

M&G Investment Funds (11)

**Interim Long Report and unaudited Financial Statements
for the six months ended 31 October 2021**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (11) presents its Interim Long Report and unaudited Financial Statements for the six months ended 31 October 2021.

The unaudited financial statements of M&G Investment Funds (11) and the investment report and unaudited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (11) is an umbrella Open-Ended Investment Company (OEIC) and contains two sub-funds, hereinafter referred to as 'funds' in the rest of this report. The Company is a non-UCITS Retail Scheme (NURS) and, for the purposes of the AIFMD, qualifies as an alternative investment fund (AIF), as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 1 October 2010, the M&G Episode Income Fund was launched on 11 November 2010 and the M&G Global Target Return Fund was launched on 13 December 2016.

The Company's principal activity is to carry on business as an OEIC. The Company is structured as an umbrella company, and different funds may be established by the ACD from time to time with the agreement of the Depositary and approval from the FCA. The funds are operated separately and the assets of each fund are managed in accordance with the investment objective and policy applicable to that fund.

As at 31 October 2021, none of the funds held shares of the other funds within this OEIC.

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

Fund managers

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

M&G Episode Income Fund

Steven Andrew

M&G Global Target Return Fund

Tristan Hanson

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 Investing and Saving Alliance)

Directors of the ACD

N J Brooks*, C Dobson (non executive director),
S A Fitzgerald, P R Jelfs,
M McGrade (non executive director), L J Mumford

* Appointed 19 May 2021.

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

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

Authorised Corporate Director's Report

Depositary

NatWest Trustee & Depositary Services Limited,
House A, Floor 0, 175 Glasgow Road, Gogarburn,
Edinburgh EH12 1HQ, UK
(Authorised and regulated by the Financial Conduct
Authority)

Independent auditor

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

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The report can be found at www.mandg.co.uk/valueassessment

Important information

The investment objective and benchmark changed for the M&G Global Target Return Fund on 20 July 2021.

The World Health Organisation declared the COVID-19 outbreak a pandemic on 11 March 2020.

The COVID-19 pandemic has been an unprecedented event. After an initial period of increased market volatility and uncertainty, there has been a marked recovery in global markets, bolstered by supportive economic policies from governments and positive news on vaccines for COVID-19.

The ACD continues to monitor the ongoing operational risks that are posed to the Company and its service providers due to global and local movement restrictions that have been enacted by various governments.

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 address. 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.

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 each of the funds are prepared in accordance with the Investment Association Statement of Recommended Practice for Financial Statements of UK Authorised Funds (SORP) and UK Financial Reporting Standards, and give a true and fair view of the net revenue or expenses and net capital gains or losses for the accounting period, and the financial position at the end of that period.

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

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.

M&G Securities Limited
14 December 2021

Financial statements and notes

The financial statements for M&G Investment Funds (11) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

Accounting policies

There are no material events that have been identified that may cast significant doubt on the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and, following consideration of the impact of COVID-19 they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of each of the funds' ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 April 2021. 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 and amended in June 2017.

Authorised Corporate Director's Report

Investment objective

The fund aims to generate a growing level of income over any three-year period. The fund also aims to provide capital growth of 2-4% per annum over any three-year period.

There is no guarantee that the fund will achieve its objective over this, or any other, period. The income distributions and the value of your investment may rise and fall and investors may not recoup the original amount they invested.

Investment policy

The fund manager adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets. Central to this approach is the identification of episodes, which are periods of time during which, in the fund manager's view, asset prices become over- or under-stated, relative to objective valuation measures, due to the emotional reaction of investors to events. These episodes can exist over both the short and medium term. The fund invests in transferable securities, fixed income assets (including, but not limited to, corporate bonds and government and public securities), warrants, cash, and near cash. Exposure to these assets, and to property, may be gained via collective investment schemes and derivatives (including equity index futures, currency forwards, interest rate swaps, and other liquid derivatives). The manager may seek to minimise currency risk through the combination of diversification and hedging. Derivatives may also be used for efficient portfolio management purposes. More than 70% of the fund will be in sterling or hedged back to sterling.

Investment approach

The fund manager seeks to achieve the fund's objectives whilst managing risk by investing globally across multiple asset classes, sectors, currencies and countries. Where the fund manager believes opportunities are limited to a few areas, the portfolio

may be very concentrated in certain assets or markets. The fund manager will typically take investment positions in individual shares or bonds, but may also take positions at an index or sector level via derivatives.

The fund manager looks to generate a growing level of income by investing in assets that offer a regular income such as dividend-paying equities, corporate bonds and government bonds. The fund will typically invest 20-50% of its assets in equities, 40-80% in bonds and up to 20% in other assets, which can include convertibles.

Benchmark

Benchmark: None.

The fund is actively managed and it has no benchmark. Investors can assess the performance of the fund by its objective to provide a growing level of income and capital growth of 2 to 4% per annum, both measured over any three-year period. The fund's annual report for each financial year will include details of the fund's performance in relation to its objective.

Risk profile

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

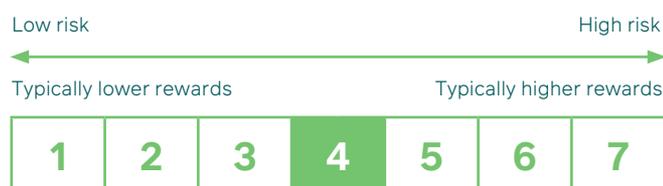
The fund adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets, and the manager will seek to maximise portfolio diversity wherever possible. The fund has a bias towards income-producing assets. Income distributions from the fund's holdings, however, are not guaranteed and may vary.

The blend of assets held in the fund is regularly adjusted depending on where the manager sees the most value and to manage risks, including liquidity,

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credit, currency and market risks. The fund's risks are measured and managed as an integral part of the investment process.

The following table shows the risk number associated with the fund and is based on Sterling Class '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 November 2021, for the six months ended 31 October 2021

Distribution summary

The fund distributed six monthly payments totalling 1.86p per Sterling Class 'A' (Income) share over the six months under review. This represents an increase of 6.7% from the 1.74p distributed during the same period a year earlier. As at the end of the reporting period, the payout represented a yield (distributed income as a percentage of the fund's share price on 1 November 2021) of 2.96%.

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

Performance against objective

Between 4 May 2021 (the start of the review period) and 1 November 2021, the M&G Episode Income Fund produced a positive total return (the combination of income and growth of capital) across all of its share classes.

The fund's distribution declined by 20.7% over the three-year period to 1 November 2021, and so, during that period, the fund did not meet its aim of generating a growing level of income over any three-year period.

The fund's annualised capital growth was 2.5% pa over the three-year period to 1 November 2021, and so met its aim of providing capital growth of 2-4% on average each year over any three-year period.

For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Financial highlights' section of this report.

Performance review

The six months under review were generally positive for equities (company shares), as investors on the whole preferred to focus on robust corporate earnings and the continued support being given by central banks to their countries' economies. However, there were various themes developing at the same time that could have a more negative influence on investor sentiment. Most prominent among those was the rise in inflation, with prices of many goods, from oil and gas to used cars and food, increasing at a rapid rate. The rise in inflation led to speculation that interest rates may have to be raised faster than most commentators had been expecting, although most central banks have stuck to their belief that rising prices will be 'transitory' – in other words, temporary. Sentiment also stayed positive despite the number of COVID-19 cases rising around the world and economic growth appearing to slow, particularly in China, which was also adversely affected by power cuts and a debt crisis in the property sector. Towards the end of the six months, even the news that central banks were beginning to withdraw their 'quantitative easing' programmes of purchasing financial assets, which have done so much to help markets recover from their pandemic-inspired lows, had

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little effect on share prices and several stockmarket indices finished the period close to record highs.

Among developed markets, the largest gains came in the US, although much of Europe was also up nicely. Among the biggest winners, however, was India, whose stockmarket rose more than 20% in the six months. Not all the world's markets improved though, with Brazil, China and Hong Kong amongst the weakest. Emerging markets as a whole also declined, while Germany and Japan lagged.

In terms of sectors, the best performers included oil & gas producers, technology businesses, financials and healthcare companies. By contrast, telecoms, utilities and basic materials producers fell.

Inflationary pressures seemed to have more of an effect on the fixed income, or bond (debt), markets. Although most developed bond markets rose overall during the period, investors appeared to accept that interest rates would have to be increased to try to combat rising prices, which weighed on shorter-dated (meaning a shorter period until the repayment of capital is due) bonds. Higher interest rates are generally reflected in higher yields, which equate to lower prices, on bonds. Yields move inversely to prices because they generally represent the income from the bond divided by the price of the bond. Higher inflation also tends to hamper the performance of emerging market bonds and currencies in particular, and the weakness of these assets was notable over the six months. The prices of corporate bonds (debt securities issued by companies rather than governments) rose modestly during the period under review. Investment grade bonds - those issued by businesses considered to be of better quality - performed better than riskier sub-investment grade bonds, also known as high yield bonds.

Against this generally positive background, our slight bias towards risky assets proved beneficial, with our allocation to equities the biggest driver of the fund's positive return. The largest contributors were our holdings in the US, where our baskets of general shares, technology stocks and financials all added similar value. The appreciation of the US dollar relative

to sterling added to the returns from our stakes in US businesses, although a stronger pound relative to the euro and yen hampered returns from Europe and Japan. Nevertheless, European holdings also performed well, led by banks and French companies. Exposure to Japanese companies was marginally positive, while China was a modest detractor from performance.

Our holdings of government bonds, which we hold as a potential diversifier, since we expect them to behave differently from our share stakes in the event that disappointing economic news holds back the performance of equities, also added value. Government bonds with a long time until maturity rose in price as investors agreed with central banks' view that inflationary pressures would only be temporary, and our considerable holding of US government bonds generated a substantial positive return.

Modest value was also added by our allocations to corporate bonds, property, government bonds from Portugal and infrastructure stocks. Meanwhile, the only material detractor was our investment in emerging market government bonds, where price falls in bonds from Chile and Brazil were compounded by weakness in their currencies.

Investment activities

Throughout the review period we have maintained the view that the most likely environment in the near future is a continued gradual recovery in the world's economies from the shutdowns caused by the COVID-19 pandemic. As such, we have felt it appropriate to position the fund with a moderate bias towards the stockmarket, particularly focused on those companies that, in our opinion, should benefit from an improvement in economic activity or a moderate increase in interest rates.

While we remain poised to act dynamically in the event that rapid movements in asset prices present what we see as attractive investment opportunities, there have not been many such occasions during the six months under review. Accordingly, there were no major changes in our asset allocation. Instead, we made some

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moderate adjustments to our asset allocation when we felt they were justified by price movements.

For example, when long-dated US government bonds rose substantially in price in July, we thought it wise to reduce our exposure. We also trimmed the holding of Portuguese government bonds. We reinvested in equities, particularly banks from the US and Europe, after the fall in bond yields caused some weakness. We also sold some US Treasuries in order to add to our holdings of government bonds from Peru and Chile, seeking to take advantage of price declines.

Later in the period, after the shares of financial companies had rallied strongly, we decided that it would be prudent to reduce our focus on the sector. We trimmed our holdings of bank stocks in the US and Europe and invested the proceeds in the US and Asia, mainly in technology and healthcare businesses. In our opinion, these areas looked attractive after a period of relative underperformance. However, we retain a sizeable position in financial stocks, since we feel that they are likely to perform well against a background of rising interest rates.

Outlook

Although there is clearly growing uncertainty about the prospect of higher inflation, which could lead to higher interest rates, we do not yet believe that the investment background is about to change significantly. Although central banks have begun to hint at a withdrawal of policy stimulus measures, they have not yet signalled that interest rates need to be raised quickly in an attempt to curb rising prices. It seems to us that the most likely scenario is a gradual normalisation of the interest rate environment, with yields on shorter-dated bonds rising over the next 12-18 months but without the moves being reflected in longer-dated bonds. While inflation may well pick up, there are other factors that could mean that central banks do not move rapidly, such as the fragile state of the labour market, particularly as employment support schemes are coming to an end. We also agree with central banks that many of the factors behind the rise in inflation are likely to be temporary.

While it is possible that inflation may be higher and more persistent than seems to be the current market expectation, we will not see hard evidence of this for some time. Similarly, it could be said that the sheer uncertainty of the current situation, together with the high valuations of many asset classes after the strong rallies of recent months, could warrant a reduction of risk altogether - trimming holdings of equities and bonds and moving into cash. However, we feel it remains prudent to be positioned to benefit from further economic growth and modestly higher interest rates, whilst being appropriately diversified in case of any growth disappointment. For this reason, we maintain a slight bias towards equities, with exposure diversified across regions and sectors. Although it has been reduced, we maintain a reasonably sizeable exposure to bank shares in the US and Europe since this exposure appears to enable us to participate in further appreciation of stockmarkets while also benefiting from a potential positive response to higher interest rates.

We also have meaningful holdings of longer-dated US government bonds to counterbalance our risk exposure. In our opinion, long-dated Treasuries would be expected to behave differently from shares in the event of negative surprises around economic recovery.

In our view, emerging market and peripheral European government bonds also seem attractive, offering higher yields than developed market bonds.

Authorised Corporate Director's Report

As an income fund, we have been encouraged by signs of a return to normality in terms of company dividend payments. Many businesses have begun to reinstate the dividend payments on their shares that were suspended when the pandemic increased the need to conserve cash, while the regulatory constraints that stopped banks paying dividends have been removed. We are hopeful that the resumption of dividend payments will enable the fund's distributions to be increased in the coming months.

Steven Andrew

Fund manager

An employee of M&G FA 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

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Equities	321,921	45.10	39.89
United Kingdom	35,194	4.93	3.81
UK equities	35,194	4.93	3.81
50,728 BAE Systems	280	0.04	
944,508 British Land REIT	4,674	0.65	
545,835 GlaxoSmithKline	8,229	1.15	
4,096,945 Greencoat UK Wind	5,826	0.82	
3,365,000 Home REIT	3,819	0.54	
775,700 HSBC	3,408	0.48	
3,047 IG	24	0.00	
1,384,477 Legal & General	4,010	0.56	
127,148 Unilever	4,924	0.69	
Belgium	3,628	0.51	0.55
Belgian equities	3,628	0.51	0.55
53,182 KBC	3,628	0.51	
France	24,732	3.46	2.81
French equities	24,732	3.46	2.81
127,969 BNP Paribas	6,264	0.88	
41,015 Capgemini	6,931	0.97	
123,846 Danone	5,863	0.82	
10,063 LVMH	5,674	0.79	
Germany	14,716	2.06	2.20
German equities	14,716	2.06	2.20
58,463 BASF	3,070	0.43	
85,357 Daimler	6,120	0.86	
25,576 Münchener Rückversicherungs-Gesellschaft	5,526	0.77	
Guernsey	5,339	0.75	0.56
Guernsey equities	5,339	0.75	0.56
4,032,283 Renewables Infrastructure	5,339	0.75	
Italy	9,056	1.27	0.89
Italian equities	9,056	1.27	0.89
469,262 Banca Mediolanum	3,463	0.49	
2,714,941 Intesa Sanpaolo	5,593	0.78	

Investments

Portfolio statement (continued)

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Equities (continued)			
Netherlands			
	4,196	0.59	0.49
Dutch equities			
	4,196	0.59	0.49
379,766	ING	4,196	0.59
Spain			
	9,097	1.27	0.94
Spanish equities			
	9,097	1.27	0.94
1,025,987	Banco Bilbao Vizcaya Argentaria	5,188	0.72
150,486	Industria de Diseno Textil	3,909	0.55
United States			
	113,566	15.91	13.71
US equities			
	113,566	15.91	13.71
20,694	American Express	2,621	0.37
93,018	Apple	10,286	1.44
225,438	Cisco Systems	9,198	1.29
133,325	Citigroup	6,855	0.96
197,400	Consolidated Communications	1,074	0.15
263,902	Ford Motor	3,226	0.45
20,317	Home Depot	5,479	0.77
48,973	JPMorgan Chase	6,052	0.85
367,934	KeyCorp	6,273	0.88
10,601	Lam Research	4,353	0.61
348,661	Lumen Technologies	3,000	0.42
14,316	MasterCard	3,457	0.48
32,999	Microsoft	7,759	1.09
186,737	Pfizer	5,848	0.82
49,867	PNC Financial Services	7,708	1.08
43,200	Procter & Gamble	4,472	0.63
52,727	Quest Diagnostics	5,575	0.78
36,480	Texas Instruments	4,970	0.69
115,017	Truist Financial	5,330	0.75
15,888	UnitedHealth	5,249	0.73
14,641	Viatis	141	0.02
30,465	Visa	4,640	0.65

Investments

Portfolio statement (continued)

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Equities (continued)			
Canada	14,890	2.09	1.83
Canadian equities	14,890	2.09	1.83
70,546 Bank of Montreal	5,748	0.81	
98,894 Bank of Nova Scotia	4,789	0.67	
206,594 Shaw Communications	4,353	0.61	
Japan	52,150	7.31	8.01
Japanese equities	52,150	7.31	8.01
2,603 Advance Residence Investment REIT	6,184	0.87	
58,000 East Japan Railway	2,622	0.37	
147,800 Hitachi	6,176	0.86	
148,500 Honda Motor	3,171	0.44	
206,000 Itochu	4,258	0.60	
5,042 Japan Metropolitan Fund REIT	3,354	0.47	
207,900 Mitsubishi	4,788	0.67	
296,920 Mizuho Financial	2,849	0.40	
765,400 Nomura	2,685	0.38	
256,000 ORIX	3,681	0.52	
444,800 Panasonic	3,949	0.55	
427,700 Sumitomo	4,411	0.62	
117,700 West Japan Railway	4,022	0.56	
Australia	6,402	0.90	0.82
Australian equities	6,402	0.90	0.82
53,299 Commonwealth Bank of Australia	3,050	0.43	
1,109 Pental	4	0.00	
1,345,093 Stockland REIT	3,348	0.47	
Bermuda	4,789	0.67	0.76
Bermudian equities	4,789	0.67	0.76
2,339,000 Kerry Properties	4,789	0.67	
Hong Kong	5,719	0.80	0.96
Hong Kong equities	5,719	0.80	0.96
7,246,000 Lenovo	5,719	0.80	

Investments

Portfolio statement (continued)

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Equities (continued)			
South Korea	8,832	1.24	1.08
South Korean equities	8,832	1.24	1.08
74,874 Coway	3,686	0.52	
97,515 Kia	5,146	0.72	
Taiwan	9,455	1.32	0.45
Taiwanese equities	9,455	1.32	0.45
1,570,000 ASE Technology	4,088	0.57	
1,922,600 Hon Hai Precision Industry	5,367	0.75	
Cayman Islands	160	0.02	0.02
Cayman Island equities	160	0.02	0.02
372,000 Yip's Chemical	160	0.02	
Fixed income	332,170	46.54	53.82
United Kingdom	4,104	0.58	0.76
Investment grade corporate bonds	1,902	0.27	0.46
£1,401,000 Admiral 5.5% 25/07/2024	1,536	0.22	
£262,000 BUPA Finance 5% 25/04/2023	276	0.04	
£89,000 Tesco 6.125% 24/02/2022	90	0.01	
Below investment grade corporate bonds	2,202	0.31	0.30
£1,347,000 John Lewis 6.125% 21/01/2025	1,491	0.21	
£646,000 Marks & Spencer 6% 12/06/2025	711	0.10	
Germany	1,591	0.22	0.22
Below investment grade corporate bonds	1,591	0.22	0.22
€1,913,000 Nidda Healthcare 3.5% 30/09/2024	1,591	0.22	
Luxembourg	3,948	0.55	0.55
Below investment grade corporate bonds	3,948	0.55	0.55
€2,092,000 Altice Finco 4.75% 15/01/2028	1,677	0.23	
€2,576,000 Summer BC Holdco 5.75% 31/10/2026	2,271	0.32	
Netherlands	6,020	0.85	0.81
Investment grade corporate bonds	480	0.07	0.07
£440,000 E.ON International Finance 5.625% 06/12/2023	480	0.07	
Below investment grade corporate bonds	5,540	0.78	0.74
US\$1,958,000 Trivium Packaging Finance 5.5% 15/08/2026	1,478	0.21	

Investments

Portfolio statement (continued)

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Fixed income (continued)			
Netherlands (continued)			
Below investment grade corporate bonds (continued)			
US\$2,847,000 VEON 4% 09/04/2025	2,141	0.30	
US\$2,568,000 Ziggo 5.5% 15/01/2027	1,921	0.27	
Portugal	17,347	2.43	4.95
Government bonds	17,347	2.43	4.95
€22,269,519 Portugal (Republic of) 1% 12/04/2052	17,347	2.43	
United States	159,472	22.34	28.19
Government bonds	123,037	17.24	22.79
US\$141,218,600 US Treasury 3% 15/02/2048	123,037	17.24	
Investment grade corporate bonds	17,470	2.45	2.29
IDR327,570,000,000 Inter-American Development Bank 7.875% 14/03/2023	17,470	2.45	
Below investment grade corporate bonds	18,965	2.65	3.11
€2,159,000 Adient Global 3.5% 15/08/2024	1,846	0.26	
US\$2,006,000 Aramark Services 6.375% 01/05/2025	1,528	0.21	
US\$2,911,000 Avantor Funding 4.625% 15/07/2028	2,190	0.31	
€2,204,000 Chemours 4% 15/05/2026	1,879	0.26	
US\$1,985,000 CommScope 8.25% 01/03/2027	1,468	0.20	
US\$2,725,000 CSC 7.5% 01/04/2028	2,114	0.30	
US\$2,068,000 Ford Motor 7.45% 16/07/2031	1,975	0.28	
US\$1,981,857 iHeartCommunications 6.375% 01/05/2026	1,506	0.21	
US\$2,972,000 Iron Mountain 5.25% 15/03/2028	2,246	0.31	
US\$2,821,000 Kraft Heinz Foods 3.875% 15/05/2027	2,213	0.31	
Corporate bonds with no credit rating	0	0.00	0.00
US\$1,869,000 TRU Taj 12% 15/08/2021 ^a	0	0.00	
£150,000 Washington Mutual Bank 5.5% 10/06/2059 ^a	0	0.00	
Brazil	17,509	2.45	2.66
Government bonds	17,509	2.45	2.66
BRL139,869,000 Brazil (Federal Republic of) 10% 01/01/2023	17,509	2.45	
Chile	14,417	2.02	1.46
Government bonds	14,417	2.02	1.46
CLP17,645,000,000 Chile (Republic of) 4.7% 01/09/2030	14,417	2.02	

Investments

Portfolio statement (continued)

Holding		as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Fixed income (continued)				
Colombia				
Government bonds		12,466	1.75	1.79
COP59,305,800,000	Colombia (Republic of) 10% 24/07/2024	12,466	1.75	
Mexico				
Government bonds		19,206	2.69	2.68
MXN467,269,000	Mexico (United Mexican States) 8.5% 18/11/2038	17,400	2.44	
Investment grade corporate bonds		88	0.01	0.01
MXN2,500,000	América Móvil 6.45% 05/12/2022	88	0.01	
Below investment grade corporate bonds		1,718	0.24	0.24
US\$2,143,000	Cemex 7.375% 05/06/2027	1,718	0.24	
Peru				
Government bonds		12,847	1.80	0.86
PEN65,862,000	Peru (Republic of) 6.95% 12/08/2031	12,847	1.80	
Malaysia				
Government bonds		656	0.09	0.09
MYR628,000	Malaysia (Govt. of) 4.498% 15/04/2030	117	0.02	
MYR2,971,000	Malaysia (Govt. of) 4.232% 30/06/2031	539	0.07	
South Africa				
Government bonds		18,900	2.65	3.01
ZAR580,532,657	South Africa (Republic of) 6.25% 31/03/2036	18,900	2.65	
Fixed income portfolios		43,687	6.12	5.79
Other		43,687	6.12	5.79
71,685	iShares Core EUR Corp Bond ETF	8,096	1.14	
109,835	iShares USD High Yield Corp Bond ETF	8,294	1.16	
1,398,000	M&G (Lux) Emerging Markets Hard Currency Bond Fund US dollar 'C' (Income) ^b	9,656	1.35	
650,000	SPDR® Barclays 10+ Year US Corporate Bond ETF	17,641	2.47	
Property		23,957	3.36	3.14
United Kingdom		23,957	3.36	3.14
2,569,138	M&G Property Portfolio Sterling Class 'I' (Income) ^b	23,957	3.36	

Investments

Portfolio statement (continued)

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Currency	1,313	0.18	1.19
Forward currency contracts	1,313	0.18	1.19
AU\$(10,254,154) Sold for £5,607,806 (expires 21.01.22)	(1)	0.00	
CA\$(23,190,191) Sold for £13,609,578 (expires 21.01.22)	(26)	0.00	
€(115,089,156) Sold for £97,504,108 (expires 21.01.22)	29	0.00	
¥(2,715,588,970) Sold for £17,417,087 (expires 21.01.22)	83	0.01	
US\$13,377,984 Bought for TWD374,249,096 (expires 26.11.21)	(58)	(0.01)	
US\$(383,041,597) Sold for £279,098,599 (expires 21.01.22)	1,286	0.18	
Total portfolio	679,361	95.18	98.04
Net other assets/(liabilities)	34,378	4.82	1.96
Net assets attributable to shareholders	713,739	100.00	100.00

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

^a Defaulted bond.

^b Related party.

Investments

Portfolio transactions

for the six months to 31 October	2021 £'000	2020 £'000
Total purchases	76,164	119,595
Total sales	148,385	176,567

Financial highlights

Fund performance

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

The following charts and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (11), 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	31.10.21 £'000	30.04.21 £'000	30.04.20 £'000
Fund net asset value (NAV)	713,739	746,568	835,040

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.

November 2010 = 100, plotted monthly
Chart date 1 November 2021



Source: Morningstar, Inc. and M&G

* Income reinvested

Historic yield

The chart below shows the historic yield of the Sterling Class 'A' (Income) shares.

Historic yield over 3 years, plotted monthly
Chart date 1 November 2021



Source: Morningstar, Inc. and M&G

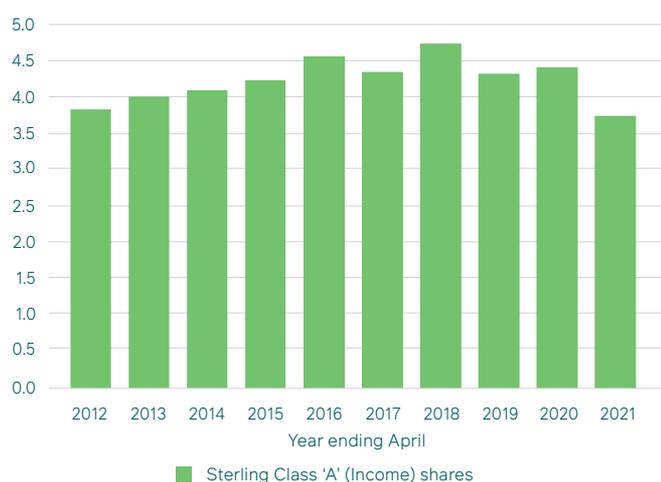
Historic yield: The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Financial highlights

Distribution over ten years

The chart below shows the annual distribution in pence per share of Sterling Class 'A' (Income) shares over ten years.

Annual distribution over 10 years
Chart date 4 May 2021



Long-term performance by share class

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. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	Six months 04.05.21 % ^a	Three years 01.11.18 % pa	Five years 01.11.16 % pa	Since launch % pa
Sterling				
Class 'A'	+5.6	+6.2	+5.3	+6.2
Class 'I'	+5.7	+6.7	+5.8	+6.7
Class 'PP'	+5.8	n/a	n/a	+6.4
Class 'R'	+5.6	+6.5	+5.6	+6.5
Class 'X'	+5.6	+6.2	+5.3	+6.2

^a Not annualised.

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:

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

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

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

Financial highlights

Portfolio transaction costs

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

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

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

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

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

Portfolio transaction costs

Direct portfolio transaction costs ^b	Six months to 31.10.21 %	Year to 30.04.21 %	Year to 30.04.20 %	Average ^a %
Broker commission	0.01	0.01	0.01	0.01
Taxes	0.01	0.00	0.01	0.01
Costs before dilution adjustments	0.02	0.01	0.02	0.02
Dilution adjustments ^c	(0.01)	(0.01)	0.00	(0.01)
Total direct portfolio transaction costs	0.01	0.00	0.02	0.01
as at Indirect portfolio transaction costs	31.10.21 %	30.04.21 %	30.04.20 %	Average ^a %
Average portfolio dealing spread	0.24	0.21	0.47	0.31

^a Average of first three columns.

^b As a percentage of average net asset value.

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

Specific share class performance

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

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Historic yields for the current period are calculated as at 12 November 2021.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 11 November 2010.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	125.78	112.88	123.28
Return before operating charges	7.12	18.16	(4.27)
Operating charges	(0.68)	(1.50)	(1.72)
Return after operating charges	6.44	16.66	(5.99)
Distributions	(1.86)	(3.76)	(4.41)
Closing NAV	130.36	125.78	112.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.03
Dilution adjustments ^a	0.00	(0.01)	(0.01)
Total direct transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	1.05	1.26	1.37
Return after charges	+5.12	+14.76	-4.86
Historic yield	2.90	2.98	4.01
Other information			
Closing NAV (£'000)	59,881	58,225	54,876
Closing NAV (%)	8.39	7.80	6.57
Number of shares	45,936,648	46,291,230	48,614,880
Highest share price (UK p)	131.23	127.28	132.63
Lowest share price (UK p)	124.08	109.19	102.91

Sterling Class 'A' Accumulation share performance

The share class was launched on 11 November 2010.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	183.62	159.71	168.33
Return before operating charges	10.43	26.07	(6.26)
Operating charges	(0.99)	(2.16)	(2.36)
Return after operating charges	9.44	23.91	(8.62)
Distributions	(2.09)	(3.26)	(3.77)
Retained distributions	2.09	3.26	3.77
Closing NAV	193.06	183.62	159.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.04
Dilution adjustments ^a	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.01	0.02	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	1.05	1.27	1.37
Return after charges	+5.14	+14.97	-5.12
Historic yield	1.84	1.76	2.42
Other information			
Closing NAV (£'000)	16,620	16,477	25,161
Closing NAV (%)	2.32	2.21	3.01
Number of shares	8,608,404	8,973,658	15,754,223
Highest share price (UK p)	193.70	185.13	185.68
Lowest share price (UK p)	181.09	154.49	144.45

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	1,266.70	1,131.37	1,228.57
Return before operating charges	71.13	181.26	(44.48)
Operating charges	(4.23)	(9.30)	(10.05)
Return after operating charges	66.90	171.96	(54.53)
Distributions	(18.51)	(36.63)	(42.67)
Closing NAV	1,315.09	1,266.70	1,131.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.18	0.28
Dilution adjustments ^a	(0.04)	(0.10)	(0.06)
Total direct transaction costs	0.09	0.08	0.22
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	0.65	0.79	0.80
Return after charges	+5.28	+15.20	-4.44
Historic yield	2.81	2.88	3.87
Other information			
Closing NAV (£'000)	228,211	266,562	328,119
Closing NAV (%)	31.97	35.70	39.30
Number of shares	17,353,250	21,043,802	29,001,978
Highest share price (UK p)	1,323.06	1,281.01	1,326.49
Lowest share price (UK p)	1,249.75	1,094.57	1,030.07

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	1,715.39	1,486.29	1,559.52
Return before operating charges	96.63	241.47	(60.29)
Operating charges	(5.76)	(12.37)	(12.94)
Return after operating charges	90.87	229.10	(73.23)
Distributions	(22.13)	(36.55)	(42.30)
Retained distributions	22.13	36.55	42.30
Closing NAV	1,806.26	1,715.39	1,486.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.18	0.24	0.37
Dilution adjustments ^a	(0.06)	(0.14)	(0.07)
Total direct transaction costs	0.12	0.10	0.30
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	0.65	0.78	0.80
Return after charges	+5.30	+15.41	-4.70
Historic yield	2.16	2.12	2.92
Other information			
Closing NAV (£'000)	349,276	348,501	390,200
Closing NAV (%)	48.94	46.68	46.73
Number of shares	19,336,912	20,316,109	26,253,233
Highest share price (UK p)	1,812.46	1,729.23	1,726.46
Lowest share price (UK p)	1,692.06	1,438.01	1,343.71

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	100.96	89.97	100.00
Return before operating charges	5.66	14.40	(7.12)
Operating charges	(0.28)	(0.53)	(0.42)
Return after operating charges	5.38	13.87	(7.54)
Distributions	(1.47)	(2.88)	(2.49)
Closing NAV	104.87	100.96	89.97
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments ^a	0.00	(0.01)	0.00
Total direct transaction costs	0.01	0.00	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges	0.55	0.56	0.56
Return after charges	+5.33	+15.42	-7.54
Historic yield	2.78	2.84	3.86
Other information			
Closing NAV (£'000)	16,740	11,865	15,288
Closing NAV (%)	2.35	1.59	1.83
Number of shares	15,962,706	11,753,057	16,991,625
Highest share price (UK p)	105.48	102.09	105.41
Lowest share price (UK p)	99.60	87.05	81.89

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	110.69	95.74	100.25
Return before operating charges	6.24	15.53	(3.93)
Operating charges	(0.31)	(0.58)	(0.58)
Return after operating charges	5.93	14.95	(4.51)
Distributions	(1.49)	(2.54)	(2.93)
Retained distributions	1.49	2.54	2.93
Closing NAV	116.62	110.69	95.74
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments ^a	0.00	(0.01)	0.00
Total direct transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	0.55	0.56	0.55
Return after charges	+5.36	+15.62	-4.50
Historic yield	2.27	2.28	3.14
Other information			
Closing NAV (£'000)	22,780	25,149	3,345
Closing NAV (%)	3.19	3.37	0.40
Number of shares	19,533,618	22,719,190	3,493,940
Highest share price (UK p)	117.01	111.58	111.16
Lowest share price (UK p)	109.19	92.63	86.53

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	124.19	111.20	121.06
Return before operating charges	7.04	17.86	(4.30)
Operating charges	(0.57)	(1.21)	(1.30)
Return after operating charges	6.47	16.65	(5.60)
Distributions	(1.83)	(3.66)	(4.26)
Closing NAV	128.83	124.19	111.20
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.03
Dilution adjustments ^a	0.00	(0.01)	(0.01)
Total direct transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	0.90	1.03	1.05
Return after charges	+5.21	+14.97	-4.63
Historic yield	2.86	2.94	3.93
Other information			
Closing NAV (£'000)	6,456	6,431	5,554
Closing NAV (%)	0.90	0.86	0.67
Number of shares	5,011,236	5,177,918	4,994,224
Highest share price (UK p)	129.62	125.63	130.50
Lowest share price (UK p)	122.52	107.57	101.28

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	168.67	146.43	153.96
Return before operating charges	9.63	23.85	(5.86)
Operating charges	(0.78)	(1.61)	(1.67)
Return after operating charges	8.85	22.24	(7.53)
Distributions	(2.09)	(3.28)	(3.85)
Retained distributions	2.09	3.28	3.85
Closing NAV	177.52	168.67	146.43
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.02	0.04
Dilution adjustments ^a	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.01	0.01	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	0.90	1.03	1.05
Return after charges	+5.25	+15.19	-4.89
Historic yield	1.98	1.93	2.70
Other information			
Closing NAV (£'000)	4,265	3,961	3,532
Closing NAV (%)	0.60	0.53	0.42
Number of shares	2,402,594	2,348,268	2,411,784
Highest share price (UK p)	178.04	170.04	170.17
Lowest share price (UK p)	166.36	141.66	132.42

Financial highlights

Sterling Class 'X' Income share performance

The share class was launched on 11 November 2010.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	125.85	112.95	123.35
Return before operating charges	7.15	18.17	(4.27)
Operating charges	(0.68)	(1.50)	(1.71)
Return after operating charges	6.47	16.67	(5.98)
Distributions	(1.86)	(3.77)	(4.42)
Closing NAV	130.46	125.85	112.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.03
Dilution adjustments ^a	0.00	(0.01)	(0.01)
Total direct transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	1.05	1.26	1.37
Return after charges	+5.14	+14.76	-4.85
Historic yield	2.90	2.98	4.01
Other information			
Closing NAV (£'000)	8,177	8,135	7,759
Closing NAV (%)	1.15	1.09	0.93
Number of shares	6,267,470	6,464,015	6,869,538
Highest share price (UK p)	131.30	127.36	132.70
Lowest share price (UK p)	124.14	109.24	102.97

Sterling Class 'X' Accumulation share performance

The share class was launched on 11 November 2010.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	183.70	159.77	168.40
Return before operating charges	10.60	26.08	(6.26)
Operating charges	(0.99)	(2.15)	(2.37)
Return after operating charges	9.61	23.93	(8.63)
Distributions	(2.25)	(3.27)	(3.78)
Retained distributions	2.25	3.27	3.78
Closing NAV	193.31	183.70	159.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.04
Dilution adjustments ^a	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.01	0.02	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.00	0.02
Operating charges ^c	1.05	1.26	1.37
Return after charges	+5.23	+14.98	-5.12
Historic yield	1.84	1.77	2.42
Other information			
Closing NAV (£'000)	1,333	1,262	1,206
Closing NAV (%)	0.19	0.17	0.14
Number of shares	689,723	686,836	754,848
Highest share price (UK p)	193.78	185.20	185.75
Lowest share price (UK p)	181.17	154.55	144.51

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

^c Where there is a change in the charging structure, you may see variances between the comparative and current year figures.

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Statement of total return

for the six months to 31 October	2021		2020	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		29,005		8,589
Revenue	13,143		14,871	
Expenses	(2,553)		(3,482)	
Net revenue/(expense) before taxation	10,590		11,389	
Taxation	(1,617)		(1,687)	
Net revenue/(expense) after taxation		8,973		9,702
Total return before distributions		37,978		18,291
Distributions		(9,720)		(10,978)
Change in net assets attributable to shareholders from investment activities		28,258		7,313

Statement of change in net assets attributable to shareholders

for the six months to 31 October	2021		2020	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		746,568		835,040
Amounts received on issue of shares	7,108		19,858	
Amounts paid on cancellation of shares	(73,206)		(121,345)	
		(66,098)		(101,487)
Dilution adjustments		106		201
Change in net assets attributable to shareholders from investment activities (see above)		28,258		7,313
Retained distributions on Accumulation shares		4,902		5,015
Unclaimed distributions		3		7
Closing net assets attributable to shareholders		713,739		746,089

The opening net assets attributable to shareholders for 2021 differs to the closing position in 2020 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

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Balance sheet

as at	31 October 2021 £'000	30 April 2021 £'000
Assets		
Fixed assets		
Investments	679,446	732,640
Current assets		
Debtors	6,662	6,831
Cash and bank balances	29,573	10,389
Total assets	715,681	749,860
Liabilities		
Investment liabilities	(85)	(705)
Creditors		
Distribution payable	(799)	(1,162)
Other creditors	(1,058)	(1,425)
Total liabilities	(1,942)	(3,292)
Net assets attributable to shareholders	713,739	746,568

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

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Investment objective up to 19 July 2021

The fund aims to achieve a total return (the combination of income and capital growth) of at least 4% per annum above the 3-month GBP LIBOR rate, before any charges are taken, in any market conditions and over any three year period. LIBOR is the rate at which banks borrow money from each other.

The fund aims to achieve this while seeking to minimise the degree to which the value of the fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the fund in this way reduces its ability to achieve returns significantly above 3-month GBP LIBOR plus 4%.

There is no guarantee that the fund will achieve a positive return over three years, or any other period, and investors may not get back the original amount they invested.

Investment objective from 20 July 2021

The fund aims to achieve a total return (the combination of income and capital growth) of at least 2-4%, per annum above the Sterling Overnight Index Average (SONIA), before any charges are taken, in any market conditions and over any three year period.

The fund aims to achieve this while seeking to minimise the degree to which the value of the fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the fund in this way reduces its ability to achieve returns significantly above SONIA plus 2-4%.

There is no guarantee that the fund will achieve a positive return over three years, or any other period, and investors may not get back the original amount they invested.

Investment policy

The fund has a highly flexible investment approach with the freedom to invest in different types of investment

assets from anywhere in the world. The fund manager's approach combines in-depth research to determine the value of assets over the medium to long term, together with analysis of market reactions to events, to identify investment opportunities.

The fund may at any one time invest in the following asset classes: fixed income securities (including, but not limited to, corporate bonds and government and public securities) company shares, currencies, cash, near cash and deposits. The fund will mostly gain exposure to these assets by investing through derivatives, but may also invest directly, or by investing through other funds. Derivatives are financial contracts whose value is derived from an underlying asset. In cases where the fund manager believes that investment opportunities are limited to a few areas, or where available investment opportunities would add too much risk, the fund may hold a high level of cash. At any one time the geographical range of the fund may be more focused rather than globally diversified.

The fund may also invest in other transferable securities and warrants (allowing the fund manager to buy stocks for a fixed price until a certain date) which may be from anywhere in the world and denominated in any currency.

The fund may take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, and groups of securities. The fund also has the flexibility to gain exposure to investments exceeding the net asset value of the fund in order to increase potential returns in both rising and falling markets.

Derivatives can be used to meet the fund's investment objective and for efficient portfolio management.

Investment approach

The fund manager adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets, guided by a robust valuation framework. The

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fund manager seeks to respond to opportunities created by asset prices moving away from a reasonable sense of 'fair' value due to investors reacting emotionally to events. The blend of investments held in the fund is actively adjusted depending on where the fund manager sees the most value and to manage risks in order to limit monthly losses. The fund manager will seek to manage risk by combining diversified and relatively uncorrelated assets (which are assets affected by market conditions in different ways) and by employing derivative strategies to help protect or profit from falling markets. In cases where the fund manager believes that investment opportunities are limited to a few areas, or where the available investment opportunities would add too much risk to the fund, the fund may hold high levels of cash.

The fund manager believes that this approach has the potential to limit monthly losses to less than 3% in normal to stressed times and less than 6% in highly stressed times. The fund manager believes the fund has the potential to deliver an annualised volatility (the degree to which the value of the fund fluctuates over any 12-month period) of between 3% and 7%. The fund manager will ensure the fund's 1-month 99% VaR remains below 6%.

Benchmark up to 19 July 2021

Benchmark: 3-month GBP LIBOR + 4%.

The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's benchmark as it is an achievable performance target and best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance objective and does not constrain the fund's portfolio construction.

The fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the fund.

For unhedged share classes, the rate is shown in the share class currency.

Benchmark from 20 July 2021

Benchmark: SONIA + 2-4%

The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's benchmark as it is an achievable performance target and best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance objective and does not constrain the fund's portfolio construction.

The fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the fund.

For unhedged share classes, the rate is shown in the share class currency.

Risk profile

The fund invests globally in a broad range of assets, including company shares (equities), fixed income securities (bonds), currencies and other assets such as REITs, infrastructure-related securities, convertible bonds and asset-backed securities. The fund is, therefore, subject to the price volatility of global financial and currency markets.

The fund adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets.

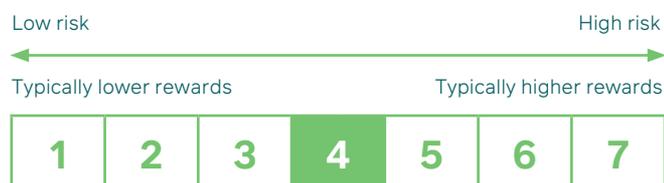
Investments are mainly implemented through exchange traded derivatives and over the counter securities, physical assets and cash or cash equivalents.

The fund can be positioned to benefit from a rise or fall in the value of any asset class (such as company shares or bonds) at overall fund level. This means if asset prices move in the opposite direction to that expected, the fund can incur a loss.

Due to the fund's defensive nature and strong focus on risk management, the fund manager observes defined thresholds related to risk measures including volatility, monthly losses and value at risk.

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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 November 2021, for the six months ended 31 October 2021

Performance against objective

The fund aims to provide a combination of capital growth and income of at least the Sterling Overnight Index Average (SONIA) plus 2-4% per annum (pa) before charges over any three-year period and in any market condition. Prior to 20 July 2021, the fund's benchmark was 3-month GBP LIBOR plus 4% pa.

The fund's historical benchmark performance is calculated using a weighted average of the two benchmarks according to the length of time each was applicable during the review period.

The benchmark figure from 20 July 2021 onwards is calculated using SONIA plus 2% pa, which represents the lower threshold for the current benchmark.

Between 4 May 2021 (the start of the review period) and 1 November 2021, the M&G Global Target Return Fund delivered a positive total return (the combination of capital growth and income) that was in line with its benchmark. Historical benchmark returns stood at 1.4% in cumulative terms over the six-month period.

Over three years, the fund has delivered a lower return than its objective. Historical benchmark returns stood at 4.3% pa over three years (before charges).

For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Financial highlights' section of this report.

Performance review

The six-month review period saw stockmarkets climb to all-time highs, despite headwinds for the global economy, including supply chain disruptions, labour supply shortages and uncertainty in China's real estate sector, notably at property developer Evergrande. At the same time, bond markets experienced volatility, as central banks began to signal or implement tighter monetary policies. Several emerging markets raised interest rates, while shortly after the end of the review period, in early November, the US Federal Reserve announced it would begin tapering its monthly asset purchases.

Against this backdrop, the fund delivered a positive return, driven by contributions from the portfolio's allocations to a diverse range of asset classes and geographies. The fund also benefited from the dynamic scaling of portfolio positions in response to changes in market conditions and asset prices, which forms a core part of the investment strategy.

Equities delivered a positive contribution overall, with notable contributions from the M&G (Lux) European Strategic Value Fund and M&G Global Listed Infrastructure Fund, as well as exposure to the FTSE All World index, the Indonesian stockmarket and a small basket of Chinese stocks. However, exposure to the Hong Kong stockmarket detracted.

In government bonds, the fund benefited from the active management of the portfolio's exposure to the US yield curve, with long positions in long-dated US Treasuries (USTs) and a short position in five-year USTs contributing to performance, as the US yield curve flattened during the period. (Long positions aim to benefit from a rise in an asset price while a short position aims to benefit from a fall in the price.) A flattening yield curve indicates the narrowing difference

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between short-term and long-term rates for bonds of the same credit quality.

Emerging market government bonds detracted from performance overall, with Brazil, Chile, Czechia and Thailand all delivering negative returns. This was partially offset by positive returns from Indonesia, Israel, South Africa and Turkey.

Allocations to other asset classes, held for diversification, also delivered positive returns. In credit, there were positive returns from the fund's basket of corporate bonds and a position in the M&G (Lux) Global Corporate Bond Fund. Alternatives, which include renewable energy and infrastructure trusts, also delivered positive returns. Meanwhile, a basket of asset-backed securities made a slightly positive contribution.

Investment activities

We positioned the portfolio defensively during the review period, while continuing to make full use of the fund's flexibility by dynamically scaling our allocations to asset classes and individual positions.

We were highly active in managing our exposure to the US yield curve throughout the review period, with a view to diversifying our government bond positioning in an uncertain environment for interest rates and inflation. At the start of the period, we held long positions in both 10-year and 30-year USTs, which we felt offered relatively attractive yields compared to other defensive assets and had the potential to protect the portfolio against any negative shocks in equity markets. A short position in five-year USTs was also in place, having been added in March, as the potential risks of growing inflationary pressures did not appear fully priced in at the shorter end of the curve.

In June, we closed our 10-year UST position, having benefited from a period when yields fell. In September, we then removed our remaining long UST exposure by closing the 30-year position, as its prospective diversification properties had become less clear, given the combination of challenges to economic growth and inflation.

Elsewhere in developed market government bonds, we initiated a UK swap curve trade in late October in response to market movements, which had resulted in the unusual situation of long-term interest rate expectations being below medium-term interest rate expectations, despite a very low prevailing interest rate. We implemented this by opening a position in the UK five-year swap to receive the fixed rate and a position in the UK 50-year swap paying the fixed rate. The position offers a positive yield if interest rate expectations do not change and stands to benefit if market expectations for interest rates over the long term become higher than those in the near term.

In corporate bonds, having significantly reduced our exposure by the end of 2020, we closed other positions during the review period, given the extent to which credit spreads had tightened. (A credit spread is the difference between the yield of a corporate bond and a government bond of the same life span.) We implemented this by closing a basket of global corporate bonds in June and the position in the M&G (Lux) Global Corporate Bond Fund in September.

We slightly increased emerging market bond exposure during the period, adding a local currency position in Chile and increasing local currency exposure to Mexico. Elsewhere in currencies, we closed a long US dollar position in October after a period of US dollar strength, reducing our short exposure to the euro.

Outlook

Against the current macroeconomic backdrop, we believe it remains prudent to position the portfolio with a view to protecting capital and providing sufficient scope to respond, should market volatility intensify in the coming period. In our view, the flexibility of the investment mandate, which offers us the ability to take short positions in assets that we believe present a material risk of falling in value, should help us to provide additional layers of protection for investors. Alongside this, our freedom to invest in a wide range of asset classes and geographies around the world should continue to help us provide attractive levels of portfolio diversification, which we believe is as important as ever in the current investment environment.

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The table below reflects the fund's exposure as at 31 October 2021. The long exposure shown comprises physical and derivative positions, held in the view that the underlying securities will rise in value. Short exposure comprises derivative positions, held in the view that the underlying securities will fall in value. Net exposure is the difference between the fund's long and short exposure. Please note, where securities do not perform as expected, a capital loss will be incurred by the fund.

Asset breakdown	Long exposure %	Short exposure %	Net exposure %
Equities	13.36	0.00	13.36
UK	1.14	0.00	1.14
Europe	3.41	0.00	3.41
North America	2.02	0.00	2.02
Japan	1.01	0.00	1.01
Asia Pacific ex Japan	5.78	0.00	5.78
Other	0.00	0.00	0.00
Equity options (nominal)	0.00	0.00	0.00
Government bonds	67.80	-36.62	31.18
UK	43.90	-4.94	38.96
Europe	0.00	0.00	0.00
US	0.00	-31.68	-31.68
Japan	0.00	0.00	0.00
Asia Pacific ex Japan	6.10	0.00	6.10
Other	17.80	0.00	17.80
Corporate bonds	10.54	0.00	10.54
Investment grade	10.54	0.00	10.54
High yield	0.00	0.00	0.00
Bond options (nominal)	0.00	0.00	0.00
Credit default swaps	0.00	0.00	0.00
Other	4.27	0.00	4.27
Convertible bonds	0.00	0.00	0.00
Property funds / infrastructure	4.27	0.00	4.27
Private loans	0.00	0.00	0.00
Other	0.00	0.00	0.00

Source: M&G

Equity options (nominal): The total value of all the equity options held in the fund expressed as a percentage of net asset value (NAV). **Bond options (nominal):** The total value of all the bond options held in the fund expressed as a percentage of net asset value (NAV). **Private loans:** A loan provided by a non-bank lender, generally at a specific interest rate and for a predetermined length of time.

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Tristan Hanson

Fund manager

An employee of M&G FA 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

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Equities	4,497	6.49	8.47
Software & computer services	639	0.92	0.86
1,162,100 NetLink NBN	639	0.92	
Banks	1,620	2.34	2.44
643,000 China Construction Bank	317	0.46	
628,000 Chongqing Rural Commercial Bank	164	0.24	
15,454 Hana Financial	431	0.62	
82,800 Kasikornbank	255	0.37	
12,903 KB Financial	453	0.65	
Equity investment instruments	0	0.00	1.29^c
Real estate investment & services	183	0.26	0.29
19,000 Sun Hung Kai Properties	183	0.26	
Industrial transportation	337	0.49	0.48
559,090 COSCO SHIPPING Ports	337	0.49	
Electricity	0	0.00	0.29
Oil equipment, services & distribution	183	0.26	0.26
668,000 Sinopec Kantons	183	0.26	
Closed end investments	1,535	2.22	2.56^c
745,155 Greencoat Renewables ^a	702	1.02	
585,429 Greencoat UK Wind	833	1.20	
Equity derivatives	(63)	(0.09)	0.08
Equity futures contracts	(63)	(0.09)	0.08
11 FTSE 100 Index Dec 2021	18	0.03	
31 Hang Seng China Enterprise Index Nov 2021	(48)	(0.07)	
29 STOXX Europe 600 Index Dec 2021	(33)	(0.05)	
Equity portfolios	5,320	7.68	7.04
4,575 Invesco Financials S&P US Select Sector ETF	991	1.43	
168,430 M&G (Lux) European Strategic Value Fund Euro Class 'CI' (Accumulation) ^b	1,686	2.43	
584,745 M&G Global Listed Infrastructure Fund Sterling Class 'I' (Income) ^b	776	1.12	
1,155,711 M&G Japan Fund ^b	704	1.02	
9,383 Vanguard FTSE All-World ETF	790	1.14	
34,182 Xtrackers MSCI Indonesia Swap ETF	373	0.54	

Investments

Portfolio statement (continued)

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Fixed income	56,842	82.03	78.65
Debt securities	56,458	81.48	77.05
'AAA' credit rated bonds	9,665	13.95	14.11
£151,158 Bowbell No. 2 FRN 0.88% 16/04/2056	152	0.22	
£241,777 CMF 2020-1 FRN 0.649% 16/01/2057	242	0.35	
£877,000 Coventry Building Society FRN 0.568% 15/01/2025	886	1.28	
£250,272 Darrowby No. 5 FRN 0.58% 20/12/2057	252	0.36	
£775,000 European Bank for Reconstruction & Development FRN 0.3% 27/02/2023	776	1.12	
INR72,600,000 European Bank for Reconstruction & Development 5% 15/01/2026	678	0.98	
£1,650,000 Export Development Canada FRN 0.377% 17/01/2025	1,658	2.39	
£482,810 Finsbury Square 2020-1 FRN 0.85% 16/03/2070	485	0.70	
£878,000 Holmes Master Issuer FRN 0.62% 15/10/2054	881	1.27	
INR73,000,000 International Finance 6.3% 25/11/2024	720	1.04	
£232,050 Lanark Master Issuer FRN 0.62% 22/12/2069	233	0.34	
£876,000 Leeds Building Society FRN 0.588% 15/01/2025	886	1.28	
£876,000 Permanent Master Issuer FRN 0.63% 15/07/2058	879	1.27	
£612,000 Royal Bank of Canada FRN 0.517% 30/01/2025	617	0.89	
£318,123 Tower Bridge Funding No. 4 FRN 1.32% 20/12/2062	320	0.46	
'AA' credit rated bonds	31,869	45.99	39.27
CZK45,600,000 Czech Republic Government Bond 1.2% 13/03/2031	1,313	1.90	
£3,060,000 UK Treasury 0% 29/11/2021	3,060	4.42	
£3,480,000 UK Treasury 0% 06/12/2021	3,480	5.02	
£3,800,000 UK Treasury 0% 20/12/2021	3,799	5.48	
£6,350,000 UK Treasury 0% 29/12/2021	6,349	9.16	
£5,600,000 UK Treasury 0% 17/01/2022	5,598	8.08	
£2,500,000 UK Treasury 0% 31/01/2022	2,499	3.61	
£1,750,000 UK Treasury 0% 21/02/2022	1,749	2.52	
£2,345,000 UK Treasury 0% 11/04/2022	2,343	3.38	
£1,680,000 UK Treasury 0% 19/04/2022	1,679	2.42	
'A' credit rated bonds	1,442	2.08	2.19
CLP1,765,000,000 Chile (Republic of) 4.7% 01/09/2030	1,442	2.08	

Investments

Portfolio statement (continued)

Holding		as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds		8,523	12.30	13.79
IDR25,251,000,000	Indonesia (Republic of) 8.25% 15/05/2036	1,455	2.10	
MYR8,150,000	Malaysia (Govt. of) 3.828% 05/07/2034	1,382	2.00	
€808,000	Mexico (United Mexican States) 1.45% 25/10/2033	633	0.91	
US\$1,008,000	Mexico (United Mexican States) 4.75% 27/04/2032	822	1.19	
US\$1,048,000	Mexico (United Mexican States) 5% 27/04/2051	855	1.23	
MXN37,420,000	Mexico (United Mexican States) 7.75% 29/05/2031	1,344	1.94	
MXN19,400,000	Mexico (United Mexican States) 8.5% 18/11/2038	722	1.04	
THB66,800,000	Thailand (Kingdom of) 1.585% 17/12/2035	1,310	1.89	
'BB' credit rated bonds		4,299	6.21	6.76
BRL14,000,000	Brazil (Federal Republic of) 10% 01/01/2029	1,608	2.32	
ZAR68,254,000	South Africa (Republic of) 8.5% 31/01/2037	2,691	3.89	
'B' credit rated bonds		660	0.95	0.93
US\$865,000	Turkey (Republic of) 7.625% 26/04/2029	660	0.95	
Debt derivatives		384	0.55	(0.35)
Interest rate swaps		0	0.00	0.00
£3,490,000	Pay 0.555% Receive VAR Oct 2071	0	0.00	
£30,685,000	Pay VAR Receive 0.961% Oct 2026	0	0.00	
Interest rate futures		384	0.55	(0.35)
(248)	10 Year US Treasury Note Dec 2021	384	0.55	
Fixed income portfolios		0	0.00	1.95
Currency		74	0.11	0.11
Forward currency contracts		74	0.11	0.11
AU\$(2,294,640)	Sold for £1,254,896 (expires 21.01.22)	0	0.00	
CZK(42,744,970)	Sold for £1,401,289 (expires 21.01.22)	(2)	0.00	
€4,367,164	Bought for £3,687,601 (expires 21.01.22)	11	0.02	
€(11,655,049)	Sold for £9,874,216 (expires 21.01.22)	3	0.00	
HK\$(18,162,039)	Sold for £1,701,300 (expires 21.01.22)	7	0.01	
INR66,630,000	Bought for \$882,073 (expires 21.01.22)	0	0.00	
¥(108,560,000)	Sold for £696,276 (expires 21.01.22)	3	0.00	
MXN(26,035,609)	Sold for £926,467 (expires 21.01.22)	15	0.02	

Investments

Portfolio statement (continued)

Holding	as at 31.10.21 £'000	as at 31.10.21 %	as at 30.04.21 %
Currency (continued)			
Forward currency contracts (continued)			
RUB70,738,538 Bought for \$979,765 (expires 21.01.22)	3	0.01	
SG\$(2,227,459) Sold for £1,201,976 (expires 21.01.22)	2	0.00	
CHF(3,717,341) Sold for £2,952,653 (expires 21.01.22)	(14)	(0.02)	
TRY18,023,206 Bought for £1,319,637 (expires 21.01.22)	(10)	(0.01)	
US\$2,398,338 Bought for TWD66,505,919 (expires 21.01.22)	4	0.01	
US\$558,035 Bought for BRL3,240,510 (expires 21.01.22)	(4)	(0.01)	
US\$940,447 Bought for THB31,405,000 (expires 21.01.22)	(4)	(0.01)	
US\$1,860,839 Bought for KRW2,193,054,538 (expires 21.01.22)	(9)	(0.01)	
US\$(10,204,196) Sold for £7,406,813 (expires 21.01.22)	6	0.01	
ZAR(64,838,764) Sold for £3,114,786 (expires 21.01.22)	63	0.09	
Total portfolio	66,670	96.22	94.35
Net other assets/(liabilities)	2,621	3.78	5.65
Net assets attributable to shareholders	69,291	100.00	100.00

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

^a AIM quoted.

^b Related party.

^c The comparative sector weightings have been re-analysed to reflect changes to the sector classifications.

Investments

Portfolio transactions

for the six months to 31 October	2021 £'000	2020 £'000
Total purchases	144,427	123,889
Total sales	153,850	125,357

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 reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (11), 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	31.10.21 £'000	30.04.21 £'000	30.04.20 £'000
Fund net asset value (NAV)	69,291	70,516	81,594

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.

December 2016 = 100, plotted monthly
Chart date 1 November 2021



Source: Morningstar, Inc. and M&G

The past performance shown here is for the return before the ongoing charges figure is taken (gross of OCF) as well as returns after the ongoing charges figure is taken (net of OCF).

* Income reinvested

** Benchmark prior to 20 July 2021 was 3-month GBP LIBOR +4%. Thereafter it is SONIA +2-4%.

Financial highlights

Long-term performance by share class

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. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	Six months 04.05.21 % ^a	Three years 01.11.18 % pa	Five years 01.11.16 % pa	Since launch % pa
Sterling				
Class 'A'	+1.4	+2.4	n/a	+1.9
Class 'I'	+1.5	+2.6	n/a	+2.0
Class 'L'	+1.6	+2.9	n/a	+2.2
Class 'PP'	+1.5	n/a	n/a	+2.6

^a Not annualised.

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:

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

- Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

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

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

Portfolio transaction costs

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

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

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

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

Financial highlights

part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

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

Portfolio transaction costs

Direct portfolio transaction costs ^b	Six months to 31.10.21 %	Year to 30.04.21 %	Year to 30.04.20 %	Average ^a %
Broker commission	0.01	0.00	0.02	0.01
Taxes	0.00	0.01	0.01	0.01
Costs before dilution adjustments	0.01	0.01	0.03	0.02
Dilution adjustments ^c	0.00	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.01	0.03	0.02
as at Indirect portfolio transaction costs	31.10.21 %	30.04.21 %	30.04.20 %	Average ^a %
Average portfolio dealing spread	0.17	0.22	0.30	0.23

^a Average of first three columns.

^b As a percentage of average net asset value.

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

Specific share class performance

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

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Historic yields for the current period are calculated as at 12 November 2021.

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	107.74	101.19	103.00
Return before operating charges	2.08	7.45	(0.93)
Operating charges	(0.46)	(0.90)	(0.88)
Return after operating charges	1.62	6.55	(1.81)
Distributions	n/a	(1.29)	(0.82)
Retained distributions	n/a	1.29	0.82
Closing NAV	109.36	107.74	101.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.03
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.01	0.03
Operating charges ^c	0.85	0.86	0.87
Return after charges	+1.50	+6.47	-1.76
Historic yield	1.17	1.21	0.83
Other information			
Closing NAV (£'000)	935	931	926
Closing NAV (%)	1.35	1.31	1.14
Number of shares	855,123	863,599	915,439
Highest share price (UK p)	110.40	108.74	104.24
Lowest share price (UK p)	107.64	100.51	95.33

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Sterling Class 'I' Accumulation share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	108.35	101.74	103.40
Return before operating charges	2.19	7.28	(0.98)
Operating charges	(0.28)	(0.67)	(0.68)
Return after operating charges	1.91	6.61	(1.66)
Distributions	n/a	(1.49)	(0.99)
Retained distributions	n/a	1.49	0.99
Closing NAV	110.26	108.35	101.74
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.03
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.01	0.03
Operating charges ^c	0.50	0.64	0.67
Return after charges	+1.76	+6.50	-1.61
Historic yield	1.33	1.39	0.99
Other information			
Closing NAV (£'000)	9,813	11,879	26,465
Closing NAV (%)	14.16	16.85	32.44
Number of shares	8,900,705	10,963,449	26,011,994
Highest share price (UK p)	111.26	109.40	104.76
Lowest share price (UK p)	108.38	101.06	95.84

Sterling Class 'L' Accumulation share performance

The share class was launched on 24 February 2017.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	108.90	101.78	103.19
Return before operating charges	2.04	7.39	(1.04)
Operating charges	(0.14)	(0.27)	(0.37)
Return after operating charges	1.90	7.12	(1.41)
Distributions	n/a	(1.81)	(1.24)
Retained distributions	n/a	1.81	1.24
Closing NAV	110.80	108.90	101.78
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.03
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.01	0.03
Operating charges ^c	0.25	0.26	0.37
Return after charges	+1.74	+7.00	-1.37
Historic yield	1.62	1.67	1.23
Other information			
Closing NAV (£'000)	58,481	57,644	54,138
Closing NAV (%)	84.40	81.75	66.35
Number of shares	52,781,378	52,930,804	53,188,689
Highest share price (UK p)	111.77	109.76	104.69
Lowest share price (UK p)	108.81	101.11	95.84

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	104.02	99.38	100.00
Return before operating charges	1.95	7.26	1.25
Operating charges	(0.21)	(0.54)	(0.41)
Return after operating charges	1.74	6.72	0.84
Distributions	n/a	(2.08)	(1.46)
Closing NAV	105.76	104.02	99.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.01	0.03
Operating charges	0.40	0.53	0.56
Return after charges	+1.67	+6.76	+0.84
Historic yield	1.95	2.01	1.62
Other information			
Closing NAV (£'000)	21	21	20
Closing NAV (%)	0.03	0.03	0.02
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	106.71	106.97	103.80
Lowest share price (UK p)	103.92	98.70	94.97

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.10.21 UK p	Year to 30.04.21 UK p	Year to 30.04.20 UK p
Opening NAV	105.06	98.36	99.88
Return before operating charges	1.93	7.23	(0.97)
Operating charges	(0.21)	(0.53)	(0.55)
Return after operating charges	1.72	6.70	(1.52)
Distributions	n/a	(1.53)	(1.04)
Retained distributions	n/a	1.53	1.04
Closing NAV	106.78	105.06	98.36
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.01	0.01	0.03
Operating charges ^c	0.40	0.52	0.57
Return after charges	+1.64	+6.81	-1.52
Historic yield	1.42	1.47	1.07
Other information			
Closing NAV (£'000)	41	41	20
Closing NAV (%)	0.06	0.06	0.02
Number of shares	38,317	39,396	20,000
Highest share price (UK p)	107.74	105.88	101.25
Lowest share price (UK p)	104.93	97.70	92.64

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

^c Where there is a change in the charging structure, you may see variances between the comparative and current year figures.

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 October	2021		2020	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		661		1,781
Revenue	766		1,046	
Expenses	(105)		(151)	
Net revenue/(expense) before taxation	661		895	
Taxation	(91)		(140)	
Net revenue/(expense) after taxation		570		755
Total return before equalisation		1,231		2,536
Equalisation		(16)		(62)
Change in net assets attributable to shareholders from investment activities		1,215		2,474

Statement of change in net assets attributable to shareholders

for the six months to 31 October	2021		2020	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		70,516		81,594
Amounts received on issue of shares	1,051		1,944	
Amounts paid on cancellation of shares	(3,491)		(13,855)	
		(2,440)		(11,911)
Dilution adjustments		0		15
Change in net assets attributable to shareholders from investment activities (see above)		1,215		2,474
Closing net assets attributable to shareholders		69,291		72,172

The opening net assets attributable to shareholders for 2021 differs to the closing position in 2020 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

as at	31 October 2021 £'000	30 April 2021 £'000
Assets		
Fixed assets		
Investments	66,794	67,096
Current assets		
Debtors	335	340
Cash and bank balances	3,813	3,898
Total assets	70,942	71,334
Liabilities		
Investment liabilities	(124)	(563)
Creditors		
Bank overdrafts	(915)	0
Overdrawn positions at futures clearing houses and collateral manager	(186)	0
Other creditors	(426)	(255)
Total liabilities	(1,651)	(818)
Net assets attributable to shareholders	69,291	70,516

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

Glossary

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

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

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

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

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

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

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

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

Bunds Fixed income securities issued by the German government.

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

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

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

Cash equivalents Deposits or investments with similar characteristics to cash.

Charity Authorised Investment Fund (CAIF) An investment entity that is both a registered charity and an authorised investment fund. The CAIF must comply with charity law as well as financial services laws and regulations, and is usually treated as a registered charity for tax purposes.

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.

Glossary

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.

Defaulted bond When a bond issuer 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.

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'.

Glossary

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 predetermined price at a future date. Futures are traded on a regulated exchange.

Gilts Fixed income securities issued by the UK government.

Government bonds Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

Hedging A method of reducing unnecessary or unintended risk.

High water mark (HWM) The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

High yield bonds Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

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

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

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

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

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

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

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

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

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

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

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

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

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.

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.

Glossary

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 represents the operating costs investors can reasonably expect to pay under normal circumstances.

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.

Glossary

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 nonpayment by the borrower such as a high-quality fixed income security issued by a government or cash.

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

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

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

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

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.

Suspended Temporarily halting the trading of a listed security on the stock exchange. It can be voluntary (requested by the issuing company) or imposed by regulators. Typically, trading suspensions are introduced ahead of important news announcements, following technical glitches, or due to regulatory concerns.

Swing pricing Swing pricing is a method of protecting long-term shareholders in the fund from bearing the costs of transactions carried out by shorter-term investors. When investors buy or sell shares in the fund, the fund manager has to buy or sell underlying securities to either invest the cash obtained from investors, or to provide them with cash in exchange for their shares. Swing pricing essentially adjusts the fund shares' daily price to take into account the costs of buying or selling the underlying securities held by the fund. This ensures that transaction costs such as brokerage fees and administrative charges are borne by those investors who trade shares in the fund, not by those who remain invested in the fund. (Also see dilution adjustment).

Top-down investing An investment approach that analyses economic factors, ie surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at which industries are likely to generate the best returns in certain economic conditions and limit the search to that area.

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

Treasuries Fixed income securities issued by the US government.

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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).

Unlisted/unquoted stocks Shares of ownership in companies that are not listed on a public exchange, known as private companies.

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.

