

Interim Short Report June 2013 For the six months ended 30 April 2013

M&G Managed Growth Fund

a sub-fund of M&G Investment Funds (4)

How to contact us



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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.

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

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

AUTHORISED CORPORATE DIRECTOR'S REPORT

Investment objective of the M&G Managed Growth Fund

The Fund's objective is to achieve long term capital growth.

Policy for achieving objective of the M&G Managed Growth Fund

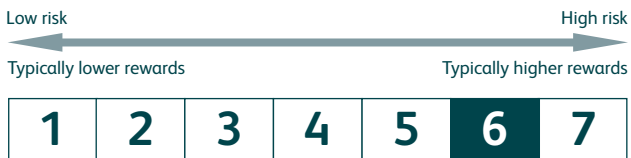
The Fund is an actively managed fund investing predominantly in collective investment schemes in order to provide a well diversified exposure to global equities. The Fund may also invest in other collective investment schemes and directly in securities, fixed income assets, warrants, money market instruments, deposits, cash, near cash, and derivatives for the purposes of efficient portfolio management.

Investment approach

The M&G Managed Growth Fund invests primarily in M&G's funds but also in appropriate collectives where M&G does not have a focused capability, as well as holding up to 20% of its value in direct equities and cash. The sole objective is long-term capital growth. While the fund is theoretically able to invest in other asset classes, the fund managers generally believe that equities represent the best opportunities for long-term growth.

The fund is well diversified across capitalisation tiers and international areas. The fund managers will use their judgement to decide on individual fund and stock weightings. Close consultation with M&G's fund managers and analyst team on the investment strategies and styles of individual M&G funds is a key part of the decision making process. Asset allocation decisions will also be considered.

Risk and reward profile*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.

- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

The Fund has the above risk number because of the effect of the following risks:

- The value of stockmarket 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.
- Any investment in international companies means that currency exchange rate fluctuations will have an impact on the Fund.
- There is a risk that one or more countries will exit the Euro and re-establish their own currencies. In light of this uncertainty or in the event that this does occur, there is an increased risk of asset prices fluctuating or losing value. It may also be difficult to buy and sell securities and issuers may be unable to repay the debt. In addition, there is a risk that disruption in Eurozone markets could give rise to difficulties in valuing the assets of the Fund. In the event that it is not possible to carry out an accurate valuation of the Fund, dealing may be temporarily suspended.
- **Derivatives** – The Fund may use derivatives for the purposes of meeting the Fund's objective, and protecting the capital value from risk. We anticipate that the use of derivatives will not materially alter the risk profile of the Fund or increase price fluctuations.

Some derivative transactions may be entered into directly with an eligible person or institution (a 'counterparty'). There is a risk that the counterparty may not meet its obligations or becomes insolvent which could cause the Fund to incur a loss.

- **Emerging markets** – The Fund can invest in emerging markets which tend to have larger price fluctuations than more developed countries. The Fund may encounter difficulties when buying and selling these investments or converting the proceeds of a sale or any income earned back into the base currency of the Fund.
- The Fund invests mainly in other funds and there is a risk that the fair value of the assets held is not at all times reflected in the Fund's reported value. The fund manager will not have control over the management of these funds or the fair pricing of the assets held in their portfolios.

* Please note that this 'Risk and reward profile' section is based on Sterling Class 'X' shares, the nominated share class.

INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

As at 1 May 2013, for the six months ended 30 April 2013

Investment activities over the review period reflected our continued efforts to diversify the portfolio. A new position was taken in Malaysian banking group AMMB whose straightforward business model and the exposure it provides to a nascent and growing emerging markets banking sector have been beneficial for the fund. The company has high corporate governance standards stemming from the significant ownership by Australian and New Zealand-based ANZ Bank. These high corporate governance standards are something we insist upon for any of our investments but especially so in the financial services sector.

In the consumer goods sector, we initiated positions in Japanese beverages producer Kirin and in French multinational food and drinks group Danone, both of which we added to during the period. The companies have significant operations in emerging markets and benefit from dynamic growth and increasing demand from an expanding population for their products. Over the past four years, Kirin has invested in Brazil and the Philippines, among others, as part of a strategy to diversify away from its home market in favour of faster growing regions.

Elsewhere, we added to our positions in two M&G funds. The M&G Global Real Estate Securities Fund provides exposure to 'bricks and mortar', but with the liquidity of company shares. The M&G European Fund, meanwhile, offers access to European stocks with an international footprint. We feel these well-run global businesses are undervalued at the moment. We expect our position in both funds to increase in the future, which we believe will help to balance the portfolio's current emphasis on basic materials stocks.

Conversely, we closed the position in Australian oil & gas producer Santos. We felt that managing rising industry costs while executing substantial long-term growth projects looked increasingly challenging for the company in a competitive market and so we exited the holding. We also sold out of US seed producer Monsanto and US construction and engineering business Fluor on valuation grounds. Both were long-term positions that had performed well for the fund.

Graham French & Randeep Somel

Co-fund managers

Graham French and Randeep Somel are employees 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.

FUND SUMMARY

Sterling Class 'C' shares are not generally available to all investors.

DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.11.13	31.12.13
Interim	01.05.14	30.06.14

	Interim distribution Inc 30.06.13 ^[a]	Acc 01.05.13 ^[a]	Ongoing Charges Figure ^[b] 30.04.13	31.10.12
Sterling	p	p	%	%
Class 'A' ^[d]	nil	nil	1.84	1.91
Class 'C'	0.4470	n/a	0.35	0.27 ^[c]
Class 'I'	3.1048	3.2013	1.05	0.92 ^[c]
Class 'R'	0.1986	0.2163	1.28	1.17 ^[c]
Class 'X' ^[d]	nil	n/a	1.84	1.92

^[a] The date on which the interim distribution will be paid to Income shareholders and credited to Accumulation shareholders.

^[b] The Ongoing Charges Figure is the ratio of the relevant annualised total disclosable costs of each share class from the most recent reporting period to the average net asset value for that share class over the same period.

^[c] The comparative Ongoing Charges Figure is an estimate of the charges, as the share class had not been in existence for a full financial year.

^[d] There is no interim distribution for the period ended 30 April 2013 as this share class is in deficit.

FUND PERFORMANCE

Performance of share classes

	Net asset value per share as at 30.04.13		Net asset value per share as at 31.10.12		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
Sterling	p	p	p	p	%	%
Class 'A'	79.37	83.99	74.18	78.49	+7.00	+7.01
Class 'C'	79.51	n/a	74.25	n/a	+7.08	n/a
Class 'I'	1,127.38	1,134.43	1,052.95	1,056.47	+7.07	+7.38
Class 'R'	112.74	113.23	105.30	105.57	+7.07	+7.26
Class 'X'	79.06	n/a	73.89	n/a	+7.00	n/a

PRICES

	Calendar year	Income shares		Accumulation shares	
		Highest	Lowest	Highest	Lowest
Sterling (net)		p	p	p	p
Class 'A'	2008	71.94	42.39	74.80	44.33
	2009 ^[a]	68.51	42.57	72.08	44.51
	2010	82.19	64.31	86.58	67.67
	2011	83.08	67.99	87.52	71.62
	2012 ^[b] ^[c]	78.54	67.29	82.89	71.02
	2013 ^[d]	83.49	75.41	88.35	79.79
Class 'C'	2012 ^[c] ^[e]	76.67	67.50	n/a	n/a
	2013 ^[d]	83.96	75.65	n/a	n/a
Class 'I'	2012 ^[f]	1,084.50	1,000.00	1,084.50	1,000.00
	2013 ^[d]	1,188.12	1,071.73	1,192.26	1,075.46
Class 'R'	2012 ^[f]	108.37	100.00	108.38	100.00
	2013 ^[d]	118.73	107.14	119.04	107.42
Class 'X'	2008	71.66	42.23	n/a	n/a
	2009 ^[a]	68.24	42.40	n/a	n/a
	2010	81.87	64.06	n/a	n/a
	2011	82.75	67.72	n/a	n/a
	2012 ^[b] ^[c]	78.23	67.03	n/a	n/a
	2013 ^[d]	83.17	75.12	n/a	n/a

^[a] The M&G Growth Portfolio merged into the M&G Managed Growth Fund immediately after 13 March 2009.

^[b] The Prudential Growth Trust merged into the M&G Managed Growth Fund immediately after 17 February 2012.

^[c] The Prudential Managed Growth Trust merged into the M&G Managed Growth Fund immediately after 22 June 2012.

^[d] To 1 May 2013.

^[e] From 21 June 2012 (the launch date of the share class).

^[f] From 3 August 2012 (the launch date of the share class).

Past performance is no indication of current or future performance and the performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.

The price of shares and the income from them may go down as well as up, and you may get back less than you invested.

INCOME

Dividend income per share

	Calendar year	Interim	Distributed Final	Total	Reinvested
Sterling (net)		p	p	p	p
Class 'A'	2008	0.1440	0.2790	0.4230	0.4395
	2009	0.0770	0.2950	0.3720	0.3894
	2010	0.0270	0.0610	0.0880	0.0926
	2011	0.0100	0.1400	0.1500	0.1585
	2012	nil	0.1890	0.1890	0.1929
	2013 ^[a]	nil	-	nil	nil
Class 'C'	2012	n/a	0.4590	0.4590	n/a
	2013 ^[a]	0.4470	-	0.4470	n/a
Class 'I'	2012	n/a	3.5150	3.5150	3.5150
	2013 ^[a]	3.1048	-	3.1048	3.2013
Class 'R'	2012	n/a	0.2560	0.2560	0.2710
	2013 ^[a]	0.1986	-	0.1986	0.2163
Class 'X'	2008	0.1370	0.2720	0.4090	n/a
	2009	0.0750	0.2940	0.3690	n/a
	2010	0.0260	0.0610	0.0870	n/a
	2011	0.0090	0.1400	0.1490	n/a
	2012	nil	0.1820	0.1820	n/a
	2013 ^[a]	nil	-	nil	n/a

^[a] Up to interim: ex-distribution date 1 May 2013;
payment date 30 June 2013.

Past performance is no indication of current or future performance and the performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.

The price of shares and the income from them may go down as well as up, and you may get back less than you invested.

MAJOR HOLDINGS

The top ten holdings at the end of this period and the previous year end are shown below. ^[a]

% of sub-fund as at 30.04.13		% of sub-fund as at 31.10.12	
M&G Global Basics Fund	35.53	M&G Global Basics Fund	33.43
M&G Global Growth Fund	11.78	Red Fort Partnership	12.02
M&G Global Emerging Markets Fund	9.75	M&G Global Growth Fund	11.14
Red Fort Partnership	8.87	M&G Global Emerging Markets Fund	8.74
		M&G Recovery Fund Sterling Class 'C' (Income)	7.20
M&G Asian Fund	6.52	M&G Asian Fund	5.58
Symrise	4.39		
M&G Recovery Fund Sterling Class 'C' (Income)	3.77	Symrise	3.67
M&G European Fund	2.51	Fluor	2.14
M&G Global Real Estate Securities Fund	2.19	M&G European Fund	1.80
G4S	2.05	G4S	1.72

[a] All holdings in M&G collective investment schemes are in Sterling Class 'A' (Income) shares unless otherwise stated.

CLASSIFICATION OF INVESTMENTS

The table below shows the percentage holding per sector.

	% of sub-fund as at	
	30.04.13	31.10.12
Equity portfolios		
Continental Europe	2.51	1.80
Far East	6.52	5.58
Global	71.89	74.14
Equities		
Belgium	0.46	0.50
Eire	1.32	0.65
France	3.05	1.46
Germany	5.93	5.25
United Kingdom	3.63	3.30
Australia	1.41	2.41
Japan	0.44	0.00
Malaysia	0.41	0.00
United Arab Emirates	0.38	0.06
United States	1.14	3.34

OTHER INFORMATION

The information in this report is designed to enable shareholders to make an informed judgment on the activities of the sub-fund during the period covered by the report and the results of those activities at the end of the period. For more information about the activities and performance of the sub-fund during this and the previous period, please contact the Authorised Corporate Director (ACD).

Short Reports

This Short Report is issued in accordance with the requirements of the Collective Investment Schemes sourcebook as issued (and amended) by the Financial Conduct Authority. This Short Report does not contain the Financial Statements of the M&G Managed Growth Fund, and it is unaudited.

Investment Report and Financial Statements

A copy of the ACD's Interim Investment Report and Financial Statements for M&G Investment Funds (4), which incorporates all the sub-fund's interim investment reports and unaudited financial statements, or a copy of the ACD's Annual Investment Report and Financial Statements for M&G Investment Funds (4), which incorporates all the sub-fund's annual investment reports and audited financial statements is available free of charge on request from our website at www.mandg.co.uk/reports or by calling M&G Customer Relations on 0800 390 390.

Authorised Corporate Director

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Co-fund managers

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which is an associate of M&G Securities Limited)

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M&G is a member of the Investment Management Association and of
the Tax Incentivised Savings Association.

The Instrument of Incorporation can be inspected at our offices or at
the office of the Depository.

M&G Securities Limited is authorised and regulated by the Financial Conduct Authority
and provides investment products. The company's registered office is Laurence
Pountney Hill, London EC4R 0HH. Registered in England number 90776.