^[c]				
Class 'A'	+3.2	+4.6	+5.6	+5.3 ^[d]
Class 'A-H'	+3.4	-0.7	n/a	+0.4 ^[e]
Class 'I'	+3.5	+5.2	+6.1	+5.3 ^[f]
Class 'I-H'	+3.7	-0.1	n/a	+1.0 ^[e]
Class 'J'	+3.5	n/a	n/a	+5.7 ^[g]
Class 'J-H'	+3.7	n/a	n/a	+0.0 ^[g]
Class 'PP'	n/a	n/a	n/a	-0.1 ^[h]
Class 'R'	+3.3	+4.9	+5.8	+4.7 ^[i]
Class 'R-H'	+3.5	-0.4	n/a	+0.7 ^[e]
Class 'X'	+3.2	+4.7	+5.6	+5.3 ^[j]
Class 'X-H'	+3.4	-0.7	n/a	+0.5 ^[e]

^[a] On 1 May 2009 the M&G Global Macro Bond Fund de-merged from M&G Investment Funds (4) to become the M&G Global Macro Bond Fund.

^[b] Absolute basis.

^[c] Price to price with income reinvested.

^[d] 15 October 1999, the end of the initial offer period of the predecessor unit trust.

^[e] 7 August 2015, the launch date of the share class.

^[f] 16 December 2011, the launch date of the share class.

^[g] 4 May 2018, the launch date of the share class. Not annualised.

^[h] 8 April 2019, the launch date of the share class. Not annualised.

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

^[j] 15 October 1999. All performance data prior to 1 October 2002 (the launch date of the share class) has been calculated by reference to a conversion factor due to a change of the nominated 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.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **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 Macro Bond 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. As the fund invests wholly in fixed interest securities no direct portfolio transaction costs are applicable. To give an indication of the indirect portfolio dealing costs the table below shows the average portfolio dealing spread.

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

Portfolio transaction costs				
as at	30.04.19	31.10.18	31.10.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.27	0.26	0.21	0.25

^[a] Average of first three columns.

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.

Sterling Class 'A' Income share performance

The share class was launched on 15 October 1999.

	Six months to 30.04.19	Year to 31.10.18	Year to 31.10.17
Change in NAV per share	UK p	UK p	UK p
Opening NAV	83.54	86.13	93.30
Return before operating charges and after direct portfolio transaction costs	2.65	1.19	(3.81)
Operating charges	(0.59)	(1.19)	(1.26)
Return after operating charges	2.06	0.00	(5.07)
Distributions	(1.52)	(2.59)	(2.10)
Closing NAV	84.08	83.54	86.13
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.42	1.42	1.41
Return after operating charges	+2.47	0.00	-5.43
Distribution yield	3.47	3.40	2.14
Effect on yield of charges offset against capital	1.40	1.40	1.40
Other information			
Closing NAV (\$'000)	14,669	14,763	18,354
Closing NAV percentage of total fund NAV (%)	1.18	1.30	0.79
Number of shares	13,409,880	13,833,638	16,119,821
Highest share price (UK p)	87.30	87.11	93.42
Lowest share price (UK p)	81.81	80.61	85.32

M&G Global Macro Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'A' Accumulation share performance

The share class was launched on 15 October 1999.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	129.25	129.16	136.70
Return before operating charges and after direct portfolio transaction costs	4.03	1.90	(5.60)
Operating charges	(0.92)	(1.81)	(1.87)
Return after operating charges	3.11	0.09	(7.47)
Distributions	(1.47)	(2.15)	(1.28)
Retained distributions	1.47	2.15	1.21
Closing NAV	132.36	129.25	129.16
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.42	1.42	1.41
Return after operating charges	+2.41	+0.07	-5.46
Distribution yield	2.06	1.99	0.74
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	29,281	28,217	39,031
Closing NAV percentage of total fund NAV (%)	2.36	2.48	1.67
Number of shares	17,002,899	17,091,540	22,860,213
Highest share price (UK p)	135.04	131.60	136.95
Lowest share price (UK p)	126.53	121.68	127.24

Sterling Class 'A-H' Income share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	91.29	99.08	99.90
Return before operating charges and after direct portfolio transaction costs	3.68	(3.39)	2.97
Operating charges	(0.66)	(1.40)	(1.41)
Return after operating charges	3.02	(4.79)	1.56
Distributions	(1.69)	(3.00)	(2.38)
Closing NAV	92.62	91.29	99.08
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.43	1.43	1.43
Return after operating charges	+3.31	-4.83	+1.56
Distribution yield	3.50	3.47	2.14
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (\$'000)	29	33	37
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	24,210	28,064	28,064
Highest share price (UK p)	94.85	101.35	102.08
Lowest share price (UK p)	91.02	91.89	98.05

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	97.89	103.07	101.59
Return before operating charges and after direct portfolio transaction costs	3.96	(3.65)	3.02
Operating charges	(0.72)	(1.53)	(1.49)
Return after operating charges	3.24	(5.18)	1.53
Distributions	(1.12)	(1.70)	(0.98)
Retained distributions	1.12	1.70	0.93
Closing NAV	101.13	97.89	103.07
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.44	1.43	1.43
Return after operating charges	+3.31	-5.03	+1.51
Distribution yield	2.07	2.01	0.73
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	26	31	190
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.01
Number of shares	19,714	24,505	139,505
Highest share price (UK p)	102.27	105.48	105.61
Lowest share price (UK p)	97.59	97.67	99.71

Sterling Class 'I' Income share performance

The share class was launched on 16 December 2011.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	125.61	128.72	138.60
Return before operating charges and after direct portfolio transaction costs	3.96	1.81	(5.67)
Operating charges	(0.52)	(1.03)	(1.08)
Return after operating charges	3.44	0.78	(6.75)
Distributions	(2.28)	(3.89)	(3.13)
Closing NAV	126.77	125.61	128.72
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.82	0.82	0.81
Return after operating charges	+2.74	+0.61	-4.87
Distribution yield	3.46	3.40	2.14
Effect on yield of charges offset against capital	0.80	0.80	0.80
Other information			
Closing NAV (\$'000)	377,112	392,044	607,401
Closing NAV percentage of total fund NAV (%)	30.39	34.43	26.01
Number of shares	228,638,291	244,335,488	356,988,998
Highest share price (UK p)	131.40	130.20	138.94
Lowest share price (UK p)	123.01	120.80	127.39

M&G Global Macro Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'I' Accumulation share performance

The share class was launched on 16 December 2011.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	141.95	141.01	148.41
Return before operating charges and after direct portfolio transaction costs	4.45	2.08	(6.11)
Operating charges	(0.59)	(1.14)	(1.17)
Return after operating charges	3.86	0.94	(7.28)
Distributions	(2.04)	(3.19)	(2.24)
Retained distributions	2.04	3.19	2.12
Closing NAV	145.81	141.95	141.01
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.82	0.82	0.81
Return after operating charges	+2.72	+0.67	-4.91
Distribution yield	2.66	2.60	1.34
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	577,939	506,096	569,644
Closing NAV percentage of total fund NAV (%)	46.59	44.45	24.39
Number of shares	304,639,444	279,096,179	305,597,282
Highest share price (UK p)	148.47	144.36	148.81
Lowest share price (UK p)	138.99	133.21	138.82

Sterling Class 'I-H' Income share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	92.49	99.79	100.06
Return before operating charges and after direct portfolio transaction costs	3.75	(3.46)	2.94
Operating charges	(0.39)	(0.82)	(0.82)
Return after operating charges	3.36	(4.28)	2.12
Distributions	(1.71)	(3.02)	(2.39)
Closing NAV	94.14	92.49	99.79
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.83	0.84	0.83
Return after operating charges	+3.63	-4.29	+2.11
Distribution yield	3.49	3.47	2.14
Effect on yield of charges offset against capital	0.82	0.82	0.82
Other information			
Closing NAV (\$'000)	20,605	13,511	13,545
Closing NAV percentage of total fund NAV (%)	1.66	1.19	0.58
Number of shares	16,822,039	11,435,334	10,267,780
Highest share price (UK p)	96.24	102.22	102.71
Lowest share price (UK p)	92.26	93.04	98.23

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	99.80	104.33	102.17
Return before operating charges and after direct portfolio transaction costs	4.05	(3.67)	3.12
Operating charges	(0.43)	(0.86)	(0.87)
Return after operating charges	3.62	(4.53)	2.25
Distributions	(1.45)	(2.34)	(1.62)
Retained distributions	1.45	2.34	1.53
Closing NAV	103.42	99.80	104.33
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	0.84	0.84	0.83
Return after operating charges	+3.63	-4.34	+2.20
Distribution yield	2.66	2.63	1.32
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	27,999	15,588	5,905
Closing NAV percentage of total fund NAV (%)	2.26	1.37	0.25
Number of shares	20,807,894	12,226,191	4,281,827
Highest share price (UK p)	104.51	106.98	106.80
Lowest share price (UK p)	99.54	99.54	100.34

Sterling Class 'J' Income share performance

The share class was launched on 4 May 2018.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	101.05	100.00	n/a
Return before operating charges and after direct portfolio transaction costs	3.18	3.16	n/a
Operating charges	(0.37)	(0.35)	n/a
Return after operating charges	2.81	2.81	n/a
Distributions	(1.84)	(1.76)	n/a
Closing NAV	102.02	101.05	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	n/a
Dilution adjustments ^[a]	0.00	0.00	n/a
Total direct portfolio transaction costs	0.00	0.00	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	n/a
Operating charges	0.72	0.73*	n/a
Return after operating charges	+2.78	+2.81	n/a
Distribution yield	3.45	3.40	n/a
Effect on yield of charges offset against capital	0.70	0.70	n/a
Other information			
Closing NAV (\$'000)	171,511	151,693	n/a
Closing NAV percentage of total fund NAV (%)	13.82	13.32	n/a
Number of shares	129,213,623	117,517,461	n/a
Highest share price (UK p)	105.73	103.64	n/a
Lowest share price (UK p)	98.96	98.70	n/a

* The operating charge shown is an estimate of the charges, as the share class had not been in existence for a full financial year.

M&G Global Macro Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'J-H' Income share performance

The share class was launched on 4 May 2018.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	94.43	100.00	n/a
Return before operating charges and after direct portfolio transaction costs	3.81	(3.55)	n/a
Operating charges	(0.35)	(0.35)	n/a
Return after operating charges	3.46	(3.90)	n/a
Distributions	(1.75)	(1.67)	n/a
Closing NAV	96.14	94.43	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	n/a
Dilution adjustments ^[a]	0.00	0.00	n/a
Total direct portfolio transaction costs	0.00	0.00	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	n/a
Operating charges	0.74	0.75*	n/a
Return after operating charges	+3.66	-3.90	n/a
Distribution yield	3.48	3.47	n/a
Effect on yield of charges offset against capital	0.72	0.72	n/a
Other information			
Closing NAV (\$'000)	10,047	7,487	n/a
Closing NAV percentage of total fund NAV (%)	0.81	0.66	n/a
Number of shares	8,032,456	6,207,000	n/a
Highest share price (UK p)	98.30	100.00	n/a
Lowest share price (UK p)	94.20	94.99	n/a

* The operating charge shown is an estimate of the charges, as the share class had not been in existence for a full financial year.

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	(0.12)	n/a	n/a
Operating charges	(0.05)	n/a	n/a
Return after operating charges	(0.17)	n/a	n/a
Distributions	(0.71)	n/a	n/a
Retained distributions	0.71	n/a	n/a
Closing NAV	99.83	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	n/a	n/a
Dilution adjustments ^[a]	0.00	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	n/a	n/a
Operating charges	0.72*	n/a	n/a
Return after operating charges	-0.17	n/a	n/a
Distribution yield	2.75	n/a	n/a
Effect on yield of charges offset against capital	0.80	n/a	n/a
Other information			
Closing NAV (\$'000)	447	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.04	n/a	n/a
Number of shares	344,349	n/a	n/a
Highest share price (UK p)	100.88	n/a	n/a
Lowest share price (UK p)	99.53	n/a	n/a

* The operating charge shown is an estimate of the charges, as the share class has not been in existence for a full financial year.

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	120.02	123.41	133.36
Return before operating charges and after direct portfolio transaction costs	3.78	1.74	(5.46)
Operating charges	(0.71)	(1.41)	(1.49)
Return after operating charges	3.07	0.33	(6.95)
Distributions	(2.18)	(3.72)	(3.00)
Closing NAV	120.91	120.02	123.41
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.17	1.17	1.16
Return after operating charges	+2.56	+0.27	-5.21
Distribution yield	3.46	3.40	2.14
Effect on yield of charges offset against capital	1.15	1.15	1.15
Other information			
Closing NAV (\$'000)	1,733	1,067	992
Closing NAV percentage of total fund NAV (%)	0.14	0.10	0.04
Number of shares	1,101,658	695,836	607,935
Highest share price (UK p)	125.46	124.83	133.59
Lowest share price (UK p)	117.52	115.63	122.20

M&G Global Macro Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	132.68	132.26	139.66
Return before operating charges and after direct portfolio transaction costs	4.17	1.94	(5.74)
Operating charges	(0.78)	(1.52)	(1.57)
Return after operating charges	3.39	0.42	(7.31)
Distributions	(1.67)	(2.53)	(1.64)
Retained distributions	1.67	2.53	1.55
Closing NAV	136.07	132.68	132.26
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.17	1.17	1.16
Return after operating charges	+2.56	+0.32	-5.23
Distribution yield	2.31	2.24	0.99
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	2,579	2,187	1,912
Closing NAV percentage of total fund NAV (%)	0.21	0.19	0.08
Number of shares	1,456,505	1,290,369	1,093,522
Highest share price (UK p)	138.67	135.02	139.96
Lowest share price (UK p)	129.89	124.74	130.26

Sterling Class 'R-H' Income share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	91.83	99.42	100.03
Return before operating charges and after direct portfolio transaction costs	3.69	(3.43)	2.96
Operating charges	(0.55)	(1.15)	(1.18)
Return after operating charges	3.14	(4.58)	1.78
Distributions	(1.70)	(3.01)	(2.39)
Closing NAV	93.27	91.83	99.42
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.18	1.18	1.18
Return after operating charges	+3.42	-4.61	+1.78
Distribution yield	3.50	3.47	2.13
Effect on yield of charges offset against capital	1.17	1.17	1.17
Other information			
Closing NAV (\$'000)	33	29	26
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	27,242	24,548	20,025
Highest share price (UK p)	95.47	101.75	102.38
Lowest share price (UK p)	91.57	92.41	98.18

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	98.65	103.52	101.80
Return before operating charges and after direct portfolio transaction costs	4.01	(3.65)	3.00
Operating charges	(0.60)	(1.22)	(1.21)
Return after operating charges	3.41	(4.87)	1.79
Distributions	(1.26)	(1.95)	(1.25)
Retained distributions	1.26	1.95	1.18
Closing NAV	102.06	98.65	103.52
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.19	1.18	1.18
Return after operating charges	+3.46	-4.70	+1.76
Distribution yield	2.32	2.27	0.98
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	127	112	56
Closing NAV percentage of total fund NAV (%)	0.01	0.01	0.00
Number of shares	95,587	89,199	41,020
Highest share price (UK p)	103.17	106.03	106.02
Lowest share price (UK p)	98.36	98.41	99.92

Sterling Class 'X' Income share performance

The share class was launched on 1 October 2002.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	83.90	86.49	93.69
Return before operating charges and after direct portfolio transaction costs	2.64	1.20	(3.82)
Operating charges	(0.60)	(1.19)	(1.27)
Return after operating charges	2.04	0.01	(5.09)
Distributions	(1.53)	(2.60)	(2.11)
Closing NAV	84.41	83.90	86.49
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.42	1.42	1.41
Return after operating charges	+2.43	+0.01	-5.43
Distribution yield	3.47	3.40	2.14
Effect on yield of charges offset against capital	1.40	1.40	1.40
Other information			
Closing NAV (\$'000)	3,122	2,652	3,033
Closing NAV percentage of total fund NAV (%)	0.25	0.23	0.13
Number of shares	2,843,089	2,474,132	2,652,494
Highest share price (UK p)	87.67	87.47	93.81
Lowest share price (UK p)	82.15	80.95	85.67

M&G Global Macro Bond Fund

Financial highlights

Specific share class performance

Sterling Class 'X' Accumulation share performance

The share class was launched on 1 October 2002.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	129.18	129.10	136.63
Return before operating charges and after direct portfolio transaction costs	4.06	1.89	(5.60)
Operating charges	(0.92)	(1.81)	(1.86)
Return after operating charges	3.14	0.08	(7.46)
Distributions	(1.47)	(2.15)	(1.28)
Retained distributions	1.47	2.15	1.21
Closing NAV	132.32	129.18	129.10
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.42	1.42	1.41
Return after operating charges	+2.43	+0.06	-5.46
Distribution yield	2.06	1.99	0.74
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	3,412	3,011	3,894
Closing NAV percentage of total fund NAV (%)	0.28	0.27	0.17
Number of shares	1,982,217	1,824,558	2,281,827
Highest share price (UK p)	134.97	131.54	136.87
Lowest share price (UK p)	126.47	121.62	127.19

Sterling Class 'X-H' Income share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	91.40	99.21	100.01
Return before operating charges and after direct portfolio transaction costs	3.75	(3.41)	3.01
Operating charges	(0.66)	(1.40)	(1.43)
Return after operating charges	3.09	(4.81)	1.58
Distributions	(1.70)	(3.00)	(2.38)
Closing NAV	92.79	91.40	99.21
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.43	1.43	1.43
Return after operating charges	+3.38	-4.85	+1.58
Distribution yield	3.49	3.46	2.13
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (\$'000)	24	23	26
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	20,015	20,015	20,015
Highest share price (UK p)	95.01	101.46	102.18
Lowest share price (UK p)	91.13	91.99	98.13

Sterling Class 'X-H' Accumulation share performance

The share class was launched on 7 August 2015.

	Six months to 30.04.19 UK p	Year to 31.10.18 UK p	Year to 31.10.17 UK p
Change in NAV per share			
Opening NAV	98.11	103.12	101.59
Return before operating charges and after direct portfolio transaction costs	3.96	(3.54)	3.05
Operating charges	(0.71)	(1.47)	(1.46)
Return after operating charges	3.25	(5.01)	1.59
Distributions	(1.13)	(1.71)	(0.99)
Retained distributions	1.13	1.71	0.93
Closing NAV	101.36	98.11	103.12
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.00	0.00	0.00
Operating charges	1.43	1.43	1.43
Return after operating charges	+3.31	-4.86	+1.56
Distribution yield	2.07	2.02	0.73
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	26	25	27
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	20,010	20,010	20,010
Highest share price (UK p)	102.49	105.56	105.63
Lowest share price (UK p)	97.79	97.88	99.71

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

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

M&G Global Macro Bond Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 April	2019		2018	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains / (losses)		36,009		10,316
Revenue	22,139		33,026	
Expenses	(4,909)		(11,862)	
Net revenue / (expense) before taxation	17,230		21,164	
Taxation	(263)		(613)	
Net revenue / (expense) after taxation		16,967		20,551
Total return before distributions		52,976		30,867
Distributions		(19,060)		(23,744)
Change in net assets attributable to shareholders from investment activities		33,916		7,123

Statement of change in net assets attributable to shareholders

for the six months to 30 April	2019		2018	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		1,138,569		2,335,573
Amounts received on issue of shares	153,959		233,091	
Amounts paid on cancellation of shares	(94,527)		(421,662)	
		59,432		(188,571)
Dilution adjustments		209		264
Change in net assets attributable to shareholders from investment activities (see above)		33,916		7,123
Retained distributions on Accumulation shares		8,594		12,423
Unclaimed distributions		1		0
Closing net assets attributable to shareholders		1,240,721		2,166,812

The opening net assets attributable to shareholders for 2019 differs to the closing position in 2018 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	30 April 2019	31 October 2018
	\$'000	\$'000
Assets		
Fixed assets		
Investments	1,173,229	1,135,693
Current assets		
Debtors	13,962	13,239
Cash and bank balances	45,989	14,801
Cash equivalents	22,973	0
Total assets	1,256,153	1,163,733
Liabilities		
Investment liabilities	(6,160)	(9,803)
Creditors		
Bank overdrafts	0	(5,390)
Overdrawn positions at futures clearing houses and collateral manager	(2,060)	(660)
Distribution payable	(5,086)	(5,984)
Other creditors	(2,126)	(3,327)
Total liabilities	(15,432)	(25,164)
Net assets attributable to shareholders	1,240,721	1,138,569

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 31 October 2018. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014.

Distribution policy

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

M&G Global Macro Bond Fund

Other regulatory disclosures

Swiss investor information

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

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

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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