

## M&G Investment Funds (1)



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<sup>[a]</sup> Collectively, these comprise the Authorised Corporate Director's Report.

# Introduction

## COMPANY INFORMATION

### Company

M&G Investment Funds (1)

### Registered Office

Laurence Pountney Hill, London EC4R 0HH, UK

### Authorised Corporate Director (ACD)

M&G Securities Limited,  
Laurence Pountney Hill, London EC4R 0HH, UK  
Telephone: 0800 390 390 (UK only)

(Authorised and regulated by the Financial Conduct Authority)

### Directors of the ACD

W J Nott (Chief Executive),  
G N Cotton, P R Jelfs, M Lewis, G W MacDowall, L J Mumford

### Investment Manager

for all sub-funds except as noted below

M&G Investment Management Limited,  
Laurence Pountney Hill, London EC4R 0HH, UK  
Telephone: +44 (0)20 7626 4588

(Authorised and regulated by the Financial Conduct Authority)

### Investment Manager for the M&G Japan Fund & the M&G Japan Smaller Companies Fund

Eastspring Investments (Singapore) Limited,  
10 Marina Boulevard #32-01, Marina Bay Financial Centre Tower 2,  
Singapore 018983

### Fund managers

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

#### M&G American Fund

Aled Smith

#### M&G Asian Fund

Matthew Vaight

#### M&G European Fund

Charles Anniss

#### M&G European Index Tracker Fund

Nigel Booth

#### M&G European Smaller Companies Fund

Charles Anniss

#### M&G Global Basics Fund

Randeep Somel

#### M&G Global Growth Fund

John William Olsen

#### M&G Global Leaders Fund

Aled Smith

#### M&G North American Value Fund

Daniel White

#### M&G Pan European Fund

John William Olsen

The following fund managers are employed by Eastspring Investments (Singapore) Limited which is an associate of M&G Securities Limited.

#### M&G Japan Fund

Dean Cashman

#### M&G Japan Smaller Companies Fund

Max Godwin

### Registrar

International Financial Data Services (UK) Limited,  
IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS, UK  
(Authorised and regulated by the Financial Conduct Authority)

### Depository

National Westminster Bank Plc, Trustee & Depositary Services,  
Younger Building, 3 Redheughs Avenue, Edinburgh EH12 9RH, UK  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

### Independent Auditor

Ernst & Young LLP  
Ten George Street, Edinburgh EH2 2DZ, UK

### 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.

### Note to shareholders

Following an Extraordinary General Meeting of Shareholders of the M&G American Fund ('the Fund') on 13 March 2015, it was resolved that, with effect from 28 April 2015, the Fund's Investment Objective and Policy will be amended to:

#### Investment objective

The Fund aims to maximise total return (the combination of capital growth and income) whilst aiming to grow distributions over the long term.

#### Investment policy

The Fund will invest mainly in North American equities and may invest across all sectors and market capitalisations. The Fund may also invest in transferable securities issued by companies which are listed, registered or trading within North America and in collective investment schemes. Cash and near cash may be held for ancillary purposes and derivatives, including warrants, may be used for efficient portfolio management and hedging purposes.

# Introduction

## COMPANY INFORMATION

### Note to shareholders (continued)

Also with effect from 28 April 2015, John Weavers will take over the management of the fund, the fund name will be changed to M&G North American Dividend Fund and the fund's charges and expenses will be allocated to the fund's capital rather than its income. Finally, with effect from 1 November 2015, the fund's distribution frequency will change from annually to quarterly. The new distribution dates will then be as follows:

DISTRIBUTION DATES		
Distribution type	xd	payment
Interim	1 December	31 January
Interim	1 March	30 April
Interim	1 June	31 July
Final	1 September	31 October

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

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

## FOR EUROPEAN INVESTORS

The Prospectus, Instrument of Incorporation, Key Investor Information Documents as well as the latest Annual or Interim Investment Report and Financial Statements are available free of charge on request from the following addresses:

### Customer Services and Administration for European Clients including the Netherlands, Norway and Finland:

M&G International Investments Limited,  
mainBuilding, Taunusanlage 19, 60325 Frankfurt am Main, Germany  
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: +49 69 1338 6767  
Email: [iocs@mandg.co.uk](mailto:iocs@mandg.co.uk)

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

### Austrian Paying and Information Agent:

Raiffeisen Bank International AG,  
Am Stadtpark 9, 1030 Wien, Austria

### Belgian Financial Agent:

RBC Investor Services Belgium, Rogier Tower +10/43  
Rogierplein 11 Place Rogier, 1210 Brussel, Belgium

### Danish Representative Agent:

Nordea Bank Danmark A/S,  
Issuer Services, Postboks 850, 0900 Copenhagen C, Denmark

### French Centralising Agent:

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

### German Paying and Information Agent:

J.P. Morgan AG,  
Junghofstraße 14, 60311 Frankfurt am Main, Germany

### Irish Facilities Agent:

BNY Mellon Fund Services (Ireland) Limited,  
Guild House, Guild Street, IFSC, Dublin 1, Ireland

### Italian Paying Agents:

Allfunds Bank, S.A.,  
Via Santa Margherita 7, 20121 Milano, Italy

Banca Monte dei Paschi di Siena S.p.A.,  
Piazza Salimbeni 3, 53100 Siena, Italy

Banca Sella Holding S.p.A.,  
Piazza Gaudenzio Sella 1, 13900 Biella, Italy

BNP PARIBAS Securities Services,  
Via Ansperto 5, 20123 Milano, Italy

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

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

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

### Luxembourg Paying and Information Agent:

J.P. Morgan Bank Luxembourg S.A., European Bank & Business  
Center, 6 c route de Trèves, 2633 Senningerberg, Luxembourg

### Spanish Representative:

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

### Swedish Paying Agent:

Skandinaviska Enskilda Banken AB (publ),  
Sergels Torg 2, 106 40 Stockholm, Sweden

### Swiss Paying Agent:

JP Morgan Chase Bank,  
National Association, Columbus, Zurich Branch,  
Dreikönigstrasse 21, 8002 Zürich, Switzerland

### Swiss Representative:

Carnegie Fund Services S.A.,  
11, rue du Général-Dufour, 1204 Genève, Switzerland

# Introduction

## FOR HONG KONG INVESTORS

The following sub-funds are not authorised in Hong Kong and not available to Hong Kong residents:

M&G Asian Fund  
M&G European Fund  
M&G European Index Tracker Fund  
M&G European Smaller Companies Fund  
M&G Global Growth Fund  
M&G Japan Fund  
M&G Japan Smaller Companies Fund  
M&G North American Value Fund

## AUTHORISED CORPORATE DIRECTOR'S REPORT

The Authorised Corporate Director (ACD) presents its interim investment report and unaudited financial statements for the six months ended 28 February 2015.

The sub-funds in this report are all part of an umbrella Open-Ended Investment Company (OEIC), M&G Investment Funds (1). 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 Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. M&G Investment Funds (1), as an umbrella OEIC, contains 12 sub-funds, each of which is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA:

M&G American Fund  
M&G Asian Fund  
M&G European Fund  
M&G European Index Tracker Fund  
M&G European Smaller Companies Fund  
M&G Global Basics Fund  
M&G Global Growth Fund  
M&G Global Leaders Fund  
M&G Japan Fund  
M&G Japan Smaller Companies Fund  
M&G North American Value Fund  
M&G Pan European Fund

The Company was authorised on 6 June 2001 and was launched on 1 November 2001, following the conversion of a series of authorised unit trusts.

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

The interim investment report and unaudited financial statements for each sub-fund for the six months ended 28 February 2015 are set out in detail in their section of this report (see contents page).

G W MacDowall  
Director of M&G Securities Limited

L J Mumford  
Director of M&G Securities Limited

14 April 2015

# Aggregated Financial Statements (unaudited)

For the six months ended 28 February 2015

## STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		377.757		17.595
Revenue	53.960		52.002	
Expenses	(54.092)		(65.956)	
Finance costs: Interest	(2)		(1)	
Net expense before taxation	(134)		(13.955)	
Taxation	(5.076)		(442)	
Net expense after taxation		(5.210)		(14.397)
<b>Total return before distributions</b>		<b>372.547</b>		<b>3.198</b>
Finance costs: Distributions		(4.489)		(5.807)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>368.058</b>		<b>(2.609)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>7.007.664</b>		<b>8.594.384</b>
Amounts received on issue of shares	529.252		563.381	
Amounts paid on cancellation of shares	(1.128.427)		(1.797.736)	
Value of securities transferred from in-specie cancellations	0		(34.085)	
		(599.175)		(1.268.440)
Stamp Duty Reserve Tax		0		(195)
Change in net assets attributable to shareholders from investment activities (see above)		368.058		(2.609)
Retained distributions on Accumulation shares		3.497		4.421
Unclaimed distributions		17		16
<b>Closing net assets attributable to shareholders</b>		<b>6.780.061</b>		<b>7.327.577</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in shareholders' net assets for the second half of the comparative financial year.

## BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		6.742.633		6.900.719
Debtors	158.152		90.995	
Cash and bank balances	12.646		89.491	
<b>Total other assets</b>		<b>170.798</b>		<b>180.486</b>
<b>Total assets</b>		<b>6.913.431</b>		<b>7.081.205</b>
<b>Liabilities</b>				
Investment liabilities		(744)		(1.095)
Creditors				
Net distributions payable on Income shares	(884)		(13.296)	
Other creditors	(131.742)		(59.035)	
Bank overdraft	0		(115)	
<b>Total other liabilities</b>		<b>(132.626)</b>		<b>(72.446)</b>
<b>Total liabilities</b>		<b>(133.370)</b>		<b>(73.541)</b>
<b>Net assets attributable to shareholders</b>		<b>6.780.061</b>		<b>7.007.664</b>

## NOTE TO THE FINANCIAL STATEMENTS

### Accounting policies

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 31 August 2014. They are in accordance with the historical cost convention, as modified by the revaluation of investments, and the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in October 2010.

The aggregated financial statements represent the summation of the financial statements for each of the sub-funds.

## DIRECTORS' STATEMENT

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

G W MACDOWALL } Directors  
L J MUMFORD }

14 April 2015

# M&G American Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G American Fund

The Fund's objective is long term capital growth through investment wholly or mainly in securities of North American (including Canadian) issuers. When not wholly invested as above, it may only invest in companies which are listed, registered or trading within North America.

### Investment approach

The M&G American Fund is an equity fund designed to give investors broad exposure to US equities. The fund manager aims to outperform the S&P 500 Composite Index in the long run and deliver competitive returns against the North American peer group. (In the UK, this is the IMA North America sector; in Europe, the Morningstar US Large Cap Blend Equity sector.)

Stock selection is designed to be the key driver of fund performance. It is the core belief of the fund manager that value creation for shareholders – a company's return in excess of the cost of capital – drives share prices over the long term.

The fund manager looks for investment ideas derived from four alpha generating strategies in order to achieve an appropriate level of portfolio diversification. They are: 'quality', 'internal change', 'external change' and 'asset growth'. Stocks are selected on a bottom-up basis and the fund manager's skill lies in understanding valuation, business models from first principles and management ability, particularly with respect to their approach to capital allocation.

Risk management is an integral part of the investment process and the fund aims to add value through efficient portfolio construction. The fund usually holds between 50 and 80 stocks, with a typical holding period of three to five years.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

We made a number of changes to the portfolio during the review period. Among the new holdings was Knowles, a manufacturer of advanced acoustic components for smart phones and other consumer electronic goods. The company is not particularly well known and as awareness increases, the stock should do well for the fund.

Another new position was Corning, a company that produces optical fibre, cable and photonic components for the telecommunications industry. The company's focus on research and development ensures it has a good pipeline of products in many areas, which helps diversify revenues and maintain high margins.

Meanwhile, chipmaker Qualcomm was the subject of an antitrust investigation in China; as a result of this uncertainty, we decided to close the position.

In the energy sector, we bought shares in Canadian oil sands producer MEG Energy. MEG has substantial proven oil reserves, which we believe are undervalued by investors. We also initiated a position in Oceaneering International, the largest owner and operator of underwater remotely operated vehicles to the oil & gas industry. Conversely, we exited Halliburton, which provides services such as oil-well construction. In our view, the company's acquisition of rival Baker Hughes is not without risks, and in the current low oil price environment, we were keen to manage the fund's overall exposure to oil service providers.

Amongst consumer-related companies, we started holdings in Crocs and Wal-Mart Stores. Crocs is a leading brand of innovative casual footwear. With the arrival of a new chief executive and a private equity investor, we believe there is the potential for a significant improvement in return on capital. Wal-Mart is the world's largest retailer. We believe the stock is attractively valued at the moment and the company should be a beneficiary of a lower oil price and continued economic recovery.

On the other hand, we closed positions in food retailer SuperValu and non-alcoholic drinks manufacturer Dr Pepper Snapple on valuation grounds. We also disposed of online retailer Groupon as we were concerned about the visibility of earnings at the company.

### Aled Smith

Fund manager

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

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



# M&G American Fund

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Ongoing Charges Figure <sup>[a]</sup>		
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	1,66	1,66
Class 'I'	0,91	0,91
Class 'R'	1,16	1,16
Class 'X'	1,66	1,66
<b>Euro</b>	%	%
Class 'A'	1,66	1,66
Class 'A-H'	1,69	1,68
Class 'C'	0,91	0,91
Class 'C-H'	0,94	0,93
<b>US dollar</b>	%	%
Class 'A'	1,66	1,66
Class 'C'	0,91	0,91

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

The M&G American Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	1.312,45	1.689,20	1.150,89	1.481,26	+14,04	+14,04
Class 'I'	1.547,84	1.572,23	1.352,17	1.373,57	+14,47	+14,46
Class 'R'	154,57	156,19	135,20	136,62	+14,33	+14,32
Class 'X'	1.310,66	1.664,56	1.149,31	1.459,65	+14,04	+14,04
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	16,5269	16,5312	13,2627	13,2670	+24,61	+24,60
Class 'A-H'	n/a	15,3168	n/a	14,4787	n/a	+5,79
Class 'C'	17,8523	17,9827	14,2729	14,3791	+25,08	+25,06
Class 'C-H'	n/a	15,7457	n/a	14,8327	n/a	+6,16
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A'	14,5519	14,5667	13,7339	13,7367	+5,96	+6,04
Class 'C'	15,3377	15,4545	14,4129	14,5195	+6,42	+6,44

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling</b> <sup>[b]</sup>				
Class 'A'	+12,7	+20,3	+10,8	+8,0 <sup>[c]</sup>
Class 'I'	+13,1	+20,3	n/a	+18,2 <sup>[d]</sup>
Class 'R'	+13,0	+20,3	n/a	+18,2 <sup>[d]</sup>
Class 'X'	+12,7	+20,3	+10,8	+9,3 <sup>[e]</sup>
<b>Euro</b> <sup>[f]</sup>				
Class 'A'	+22,3	+35,9	+15,7	+3,8 <sup>[g]</sup>
Class 'A-H'	+4,2	+10,5	+10,9	+6,7 <sup>[h]</sup>
Class 'C'	+22,8	+36,9	+16,6	+4,5 <sup>[g]</sup>
Class 'C-H'	+4,6	+11,3	n/a	+10,6 <sup>[i]</sup>
<b>US dollar</b> <sup>[f]</sup>				
Class 'A'	+4,5	+10,9	+11,5	+4,7 <sup>[j]</sup>
Class 'C'	+4,9	+11,7	+12,3	+5,5 <sup>[j]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 18 December 1972, the end of the initial offer period of the predecessor unit trust.

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

<sup>[e]</sup> 1 October 2002, the launch date of the share class.

<sup>[f]</sup> Bid to bid with net income reinvested.

<sup>[g]</sup> 28 November 2001, the launch date of the share class.

<sup>[h]</sup> 12 September 2008, the launch date of the share class.

<sup>[i]</sup> 1 October 2010, the launch date of the share class.

<sup>[j]</sup> 9 March 2007, the launch date of the share class.

## SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+19,5	+9,9	+17,5	-1,4	+13,8

Source: Morningstar, Inc., bid to bid with net income reinvested.



# M&G American Fund

## FUND STATISTICS

PRICES					
	Calendar year	Income shares Highest	Income shares Lowest	Accumulation shares Highest	Accumulation shares Lowest
<b>Sterling (net)</b>					
		p	p	p	p
Class 'A'	2010	875,06	685,42	1.125,96	881,94
	2011 <sup>[a]</sup>	883,05	675,83	1.136,23	869,80
	2012	889,18	794,65	1.144,36	1.022,70
	2013	1.114,82	885,27	1.434,75	1.139,32
	2014	1.294,32	1.043,92	1.665,86	1.343,49
	2015 <sup>[b]</sup>	1.323,44	1.252,34	1.703,34	1.611,83
Class 'I'	2012 <sup>[c]</sup>	1.044,73	990,54	1.046,06	991,80
	2013	1.317,69	1.041,84	1.319,36	1.043,17
	2014	1.524,57	1.230,26	1.548,60	1.240,52
	2015 <sup>[b]</sup>	1.560,63	1.475,63	1.585,23	1.498,89
Class 'R'	2012 <sup>[c]</sup>	104,44	99,01	104,55	99,11
	2013	131,49	104,11	131,62	104,21
	2014	152,31	122,89	153,91	123,56
	2015 <sup>[b]</sup>	155,85	147,40	157,49	148,95
Class 'X'	2010	873,87	684,48	1.109,55	869,08
	2011 <sup>[a]</sup>	881,84	675,06	1.119,67	857,12
	2012	888,14	793,73	1.127,68	1.007,79
	2013	1.113,52	884,24	1.413,83	1.122,71
	2014	1.292,55	1.042,70	1.641,57	1.323,90
	2015 <sup>[b]</sup>	1.321,63	1.250,62	1.678,49	1.588,32
<b>Euro (net)</b>					
		€	€	€	€
Class 'A'	2010	n/a	n/a	9,4206	7,3115
	2011 <sup>[a]</sup>	n/a	n/a	9,6371	7,0734
	2012	n/a	n/a	10,3125	8,7124
	2013	n/a	n/a	12,1058	9,9752
	2014	15,1400 <sup>[d]</sup>	12,4305 <sup>[d]</sup>	15,1445	11,5515
	2015 <sup>[b]</sup>	16,5136	14,8374	16,5179	14,8419
Class 'A-H'	2010	n/a	n/a	10,3547	8,0446
	2011 <sup>[a]</sup>	n/a	n/a	10,9627	8,2558
	2012	n/a	n/a	10,8831	9,4850
	2013	n/a	n/a	13,7644	10,9240
	2014	n/a	n/a	15,2520	12,9327
	2015 <sup>[b]</sup>	n/a	n/a	15,3739	14,3920
Class 'C'	2010	n/a	n/a	9,9305	7,6518
	2011 <sup>[a]</sup>	n/a	n/a	10,1624	7,4937
	2012	n/a	n/a	11,0067	9,2551
	2013	n/a	n/a	13,0428	10,6772
	2014	16,3345 <sup>[d]</sup>	13,4271 <sup>[d]</sup>	16,4540	12,4664
	2015 <sup>[b]</sup>	17,8375	16,0106	17,9681	16,1278
Class 'C-H'	2010 <sup>[e]</sup>	n/a	n/a	10,3818	9,1418
	2011 <sup>[a]</sup>	n/a	n/a	11,0020	8,3203
	2012	n/a	n/a	10,9920	9,5050
	2013	n/a	n/a	14,0275	11,0430
	2014	n/a	n/a	15,6613	13,1917
	2015 <sup>[b]</sup>	n/a	n/a	15,8028	14,7842

## PRICES (continued)

	Calendar year	Income shares Highest	Income shares Lowest	Accumulation shares Highest	Accumulation shares Lowest
<b>US dollar (net)</b>					
		\$	\$	\$	\$
Class 'A'	2010	n/a	n/a	9,7052	7,4891
	2011 <sup>[a]</sup>	n/a	n/a	10,2922	7,8042
	2012	n/a	n/a	10,3292	8,9225
	2013	n/a	n/a	13,0556	10,3768
	2014	14,4488 <sup>[d]</sup>	12,4617 <sup>[d]</sup>	14,4640	12,2541
	2015 <sup>[b]</sup>	14,6032	13,6804	14,6180	13,6949
Class 'C'	2010	n/a	n/a	9,9802	7,6733
	2011 <sup>[a]</sup>	n/a	n/a	10,5952	8,0713
	2012	n/a	n/a	10,7800	9,2450
	2013	n/a	n/a	13,7310	10,8328
	2014	15,2147 <sup>[d]</sup>	13,1022 <sup>[d]</sup>	15,3264	12,8973
	2015 <sup>[b]</sup>	15,3903	14,4107	15,5072	14,5165

<sup>[a]</sup> The Prudential North American Trust merged into the M&G American Fund immediately after 17 June 2011.

<sup>[b]</sup> To 2 March 2015.

<sup>[c]</sup> From 3 August 2012 (the launch date of the share class).

<sup>[d]</sup> From 8 August 2014 (the launch date of the Income shares).

<sup>[e]</sup> From 1 October 2010 (the launch date of the share class).

## INCOME

Dividend income per share			
	Calendar year	Distributed	Reinvested
<b>Sterling (net)</b>			
		p	p
Class 'A'	2010	nil	nil
	2011	nil	nil
	2012	nil	nil
	2013	nil	nil
	2014	0,0698	0,0899
	2015 <sup>[a]</sup>	-	-
Class 'I'	2012	1,2930	1,2930
	2013	8,2708	8,2750
	2014	10,0426	10,1277
	2015 <sup>[a]</sup>	-	-
Class 'R'	2012	0,1050	0,1050
	2013	0,5418	0,5421
	2014	0,6774	0,6857
	2015 <sup>[a]</sup>	-	-
Class 'X'	2010	nil	nil
	2011	nil	nil
	2012	nil	nil
	2013	nil	nil
	2014	0,3076	0,3315
	2015 <sup>[a]</sup>	-	-

# M&G American Fund

## FUND STATISTICS

### INCOME (continued)

#### Dividend income per share

	Calendar year	Distributed	Reinvested
<b>Euro (net)</b>			
Class 'A'		€	€
	2010	n/a	nil
	2011	n/a	nil
	2012	n/a	nil
	2013	n/a	nil
	2014	0,4350	0,4424
	2015 <sup>[a]</sup>	-	-
Class 'A-H'	2010	n/a	nil
	2011	n/a	nil
	2012	n/a	nil
	2013	n/a	nil
	2014	n/a	0,0693
	2015 <sup>[a]</sup>	n/a	-
Class 'C'	2010	n/a	2,6140
	2011	n/a	1,1080
	2012	n/a	5,9718
	2013	n/a	7,9625
	2014	10,5816	10,5960
	2015 <sup>[a]</sup>	-	-
Class 'C-H'	2011	n/a	1,0490
	2012	n/a	5,7060
	2013	n/a	7,6094
	2014	n/a	10,8745
	2015 <sup>[a]</sup>	n/a	-
<b>US dollar (net)</b>			
Class 'A'		¢	¢
	2010	n/a	nil
	2011	n/a	nil
	2012	n/a	nil
	2013	n/a	nil
	2014	0,3032	0,3047
	2015 <sup>[a]</sup>	-	-
Class 'C'	2010	n/a	2,5610
	2011	n/a	1,2440
	2012	n/a	5,9040
	2013	n/a	8,0608
	2014	10,6995	10,6998
	2015 <sup>[a]</sup>	-	-

<sup>[a]</sup> The M&G American Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

## NET ASSETS

	Period ended	Value per share		Number of shares	
		Inc	Acc	Inc	Acc
<b>Sterling</b>					
Class 'A'	Aug 2012	866,31	1.114,92	16.704.945	39.668.227
	Aug 2013	1.047,84	1.348,55	10.728.945	32.819.827
	Aug 2014	1.150,89	1.481,26	7.657.845	17.456.991
	Feb 2015	1.312,45	1.689,20	6.875.256	13.160.750
Class 'I'	Aug 2012	1.016,94	1.018,23	1.000	1.000
	Aug 2013	1.231,00	1.240,87	1.462.400	1.290.600
	Aug 2014	1.352,17	1.373,57	2.623.850	5.038.300
	Feb 2015	1.547,84	1.572,23	2.492.973	5.278.600
Class 'R'	Aug 2012	101,70	101,80	10.000	10.000
	Aug 2013	123,09	123,76	56.500	45.000
	Aug 2014	135,20	136,62	100.500	160.000
	Feb 2015	154,57	156,19	93.351	131.117
Class 'X'	Aug 2012	865,30	1.098,67	1.144.062	5.776.172
	Aug 2013	1.046,62	1.328,89	1.144.062	5.829.072
	Aug 2014	1.149,31	1.459,65	868.962	3.621.472
	Feb 2015	1.310,66	1.664,56	801.333	2.910.630
<b>Euro</b>		€	€		
Class 'A'	Aug 2012	n/a	9,9927	n/a	10.714.037
	Aug 2013	n/a	11,2411	n/a	9.709.237
	Aug 2014	13,2627	13,2670	402	4.854.402
	Feb 2015	16,5269	16,5312	17.418	4.051.306
Class 'A-H'	Aug 2012	n/a	10,4412	n/a	1.219.900
	Aug 2013	n/a	12,3420	n/a	1.049.600
	Aug 2014	n/a	14,4787	n/a	899.480
	Feb 2015	n/a	15,3168	n/a	727.798
Class 'C'	Aug 2012	n/a	10,6668	n/a	8.020.340
	Aug 2013	n/a	12,0924	n/a	5.411.040
	Aug 2014	14,2729	14,3791	371	4.599.299
	Feb 2015	17,8523	17,9827	23.871	2.223.034
Class 'C-H'	Aug 2012	n/a	10,5261	n/a	4.463.700
	Aug 2013	n/a	12,5459	n/a	4.638.600
	Aug 2014	n/a	14,8327	n/a	5.729.580
	Feb 2015	n/a	15,7457	n/a	5.065.917
<b>US dollar</b>		\$	\$		
Class 'A'	Aug 2012	n/a	9,8692	n/a	5.936.600
	Aug 2013	n/a	11,6840	n/a	4.847.000
	Aug 2014	13,7339	13,7367	383	3.935.850
	Feb 2015	14,5519	14,5667	383	3.493.909
Class 'C'	Aug 2012	n/a	10,2766	n/a	8.870.750
	Aug 2013	n/a	12,2577	n/a	10.780.950
	Aug 2014	14,4129	14,5195	362	13.183.532
	Feb 2015	15,3377	15,4545	1.041	9.244.364

### Total net asset value of sub-fund

Period ended	£
Aug 2012	955.416.000
Aug 2013	1.010.943.000
Aug 2014	844.225.000
Feb 2015	763.480.000

# M&G American Fund

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Oil &amp; gas producers</b>		<b>5,74</b>	<b>6,22</b>
223.013 Anadarko Petroleum	12.322	1,61	
131.363 Chevron	9.118	1,19	
126.200 EOG Resources	7.372	0,97	
690.406 MEG Energy	7.273	0,95	
194.323 Valero Energy	7.805	1,02	
<b>Oil equipment, services &amp; distribution</b>		<b>2,07</b>	<b>3,12</b>
178.117 Oceaneering International	6.237	0,82	
175.536 Schlumberger	9.544	1,25	
<b>Forestry &amp; paper</b>		<b>0,00</b>	<b>1,11</b>
<b>Industrial metals &amp; mining</b>		<b>1,11</b>	<b>1,19</b>
106.607 Parker Hannifin	8.512	1,11	
<b>Construction &amp; materials</b>		<b>2,40</b>	<b>1,94</b>
177.881 Acuity Brands	18.355	2,40	
<b>General industrials</b>		<b>3,23</b>	<b>3,05</b>
711.591 General Electric	11.940	1,56	
477.268 ITT	12.747	1,67	
<b>Electronic &amp; electrical equipment</b>		<b>7,67</b>	<b>5,66</b>
82.042 Avago Technologies	6.872	0,90	
980.303 Jabil Circuit	14.042	1,84	
1.354.228 Knowles	16.896	2,21	
298.209 Motorola Solutions	13.236	1,73	
442.851 Trimble Navigation	7.526	0,99	
<b>Industrial engineering</b>		<b>2,25</b>	<b>2,89</b>
185.382 Deere & Co	10.957	1,44	
212.946 Joy Global	6.172	0,81	
<b>Industrial transportation</b>		<b>1,28</b>	<b>2,55</b>
336.539 Con-Way	9.802	1,28	
<b>Automobiles &amp; parts</b>		<b>1,48</b>	<b>1,09</b>
272.919 Harley-Davidson	11.292	1,48	
<b>Beverages</b>		<b>0,00</b>	<b>2,13</b>
<b>Food producers</b>		<b>2,40</b>	<b>3,18</b>
231.522 Ingredient	12.411	1,63	
140.156 Kellogg	5.875	0,77	
<b>Household goods &amp; home construction</b>		<b>2,74</b>	<b>2,31</b>
209.987 Procter & Gamble	11.589	1,52	
97.877 Snap-on	9.339	1,22	
<b>Leisure goods</b>		<b>1,98</b>	<b>0,00</b>
403.385 Electronic Arts	15.091	1,98	
<b>Personal goods</b>		<b>0,75</b>	<b>0,00</b>
828.813 Crocs	5.737	0,75	
<b>Healthcare equipment &amp; services</b>		<b>6,28</b>	<b>6,44</b>
1.901.692 Affymetrix	14.445	1,89	
379.869 Haemonetics	11.141	1,46	
438.622 Medtronic	22.399	2,93	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>10,94</b>	<b>8,42</b>
250.956 Amgen	25.855	3,39	
389.490 Eli Lilly	17.678	2,32	
309.677 Mallinckrodt Pharmaceuticals	24.001	3,14	
157.866 United Therapeutics	15.919	2,09	
<b>Food &amp; drug retailers</b>		<b>2,66</b>	<b>3,61</b>
301.044 CVS Caremark	20.325	2,66	
<b>General retailers</b>		<b>3,90</b>	<b>2,26</b>
85.352 Amazon	21.280	2,79	
155.695 Wal-Mart Stores	8.455	1,11	

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Media</b>		<b>1,59</b>	<b>5,02</b>
1.874.710 Rocket Fuel	12.102	1,59	
<b>Travel &amp; leisure</b>		<b>3,19</b>	<b>2,82</b>
281.009 American Airlines	8.986	1,18	
1.079.269 MGM Resorts International	15.354	2,01	
<b>Electricity</b>		<b>2,22</b>	<b>2,22</b>
364.070 Dominion Resources	16.975	2,22	
<b>Gas, water and multi-utilities</b>		<b>0,00</b>	<b>1,40</b>
<b>Banks</b>		<b>7,05</b>	<b>5,31</b>
1.779.865 Bank of America	18.492	2,42	
2.670.343 Huntington Bancshares	18.969	2,48	
460.238 Wells Fargo	16.451	2,15	
<b>Non-life insurance</b>		<b>1,02</b>	<b>1,10</b>
104.587 Ace	7.780	1,02	
<b>Life insurance</b>		<b>2,54</b>	<b>2,75</b>
586.244 MetLife	19.389	2,54	
<b>Real estate investment trusts</b>		<b>1,49</b>	<b>2,50</b>
788.871 BioMed Realty Trust	11.340	1,49	
<b>Financial services</b>		<b>4,71</b>	<b>6,08</b>
145.379 Equifax	8.784	1,15	
558.550 Morgan Stanley	13.054	1,71	
996.984 Navient	14.119	1,85	
<b>Software &amp; computer services</b>		<b>3,96</b>	<b>3,42</b>
17.065 Google	6.186	0,81	
841.348 Microsoft	24.021	3,15	
<b>Technology hardware &amp; equipment</b>		<b>11,23</b>	<b>9,90</b>
891.151 Corning	14.128	1,85	
865.165 EMC	16.161	2,12	
1.368.080 NVIDIA	19.676	2,58	
173.061 Stanley Black & Decker	11.061	1,45	
248.262 Tech Data	9.994	1,31	
567.315 Tessera	14.634	1,92	
<b>Portfolio of investments</b>	<b>747.216</b>	<b>97,88</b>	<b>99,69</b>
<b>'AAA' rated money market funds <sup>[a]</sup></b>		<b>1,46</b>	<b>0,31</b>
17.231.000 Northern Trust Global Fund - US dollar	11.168	1,46	
<b>Forward currency contracts for share class hedging</b>		<b>(0,10)</b>	<b>(0,13)</b>
CAD159.495 Bought for €112.767 (expires 24.03.15)	1	0,00	
€979.055 Bought for CAD1.389.246 (expires 24.03.15)	(9)	0,00	
€93.368.328 Bought for \$105.954.786 (expires 24.03.15)	(735)	(0,10)	
\$3.645.936 Bought for €3.212.991 (expires 24.03.15)	25	0,00	
<b>Total portfolio</b>	<b>757.666</b>	<b>99,24</b>	<b>99,87</b>
<b>Net other assets</b>	<b>5.814</b>	<b>0,76</b>	<b>0,13</b>
<b>Net assets attributable to shareholders</b>	<b>763.480</b>	<b>100,00</b>	<b>100,00</b>

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

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

### COUNTERPARTY EXPOSURE

Counterparty	Financial derivative exposure Forward currency contracts £'000	Total as at 28.02.15 £'000
State Street Bank	(718)	(718)
<b>Total</b>	<b>(718)</b>	<b>(718)</b>

# M&G American Fund

## PORTFOLIO

### PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

<b>Largest purchases</b>	<b>£'000</b>
Knowles	16.805
Corning	10.377
Electronic Arts	10.169
Wal-Mart Stores	9.892
MEG Energy	8.409
Oceaneering International	8.129
Rocket Fuel	7.038
Crocs	5.932
Google	5.888
Procter & Gamble	5.156
Bank of America	4.831
Harley-Davidson	4.206
ITT	3.061
NVIDIA	2.526
Wells Fargo	2.465
Microsoft	2.458
MGM Resorts International	2.419
Halliburton	2.414
Con-Way	1.658
Trimble Navigation	1.355
Northern Trust Global Fund - US dollar <sup>[a]</sup>	156.926
Other purchases	6.320
<b>Total purchases</b>	<b>278.434</b>
<b>Largest sales</b>	<b>£'000</b>
Dr Pepper Snapple	21.646
Qualcomm	12.263
Xylem	12.075
Avago Technologies	10.949
Halliburton	10.741
BioMed Realty Trust	10.705
Covidien	10.559
Twenty-First Century Fox	10.386
Groupon	10.256
News Corporation	10.052
Orbital Sciences	9.773
Medtronic	9.289
Microsoft	8.830
West Fraser Timber	8.310
SuperValu	8.016
CVS Caremark	7.727
Affymetrix	6.541
Mallinckrodt Pharmaceuticals	6.469
SLM	6.346
Kellogg	5.881
Northern Trust Global Fund - US dollar <sup>[a]</sup>	148.784
Other sales	123.656
<b>Total sales</b>	<b>469.254</b>

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		94.349		49.106
Revenue	6.681		8.064	
Expenses	(5.382)		(7.314)	
Net revenue before taxation	1.299		750	
Taxation	(932)		813	
Net revenue after taxation		367		1.563
<b>Total return before equalisation</b>		<b>94.716</b>		<b>50.669</b>
Finance costs: Equalisation		(84)		(57)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>94.632</b>		<b>50.612</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		844.225		1.010.943
Amounts received on issue of shares	102.998		161.844	
Amounts paid on cancellation of shares	(278.376)		(270.219)	
		(175.378)		(108.375)
Change in net assets attributable to shareholders from investment activities (see above)		94.632		50.612
Unclaimed distributions		1		0
<b>Closing net assets attributable to shareholders</b>		<b>763.480</b>		<b>953.180</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		758.410		844.199
Debtors	20.232		27.831	
Cash and bank balances	1.026		2.264	
<b>Total other assets</b>		<b>21.258</b>		<b>30.095</b>
<b>Total assets</b>		<b>779.668</b>		<b>874.294</b>
<b>Liabilities</b>				
Investment liabilities		(744)		(1.095)
Creditors				
Net distributions payable on income shares		0		(272)
Other creditors	(15.444)		(28.702)	
<b>Total other liabilities</b>		<b>(15.444)</b>		<b>(28.974)</b>
<b>Total liabilities</b>		<b>(16.188)</b>		<b>(30.069)</b>
<b>Net assets attributable to shareholders</b>		<b>763.480</b>		<b>844.225</b>

# M&G American Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

### NOTE TO THE FINANCIAL STATEMENTS

#### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

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# M&G Asian Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G Asian Fund

The Fund's sole objective is long term capital growth. It invests wholly or mainly in a range of Asian (including Australasian) securities. When not wholly invested as above, the Fund may also invest in global securities with the exception of Japanese securities.

### Investment approach

The M&G Asian Fund is an equity fund invested in publicly listed companies throughout Asia, excluding Japan, regardless of sector or size. The fund can also invest in companies outside Asia that conduct a significant part of their business activities in the region.

The fund manager focuses exclusively on bottom-up stock selection aiming to deliver consistent top-quartile performance in the Asia Pacific ex Japan sector. (In the UK, this is the IA Asia Pacific ex Japan sector; in Europe, the Morningstar Asia Pacific ex Japan Equity sector.)

It is the core belief of the fund manager that value creation for shareholders, not economic growth, drives share prices over the long run. Consequently, investment decisions are determined by the fundamental analysis of individual companies, with a specific focus on their return on capital. The fund manager applies a strict valuation discipline and looks for companies whose future levels of returns are being under-appreciated by the market. The fund's country and sector exposure is not influenced by top-down views.

The investment strategy of the fund involves identifying two specific types of companies. The first comprises firms that are undergoing improvements in their return on capital, either through external change or internal change. The fund also invests in higher returning businesses where the market does not believe these levels of returns are sustainable; we define these as asset growth and quality companies. Investing in these different types of companies helps create a balanced portfolio that can perform in a variety of market conditions.

The fund manager aims to hold between 50 and 70 stocks, with a typical holding period of three to five years. Taking a long term view enables the manager to align his interests with the strategic value-creating decisions of company management. It also allows him to take advantage of valuation anomalies created by the short-term nature of Asian stockmarkets.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

As value-oriented investors, the principal theme behind portfolio activity during the review period was taking profits from companies that have performed well and investing the proceeds in more attractive opportunities. In India, following stellar gains, we sold the stake in Crompton Greaves, an Indian engineering group, and reduced the holding in Indiabulls Housing Finance, a mortgage lender. Both firms have outperformed as the election of Prime Minister Modi has lifted confidence about India's economic fortunes. We also reduced our stakes in Shanghai Electric, a Chinese power equipment firm, and Energy Development, a geothermal power producer from the Philippines, after a period of good performance.

We currently see value in China, as we believe investors' preoccupation with the macroeconomic situation means interesting companies are being overlooked. During the period, we continued to increase our position in Greatview Aseptic Packaging, a Chinese producer of bacteria-resistant drinks cartons, which is building on its domestic success to gain market share overseas. We also added to the holdings in China Lesso, a supplier of plastic pipes and domestic fittings, and power producer China Resources Power. In contrast, we sold the position in Hang Lung Properties, a real estate company with shopping malls and office buildings in China and Hong Kong, as we had concerns about the deteriorating outlook for the Chinese property market.

In Taiwan, we established a new position in eMemory Technology, a designer of integrated circuits. We believe demand for the company's technology will rise over time as devices become more sophisticated and the so-called 'internet of things' increases the functionality of appliances. We also increased our stake in another Taiwanese firm, Teco Electric & Machinery. Teco makes industrial motors and designs automation systems. We are encouraged by the company's efforts to streamline its balance sheet and dispose of non-core businesses, which should lead to higher returns over time.



# M&G Asian Fund

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

Elsewhere, we added to the positions in Hutchison Whampoa, a Hong Kong-listed conglomerate with interests in telecoms, property and retail. The company's businesses are being reorganised which should unlock value. We also increased our holding in Hyundai Motor, a South Korean car maker, after a share price fall.

### Matthew Vaight

Fund manager

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

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

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Ongoing Charges Figure <sup>[a]</sup>		
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	1,73	1,73
Class 'I'	0,98	0,98
Class 'R'	1,23	1,23
Class 'X'	1,73	1,73
<b>Euro</b>	%	%
Class 'A'	1,73	1,73
Class 'C'	0,98	0,98
<b>US dollar</b>	%	%
Class 'A'	1,73	1,73
Class 'C'	0,98	0,98

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

The M&G Asian Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	1.154,10	1.782,34	1.143,61	1.766,15	+0,92	+0,92
Class 'I'	1.308,70	1.338,65	1.291,96	1.321,64	+1,30	+1,29
Class 'R'	130,55	133,05	129,04	131,52	+1,17	+1,16
Class 'X'	1.152,78	1.765,71	1.142,31	1.749,73	+0,92	+0,91
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	37,4557	n/a	33,9692	n/a	+10,26
Class 'C'	n/a	40,8856	n/a	36,9495	n/a	+10,65
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A'	n/a	24,3148	n/a	25,9122	n/a	-6,16
Class 'C'	n/a	25,4585	n/a	27,0289	n/a	-5,81

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

# M&G Asian Fund

## FUND STATISTICS

### PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'A'	+1,2	+19,2	+6,9	+8,0 <sup>[c]</sup>
Class 'I'	+1,6	+19,3	n/a	+11,5 <sup>[d]</sup>
Class 'R'	+1,5	+19,3	n/a	+11,4 <sup>[d]</sup>
Class 'X'	+1,2	+19,2	+6,9	+13,4 <sup>[e]</sup>
<b>Euro <sup>[f]</sup></b>				
Class 'A'	+9,9	+34,9	+12,0	+10,5 <sup>[g]</sup>
Class 'C'	+10,3	+35,9	+12,9	+11,3 <sup>[g]</sup>
<b>US dollar <sup>[f]</sup></b>				
Class 'A'	-6,1	+10,0	+7,9	+15,6 <sup>[h]</sup>
Class 'C'	-5,8	+10,9	+8,7	+16,4 <sup>[h]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 14 September 1973, the end of the initial offer period of the predecessor unit trust.

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

<sup>[e]</sup> 1 October 2002, the launch date of the share class.

<sup>[f]</sup> Bid to bid with net income reinvested.

<sup>[g]</sup> 28 November 2001, the launch date of the share class.

<sup>[h]</sup> 19 December 2008, the launch date of the share class.

### SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+15,8	-10,1	+17,3	+3,2	+16,6

Source: Morningstar, Inc., bid to bid with net income reinvested.

## PRICES

		Income shares		Accumulation shares	
Calendar year		Highest	Lowest	Highest	Lowest
<b>Sterling (net)</b>		<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Class 'A'	2010	1.001,81	747,21	1.527,81	1.134,14
	2011	1.017,47	768,05	1.551,71	1.173,65
	2012	997,89	837,16	1.533,40	1.279,26
	2013	1.136,62	954,50	1.746,56	1.466,69
	2014	1.188,81	955,40	1.835,08	1.472,90
	2015 <sup>[a]</sup>	1.183,59	1.111,48	1.827,88	1.716,52
Class 'I'	2012 <sup>[b]</sup>	1.129,75	976,63	1.133,11	979,53
	2013	1.288,74	1.084,61	1.292,59	1.087,85
	2014	1.343,29	1.082,01	1.373,35	1.097,33
	2015 <sup>[a]</sup>	1.341,13	1.258,91	1.371,83	1.287,73
Class 'R'	2012 <sup>[b]</sup>	112,91	97,67	113,21	97,93
	2013	128,77	108,30	129,10	108,57
	2014	134,16	107,98	136,66	109,36
	2015 <sup>[a]</sup>	133,82	125,63	136,38	128,04
Class 'X'	2010	1.000,94	746,57	1.513,47	1.123,50
	2011	1.016,59	767,26	1.537,13	1.162,62
	2012	996,92	836,60	1.518,98	1.267,23
	2013	1.135,51	953,62	1.730,16	1.453,02
	2014	1.187,46	954,40	1.817,97	1.459,17
	2015 <sup>[a]</sup>	1.182,24	1.110,21	1.810,83	1.700,52
<b>Euro (net)</b>		<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Class 'A'	2010	n/a	n/a	27,3060	19,8874
	2011	n/a	n/a	28,1225	20,7867
	2012	n/a	n/a	28,7876	23,3995
	2013	n/a	n/a	31,0598	26,3789
	2014	n/a	n/a	35,0670	27,2478
	2015 <sup>[a]</sup>	n/a	n/a	37,7870	33,5243
Class 'C'	2010	n/a	n/a	28,8890	20,9020
	2011	n/a	n/a	29,7614	22,1192
	2012	n/a	n/a	30,9071	24,9454
	2013	n/a	n/a	33,4563	28,4340
	2014	n/a	n/a	38,1443	29,5112
	2015 <sup>[a]</sup>	n/a	n/a	41,2488	36,5546
<b>US dollar (net)</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Class 'A'	2010	n/a	n/a	20,9141	15,1476
	2011	n/a	n/a	22,2251	16,0549
	2012	n/a	n/a	21,8500	17,6085
	2013	n/a	n/a	23,4382	19,9996
	2014	n/a	n/a	26,2735	21,3824
	2015 <sup>[a]</sup>	n/a	n/a	24,5308	23,0578
Class 'C'	2010	n/a	n/a	21,2198	15,3007
	2011	n/a	n/a	22,6523	16,3863
	2012	n/a	n/a	22,5077	18,0544
	2013	n/a	n/a	24,2915	20,6773
	2014	n/a	n/a	27,4072	22,2094
	2015 <sup>[a]</sup>	n/a	n/a	25,6857	24,1161

<sup>[a]</sup> To 2 March 2015.

<sup>[b]</sup> From 3 August 2012 (the launch date of the share class).

# M&G Asian Fund

## FUND STATISTICS

INCOME			
Dividend income per share			
	Calendar year	Distributed	Reinvested
<b>Sterling (net)</b>			
Class 'A'	2010	p 4,0740	p 6,1837
	2011	1,7780	2,6400
	2012	4,9170	7,7860
	2013	3,2531	3,9056
	2014	2,0239	3,0067
	2015 [a]	-	-
Class 'I'	2012	2,9550	2,9950
	2013	12,4785	12,6898
	2014	11,2559	11,4939
	2015 [a]	-	-
Class 'R'	2012	0,2660	0,2660
	2013	1,1335	1,1477
	2014	0,8254	0,8361
	2015 [a]	-	-
Class 'X'	2010	4,0820	6,1429
	2011	1,9220	2,8640
	2012	4,8680	7,8640
	2013	3,3702	5,2202
	2014	2,1302	3,5741
	2015 [a]	-	-
<b>Euro (net)</b>			
Class 'A'	2010	¢ n/a	¢ 13,0740
	2011	n/a	4,4600
	2012	n/a	16,8830
	2013	n/a	10,5665
	2014	n/a	5,4918
	2015 [a]	n/a	-
Class 'C'	2010	n/a	29,8930
	2011	n/a	24,9560
	2012	n/a	35,9910
	2013	n/a	32,7831
	2014	n/a	31,5392
	2015 [a]	n/a	-
<b>US dollar (net)</b>			
Class 'A'	2010	¢ n/a	¢ 11,1880
	2011	n/a	10,6850
	2012	n/a	12,1760
	2013	n/a	8,5121
	2014	n/a	2,0414
	2015 [a]	n/a	-
Class 'C'	2010	n/a	20,9400
	2011	n/a	19,9240
	2012	n/a	25,2170
	2013	n/a	23,8828
	2014	n/a	23,5170
	2015 [a]	n/a	-

[a] The M&G Asian Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

## NET ASSETS

	Period ended	Value per share		Number of shares	
		Inc	Acc	Inc	Acc
<b>Sterling</b>					
Class 'A'	Aug 2012	p 876,14	p 1,346,32	15.350.341	9.119.902
	Aug 2013	989,79	1,525,92	14.831.041	5.999.352
	Aug 2014	1.143,61	1,766,15	14.139.580	6.405.438
	Feb 2015	1.154,10	1,782,34	13.204.676	6.171.125
Class 'I'	Aug 2012	989,50	992,46	100	100
	Aug 2013	1.117,49	1,133,38	160.100	314.950
	Aug 2014	1.291,96	1,321,64	333.763	1.702.239
	Feb 2015	1.308,70	1,338,65	459.452	1.617.488
Class 'R'	Aug 2012	98,96	99,22	1.000	1.000
	Aug 2013	111,64	113,06	111.150	73.000
	Aug 2014	129,04	131,52	150.500	73.000
	Feb 2015	130,55	133,05	149.731	77.236
Class 'X'	Aug 2012	875,28	1,333,67	1.196.893	570.490
	Aug 2013	988,76	1,511,70	1.199.793	434.440
	Aug 2014	1.142,31	1,749,73	1.107.055	384.704
	Feb 2015	1.152,78	1,765,71	1.083.883	325.635
<b>Euro</b>					
Class 'A'	Aug 2012	€ n/a	€ 25,9062	n/a	4.159.795
	Aug 2013	n/a	27,3147	n/a	3.528.395
	Aug 2014	n/a	33,9692	n/a	4.701.821
	Feb 2015	n/a	37,4557	n/a	5.809.398
Class 'C'	Aug 2012	n/a	27,7547	n/a	3.840.460
	Aug 2013	n/a	29,4840	n/a	4.063.560
	Aug 2014	n/a	36,9495	n/a	5.146.739
	Feb 2015	n/a	40,8856	n/a	3.605.268
<b>US dollar</b>					
Class 'A'	Aug 2012	\$ n/a	\$ 18,8539	n/a	1.380.000
	Aug 2013	n/a	20,9159	n/a	1.355.800
	Aug 2014	n/a	25,9122	n/a	1.031.677
	Feb 2015	n/a	24,3148	n/a	1.194.054
Class 'C'	Aug 2012	n/a	19,3741	n/a	458.300
	Aug 2013	n/a	21,6550	n/a	914.600
	Aug 2014	n/a	27,0289	n/a	1.446.603
	Feb 2015	n/a	25,4585	n/a	1.540.417
<b>Total net asset value of sub-fund</b>					
	Period ended	£			
	Aug 2012	467.697.000			
	Aug 2013	478.042.000			
	Aug 2014	639.092.000			
	Feb 2015	618.350.000			

# M&G Asian Fund

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>United Kingdom</b>		<b>2,60</b>	<b>2,47</b>
705.000 Prudential <sup>[a]</sup>	11.446	1,85	
5.734.000 Salamander Energy	4.630	0,75	
<b>Australia</b>		<b>10,87</b>	<b>11,16</b>
2.081.000 ALS	6.029	0,97	
3.237.000 BlueScope Steel	7.916	1,28	
5.130.000 Downer EDI	11.504	1,86	
2.390.000 Iluka Resources	9.519	1,54	
2.281.000 Mesoblast	4.780	0,77	
3.584.000 Nufarm	13.183	2,13	
1.404.173 Orica	14.113	2,28	
5.025.000 Rex Minerals	242	0,04	
<b>China</b>		<b>20,93</b>	<b>21,49</b>
26.090.000 AMVIG Holdings	8.024	1,30	
21.601.000 China Lesso	6.752	1,09	
9.740.600 China Resources Power	16.567	2,68	
14.372.000 China Unicom	15.711	2,54	
13.539.000 CNOOC	12.605	2,04	
12.059.000 Dongfeng Motor	12.376	2,00	
28.394.000 Greatview Aseptic Packaging	7.784	1,26	
1.028.000 HollySys Automation Technologies	12.553	2,03	
767.000 Mindray Medical International ADR	14.287	2,31	
11.685.240 PICC Property & Casualty	16.134	2,61	
17.268.000 Shanghai Electric Group 'H'	6.595	1,07	
<b>Hong Kong</b>		<b>14,82</b>	<b>13,57</b>
3.574.000 Esprit	2.393	0,39	
30.143.000 Fufeng Group	9.724	1,57	
2.232.153 HSBC Holdings	13.012	2,10	
3.044.500 Hutchison Whampoa	26.972	4,36	
36.589.006 PCCW	15.106	2,44	
1.405.636 Standard Chartered	13.639	2,21	
2.336.000 Techtronic Industries	5.232	0,85	
5.940.938 The Hongkong and Shanghai Hotels	5.561	0,90	
<b>India</b>		<b>9,30</b>	<b>8,68</b>
2.711.000 Axis Bank	16.178	2,62	
1.793.754 CESC	11.274	1,82	
1.000.000 Genpact	14.369	2,32	
1.575.000 Indiabulls Housing Finance	10.422	1,69	
2.168.477 McLeod Russel India	5.273	0,85	
<b>Philippines</b>		<b>2,08</b>	<b>2,49</b>
98.933.050 Energy Development	12.871	2,08	
<b>Singapore</b>		<b>7,97</b>	<b>8,48</b>
24.404.000 CSE Global	6.862	1,11	
1.638.072 DBS Group Holdings	15.277	2,47	
43.615.000 Genting Hong Kong	9.753	1,58	
415.020 Jardine Matheson	17.350	2,81	
<b>South Korea</b>		<b>17,69</b>	<b>18,58</b>
102.000 E-Mart	12.920	2,09	
570.000 Hana Financial Group	10.115	1,64	
181.000 Hyundai Motor	17.155	2,77	
398.000 Kia Motors	10.694	1,73	
39.800 Samsung Electronic	31.893	5,16	
508.000 Shinhan Financial Group	13.109	2,12	
491.000 SK hynix	13.497	2,18	

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Taiwan</b>		<b>10,38</b>	<b>7,84</b>
13.539.564 Compal Electronics	6.818	1,10	
2.384.000 Delta Electronics	9.988	1,61	
497.000 eMemory Technology	3.349	0,54	
7.788.178 Taiwan Semiconductor Manufacturing	24.190	3,91	
15.645.000 TECO Electric & Machinery	10.381	1,68	
6.320.000 Yungtay Engineering	9.495	1,54	
<b>Thailand</b>		<b>1,90</b>	<b>2,35</b>
25.682.000 Krung Thai Bank	11.739	1,90	
<b>Portfolio of investments</b>	<b>609.361</b>	<b>98,54</b>	<b>97,11</b>
<b>Eire ('AAA' rated money market funds)<sup>[b]</sup></b>		<b>0,27</b>	<b>1,57</b>
2.533.000 Northern Trust Global Fund - US dollar	1.642	0,27	
<b>Total portfolio</b>	<b>611.003</b>	<b>98,81</b>	<b>98,68</b>
<b>Net other assets</b>	<b>7.347</b>	<b>1,19</b>	<b>1,32</b>
<b>Net assets attributable to shareholders</b>	<b>618.350</b>	<b>100,00</b>	<b>100,00</b>

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

<sup>[a]</sup> Related party to the fund.

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

# M&G Asian Fund

## PORTFOLIO

### PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

<b>Largest purchases</b>	<b>£'000</b>
TECO Electric & Machinery	6.282
Hutchison Whampoa	5.012
Greatview Aseptic Packaging	4.882
Hyundai Motor	4.389
Orica	3.497
eMemory Technology	3.278
Mindray Medical International ADR	3.212
Standard Chartered	3.132
China Lesso	2.741
Nufarm	2.577
Samsung Electronic	2.557
China Resources Power	2.453
McLeod Russel India	2.345
Downer EDI	2.200
HollySys Automation Technologies	2.008
Salamander Energy	1.915
PICC Property & Casualty	1.385
Mesoblast	1.295
China Unicom	1.292
CSE Global	1.285
Northern Trust Global Fund - US dollar <sup>[a]</sup>	81.642
Other purchases	9.991
<b>Total purchases</b>	<b>149.370</b>
<b>Largest sales</b>	<b>£'000</b>
Hang Lung Properties	9.578
Energy Development	6.730
Indiabulls Housing Finance	5.514
Nufarm	4.780
Genpact	4.498
PICC Property & Casualty	4.362
Shanghai Electric Group 'H'	4.068
Crompton Greaves	4.039
DBS Group Holdings	3.793
Krung Thai Bank	3.716
United Overseas Bank	3.628
Techtronic Industries	3.110
HollySys Automation Technologies	3.076
Jardine Matheson	3.051
Samsung Electronic	2.563
Axis Bank	1.935
Prudential <sup>[b]</sup>	1.904
Shinhan Financial Group	1.898
Fufeng Group	1.845
Mindray Medical International ADR	1.840
Northern Trust Global Fund - US dollar <sup>[a]</sup>	90.745
Other sales	8.312
<b>Total sales</b>	<b>174.985</b>

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

<sup>[b]</sup> Related party to the fund.

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		6.239		(757)
Revenue	4.681		3.111	
Expenses	(4.712)		(3.820)	
Finance costs: Interest	0		(1)	
Net expense before taxation	(31)		(710)	
Taxation	(564)		(258)	
Net expense after taxation		(595)		(968)
<b>Total return before equalisation</b>		<b>5.644</b>		<b>(1.725)</b>
Finance costs: Equalisation		(1)		14
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>5.643</b>		<b>(1.711)</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>639.092</b>		<b>478.042</b>
Amounts received on issue of shares	110.944		76.470	
Amounts paid on cancellation of shares	(137.329)		(56.358)	
		(26.385)		20.112
Stamp Duty Reserve Tax		0		(23)
Change in net assets attributable to shareholders from investment activities (see above)		5.643		(1.711)
Unclaimed distributions		0		1
<b>Closing net assets attributable to shareholders</b>		<b>618.350</b>		<b>496.421</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at		as at	
	28 February 2015	£'000	31 August 2014	£'000
<b>Assets</b>				
Investment assets		611.003		630.641
Debtors	14.479		9.702	
Cash and bank balances	2.481		4.281	
<b>Total other assets</b>		<b>16.960</b>		<b>13.983</b>
<b>Total assets</b>		<b>627.963</b>		<b>644.624</b>
<b>Liabilities</b>				
Creditors				
Net distributions payable on income shares	0		(349)	
Other creditors	(9.613)		(5.183)	
<b>Total liabilities</b>		<b>(9.613)</b>		<b>(5.532)</b>
<b>Net assets attributable to shareholders</b>		<b>618.350</b>		<b>639.092</b>

## INTERIM FINANCIAL STATEMENTS (unaudited)

### NOTE TO THE FINANCIAL STATEMENTS

#### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

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# M&G European Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G European Fund

The Fund's prime objective is long term capital growth. It invests wholly or predominantly in a diversified portfolio of securities of European (excluding United Kingdom) issuers. When not wholly invested as above, it may also invest in companies which are listed or registered outside Europe but trade within it. Income is of secondary importance when investments are selected.

### Investment approach

The M&G European Fund is a concentrated portfolio of between 40 and 60 holdings. It seeks to capitalise on compelling investment opportunities from across the European investment universe. The fund manager adopts a bottom-up approach to stock selection, based upon a strong foundation of detailed fundamental research.

Consistent with the manager's investment philosophy, the portfolio has a growth bias. However, the manager does not define growth in the traditional sense that focuses on rapid growth in earnings or sales. Instead, his innovative approach to growth rests upon the identification of companies with world-class scarce assets that are not easily replicable, and which give such companies an edge over international competitors to drive profitability, grow their businesses and create long-term value.

By virtue of their scarce assets, these companies can compete effectively on the world stage, and generate sustainable returns above the cost of capital through time. By reinvesting in the business at attractive rates of return, the fundamental value of these companies should grow over time, thereby rewarding long-term investors.

Accordingly, the fund manager is prepared to be a long-term investor in companies with scarce assets whose long-term potential is not fully recognised by the market, in the expectation that the true intrinsic value of these assets will be recognised by other market participants over time.

The fund manager regards meeting a company's management team as an important element of the research process, allowing them to gauge their conviction in the company's abilities and assets. The fund manager also works closely with the portfolio construction and risk team to ensure that the primary driver of the portfolio's risk is stock selection, and that unintended risks are minimised. Investors can therefore expect a long-term, bottom-up stock-selection investment approach with moderate turnover.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

We invest in quality companies that have, we believe, business models that are well protected from competition and positive end-market dynamics that should allow them to grow their fundamental value over time. During the period under review, we invested in four new holdings, beginning with Italian premier tyre maker Pirelli. We see solid growth for the company, particularly as premium car demand continues to expand, along with the associated replacement market for premium tyres.

We also opened positions in French commercial property company Icade and Danish hearing aid manufacturer William Demant. We feel that Icade has good-quality assets in Paris, and stands to benefit from positioning of existing assets and land in relation to the Grand Paris Express project of rapid transit lines being built in France. William Demant, meanwhile, is one of two major players in the hearing aid market. We think it is a good, highly innovative company that has been investing in its underlying business, including its implants division – this will take time to come through, but we believe will be highly beneficial once it does.

Finally, we established a holding in Italian global banking and financial services company Unicredit. The firm has very strong market positions in Italy, Germany and Austria, and has made positive headway into Central and Eastern European countries where there is less banking penetration.

Conversely, we closed seven positions during the period under review. Swedish commercial property company Hufvudstaden and Swiss hearing aid manufacturer Sonova (the other major player in the hearing aid market) both left the portfolio on valuation grounds, having performed very strongly.

# M&G European Fund

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

We sold our shares in German banking and retail IT provider Wincor Nixdorf, France-listed food producer Danone and international software creator Gameloft, having lost conviction in the investment cases for all three businesses.

We also had some concerns over Norwegian insurance company Storebrand, given an increasingly complicated Nordic regulatory situation, and Spanish oil & gas producer Repsol. For Repsol, we became uncomfortable with the company seeking to take on additional debt to make large-scale acquisitions, as this was a divergence from its core strategy. We subsequently closed our positions in both companies.

### Charles Anniss

Fund manager

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

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

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
		Ongoing Charges Figure <sup>[a]</sup>
		28.02.15 31.08.14
<b>Sterling</b>		%
Class 'A'	1,68	1,70
Class 'I'	0,92	0,95
Class 'R'	1,18	1,20
Class 'X'	1,68	1,70
<b>Euro</b>		%
Class 'A'	1,66	1,70
Class 'C'	0,93	0,95

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

The M&G European Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	1.527,89	2.257,16	1.437,64	2.123,67	+6,28	+6,29
Class 'I'	1.390,61	1.449,42	1.303,34	1.358,63	+6,70	+6,68
Class 'R'	138,93	144,07	130,40	135,22	+6,54	+6,54
Class 'X'	1.513,11	2.233,41	1.423,71	2.101,31	+6,28	+6,29
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	15,0172	n/a	12,9303	n/a	+16,14
Class 'C'	n/a	16,6376	n/a	14,2733	n/a	+16,56

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

# M&G European Fund

## FUND STATISTICS

### PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'A'	+6,5	+4,7	+4,7	+8,2 <sup>[c]</sup>
Class 'I'	+6,9	+4,7	n/a	+13,9 <sup>[d]</sup>
Class 'R'	+6,7	+4,7	n/a	+13,9 <sup>[d]</sup>
Class 'X'	+6,5	+4,7	+4,7	+8,1 <sup>[e]</sup>
<b>Euro <sup>[f]</sup></b>				
Class 'A'	+16,4	+20,5	+10,5	+3,1 <sup>[g]</sup>
Class 'C'	+16,8	+21,4	+11,3	+3,9 <sup>[g]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 24 July 1972, the end of the initial offer period of the predecessor unit trust.

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

<sup>[e]</sup> 1 October 2002, the launch date of the share class.

<sup>[f]</sup> Bid to bid with net income reinvested.

<sup>[g]</sup> 26 November 2001, the launch date of the share class.

### SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+4,3	+8,7	+17,4	-4,3	+8,3

Source: Morningstar, Inc., bid to bid with net income reinvested.

## PRICES

		Income shares		Accumulation shares	
Calendar year		Highest	Lowest	Highest	Lowest
<b>Sterling (net)</b>		p	p	p	p
Class 'A'	2010	1.285,34	1.003,99	1.799,74	1.405,79
	2011	1.343,17	964,94	1.898,60	1.377,44
	2012	1.243,94	1.033,06	1.790,15	1.474,69
	2013	1.511,61	1.242,25	2.191,68	1.787,71
	2014	1.549,87	1.296,11	2.247,21	1.914,87
	2015 <sup>[a]</sup>	1.536,74	1.406,19	2.270,22	2.077,37
Class 'I'	2012 <sup>[b]</sup>	1.130,50	1.000,00	1.130,98	1.000,00
	2013	1.372,47	1.129,10	1.393,38	1.129,58
	2014	1.413,62	1.176,36	1.435,24	1.226,24
	2015 <sup>[a]</sup>	1.398,72	1.278,68	1.457,87	1.332,76
Class 'R'	2012 <sup>[b]</sup>	112,99	100,00	113,01	100,00
	2013	137,28	112,85	138,97	112,87
	2014	141,18	117,64	142,92	122,01
	2015 <sup>[a]</sup>	139,74	127,79	144,91	132,52
Class 'X'	2010	1.271,27	993,00	1.780,81	1.391,00
	2011	1.328,01	953,98	1.878,63	1.362,95
	2012	1.232,01	1.021,33	1.771,32	1.459,18
	2013	1.497,05	1.230,33	2.168,60	1.768,91
	2014	1.534,94	1.283,57	2.223,55	1.894,71
	2015 <sup>[a]</sup>	1.521,87	1.392,59	2.246,34	2.055,50
<b>Euro (net)</b>		€	€	€	€
Class 'A'	2010	n/a	n/a	9,8549	8,1585
	2011	n/a	n/a	10,3654	7,7044
	2012	n/a	n/a	10,6037	8,8510
	2013	n/a	n/a	12,4591	10,6407
	2014	n/a	n/a	13,4613	11,6238
	2015 <sup>[a]</sup>	n/a	n/a	15,0780	12,8515
Class 'C'	2010	n/a	n/a	10,5831	8,7232
	2011	n/a	n/a	11,1602	8,3184
	2012	n/a	n/a	11,5567	9,5780 <sup>[c]</sup>
	2013	n/a	n/a	13,6782	11,5999
	2014	n/a	n/a	14,8348	12,8436
	2015 <sup>[a]</sup>	n/a	n/a	16,7057	14,2237

<sup>[a]</sup> To 2 March 2015.

<sup>[b]</sup> From 3 August 2012 (the launch date of the share class).

<sup>[c]</sup> In the Annual Report for the year ended 31 August 2012, this figure was incorrectly quoted as €8,8730.

# M&G European Fund

## FUND STATISTICS

INCOME			
Dividend income per share			
	Calendar year	Distributed	Reinvested
Sterling (net)			
Class 'A'		p	p
	2010	10,0920	14,1309
	2011	11,0060	15,4890
	2012	8,9250	12,7754
	2013	10,6476	15,3357
	2014	27,0446	39,0372
	2015 <sup>[a]</sup>	-	-
Class 'I'			
	2012	0,4250	0,4250
	2013	19,0756	18,2932
	2014	34,8712	35,5087
	2015 <sup>[a]</sup>	-	-
Class 'R'			
	2012	0,0210	0,0210
	2013	1,5518	1,5714
	2014	3,1698	3,2132
	2015 <sup>[a]</sup>	-	-
Class 'X'			
	2010	10,3360	14,4788
	2011	10,9620	15,3860
	2012	6,9770	12,9092
	2013	10,5983	15,1976
	2014	26,8675	39,0550
	2015 <sup>[a]</sup>	-	-
Euro (net)			
Class 'A'		¢	¢
	2010	n/a	nil
	2011	n/a	8,4860
	2012	n/a	8,8200
	2013	n/a	12,0041
	2014	n/a	24,9339
	2015 <sup>[a]</sup>	n/a	-
Class 'C'			
	2010	n/a	16,7070
	2011	n/a	16,8820
	2012	n/a	16,3914
	2013	n/a	18,2411
	2014	n/a	37,3347
	2015 <sup>[a]</sup>	n/a	-

<sup>[a]</sup> The M&G European Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

## NET ASSETS

	Period ended	Value per share		Number of shares	
		Inc	Acc	Inc	Acc
Sterling					
Class 'A'	Aug 2012	1.120,67	1.612,49	5.178.033	4.422.222
	Aug 2013	1.406,82	2.039,89	7.432.983	3.292.622
	Aug 2014	1.437,64	2.123,67	7.154.663	2.955.457
	Feb 2015	1.527,89	2.257,16	6.891.247	2.806.333
Class 'I'	Aug 2012	1.015,83	1.016,26	100	100
	Aug 2013	1.275,67	1.295,29	33.300	54.800
	Aug 2014	1.303,34	1.358,63	127.600	135.370
	Feb 2015	1.390,61	1.449,42	325.236	168.034
Class 'R'	Aug 2012	101,59	101,61	1.000	1.000
	Aug 2013	127,65	129,24	48.100	15.000
	Aug 2014	130,40	135,22	110.100	30.000
	Feb 2015	138,93	144,07	81.710	21.000
Class 'X'	Aug 2012	1.109,79	1.595,53	94.194	38.242
	Aug 2013	1.393,27	2.018,41	96.869	38.307
	Aug 2014	1.423,71	2.101,31	101.769	36.187
	Feb 2015	1.513,11	2.233,41	102.119	36.387
Euro					
		€	€		
Class 'A'	Aug 2012	n/a	9,8232	n/a	37.760
	Aug 2013	n/a	11,5600	n/a	56.760
	Aug 2014	n/a	12,9303	n/a	107.710
	Feb 2015	n/a	15,0172	n/a	290.344
Class 'C'	Aug 2012	n/a	10,6815	n/a	2.225
	Aug 2013	n/a	12,6646	n/a	4.725
	Aug 2014	n/a	14,2733	n/a	9.505
	Feb 2015	n/a	16,6376	n/a	10.205
Total net asset value of sub-fund					
	Period ended	£			
	Aug 2012	131.310.000			
	Aug 2013	175.684.000			
	Aug 2014	172.733.000			
	Feb 2015	181.390.000			

# M&G European Fund

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Oil &amp; gas producers</b>		<b>3,72</b>	<b>6,96</b>
187.000 Statoil	2.285	1,26	
129.000 Total	4.467	2,46	
<b>Oil equipment, services &amp; distribution</b>		<b>2,35</b>	<b>3,29</b>
93.000 Técnicas Reunidas	2.505	1,38	
112.000 TGS-NOPEC Geophysical	1.754	0,97	
<b>Chemicals</b>		<b>7,96</b>	<b>7,94</b>
78.000 Bayer	7.498	4,13	
87.000 Symrise	3.596	1,98	
118.500 Umicore	3.350	1,85	
<b>Mining</b>		<b>2,22</b>	<b>1,72</b>
310.000 Boliden	4.027	2,22	
<b>Construction &amp; materials</b>		<b>4,76</b>	<b>4,21</b>
89.000 Holcim (Regd.)	4.452	2,45	
330.000 Kingspan Group (Dublin listing)	4.195	2,31	
<b>Aerospace &amp; defence</b>		<b>1,80</b>	<b>1,74</b>
81.000 Airbus	3.259	1,80	
<b>Industrial engineering</b>		<b>3,85</b>	<b>3,34</b>
100.000 Andritz	3.733	2,06	
53.000 MTU Aero Engines	3.251	1,79	
<b>Support services</b>		<b>3,39</b>	<b>3,77</b>
86.000 DCC	3.316	1,83	
735.000 Prosegur Compania Seguridad	2.829	1,56	
<b>Automobiles &amp; parts</b>		<b>6,11</b>	<b>4,54</b>
54.000 Bayerische Motoren Werke	4.400	2,43	
32.228 Delticom	421	0,23	
104.000 ElringKlinger	2.351	1,30	
400.000 Pirelli	3.905	2,15	
<b>Food producers</b>		<b>8,23</b>	<b>10,77</b>
87.000 Chr. Hansen Holding	2.513	1,39	
156.000 Nestlé (Regd.)	7.920	4,37	
160.000 Unilever	4.489	2,47	
<b>Leisure goods</b>		<b>1,74</b>	<b>2,72</b>
225.000 Amer Sports	3.162	1,74	
<b>Personal goods</b>		<b>7,37</b>	<b>5,96</b>
74.000 adidas	3.721	2,05	
35.000 HUGO BOSS	2.948	1,63	
115.000 Pandora	6.701	3,69	
<b>Healthcare equipment &amp; services</b>		<b>4,01</b>	<b>4,04</b>
74.000 Fresenius Medical Care	3.896	2,15	
65.000 William Demant Holding	3.369	1,86	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>7,29</b>	<b>7,55</b>
87.000 Novartis (Regd.)	5.798	3,20	
42.000 Roche Holding 'Genussscheine'	7.417	4,09	
<b>General retailers</b>		<b>1,44</b>	<b>1,81</b>
220.000 TAKKT	2.613	1,44	
<b>Media</b>		<b>4,11</b>	<b>3,74</b>
97.000 GFK	2.604	1,44	
92.000 Publicis Groupe	4.848	2,67	
<b>Banks</b>		<b>7,23</b>	<b>4,88</b>
164.000 Société Générale	4.903	2,70	
138.500 Svenska Handelsbanken 'A'	4.468	2,46	
874.000 UniCredit	3.761	2,07	
<b>Non-life insurance</b>		<b>5,07</b>	<b>6,00</b>
134.000 Vienna Insurance Group	3.807	2,10	
26.000 Zurich Insurance	5.385	2,97	

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Life insurance</b>		<b>3,62</b>	<b>4,13</b>
685.000 ING Groep	6.575	3,62	
<b>Real estate investment &amp; services</b>		<b>2,03</b>	<b>1,13</b>
63.000 Icade	3.675	2,03	
<b>Financial services</b>		<b>4,46</b>	<b>4,56</b>
335.000 GAM Holding (Regd.)	4.255	2,34	
210.000 Intrum Justitia	3.840	2,12	
<b>Software &amp; computer services</b>		<b>3,69</b>	<b>5,51</b>
268.000 Indra Sistemas	1.806	1,00	
107.000 SAP	4.884	2,69	
<b>Portfolio of investments</b>	<b>174.952</b>	<b>96,45</b>	<b>100,31</b>
<b>Net other assets / (liabilities)</b>	<b>6.438</b>	<b>3,55</b>	<b>(0,31)</b>
<b>Net assets attributable to shareholders</b>	<b>181.390</b>	<b>100,00</b>	<b>100,00</b>

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

### PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

Purchases	£'000
UniCredit	3.838
Pirelli	3.360
Icade	3.210
William Demant Holding	3.026
Pandora	1.437
adidas	774
Gameloft	667
GFK	661
HUGO BOSS	627
Andritz	627
Société Générale	502
ING Groep	400
SAP	355
Roche Holding 'Genussscheine'	347
Kingspan Group (Dublin listing)	333
Publicis Groupe	218
MTU Aero Engines	162
Holcim (Regd.)	131
<b>Total purchases</b>	<b>20.675</b>
Largest sales	£'000
Repsol	3.292
Danone	3.234
Sonova Holding	3.124
Wincor Nixdorf	2.065
Hufvudstaden	1.886
Stoebrand	1.808
Gameloft	1.677
Symrise	1.517
Zurich Insurance	1.489
Novartis (Regd.)	1.382
Unilever	1.315
adidas	971
Publicis Groupe	838
Bayerische Motoren Werke	803
TAKKT	732
MTU Aero Engines	681
Pandora	658
TGS-NOPEC Geophysical	618
Fresenius Medical Care	601
Vienna Insurance Group	482
Other sales	1.483
<b>Total sales</b>	<b>30.656</b>

# M&G European Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		11.244		10.901
Revenue	522		1.045	
Expenses	(1.402)		(1.502)	
Finance costs: Interest	(1)		0	
Net expense before taxation	(881)		(457)	
Taxation	298		(53)	
Net expense after taxation		(583)		(510)
<b>Total return before equalisation</b>		<b>10.661</b>		<b>10.391</b>
Finance costs: Equalisation		1		0
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>10.662</b>		<b>10.391</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>172.733</b>		<b>175.684</b>
Amounts received on issue of shares	6.798		2.390	
Amounts paid on cancellation of shares	(8.804)		(5.726)	
		(2.006)		(3.336)
Change in net assets attributable to shareholders from investment activities (see above)		10.662		10.391
Unclaimed distributions		1		0
<b>Closing net assets attributable to shareholders</b>		<b>181.390</b>		<b>182.739</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		174.952		173.268
Debtors	747		963	
Cash and bank balances	5.801		1.069	
<b>Total other assets</b>		<b>6.548</b>		<b>2.032</b>
<b>Total assets</b>		<b>181.500</b>		<b>175.300</b>
<b>Liabilities</b>				
Creditors				
Net distributions payable on income shares	0		(2.010)	
Other creditors	(110)		(557)	
<b>Total liabilities</b>		<b>(110)</b>		<b>(2.567)</b>
<b>Net assets attributable to shareholders</b>		<b>181.390</b>		<b>172.733</b>

## NOTE TO THE FINANCIAL STATEMENTS

### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

# M&G European Index Tracker Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G European Index Tracker Fund

The Fund is designed to track the FTSE World Europe ex UK Index.

### Investment approach

The M&G European Index Tracker Fund is a European ex UK fund that tracks the performance of the FTSE World Europe ex UK Index<sup>[a]</sup> using a technique called stratified sampling.

The fund will normally hold the largest 100 stocks in the index as well as a selection of the remaining smaller stocks to ensure that the fund's capitalisation and industry weights are in line with the index weightings.

<sup>[a]</sup> The shares in the M&G European Index Tracker Fund are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ('FTSE') or by the London Stock Exchange Limited (the 'Exchange') or by The Financial Times Limited ('FT') and neither FTSE nor Exchange nor FT makes any warranty or representation whatsoever, expressly or implicitly, either as to the results to be obtained from the use of the FTSE World Europe ex UK Index ('the Index') and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE or Exchange or FT shall be under any obligation to advise any person of any error therein.

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### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

Merger and acquisition activity resulted in a number of changes to the portfolio. German media company Sky Deutschland and Dutch communications services firm Ziggo were taken over by telecommunications business BskyB and telecommunications and television company Liberty Global, respectively, and both holdings exited the portfolio. We received shares in Liberty Global in connection with the latter transaction, which we sold as they are listed in the US and therefore ineligible for inclusion in the fund.

Other sales involved Danish engineering firm FLSmidth, French geophysical services company CGG and Valmet, a Finnish provider of services and technologies to the paper and pulp industry, as they were deleted from the index in the September quarterly index change. Meanwhile, German travel company TUI switched its main listing to London and the stock was removed from the index and therefore the portfolio.

Some positions were reduced in order to raise cash at various times. These included holdings in Swiss food and beverage producer Nestlé, Swiss pharmaceutical firms Roche and Novartis, German chemical company Bayer and French oil concern Total.

A number of stocks joined the index in September 2014 and subsequently the portfolio. New entrants included Italian bank Banca Monte dei Paschi di Siena, Swiss travel retailer Dufry and entertainment firm RTL. Danish jewellery manufacturer and retailer Pandora and German flavour and fragrance firm Symrise joined the index in March 2014, and while we did not buy these holdings at that time, we subsequently bought both to reduce the below-index exposure.

We took part in a number of placings (that is, the sale of securities to a small number of institutional investors), involving Spanish banks Banco Santander and BBVA and Spain's electricity utility Endesa. These share placings are usually at a discount to the prevailing market price. This resulted in an increase in the index weight of the stocks and the holdings were increased accordingly.

### Nigel Booth

Fund manager

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

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



# M&G European Index Tracker Fund

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15

	Ongoing Charges Figure <sup>[a]</sup>	
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	0,69	0,72
<b>Euro</b>	%	%
Class 'A'	0,69	0,72

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

The M&G European Index Tracker Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	68,08	91,07	64,65	86,48	+5,31	+5,31
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	18,5038	n/a	16,0788	n/a	+15,08

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

The tracking difference between the fund's investment return and that of the FTSE World Europe ex UK Index for the 12 month period ending 28 February 2015 was +0,48%. The investment returns are calculated gross of fees using end of day pricing in order to be comparable with the index.

The historic tracking error of the investment return of the fund relative to the FTSE World Europe ex UK Index for the period ending 28 February 2015 was 0,21%, which falls within the predicted tracking error range of 0% to 0,50%. Historic tracking error is a measure of the monthly volatility of the investment returns relative to the index over a 36 month period.

Both the above differences relative to the index are due to the fact that we use a technique called 'stratified sampling' rather than 'full replication'. Additionally interest payments due from historic withholding tax refunds contributed to the difference.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling</b> <sup>[b]</sup>				
Class 'A'	+5,8	+5,4	+4,0	+2,1 <sup>[c]</sup>
<b>Euro</b> <sup>[d]</sup>				
Class 'A'	+15,1	+22,2	+11,5	+4,8 <sup>[e]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 31 January 2000, the end of the initial offer period of the predecessor unit trust.

<sup>[d]</sup> Bid to bid with net income reinvested.

<sup>[e]</sup> 28 November 2001, the launch date of the share class.

## SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+5,5	+14,4	+16,3	-9,3	+13,1

Source: Morningstar, Inc., bid to bid with net income reinvested.

## PRICES

	Calendar year	Income shares		Accumulation shares	
		Highest	Lowest	Highest	Lowest
<b>Sterling (net)</b>		p	p	p	p
Class 'A'	2010	59,41	49,12	71,37	57,73
	2011	63,67	42,79	76,60	53,03
	2012	54,61	44,28	69,56	54,89
	2013	66,56	54,77	86,77	69,76
	2014	69,96	58,65	91,21	78,79
	2015 <sup>[a]</sup>	68,68	63,32	91,87	84,71
<b>Euro (net)</b>		€	€	€	€
Class 'A'	2010	n/a	n/a	12,2005	10,0440
	2011	n/a	n/a	12,7111	8,9870
	2012	n/a	n/a	12,6054	10,0834
	2013	n/a	n/a	15,0924	12,5798
	2014	n/a	n/a	16,7797	14,5889
	2015 <sup>[a]</sup>	n/a	n/a	18,6339	16,0061

<sup>[a]</sup> To 2 March 2015.

# M&G European Index Tracker Fund

## FUND STATISTICS

### INCOME

Dividend income per share

	Calendar year	Distributed	Reinvested
<b>Sterling (net)</b>		<b>p</b>	<b>p</b>
Class 'A'	2010	1,2160	1,4291
	2011	1,5000	1,8046
	2012	1,3530	1,6800
	2013	1,4094	1,7889
	2014	1,6890	2,2013
	2015 <sup>[a]</sup>	-	-
<b>Euro (net)</b>		<b>€</b>	<b>€</b>
Class 'A'	2010	n/a	25,6120
	2011	n/a	30,0850
	2012	n/a	31,2210
	2013	n/a	30,9619
	2014	n/a	40,9376
	2015 <sup>[a]</sup>	n/a	-

<sup>[a]</sup> The M&G European Index Tracker Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

### NET ASSETS

	Period ended	Value per share Inc	Value per share Acc	Number of shares Inc	Number of shares Acc
<b>Sterling</b>		<b>p</b>	<b>p</b>		
Class 'A'	Aug 2012	49,03	62,46	45.138.890	46.862.176
	Aug 2013	60,40	78,73	45.607.890	45.069.676
	Aug 2014	64,65	86,48	44.476.700	40.443.676
	Feb 2015	68,08	91,07	43.971.455	38.802.827
<b>Euro</b>		<b>€</b>	<b>€</b>		
Class 'A'	Aug 2012	n/a	11,6180	n/a	267.445
	Aug 2013	n/a	13,6242	n/a	223.845
	Aug 2014	n/a	16,0788	n/a	202.287
	Feb 2015	n/a	18,5038	n/a	200.128

Total net asset value of sub-fund

Period ended	£
Aug 2012	53.870.000
Aug 2013	65.637.000
Aug 2014	66.312.000
Feb 2015	67.969.000

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Austria</b>		<b>0,50</b>	<b>0,52</b>
1.500 Andritz	56	0,08	
6.032 Erste Group	103	0,15	
20.000 Immofinanz	39	0,06	
2.712 OMV	50	0,07	
1.050 Raiffeisen International Bank	10	0,02	
1.927 VERBUND	24	0,04	
2.069 voestalpine	53	0,08	
<b>Belgium</b>		<b>2,96</b>	<b>2,73</b>
4.365 Ageas	102	0,15	
13.887 Anheuser-Busch InBev	1.138	1,67	
5.872 Anheuser-Busch InBev VVPR Strip <sup>[a]</sup>	0	0,00	
3.500 Belgacom	85	0,13	
2.229 Delhaize Group	129	0,19	
1.536 Groupe Bruxelles Lambert	87	0,13	
286 Groupe Bruxelles Lambert VVPR Strip <sup>[a]</sup>	0	0,00	
4.590 KBC Group	181	0,27	
940 Solvay	91	0,13	
1.000 Telenet Group	37	0,05	
2.100 UCB	102	0,15	
2.200 Umicore	62	0,09	
<b>Czech Republic</b>		<b>0,15</b>	<b>0,17</b>
3.500 CEZ	57	0,08	
350 Komerční banka	50	0,07	
<b>Denmark</b>		<b>3,37</b>	<b>3,26</b>
185 AP Moller-Maersk	278	0,41	
2.230 Carlsberg 'B'	121	0,18	
2.090 Coloplast	108	0,16	
15.271 Danske Bank	261	0,38	
3.500 DSV	73	0,11	
34.555 Novo-Nordisk 'B'	1.062	1,56	
5.000 Novozymes 'B' Shares	156	0,23	
1.784 Pandora	104	0,15	
9.000 TDC	46	0,07	
3.000 Vestas Wind Systems	82	0,12	
<b>Eire</b>		<b>0,46</b>	<b>0,44</b>
375.112 Bank of Ireland	93	0,14	
16.490 Irish Bank Resolution Corporation <sup>[a]</sup>	0	0,00	
2.500 Kerry Group	116	0,17	
13.600 Ryanair Holdings	99	0,15	
<b>Finland</b>		<b>2,03</b>	<b>1,99</b>
8.225 Fortum	121	0,18	
6.524 Kone	195	0,29	
2.400 Metso	50	0,07	
3.000 Neste Oil	50	0,07	
68.265 Nokia	354	0,52	
2.500 Nokian Renkaat	48	0,07	
8.375 Sampo	273	0,40	
12.900 Stora Enso	80	0,12	
9.800 UPM-Kymmene	119	0,18	
2.947 Wartsila	87	0,13	

# M&G European Index Tracker Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>France</b>		<b>20,40</b>	<b>20,73</b>
3.438 Accor	116	0,17	
940 Aéroports de Paris	74	0,11	
1.170 Air Liquide	100	0,15	
4.757 Air Liquide (prime de fidélité 2012)	406	0,60	
43.531 Alcatel-Lucent	110	0,16	
4.124 Alstom	88	0,13	
1.149 Arkema	56	0,08	
1.561 Atos	72	0,11	
33.274 AXA	546	0,80	
650 BIC	63	0,09	
16.781 BNP Paribas	634	0,93	
3.422 Bouygues	88	0,13	
4.150 Bureau Veritas	64	0,09	
3.150 Cap Gemini	165	0,24	
11.636 Carrefour	250	0,37	
846 Casino Guichard Perrachon	51	0,08	
812 Christian Dior	102	0,15	
3.895 CNP Assurances	42	0,06	
7.866 Compagnie de Saint Gobain	228	0,34	
8.698 Crédit Agricole	80	0,12	
10.000 Crédit Agricole (prime de fidélité 2012)	92	0,14	
9.969 Danone	450	0,66	
1.830 Dassault Systemes	83	0,12	
3.748 Edenred	66	0,10	
1.399 EDF	25	0,04	
3.522 EDF (prime de fidélité 2014)	63	0,09	
800 Eiffage	29	0,04	
3.592 Essilor International	272	0,40	
946 Eurazeo	46	0,07	
3.142 Eutelsat Communications	70	0,10	
500 Foncière Des Regions	34	0,05	
7.000 GDF Suez	101	0,15	
17.798 GDF Suez (prime de fidélité 2017)	257	0,38	
2.919 GDF Suez VVPR Strip <sup>[a]</sup>	0	0,00	
650 Gecina	55	0,08	
8.000 Groupe Eurotunnel	71	0,10	
443 Hermes International	92	0,14	
250 Iliad	42	0,06	
1.322 Kering	175	0,26	
3.665 Klepierre	118	0,17	
50 Lafarge	2	0,00	
3.116 Lafarge (prime de fidélité 2010)	151	0,22	
2.500 Lagardère	47	0,07	
4.800 Legrand	172	0,25	
4.416 L'Oréal (prime de fidélité 2012)	517	0,76	
4.345 LVMH	514	0,76	
3.435 Michelin	213	0,31	
16.743 Natixis	79	0,12	
32.406 Orange	381	0,56	
3.590 Pernod Ricard	275	0,40	
7.574 Peugeot	82	0,12	
4.722 Peugeot warrant 24/07/17	10	0,01	
3.007 Publicis Groupe	158	0,23	
3.224 Renault	201	0,30	
3.142 Rexel	40	0,06	
4.400 Safran	201	0,30	
20.081 Sanofi	1.272	1,87	
9.812 Schneider Electric	510	0,75	

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>France (continued)</b>			
3.000 SCOR	64	0,09	
6.200 SES FDR	139	0,20	
12.275 Société Générale	367	0,54	
329 Sodexo	22	0,03	
1.500 Sodexo (prime de fidélité 2016)	98	0,14	
13.200 STMicroelectronics	76	0,11	
5.228 Suez Environnement	61	0,09	
2.052 Technip	87	0,13	
3.863 TF1	43	0,06	
2.000 Thales	74	0,11	
35.087 Total	1.215	1,79	
1.795 Unibail-Rodamco	337	0,50	
1.200 Valeo	117	0,17	
2.064 Vallourec	31	0,05	
7.204 Veolia Environnement	90	0,13	
7.943 Vinci	303	0,45	
23.229 Vivendi	367	0,54	
3.500 Zodiac Aerospace	81	0,12	
<b>Germany</b>		<b>19,80</b>	<b>19,39</b>
3.860 adidas	194	0,29	
8.070 Allianz	871	1,28	
16.027 BASF	987	1,45	
14.301 Bayer	1.375	2,02	
5.859 Bayerische Motoren Werke	477	0,70	
1.927 Beiersdorf	108	0,16	
600 Biffinger	23	0,03	
3.000 Brenntag	114	0,17	
2.000 Celesio	40	0,06	
15.076 Commerzbank	132	0,19	
1.680 Continental	259	0,38	
16.957 Daimler	1.063	1,56	
24.043 Deutsche Bank	510	0,75	
3.333 Deutsche Börse	177	0,26	
4.300 Deutsche Lufthansa	41	0,06	
17.041 Deutsche Post	376	0,55	
55.084 Deutsche Telekom	653	0,96	
2.500 Deutsche Wohnen	45	0,07	
31.842 E.ON	332	0,49	
600 Fraport	23	0,03	
6.862 Fresenius	254	0,37	
3.826 Fresenius Medical Care	201	0,30	
1.400 FUCHS PETROLUB	38	0,06	
3.100 GEA Group	99	0,15	
700 Hannover Re	44	0,06	
2.667 HeidelbergCement	137	0,20	
4.864 Henkel	371	0,55	
500 Hochtief	26	0,04	
600 HUGO BOSS	51	0,08	
18.912 Infineon Technologies	142	0,21	
4.272 K+S	89	0,13	
450 Kabel Deutschland	40	0,06	
1.990 LANXESS	66	0,10	
3.302 Linde	434	0,64	
650 MAN	45	0,07	
2.400 Merck	160	0,24	
2.792 Metro	61	0,09	
600 MTU Aero Engines	37	0,05	
2.731 Munich Re	366	0,54	
1.546 OSRAM	46	0,07	
2.825 Porsche Pref.	171	0,25	
3.000 ProSiebenSat.1 Media	95	0,14	
51 PUMA	6	0,01	
600 RTL	39	0,06	

# M&G European Index Tracker Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Germany (continued)</b>			
8.245 RWE	149	0,22	
16.292 SAP	744	1,09	
14.101 Siemens	1.021	1,50	
1.600 Software	29	0,04	
1.000 Südzucker	10	0,01	
1.000 Symrise	41	0,06	
7.346 ThyssenKrupp	127	0,19	
1.999 Volkswagen	321	0,47	
1.188 Volkswagen Pref.	196	0,29	
<b>Greece</b>			
		<b>0,11</b>	<b>0,22</b>
6.057 Hellenic Telecommunications	39	0,06	
20.000 National Bank of Greece	20	0,03	
35.107 Piraeus Bank	14	0,02	
<b>Hungary</b>			
		<b>0,14</b>	<b>0,16</b>
2.850 Gedeon Richter	27	0,04	
800 MOL Hungarian Oil and Gas	23	0,03	
4.800 OTP Bank	50	0,07	
<b>Italy</b>			
		<b>5,11</b>	<b>5,37</b>
23.134 Assicurazioni Generali	310	0,46	
7.753 Atlantia	131	0,19	
30.000 Banca Monte dei Paschi di Siena	13	0,02	
6.174 Banco Popolare	62	0,09	
16.336 CNH Industrial	88	0,13	
112.499 Enel	336	0,49	
25.000 Enel Green Power	34	0,05	
42.866 Eni	516	0,76	
1.500 EXOR	43	0,06	
15.771 Fiat Chrysler Automobiles	159	0,23	
7.989 Finmeccanica	63	0,09	
203.408 Intesa Sanpaolo	441	0,65	
2.900 Luxottica Group	116	0,17	
18.811 Mediaset	56	0,08	
11.025 Mediobanca	66	0,10	
3.800 Prysmian	49	0,07	
4.608 Saipem	31	0,05	
38.693 Snam	126	0,19	
193.625 Telecom Italia	149	0,22	
111.731 Telecom Italia (Savings shares)	70	0,10	
9.191 Tenaris	85	0,13	
28.622 Terna	84	0,12	
18.916 UBI Banca	96	0,14	
81.738 UniCredit	352	0,52	
<b>Netherlands</b>			
		<b>6,54</b>	<b>6,54</b>
33.713 Aegon	170	0,25	
12.542 Ahold	153	0,23	
9.440 Airbus	380	0,56	
4.318 Akzo Nobel	208	0,31	
18.101 ArcelorMittal	129	0,19	
5.578 ASML Holding	390	0,57	
1.070 Boskalis	32	0,05	
3.134 DSM	114	0,17	
1.539 Fugro	24	0,04	
1.500 Gemalto	79	0,12	
5.362 Heineken	271	0,40	
300 Heineken Holding	14	0,02	
68.718 ING Groep	660	0,97	
60.598 KPN	134	0,20	
16.866 Philips	326	0,48	

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Netherlands (continued)</b>			
4.400 QIAGEN	71	0,10	
2.248 Randstad Holding	86	0,13	
11.118 Reed Elsevier	178	0,26	
3.300 SBM Offshore	25	0,04	
9.909 TNT Express	39	0,06	
27.526 Unilever	772	1,14	
1.000 Vopak	34	0,05	
6.549 Wolters Kluwer	138	0,20	
<b>Norway</b>			
		<b>1,50</b>	<b>1,93</b>
2.800 Akastor	4	0,01	
2.800 Aker Solutions	10	0,01	
20.111 DnB	213	0,31	
4.500 Gjensidige Forsikring	51	0,08	
17.941 Norsk Hydro	67	0,10	
17.030 Orkla	87	0,13	
1.200 Schibsted	45	0,07	
6.227 Seadrill	46	0,07	
16.394 Statoil	200	0,29	
5.500 Subsea 7	35	0,05	
12.100 Telenor	158	0,23	
2.891 Yara International	104	0,15	
<b>Poland</b>			
		<b>0,81</b>	<b>0,92</b>
2.958 Bank Pekao	95	0,14	
1.500 Jastrzebska Spolka Weglowa	6	0,01	
2.800 KGHM Polska Miedź	60	0,09	
270 mBank	22	0,03	
13.000 Orange Polska (formerly Telekomunikacja Polska)	22	0,03	
16.000 PGE Polska Grupa	58	0,09	
7.000 PKN Orlen	67	0,10	
17.750 PKO Bank Polski	101	0,15	
1.150 PZU	98	0,14	
27.621 TAURON Polska Energia	23	0,03	
<b>Portugal</b>			
		<b>0,27</b>	<b>0,36</b>
41.120 EDP - Energias de Portugal	104	0,15	
5.700 Galp Energia 'B'	43	0,06	
4.700 Jerónimo Martins	36	0,05	
13.358 Portugal Telecom	7	0,01	
<b>Spain</b>			
		<b>7,33</b>	<b>8,01</b>
7.776 Abertis Infraestructuras	98	0,14	
480 Acciona	25	0,04	
1.746 Acerinox	18	0,03	
3.135 ACS Actividades	76	0,11	
6.300 Amadeus IT Holdings	170	0,25	
58.102 Banco de Sabadell	103	0,15	
25.434 Banco Popular Español	76	0,11	
242.095 Banco Santander	1.140	1,68	
60.000 Bankia	56	0,08	
14.970 Bankinter	76	0,11	
108.061 BBVA	702	1,03	
28.919 Caixabank	86	0,13	
14.383 Distribuidora Internacional de Alimentación (DIA)	71	0,10	
6.000 EDP Renováveis	27	0,04	
3.000 Enagas	60	0,09	
4.500 Endesa	59	0,09	
7.508 Ferrovial	104	0,15	
6.264 Gas Natural	97	0,14	
3.150 Grifols 'A'	84	0,12	
197 Grifols 'B'	4	0,01	
90.106 Iberdrola	398	0,59	
19.310 Inditex	392	0,58	
18.101 Mapfre	41	0,06	

# M&G European Index Tracker Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Spain (continued)</b>			
1.350 Red Electrica	75	0,11	
17.832 Repsol	222	0,33	
71.700 Telefónica	718	1,06	
<b>Sweden</b>			
		<b>7,04</b>	<b>6,77</b>
3.000 Alfa Laval	39	0,06	
5.708 Assa Abloy 'B'	221	0,33	
18.043 Atlas Copco 'A'	375	0,55	
5.500 Boliden	71	0,10	
4.323 Electrolux 'B'	91	0,13	
6.500 Elekta 'B'	44	0,06	
51.626 Ericsson 'B'	432	0,64	
3.200 Getinge 'B'	57	0,08	
16.909 Hennes & Mauritz 'B'	475	0,70	
4.500 Hexagon 'B'	105	0,15	
6.272 Husqvarna 'B'	32	0,05	
5.988 Industrivarden 'A'	77	0,11	
8.135 Investor 'B'	209	0,31	
4.000 Kinnevik Investment 'B'	87	0,13	
3.500 Lundin Petroleum	33	0,05	
54.898 Nordea Bank	477	0,70	
3.500 Ratos 'B'	16	0,02	
21.220 Sandvik	153	0,23	
8.180 Securitas 'B'	75	0,11	
25.851 Skandinaviska Enskilda 'A'	210	0,31	
6.820 Skanska 'B'	110	0,16	
8.300 SKF 'B'	135	0,20	
10.914 Svenska Cellulosa 'B'	174	0,26	
8.235 Svenska Handelsbanken 'A'	266	0,39	
18.685 Swedbank 'A'	313	0,46	
3.900 Swedish Match	79	0,12	
5.100 Tele2 'B'	39	0,06	
40.812 TeliaSonera	166	0,24	
28.667 Volvo 'B'	223	0,33	
<b>Switzerland</b>			
		<b>20,38</b>	<b>20,24</b>
40.057 ABB (Regd.)	559	0,82	
1.700 Actelion (Regd.)	132	0,19	
2.752 Adecco (Regd.)	141	0,21	
1.700 ARYZTA	88	0,13	
800 Baloise Holdings (Regd.)	68	0,10	
4.500 Clariant (Regd.)	53	0,08	
8.861 Compagnie Financière Richemont (Regd.)	513	0,75	
27.879 Credit Suisse Group (Regd.)	444	0,65	
400 Dufry	38	0,06	
150 EMS-Chemie Holdings	43	0,06	
50 Galenica	28	0,04	
4.800 GAM Holding (Regd.)	61	0,09	
683 Geberit	158	0,23	
161 Givaudan	201	0,30	
4.073 Holcim (Regd.)	204	0,30	
4.045 Julius Baer Gruppe (Regd.)	121	0,18	
862 Kuehne & Nagel	81	0,12	
3 Lindt & Sprüngli	125	0,18	
1.069 Lonza Group (Regd.)	85	0,13	
55.855 Nestlé (Regd.)	2.836	4,17	
40.356 Novartis (Regd.)	2.690	3,96	
676 Pargesa Holdings (Bearer)	33	0,05	
250 Partners Group (Regd.)	50	0,07	

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Switzerland (continued)</b>			
748 PSP Swiss Property	50	0,07	
12.127 Roche Holding 'Genussscheine'	2.141	3,15	
1.100 Schindler Holding	116	0,17	
111 SGS (Regd.)	146	0,21	
20 Sika	46	0,07	
900 Sonova Holding	81	0,12	
300 Sulzer (Regd.)	24	0,04	
679 Swatch Group (Bearer)	202	0,30	
493 Swiss Life Holdings (Regd.)	76	0,11	
1.210 Swiss Prime Site	71	0,10	
6.001 Swiss Re	358	0,53	
384 Swisscom (Regd.)	143	0,21	
1.575 Syngenta (Regd.)	361	0,53	
6.200 Transocean	63	0,09	
61.220 UBS (Regd.)	698	1,03	
2.565 Zurich Insurance	531	0,78	
<b>Turkey</b>			
		<b>0,91</b>	<b>1,03</b>
31.000 Akbank	65	0,10	
5.000 Anadolu Efes	26	0,04	
4.400 BIM Birlesik Magazalar	55	0,08	
21.597 ENKA	28	0,04	
26.183 Ereğli Demir Celik Fabrikalari	29	0,04	
11.000 Halkbank	42	0,06	
12.250 Koç Holding	37	0,05	
10.000 Sabanci Holdings	25	0,04	
2.500 Tüpraş	34	0,05	
15.000 Türk Telekom	28	0,04	
16.000 Turkcell Iletisim	55	0,08	
14.050 Turkish Airlines	32	0,05	
38.000 Türkiye Garanti Bankası	88	0,13	
35.000 Türkiye İş Bankası	56	0,08	
15.000 Türkiye Vakıflar Bankası	20	0,03	
<b>Futures contracts</b>			
		<b>0,01</b>	<b>0,00</b>
5 DowJones EURO STOXX 50 Index Futures Mar 2015	4	0,01	
<b>Portfolio of investments</b>	<b>67.844</b>	<b>99,82</b>	<b>100,78</b>
<b>Eire ('AAA' rated money market funds) <sup>[b]</sup></b>			
		<b>0,00</b>	<b>0,04</b>
1.000 Northern Trust Global Fund - Sterling	1	0,00	
<b>Total portfolio</b>	<b>67.845</b>	<b>99,82</b>	<b>100,82</b>
<b>Net other assets / (liabilities)</b>	<b>124</b>	<b>0,18</b>	<b>(0,82)</b>
<b>Net assets attributable to shareholders</b>	<b>67.969</b>	<b>100,00</b>	<b>100,00</b>

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

<sup>[a]</sup> Delisted.

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

### COUNTERPARTY EXPOSURE

Counterparty	Financial derivative exposure	
	Futures £'000	Total as at 28.02.15 £'000
Royal Bank of Scotland	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

# M&G European Index Tracker Fund

## PORTFOLIO

### PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

Purchases	£'000
Banco Santander	77
Dufry	39
RTL	33
Pandora	32
Symrise	32
Banca Monte dei Paschi di Siena	28
Liberty Global 'C'	27
BBVA	26
Liberty Global 'A'	11
Fiat Chrysler Automobiles	6
Endesa	6
Arkema	4
Aegon	3
Eutelsat Communications	2
Akzo Nobel	1
Northern Trust Global Fund - Sterling <sup>[a]</sup>	533
<b>Total purchases</b>	<b>860</b>
Largest sales	£'000
Nestlé (Regd.)	109
Roche Holding 'Genussscheine'	106
Novartis (Regd.)	97
Bayer	87
Sanofi	69
BASF	63
Total	62
Anheuser-Busch InBev	61
Sky Deutschland	53
Ziggo	52
Banco Santander	44
TUI	43
Siemens	42
Daimler	42
Eni	39
Telefónica	39
Novo-Nordisk 'B'	39
Unilever	39
ABB (Regd.)	38
Fiat Chrysler Automobiles	37
Northern Trust Global Fund - Sterling <sup>[a]</sup>	560
Other sales	1,569
<b>Total sales</b>	<b>3,290</b>

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		3,420		6,213
Revenue	247		352	
Expenses	(225)		(243)	
Net revenue before taxation	22		109	
Taxation	39		(11)	
Net revenue after taxation		61		98
<b>Total return before equalisation</b>		<b>3,481</b>		<b>6,311</b>
Finance costs: Equalisation		(1)		(1)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>3,480</b>		<b>6,310</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>66,312</b>		<b>65,637</b>
Amounts received on issue of shares	729		2,624	
Amounts paid on cancellation of shares	(2,552)		(4,853)	
		(1,823)		(2,229)
Change in net assets attributable to shareholders from investment activities (see above)		3,480		6,310
<b>Closing net assets attributable to shareholders</b>		<b>67,969</b>		<b>69,718</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		67,845		66,859
Debtors	623		495	
Cash and bank balances	85		121	
<b>Total other assets</b>		<b>708</b>		<b>616</b>
<b>Total assets</b>		<b>68,553</b>		<b>67,475</b>
<b>Liabilities</b>				
Creditors				
Net distributions payable on income shares	0		(751)	
Other creditors	(584)		(412)	
<b>Total liabilities</b>		<b>(584)</b>		<b>(1,163)</b>
<b>Net assets attributable to shareholders</b>		<b>67,969</b>		<b>66,312</b>

# M&G European Index Tracker Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

### NOTE TO THE FINANCIAL STATEMENTS

#### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.



# M&G European Smaller Companies Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G European Smaller Companies Fund

The Fund invests in smaller companies in Europe, with the sole objective of long term capital growth. It will invest wholly or mainly in securities of European companies which constitute the bottom third in terms of total market capitalisation of all publicly listed equity in Europe. When not wholly invested as above, the Fund may only invest in medium and larger capitalised companies in order to enhance the liquidity of the Fund.

### Investment approach

The M&G European Smaller Companies Fund aims to select attractive investment opportunities from a diverse universe of smaller companies that is often less well covered and understood than a universe of larger companies. The fund manager picks stocks on a purely bottom-up basis, resulting in a concentrated portfolio of high conviction positions.

Key to the fund's investment strategy is the identification of companies with world-class scarce assets and resources that are not easily replicable. Scarce assets give such companies an edge over competitors, enabling them to generate sustainable returns above the cost of capital through time. In combination with reinvesting in the business at attractive rates of return, taking advantage of external growth opportunities, the fundamental value of these companies grows over time. In the fund manager's view, investing in such growing companies at attractive valuations rewards long-term investors.

Investment ideas are generated through the systematic use of screening tools such as cashflow return on investment analysis, augmented by the fund manager's broad knowledge of firms in the smaller companies' universe. He is also supported by the wider M&G Equities team and internal research analysts, all of whom offer invaluable opportunities for idea-generation and discussion.

The manager aims to hold a concentrated portfolio of around 40 to 60 stocks in the fund, where every holding is of a material size. The fund manager is 'benchmark aware', ensuring that the risk taken in the fund relative to the index benchmark is understood, although no reference is made to the benchmark in the stock selection process.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

We invest in quality, differentiated companies that we believe have business models that are well-protected from competition and have positive end-market dynamics. We wait for these companies to experience short-term share price setbacks, which offer attractive entry points, before we invest. During the period under review, we invested in four new holdings, beginning with UK-listed insurance brokerage Jardine Lloyd Thompson (JLT). We think JLT has an excellent track record of taking market share in specialist insurance lines, and is a key challenger in a market of three or four predominately US-listed large players.

We also opened positions in Finnish cargo handling equipment maker Cargotec and French railway equipment manufacturer Faiveley Transport. Cargotec maintains strong market positions in niche areas, including truck and ship-mounted cranes, hatches and winches. We had been following the stock for over a year, waiting for a buying opportunity, and a short-term setback over the summer of 2014 provided the necessary disruption. Faiveley, meanwhile, maintains market leading positions in its own niche areas including breaking systems, doors, electronics and air conditioning; we think it represents a model of operational excellence.

Finally, we established a holding in addiction cessation drug maker Indivior. The firm was created from the spin-off of international consumer goods business Reckitt Benckiser's pharmaceuticals division. Despite some negativity surrounding the spin-off, particularly concerning patent expiry of its Suboxone heroin substitute, we think the company has a solid pipeline of new product delivery and will be very well positioned as these products come to fruition.

Conversely, we closed 10 positions during the period under review. These included three holdings related to the energy sector; Denmark-listed OW Bunker, a physical distributor and re-seller of marine fuels, 3Legs Resources, a UK-listed hydrocarbon explorer and Providence Resources, an Irish oil & gas explorer.

Swiss hearing aid manufacturer Sonova left the portfolio on valuation grounds, having performed very strongly, while leading bathroom ceramics company Sanitec was sold after being bid for by Swiss bathroom piping manufacturer Geberit at a significant premium.

There were other positions closed where we lost faith in the investment thesis for the businesses. These included German industrial pump maker KSB, international software creator Gameloft and Austria-listed electronic toll collection specialist Kapsch TrafficCom.

**Charles Anniss**  
Fund manager

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

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

# M&G European Smaller Companies Fund

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Ongoing Charges Figure <sup>[a]</sup>		
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	1,68	1,70
Class 'I'	0,93	0,95
Class 'R'	1,18	1,21
Class 'X'	1,68	1,70
<b>Euro</b>	%	%
Class 'A'	1,69	1,71
Class 'C'	0,94	0,96
<b>US dollar</b>	%	%
Class 'A'	1,63	1,87 <sup>[b]</sup>
Class 'C'	0,87	0,99 <sup>[b]</sup>

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

<sup>[b]</sup> The comparative Ongoing Charges Figure shown here is an estimate of the charges, as the share class had not been in existence for a full financial year.

The M&G European Smaller Companies Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	264,87	275,41	259,74	270,10	+1,98	+1,97
Class 'I'	1.440,85	1.475,88	1.407,64	1.442,01	+2,36	+2,35
Class 'R'	143,77	146,68	140,64	143,49	+2,23	+2,22
Class 'X'	262,00	272,08	256,91	266,83	+1,98	+1,97
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	27,7478	n/a	24,9033	n/a	+11,42
Class 'C'	n/a	30,5674	n/a	27,3343	n/a	+11,83
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A'	n/a	9,7076	n/a	10,2365	n/a	-5,17
Class 'C'	n/a	9,7494	n/a	10,2412	n/a	-4,80

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling</b> <sup>[b]</sup>				
Class 'A'	+3,0	-3,4	+8,4	+9,8 <sup>[c]</sup>
Class 'I'	+3,3	-3,4	n/a	+15,5 <sup>[d]</sup>
Class 'R'	+3,2	-3,4	n/a	+15,4 <sup>[d]</sup>
Class 'X'	+3,0	-3,4	+8,4	+13,2 <sup>[e]</sup>
<b>Euro</b> <sup>[f]</sup>				
Class 'A'	+11,8	+9,7	+13,5	+8,0 <sup>[g]</sup>
Class 'C'	+12,2	+10,5	+14,3	+8,8 <sup>[g]</sup>
<b>US dollar</b> <sup>[f]</sup>				
Class 'A'	-4,4	n/a	n/a	-2,4 <sup>[h]</sup>
Class 'C'	-4,1	n/a	n/a	-2,0 <sup>[h]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 30 September 1996, the end of the initial offer period of the predecessor unit trust.

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

<sup>[e]</sup> 1 October 2002, the launch date of the share class.

<sup>[f]</sup> Bid to bid with net income reinvested.

<sup>[g]</sup> 28 November 2001, the launch date of the share class.

<sup>[h]</sup> 8 August 2014, the launch date of the share class. Not annualised.

### SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	-4,9	+18,1	+22,0	-2,6	+17,2

Source: Morningstar, Inc., bid to bid with net income reinvested.

# M&G European Smaller Companies Fund

## FUND STATISTICS

PRICES					
	Calendar year	Income shares		Accumulation shares	
		Highest	Lowest	Highest	Lowest
Sterling (net)					
Class 'A'		p	p	p	p
	2010	209,48	154,02	214,39	157,63
	2011	218,64	157,36	223,77	161,20
	2012	214,33	170,00	220,87	174,15
	2013	271,68	216,33	281,11	222,93
	2014	287,86	227,11	297,85	236,16
	2015 <sup>[a]</sup>	266,68	245,39	277,30	255,16
Class 'I'	2012 <sup>[b]</sup>	1.165,22	1.000,00	1.164,56	1.000,00
	2013	1.477,10	1.176,32	1.493,31	1.175,59
	2014	1.570,21	1.231,99	1.587,44	1.262,08
	2015 <sup>[a]</sup>	1.450,78	1.333,65	1.486,05	1.366,08
Class 'R'	2012 <sup>[b]</sup>	116,36	100,00	116,36	100,00
	2013	147,39	117,46	148,84	117,46
	2014	156,51	123,05	158,05	125,54
	2015 <sup>[a]</sup>	144,76	133,12	147,69	135,81
Class 'X'	2010	207,24	152,37	211,79	155,72
	2011	216,31	155,65	221,06	159,25
	2012	211,98	168,16	218,19	172,04
	2013	268,70	213,95	277,71	220,23
	2014	284,71	224,60	294,25	233,30
	2015 <sup>[a]</sup>	263,79	242,72	273,94	252,07
Euro (net)					
Class 'A'		€	€	€	€
	2010	n/a	n/a	18,2234	13,5702
	2011	n/a	n/a	18,5884	13,7789
	2012	n/a	n/a	19,8063	15,4193
	2013	n/a	n/a	24,7293	19,8963
	2014	n/a	n/a	26,9364	21,7086
	2015 <sup>[a]</sup>	n/a	n/a	27,8872	24,3283
Class 'C'	2010	n/a	n/a	19,4622	14,4288
	2011	n/a	n/a	19,8569	14,8002
	2012	n/a	n/a	21,4704	16,5933
	2013	n/a	n/a	27,0079	21,5817
	2014	n/a	n/a	29,5154	23,8515
	2015 <sup>[a]</sup>	n/a	n/a	30,7248	26,7732
US dollar (net)					
Class 'A'		\$	\$	\$	\$
	2014 <sup>[c]</sup>	n/a	n/a	10,3816	8,6237
	2015 <sup>[a]</sup>	n/a	n/a	9,7575	8,8803
Class 'C'	2014 <sup>[c]</sup>	n/a	n/a	10,3859	8,6368
	2015 <sup>[a]</sup>	n/a	n/a	9,8000	8,9102

<sup>[a]</sup> To 2 March 2015.

<sup>[b]</sup> From 3 August 2012 (the launch date of the share class).

<sup>[c]</sup> From 8 August 2014 (the launch date of the share class).

## INCOME

Dividend income per share			
	Calendar year	Distributed	Reinvested
Sterling (net)			
Class 'A'		p	p
	2010	nil	nil
	2011	0,1880	0,1840
	2012	1,0968	1,1504
	2013	1,0421	1,0654
	2014	1,2936	1,3048
	2015 <sup>[a]</sup>	-	-
Class 'I'	2012	0,0950	0,0950
	2013	15,9735	15,2781
	2014	18,6624	19,3712
	2015 <sup>[a]</sup>	-	-
Class 'R'	2012	nil	nil
	2013	1,3634	1,4043
	2014	1,4497	1,4629
	2015 <sup>[a]</sup>	-	-
Class 'X'	2010	nil	nil
	2011	0,2160	0,2080
	2012	1,1180	1,1546
	2013	1,0150	1,1611
	2014	1,2595	1,3022
	2015 <sup>[a]</sup>	-	-
Euro (net)			
Class 'A'		€	€
	2010	n/a	nil
	2011	n/a	nil
	2012	n/a	14,0380
	2013	n/a	4,4869
	2014	n/a	19,1228
	2015 <sup>[a]</sup>	n/a	-
Class 'C'	2010	n/a	11,7180
	2011	n/a	nil
	2012	n/a	nil
	2013	n/a	27,0020
	2014	n/a	35,5481
	2015 <sup>[a]</sup>	n/a	-
US dollar (net)			
Class 'A'		\$	\$
	2014	n/a	4,0180
	2015 <sup>[a]</sup>	n/a	-
Class 'C'	2014	n/a	12,3140
	2015 <sup>[a]</sup>	n/a	-

<sup>[a]</sup> The M&G European Smaller Companies Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

# M&G European Smaller Companies Fund

## FUND STATISTICS

NET ASSETS					
	Period ended	Value per share Inc	Value per share Acc	Number of shares Inc	Number of shares Acc
<b>Sterling</b>					
Class 'A'	Aug 2012	p	p		
	Aug 2013	188,59	194,34	26.910.396	8.835.936
	Aug 2014	250,82	259,53	25.609.396	8.151.036
	Aug 2014	259,74	270,10	24.425.796	7.447.536
	Feb 2015	264,87	275,41	23.614.636	6.929.008
Class 'I'	Aug 2012	1.021,97	1.022,07	100	100
	Aug 2013	1.362,60	1.376,43	46.840	29.880
	Aug 2014	1.407,64	1.442,01	108.705	148.530
	Feb 2015	1.440,85	1.475,88	139.584	169.033
Class 'R'	Aug 2012	102,16	102,16	1.000	1.000
	Aug 2013	136,09	137,43	52.000	100.000
	Aug 2014	140,64	143,49	52.000	100.000
	Feb 2015	143,77	146,68	82.000	100.000
Class 'X'	Aug 2012	186,51	191,99	963.312	602.640
	Aug 2013	248,08	256,49	917.812	730.840
	Aug 2014	256,91	266,83	1.076.912	742.840
	Feb 2015	262,00	272,08	1.039.686	656.940
<b>Euro</b>					
Class 'A'	Aug 2012	€	€		
	Aug 2013	n/a	17,9231	n/a	95.880
	Aug 2014	n/a	22,2725	n/a	129.980
	Aug 2014	n/a	24,9033	n/a	1.414.484
	Feb 2015	n/a	27,7478	n/a	947.397
Class 'C'	Aug 2012	n/a	19,3854	n/a	1.035
	Aug 2013	n/a	24,3024	n/a	28.035
	Aug 2014	n/a	27,3343	n/a	81.315
	Feb 2015	n/a	30,5674	n/a	48.470
<b>US dollar</b>					
Class 'A'	Aug 2014	\$	\$		
	Feb 2015	n/a	10,2365	n/a	500
	Feb 2015	n/a	9,7076	n/a	500
Class 'C'	Aug 2014	n/a	10,2412	n/a	500
	Feb 2015	n/a	9,7494	n/a	500
<b>Total net asset value of sub-fund</b>					
	Period ended	£			
	Aug 2012	72.260.000			
	Aug 2013	93.850.000			
	Aug 2014	121.967.000			
	Feb 2015	111.121.000			

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Oil &amp; gas producers</b>		<b>0,98</b>	<b>0,86</b>
770.000 Ophir Energy	1.087	0,98	
<b>Oil equipment, services &amp; distribution</b>		<b>4,18</b>	<b>6,84</b>
28.000 Schoeller-Bleckmann	1.216	1,09	
66.500 Técnicas Reunidas	1.791	1,61	
105.000 TGS-NOPEC Geophysical	1.644	1,48	
<b>Chemicals</b>		<b>1,79</b>	<b>1,63</b>
96.000 Frutarom Industries	1.992	1,79	
<b>Construction &amp; materials</b>		<b>3,65</b>	<b>3,27</b>
225.000 Kingspan Group	2.860	2,57	
37.000 PORR	1.195	1,08	
<b>Aerospace &amp; defence</b>		<b>1,98</b>	<b>2,42</b>
180.000 Kongsberg Gruppen	2.196	1,98	
<b>General industrials</b>		<b>1,41</b>	<b>1,48</b>
30.718 Mutares	1.563	1,41	
<b>Electronic &amp; electrical equipment</b>		<b>7,45</b>	<b>6,55</b>
4.500 COMET Holding	2.054	1,85	
62.000 EVS Broadcast Equipment	1.543	1,39	
24.500 Ingenico	1.775	1,60	
132.000 Spectris	2.905	2,61	
<b>Industrial engineering</b>		<b>11,26</b>	<b>9,35</b>
64.000 Andritz	2.389	2,15	
440.000 Bufab Holding	1.774	1,60	
93.000 Cargotec	2.214	1,99	
582.000 Deutz	1.682	1,51	
37.500 Faiveley Transport	1.544	1,39	
71.000 Jungheinrich Pref. (non-voting)	2.907	2,62	
<b>Support services</b>		<b>4,58</b>	<b>5,23</b>
118.000 CTS EVENTIM	2.331	2,10	
71.500 DCC	2.757	2,48	
<b>Automobiles &amp; parts</b>		<b>8,32</b>	<b>8,50</b>
29.691 Delticom	388	0,35	
81.000 EiringKlinger	1.831	1,65	
151.000 LISI	2.944	2,65	
930.000 Piaggio	1.924	1,73	
215.000 SAF-HOLLAND	2.157	1,94	
<b>Beverages</b>		<b>1,54</b>	<b>2,12</b>
870.000 Stock Spirits	1.712	1,54	
<b>Food producers</b>		<b>1,30</b>	<b>1,62</b>
50.000 Christian Hansen Holding	1.445	1,30	
<b>Household goods &amp; home construction</b>		<b>0,00</b>	<b>1,05</b>
<b>Leisure goods</b>		<b>3,66</b>	<b>5,15</b>
194.000 Amer Sports	2.727	2,45	
290.000 Bang & Olufsen 'B'	1.345	1,21	
<b>Personal goods</b>		<b>5,62</b>	<b>4,61</b>
25.000 HUGO BOSS	2.106	1,90	
71.000 Pandora	4.137	3,72	

# M&G European Smaller Companies Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Healthcare equipment &amp; services</b>		<b>3,79</b>	<b>5,51</b>
13.500 Eurofins Scientific	2.376	2,14	
49.000 Gerresheimer	1.833	1,65	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>1,81</b>	<b>0,00</b>
1.187.170 Indivior	2.009	1,81	
<b>Food &amp; drug retailers</b>		<b>3,17</b>	<b>2,72</b>
760.000 UDG Healthcare	3.527	3,17	
<b>General retailers</b>		<b>4,15</b>	<b>3,94</b>
520.000 N Brown	2.352	2,12	
190.000 TAKKT	2.256	2,03	
<b>Media</b>		<b>1,62</b>	<b>1,01</b>
67.000 GFK	1.799	1,62	
<b>Travel &amp; leisure</b>		<b>0,00</b>	<b>0,77</b>
<b>Mobile telecommunications</b>		<b>1,47</b>	<b>1,10</b>
84.000 Freenet	1.636	1,47	
<b>Gas, water &amp; multi-utilities</b>		<b>2,27</b>	<b>2,02</b>
64.000 Rubis	2.521	2,27	
<b>Non-life insurance</b>		<b>4,54</b>	<b>3,42</b>
124.000 FBD Holdings	1.092	0,98	
190.000 Jardine Lloyd Thompson	1.816	1,63	
75.500 Vienna Insurance	2.145	1,93	
<b>Real estate investment trusts</b>		<b>1,46</b>	<b>1,21</b>
200.000 Shaftesbury	1.625	1,46	
<b>Financial services</b>		<b>9,88</b>	<b>9,40</b>
191.000 GAM Holding (Regd.)	2.426	2,18	
312.000 IG Group Holdings	2.265	2,04	
179.000 Intrum Justitia	3.273	2,94	
730.000 Jupiter Fund Management	3.020	2,72	
<b>Software &amp; computer services</b>		<b>5,72</b>	<b>5,88</b>
60.500 ESI	1.044	0,94	
80.000 Fidessa	1.844	1,66	
194.000 Indra Sistemas	1.308	1,18	
38.125 Sopra	2.157	1,94	
<b>AIM quoted</b>		<b>1,63</b>	<b>1,57</b>
209.000 EMIS	1.808	1,63	
<b>Portfolio of investments</b>	<b>110.267</b>	<b>99,23</b>	<b>99,23</b>
<b>'AAA' rated money market funds [a]</b>		<b>1,91</b>	<b>1,58</b>
2.119.000 Northern Trust Global Fund - Sterling	2.119	1,91	
<b>Total portfolio</b>	<b>112.386</b>	<b>101,14</b>	<b>100,81</b>
<b>Net other liabilities</b>	<b>(1.265)</b>	<b>(1,14)</b>	<b>(0,81)</b>
<b>Net assets attributable to shareholders</b>	<b>111.121</b>	<b>100,00</b>	<b>100,00</b>

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

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

## PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

Purchases	£'000
Cargotec	2.239
Jardine Lloyd Thompson	1.819
Indivior	1.710
Faiveley Transport	1.554
N Brown	539
Gameloft	503
GFK	486
Ophir Energy	475
Bufab Holding	314
Freenet	311
Eurofins Scientific	306
HUGO BOSS	284
Spectris	271
Andritz	191
Pandora	148
Northern Trust Global Fund - Sterling [a]	12.277
<b>Total purchases</b>	<b>23.427</b>
Largest sales	£'000
Sonova Holding	2.308
Sanitec	1.578
KSB Cum. Pref	1.545
Gameloft	1.377
TAKKT	1.115
bwin.party digital entertainment	997
OW Bunker	958
Proffice	931
UDG Healthcare	883
Kapsch TrafficCom	865
SAF-HOLLAND	847
Christian Hansen Holding	813
Ingenico	696
Pandora	628
IG Group Holdings	613
Frutarom Industries	580
ElringKlinger	543
Vienna Insurance	522
Cargotec	448
TGS-NOPEC Geophysical	443
Northern Trust Global Fund - Sterling [a]	12.082
Other sales	5.555
<b>Total sales</b>	<b>36.327</b>

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

# M&G European Smaller Companies Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		2,204		11,598
Revenue	458		444	
Expenses	(918)		(866)	
Net expense before taxation	(460)		(422)	
Taxation	70		(19)	
Net expense after taxation		(390)		(441)
<b>Total return before equalisation</b>		<b>1,814</b>		<b>11,157</b>
Finance costs: Equalisation		0		1
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,814</b>		<b>11,158</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		121,967		93,850
Amounts received on issue of shares	2,163		24,184	
Amounts paid on cancellation of shares	(14,823)		(3,173)	
		(12,660)		21,011
Stamp Duty Reserve Tax		0		(2)
Change in net assets attributable to shareholders from investment activities (see above)		1,814		11,158
<b>Closing net assets attributable to shareholders</b>		<b>111,121</b>		<b>126,017</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		112,386		122,951
Debtors	1,285		382	
Cash and bank balances	0		6	
<b>Total other assets</b>		<b>1,285</b>		<b>388</b>
<b>Total assets</b>		<b>113,671</b>		<b>123,339</b>
<b>Liabilities</b>				
Creditors				
Net distributions payable on income shares	0		(351)	
Other creditors	(2,550)		(1,021)	
<b>Total liabilities</b>		<b>(2,550)</b>		<b>(1,372)</b>
<b>Net assets attributable to shareholders</b>		<b>111,121</b>		<b>121,967</b>

## NOTE TO THE FINANCIAL STATEMENTS

### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

# M&G Global Basics Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G Global Basics Fund

The Fund is a global equity fund which invests wholly or mainly in companies operating in basic industries ('primary' and 'secondary' industries) and also in companies that service these industries. The Fund may also invest in other global equities. The sole aim of the Fund is long term capital growth.

### Investment approach

The M&G Global Basics Fund invests in companies considered to be the 'building blocks' of the world's economy. A key aspect to the stock selection process involves the assessment of structural trends in the global economy and the identification of those companies that are positioned to benefit.

This approach is illustrated by the M&G Global Basics 'curve of economic development' concept, which represents the changing needs of an economy at different stages of development. As the structural shift in economic power towards emerging markets continues to build momentum, the rising incomes and increasingly sophisticated demands of the consumer combine to create an emerging middle class. As nations 'move up the curve', basic demands for food and shelter are accompanied by increasing appetite for additional goods and services. The fund can gain exposure to such themes by investing in best-in-class international companies with a durable competitive advantage that enables them to capitalise on such trends through their global operations.

Given the fund's unconstrained mandate, the fund manager has the flexibility to move up and down the curve of economic development, based on where he thinks the opportunity and valuation levels are most attractive. This includes examining a company's asset base, competitive position, business model, financial strength and management ability. Meeting company management is key to his approach. The fund manager seeks management teams who are able to execute an intelligent business strategy and whose interests are clearly aligned with those of the firm's shareholders. The fund manager employs a long-term investment horizon in order to capitalise on these themes and is quite prepared to hold companies whose merits are not yet fully recognised by the market.

### Risk and reward profile\*



1	2	3	4	5	6	7
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- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

Five new positions were established while two were completely sold over the review period. The new holdings included Linde, a provider of industrial, medical and specialist gases based in Germany, US conglomerate, Johnson & Johnson and US-listed global fast-food chain Yum! Brands.

Linde had recently completed a period of merger and acquisition and capital expenditure and also appointed a new chief executive who is a turnaround specialist. We believe that this combination of factors will help drive the company forward, improving returns from where they are today. Johnson & Johnson has strong consumer and medical devices businesses, as well as pharmaceuticals, and a dip in the share price provided a good entry point. Furthermore, Johnson & Johnson is trading at a cheaper valuation than many of the fund's European consumer goods holdings that we have been trimming. It has similar fundamental characteristics too, maintaining the balance on the portfolio.

In the case of Yum! Brands, the company's share price, along with several other fast-food chains, fell on news their Chinese meat supplier, Shanghai Hushi Foods, had reprocessed expired meat products. The position was previously sold in 2011 on valuation concerns, and this dip in the share price gave us the opportunity to reinvest. Yum! continues to grow strongly in emerging markets and is increasingly franchising its stores, so less capital is required for future growth. The company has also recently resolved its supply chain issues and is seeing sales returning.

The two positions sold were those in Australian-listed lithium miner Galaxy Resources and in French consumer staples company Danone. The sale of Galaxy Resources was part of our strategy to reduce the fund's exposure to smaller mining companies. These companies tend to have lower quality assets, higher costs and are more vulnerable in weaker commodity price environments. Danone was sold as we became concerned that the company was preparing to acquire industry peer Mead Johnson, which could have potentially saddled Danone with large amounts of debt.

We also reduced the positions in Microsoft, Symrise and Unilever, amongst others, taking profits in holdings that had performed well for the fund.

**Randeep Somel**  
Fund manager

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

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



# M&G Global Basics Fund

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Ongoing Charges Figure <sup>[a]</sup>		
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	1,68	1,68
Class 'I'	0,92	0,93
Class 'R'	1,17	1,18
Class 'X'	1,67	1,68
<b>Euro</b>	%	%
Class 'A'	1,92	1,93
Class 'C'	0,92	0,92
<b>US dollar</b>	%	%
Class 'A'	1,92	1,93
Class 'C'	0,92	0,93

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

The M&G Global Basics Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	674,64	1.018,45	655,77	989,92	+2,88	+2,88
Class 'I'	1.125,43	1.155,08	1.089,93	1.118,54	+3,26	+3,27
Class 'R'	112,46	114,79	109,06	111,30	+3,12	+3,14
Class 'X'	676,78	1.008,44	657,87	980,19	+2,87	+2,88
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	28,5925	28,6817	25,4154	25,5461	+12,50	+12,27
Class 'C'	32,2154	32,5209	28,5516	28,8222	+12,83	+12,83
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A'	11,4187	11,4160	11,9151	11,9476	-4,17	-4,45
Class 'C'	12,2208	12,3322	12,7222	12,8426	-3,94	-3,97

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'A'	+3,6	+6,9	+3,0	+6,4 <sup>[c]</sup>
Class 'I'	+4,0	+6,8	n/a	+4,8 <sup>[d]</sup>
Class 'R'	+3,8	+6,8	n/a	+4,8 <sup>[d]</sup>
Class 'X'	+3,6	+6,9	+3,0	+11,9 <sup>[e]</sup>
<b>Euro <sup>[f]</sup></b>				
Class 'A'	-28,8	-23,5	-1,8	+4,6 <sup>[g]</sup>
Class 'C'	-28,3	-22,7	-0,8	+5,6 <sup>[g]</sup>
<b>US dollar <sup>[f]</sup></b>				
Class 'A'	-10,2	-8,0	+2,2	+0,8 <sup>[h]</sup>
Class 'C'	-9,6	-6,9	+3,3	+1,8 <sup>[h]</sup>

[a] Shows the compound rate of return, per annum, over the period.

[b] Bid to bid excluding reinvested income.

[c] 28 February 1973, the end of the initial offer period of the predecessor unit trust.

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

[e] 1 October 2002, the launch date of the share class.

[f] Bid to bid with net income reinvested.

[g] 28 November 2001, the launch date of the share class.

[h] 9 March 2007, the launch date of the share class.

## SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+5,7	-7,3	+1,8	-0,6	+22,1

Source: Morningstar, Inc., bid to bid with net income reinvested.



# M&G Global Basics Fund

## FUND STATISTICS

PRICES					
	Calendar year	Income shares Highest	Income shares Lowest	Accumulation shares Highest	Accumulation shares Lowest
<b>Sterling (net)</b>					
		p	p	p	p
Class 'A'	2010	716,90	525,45	1.069,61	783,98
	2011	727,53	575,66	1.085,48	859,40
	2012	684,86	578,99	1.022,42	864,37
	2013	714,80	629,62	1.070,38	947,84
	2014	668,88	606,18	1.008,06	915,15
	2015 <sup>[a]</sup>	676,59	637,66	1.021,40	962,62
Class 'I'	2012 <sup>[b]</sup>	1.084,48	1.000,00	1.086,88	1.000,00
	2013	1.193,75	1.049,36	1.196,38	1.061,54
	2014	1.111,83	1.008,40	1.139,26	1.035,07
	2015 <sup>[a]</sup>	1.128,74	1.062,59	1.158,47	1.090,58
Class 'R'	2012 <sup>[b]</sup>	108,42	100,00	108,63	100,00
	2013	119,23	104,93	119,46	106,05
	2014	111,25	100,86	113,35	102,96
	2015 <sup>[a]</sup>	112,79	106,22	115,13	108,42
Class 'X'	2010	719,02	527,01	1.059,14	776,30
	2011	729,69	577,21	1.074,85	850,94
	2012	686,71	580,55	1.012,37	855,87
	2013	716,85	631,54	1.059,85	938,51
	2014	671,06	608,11	998,14	906,14
	2015 <sup>[a]</sup>	678,74	639,68	1.011,36	953,16
<b>Euro (net)</b>					
		€	€	€	€
Class 'A'	2010	n/a	n/a	25,8631	18,6574
	2011	n/a	n/a	26,0838	20,7126
	2012	n/a	n/a	24,9836	22,3099
	2013	24,8914 <sup>[c]</sup>	23,0019 <sup>[c]</sup>	25,7385	23,0620
	2014	25,7552	23,0963	25,8456	23,1567
	2015 <sup>[a]</sup>	28,6253	25,1255	28,7147	25,2037
Class 'C'	2010	n/a	n/a	28,1251	20,1086
	2011	n/a	n/a	28,3768	22,6964
	2012	n/a	n/a	27,4822	24,6009
	2013	n/a	n/a	28,6619	25,8368
	2014	28,9106 <sup>[d]</sup>	26,3392 <sup>[d]</sup>	29,1685	25,9787
	2015 <sup>[a]</sup>	32,2542	28,2672	32,5600	28,5359

## PRICES (continued)

	Calendar year	Income shares Highest	Income shares Lowest	Accumulation shares Highest	Accumulation shares Lowest
<b>US dollar (net)</b>					
		\$	\$	\$	\$
Class 'A'	2010	n/a	n/a	12,1197	8,6931
	2011	n/a	n/a	13,0691	9,6804
	2012	n/a	n/a	11,9006	9,8323
	2013	n/a	n/a	11,9527	10,8048
	2014	11,9799 <sup>[d]</sup>	10,6088 <sup>[d]</sup>	12,2266	10,6375
	2015 <sup>[a]</sup>	11,4323	10,5958	11,4296	10,5943
Class 'C'	2010	n/a	n/a	12,5605	8,9553
	2011	n/a	n/a	13,5885	10,1101
	2012	n/a	n/a	12,4791	10,3366
	2013	n/a	n/a	12,7271	11,4774
	2014	12,8769 <sup>[d]</sup>	11,3425 <sup>[d]</sup>	13,1220	11,4495
	2015 <sup>[a]</sup>	12,2360	11,3234	12,3475	11,4282

<sup>[a]</sup> To 2 March 2015.

<sup>[b]</sup> From 3 August 2012 (the launch date of the share class).

<sup>[c]</sup> From 12 July 2013 (the launch date of the Income shares).

<sup>[d]</sup> From 8 August 2014 (the launch date of the Income shares).

## INCOME

Dividend income per share			
	Calendar year	Distributed	Reinvested
<b>Sterling (net)</b>			
		p	p
Class 'A'	2010	nil	nil
	2011	0,4400	0,7000
	2012	1,8150	2,6945
	2013	3,5152	5,2635
	2014	1,8281	2,7906
	2015 <sup>[a]</sup>	-	-
Class 'I'	2012	2,2430	2,2380
	2013	14,5286	14,5568
	2014	11,8910	12,0799
	2015 <sup>[a]</sup>	-	-
Class 'R'	2012	0,2000	0,2002
	2013	1,1154	1,2021
	2014	0,9143	0,9291
	2015 <sup>[a]</sup>	-	-
Class 'X'	2010	nil	nil
	2011	0,5870	0,8330
	2012	1,7100	2,6581
	2013	3,5514	5,2123
	2014	1,7307	2,4242
	2015 <sup>[a]</sup>	-	-

# M&G Global Basics Fund

## FUND STATISTICS

### INCOME (continued)

#### Dividend income per share

	Calendar year	Distributed	Reinvested
<b>Euro (net)</b>		€	€
Class 'A'	2010	n/a	nil
	2011	n/a	nil
	2012	n/a	0,1015
	2013	6,4761	6,4998
	2014	0,4371	0,4391
	2015 <sup>[a]</sup>	-	-
Class 'C'	2010	n/a	10,4660
	2011	n/a	20,0950
	2012	n/a	27,5104
	2013	n/a	34,8378
	2014	27,0938	31,0703
	2015 <sup>[a]</sup>	-	-
<b>US dollar (net)</b>		\$	\$
Class 'A'	2010	n/a	nil
	2011	n/a	nil
	2012	n/a	0,0151
	2013	n/a	2,4354
	2014	nil	nil
	2015 <sup>[a]</sup>	-	-
Class 'C'	2010	n/a	4,6030
	2011	n/a	9,8010
	2012	n/a	12,2801
	2013	n/a	15,5622
	2014	12,1358	13,8558
	2015 <sup>[a]</sup>	-	-

[a] The M&G Global Basics Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

## NET ASSETS

	Period ended	Value per share		Number of shares	
		Inc	Acc	Inc	Acc
<b>Sterling</b>		p	p		
Class 'A'	Aug 2012	607,33	909,39	119.925.807	141.687.403
	Aug 2013	663,05	998,21	80.653.407	108.532.803
	Aug 2014	655,77	989,92	51.807.107	68.861.103
	Feb 2015	674,64	1.018,45	47.765.330	46.062.460
Class 'I'	Aug 2012	1.010,20	1.012,43	1.000	3.000
	Aug 2013	1.102,81	1.119,59	6.603.300	6.187.000
	Aug 2014	1.089,93	1.118,54	3.250.200	13.776.700
	Feb 2015	1.125,43	1.155,08	2.725.475	13.463.918
Class 'R'	Aug 2012	101,02	101,22	10.000	10.000
	Aug 2013	110,34	111,69	368.000	138.500
	Aug 2014	109,06	111,30	233.000	202.500
	Feb 2015	112,46	114,79	170.090	152.500
Class 'X'	Aug 2012	609,08	900,44	21.987.786	46.262.626
	Aug 2013	665,09	988,39	16.516.586	36.099.426
	Aug 2014	657,87	980,19	9.219.986	19.093.926
	Feb 2015	676,78	1.008,44	7.913.368	15.302.738
<b>Euro</b>		€	€		
Class 'A'	Aug 2012	n/a	23,5965	n/a	104.073.894
	Aug 2013	23,9239	24,0344	4.500	89.604.894
	Aug 2014	25,4154	25,5461	55.200	65.887.862
	Feb 2015	28,5925	28,6817	63.874	61.445.647
Class 'C'	Aug 2012	n/a	26,0923	n/a	16.538.031
	Aug 2013	n/a	26,8461	n/a	9.168.631
	Aug 2014	28,5516	28,8222	181	1.361.281
	Feb 2015	32,2154	32,5209	181	1.141.253
<b>US dollar</b>		\$	\$		
Class 'A'	Aug 2012	n/a	10,5264	n/a	17.397.000
	Aug 2013	n/a	11,2834	n/a	10.543.200
	Aug 2014	11,9151	11,9476	431	6.453.996
	Feb 2015	11,4187	11,4160	431	5.824.037
Class 'C'	Aug 2012	n/a	11,0937	n/a	8.152.150
	Aug 2013	n/a	12,0087	n/a	7.123.750
	Aug 2014	12,7222	12,8426	401	3.982.100
	Feb 2015	12,2208	12,3322	401	3.874.700

#### Total net asset value of sub-fund

Period ended	£
Aug 2012	5.034.016.000
Aug 2013	4.408.982.000
Aug 2014	2.906.695.000
Feb 2015	2.570.253.000

# M&G Global Basics Fund

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Belgium</b>		<b>1,43</b>	<b>2,51</b>
1.300.000 Umicore	36.750	1,43	
<b>Eire</b>		<b>4,71</b>	<b>4,41</b>
2.600.000 Kerry Group	120.955	4,71	
<b>France</b>		<b>6,79</b>	<b>9,32</b>
1.500.000 Compagnie des Alpes	17.612	0,69	
1.000.000 Imerys	48.783	1,90	
2.050.000 Publicis Groupe	108.014	4,20	
<b>Germany</b>		<b>9,19</b>	<b>8,64</b>
700.000 Bayerische Motoren Werke	57.033	2,22	
1.200.000 GEA Group	38.366	1,49	
115.000 Linde	15.117	0,59	
2.900.000 Symrise	119.848	4,66	
550.892 Villeroy & Boch Pref. (non-voting)	5.853	0,23	
<b>Italy</b>		<b>0,90</b>	<b>0,88</b>
6.000.000 Prada	23.268	0,90	
<b>Netherlands</b>		<b>0,16</b>	<b>0,13</b>
100.000 Airbus	4.023	0,16	
<b>Russia</b>		<b>0,22</b>	<b>0,32</b>
1.954.000 MD Medical Group GDR	5.718	0,22	
<b>Spain</b>		<b>0,74</b>	<b>0,99</b>
300.000 Amadeus IT Holdings	8.075	0,31	
188.849 Baron de Ley	10.929	0,43	
<b>United Kingdom</b>		<b>19,56</b>	<b>19,61</b>
6.750.000 BHP Billiton	108.810	4,23	
11.000.000 BP	49.132	1,91	
38.000.000 G4S	112.974	4,40	
2.500.000 Genus	34.000	1,32	
19.817.205 Hochschild Mining	17.241	0,67	
27.649.133 PZ Cussons	91.436	3,56	
2.000.000 Unilever	57.140	2,22	
1.900.000 Weir Group	32.224	1,25	
<b>Australia</b>		<b>10,20</b>	<b>11,65</b>
10.650.000 Ansell	135.948	5,29	
68.615.942 Australian Zircon <sup>[a]</sup>	0	0,00	
63.190.038 gi Dynamics	8.496	0,33	
19.750.000 Iluka Resources	78.659	3,06	
14.624.183 OZ Minerals	28.195	1,10	
41.076.923 Starpharma	10.733	0,42	
<b>Hong Kong</b>		<b>2,88</b>	<b>3,07</b>
79.105.467 The Hongkong and Shanghai Hotels	74.047	2,88	
<b>India</b>		<b>1,47</b>	<b>1,18</b>
10.000.000 Marico	37.752	1,47	
<b>Japan</b>		<b>3,53</b>	<b>3,34</b>
250.000 Japan Tobacco	5.115	0,20	
10.078.900 Kirin Holdings	85.594	3,33	
<b>Malaysia</b>		<b>2,46</b>	<b>3,25</b>
55.000.000 AMMB Holdings	63.105	2,46	
<b>Singapore</b>		<b>1,34</b>	<b>1,20</b>
18.000.000 Petra Foods	34.313	1,34	

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>United Arab Emirates</b>		<b>2,94</b>	<b>2,34</b>
5.500.000 DP World	75.572	2,94	
<b>Canada</b>		<b>1,38</b>	<b>1,00</b>
3.200.000 Dominion Diamond	35.489	1,38	
<b>United States</b>		<b>26,54</b>	<b>22,82</b>
800.000 Apache	34.086	1,33	
3.200.000 Elizabeth Arden	34.387	1,34	
700.000 Honeywell International	47.025	1,83	
800.000 Johnson & Johnson	53.313	2,07	
4.100.000 Microsoft	117.056	4,55	
1.000.000 National Oilwell Varco	34.526	1,34	
2.500.000 The Scotts Miracle-Gro Company 'A'	107.914	4,20	
1.500.000 United Parcel Service 'B'	99.047	3,85	
1.400.000 United Technologies	111.299	4,33	
850.000 Yum! Brands	43.742	1,70	
<b>Portfolio of investments</b>	<b>2.478.714</b>	<b>96,44</b>	<b>96,66</b>
<b>'AAA' rated money market funds <sup>[b]</sup></b>		<b>3,17</b>	<b>0,00</b>
81.396.000 Northern Trust Global Fund - Sterling	81.396	3,17	
<b>Total portfolio</b>	<b>2.560.110</b>	<b>99,61</b>	<b>96,66</b>
<b>Net other assets</b>	<b>10.143</b>	<b>0,39</b>	<b>3,34</b>
<b>Net assets attributable to shareholders</b>	<b>2.570.253</b>	<b>100,00</b>	<b>100,00</b>

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

<sup>[a]</sup> Suspended on 1 September 2009.

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

# M&G Global Basics Fund

## PORTFOLIO

### PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

Purchases	£'000
Johnson & Johnson	52.805
Yum! Brands	40.032
Honeywell International	18.386
Linde	14.151
BP	11.229
Weir Group	7.008
Amadeus IT Holdings	6.910
Japan Tobacco	5.132
Microsoft	2.778
Starpharma	1.088
Northern Trust Global Fund - Sterling <sup>[a]</sup>	351.517
<b>Total purchases</b>	<b>511.036</b>
Largest sales	£'000
Danone	66.168
United Technologies	65.503
Symrise	53.310
United Parcel Service 'B'	45.081
Umicore	33.581
Publicis Groupe	32.337
Ansell	24.332
AMMB Holdings	23.231
Bayerische Motoren Werke	21.545
The Hongkong and Shanghai Hotels	19.342
G4S	18.658
Baron de Ley	17.573
Kirin Holdings	15.854
Microsoft	15.477
The Scotts Miracle-Gro Company 'A'	14.972
Unilever	14.045
Iluka Resources	11.832
Kerry Group	11.737
Marico	8.825
Compagnie des Alpes	8.816
Northern Trust Global Fund - Sterling <sup>[a]</sup>	269.867
Other sales	30.923
<b>Total sales</b>	<b>823.009</b>

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015	2014
	£'000	£'000
Income		
Net capital gains / (losses)	62.897	(136.577)
Revenue	24.261	24.030
Expenses	(22.700)	(32.903)
Finance costs: Interest	(1)	0
Net revenue / (expense) before taxation	1.560	(8.873)
Taxation	(2.117)	(387)
Net expense after taxation	(557)	(9.260)
<b>Total return before equalisation</b>	<b>62.340</b>	<b>(145.837)</b>
Finance costs: Equalisation	(34)	(111)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>62.306</b>	<b>(145.948)</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015	2014
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	<b>2.906.695</b>	<b>4.408.982</b>
Amounts received on issue of shares	22.599	102.577
Amounts paid on cancellation of shares	(421.347)	(1.130.844)
	(398.748)	(1.028.267)
Stamp Duty Reserve Tax	0	(130)
Change in net assets attributable to shareholders from investment activities (see above)	62.306	(145.948)
Unclaimed distributions	0	1
<b>Closing net assets attributable to shareholders</b>	<b>2.570.253</b>	<b>3.234.638</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015	as at 31 August 2014
	£'000	£'000
<b>Assets</b>		
Investment assets	2.560.110	2.809.685
Debtors	38.149	35.750
Cash and bank balances	1.376	77.582
<b>Total other assets</b>	<b>39.525</b>	<b>113.332</b>
<b>Total assets</b>	<b>2.599.635</b>	<b>2.923.017</b>
<b>Liabilities</b>		
Creditors		
Net distributions payable on income shares	0	(1.495)
Other creditors	(29.382)	(14.827)
<b>Total liabilities</b>	<b>(29.382)</b>	<b>(16.322)</b>
<b>Net assets attributable to shareholders</b>	<b>2.570.253</b>	<b>2.906.695</b>

# M&G Global Basics Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

### NOTE TO THE FINANCIAL STATEMENTS

#### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

# M&G Global Basics Fund

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# M&G Global Growth Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective of the M&G Global Growth Fund

The Fund aims to maximise long term total return (the combination of capital growth and income) by investing mainly in a wide range of global equities.

### Investment policy of the M&G Global Growth Fund

The Fund will invest globally (including the UK) in the equities of companies across a wide range of geographies, sectors and market capitalisations. Income is of secondary importance to capital growth when investments are selected.

### Investment approach

The M&G Global Growth Fund is a core global equity fund, investing in a concentrated portfolio of quality companies, with 'economic moats' to protect their profitability and an element of change helping to drive their value. Importantly, the fund manager invests in businesses where short-term 'disruptions' have provided a clear valuation opportunity.

The fund manager believes that a focus on both quality and value offers a powerful combination, providing the long-term growth in returns that quality businesses can deliver, as well as the potential boost to a company's share price when a 'disruption' has been resolved and the shares revert to a more appropriate level. Key to his approach is remaining patient and taking a long-term view, both in the entry and exit points of the fund's holdings. The manager keeps the portfolio focused, generally holding between 30 and 40 well-understood stocks, which broadly fall into one of two 'buckets' – 'stable growth' and 'opportunities'. Stable growth companies are those that have a proven track record of producing stable earnings, tending to have very strong market positions or powerful brands, for example. Opportunities companies sit in out-of-favour corners of the market where change is not appreciated or risk is overstated. These tend to be less predictable, but with significant upside potential.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

During the six-month review period, we added three new positions to the portfolio. The first was Ansys, a US-listed company that markets and supports simulation software. This is used to foresee how product designs will behave, and how manufacturing processes will operate, in real-world environments. We believe the company has a strong business model with a sustainable and deepening consumer 'moat', as the creator of products that are extremely difficult to replicate. The company also benefits from four decades of technology leadership and value generation, an impressive client list and a massive research and development advantage, all of which indicate a high degree of sustainability.

Addiction cessation drug maker Indivior, meanwhile, was created from the spin-off of international consumer goods business Reckitt Benckiser's (held in the portfolio) pharmaceuticals division. Despite some negativity surrounding the spin-off, particularly concerning patent expiry of its Suboxone heroin substitute, we think the company has a solid pipeline of new product delivery, and will be very well positioned as these products come to fruition.

Finally, we added Becton Dickinson, a US-listed leader in the manufacture and distribution of medical equipment, most notably catheters and syringes. The company maintains large market shares in growing markets, with the scale to offer low prices while sustaining solid returns. At the back end of last year, the company acquired medical technology firm CareFusion, which is focused on medical dispensing systems and pumps, and we see great potential for synergies to reduce costs and increase sales. We think CareFusion is a good strategic fit, not just because of products, but crucially because of distribution networks. Distribution is a key competitive edge for healthcare producers, as regulatory issues, which differ from country-to-country, and the necessity of, for example, contacts within hospitals makes distribution much more difficult than in other industries.

Conversely, we closed four positions during the period under review. US speciality pet supplies and services retail chain PetSmart left the portfolio in December, having accrued significant value since its purchase in July. The company agreed to be acquired by a group led by BC Partners for about US\$8.3 billion, in the largest deal of its type for a US company in 2014.

For the remaining three positions, Swiss cement producer Holcim, UK-listed precision instrument and control supplier Spectris and Chinese industrial gases producer Yingde Gases, we saw better opportunities elsewhere, and decided to recycle proceeds into the portfolio.

**John William Olsen**  
Fund manager

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

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

# M&G Global Growth Fund

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Ongoing Charges Figure <sup>[a]</sup>		
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	1,66	1,68
Class 'I'	0,91	0,93
Class 'R'	1,16	1,18
Class 'X'	1,66	1,68
<b>Euro</b>	%	%
Class 'A'	1,91	1,93
Class 'C'	0,91	0,93
<b>US dollar</b>	%	%
Class 'A'	1,91	1,93
Class 'C'	0,91	0,93

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

The M&G Global Growth Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	289,04	557,78	261,38	504,41	+10,58	+10,58
Class 'I'	1.385,84	1.426,11	1.248,55	1.284,81	+11,00	+11,00
Class 'R'	138,41	141,67	124,85	127,83	+10,86	+10,83
Class 'X'	289,01	553,10	261,34	500,18	+10,59	+10,58
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	23,1891	23,2501	19,2171	19,2661	+20,67	+20,68
Class 'C'	25,6756	25,9957	21,1695	21,4376	+21,29	+21,26
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A'	19,3927	19,4363	18,8808	18,9254	+2,71	+2,70
Class 'C'	20,4168	20,6055	19,7804	20,0288	+3,22	+2,88

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling</b> <sup>[b]</sup>				
Class 'A'	+10,4	+12,2	+6,6	+9,0 <sup>[c]</sup>
Class 'I'	+10,8	+12,2	n/a	+13,4 <sup>[d]</sup>
Class 'R'	+10,7	+12,2	n/a	+13,4 <sup>[d]</sup>
Class 'X'	+10,4	+12,2	+6,5	+11,8 <sup>[e]</sup>
<b>Euro</b> <sup>[f]</sup>				
Class 'A'	+19,9	+27,4	+16,6	+6,5 <sup>[g]</sup>
Class 'C'	+20,5	+28,6	+17,5	+7,4 <sup>[g]</sup>
<b>US dollar</b> <sup>[f]</sup>				
Class 'A'	+2,5	+3,9	+7,3	+11,3 <sup>[h]</sup>
Class 'C'	+2,6	+4,6	+8,4	+12,3 <sup>[h]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

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

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

<sup>[e]</sup> 1 October 2002, the launch date of the share class.

<sup>[f]</sup> Bid to bid with net income reinvested.

<sup>[g]</sup> 28 November 2001, the launch date of the share class.

<sup>[h]</sup> 19 December 2008, the launch date of the share class.

## SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+11,6	+1,7	+16,1	+0,9	+9,2

Source: Morningstar, Inc., bid to bid with net income reinvested.

## PRICES

	Calendar year	Income shares		Accumulation shares	
		Highest	Lowest	Highest	Lowest
<b>Sterling (net)</b>		p	p	p	p
Class 'A'	2010	228,42	189,40	431,50	357,79
	2011 <sup>[a]</sup>	233,00	182,70	440,14	346,52
	2012	228,89	200,28	436,38	379,88
	2013	275,19	230,45	524,64	439,36
	2014	279,38	244,89	539,14	472,61
	2015 <sup>[b]</sup>	288,78	272,44	557,29	525,76
Class 'I'	2012 <sup>[c]</sup>	1.095,84	1.000,00	1.097,76	1.000,00
	2013	1.321,38	1.103,43	1.323,69	1.105,36
	2014	1.337,29	1.170,87	1.376,08	1.204,97
	2015 <sup>[b]</sup>	1.384,59	1.305,11	1.424,82	1.343,03
Class 'R'	2012 <sup>[c]</sup>	109,51	100,00	109,66	100,00
	2013	131,94	110,27	132,10	110,42
	2014	133,64	117,05	136,78	119,84
	2015 <sup>[b]</sup>	138,29	130,39	141,55	133,46
Class 'X'	2010	228,49	189,46	427,89	354,79
	2011 <sup>[a]</sup>	233,06	182,75	436,46	343,63
	2012	228,89	200,34	432,72	376,70
	2013	275,19	230,45	520,24	435,67
	2014	279,34	244,86	534,61	468,64
	2015 <sup>[b]</sup>	288,74	272,41	552,61	521,35



# M&G Global Growth Fund

## FUND STATISTICS

### PRICES (continued)

Calendar year		Income shares		Accumulation shares	
		Highest	Lowest	Highest	Lowest
Euro (net)		€	€	€	€
Class 'A'	2010	n/a	n/a	15,4887	12,6805
	2011 <sup>[a]</sup>	n/a	n/a	15,6403	12,2718
	2012	n/a	n/a	16,3482	14,0704
	2013	n/a	n/a	18,7123	16,4718
	2014	20,7755 <sup>[d]</sup>	17,9442 <sup>[d]</sup>	20,8303	17,5590
	2015 <sup>[b]</sup>	23,1688	20,3594	23,2297	20,4132
Class 'B'	2010	n/a	n/a	11,6697	9,5750
	2011 <sup>[a]</sup>	n/a	n/a	11,7828	9,2294
	2012	n/a	n/a	12,2621	10,5751
	2013 <sup>[e]</sup>	n/a	n/a	14,0163	12,3529
Class 'C'	2010	n/a	n/a	16,6138	13,4805
	2011 <sup>[a]</sup>	n/a	n/a	16,7830	13,2604
	2012	n/a	n/a	17,8810	15,2459
	2013	n/a	n/a	20,6627	18,0269
	2014	22,9519 <sup>[d]</sup>	19,7943 <sup>[d]</sup>	23,2375	19,4491
	2015 <sup>[b]</sup>	25,6525	22,5101	25,9722	22,7914
US dollar (net)		\$	\$	\$	\$
Class 'A'	2010	n/a	n/a	15,2407	12,3093
	2011 <sup>[a]</sup>	n/a	n/a	16,5025	12,1368
	2012	n/a	n/a	16,1225	13,3978
	2013	n/a	n/a	19,1084	16,2073
	2014	18,9951 <sup>[d]</sup>	17,0381 <sup>[d]</sup>	19,6109	17,0779
	2015 <sup>[b]</sup>	19,3757	17,9318	19,4194	17,9733
Class 'C'	2010	n/a	n/a	15,5514	12,4848
	2011 <sup>[a]</sup>	n/a	n/a	16,8956	12,4764
	2012	n/a	n/a	16,7790	13,8655
	2013	n/a	n/a	20,0858	16,8746
	2014	20,0666 <sup>[d]</sup>	17,8732 <sup>[d]</sup>	20,7077	18,0967
	2015 <sup>[b]</sup>	20,3984	18,8529	20,5869	19,0272

<sup>[a]</sup> The Prudential International Growth Trust merged into the M&G Global Growth Fund immediately after 14 October 2011.

<sup>[b]</sup> To 2 March 2015.

<sup>[c]</sup> From 3 August 2012 (the launch date of the share class).

<sup>[d]</sup> From 8 August 2014 (the launch date of the Income shares).

<sup>[e]</sup> To 7 June 2013 (the closure of the share class).

## INCOME

### Dividend income per share

	Calendar year	Distributed	Reinvested
<b>Sterling (net)</b>			
		p	p
Class 'A'	2010	nil	nil
	2011	0,8260	1,6030
	2012	1,1066	2,0482
	2013	1,2350	2,3623
	2014	1,9289	3,6285
	2015 <sup>[a]</sup>	-	-
Class 'I'	2012	1,7650	1,7650
	2013	14,9213	14,9424
	2014	18,7566	18,9729
	2015 <sup>[a]</sup>	-	-
Class 'R'	2012	0,1450	0,1450
	2013	1,2224	1,2106
	2014	1,5611	1,5733
	2015 <sup>[a]</sup>	-	-
Class 'X'	2010	nil	nil
	2011	0,8310	1,5790
	2012	1,1654	2,0092
	2013	1,2562	2,3383
	2014	1,9451	3,2878
	2015 <sup>[a]</sup>	-	-
<b>Euro (net)</b>			
		¢	¢
Class 'A'	2010	n/a	nil
	2011	n/a	2,6740
	2012	n/a	3,4840
	2013	n/a	4,5734
	2014	4,9010	9,2517
	2015 <sup>[a]</sup>	-	-
Class 'B'	2010	n/a	nil
	2011	n/a	nil
	2012	n/a	nil
	2013	n/a	n/a
Class 'C'	2010	n/a	10,3390
	2011	n/a	17,4420
	2012	n/a	20,9900
	2013	n/a	23,0130
	2014	26,7905	31,6244
	2015 <sup>[a]</sup>	-	-
<b>US dollar (net)</b>			
		¢	¢
Class 'A'	2010	n/a	1,1970
	2011	n/a	2,9290
	2012	n/a	4,4100
	2013	n/a	4,5412
	2014	4,4984	8,7696
	2015 <sup>[a]</sup>	-	-
Class 'C'	2010	n/a	9,4490
	2011	n/a	17,8400
	2012	n/a	18,7050
	2013	n/a	21,5868
	2014	24,9945	29,5051
	2015 <sup>[a]</sup>	-	-

<sup>[a]</sup> The M&G Global Growth Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

# M&G Global Growth Fund

## FUND STATISTICS

NET ASSETS					
	Period ended	Value per share		Number of shares	
		Inc	Acc	Inc	Acc
<b>Sterling</b>					
Class 'A'	Aug 2012	p	p		
	Aug 2012	213,71	407,45	210.444.702	45.050.978
	Aug 2013	256,69	491,72	191.349.902	41.129.078
	Aug 2014	261,38	504,41	134.333.955	32.779.178
	Feb 2015	289,04	557,78	129.697.146	29.489.878
Class 'I'	Aug 2012	1.020,00	1.021,77	100	100
	Aug 2013	1.226,10	1.243,25	289.700	686.500
	Aug 2014	1.248,55	1.284,81	581.904	1.893.131
	Feb 2015	1.385,84	1.426,11	712.904	2.242.343
Class 'R'	Aug 2012	102,00	102,15	1.000	1.000
	Aug 2013	122,62	123,99	78.000	94.000
	Aug 2014	124,85	127,83	88.000	119.896
	Feb 2015	138,41	141,67	78.921	122.592
Class 'X'	Aug 2012	213,71	404,04	3.077.176	2.254.654
	Aug 2013	256,67	487,60	3.244.576	2.439.854
	Aug 2014	261,34	500,18	3.151.838	1.707.583
	Feb 2015	289,01	553,10	3.011.056	1.534.844
<b>Euro</b>					
Class 'A'	Aug 2012	€	€		
	Aug 2012	n/a	15,6473	n/a	5.830.557
	Aug 2013	n/a	17,5235	n/a	6.377.857
	Aug 2014	19,2171	19,2661	273	4.602.907
	Feb 2015	23,1891	23,2501	273	4.268.300
Class 'B'	Aug 2012	n/a	11,7414	n/a	3.700
	Aug 2013	n/a	n/a	n/a	n/a
Class 'C'	Aug 2012	n/a	17,0668	n/a	5.765.030
	Aug 2013	n/a	19,3046	n/a	6.125.530
	Aug 2014	21,1695	21,4376	245	984.670
	Feb 2015	25,6756	25,9957	245	878.707
<b>US dollar</b>					
Class 'A'	Aug 2012	\$	\$		
	Aug 2012	n/a	14,6647	n/a	153.050
	Aug 2013	n/a	17,2805	n/a	114.450
	Aug 2014	18,8808	18,9254	274	122.432
	Feb 2015	19,3927	19,4363	6.124	118.568
Class 'C'	Aug 2012	n/a	15,2123	n/a	2.459.000
	Aug 2013	n/a	18,1055	n/a	3.161.200
	Aug 2014	19,7804	20,0288	259	130.548
	Feb 2015	20,4168	20,6055	259	12.873
<b>Total net asset value of sub-fund</b>					
	Period ended	£			
	Aug 2012	824.718.000			
	Aug 2013	960.576.000			
	Aug 2014	655.345.000			
	Feb 2015	689.257.000			

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Oil &amp; gas producers</b>		<b>1,67</b>	<b>2,44</b>
165.852 Chevron	11.511	1,67	
<b>Oil equipment, services &amp; distribution</b>		<b>1,83</b>	<b>2,16</b>
364.563 National Oilwell Varco	12.587	1,83	
<b>Chemicals</b>		<b>5,28</b>	<b>4,91</b>
235.993 Bayer	22.687	3,29	
104.447 Linde	13.730	1,99	
<b>Construction &amp; materials</b>		<b>0,00</b>	<b>1,89</b>
<b>General industrials</b>		<b>7,92</b>	<b>7,57</b>
468.254 GEA Group	14.971	2,17	
426.750 Graco	21.203	3,08	
556.053 Johnson Controls	18.358	2,67	
<b>Electronic &amp; electrical equipment</b>		<b>1,78</b>	<b>3,51</b>
235.720 Schneider Electric	12.242	1,78	
<b>Automobiles &amp; parts</b>		<b>1,96</b>	<b>1,99</b>
1.384.512 Pirelli	13.516	1,96	
<b>Beverages</b>		<b>1,87</b>	<b>1,95</b>
36.987.000 Alliance Global Group	12.913	1,87	
<b>Food producers</b>		<b>3,94</b>	<b>4,17</b>
533.968 Nestlé (Regd.)	27.110	3,94	
<b>Household goods &amp; home construction</b>		<b>3,73</b>	<b>3,10</b>
440.463 Reckitt Benckiser	25.723	3,73	
<b>Tobacco</b>		<b>4,08</b>	<b>4,11</b>
747.088 British American Tobacco	28.154	4,08	
<b>Healthcare equipment &amp; services</b>		<b>10,99</b>	<b>7,62</b>
359.687 Baxter International	16.004	2,32	
253.969 Becton Dickinson	24.460	3,55	
478.872 UnitedHealth Group	35.277	5,12	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>4,51</b>	<b>2,07</b>
9.181.279 Indivior	15.535	2,26	
423.873 Teva Pharmaceuticals	15.516	2,25	
<b>Food and drug retailers</b>		<b>3,09</b>	<b>2,91</b>
330.640 McDonald's	21.327	3,09	
<b>General retailers</b>		<b>6,93</b>	<b>9,36</b>
3.202.633 Distribuidora Internacional de Alimentación	15.780	2,29	
265.178 Limited Brands	15.805	2,29	
1.216.714 WHSmith	16.219	2,35	
<b>Media</b>		<b>7,58</b>	<b>7,48</b>
1.689.075 Pearson	23.934	3,47	
530.343 Time Warner	28.323	4,11	
<b>Travel &amp; leisure</b>		<b>1,94</b>	<b>2,31</b>
364.254 Las Vegas Sands	13.386	1,94	
<b>Banks</b>		<b>4,54</b>	<b>4,70</b>
254.900 M&T Bank	20.015	2,90	
1.107.238 Standard Chartered	11.321	1,64	
<b>Non-life insurance</b>		<b>7,27</b>	<b>7,04</b>
611.081 American International Group	21.756	3,16	
1.200.000 Tokio Marine Holding	28.334	4,11	
<b>Life insurance</b>		<b>2,20</b>	<b>2,04</b>
1.578.853 ING Groep	15.155	2,20	
<b>Financial services</b>		<b>6,40</b>	<b>6,39</b>
889.897 Bank of New York Mellon	22.748	3,30	
537.632 Discover Financial Services	21.346	3,10	

# M&G Global Growth Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Software &amp; computer services</b>		<b>10,01</b>	<b>8,41</b>
262.570 Ansys	14.566	2,11	
37.714 Google	13.671	1,98	
10.039 Google 'C' shares	3.613	0,53	
166.805 International Business Machines	17.391	2,52	
693.127 Microsoft	19.789	2,87	
<b>Portfolio of investments</b>	<b>685.976</b>	<b>99,52</b>	<b>98,13</b>
<b>'AAA' rated money market funds [a]</b>		<b>0,40</b>	<b>1,88</b>
4.247.000 Northern Trust Global Fund - US dollar	2.753	0,40	
<b>Total portfolio</b>	<b>688.729</b>	<b>99,92</b>	<b>100,01</b>
<b>Net other assets / (liabilities)</b>	<b>528</b>	<b>0,08</b>	<b>(0,01)</b>
<b>Net assets attributable to shareholders</b>	<b>689.257</b>	<b>100,00</b>	<b>100,00</b>

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

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

### PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

<b>Purchases</b>	<b>£'000</b>
Becton Dickinson	23.830
Ansys	13.478
Indivior	12.554
Distribuidora Internacional de Alimentación	3.301
National Oilwell Varco	3.212
Google	3.044
Reckitt Benckiser	2.689
M&T Bank	1.824
Northern Trust Global Fund - US dollar [a]	47.811
<b>Total purchases</b>	<b>111.743</b>
<b>Largest sales</b>	<b>£'000</b>
Petsmart	19.067
Holcim (Regd.)	11.980
Spectris	11.686
Limited Brands	10.216
Time Warner	5.850
Baxter International	5.046
UnitedHealth Group	4.897
Tokio Marine Holding	3.970
Microsoft	3.656
Yingde Gases	2.517
Nestlé (Regd.)	2.488
Chaoda Modern Agriculture	543
British American Tobacco	435
Bank of New York Mellon	390
Graco	361
Discover Financial Services	360
Bayer	359
American International Group	359
M&T Bank	339
Pearson	331
Northern Trust Global Fund - US dollar [a]	58.031
Other sales	3.550
<b>Total sales</b>	<b>146.431</b>

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

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015 £'000	2014 £'000
Income		
Net capital gains	68.160	13.222
Revenue	4.892	5.666
Expenses	(5.337)	(7.530)
Net expense before taxation	(445)	(1.864)
Taxation	(687)	(275)
Net expense after taxation	(1.132)	(2.139)
<b>Total return before equalisation</b>	<b>67.028</b>	<b>11.083</b>
Finance costs: Equalisation	2	(38)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>67.030</b>	<b>11.045</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015 £'000	2014 £'000
<b>Opening net assets attributable to shareholders</b>	<b>655.345</b>	<b>960.576</b>
Amounts received on issue of shares	15.108	34.737
Amounts paid on cancellation of shares	(48.228)	(131.907)
	(33.120)	(97.170)
Stamp Duty Reserve Tax	0	(15)
Change in net assets attributable to shareholders from investment activities (see above)	67.030	11.045
Unclaimed distributions	2	2
<b>Closing net assets attributable to shareholders</b>	<b>689.257</b>	<b>874.438</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015 £'000	as at 31 August 2014 £'000
<b>Assets</b>		
Investment assets	688.729	655.412
Debtors	4.187	5.048
Cash and bank balances	101	577
<b>Total other assets</b>	<b>4.288</b>	<b>5.625</b>
<b>Total assets</b>	<b>693.017</b>	<b>661.037</b>
<b>Liabilities</b>		
Creditors		
Net distributions payable on		
Income shares	0	(2.763)
Other creditors	(3.760)	(2.929)
<b>Total liabilities</b>	<b>(3.760)</b>	<b>(5.692)</b>
<b>Net assets attributable to shareholders</b>	<b>689.257</b>	<b>655.345</b>

# M&G Global Growth Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

### NOTE TO THE FINANCIAL STATEMENTS

#### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

# M&G Global Leaders Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G Global Leaders Fund

The objective of the fund is to maximise long term total return (the combination of income and growth of capital). The fund invests in a wide range of global equities issued by companies that the fund manager considers to be, or have the potential to be, leading in their field in terms of improving shareholder value.

### Investment approach

The M&G Global Leaders Fund is a distinctive global equity fund with a clear investment strategy. The fund manager selects stocks from across the global equities universe that are undergoing positive internal change leading to improvements in return on capital.

The approach has three core tenets: i) management can make a big difference to returns; ii) capital allocation is key – companies must concentrate resources on those business activities where they have a competitive advantage and can create value; iii) the above factors are only attractive from an investment perspective if they are not yet reflected in the share price.

Stocks are selected on a bottom-up basis; the fund manager tends to avoid imposing top-down views on sector, country or currency selections, but will take into account macroeconomic factors where they impact on a particular stock or the risk profile of the broader portfolio. The fund usually holds between 50 and 80 stocks, with a typical holding period of three to five years.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

We made a number of changes to the portfolio during the review period.

In the energy sector, we bought shares in Sweden's Lundin Petroleum and Canadian oil sands producer MEG Energy. Both companies have substantial proven oil reserves, which we believe are undervalued by investors given the current price of oil and the future price expectations.

We also initiated a position in Oceaneering, the largest owner and operator of underwater remotely operated vehicles to the oil & gas industry. The weakness in share prices across the energy sector gave us the opportunity to invest in an excellent business at a reasonable price.

Conversely, we exited a holding in Halliburton, which provides services such as oil well construction. In our view, the company's acquisition of rival Baker Hughes is not without risks, and in the current low oil price environment, we were keen to reduce the fund's overall exposure to oil service providers.

A new holding in technology was Knowles, a manufacturer of advanced acoustic components for smart phones and other consumer electronic goods. We believe Knowles is an innovative business with a real skill in creating small and complex acoustic components. The company is not particularly well known and as awareness increases, the stock should do well for the fund.

Within the same sector, we bought more shares in Rocket Fuel, a company that provides technology solutions for media buyers. The company is growing rapidly, and with a new chief financial officer, should improve the way it communicates with investors. On the other hand, the position in Japanese video games developer and manufacturer of gaming machines, Sega Sammy, was closed following changes to regulations in the gaming industry.

In healthcare, we closed the position in Swiss-based Roche and started a new holding in Otsuka, a Japanese pharmaceutical company specialising in products relating to nutrition, such as sports drinks, as well as anti-psychotic drugs.

Commodities trader and miner Glencore and chemicals business Solvay also left the portfolio as we felt there are better opportunities elsewhere in the basic materials sector.

### Aled Smith

Fund manager

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

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

# M&G Global Leaders Fund

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Interim	01.03.16	30.04.16

	Interim distribution Inc 30.04.15 <sup>[a]</sup>	Acc 02.03.15 <sup>[a]</sup>	Ongoing Charges Figure <sup>[b]</sup> 28.02.15	31.08.14
<b>Sterling</b>	p	p	%	%
Class 'A'	0,8393	1,9499	1,67	1,67
Class 'I'	5,8383	6,0350	0,92	0,93
Class 'R'	0,5806	0,5989	1,17	1,18
Class 'X'	0,8303	1,9236	1,67	1,67
<b>Euro</b>	€	€	%	%
Class 'A'	n/a	7,7032	1,92	1,92
Class 'C'	n/a	8,7178	0,92	0,92
<b>US dollar</b>	\$	\$	%	%
Class 'A'	n/a	4,5207	1,92	1,92
Class 'C'	n/a	4,8582	0,93	0,92

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

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

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	197,95	461,81	188,87	438,75	+4,81	+5,26
Class 'I'	1.379,49	1.431,36	1.311,25	1.354,84	+5,20	+5,65
Class 'R'	137,04	142,18	130,43	134,74	+5,07	+5,52
Class 'X'	195,80	455,75	186,82	433,00	+4,81	+5,25
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	18,2321	n/a	15,8727	n/a	+14,86
Class 'C'	n/a	20,6874	n/a	17,9262	n/a	+15,40
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A'	n/a	10,7008	n/a	10,9468	n/a	-2,25
Class 'C'	n/a	11,5770	n/a	11,7864	n/a	-1,78

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'A'	+5,0	+7,0	+5,0	+4,9 <sup>[c]</sup>
Class 'I'	+5,4	+7,8	n/a	+13,3 <sup>[d]</sup>
Class 'R'	+5,3	+7,5	n/a	+13,0 <sup>[d]</sup>
Class 'X'	+5,0	+7,0	+5,0	+8,5 <sup>[e]</sup>
<b>Euro <sup>[f]</sup></b>				
Class 'A'	+14,3	+22,3	+11,1	+4,6 <sup>[g]</sup>
Class 'C'	+14,9	+23,5	+12,2	+5,6 <sup>[g]</sup>
<b>US dollar <sup>[f]</sup></b>				
Class 'A'	-2,3	-0,2	+7,0	+0,8 <sup>[h]</sup>
Class 'C'	-1,8	+0,7	+8,1	+1,8 <sup>[h]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 31 May 1985, the end of the initial offer period of the predecessor unit trust.

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

<sup>[e]</sup> 1 October 2002, the launch date of the share class.

<sup>[f]</sup> Bid to bid with net income reinvested.

<sup>[g]</sup> 28 November 2001, the launch date of the share class.

<sup>[h]</sup> 9 March 2007, the launch date of the share class.

## SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+4,9	+24,1	+6,7	+2,9	+5,3

Source: Morningstar, Inc., bid to bid with net income reinvested.

## PRICES

	Calendar year	Income shares Highest	Lowest	Accumulation shares Highest	Lowest
<b>Sterling (net)</b>		p	p	p	p
Class 'A'	2010	171,18	136,81	372,85	294,69
	2011	173,36	132,32	377,61	289,67
	2012	160,39	142,47	356,93	317,05
	2013	196,32	158,32	445,05	356,78
	2014	194,97	172,92	452,13	401,73
	2015 <sup>[a]</sup>	199,90	186,94	464,39	434,28
Class 'I'	2012 <sup>[b]</sup>	1.071,85	1.000,00	1.074,20	1.000,00
	2013	1.351,91	1.085,37	1.363,22	1.088,10
	2014	1.352,39	1.201,73	1.396,36	1.241,73
	2015 <sup>[a]</sup>	1.392,86	1.301,59	1.439,15	1.344,86
Class 'R'	2012 <sup>[b]</sup>	107,13	100,00	107,34	100,00
	2013	134,84	108,45	135,94	108,64
	2014	134,51	119,49	138,86	123,46
	2015 <sup>[a]</sup>	138,38	129,34	142,96	133,62
Class 'X'	2010	169,31	135,32	367,99	290,85
	2011	171,48	130,88	372,68	285,90
	2012	158,65	140,92	352,28	312,92
	2013	194,19	156,58	439,22	352,13
	2014	192,85	171,04	446,20	396,47
	2015 <sup>[a]</sup>	197,73	184,91	458,31	428,59

# M&G Global Leaders Fund

## FUND STATISTICS

### PRICES (continued)

Calendar year		Income shares		Accumulation shares	
		Highest	Lowest	Highest	Lowest
Euro (net)		€	€	€	€
Class 'A'	2010	n/a	n/a	12,6941	10,1399
	2011	n/a	n/a	13,0270	9,5970
	2012	n/a	n/a	12,6369	11,2202
	2013	n/a	n/a	15,1352	12,6693
	2014	n/a	n/a	16,3353	14,3649
	2015 <sup>[a]</sup>	n/a	n/a	18,2116	15,9692
Class 'C'	2010	n/a	n/a	13,8190	10,9398
	2011	n/a	n/a	14,1888	10,5153
	2012	n/a	n/a	13,9851	12,3395
	2013	n/a	n/a	16,9662	14,0729
	2014	n/a	n/a	18,4938	16,1310
	2015 <sup>[a]</sup>	n/a	n/a	20,6636	18,0941
US dollar (net)		\$	\$	\$	\$
Class 'A'	2010	n/a	n/a	8,7409	6,7862
	2011	n/a	n/a	9,2335	6,9010
	2012	n/a	n/a	8,6530	7,5198
	2013	n/a	n/a	10,8673	8,7577
	2014	n/a	n/a	11,3396	9,6535
	2015 <sup>[a]</sup>	n/a	n/a	10,7281	9,8718
Class 'C'	2010	n/a	n/a	9,0729	7,0096
	2011	n/a	n/a	9,5980	7,2177
	2012	n/a	n/a	9,1580	7,9181
	2013	n/a	n/a	11,6234	9,2736
	2014	n/a	n/a	12,1901	10,4074
	2015 <sup>[a]</sup>	n/a	n/a	11,6060	10,6650

<sup>[a]</sup> To 2 March 2015.

<sup>[b]</sup> From 3 August 2012 (the launch date of the share class).

## INCOME

### Dividend income per share

	Calendar year	Interim	Distributed Final	Total	Reinvested
<b>Sterling (net)</b>					
		p	p	p	p
Class 'A'	2010	1,0050	1,5950	2,6000	5,5863
	2011	0,8530	1,5230	2,3760	4,9319
	2012	0,9340	1,9080	2,8420	6,2867
	2013	1,0304	1,7175	2,7479	6,1010
	2014	0,9355	1,8854	2,8209	6,4821
	2015 <sup>[a]</sup>	0,8393	-	0,8393	1,9499
Class 'I'	2012	n/a	1,9450	1,9450	1,9450
	2013	7,0389	11,8083	18,8472	19,4391
	2014	6,5297	13,0733	19,6030	20,0459
	2015 <sup>[a]</sup>	5,8383	-	5,8383	6,0350
Class 'R'	2012	n/a	0,1900	0,1900	0,1900
	2013	0,7634	1,1790	1,9424	1,9426
	2014	0,6444	1,3030	1,9474	1,9935
	2015 <sup>[a]</sup>	0,5806	-	0,5806	0,5989
Class 'X'	2010	0,9950	1,5790	2,5740	5,5184
	2011	0,8430	1,5070	2,3500	5,1302
	2012	0,9250	1,8870	2,8120	6,0038
	2013	1,0082	1,6990	2,7072	6,0197
	2014	0,9249	1,8658	2,7907	6,3924
	2015 <sup>[a]</sup>	0,8303	-	0,8303	1,9236
<b>Euro (net)</b>					
		¢	¢	¢	¢
Class 'A'	2010	n/a	n/a	n/a	19,1450
	2011	n/a	n/a	n/a	17,2310
	2012	n/a	n/a	n/a	22,3779
	2013	n/a	n/a	n/a	20,5184
	2014	n/a	n/a	n/a	23,2052
	2015 <sup>[a]</sup>	n/a	n/a	n/a	7,7032
Class 'C'	2010	n/a	n/a	n/a	20,8430
	2011	n/a	n/a	n/a	18,8030
	2012	n/a	n/a	n/a	24,0191
	2013	n/a	n/a	n/a	22,8391
	2014	n/a	n/a	n/a	26,0515
	2015 <sup>[a]</sup>	n/a	n/a	n/a	8,7178
<b>US dollar (net)</b>					
		¢	¢	¢	¢
Class 'A'	2010	n/a	n/a	n/a	12,9750
	2011	n/a	n/a	n/a	12,8070
	2012	n/a	n/a	n/a	15,1221
	2013	n/a	n/a	n/a	14,1452
	2014	n/a	n/a	n/a	16,2520
	2015 <sup>[a]</sup>	n/a	n/a	n/a	4,5207
Class 'C'	2010	n/a	n/a	n/a	13,3790
	2011	n/a	n/a	n/a	13,3230
	2012	n/a	n/a	n/a	15,4041
	2013	n/a	n/a	n/a	15,0329
	2014	n/a	n/a	n/a	17,3749
	2015 <sup>[a]</sup>	n/a	n/a	n/a	4,8582

<sup>[a]</sup> Up to interim: ex-distribution date 2 March 2015;  
payment date 30 April 2015.

The level of income earned by the fund will fluctuate.



# M&G Global Leaders Fund

## FUND STATISTICS

NET ASSETS					
	Period ended	Value per share		Number of shares	
		Inc	Acc	Inc	Acc
<b>Sterling</b>					
Class 'A'	Aug 2012	p	p		
	Aug 2013	149,80	337,05	88.800.466	105.510.701
	Aug 2014	182,11	416,73	44.331.166	106.621.501
	Aug 2014	188,87	438,75	37.705.243	97.094.486
	Feb 2015	197,95	461,81	33.642.607	93.751.572
Class 'I'	Aug 2012	1.023,08	1.025,03	100	100
	Aug 2013	1.254,83	1.277,24	148.200	159.000
	Aug 2014	1.311,25	1.354,84	418.067	709.666
	Feb 2015	1.379,49	1.431,36	664.785	891.313
Class 'R'	Aug 2012	102,29	102,48	1.000	1.000
	Aug 2013	125,13	127,34	80.000	12.000
	Aug 2014	130,43	134,74	134.205	69.597
	Feb 2015	137,04	142,18	131.747	79.597
Class 'X'	Aug 2012	147,97	333,22	5.319.942	7.004.937
	Aug 2013	180,13	411,27	4.561.942	5.838.737
	Aug 2014	186,82	433,00	4.246.267	4.629.109
	Feb 2015	195,80	455,75	3.981.464	4.083.456
<b>Euro</b>					
		€	€		
Class 'A'	Aug 2012	n/a	12,2632	n/a	27.232.541
	Aug 2013	n/a	14,0660	n/a	23.765.341
	Aug 2014	n/a	15,8727	n/a	21.316.274
	Feb 2015	n/a	18,2321	n/a	20.660.787
Class 'C'	Aug 2012	n/a	13,5766	n/a	7.600.855
	Aug 2013	n/a	15,7278	n/a	7.158.055
	Aug 2014	n/a	17,9262	n/a	682.555
	Feb 2015	n/a	20,6874	n/a	128.233
<b>US dollar</b>					
		\$	\$		
Class 'A'	Aug 2012	n/a	8,0696	n/a	1.343.300
	Aug 2013	n/a	9,7382	n/a	2.652.200
	Aug 2014	n/a	10,9468	n/a	3.715.525
	Feb 2015	n/a	10,7008	n/a	2.389.988
Class 'C'	Aug 2012	n/a	8,5148	n/a	1.185.500
	Aug 2013	n/a	10,3798	n/a	562.500
	Aug 2014	n/a	11,7864	n/a	404.925
	Feb 2015	n/a	11,5770	n/a	40.356
<b>Total net asset value of sub-fund</b>					
	Period ended	£			
	Aug 2012	880.389.000			
	Aug 2013	963.362.000			
	Aug 2014	846.602.000			
	Feb 2015	841.009.000			

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Oil &amp; gas producers</b>		<b>4,00</b>	<b>3,28</b>
136.935 Anadarko Petroleum	7.566	0,90	
1.365.949 Lundin Petroleum	12.977	1,54	
939.717 MEG Energy	9.900	1,18	
4.897.348 Rockhopper Exploration	3.220	0,38	
<b>Oil equipment, services &amp; distribution</b>		<b>2,91</b>	<b>3,00</b>
272.775 Oceaneering	9.552	1,14	
1.682.598 Petrofac	14.849	1,77	
<b>Chemicals</b>		<b>1,84</b>	<b>2,66</b>
321.125 Akzo Nobel	15.495	1,84	
<b>Industrial metals &amp; mining</b>		<b>2,59</b>	<b>2,31</b>
146.646 Parker Hannifin	11.709	1,39	
396.223 Voestalpine	10.068	1,20	
<b>Mining</b>		<b>1,19</b>	<b>2,17</b>
316.613 Rio Tinto	10.007	1,19	
<b>General industrials</b>		<b>1,58</b>	<b>1,52</b>
497.345 ITT	13.284	1,58	
<b>Electronic &amp; electrical equipment</b>		<b>7,92</b>	<b>5,68</b>
173.675 Barco	7.175	0,85	
950.850 Jabil Circuit	13.620	1,62	
1.282.521 Knowles	16.001	1,90	
308.063 Motorola Solutions	13.673	1,63	
367.800 Nidec	16.118	1,92	
<b>Industrial engineering</b>		<b>4,17</b>	<b>5,08</b>
1.600.694 Bodycote	12.189	1,45	
209.590 Deere & Co	12.387	1,47	
362.588 Joy Global	10.509	1,25	
<b>Industrial transportation</b>		<b>1,49</b>	<b>1,50</b>
429.205 Con-Way	12.501	1,49	
<b>Automobiles &amp; parts</b>		<b>6,53</b>	<b>5,09</b>
600.600 Bridgestone	14.952	1,78	
283.893 Halla Visteon Climate Control	7.175	0,85	
617.300 NGK SPARK PLUG CO.	11.350	1,35	
343.025 Renault	21.408	2,55	
<b>Beverages</b>		<b>0,00</b>	<b>1,07</b>
<b>Food producers</b>		<b>1,70</b>	<b>1,72</b>
266.591 Ingredion	14.291	1,70	
<b>Household goods &amp; home construction</b>		<b>1,61</b>	<b>1,36</b>
141.983 Snap-on	13.547	1,61	
<b>Leisure goods</b>		<b>2,63</b>	<b>3,79</b>
916.705 Amer Sports	12.884	1,53	
704.700 KONAMI	9.251	1,10	
<b>Personal goods</b>		<b>1,91</b>	<b>1,92</b>
838.630 Crocs	5.805	0,69	
5.025.154 Samsonite International	10.290	1,22	
<b>Healthcare equipment &amp; services</b>		<b>4,54</b>	<b>3,35</b>
1.720.490 Affymetrix	13.069	1,55	
345.586 Haemonetics	10.135	1,21	
292.387 Medtronic	14.931	1,78	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>11,93</b>	<b>8,83</b>
187.900 Amano	1.466	0,17	
135.346 Amgen	13.944	1,66	
470.744 H. Lundbeck	6.077	0,72	
4.388.516 Indivior	7.425	0,88	
361.422 Mallinckrodt Pharmaceuticals	28.011	3,33	
187.431 Novartis (Regd.)	12.492	1,49	



# M&G Global Leaders Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding		Value £'000	28.02.15 %	31.08.14 %
<b>Pharmaceuticals &amp; biotechnology (continued)</b>				
737.500	Otsuka	14.355	1,71	
1.497.200	Toho Holdings	16.590	1,97	
<b>Food &amp; drug retailers</b>				
235.809	CVS Caremark	15.921	1,89	
193.502	Metro	4.197	0,50	
<b>General retailers</b>				
57.323	Amazon	14.292	1,70	
1.168.102	Kingfisher	4.318	0,51	
<b>Media</b>				
2.267.980	Rocket Fuel	14.641	1,74	
159.786	Vivendi	2.527	0,30	
<b>Travel &amp; leisure</b>				
380.967	American Airlines	12.183	1,45	
1.002.465	MGM Resorts International	14.262	1,70	
<b>Gas, water &amp; multi-utilities</b>				
			0,00	1,33
<b>Banks</b>				
			10,57	11,74
15.607.174	Banca Monte dei Paschi di Siena	6.988	0,83	
3.277.000	Bank of Yokohama	13.188	1,57	
12.172.165	Intesa Sanpaolo	26.405	3,14	
5.665.453	Royal Bank of Scotland Group	21.336	2,54	
3.751.376	Sberbank of Russia ADR	12.468	1,48	
2.698.991	State Bank of India	8.497	1,01	
<b>Non-life insurance</b>				
			1,68	2,12
3.217.035	AIA Group	12.234	1,45	
2.860.972	Brasil Insurance	1.918	0,23	
<b>Life insurance</b>				
			2,01	1,91
510.704	MetLife	16.891	2,01	
<b>Financial services</b>				
			3,26	2,80
701.854	Morgan Stanley	16.403	1,95	
780.881	Navient Solutions	11.059	1,31	
<b>Software &amp; computer services</b>				
			3,59	2,94
604.034	Microsoft	17.245	2,05	
571.400	Nomura Research Institute	12.989	1,54	
<b>Technology hardware &amp; equipment</b>				
			9,25	7,58
654.146	EMC	12.219	1,45	
759.800	FUJIFILM Holdings	17.011	2,02	
1.360.861	NVIDIA	19.572	2,33	
19.941	Samsung Electronic Pref.	12.341	1,47	
646.004	Tessera	16.677	1,98	
<b>Forward currency contracts</b>				
			0,03	0,00
\$93.380.000	Bought for ¥11.096.886.170 (expires 19.03.15)	237	0,03	
<b>Portfolio of investments</b>		<b>830.267</b>	<b>98,72</b>	<b>98,20</b>
<b>'AAA' rated money market funds <sup>[a]</sup></b>				
			0,96	1,16
12.438.000	Northern Trust Global Fund - US dollar	8.061	0,96	
<b>Total portfolio</b>		<b>838.328</b>	<b>99,68</b>	<b>99,36</b>
<b>Net other assets</b>		<b>2.681</b>	<b>0,32</b>	<b>0,64</b>
<b>Net assets attributable to shareholders</b>		<b>841.009</b>	<b>100,00</b>	<b>100,00</b>

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

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

## COUNTERPARTY EXPOSURE

Counterparty	Financial derivative exposure	
	Forward currency contracts £'000	Total as at 28.02.15 £'000
State Street Bank	237	237
<b>Total</b>	<b>237</b>	<b>237</b>

## PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

Largest purchases		£'000
Knowles		15.632
Otsuka		14.693
Lundin Petroleum		12.620
Rocket Fuel		11.305
MEG Energy		11.140
Oceaneering International		10.932
Royal Bank of Scotland Group		8.591
Halla Visteon Climate Control		7.429
Toho Holdings		6.807
Indivior		6.742
Petrofac		6.167
Crocs		6.003
Sberbank of Russia ADR		5.372
Halliburton		4.640
Kingfisher		4.312
Intesa Sanpaolo		4.045
Voestalpine		3.763
Rio Tinto		3.640
Akzo Nobel		3.498
NVIDIA		3.364
Northern Trust Global Fund - US dollar <sup>[a]</sup>		104.319
Other purchases		42.931
<b>Total purchases</b>		<b>297.945</b>
Largest sales		£'000
Halliburton		12.074
Roche Holding 'Genussscheine'		10.852
Lloyds Banking Group		10.730
Xylem		10.616
Glencore		10.317
Solvay		9.878
Sega Sammy Holdings		9.690
Groupon		9.396
Vivendi		8.687
Metro		8.602
Treasury Wine Estates		8.000
SuperValu		7.447
News Corporation		7.296
China Petroleum & Chemical 'H'		7.068
Bodycote		7.032
Twenty-First Century Fox		6.492
American Airlines		6.073
Bankinter		6.010
Samsonite International		5.589
Banca Monte dei Paschi di Siena		5.285
Northern Trust Global Fund - US dollar <sup>[a]</sup>		107.177
Other sales		70.435
<b>Total sales</b>		<b>344.746</b>

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

# M&G Global Leaders Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		44.581		40.632
Revenue	4.979		5.761	
Expenses	(7.121)		(8.130)	
Net expense before taxation	(2.142)		(2.369)	
Taxation	(612)		(49)	
Net expense after taxation		(2.754)		(2.418)
<b>Total return before distributions</b>		<b>41.827</b>		<b>38.214</b>
Finance costs: Distributions		(3.681)		(4.899)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>38.146</b>		<b>33.315</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>846.602</b>		<b>963.362</b>
Amounts received on issue of shares	24.333		74.668	
Amounts paid on cancellation of shares	(71.276)		(123.754)	
Value of securities transferred from in-specie cancellations	0		(34.085)	
		(46.943)		(83.171)
Stamp Duty Reserve Tax		0		(18)
Change in net assets attributable to shareholders from investment activities (see above)		38.146		33.315
Retained distributions on Accumulation shares		3.198		4.093
Unclaimed distributions		6		8
<b>Closing net assets attributable to shareholders</b>		<b>841.009</b>		<b>917.589</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

## BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		838.328		841.193
Debtors	17.716		6.196	
Cash and bank balances	961		1.998	
<b>Total other assets</b>		<b>18.677</b>		<b>8.194</b>
<b>Total assets</b>		<b>857.005</b>		<b>849.387</b>
<b>Liabilities</b>				
Creditors				
Net distributions payable on Income shares	(355)		(847)	
Other creditors	(15.641)		(1.938)	
<b>Total liabilities</b>		<b>(15.996)</b>		<b>(2.785)</b>
<b>Net assets attributable to shareholders</b>		<b>841.009</b>		<b>846.602</b>

## NOTE TO THE FINANCIAL STATEMENTS

### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

# M&G Japan Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G Japan Fund

The Fund invests in a wide range of securities of Japanese issuers, covering most aspects of the economy. Its sole objective is long term capital growth. Income is not a consideration when investments are selected.

### Investment approach

The M&G Japan Fund screens a wide investment universe to form a concentrated portfolio of Japanese companies that are trading on low valuations relative to their history and the market. The fund aims to achieve sound capital growth over the long term.

The fund manager applies disciplined and rigorous fundamental analysis during the selection process to ensure a high level of conviction around the valuation for each of the companies held in the fund. The portfolio maintains diversification by typically holding between 30 and 50 stocks.

The fund manager adopts a value approach to investment and the fund owns shares in companies that have cheap valuations relative to the trend returns they are likely to generate over the medium to long term. These companies are quite often out of favour with the market for one reason or another. The fund's investment strategy therefore tends to be contrarian in nature.

The fund manager sees value investing as a price-sensitive process that takes advantage of the mis-pricing of a company's shares by the market. Whilst recognising that markets are generally efficient, the fund manager believes that market mis-pricings can and often do occur because human characteristics (such as fear and greed) may prevent investors from always assessing investments rationally.

As a result, market prices do not always reflect fundamental values since they may over-shoot and under-shoot. For example, shares in companies become mis-priced when investors are willing to pay a high price for the 'comfort' of strong near-term earnings momentum and to be associated with success, whilst they will sell 'unfashionable' securities regardless of inherent value characteristics, such as healthy balance sheets and the likely level of longer term earnings.

Such behavioural biases are evident in Japan's equity markets today and can be systemically exploited. The fund manager aims to take advantage of these biases by adopting a disciplined, long-term investment approach.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

Investors' focus on short-term, macroeconomic news can drive significant mispricing, which we can exploit. Our approach is to look beyond short-term volatility by using disciplined relative valuation tools.

In terms of purchases, we took advantage of recent share price weakness to top up the position in consumer electronics company Nikon, which fell out of favour after a period of good performance. Our analysis suggests that the stock's valuation is sufficiently attractive to compensate for the apparent risks around its camera and semiconductor lithography businesses.

We also increased the allocation to automobile firm Honda. Although valuations in the sector have been unappealing compared with other investment opportunities we have identified, Honda is an exception. Honda has been underperforming since 2011 and, in our view, the stock's valuation is compelling.

Other purchases involved Ricoh, which manufactures multifunction printers and photocopiers. We believe the stock is very attractively valued, compared with the firm's likely level of sustainable earnings over the medium to long term. Ricoh has been benefiting from extensive restructuring, including the reorganisation of its domestic production and sales operations. Ricoh is one of three major competitors and has one of the best networks for corporate sales in developed markets. It has enhanced its service model with the purchase of US-based Ikon to gain greater access to the US market.

The position in glass and ceramics products firm Asahi Glass was increased. The company has been out of favour in a very tough environment. However, in our view, the stock's valuations are supportive, compared with the sustainable level of earnings Asahi can generate. Furthermore, the firm is taking steps to address excess capacity and making significant cuts to overhead costs.

# M&G Japan Fund

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

Turning to sales, we sold the position in cosmetics manufacturer Kose, following strong outperformance. The firm has a meaningful presence in high-prestige brands and since 2007 it has undergone significant change in distribution management and exited unprofitable product lines.

We also realised some profits by reducing the allocation to NOK. The stock has been a long-term holding in the portfolio and has recently delivered strong performance. In recent years, NOK has been restructuring its businesses and cutting costs.

### Dean Cashman

Fund manager

An employee of Eastspring Investments (Singapore) Limited which is an associate of M&G Securities Limited, by being a subsidiary of Prudential plc.

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

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Ongoing Charges Figure <sup>[a]</sup>		
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	1,71	1,71
Class 'I'	0,96	0,96
Class 'R'	1,21	1,22
Class 'X'	1,71	1,72
<b>Euro</b>	%	%
Class 'A'	1,72	1,71
Class 'C'	0,96	0,96

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

The M&G Japan Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	41,20	44,96	35,42	38,66	+16,32	+16,30
Class 'I'	1.628,89	1.656,25	1.395,08	1.418,46	+16,76	+16,76
Class 'R'	162,49	164,57	139,37	141,15	+16,59	+16,59
Class 'X'	40,62	44,35	34,92	38,13	+16,32	+16,31
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	14,8386	n/a	11,6760	n/a	+27,09
Class 'C'	n/a	16,2856	n/a	12,7646	n/a	+27,58

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

# M&G Japan Fund

## FUND STATISTICS

### PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. [a]	since launch % p.a. [a]
<b>Sterling [b]</b>				
Class 'A'	+16,8	+23,4	+8,3	+6,6 [c]
Class 'I'	+16,5	+23,4	n/a	+20,9 [d]
Class 'R'	+17,1	+23,4	n/a	+20,8 [d]
Class 'X'	+16,7	+23,3	+8,3	+6,6 [e]
<b>Euro [f]</b>				
Class 'A'	+26,7	+39,4	+13,4	+3,0 [g]
Class 'C'	+27,2	+40,5	+14,3	+3,7 [g]

[a] Shows the compound rate of return, per annum, over the period.

[b] Bid to bid excluding reinvested income.

[c] 6 April 1971, the end of the initial offer period of the predecessor unit trust.

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

[e] 1 October 2002, the launch date of the share class.

[f] Bid to bid with net income reinvested.

[g] 28 November 2001, the launch date of the share class.

### SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+5,5	+35,6	-5,0	+2,4	-0,3

Source: Morningstar, Inc., bid to bid with net income reinvested.

### PRICES

	Calendar year	Income shares Highest	Lowest	Accumulation shares Highest	Lowest
<b>Sterling (net)</b>		<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Class 'A'	2010	31,06	24,22	33,43	26,07
	2011 [a]	31,15	25,14	33,53	27,06
	2012	29,45	24,39	31,83	26,53
	2013	38,93	27,08	42,34	29,45
	2014	37,48	32,12	40,90	35,03
	2015 [b]	41,34	36,07	45,11	39,37
Class 'I'	2012 [c]	1.079,67	959,24	1.079,29	959,22
	2013	1.539,52	1.067,80	1.538,92	1.067,43
	2014	1.479,14	1.269,96	1.503,65	1.281,59
	2015 [b]	1.634,23	1.424,95	1.661,39	1.448,59
Class 'R'	2012 [c]	107,84	95,89	107,84	95,89
	2013	153,61	106,65	153,64	106,65
	2014	147,65	126,74	149,53	127,65
	2015 [b]	163,04	142,20	165,12	144,01
Class 'X'	2010	30,62	23,88	32,98	25,71
	2011 [a]	30,71	24,79	33,07	26,70
	2012	29,04	24,05	31,40	26,18
	2013	38,38	26,69	41,77	29,05
	2014	36,95	31,66	40,35	34,55
	2015 [b]	40,75	35,56	44,50	38,84

### PRICES (continued)

	Calendar year	Income shares Highest	Lowest	Accumulation shares Highest	Lowest
<b>Euro (net)</b>		<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Class 'A'	2010	n/a	n/a	9,4177	7,0555
	2011 [a]	n/a	n/a	9,6331	7,4245
	2012	n/a	n/a	9,1416	7,9357
	2013	n/a	n/a	11,8650	8,5938
	2014	n/a	n/a	12,5096	10,1106
	2015 [b]	n/a	n/a	14,8882	12,0771
Class 'C'	2010	n/a	n/a	10,0146	7,4476
	2011 [a]	n/a	n/a	10,2462	7,9339
	2012	n/a	n/a	9,8104	8,5597
	2013	n/a	n/a	12,8475	9,2817
	2014	n/a	n/a	13,7026	11,0160
	2015 [b]	n/a	n/a	16,3363	13,2381

[a] The Prudential Japanese Trust merged into the M&G Japan Fund immediately after 14 October 2011.

[b] To 2 March 2015.

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

### INCOME

	Calendar year	Final	Reinvested
<b>Dividend income per share</b>			
<b>Sterling (net)</b>		<b>p</b>	<b>p</b>
Class 'A'	2010	nil	nil
	2011	0,1040	0,1119
	2012	0,1640	0,1788
	2013	0,0894	0,0873
	2014	0,0253	0,0271
	2015 [a]	-	-
Class 'I'	2012	nil	nil
	2013	12,6714	12,4061
	2014	10,4813	10,5777
	2015 [a]	-	-
Class 'R'	2012	nil	nil
	2013	0,9609	0,9734
	2014	0,7634	0,7691
	2015 [a]	-	-
Class 'X'	2010	0,0070	0,0075
	2011	0,1030	0,1109
	2012	0,1600	0,1746
	2013	0,0877	0,0944
	2014	0,0244	0,0253
	2015 [a]	-	-

# M&G Japan Fund

## FUND STATISTICS

### INCOME (continued)

#### Dividend income per share

	Calendar year	Final	Reinvested
<b>Euro (net)</b>		€	€
Class 'A'	2010	n/a	1,1080
	2011	n/a	3,0730
	2012	n/a	5,3257
	2013	n/a	2,3967
	2014	n/a	0,8138
	2015 <sup>[a]</sup>	n/a	-
Class 'C'	2010	n/a	6,9060
	2011	n/a	9,6640
	2012	n/a	12,7147
	2013	n/a	10,2998
	2014	n/a	10,0944
	2015 <sup>[a]</sup>	n/a	-

<sup>[a]</sup> The M&G Japan Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

### NET ASSETS

	Period ended	Value per share Inc	Value per share Acc	Number of shares Inc	Number of shares Acc
<b>Sterling</b>		p	p		
Class 'A'	Aug 2012	24,84	27,01	54.109.627	141.212.978
	Aug 2013	33,58	36,62	37.788.627	75.562.978
	Aug 2014	35,42	38,66	43.197.319	102.323.334
	Feb 2015	41,20	44,96	118.923.914	110.900.157
Class 'I'	Aug 2012	976,67	976,67	100	100
	Aug 2013	1.321,59	1.333,74	9.600	16.600
	Aug 2014	1.395,08	1.418,46	46.770	121.862
	Feb 2015	1.628,89	1.656,25	61.011	251.307
Class 'R'	Aug 2012	97,67	97,67	1.000	1.000
	Aug 2013	132,08	133,06	11.000	20.000
	Aug 2014	139,37	141,15	16.000	25.000
	Feb 2015	162,49	164,57	16.719	15.360
Class 'X'	Aug 2012	24,48	26,65	2.550.252	4.572.700
	Aug 2013	33,11	36,13	2.860.252	4.382.700
	Aug 2014	34,92	38,13	2.797.376	3.685.813
	Feb 2015	40,62	44,35	2.706.874	3.523.238

### NET ASSETS (continued)

	Period ended	Value per share Inc	Value per share Acc	Number of shares Inc	Number of shares Acc
<b>Euro</b>		€	€		
Class 'A'	Aug 2012	n/a	8,1650	n/a	806.146
	Aug 2013	n/a	10,2945	n/a	890.146
	Aug 2014	n/a	11,6760	n/a	689.431
	Feb 2015	n/a	14,8386	n/a	1.667.506
Class 'C'	Aug 2012	n/a	8,7915	n/a	92.350
	Aug 2013	n/a	11,1702	n/a	954.350
	Aug 2014	n/a	12,7646	n/a	1.488.709
	Feb 2015	n/a	16,2856	n/a	4.675.451
<b>Total net asset value of sub-fund</b>					
	Period ended	£			
	Aug 2012	59.306.000			
	Aug 2013	60.211.000			
	Aug 2014	81.179.000			
	Feb 2015	180.118.000			

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Oil &amp; gas producers</b>		<b>1,67</b>	<b>0,00</b>
702.000 Onward Holdings	3.001	1,67	
<b>Chemicals</b>		<b>5,22</b>	<b>5,19</b>
1.314.000 Kaneka	5.653	3,14	
1.060.000 Mitsui Chemicals	2.119	1,18	
1.872.000 Showa Denko Group	1.627	0,90	
<b>Forestry &amp; paper</b>		<b>0,75</b>	<b>0,00</b>
491.000 Oji Paper	1.347	0,75	
<b>Construction &amp; materials</b>		<b>4,37</b>	<b>3,17</b>
1.928.000 Asahi Glass	7.875	4,37	
<b>General industrials</b>		<b>1,11</b>	<b>1,04</b>
667.000 Rengo	1.996	1,11	
<b>Electronic &amp; electrical equipment</b>		<b>2,08</b>	<b>4,61</b>
82.200 TDK	3.755	2,08	
<b>Industrial engineering</b>		<b>5,55</b>	<b>5,83</b>
213.200 Kurita Water Industries	3.428	1,90	
1.629.000 Sumitomo Heavy Industries	6.565	3,65	
<b>Industrial transportation</b>		<b>2,79</b>	<b>2,44</b>
2.180.000 Mitsui O.S.K. Lines	5.032	2,79	
<b>Support services</b>		<b>1,28</b>	<b>1,46</b>
177.700 Mitsubishi	2.306	1,28	
<b>Automobiles &amp; parts</b>		<b>9,25</b>	<b>9,56</b>
427.400 Honda Motor	9.154	5,08	
51.500 NOK	979	0,54	
145.900 Sumitomo Electric Industries	1.228	0,68	
329.500 Yamaha Motor	5.315	2,95	

# M&G Japan Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Household goods &amp; home construction</b>		<b>1,07</b>	<b>1,12</b>
285.200 Sumitomo Forestry	1.933	1,07	
<b>Leisure goods</b>		<b>8,03</b>	<b>6,14</b>
820.700 Nikon	6.878	3,82	
409.300 Sony	7.584	4,21	
<b>Personal goods</b>		<b>3,41</b>	<b>6,82</b>
2.792.000 Teijin	6.142	3,41	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>0,94</b>	<b>1,10</b>
165.800 Daiichi Sankyo	1.684	0,94	
<b>General retailers</b>		<b>2,89</b>	<b>4,80</b>
59.800 Seven & i Holdings	1.484	0,82	
43.000 Shimamura	2.705	1,50	
83.200 Xebio	1.022	0,57	
<b>Media</b>		<b>1,07</b>	<b>1,14</b>
209.900 Fuji Media Holdings	1.928	1,07	
<b>Travel &amp; leisure</b>		<b>2,69</b>	<b>2,87</b>
88.800 East Japan Railway	4.840	2,69	
<b>Fixed line telecommunications</b>		<b>2,84</b>	<b>3,75</b>
127.000 Nippon Telegraph & Telephone	5.118	2,84	
<b>Banks</b>		<b>13,31</b>	<b>12,80</b>
2.820.900 Mitsubishi UFJ Financial Group	11.879	6,60	
327.400 Sumitomo Mitsui Financial Group	8.457	4,70	
1.346.580 Sumitomo Mitsui Trust Holdings	3.620	2,01	
<b>Non-life insurance</b>		<b>3,32</b>	<b>3,13</b>
295.950 Sompo Japan Nippon (formerly NKSJ Holdings)	5.982	3,32	
<b>Life insurance</b>		<b>4,13</b>	<b>3,91</b>
881.200 T&D Holdings	7.433	4,13	
<b>Financial services</b>		<b>4,54</b>	<b>4,44</b>
1.141.600 Nomura Holdings	4.558	2,53	
393.200 Orix	3.620	2,01	
<b>Software &amp; computer services</b>		<b>1,94</b>	<b>0,20</b>
226.400 Komeri	3.495	1,94	
<b>Technology hardware &amp; equipment</b>		<b>11,97</b>	<b>14,42</b>
285.300 Advantest	2.452	1,36	
2.966.000 NEC	5.848	3,25	
1.338.000 Ricoh	8.630	4,79	
110.800 Rohm	4.634	2,57	
<b>Portfolio of investments</b>	<b>173.306</b>	<b>96,22</b>	<b>99,94</b>
<b>'AAA' rated money market funds <sup>[a]</sup></b>		<b>0,20</b>	<b>0,09</b>
366.000 Northern Trust Global Fund - Sterling	366	0,20	
<b>Total portfolio</b>	<b>173.672</b>	<b>96,42</b>	<b>100,03</b>
<b>Net other assets / (liabilities)</b>	<b>6.446</b>	<b>3,58</b>	<b>(0,03)</b>
<b>Net assets attributable to shareholders</b>	<b>180.118</b>	<b>100,00</b>	<b>100,00</b>

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

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

## PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

<b>Largest purchases</b>	<b>£'000</b>
Nikon	6.146
Honda Motor	6.054
Mitsubishi UFJ Financial Group	6.011
Ricoh	5.259
Sumitomo Mitsui Financial Group	4.784
Asahi Glass	4.502
T&D Holdings	4.031
Sony	3.142
NEC	3.086
Mitsui O.S.K. Lines	2.947
Kaneka	2.927
Sumitomo Heavy Industries	2.910
Teijin	2.659
Sompo Japan Nippon (formerly NKSJ Holdings)	2.653
Nomura Holdings	2.464
Nippon Telegraph & Telephone	2.423
East Japan Railway	2.376
Yamaha Motor	2.245
Orix	2.037
Rohm	1.905
Northern Trust Global Fund - Sterling <sup>[a]</sup>	7.890
<b>Other purchases</b>	<b>21.874</b>
<b>Total purchases</b>	<b>100.325</b>
<b>Largest sales</b>	<b>£'000</b>
TDK	2.999
Sony	2.354
NOK	2.286
Rohm	914
Yamaha Motor	888
KOSÉ	781
Teijin	704
Mitsubishi UFJ Financial Group	629
NEC	504
Sumitomo Mitsui Financial Group	495
Sumitomo Heavy Industries	476
Honda Motor	458
Sompo Japan Nippon (formerly NKSJ Holdings)	389
Nippon Telegraph & Telephone	376
Asahi Glass	343
Onward Holdings	338
T&D Holdings	335
East Japan Railway	322
Ricoh	317
Kaneka	317
Northern Trust Global Fund - Sterling <sup>[a]</sup>	7.594
<b>Other sales</b>	<b>2.240</b>
<b>Total sales</b>	<b>26.059</b>

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

# M&G Japan Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		18.000		444
Revenue	831		566	
Expenses	(718)		(494)	
Net revenue before taxation	113		72	
Taxation	(86)		(46)	
Net revenue after taxation		27		26
<b>Total return before equalisation</b>		<b>18.027</b>		<b>470</b>
Finance costs: Equalisation		150		10
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>18.177</b>		<b>480</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		81.179		60.211
Amounts received on issue of shares	103.253		11.314	
Amounts paid on cancellation of shares	(22.491)		(9.387)	
		80.762		1.927
Change in net assets attributable to shareholders from investment activities (see above)		18.177		480
<b>Closing net assets attributable to shareholders</b>		<b>180.118</b>		<b>62.618</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		173.672		81.204
Debtors	53.435		553	
Cash and bank balances	525		182	
<b>Total other assets</b>		<b>53.960</b>		<b>735</b>
<b>Total assets</b>		<b>227.632</b>		<b>81.939</b>
<b>Liabilities</b>				
Creditors				
Net distributions payable on income shares	0		(17)	
Other creditors	(47.514)		(715)	
Bank overdraft	0		(28)	
<b>Total liabilities</b>		<b>(47.514)</b>		<b>(760)</b>
<b>Net assets attributable to shareholders</b>		<b>180.118</b>		<b>81.179</b>

## NOTE TO THE FINANCIAL STATEMENTS

### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.



# M&G Japan Smaller Companies Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G Japan Smaller Companies Fund

The Fund invests wholly or predominantly in securities of smaller Japanese companies, the universe for which is the bottom third in terms of total market capitalisation of all publicly listed equity in Japan. When not wholly invested as above, the Fund may also invest in medium sized and larger companies in order to enhance its liquidity. Its sole objective is long term capital growth.

### Investment approach

The M&G Japan Smaller Companies Fund invests in listed smaller Japanese companies to achieve sound capital growth over the long term.

The fund manager applies disciplined and rigorous fundamental analysis during the selection process to ensure a high level of conviction around the valuation for each of the companies held in the fund.

The fund manager adopts a value approach to investment and the fund owns shares in companies that have cheap valuations relative to the trend returns they are likely to generate over the medium to long term. These companies are quite often out of favour with the market for one reason or another. The fund's investment approach therefore tends to be contrarian in nature.

The fund manager sees value investing as a price-sensitive process that takes advantage of the mis-pricing of a company's shares by the market. Whilst recognising that markets are generally efficient, the fund manager believes that market mis-pricings can and often do occur because human characteristics (such as fear and greed) may prevent investors from always assessing investments rationally.

As a result, market prices do not always reflect fundamental values since they may over-shoot and under-shoot. For example, shares in companies become mis-priced when investors are willing to pay a high price for the 'comfort' of strong near-term earnings momentum and to be associated with success, whilst they will sell 'unfashionable' securities regardless of inherent value characteristics, such as healthy balance sheets and the likely level of longer term earnings.

Such behavioural biases are evident in Japan's equity markets today and can be systemically exploited. The fund manager aims to take advantage of these biases by adopting a disciplined, long-term investment approach.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

Investors' focus on short-term, macroeconomic news can drive significant mispricing, which we can exploit. Our approach is to look beyond short-term volatility by using disciplined relative valuation tools.

In terms of purchases, we increased the allocation to cocokara fine, one of the five larger nationwide drugstore chains in Japan. The firm is a market consolidator and is undergoing a reorganisation to relocate to a single head office. cocokara fine is looking to make further progress in addressing inefficiencies. The stock remains out of favour with investors who are sceptical about its ability to improve margins. However, our analysis suggests cocokara fine is attractively valued relative to the likely level of sustainable earnings the company can generate over the medium term.

Other purchases involved Tokyo TY Financial Group, a regional bank that continues to operate in a tough low interest rate environment. The company's shares are attractively valued in terms of expected earnings levels. Moreover, its loan book is well diversified by industry and it maintains a relatively good exposure to higher margin loans to the small- and medium-sized enterprise market segment.

Turning to sales, the position in hard disk head drive manufacturer TDK was reduced after good performance. We continue to have a high conviction in the stock. As the market leader in the next generation of hard disk head drive technology, TDK is in a strong position in its core business.

Additionally, we scaled back our holding in Hamakyorex, a family-controlled, third-party outsourced logistics and truck-based transport group. Hamakyorex's core business is outsourced logistics and its key competitive advantage is increased scale and cost control, which translates to cheaper distribution than can be achieved in-house by its clients. The company's share price had been weak as margins in its core business were under pressure. Some improvement in its performance, however, gave us the opportunity to reduce the holding.

# M&G Japan Smaller Companies Fund

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

Following a period of strong performance, we also realised some profits by reducing the positions in electronics component trader and electronics manufacturing services business Siix and oil seal manufacturer NOK.

**Max Godwin**  
Fund manager

An employee of Eastspring Investments (Singapore) Limited which is an associate of M&G Securities Limited, by being a subsidiary of Prudential plc.

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

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15

	Ongoing Charges Figure <sup>[a]</sup>	
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	1,72	1,71
Class 'I'	0,97	0,96
Class 'R'	1,22	1,21
Class 'X'	1,72	1,70
<b>Euro</b>	%	%
Class 'A'	1,72	1,71
Class 'C'	0,96	0,96

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

The M&G Japan Smaller Companies Fund distributes annually, therefore there is no interim distribution.

## FUND PERFORMANCE

Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	336,81	353,40	300,61	315,41	+12,04	+12,04
Class 'I'	1.654,23	1.685,83	1.470,88	1.499,02	+12,47	+12,46
Class 'R'	165,13	167,47	147,01	149,10	+12,33	+12,32
Class 'X'	334,77	350,71	298,79	313,02	+12,04	+12,04
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	22,8474	n/a	18,6626	n/a	+22,42
Class 'C'	n/a	25,1964	n/a	20,5060	n/a	+22,87

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling</b> <sup>[b]</sup>				
Class 'A'	+12,4	+25,5	+12,6	+6,6 <sup>[c]</sup>
Class 'I'	+12,8	+25,5	n/a	+22,1 <sup>[d]</sup>
Class 'R'	+12,7	+25,5	n/a	+22,0 <sup>[d]</sup>
Class 'X'	+12,4	+25,5	+12,6	+9,8 <sup>[e]</sup>
<b>Euro</b> <sup>[f]</sup>				
Class 'A'	+22,0	+41,8	+18,3	+6,5 <sup>[g]</sup>
Class 'C'	+22,4	+42,9	+19,2	+7,3 <sup>[g]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 15 May 1984, the end of the initial offer period of the predecessor unit trust.

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

<sup>[e]</sup> 1 October 2002, the launch date of the share class.

<sup>[f]</sup> Bid to bid with net income reinvested.

<sup>[g]</sup> 28 November 2001, the launch date of the share class.

## SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+13,6	+32,0	+6,2	+10,1	-0,4

Source: Morningstar, Inc., bid to bid with net income reinvested.

# M&G Japan Smaller Companies Fund

## FUND STATISTICS

PRICES					
Calendar year		Income shares		Accumulation shares	
		Highest	Lowest	Highest	Lowest
Sterling (net)		p	p	p	p
Class 'A'	2010	214,49	162,73	219,43	165,61
	2011	216,73	165,42	221,72	169,23
	2012	218,17	189,53	225,77	196,13
	2013	300,83	213,32	314,16	222,77
	2014	312,63	262,43	328,03	275,16
	2015 <sup>[a]</sup>	340,89	305,51	357,67	320,56
Class 'I'	2012 <sup>[b]</sup>	1.044,21	946,34	1.044,71	946,67
	2013	1.478,08	1.045,35	1.478,90	1.045,93
	2014	1.529,96	1.289,29	1.559,19	1.304,00
	2015 <sup>[a]</sup>	1.674,18	1.498,76	1.706,24	1.527,46
Class 'R'	2012 <sup>[b]</sup>	104,32	94,57	104,32	94,57
	2013	147,57	104,43	147,56	104,43
	2014	152,92	128,69	155,07	129,82
	2015 <sup>[a]</sup>	167,13	149,67	169,50	151,79
Class 'X'	2010	213,19	161,75	217,76	164,36
	2011	215,42	164,42	220,04	167,95
	2012	216,86	188,39	224,06	194,64
	2013	299,02	212,04	311,77	221,07
	2014	310,75	260,84	325,54	273,07
	2015 <sup>[a]</sup>	338,82	303,66	354,95	318,12
Euro (net)		€	€	€	€
Class 'A'	2010	n/a	n/a	12,1026	8,7765
	2011	n/a	n/a	12,5273	9,1786
	2012	n/a	n/a	13,2476	11,0769
	2013	n/a	n/a	17,4260	12,3839
	2014	n/a	n/a	19,6123	15,6134
	2015 <sup>[a]</sup>	n/a	n/a	23,0829	19,2594
Class 'C'	2010	n/a	n/a	12,9414	9,3170
	2011	n/a	n/a	13,3991	9,8302
	2012	n/a	n/a	14,3223	11,9303
	2013	n/a	n/a	18,9640	13,4479
	2014	n/a	n/a	21,5618	17,1060
	2015 <sup>[a]</sup>	n/a	n/a	25,4580	21,2171

<sup>[a]</sup> To 2 March 2015.

<sup>[b]</sup> From 3 August 2012 (the launch date of the share class).

## INCOME

Dividend income per share			
	Calendar year	Distributed	Reinvested
Sterling (net)		p	p
Class 'A'	2010	0,9280	0,9444
	2011	2,2350	2,2864
	2012	1,8400	1,9062
	2013	1,0704	1,1223
	2014	0,2100	0,2265
	2015 <sup>[a]</sup>	-	-
Class 'I'	2012	nil	nil
	2013	14,0639	14,5847
	2014	11,3692	11,5394
	2015 <sup>[a]</sup>	-	-
Class 'R'	2012	nil	nil
	2013	1,1472	1,1382
	2014	0,7882	0,7965
	2015 <sup>[a]</sup>	-	-
Class 'X'	2010	0,9280	0,9430
	2011	2,2130	2,2605
	2012	1,8310	1,8931
	2013	1,0651	1,0953
	2014	0,2138	0,2183
	2015 <sup>[a]</sup>	-	-
Euro (net)		€	€
Class 'A'	2010	n/a	5,1820
	2011	n/a	12,0790
	2012	n/a	11,3239
	2013	n/a	6,1039
	2014	n/a	1,4696
	2015 <sup>[a]</sup>	n/a	-
Class 'C'	2010	n/a	14,1470
	2011	n/a	21,3450
	2012	n/a	nil
	2013	n/a	17,8370
	2014	n/a	15,6669
	2015 <sup>[a]</sup>	n/a	-

<sup>[a]</sup> The M&G Japan Smaller Companies Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

# M&G Japan Smaller Companies Fund

## FUND STATISTICS

NET ASSETS					
	Period ended	Value per share Inc	Value per share Acc	Number of shares Inc	Number of shares Acc
<b>Sterling</b>					
Class 'A'	Aug 2012	p	p		
	Aug 2013	202,54	211,50	4.187.344	7.617.303
	Aug 2014	264,64	277,49	5.037.644	8.998.903
	Aug 2015	300,61	315,41	8.465.202	6.021.641
	Feb 2015	336,81	353,40	7.210.600	6.844.534
Class 'I'	Aug 2012	989,65	989,65	100	100
	Aug 2013	1.294,15	1.309,13	7.600	81.215
	Aug 2014	1.470,88	1.499,02	286.455	635.394
	Feb 2015	1.654,23	1.685,83	405.272	957.044
Class 'R'	Aug 2012	98,94	98,94	1.000	1.000
	Aug 2013	129,37	130,51	35.000	83.500
	Aug 2014	147,01	149,10	41.500	367.500
	Feb 2015	165,13	167,47	40.326	362.361
Class 'X'	Aug 2012	201,32	209,90	519.806	5.387.346
	Aug 2013	263,06	275,38	574.406	5.934.446
	Aug 2014	298,79	313,02	543.144	4.714.773
	Feb 2015	334,77	350,71	521.551	4.633.056
<b>Euro</b>					
Class 'A'	Aug 2012	€	€		
	Aug 2013	n/a	12,5202	n/a	699.960
	Aug 2014	n/a	15,2802	n/a	1.405.060
	Aug 2015	n/a	18,6626	n/a	1.902.175
	Feb 2015	n/a	22,8474	n/a	1.932.916
Class 'C'	Aug 2012	n/a	13,5520	n/a	160.420
	Aug 2013	n/a	16,6638	n/a	114.920
	Aug 2014	n/a	20,5060	n/a	338.441
	Feb 2015	n/a	25,1964	n/a	199.283
<b>Total net asset value of sub-fund</b>					
	Period ended	£			
	Aug 2012	45.640.000			
	Aug 2013	77.443.000			
	Aug 2014	108.902.000			
	Feb 2015	125.760.000			

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Chemicals</b>		<b>11,19</b>	<b>10,33</b>
309.000 Chugoku Marine Paints	1.714	1,36	
1.117.000 Kaneka	4.805	3,82	
4.900.000 Showa Denko Group	4.258	3,39	
264.000 Tocalo	3.291	2,62	
<b>Construction &amp; materials</b>		<b>2,00</b>	<b>0,00</b>
351.000 Nichiha	2.515	2,00	
<b>General industrials</b>		<b>5,43</b>	<b>5,43</b>
1.637.000 Rengo	4.899	3,90	
341.900 Sumitomo Riko (formerly Tokai Rubber Industries)	1.924	1,53	
<b>Electronic &amp; electrical equipment</b>		<b>7,81</b>	<b>12,00</b>
934.000 Denki Kogyo	2.704	2,15	
256.200 ESPEC	1.685	1,34	
183.100 SILX	2.907	2,31	
30.400 TDK	1.389	1,10	
197.400 Zuken	1.144	0,91	
<b>Industrial engineering</b>		<b>9,66</b>	<b>11,94</b>
197.200 Kurita Water Industries	3.171	2,52	
136.600 Mars Engineering	1.645	1,31	
158.000 MAX	1.191	0,95	
391.200 Nittoku Engineering	2.826	2,25	
820.000 Sumitomo Heavy Industries	3.305	2,63	
<b>Industrial transportation</b>		<b>2,99</b>	<b>2,33</b>
1.629.000 Mitsui O.S.K. Lines	3.760	2,99	
<b>Support services</b>		<b>8,10</b>	<b>9,83</b>
103.900 AEON DELIGHT	1.592	1,27	
151.500 Hamakyorex	3.399	2,70	
572.600 Moshi Moshi Hotline	4.028	3,20	
80.600 Nippon Kanzai	1.166	0,93	
<b>Automobiles &amp; parts</b>		<b>6,39</b>	<b>6,84</b>
516.200 Ahresty	1.783	1,42	
230.500 Nissin Kogyo	2.374	1,89	
80.400 NOK	1.528	1,22	
909.000 Riken	2.345	1,86	
<b>Household goods &amp; home construction</b>		<b>1,33</b>	<b>2,07</b>
247.200 Sumitomo Forestry	1.676	1,33	
<b>Leisure goods</b>		<b>2,39</b>	<b>1,98</b>
64.800 Fields	549	0,44	
292.800 Nikon	2.454	1,95	
<b>Personal goods</b>		<b>5,18</b>	<b>5,52</b>
500.000 Onward Holdings	2.137	1,70	
1.992.000 Teijin	4.382	3,48	
<b>General retailers</b>		<b>15,06</b>	<b>12,35</b>
238.000 cocokara fine	4.382	3,48	
243.100 Komeri	3.753	2,98	
263.400 Otsuka Kagu	2.312	1,84	
124.400 PAL	2.193	1,74	
116.500 Saizeriya	1.355	1,08	
39.500 Shimamura	2.484	1,97	
201.300 Xebio	2.472	1,97	
<b>Banks</b>		<b>5,24</b>	<b>5,52</b>
744.000 Awa Bank	2.796	2,22	
197.900 Tokyo TY Financial Group	3.794	3,02	

# M&G Japan Smaller Companies Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Real estate investment &amp; services</b>		<b>8,28</b>	<b>2,41</b>
313.100 Iida Group	2.811	2,24	
1.012.600 Leopalace21	3.603	2,86	
345.300 Sanyo Housing Nagoya	2.326	1,85	
96.400 Sumitomo Real Estate	1.676	1,33	
<b>Financial services</b>		<b>0,67</b>	<b>1,14</b>
267.000 JACCS	844	0,67	
<b>Software &amp; computer services</b>		<b>2,66</b>	<b>5,00</b>
180.100 CAC	1.047	0,83	
324.000 Future Architect	1.316	1,05	
102.300 NSD	984	0,78	
<b>Technology hardware &amp; equipment</b>		<b>4,83</b>	<b>3,99</b>
312.600 Advantest	2.686	2,14	
231.100 Daikoku Denki	2.197	1,75	
28.400 Rohm	1.188	0,94	
<b>Portfolio of investments</b>	<b>124.765</b>	<b>99,21</b>	<b>98,68</b>
<b>'AAA' rated money market funds <sup>[a]</sup></b>		<b>0,19</b>	<b>0,44</b>
239.000 Northern Trust Global Fund - Sterling	239	0,19	
<b>Total portfolio</b>	<b>125.004</b>	<b>99,40</b>	<b>99,12</b>
<b>Net other assets</b>	<b>756</b>	<b>0,60</b>	<b>0,88</b>
<b>Net assets attributable to shareholders</b>	<b>125.760</b>	<b>100,00</b>	<b>100,00</b>

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

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

## PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

<b>Largest purchases</b>	<b>£'000</b>
Leopalace21	3.428
Iida Group	2.657
Nikon	2.415
Daikoku Denki	2.365
Nissin Kogyo	2.358
Moshi Moshi Hotline	2.256
Nichiha	2.202
Rengo	2.084
Xebio	2.083
Kaneka	2.070
Showa Denko Group	1.776
Denki Kogyo	1.668
Sumitomo Real Estate	1.631
Mitsui O.S.K. Lines	1.496
Komeri	1.365
Awa Bank	1.303
cocokara fine	1.274
Sanyo Housing Nagoya	1.083
Shimamura	1.065
Teijin	990
Northern Trust Global Fund - Sterling <sup>[a]</sup>	7.372
Other purchases	12.324
<b>Total purchases</b>	<b>57.265</b>
<b>Largest sales</b>	<b>£'000</b>
TDK	4.187
NOK	2.399
Moshi Moshi Hotline	1.823
Fields	1.673
Sumitomo Heavy Industries	1.496
ESPEC	1.472
SIIX	1.324
Hamakyorex	1.299
CAC	1.252
Teijin	1.242
Sumitomo Forestry	1.239
Rohm	1.220
Mars Engineering	1.059
Tocalo	994
Rengo	960
PAL	957
Nippon Kanzai	925
Showa Denko Group	895
Otsuka Kagu	878
Tokyo TY Financial Group	866
Northern Trust Global Fund - Sterling <sup>[a]</sup>	7.616
Other sales	16.734
<b>Total sales</b>	<b>52.510</b>

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

# M&G Japan Smaller Companies Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		12.243		2.489
Revenue	1.126		813	
Expenses	(851)		(718)	
Net revenue before taxation	275		95	
Taxation	(116)		(69)	
Net revenue after taxation		159		26
<b>Total return before equalisation</b>		<b>12.402</b>		<b>2.515</b>
Finance costs: Equalisation		0		31
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>12.402</b>		<b>2.546</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		108.902		77.443
Amounts received on issue of shares	45.691		28.994	
Amounts paid on cancellation of shares	(41.235)		(13.150)	
		4.456		15.844
Change in net assets attributable to shareholders from investment activities (see above)		12.402		2.546
<b>Closing net assets attributable to shareholders</b>		<b>125.760</b>		<b>95.833</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		125.004		107.947
Debtors	4.849		721	
Cash and bank balances	210		1.344	
<b>Total other assets</b>		<b>5.059</b>		<b>2.065</b>
<b>Total assets</b>		<b>130.063</b>		<b>110.012</b>
<b>Liabilities</b>				
Creditors				
Net distributions payable on income shares	0		(52)	
Other creditors	(4.303)		(1.058)	
<b>Total liabilities</b>		<b>(4.303)</b>		<b>(1.110)</b>
<b>Net assets attributable to shareholders</b>		<b>125.760</b>		<b>108.902</b>

## NOTE TO THE FINANCIAL STATEMENTS

### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

# M&G North American Value Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G North American Value Fund

The Fund aims to achieve long-term capital growth through investment in North American securities of North American companies using a value based investment philosophy.

### Investment approach

The M&G North American Value Fund is an actively managed fund with a bottom-up stockpicking approach, driven by the fundamental analysis of individual companies. While value strategies have tended to outperform over time, the fund manager believes an understanding of a company's qualitative aspects – financial strength, business durability and management behaviour – will help him to avoid the shortcomings of a purely quantitative approach.

The fund manager employs a three-stage investment process – screening, fundamental analysis and portfolio construction – to create a diversified portfolio with exposure to a broad range of sectors. The portfolio is designed to have a value bias, and the fund manager invests with a long-term view and a typical holding period of three to five years.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

We made a number of changes to the portfolio, across a range of industries, over the six months under review.

Within the industrial sector, new positions established included commercial aircraft manufacturer Boeing and Parker Hannifin, a manufacturer of industrial pumps and valves. Having gone through a period of heavy investment, Boeing should now be moving to a phase of significant cashflow generation, which is expected to benefit shareholders.

We took advantage of softness in Parker's share price, as a result of weakness in some of its end markets, to build a position. The company has a strong balance sheet and has recently bought back shares and increased its distribution to shareholders substantially.

On the other hand, we closed the position in Caterpillar, a manufacturer of machinery and engines for the mining and construction sectors. We are concerned that with many oil companies cutting investment in a low oil price environment, demand for Caterpillar's products will fall materially.

We were also active in starting new positions in consumer-related stocks, such as discount retailer Target and Coach, a luxury goods company that focuses on women's handbags and other accessories. Target has been out of favour due to poor operational performance in the US and an ill-timed expansion in Canada. However, new management has announced it will exit Canada and is restructuring its core US operations. Similarly, Coach has been weak in recent years. Under a strong new management team, however, the company has launched a comprehensive three-year turnaround plan.

Conversely, we sold out of Signet Jewelers and pharmacy chain Walgreen. Shares in both companies have performed strongly since they were purchased and valuations were beginning to look stretched.

In financials, we began a holding in Bank of New York Mellon, which we consider a very high quality bank. We were able to take advantage of a setback in its share price as investors appear to have delayed their expectations of an interest rate hike.

### Daniel White

Fund manager

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

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

# M&G North American Value Fund

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Ongoing Charges Figure <sup>[a]</sup>		
	28.02.15	31.08.14
<b>Sterling</b>	%	%
Class 'A'	1,66	1,67
Class 'I'	0,91	0,93
Class 'R'	1,16	1,18
Class 'X'	1,66	1,68
<b>Euro</b>	%	%
Class 'A'	1,66	1,68
Class 'C'	0,91	0,93
<b>US dollar</b>	%	%
Class 'A'	1,67	1,67
Class 'C'	0,91	0,93

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

The M&G North American Value Fund distributes annually, therefore there is no interim distribution.

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	89,24	91,21	81,35	83,14	+9,70	+9,71
Class 'I'	1.674,42	1.710,46	1.520,67	1.553,47	+10,11	+10,11
Class 'R'	167,18	169,84	152,01	154,45	+9,98	+9,96
Class 'X'	89,27	91,39	81,37	83,31	+9,71	+9,70
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	17,0134	n/a	14,1944	n/a	+19,86
Class 'C'	n/a	18,3049	n/a	15,2154	n/a	+20,31
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A'	n/a	12,7606	n/a	12,5099	n/a	+2,00
Class 'C'	n/a	13,5514	n/a	13,2357	n/a	+2,39

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'A'	+9,2	+21,3	+12,4	+6,2 <sup>[c]</sup>
Class 'I'	+9,6	+21,3	n/a	+22,1 <sup>[d]</sup>
Class 'R'	+9,5	+21,3	n/a	+22,1 <sup>[d]</sup>
Class 'X'	+9,3	+21,3	+12,4	+6,2 <sup>[c]</sup>
<b>Euro <sup>[e]</sup></b>				
Class 'A'	+18,5	+37,3	+17,5	+5,6 <sup>[c]</sup>
Class 'C'	+19,0	+38,3	+18,4	+6,4 <sup>[c]</sup>
<b>US dollar <sup>[e]</sup></b>				
Class 'A'	+1,3	+12,0	+13,2	+3,1 <sup>[f]</sup>
Class 'C'	+1,7	+12,8	+14,1	+3,9 <sup>[f]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 1 July 2005, the launch date of the fund.

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

<sup>[e]</sup> Bid to bid with net income reinvested.

<sup>[f]</sup> 9 March 2007, the launch date of the share class.

## SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+19,1	+26,4	+16,4	+4,1	+9,6

Source: Morningstar, Inc., bid to bid with net income reinvested.



# M&G North American Value Fund

## FUND STATISTICS

PRICES					
	Calendar year	Income shares Highest	Income shares Lowest	Accumulation shares Highest	Accumulation shares Lowest
<b>Sterling (net)</b>					
Class 'A'	2010	p 55,02	p 44,51	p 55,80	p 45,14
	2011	56,67	42,47	57,47	43,07
	2012	57,91	50,27	58,73	50,98
	2013	73,65	55,41	75,14	56,34
	2014	88,59	71,18	90,56	72,62
	2015 <sup>[a]</sup>	89,97	85,88	91,96	87,78
Class 'I'	2012 <sup>[b]</sup>	1.063,09	985,93	1.064,43	987,19
	2013	1.379,65	1.037,67	1.396,45	1.038,98
	2014	1.660,31	1.334,32	1.696,04	1.350,58
	2015 <sup>[a]</sup>	1.686,91	1.610,03	1.723,22	1.644,68
Class 'R'	2012 <sup>[b]</sup>	106,27	98,52	106,36	98,61
	2013	137,83	103,65	139,08	103,74
	2014	165,84	133,27	168,48	134,48
	2015 <sup>[a]</sup>	168,47	160,80	171,15	163,36
Class 'X'	2010	55,02	44,51	55,89	45,21
	2011	56,66	42,47	57,56	43,14
	2012	57,91	50,27	58,83	51,06
	2013	73,64	55,40	75,27	56,43
	2014	88,62	71,17	90,73	72,74
	2015 <sup>[a]</sup>	90,00	85,91	92,14	87,95
<b>Euro (net)</b>					
Class 'A'	2010	€ n/a	€ n/a	€ 8,8875	€ 6,9805
	2011	n/a	n/a	9,2896	6,6726
	2012	n/a	n/a	9,8428	8,2737
	2013	n/a	n/a	12,1971	9,3977
	2014	n/a	n/a	15,6905	11,8971
	2015 <sup>[a]</sup>	n/a	n/a	17,0074	15,4504
Class 'C'	2010	n/a	n/a	9,2636	7,2287
	2011	n/a	n/a	9,6940	6,9893
	2012	n/a	n/a	10,3864	8,6895
	2013	n/a	n/a	13,0091	9,9464
	2014	n/a	n/a	16,8610	12,6988
	2015 <sup>[a]</sup>	n/a	n/a	18,2982	16,6057
<b>US dollar (net)</b>					
Class 'A'	2010	\$ n/a	\$ n/a	\$ 7,7885	\$ 6,2219
	2011	n/a	n/a	8,4289	6,1313
	2012	n/a	n/a	8,4654	7,2140
	2013	n/a	n/a	11,2180	8,3224
	2014	n/a	n/a	12,7558	10,7431
	2015 <sup>[a]</sup>	n/a	n/a	12,7890	12,0280
Class 'C'	2010	n/a	n/a	8,0147	6,3797
	2011	n/a	n/a	8,6960	6,3451
	2012	n/a	n/a	8,8258	7,4817
	2013	n/a	n/a	11,8094	8,6960
	2014	n/a	n/a	13,5294	11,3179
	2015 <sup>[a]</sup>	n/a	n/a	13,5806	12,7666

<sup>[a]</sup> To 2 March 2015.

<sup>[b]</sup> From 3 August 2012 (the launch date of the share class).

## INCOME

Dividend income per share			
	Calendar year	Distributed	Reinvested
<b>Sterling (net)</b>			
Class 'A'	2010	p nil	p nil
	2011	nil	nil
	2012	0,1430	0,1471
	2013	0,2284	0,2321
	2014	0,1840	0,1878
	2015 <sup>[a]</sup>	-	-
Class 'I'	2012	1,2250	1,2250
	2013	13,8175	13,5665
	2014	14,0661	14,2478
	2015 <sup>[a]</sup>	-	-
Class 'R'	2012	0,0900	0,0900
	2013	1,0858	1,0543
	2014	1,0634	1,0643
	2015 <sup>[a]</sup>	-	-
Class 'X'	2010	nil	nil
	2011	nil	nil
	2012	0,1440	0,1491
	2013	0,2284	0,2323
	2014	0,1476	0,1943
	2015 <sup>[a]</sup>	-	-
<b>Euro (net)</b>			
Class 'A'	2010	€ n/a	€ nil
	2011	n/a	nil
	2012	n/a	2,8167
	2013	n/a	3,6482
	2014	n/a	3,0967
	2015 <sup>[a]</sup>	n/a	-
Class 'C'	2010	n/a	4,4830
	2011	n/a	4,5520
	2012	n/a	10,2347
	2013	n/a	9,4080
	2014	n/a	14,0474
	2015 <sup>[a]</sup>	n/a	-
<b>US dollar (net)</b>			
Class 'A'	2010	\$ n/a	\$ nil
	2011	n/a	nil
	2012	n/a	2,4921
	2013	n/a	3,2194
	2014	n/a	3,0479
	2015 <sup>[a]</sup>	n/a	-
Class 'C'	2010	n/a	3,7530
	2011	n/a	4,3150
	2012	n/a	6,7711
	2013	n/a	10,3331
	2014	n/a	12,1330
	2015 <sup>[a]</sup>	n/a	-

<sup>[a]</sup> The M&G North American Value Fund distributes annually, therefore there is no interim distribution.

The level of income earned by the fund will fluctuate.

# M&G North American Value Fund

## FUND STATISTICS

NET ASSETS					
	Period ended	Value per share Inc	Value per share Acc	Number of shares Inc	Number of shares Acc
<b>Sterling</b>					
Class 'A'	Aug 2012	p	p		
	Aug 2012	54,48	55,40	5.238.400	39.863.868
	Aug 2013	68,59	69,98	3.895.400	36.612.868
	Aug 2014	81,35	83,14	284.552.090	4.349.465
	Feb 2015	89,24	91,21	282.349.465	4.756.037
Class 'I'	Aug 2012	1.017,01	1.018,24	100	100
	Aug 2013	1.281,70	1.297,23	319.200	68.700
	Aug 2014	1.520,67	1.553,47	655.759	544.512
	Feb 2015	1.674,42	1.710,46	1.149.736	781.800
Class 'R'	Aug 2012	101,80	101,71	1.000	1.000
	Aug 2013	128,14	129,30	13.000	111.000
	Aug 2014	152,01	154,45	36.309	136.257
	Feb 2015	167,18	169,84	43.758	182.661
Class 'X'	Aug 2012	54,48	55,49	5.916.500	139.224.500
	Aug 2013	68,59	70,09	5.496.500	92.477.500
	Aug 2014	81,37	83,31	1.557.769	87.410.630
	Feb 2015	89,27	91,39	1.994.081	89.875.441
<b>Euro</b>					
Class 'A'	Aug 2012	€	€		
	Aug 2012	n/a	9,4579	n/a	84.100
	Aug 2013	n/a	11,1143	n/a	403.800
	Aug 2014	n/a	14,1944	n/a	1.475.816
	Feb 2015	n/a	17,0134	n/a	1.720.443
Class 'C'	Aug 2012	n/a	9,9858	n/a	47.250
	Aug 2013	n/a	11,8241	n/a	1.450
	Aug 2014	n/a	15,2154	n/a	601.898
	Feb 2015	n/a	18,3049	n/a	872.444
<b>US dollar</b>					
Class 'A'	Aug 2012	\$	\$		
	Aug 2012	n/a	7,9536	n/a	432.300
	Aug 2013	n/a	9,8331	n/a	101.600
	Aug 2014	n/a	12,5099	n/a	1.444.893
	Feb 2015	n/a	12,7606	n/a	1.256.217
Class 'C'	Aug 2012	n/a	8,2893	n/a	634.400
	Aug 2013	n/a	10,3262	n/a	1.173.800
	Aug 2014	n/a	13,2357	n/a	2.263.256
	Feb 2015	n/a	13,5514	n/a	1.854.986
<b>Total net asset value of sub-fund</b>					
	Period ended	£			
	Aug 2012	111.916.000			
	Aug 2013	114.337.000			
	Aug 2014	380.753.000			
	Feb 2015	432.813.000			

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Oil &amp; gas producers</b>		<b>9,47</b>	<b>10,86</b>
121.009 Apache	5.156	1,19	
131.771 Chevron	9.146	2,11	
154.950 ConocoPhillips	6.612	1,53	
103.262 Hess	5.048	1,17	
114.044 Occidental Petroleum	5.791	1,34	
185.009 Suncor Energy	3.670	0,85	
137.714 Valero Energy	5.531	1,28	
<b>Oil equipment, services &amp; distribution</b>		<b>0,61</b>	<b>1,45</b>
784.431 McDermott International	1.235	0,29	
168.747 Nabors Industries	1.366	0,32	
<b>Forestry &amp; paper</b>		<b>0,81</b>	<b>0,94</b>
120.685 Domtar	3.493	0,81	
<b>Industrial metals &amp; mining</b>		<b>0,84</b>	<b>0,00</b>
45.407 Parker Hannifin	3.625	0,84	
<b>Mining</b>		<b>1,06</b>	<b>1,33</b>
206.419 Newmont Mining	3.520	0,81	
173.249 Pan American Silver	1.076	0,25	
<b>Aerospace &amp; defence</b>		<b>2,62</b>	<b>0,81</b>
76.120 Boeing	7.485	1,73	
120.183 Spirit AeroSystems 'A'	3.869	0,89	
<b>General industrials</b>		<b>0,87</b>	<b>0,00</b>
83.291 Rock-Tenn	3.766	0,87	
<b>Electronic &amp; electrical equipment</b>		<b>2,77</b>	<b>2,96</b>
562.320 AVX	5.194	1,20	
576.840 Celestica	4.468	1,03	
209.515 Fairchild Semiconductor Corporation	2.344	0,54	
<b>Industrial engineering</b>		<b>2,27</b>	<b>3,58</b>
71.623 AGCO	2.318	0,54	
55.717 Cummins	5.137	1,19	
102.060 Kennametal	2.342	0,54	
<b>Industrial transportation</b>		<b>1,22</b>	<b>1,95</b>
46.812 FedEx	5.296	1,22	
<b>Automobiles &amp; parts</b>		<b>2,74</b>	<b>2,44</b>
284.470 General Motors	6.921	1,60	
69.678 Magna International	4.924	1,14	
<b>Beverages</b>		<b>1,29</b>	<b>1,24</b>
111.368 Molson Coors Brewing 'B'	5.575	1,29	
<b>Food producers</b>		<b>1,75</b>	<b>2,36</b>
73.753 Bunge	3.886	0,90	
139.255 Tyson Foods	3.689	0,85	
<b>Leisure goods</b>		<b>1,03</b>	<b>0,00</b>
158.456 Coach	4.459	1,03	
<b>Personal goods</b>		<b>2,44</b>	<b>2,11</b>
179.235 Columbia Sportswear	6.507	1,50	
57.208 Kimberly-Clark	4.075	0,94	
<b>Tobacco</b>		<b>1,90</b>	<b>1,71</b>
226.707 Altria Group	8.243	1,90	

# M&G North American Value Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Healthcare equipment &amp; services</b>		<b>3,61</b>	<b>5,06</b>
126.786 Baxter International	5.641	1,30	
68.416 Hill-Rom Holdings	2.116	0,49	
120.795 Owens & Minor	2.810	0,65	
82.911 Stryker	5.071	1,17	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>9,65</b>	<b>9,44</b>
156.610 Abbott Laboratories	4.833	1,12	
140.196 Eli Lilly	6.363	1,47	
166.465 Johnson & Johnson	11.093	2,56	
229.691 Merck	8.777	2,03	
476.435 Pfizer	10.678	2,47	
<b>Food &amp; drug retailers</b>		<b>0,41</b>	<b>0,32</b>
57.608 Weis Markets	1.770	0,41	
<b>General retailers</b>		<b>6,74</b>	<b>6,41</b>
190.767 Best Buy	4.642	1,07	
151.812 DeVry Education Group	3.606	0,83	
56.558 Dillard's 'A'	4.765	1,10	
82.710 Lowe's	3.974	0,92	
80.192 Target	3.996	0,92	
151.615 Wal-Mart Stores	8.234	1,90	
<b>Media</b>		<b>2,09</b>	<b>2,74</b>
236.029 Comcast 'A'	9.049	2,09	
<b>Travel &amp; leisure</b>		<b>1,26</b>	<b>1,08</b>
192.280 Carnival	5.455	1,26	
<b>Fixed line telecommunications</b>		<b>2,40</b>	<b>3,28</b>
283.289 AT&T	6.334	1,46	
168.241 Centurylink	4.077	0,94	
<b>Electricity</b>		<b>1,40</b>	<b>1,29</b>
275.833 Exelon	6.071	1,40	
<b>Banks</b>		<b>9,92</b>	<b>9,53</b>
260.646 Capitol Federal Financial	2.110	0,49	
267.032 Citigroup	9.071	2,10	
189.958 FirstMerit	2.262	0,52	
277.153 JPMorgan Chase	11.063	2,56	
245.211 People's United Bank	2.395	0,55	
95.221 PNC Financial Services	5.688	1,31	
289.737 Wells Fargo	10.356	2,39	
<b>Non-life insurance</b>		<b>5,19</b>	<b>3,86</b>
186.027 American International Group	6.623	1,53	
59.214 Anthem	5.633	1,30	
198.540 Loews	5.302	1,23	
183.328 The Hartford Financial Services Group	4.872	1,13	
<b>Life insurance</b>		<b>1,45</b>	<b>1,46</b>
189.222 MetLife	6.258	1,45	
<b>Real estate investment trusts</b>		<b>0,99</b>	<b>0,75</b>
252.183 Kimco Realty	4.277	0,99	

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Financial services</b>		<b>2,98</b>	<b>1,62</b>
241.686 Bank of New York Mellon	6.178	1,43	
53.975 Goldman Sachs Group	6.725	1,55	
<b>Software &amp; computer services</b>		<b>6,61</b>	<b>6,49</b>
187.536 Cadence Design Systems	2.249	0,52	
29.713 Google	10.771	2,49	
7.010 Google 'C' shares	2.523	0,58	
457.570 Microsoft	13.064	3,02	
<b>Technology hardware &amp; equipment</b>		<b>8,84</b>	<b>9,73</b>
319.278 Corning	5.062	1,17	
117.359 Harris	5.913	1,37	
282.719 Intel	6.164	1,42	
336.043 Juniper Networks	5.231	1,20	
157.631 Lexmark International	4.313	1,00	
30.951 Qualcomm	1.444	0,33	
73.894 Western Digital	5.139	1,19	
579.133 Xerox	5.011	1,16	
<b>Portfolio of investments</b>	<b>420.819</b>	<b>97,23</b>	<b>96,80</b>
<b>'AAA' rated money market funds <sup>[a]</sup></b>		<b>2,98</b>	<b>3,22</b>
19.895.000 Northern Trust Global Fund - US dollar	12.895	2,98	
<b>Total portfolio</b>	<b>433.714</b>	<b>100,21</b>	<b>100,02</b>
<b>Net other liabilities</b>	<b>(901)</b>	<b>(0,21)</b>	<b>(0,02)</b>
<b>Net assets attributable to shareholders</b>	<b>432.813</b>	<b>100,00</b>	<b>100,00</b>

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

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

# M&G North American Value Fund

## PORTFOLIO

### PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

<b>Largest purchases</b>	<b>£'000</b>
Boeing	6.315
Bank of New York Mellon	6.057
Target	3.917
Parker Hannifin	3.599
Coach	3.578
Rock-Tenn	2.926
Johnson & Johnson	2.580
Google	2.052
Harris	1.818
Weis Markets	1.808
ConocoPhillips	1.657
Apache	1.619
Dillard's 'A'	1.386
Columbia Sportswear	1.365
Kimco Realty	1.278
Cummins	1.269
Magna International	1.243
Chevron	1.199
Comcast 'A'	1.049
Lexmark International	1.037
Northern Trust Global Fund - US dollar <sup>[a]</sup>	66.520
Other purchases	27.959
<b>Total purchases</b>	<b>142.231</b>
<b>Largest sales</b>	<b>£'000</b>
Qualcomm	5.854
Norfolk Southern	4.184
Caterpillar	3.508
AT&T	3.235
Graham Holdings 'B'	2.983
Abbott Laboratories	2.434
Kimberly-Clark	2.405
Signet Jewelers	2.276
Lowe's	2.043
Walgreen	1.673
Bunge	1.471
Domtar	1.420
Tyson Foods	1.261
Corning	1.203
Altria Group	1.077
Stryker	1.065
Cummins	1.048
Best Buy	954
People's United Bank	866
Baxter International	857
Northern Trust Global Fund - US dollar <sup>[a]</sup>	66.792
Other sales	19.461
<b>Total sales</b>	<b>128.070</b>

<sup>[a]</sup> Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015		2014	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		38.718		9.562
Revenue	4.580		1.194	
Expenses	(3.251)		(896)	
Net revenue before taxation	1.329		298	
Taxation	(664)		(62)	
Net revenue after taxation		665		236
<b>Total return before equalisation</b>		<b>39.383</b>		<b>9.798</b>
Finance costs: Equalisation		(3)		2
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>39.380</b>		<b>9.800</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015		2014	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>380.753</b>		<b>114.337</b>
Amounts received on issue of shares	86.434		27.447	
Amounts paid on cancellation of shares	(73.754)		(40.256)	
		12.680		(12.809)
Change in net assets attributable to shareholders from investment activities (see above)		39.380		9.800
<b>Closing net assets attributable to shareholders</b>		<b>432.813</b>		<b>111.328</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015		as at 31 August 2014	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		433.714		380.826
Debtors	1.470		1.886	
Cash and bank balances	22		0	
<b>Total other assets</b>		<b>1.492</b>		<b>1.886</b>
<b>Total assets</b>		<b>435.206</b>		<b>382.712</b>
<b>Liabilities</b>				
Creditors				
Net distributions payable on income shares	0		(619)	
Other creditors	(2.393)		(1.253)	
Bank overdrafts	0		(87)	
<b>Total liabilities</b>		<b>(2.393)</b>		<b>(1.959)</b>
<b>Net assets attributable to shareholders</b>		<b>432.813</b>		<b>380.753</b>

# M&G North American Value Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

### NOTE TO THE FINANCIAL STATEMENTS

#### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

# M&G North American Value Fund

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# M&G Pan European Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective and policy of the M&G Pan European Fund

The Fund invests wholly or mainly in European (including UK) companies. The Fund may also invest in companies outside Europe but only when these companies derive the majority of their income from European activity. The objective is to maximise long term total return (the combination of income and growth of capital).

### Investment approach

The M&G Pan European Fund is a concentrated portfolio of quality European companies, with 'economic moats' to protect their profitability and an element of change helping to drive their value. Importantly, the fund manager invests in businesses where short-term 'disruptions' have provided a clear valuation opportunity.

The fund manager believes that a focus on both quality and value offers a powerful combination, providing the long-term growth in returns that quality businesses can deliver, as well as the potential boost to a company's share price when a 'disruption' has been resolved and the shares revert to a more appropriate level. Key to his approach is remaining patient and taking a long-term view, both in the entry and exit points of the fund's holdings. The fund manager keeps the portfolio focused, generally holding between 25 and 35 well-understood stocks, which broadly fall into one of two 'buckets' – 'stable growth' and 'opportunities'. Stable growth companies are those that have a proven track record of producing stable earnings, tending to have very strong market positions or powerful brands, for example. Opportunities companies sit in out-of-favour corners of the market where change is not appreciated or risk is overstated. These tend to be less predictable, but with significant upside potential.

### Risk and reward profile\*



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 2 March 2015, for the six months ended 28 February 2015

We invest in a focused portfolio of quality companies, with 'economic moats' to protect their profitability. Much as a castle's physical moat helped to protect it from invaders, economic moats help to defend a business from competition and erosion of profitability. We look for companies where we see an element of change helping to drive their value and, importantly, we invest in businesses where short-term 'disruptions' have provided a clear valuation opportunity – that is, the shares have become what we consider to be cheap.

During the period under review, we invested in one new holding, addiction cessation drug maker Indivior. The company was created from the spin-off of international consumer goods business Reckitt Benckiser's (held in the portfolio) pharmaceuticals division. Despite some negativity surrounding the spin-off, particularly concerning patent expiry of its Suboxone heroin substitute, we think the business has a solid pipeline of new product delivery, and will be very well positioned as these products come to fruition.

We also closed our position in German online tyre retailer Delticom, preferring to recycle proceeds back into the portfolio. In light of this, we topped up positions where we thought valuations were looking attractive, including UK-listed bank Standard Chartered and Spanish discount retailer Distribuidora Internacional de Alimentación.

**John William Olsen**  
Fund manager

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

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

# M&G Pan European Fund

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.09.15	31.10.15
Interim	01.03.16	30.04.16

	Interim distribution Inc 30.04.15 <sup>[a]</sup>	Acc 02.03.15 <sup>[a]</sup>	Ongoing Charges Figure <sup>[b]</sup> 28.02.15	31.08.14
<b>Sterling</b>	p	p	%	%
Class 'A'	0,7195	1,3783	1,68	1,69
Class 'I'	5,5551	5,9356	0,92	0,95
Class 'R'	0,5460	0,5889	1,18	1,19
Class 'X'	0,7105	1,3614	1,68	1,69
<b>Euro</b>	€	€	%	%
Class 'A'	n/a	7,4566	1,68	1,69
Class 'C'	n/a	8,2504	0,93	0,94
<b>US dollar</b>	\$	\$	%	%
Class 'A'	n/a	4,0140	1,64	1,80 <sup>[c]</sup>
Class 'C'	n/a	4,4920	0,87	0,93 <sup>[c]</sup>

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

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

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

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 28.02.15		Net asset value per share as at 31.08.14		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	172,19	331,23	160,04	306,54	+7,59	+8,05
Class 'I'	1.329,50	1.425,46	1.230,22	1.314,27	+8,07	+8,46
Class 'R'	131,83	141,52	122,37	130,65	+7,73	+8,32
Class 'X'	170,31	327,33	158,31	302,93	+7,58	+8,05
<b>Euro</b>	€	€	€	€	%	%
Class 'A'	n/a	17,9160	n/a	15,1749	n/a	+18,06
Class 'C'	n/a	19,8476	n/a	16,7482	n/a	+18,51
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A'	n/a	10,3789	n/a	10,3283	n/a	+0,49
Class 'C'	n/a	10,4234	n/a	10,3331	n/a	+0,87

Past performance is not a guide to future performance.

The value of stockmarket investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and you may not get back the original amount you invested.

## PERFORMANCE SINCE LAUNCH

	six months 01.09.14 %	one year 03.03.14 %	five years 02.03.10 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'A'	+7,5	+2,0	+2,5	+5,2 <sup>[c]</sup>
Class 'I'	+7,9	+2,8	n/a	+11,7 <sup>[d]</sup>
Class 'R'	+7,6	+2,4	n/a	+11,3 <sup>[d]</sup>
Class 'X'	+7,4	+1,9	+2,5	+7,2 <sup>[e]</sup>
<b>Euro <sup>[f]</sup></b>				
Class 'A'	+17,8	+19,5	+10,1	+4,5 <sup>[g]</sup>
Class 'C'	+18,3	+20,4	+10,9	+5,3 <sup>[g]</sup>
<b>US dollar <sup>[f]</sup></b>				
Class 'A'	+0,7	n/a	n/a	+3,6 <sup>[h]</sup>
Class 'C'	+1,1	n/a	n/a	+4,1 <sup>[h]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid excluding reinvested income.

<sup>[c]</sup> 29 September 1989, the end of the initial offer period of the predecessor unit trust.

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

<sup>[e]</sup> 1 October 2002, the launch date of the share class.

<sup>[f]</sup> Bid to bid with net income reinvested.

<sup>[g]</sup> 28 November 2001, the launch date of the share class.

<sup>[h]</sup> 8 August 2014, the launch date of the share class. Not annualised.

### SINGLE YEAR PERFORMANCE (5 YEARS ENDING FEBRUARY)

From To	01.03.14 28.02.15 %	01.03.13 28.02.14 %	01.03.12 28.02.13 %	01.03.11 29.02.12 %	01.03.10 28.02.11 %
<b>Sterling</b>					
Class 'A'	+1,1	+25,9	+3,3	+4,7	-3,0

Source: Morningstar, Inc., bid to bid with net income reinvested.



# M&G Pan European Fund

## FUND STATISTICS

PRICES					
	Calendar year	Income shares Highest	Income shares Lowest	Accumulation shares Highest	Accumulation shares Lowest
<b>Sterling (net)</b>					
Class 'A'	2010	p	p	p	p
	2010	160,57	126,80	268,28	211,59
	2011 <sup>[a]</sup>	160,58	118,85	275,12	208,30
	2012	148,78	126,62	267,55	223,19
	2013	173,16	149,06	317,53	268,07
	2014	176,40	145,51	327,10	278,69
	2015 <sup>[b]</sup>	172,71	156,33	331,32	299,48
Class 'I'	2012 <sup>[c]</sup>	1.129,21	1.000,00	1.132,20	1.000,00
	2013	1.320,42	1.131,56	1.352,90	1.134,60
	2014	1.353,54	1.120,36	1.400,07	1.196,00
	2015 <sup>[b]</sup>	1.333,53	1.205,79	1.425,89	1.287,42
Class 'R'	2012 <sup>[c]</sup>	112,83	100,00	113,06	100,00
	2013	131,70	113,06	134,77	113,30
	2014	134,72	111,18	139,26	118,86
	2015 <sup>[b]</sup>	132,22	119,60	141,57	127,87
Class 'X'	2010	158,82	125,41	265,14	209,11
	2011 <sup>[a]</sup>	158,83	117,56	271,89	205,86
	2012	147,17	125,25	264,41	220,58
	2013	171,29	147,45	313,80	264,92
	2014	174,49	143,92	323,26	275,42
	2015 <sup>[b]</sup>	170,83	154,62	327,42	295,95
<b>Euro (net)</b>					
Class 'A'	2010	€	€	€	€
	2010	n/a	n/a	12,4141	10,1081
	2011 <sup>[a]</sup>	n/a	n/a	12,5050	9,4359
	2012	n/a	n/a	12,8414	10,8511
	2013	n/a	n/a	14,8850	12,7980
	2014	n/a	n/a	15,9316	13,7548
	2015 <sup>[b]</sup>	n/a	n/a	17,8957	15,0599
Class 'B'	2010 <sup>[d]</sup>	n/a	n/a	11,3425	9,2569
	2011 <sup>[a]</sup>	n/a	n/a	11,4222	8,5878
	2012	n/a	n/a	11,6131	9,8619
	2013 <sup>[e]</sup>	n/a	n/a	12,8915	11,6508
Class 'C'	2010	n/a	n/a	13,3280	10,8147
	2011 <sup>[a]</sup>	n/a	n/a	13,4317	10,1862
	2012	n/a	n/a	13,9943	11,7388
	2013	n/a	n/a	16,3464	13,9984
	2014	n/a	n/a	17,5544	15,1950
	2015 <sup>[b]</sup>	n/a	n/a	19,8247	16,6652
<b>US dollar (net)</b>					
Class 'A'	2014 <sup>[f]</sup>	\$	\$	\$	\$
	2014	n/a	n/a	10,4211	9,0468
	2015 <sup>[b]</sup>	n/a	n/a	10,3883	9,1963
Class 'C'	2014 <sup>[f]</sup>	n/a	n/a	10,4266	9,0598
	2015 <sup>[b]</sup>	n/a	n/a	10,4325	9,2262

<sup>[a]</sup> The Prudential European Trust merged into the M&G Pan European Fund immediately after 17 June 2011.

<sup>[b]</sup> To 2 March 2015.

<sup>[c]</sup> From 3 August 2012 (the launch date of the share class).

<sup>[d]</sup> From 3 June 2010 (the launch date of the share class).

<sup>[e]</sup> To 7 June 2013 (the closure of the share class).

<sup>[f]</sup> From 8 August 2014 (the launch date of the share class).

## INCOME

Dividend income per share

	Calendar year	Interim	Distributed Final	Total	Reinvested
<b>Sterling (net)</b>					
Class 'A'	2010	p	p	p	p
	2010	0,5560	2,3060	2,8620	4,7725
	2011	1,4500	3,0760	4,5260	7,7311
	2012	0,8300	2,6950	3,5250	6,2068
	2013	0,7797	3,6400	4,4197	7,9740
	2014	0,6544	5,2839	5,9383	11,0116
	2015 <sup>[a]</sup>	0,7195	-	0,7195	1,3783
Class 'I'	2012	n/a	2,1450	2,1450	2,1450
	2013	5,9437	27,7045	33,6482	34,3970
	2014	5,0238	40,4612	45,4850	47,0025
	2015 <sup>[a]</sup>	5,5551	-	5,5551	5,9356
Class 'R'	2012	n/a	0,2100	0,2100	0,2100
	2013	0,6509	2,7651	3,4160	3,4366
	2014	0,5011	4,0297	4,5308	4,6811
	2015 <sup>[a]</sup>	0,5460	-	0,5460	0,5889
Class 'X'	2010	0,5500	2,2810	2,8310	4,7169
	2011	1,4350	3,0300	4,4650	7,6204
	2012	0,8200	2,6670	3,4870	6,1645
	2013	0,7708	3,6007	4,3715	7,8800
	2014	0,6513	5,2254	5,8767	10,8802
	2015 <sup>[a]</sup>	0,7105	-	0,7105	1,3614
<b>Euro (net)</b>					
Class 'A'	2010	¢	¢	¢	¢
	2010	n/a	n/a	n/a	22,4610
	2011	n/a	n/a	n/a	34,9380
	2012	n/a	n/a	n/a	30,3125
	2013	n/a	n/a	n/a	36,6510
	2014	n/a	n/a	n/a	54,1987
	2015 <sup>[a]</sup>	n/a	n/a	n/a	7,4566
Class 'B'	2010	n/a	n/a	n/a	3,7990
	2011	n/a	n/a	n/a	31,7600
	2012	n/a	n/a	n/a	27,5274
	2013	n/a	n/a	n/a	5,7166
Class 'C'	2010	n/a	n/a	n/a	23,9890
	2011	n/a	n/a	n/a	37,3960
	2012	n/a	n/a	n/a	33,0153
	2013	n/a	n/a	n/a	39,8848
	2014	n/a	n/a	n/a	59,9135
	2015 <sup>[a]</sup>	n/a	n/a	n/a	8,2504
<b>US dollar (net)</b>					
Class 'A'	2014	¢	¢	¢	¢
	2014	n/a	n/a	n/a	25,7680
	2015 <sup>[a]</sup>	n/a	n/a	n/a	4,0140
Class 'C'	2014	n/a	n/a	n/a	26,2120
	2015 <sup>[a]</sup>	n/a	n/a	n/a	4,4920

<sup>[a]</sup> Up to interim: ex-distribution date 2 March 2015;  
payment date 30 April 2015.

The level of income earned by the fund will fluctuate.

# M&G Pan European Fund

## FUND STATISTICS

NET ASSETS					
	Period ended	Value per share Inc	Value per share Acc	Number of shares Inc	Number of shares Acc
<b>Sterling</b>					
Class 'A'	Aug 2012	133.90	240.80	82.366.428	17.229.464
	Aug 2013	162.62	300.42	67.345.328	15.826.364
	Aug 2014	160.04	306.54	69.166.493	14.413.097
	Feb 2015	172.19	331.23	70.669.731	13.711.890
Class 'I'	Aug 2012	1.013.17	1.015.32	100	100
	Aug 2013	1.240.66	1.278.60	54.900	16.000
	Aug 2014	1.230.22	1.314.27	181.163	94.717
	Feb 2015	1.329.50	1.425.46	267.819	131.729
Class 'R'	Aug 2012	101.29	101.50	1.000	1.000
	Aug 2013	123.72	127.41	109.000	50.000
	Aug 2014	122.37	130.65	127.000	88.000
	Feb 2015	131.83	141.52	92.733	80.000
Class 'X'	Aug 2012	132.45	237.97	708.446	370.915
	Aug 2013	160.87	296.89	691.446	333.915
	Aug 2014	158.31	302.93	710.838	294.975
	Feb 2015	170.31	327.33	704.286	243.202
<b>Euro</b>					
		€	€		
Class 'A'	Aug 2012	n/a	11,9249	n/a	302.860
	Aug 2013	n/a	13,8420	n/a	745.860
	Aug 2014	n/a	15,1749	n/a	824.549
	Feb 2015	n/a	17,9160	n/a	724.636
Class 'B'	Aug 2012	n/a	10,8034	n/a	13.100
	Aug 2013	n/a	n/a	n/a	n/a
Class 'C'	Aug 2012	n/a	12,9653	n/a	336.240
	Aug 2013	n/a	15,1607	n/a	1.254.940
	Aug 2014	n/a	16,7482	n/a	996.802
	Feb 2015	n/a	19,8476	n/a	991.502
<b>US dollar</b>					
		\$	\$		
Class 'A'	Aug 2014	n/a	10,3283	n/a	500
	Feb 2015	n/a	10,3789	n/a	500
Class 'C'	Aug 2014	n/a	10,3331	n/a	500
	Feb 2015	n/a	10,4234	n/a	500
<b>Total net asset value of sub-fund</b>					
	Period ended	£			
	Aug 2012	160.049.000			
	Aug 2013	185.317.000			
	Aug 2014	183.859.000			
	Feb 2015	198.541.000			

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Oil &amp; gas producers</b>		<b>3,17</b>	<b>5,01</b>
442.641 Statoil	5.408	2,72	
229.903 Tullow Oil	891	0,45	
<b>Chemicals</b>		<b>7,71</b>	<b>7,24</b>
96.347 Bayer	9.262	4,67	
45.922 Linde	6.036	3,04	
<b>Construction &amp; materials</b>		<b>2,80</b>	<b>2,92</b>
111.075 Holcim (Regd.)	5.556	2,80	
<b>Aerospace &amp; defence</b>		<b>1,56</b>	<b>1,65</b>
170.032 Ultra Electronics Holdings	3.101	1,56	
<b>General industrials</b>		<b>3,22</b>	<b>3,44</b>
200.305 GEA Group	6.404	3,22	
<b>Electronic &amp; electrical equipment</b>		<b>4,16</b>	<b>4,25</b>
103.667 Schneider Electric	5.384	2,71	
130.757 Spectris	2.878	1,45	
<b>Industrial engineering</b>		<b>2,38</b>	<b>2,33</b>
115.399 Jungheinrich Pref. (non-voting)	4.725	2,38	
<b>Industrial transportation</b>		<b>3,16</b>	<b>3,02</b>
299.820 DSV	6.278	3,16	
<b>Support services</b>		<b>6,75</b>	<b>5,72</b>
237.431 Amadeus IT Holdings	6.391	3,22	
348.462 Travis Perkins	7.018	3,53	
<b>Automobiles &amp; parts</b>		<b>5,12</b>	<b>5,53</b>
64.161 Bayerische Motoren Werke	5.228	2,63	
506.709 Pirelli	4.947	2,49	
<b>Food producers</b>		<b>4,61</b>	<b>5,58</b>
180.232 Nestlé (Regd.)	9.150	4,61	
<b>Household goods &amp; home construction</b>		<b>3,71</b>	<b>3,18</b>
126.277 Reckitt Benckiser	7.375	3,71	
<b>Personal goods</b>		<b>5,45</b>	<b>4,90</b>
96.412 adidas	4.848	2,44	
102.499 Pandora	5.972	3,01	
<b>Tobacco</b>		<b>5,20</b>	<b>5,29</b>
273.896 British American Tobacco	10.322	5,20	
<b>Healthcare equipment &amp; services</b>		<b>2,48</b>	<b>2,17</b>
93.500 Fresenius Medical Care	4.923	2,48	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>6,20</b>	<b>4,08</b>
508.750 GlaxoSmithKline	7.847	3,95	
2.635.599 Indivior	4.459	2,25	
<b>Food &amp; drug retailers</b>		<b>4,89</b>	<b>5,05</b>
1.285.268 Distribuidora Internacional de Alimentación	6.333	3,19	
110.308 Magnit	3.368	1,70	
<b>General retailers</b>		<b>3,30</b>	<b>3,33</b>
491.579 WHSmith	6.553	3,30	
<b>Media</b>		<b>4,71</b>	<b>3,99</b>
659.754 Pearson	9.349	4,71	
<b>Banks</b>		<b>8,78</b>	<b>9,38</b>
2.320.165 Barclays	5.996	3,02	
319.066 Standard Chartered	3.262	1,64	
123.573 Svenska Handelsbanken 'A'	3.987	2,01	
971.692 UniCredit	4.181	2,11	
<b>Non-life insurance</b>		<b>3,25</b>	<b>2,87</b>
808.761 Hiscox	6.446	3,25	

# M&G Pan European Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 28 February 2015

Holding	Value £'000	28.02.15 %	31.08.14 %
<b>Life insurance</b>		<b>3,52</b>	<b>3,68</b>
728.322 ING Groep	6.991	3,52	
<b>Software &amp; computer services</b>		<b>2,91</b>	<b>3,24</b>
126.445 SAP	5.771	2,91	
<b>Portfolio of investments</b>	<b>196.640</b>	<b>99,04</b>	<b>97,85</b>
<b>'AAA' rated money market funds [a]</b>		<b>0,93</b>	<b>3,60</b>
1.840.000 Northern Trust Global Fund - Sterling	1.840	0,93	
<b>Total portfolio</b>	<b>198.480</b>	<b>99,97</b>	<b>101,45</b>
<b>Net other assets / (liabilities)</b>	<b>61</b>	<b>0,03</b>	<b>(1,45)</b>
<b>Net assets attributable to shareholders</b>	<b>198.541</b>	<b>100,00</b>	<b>100,00</b>

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

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

### PORTFOLIO TRANSACTIONS

for the six months ended 28 February 2015

<b>Purchases</b>	<b>£'000</b>
Indivior	3.615
Amadeus IT Holdings	924
Distribuidora Internacional de Alimentación	924
Reckitt Benckiser	743
Standard Chartered	556
Barclays	54
Northern Trust Global Fund - Sterling [a]	5.434
<b>Total purchases</b>	<b>12.250</b>
<b>Sales</b>	<b>£'000</b>
Nestlé (Regd.)	1.909
GEA Group	919
Barclays	918
Delticom	742
ING Groep	738
WHSmith	545
Northern Trust Global Fund - Sterling [a]	10.215
<b>Total sales</b>	<b>15.986</b>

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

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 28 February 2015.

### STATEMENT OF TOTAL RETURN

	2015 £'000	2014 £'000
Income		
Net capital gains	15.702	10.762
Revenue	702	956
Expenses	(1.475)	(1.540)
Net expense before taxation	(773)	(584)
Taxation	295	(26)
Net expense after taxation	(478)	(610)
<b>Total return before distributions</b>	<b>15.224</b>	<b>10.152</b>
Finance costs: Distributions	(838)	(759)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>14.386</b>	<b>9.393</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2015 £'000	2014 £'000
<b>Opening net assets attributable to shareholders</b>	<b>183.859</b>	<b>185.317</b>
Amounts received on issue of shares	8.202	16.132
Amounts paid on cancellation of shares	(8.212)	(8.109)
	(10)	8.023
Stamp Duty Reserve Tax	0	(7)
Change in net assets attributable to shareholders from investment activities (see above)	14.386	9.393
Retained distributions on Accumulation shares	299	328
Unclaimed distributions	7	4
<b>Closing net assets attributable to shareholders</b>	<b>198.541</b>	<b>203.058</b>

The opening net assets attributable to shareholders for 2015 differs to the closing position in 2014 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

### BALANCE SHEET

	as at 28 February 2015 £'000	as at 31 August 2014 £'000
<b>Assets</b>		
Investment assets	198.480	186.534
Debtors	980	1.468
Cash and bank balances	58	67
<b>Total other assets</b>	<b>1.038</b>	<b>1.535</b>
<b>Total assets</b>	<b>199.518</b>	<b>188.069</b>
<b>Liabilities</b>		
Creditors		
Net distributions payable on Income shares	(529)	(3.770)
Other creditors	(448)	(440)
<b>Total liabilities</b>	<b>(977)</b>	<b>(4.210)</b>
<b>Net assets attributable to shareholders</b>	<b>198.541</b>	<b>183.859</b>

# M&G Pan European Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

### NOTE TO THE FINANCIAL STATEMENTS

#### Accounting policies

The financial statements have been prepared in accordance with the accounting policies set out in the note to the aggregated financial statements on page 4.

# Further information

## LIQUIDITY

The ACD's policy is that the sub-funds should normally be close to fully invested but this is subject to the need to retain liquidity for the purpose of effecting the redemption of shares, and the efficient management of the sub-funds in accordance with their objectives. There may, therefore, be occasions when there will be higher levels of liquidity, for example following the issue of shares or the realisation of investments. Higher liquidity levels may also arise when a sub-fund's asset allocation policy is changed.

## DILUTION

The actual cost of purchasing or selling a sub-fund's investments may deviate from the mid-market price due to dealing costs and these costs can have an adverse effect on the value of the sub-fund, known as 'dilution'. The Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority, allows the cost of dilution to be recovered from investors on the purchase or redemption of shares by means of a dilution adjustment to the dealing price, and this is the policy which has been adopted by the ACD.

Further information on the ACD's dilution adjustment policy is in the Prospectus, which is available free of charge from the ACD, M&G Securities Limited.

## THE EU SAVINGS DIRECTIVE

The percentage of the following M&G sub-funds held in interest-bearing assets (as defined by the UK rules for the EU Savings Directive 2003/48/EC) is as follows:

M&G American Fund	1,60%
M&G Asian Fund	0,67%
M&G European Fund	3,20%
M&G European Index Tracker Fund	0,13%
M&G European Smaller Companies Fund	1,91%
M&G Global Basics Fund	3,22%
M&G Global Growth Fund	0,41%
M&G Global Leaders Fund	1,07%
M&G Japan Fund	0,29%
M&G Japan Smaller Companies Fund	0,36%
M&G North American Value Fund	2,98%
M&G Pan European Fund	0,96%

## OTHER

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.

## PORTFOLIO TURNOVER RATES

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within each sub-fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the sub-fund's shares and is expressed as a percentage of the sub-fund's average net asset value.

The unaudited PTRs for the sub-funds currently registered in Switzerland are as follows:

	as at 28.02.15	as at 31.08.14
M&G American Fund	27,88%	1,78%
M&G Asian Fund	12,98%	-34,03%
M&G European Fund	47,37%	30,77%
M&G European Smaller Companies Fund	44,94%	47,25%
M&G Global Basics Fund	41,04%	37,83%
M&G Global Leaders Fund	103,02%	101,08%
M&G Global Growth Fund	171,76%	140,45%
M&G Japan Fund	14,59%	24,74%
M&G Japan Smaller Companies Fund	67,23%	73,21%
M&G North American Value Fund	14,29%	80,93%
M&G Pan European Fund	147,67%	149,68%

# Further information

## TOTAL EXPENSE RATIOS

The Total Expense Ratio (TER) is shown only for those share classes currently available in Switzerland. The TER shows the relevant annualised operating expenses of each share class from the most recent reporting period as a single percentage of the average net asset value for that share class over the same period.

The unaudited TERs for the sub-funds currently registered in Switzerland are as follows:

			Total Expense Ratio	
Share class			28.02.15	31.08.14
			%	%
M&G American Fund	Euro	Class 'A'	1,66	1,66
		Class 'A-H'	1,69	1,68
		Class 'C'	0,91	0,91
		Class 'C-H'	0,94	0,93
	US dollar	Class 'A'	1,66	1,66
		Class 'C'	0,91	0,91
M&G Asian Fund	Euro	Class 'A'	1,73	1,73
		Class 'C'	0,98	0,98
	US dollar	Class 'A'	1,73	1,73
		Class 'C'	0,98	0,98
M&G European Fund	Euro	Class 'A'	1,66	1,70
		Class 'C'	0,93	0,95
M&G European Smaller Companies Fund	Euro	Class 'A'	1,69	1,71
		Class 'C'	0,94	0,96
	US dollar	Class 'A'	1,63	1,87
		Class 'C'	0,87	0,99
M&G Global Basics Fund	Euro	Class 'A'	1,92	1,93
		Class 'C'	0,92	0,92
	US dollar	Class 'A'	1,92	1,93
		Class 'C'	0,92	0,93
M&G Global Growth Fund	Euro	Class 'A'	1,91	1,93
		Class 'C'	0,91	0,93
	US dollar	Class 'A'	1,91	1,93
		Class 'C'	0,91	0,93
M&G Global Leaders Fund	Euro	Class 'A'	1,92	1,92
		Class 'C'	0,92	0,92
	US dollar	Class 'A'	1,92	1,92
		Class 'C'	0,93	0,92
M&G Japan Fund	Euro	Class 'A'	1,72	1,71
		Class 'C'	0,96	0,96
M&G Japan Smaller Companies Fund	Euro	Class 'A'	1,72	1,71
		Class 'C'	0,96	0,96
M&G North American Value Fund	Euro	Class 'A'	1,66	1,68
		Class 'C'	0,91	0,93
	US dollar	Class 'A'	1,67	1,67
		Class 'C'	0,91	0,93
M&G Pan European Fund	Euro	Class 'A'	1,68	1,69
		Class 'C'	0,93	0,94
	US dollar	Class 'A'	1,64	1,80
		Class 'C'	0,87	0,93

## HONG KONG INVESTOR INFORMATION

The total investment cost as at 28 February 2015 for the following sub-funds are:

Sub-fund	Total investment at cost (£'000)
M&G American Fund	578.113
M&G Global Basics Fund	2.257.048
M&G Global Leaders Fund	716.995
M&G Pan European Fund	179.704

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

