

# **M&G (Lux) Investment Funds 1**

Interim Report and unaudited Financial Statements  
for the six months ended 30 September 2018

M&G (Lux) Investment Funds 1 is a Société d'investissement à capital variable (SICAV) under Luxembourg Law



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## **Glossary**

**With respect to the following Sub-funds no registration notification has been filed with BaFin and consequently Shares in the following Sub-funds must not be distributed in Germany:**

- **M&G (Lux) Global High Yield Bond 2023 Fund**
- **M&G (Lux) Multi Asset 2023 Fund**
- **M&G (Lux) PIR Allocation Fund**

## M&G (Lux) Investment Funds 1

# Management and administration

The Board of Directors of M&G (Lux) Investment Funds 1 (the 'Board' or its 'Directors') presents its Interim Report and unaudited Financial Statements for the six months ended 30 September 2018.

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

### Company information

M&G (Lux) Investment Funds 1 (the 'Company') is an Open-Ended Investment Company incorporated under the laws of Luxembourg as a Société d'investissement à capital variable (SICAV) in accordance with the provision of part 1 of the UCI Law of 17 December 2010, as amended.

The Company is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) under the laws of the Grand-Duchy of Luxembourg. The Company was incorporated on 29 November 2016 and is a UCITS (Undertaking for Collective Investment in Transferable Securities) scheme under part 1 of the law dated 17 December 2010 on undertakings for Collective Investment, as amended.

The Company is an umbrella fund designed to offer investors access to a variety of investment strategies through a range of separate funds. Each fund represents a separate portfolio of assets.

The Company's principal activity is to carry on business as a SICAV. The Company is structured as an umbrella fund, and different funds may be established by the Board from time to time with the approval of the CSSF.

Under Luxembourg law, the Company is itself a legal entity, and the assets and liabilities of each fund are segregated from one another and invested in accordance with the investment objectives and investment policies applicable to each fund. Shareholders are not liable for the debts of the respective fund. A Shareholder is not liable to make any further payment to the respective fund after payment has been made in full for the purchase of shares.

Each fund may offer more than one class of shares. Each share class may have different features with respect to its criteria for subscription (including eligibility requirements), redemption, minimum holding, fee structure, currency, hedging policy and distribution policy (further information on share classes is fully described in the Company's Prospectus).

Board of Directors of M&G (Lux) Investment Funds 1 (the 'Board')

G N Cotton, P R Jelfs, G W MacDowall, L J Mumford, Y Wagner\*

\* Independent Director

### Funds, fund managers and launch dates

At the six months end 30 September 2018, the following funds are available for investment. Please note the fund managers are employed by M&G Limited, which is an associate of M&G Securities Limited.

#### M&G (Lux) Absolute Return Bond Fund

Launched: 21 December 2016

Co-fund managers: Jim Leaviss and Wolfgang Bauer

#### M&G (Lux) Conservative Allocation Fund

Launched: 16 January 2018

Co-fund managers: Juan Nevado and Craig Moran

#### M&G (Lux) Dynamic Allocation Fund

Launched: 16 January 2018

Co-fund managers: Juan Nevado and Tony Finding

#### M&G (Lux) Emerging Markets Bond Fund

Launched: 17 September 2018

Fund manager: Claudia Calich

#### M&G (Lux) Emerging Markets Hard Currency Bond Fund

Launched: 22 May 2017

Fund manager: Claudia Calich

#### M&G (Lux) Emerging Markets Income Opportunities Fund

Launched: 22 May 2017

Fund manager: Michael Bourke

#### M&G (Lux) European Inflation Linked Corporate Bond Fund

Launched: 16 March 2018

Fund manager: Wolfgang Bauer

#### M&G (Lux) European Strategic Value Fund

Launched: 18 September 2018

Fund manager: Richard Halle

#### M&G (Lux) Floating Rate High Yield Solution

Launched: 24 August 2017

Co-fund managers: Stefan Isaacs and James Tomlins

#### M&G (Lux) Global Dividend Fund

Launched: 18 September 2018

Fund manager: Stuart Rhodes

#### M&G (Lux) Global Floating Rate High Yield Fund

Launched: 13 September 2018

Fund manager: James Tomlins

#### M&G (Lux) Global High Yield ESG Bond Fund

Launched: 5 October 2017

Co-fund managers: James Tomlins and Stefan Isaacs

#### M&G (Lux) Global Listed Infrastructure Fund

Launched: 5 October 2017

Fund manager: Alex Araujo

## M&G (Lux) Investment Funds 1

# Management and administration

### Company information

#### M&G (Lux) Global Recovery Fund

Launched: 18 July 2018

Fund manager: David Williams

#### M&G (Lux) Global Target Return Fund

Launched: 21 December 2016

Fund manager: Tristan Hanson

#### M&G (Lux) Income Allocation Fund

Launched: 16 January 2018

Fund manager: Steven Andrew

#### M&G (Lux) Multi Asset 2023 Fund

Launched: 14 December 2017

Fund manager: Craig Moran

#### M&G (Lux) Optimal Income Fund

Launched: 5 September 2018

Fund manager: Richard Woolnough

### Management company

M&G Securities Limited,

Laurence Pountney Hill, London EC4R 0HH, UK

(Authorised and regulated by the Financial Conduct Authority in the United Kingdom)

The Company has appointed M&G Securities Limited to serve as its management company within the meaning of the UCI Law. The Management Company is responsible for the provision of investment management services, administrative services and marketing services to the Company.

The Management Company also acts as management company for other funds (see Appendix on page 136 for list of funds).

In accordance with the FCA Rules and with the prior consent of the Directors, the Management Company may delegate all or part of its duties and powers to any person or entity, provided such duties and powers remain under the supervision and responsibility of the Management Company.

### Investment manager

M&G Investment Management Limited,

Laurence Pountney Hill, London EC4R 0HH, UK

The Management Company has appointed M&G Investment Management Limited as investment manager to manage and invest the assets of the funds pursuant to their respective investment objectives and policies.

### Registrar and transfer agent

RBC Investor Services Bank S.A. (Luxembourg),

14, Porte de France, 4360 Esch-sur-Alzette, Luxembourg

The Management Company in conjunction with the Board of Directors has appointed RBC Investor Services Bank S.A. as registrar and transfer agent of the Company.

### Depository and administrator

State Street Bank Luxembourg S.C.A.,

49, avenue John F. Kennedy, 1855 Luxembourg, Luxembourg

The Management Company in conjunction with the Board of Directors has appointed State Street Bank Luxembourg S.C.A. as administrator of the Company.

### Independent auditor

Ernst & Young S.A.,

35E, avenue John F. Kennedy, 1855 Luxembourg, Luxembourg

### Legal Advisers

Elvinger Hoss Prussen, *société anonyme*,

2, place Winston Churchill, L-1340 Luxembourg, Luxembourg

### Important information

With effect from 1 October 2018 the Management Company changed from M&G Securities Limited to M&G Luxembourg S.A. Further details of the new management company can be found in the latest prospectus.

Please note that the following share classes were launched:

Fund name	Date	Share Class
M&G (Lux) Absolute Return Bond Fund	3 April 2018	Euro 'A' F2 & F3 Dist
M&G (Lux) Absolute Return Bond Fund	4 May 2018	Euro 'B' Acc & Dist
M&G (Lux) Absolute Return Bond Fund	3 April 2018	Euro 'B' F2 & F3 Dist
M&G (Lux) Emerging Markets Hard Currency Bond Fund	27 September 2018	Euro 'LI' Dist
M&G (Lux) Global High Yield ESG Bond Fund	23 August 2018	GBP 'LH' Dist
M&G (Lux) Income Allocation Fund	4 May 2018	Euro 'ZI' Dist

As at the date of this report, the most recent Visa Stamped Prospectus was approved by the CSSF on 1 October 2018.

The following funds are part of M&G (Lux) Investment Funds 1. They are available, or will be available, for investment from the dates indicated below.

The sub-funds below are launched and available for investment:

**M&G (Lux) Absolute Return Bond Fund**

**M&G (Lux) Conservative Allocation Fund**

**M&G (Lux) Dynamic Allocation Fund**

**M&G (Lux) Emerging Markets Bond Fund**

**M&G (Lux) Emerging Markets Hard Currency Bond Fund**

**M&G (Lux) Emerging Markets Income Opportunities Fund**

**M&G (Lux) European Inflation Linked Corporate Bond Fund**

**M&G (Lux) European Strategic Value Fund**

**M&G (Lux) Floating Rate High Yield Solution**

**M&G (Lux) Global Dividend Fund**

**M&G (Lux) Global Floating Rate High Yield Fund**

**M&G (Lux) Global High Yield ESG Bond Fund**

**M&G (Lux) Global Listed Infrastructure Fund**

**M&G (Lux) Global Recovery Fund**

## M&G (Lux) Investment Funds 1

# Management and administration

### Important information

#### M&G (Lux) Global Target Return Fund

#### M&G (Lux) Income Allocation Fund

#### M&G (Lux) Multi Asset 2023 Fund

#### M&G (Lux) Optimal Income Fund

The sub-funds below are not launched and will be launched following a decision by the Directors:

#### M&G (Lux) Global High Yield Bond 2023 Fund

#### M&G (Lux) Global Themes Fund

#### M&G (Lux) PIR Allocation Fund

#### M&G (Lux) Positive Impact Fund

#### M&G (Lux) Sustainable Allocation Fund

In order to ensure that European investors from outside the UK had the opportunity to remain invested in M&G's fund strategies, M&G proposed the merger of non-Sterling shareclasses in the below listed UK funds ('the Merging Funds') into equivalent funds within M&G (Lux) Investment Funds 1 ('the Receiving Funds').

Following successful extraordinary resolutions at shareholder meetings on the 5 October 2018, the mergers of the non-Sterling shareclasses in the Merging Funds will take place at various dates prior to the 29 March 2019.

Merging Fund	Receiving Fund
M&G Asian Fund	M&G (Lux) Asian Fund
M&G Emerging Markets Bond Fund	M&G (Lux) Emerging Markets Bond Fund
M&G Episode Macro Fund	M&G (Lux) Episode Macro Fund
M&G European Corporate Bond Fund	M&G (Lux) Euro Corporate Bond Fund
M&G European Strategic Value Fund	M&G (Lux) European Strategic Value Fund
M&G Global Convertibles Fund	M&G (Lux) Global Convertibles Fund
M&G Global Corporate Bond Fund	M&G (Lux) Global Corporate Bond Fund
M&G Global Dividend Fund	M&G (Lux) Global Dividend Fund
M&G Global Emerging Markets Fund	M&G (Lux) Global Emerging Markets Fund
M&G Global Floating Rate High Yield Fund	M&G (Lux) Global Floating Rate High Yield Fund
M&G Global High Yield Bond Fund	M&G (Lux) Global High Yield Bond Fund
M&G Global Macro Bond Fund	M&G (Lux) Global Macro Bond Fund
M&G Global Select Fund	M&G (Lux) Global Select Fund
M&G Japan Fund	M&G (Lux) Japan Fund
M&G Japan Smaller Companies Fund	M&G (Lux) Japan Smaller Companies Fund
M&G North American Dividend Fund	M&G (Lux) North American Dividend Fund
M&G North American Value Fund	M&G (Lux) North American Value Fund
M&G Optimal Income Fund	M&G (Lux) Optimal Income Fund
M&G Pan European Dividend Fund	M&G (Lux) Pan European Dividend Fund
M&G Pan European Select Fund	M&G (Lux) Pan European Select Fund
M&G Short Dated Corporate Bond Fund	M&G (Lux) Short Dated Corporate Bond Fund

### Investor information

The Prospectus, Articles of Incorporation, Key Investor Information Documents, latest annual or interim report and financial statements are available free of charge on request

from the following addresses. Alternatively, you can obtain a copy of the latest annual or interim report and financial statements from our website at [www.mandg.co.uk/discretionary](http://www.mandg.co.uk/discretionary)

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current Prospectus, the current Key Investor Information Document, accompanied by the latest audited annual report or unaudited interim report if published thereafter.

A detailed list of investments purchased and sold for any fund during the period is available upon request, free of charge, from the following address:

#### Customer services and administration

M&G Luxembourg S.A., c/o RBC I&TS,  
14, Porte de France, L-4360 Esch-sur-Alzette, Luxembourg

Telephone: +352 2605 9944

Email: [csmandg@rbc.com](mailto:csmandg@rbc.com)

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.

For security purposes and to improve the quality of our service, we may record and monitor telephone calls.

#### Austrian paying and information agent

Société Générale, Vienna Branch,  
Prinz Eugen-Strasse 8-10/5/Top 11, 1040 Wien, Austria

#### Belgian financial agent

Société Générale Private Banking NV,  
Kortrijksesteenweg 302, 9000 Gent, Belgium

#### Danish representative agent

Nordea Bank Danmark A/S,  
Client Relations DK, Investor Services & Solutions,  
Postbox 850, Reg.no.6428. HH. 6.1., 0900 Copenhagen C,  
Denmark

#### French centralising agent

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

#### German information agent

M&G International Investments S.A.,  
mainBuilding, Taunusanlage 19, 60325 Frankfurt am Main,  
Germany

#### Greek paying agent and distributor

Eurobank Ergasias S.A.,  
8, Othonos Street, 10557 Athens, Greece  
Alpha Bank A.E.,  
40 Stadiou Street, 102 52 Athens, Greece

## M&G (Lux) Investment Funds 1

# Management and administration

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### Investor information

Piraeus Bank S.A. (from 01 October 2018)  
40 Stadiou Street, 102 52 Athens, Greece

#### Irish facilities agent

Société Générale S.A., Dublin Branch,  
3rd Floor IFSC House – IFSC, Dublin 1, Ireland

#### Italian paying agents

Allfunds Bank, S.A.,  
Via Bocchetto, 6, 20123 Milano MI, Italy

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

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

BNP PARIBAS Securities Services,  
Piazza Lina Bo Bardi 3, 20124 Milano, Italy

CACEIS Bank Luxembourg,  
Milan Branch, Piazza Cavour 2, 20121 Milano, Italy

RBC Investor Services Bank S.A.,  
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

#### Portuguese distributor

Best - Banco Electrónico de Serviço Total, S.A.,  
Praça Marquês de Pombal, no. 3 - 3º, 1250-161 Lisboa, Portugal

#### Spanish representative

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

#### Swedish paying agent

Nordea Bank AB (publ),  
Smålandsgatan 17, 105 71 Stockholm, Sweden

#### Swiss paying agent and representative

Société Générale, Paris, Zurich Branch,  
Talacker 50, 8021 Zurich, Switzerland

# M&G (Lux) Investment Funds 1

## Directors' Report

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### Directors' responsibilities

The Directors are responsible for the overall management and control of the Company in accordance with the Articles. The Directors are further responsible for the implementation of each fund's investment objective and policies, as well as for oversight of the administration and operations of each fund.

The Directors shall have the broadest powers to act in any circumstances on behalf of the Company, subject to the powers reserved by law to the Shareholders.

The following persons have been appointed as Directors of the Company:

**Gary Cotton**, Director of M&G Investment Management Limited and Director of M&G Securities Limited.

**Philip Jelfs**, Director of M&G Securities Limited.

**Graham MacDowall**, Director of M&G Securities Limited.

**Laurence Mumford**, Director of M&G Securities Limited.

**Yves Wagner** is an Independent Director.

The Directors may appoint one or more committees, authorised delegates or agents to act on their behalf.

### Delegation of functions

#### Management Company

From 1 October 2018 the Company has appointed M&G Luxembourg S.A. pursuant to the Management Agreement to serve as its management company within the meaning of the UCI Law.

During the year to 30 September 2018, the Company had appointed M&G Securities Limited pursuant to the Management Agreement to serve as its management company within the meaning of the UCI Law. The Management Company performs certain functions, subject to the overall supervision of the Directors, for the provision of investment management services, administrative services and marketing services to the Company.

#### Distributor

The Management Company is also the principal distributor of shares under the terms of the Management Agreement.

The Management Company acts as the management company of the Company under the freedom to provide services organised by the UCITS Directive. In accordance with the relevant provisions of the UCI Law, the Management Company will be required to comply with the FCA Rules (being the rules of the Management Company's 'home member state' for the purposes of the UCI Law) in relation to the organisation of the Management Company, including its delegation arrangements, risk management procedures, prudential rules and supervision, applicable prudential rules regarding the Management Company's management of UCITS authorised under the UCITS

Directive and the Management Company's reporting requirements. The Management Company shall comply with the UCI Law as regards the constitution and functioning of the Company.

#### Investment manager

The Management Company has appointed M&G Investment Management Limited as investment manager to manage and invest the assets of the funds pursuant to their respective investment objectives and policies.

The Investment manager was appointed pursuant to the Investment Management Agreement. Under the Investment Management Agreement, the Investment manager has full discretion, subject to the overall review and control of the Management Company and the Directors, to purchase and sell securities and otherwise to manage the assets of the Company on a discretionary basis.

#### Registrar and transfer agent

The Management Company has appointed RBC Investor Services Bank S.A. as registrar and transfer agent of the Company on behalf of the board of directors.

Under the Registrar and Transfer Agency Agreement, the registrar and transfer agent is responsible for processing the issue, redemption and transfer of shares, as well as for the keeping of the register of Shareholders, subject to the overall review and control of the Management Company and the Directors.

#### Administrator

The Management Company has appointed State Street Bank Luxembourg S.C.A. as the Administrator of the Company on behalf of the board of directors. The Administrator will carry out certain administrative duties related to the administration of the Company, including the calculation of the Net Asset Value of the shares and the provision of accounting services to the Company, subject to the overall review and control of the Management Company and the Directors.

The Management Company has appointed the Administrator as its domiciliary agent. The Administrator will be responsible for the domiciliation of the Company and will perform, inter alia, the functions as foreseen in the Luxembourg law of 31 May 1999 on the domiciliation of companies, as amended from time to time, and, in particular, allow the Company to establish its registered office at the registered office of the Administrator and provide facilities necessary for the meetings of the Company's officers, Directors and/or of the Shareholders of the Company.

#### Hedging services

The Management Company has appointed State Street Global Markets to undertake certain currency hedging functions in respect of the Hedged Share Classes.



## M&G (Lux) Investment Funds 1

# Directors' Report

### Directors' responsibilities

#### Depositary

The Management Company in conjunction with the Board of Directors has appointed State Street Bank Luxembourg S.C.A. as the Depositary.

The Depositary shall perform all of the duties and obligations of a depositary under the UCITS Directive and the Luxembourg implementing laws and regulations with respect to each fund.

The Depositary has been entrusted with the following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with applicable law and the Articles;
- ensuring that the value of the shares is calculated in accordance with applicable law and the Articles;
- carrying out the instructions of the Management Company or the Company (as the case may be), unless such instructions conflict with applicable law or the Articles;
- ensuring that, in transactions involving the assets of the Company, any consideration is remitted to the Company within the usual time limits;
- ensuring that the income of the Company is applied in accordance with applicable law and the Articles;
- monitoring and oversight of the Company's cash and cashflows in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations; and
- safe-keeping of the Company's assets, including the safe-keeping of financial instruments that can be held in custody and ownership verification and record-keeping in relation to other assets.

### Directors' statement

This report has been prepared in accordance with the requirements of the UCITS Directive 2009/65/EC of the European Parliament and Council of 13 July 2009.

G W MACDOWALL } Directors  
L J MUMFORD }

19 November 2018






## M&G (Lux) Investment Funds 1

# Market review

Global stockmarkets posted strong returns in the main during the six months to 30 September 2018. This was largely on the back of healthy company profits and investors' perception that company shares (equities) in some markets are still attractively priced. Several emerging markets, however, came under selling pressure due to worries over escalating trade tensions, particularly between the US and China.

On the other hand, in bond markets, yields on 10-year US Treasuries rose to above 3% by the end of the six-month review period, as robust economic growth in the US, a pick-up in inflation and two interest rate rises by the Federal Reserve, dampened investor demand for safe-haven government bonds. The period also featured a sharp rise in the oil price and the US dollar.

The US stockmarket was one of the standout performers over the six months, with both the S&P 500 Index, which contains many of the country's largest companies, and the technology-heavy NASDAQ Composite reaching all-time highs. The US economy's growth acceleration and rapid job creation has so far overshadowed global hazards, including the risk of a Trump-induced trade war.

Shares in companies were buoyed by bumper earnings growth across most sectors, but interestingly, the fortunes of some of the largest technology-related companies began to diverge. Notably, electronic consumer goods giant Apple became the first company to reach to a market capitalisation of US\$1 trillion. In contrast, the share price of social media company Facebook fell in July 2018 on concerns over slowing user and advertising growth.

In Japan – the world's third-largest economy – the stockmarket also made significant gains; although, unlike in the US, market moves were more volatile. Initially, Japanese shares faced several headwinds, particularly worries about a US-China trade war and the strength of the yen. (A stronger Japanese currency can reduce the value of overseas revenues and profits of Japanese companies in yen terms.) Meanwhile, the share prices of some industrial and manufacturing companies declined on fears that President Trump's trade tariffs would damage exports.

Nonetheless, as the six months drew to a close, Japanese shares made solid gains, reflecting better-than-expected quarterly results and signs that investors are now appreciating the strong underlying fundamentals of many companies. Furthermore, on a macro level, we are seeing a continuous flow of data that points to a healthy economy, with sustained economic growth and rising wages.

Performance of European stockmarkets, however, was mixed as the region had to contend with significant volatility; the Italian market performed particularly poorly. A general election in the country led to the formation of a coalition government made up

of anti-establishment parties, which unsettled investors. Italian banks, in particular, were hard hit because of their exposure to Italian government bonds, whose yields rose sharply.

More generally, European company shares faced several headwinds, including an escalating trade war, which could adversely affect manufacturing exports and banks' exposure to the Turkish economy. Turkey is currently grappling with higher inflation and a very weak currency. Additionally, economic data was largely disappointing – the eurozone economy registered its slowest growth in two years – which supports the view that the European Central Bank will be patient in easing its crisis-era monetary support.

Outside the eurozone, the UK stockmarket initially made impressive gains, driven by a fall in sterling, which boosts the earnings of companies that generate profits overseas. However, later on, the stockmarket drifted lower, on the back of increased Brexit uncertainty, which weighed on investors' sentiment and risk appetite.

Rising interest rates in the US and the continued appreciation of the US dollar, together with the fear of a global trade war, dampened investor sentiment towards emerging markets. As the US and China proposed additional tariffs on each other's products, investors worried about the impact on Chinese companies and its stockmarket was one of the biggest fallers over the six months. Shares in Turkish companies were also particularly weak, hit by a steep decline in the Turkish lira and concerns about the country's financial position. Nevertheless, there were some bright spots, including stockmarkets in Australia, India and Mexico, which all rose.

Rising interest rates and higher inflation in the US and UK also weighed on the performance of their respective government bonds and yields on long-dated Treasuries and gilts rose. (Bonds are loans that are extended by an investor to an issuer – such as a company or government – in exchange for regular interest payments. Corporate bonds are bonds issued by companies.)

Conversely, yields on German bunds were unchanged, reflecting lacklustre economic growth in the eurozone and the prospect that the European Central Bank will maintain its ultra-loose monetary policy for some time. Elsewhere, yields on emerging market government debt, particularly those denominated in local currency, rose as prices fell.

In economies where growth is the strongest, such as the US, the spread between investment grade and high yield corporate bonds versus government bonds narrowed. Conversely, in Europe, where there has been some relatively disappointing economic data recently, this spread widened.

Looking ahead, we believe strong corporate earnings should continue to be the key driver of stockmarket performance as global economic growth remains resilient. However, we recognise that trade tensions, geopolitical risks, higher oil prices and the

## M&G (Lux) Investment Funds 1

# Market review

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normalisation of monetary policy could cause bouts of volatility. While equities have performed well over the six months, in most cases, we believe they still look attractively valued when compared to government bonds.

**M&G Investment Management Limited**

**30 September 2018**

Source of market performance data: Datastream, as at 30 September 2018.

## M&G (Lux) Absolute Return Bond Fund

# Investment objective and policy

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### Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) of at least cash\* plus 2.5% a year, before any charges are taken, in any market conditions and over any three-year period.

The Fund aims to achieve this while seeking to minimise the degree to which the value of the Fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the Fund's volatility in this way reduces its ability to achieve returns significantly above 3-month EURIBOR plus 2.5%.

\* As based on 3-month EURIBOR, the rate at which banks borrow money from each other.

### Investment policy

The Fund will invest at least 70% of its Net Asset Value in the following asset classes: bonds, currencies, cash, near cash and deposits. These may be issued anywhere in the world and denominated in any currency.

The Fund's exposure to these investments may also be gained by investing in other collective investment schemes\*\*, or through the use of derivative instruments. The Fund may take short positions (holding derivative instruments with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, and groups of securities. The Fund also has the flexibility to gain exposure to investments exceeding the net asset value of the Fund in order to increase potential returns in both rising and falling markets.

Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options, and Total Return Swaps.

The bonds that the Fund may invest in include the following:

- bonds which are rated above investment grade by a recognised rating agency, bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies, bonds from issuers located in emerging markets;
- a maximum of 60% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds;
- a maximum of 20% of the Fund's Net Asset Value in Contingent Convertible Debt Securities; and
- a maximum of 20% of the Fund's Net Asset Value in Asset-Backed Securities.

\*\* When the underlying collective investment scheme is managed by the Management Company (or an associate), the Management Company will reduce its the Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Absolute Return Bond Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME</b>				<b>42,393</b>	<b>97.63</b>
<b>Debt securities</b>				<b>42,421</b>	<b>97.69</b>
<b>'AAA' credit rated bonds</b>				<b>7,395</b>	<b>17.03</b>
Australia (Commonwealth of) 3%	150,000	AU\$	21.03.47	91	0.21
Avoca CLO XI FRN	400,000	€	15.07.30	400	0.92
Barings Euro CLO FRN	400,000	€	15.10.30	400	0.92
Brass No 7 FRN	100,000	£	16.10.59	113	0.26
Carlyle Euro CLO FRN	400,000	€	15.07.30	400	0.92
Delft FRN	127,910	€	17.01.40	128	0.29
Dukinfield 2 FRN	151,744	£	20.12.52	173	0.40
Finsbury Square FRN	97,180	£	12.09.65	109	0.25
Harvest CLO VIII FRN	203,000	€	15.01.31	201	0.46
Harvest CLO VII FRN	250,000	€	12.04.31	250	0.58
Iliad 1.875%	200,000	€	25.04.25	188	0.43
Jubilee CLO XVIII FRN	400,000	€	15.01.30	400	0.92
Kreditanstalt fuer Wiederaufbau 1%	500,000	£	15.12.22	555	1.28
Ludgate Funding FRN	277,821	€	01.12.60	267	0.62
Newday Partnership Funding FRN	200,000	£	15.12.27	225	0.52
Newgate Funding FRN	374,810	€	15.12.50	370	0.85
Oat Hill FRN	183,461	£	25.02.46	206	0.47
Paragon Mortgages No 11 FRN	205,852	€	15.10.41	199	0.46
Residential Mortgage Securities FRN	230,657	£	20.12.46	261	0.60
Tower Bridge Funding No 3 FRN	112,000	£	20.12.61	126	0.29
US Treasury I/L 0.125%	600,000	US\$	15.07.26	515	1.19
US Treasury I/L 0.625%	400,000	US\$	15.01.24	368	0.85
US Treasury Note 1.375%	200,000	US\$	31.05.20	169	0.39
US Treasury Note 1.5%	900,000	US\$	31.10.19	768	1.77
US Treasury Note 2.625%	300,000	US\$	28.02.23	256	0.59
US Treasury Note 2.75%	300,000	US\$	15.11.23	257	0.59
<b>'AA' credit rated bonds</b>				<b>1,425</b>	<b>3.28</b>
E-MAC NL I FRN	222,864	€	25.04.38	223	0.51
HSBC Holdings FRN	100,000	€	05.10.23	100	0.23
JT International Financial Services 1.125%	100,000	€	28.09.25	100	0.23
Paragon Mortgages No 13 FRN	319,556	€	15.01.39	305	0.70
Towd Point Mortgage Funding Granite 1 FRN	343,000	£	20.07.46	389	0.90
UK Gilt I/L 1.875%	170,000	£	22.11.22	308	0.71
<b>'A' credit rated bonds</b>				<b>8,058</b>	<b>18.56</b>
Alba FRN	298,802	€	15.12.38	284	0.65
AT&T 5.25%	300,000	US\$	01.03.37	260	0.60
AXA FRN	357,000	€	28.05.49	351	0.81
Bank of America FRN	200,000	€	04.05.23	201	0.46
Bank of America FRN	300,000	US\$	05.02.26	255	0.59
Barclays 3.125%	250,000	£	17.01.24	281	0.65
Barclays Bank FRN	300,000	€	07.02.28	287	0.66
BNP Paribas FRN	400,000	€	07.06.24	400	0.92
BPCE FRN	300,000	€	23.03.23	297	0.68
Chubb INA Holdings 1.55%	127,000	€	15.03.28	127	0.29
Citigroup FRN	650,000	US\$	17.05.24	566	1.30
CK Hutchison Europe Finance 18 1.25%	162,000	€	13.04.25	160	0.37
Crédit Suisse Group FRN	200,000	£	12.09.25	215	0.50
Experian Finance 2.125%	100,000	£	27.09.24	112	0.26
Goldman Sachs Group FRN	200,000	€	26.09.23	199	0.46
Halfmoon Parent 4.375%	53,000	US\$	15.10.28	46	0.11
Halfmoon Parent 4.8%	68,000	US\$	15.08.38	59	0.14
ING Groep FRN	200,000	€	22.03.30	197	0.45
ING Groep FRN	200,000	€	20.09.23	200	0.46
Landmark Mortgage Securities No 2 FRN	296,658	€	17.06.39	284	0.65
Lloyds Banking Group FRN	350,000	€	21.06.24	348	0.80
Magellan Mortgages No 4 FRN	271,575	€	20.07.59	260	0.60
Mitchells & Butlers Finance FRN	65,902	US\$	15.12.30	53	0.12
Morgan Stanley FRN	200,000	US\$	08.05.24	176	0.41
Santander UK Group Holdings FRN	300,000	€	18.05.23	298	0.69
Santander UK Group Holdings FRN	259,000	€	27.03.24	257	0.59
Société Générale FRN	700,000	€	22.05.24	699	1.61
TOTAL FRN	200,000	€	29.12.49	210	0.48
UBS London 1.25%	200,000	£	10.12.20	224	0.52
Verizon Communications 2.875%	200,000	€	15.01.38	201	0.46

# M&G (Lux) Absolute Return Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>'A' credit rated bonds (continued)</b>					
Wells Fargo 1.375%	100,000	£	30.06.22	110	0.25
Wells Fargo FRN	500,000	US\$	31.10.23	441	1.02
<b>'BBB' credit rated bonds</b>				<b>15,954</b>	<b>36.74</b>
AA Bond 4.875%	100,000	£	31.07.43	113	0.26
Admiral Group 5.5%	300,000	£	25.07.24	368	0.85
Akelius Residential Property 2.375%	270,000	£	15.08.25	289	0.67
Allergan Funding 2.125%	150,000	€	01.06.29	148	0.34
America Movil FRN	200,000	€	06.09.73	236	0.54
American International Group FRN	300,000	€	15.03.67	282	0.65
Andeavor Logistics 4.25%	150,000	US\$	01.12.27	127	0.29
Anglo American Capital 4.5%	200,000	US\$	15.03.28	165	0.38
Aon 2.875%	250,000	€	14.05.26	270	0.62
Arion Banki 1%	362,000	€	20.03.23	355	0.82
Aroundtown 3%	100,000	£	16.10.29	106	0.24
AT&T FRN	147,000	US\$	12.06.24	127	0.29
Atrium European Real Estate 3%	101,000	€	11.09.25	102	0.23
Aviva FRN	400,000	£	29.09.49	490	1.13
Banco de Sabadell 1.625%	300,000	€	07.03.24	299	0.69
Banco Santander 2.125%	100,000	€	08.02.28	94	0.22
BAT Capital 4.54%	200,000	US\$	15.08.47	160	0.37
Bayer Capital 1.5%	100,000	€	26.06.26	100	0.23
Bayer Capital 2.125%	100,000	€	15.12.29	101	0.23
Belfius Bank FRN	200,000	€	15.03.28	195	0.45
Beni Stabili 2.375%	160,000	€	20.02.28	162	0.37
Bogota Distrito Capital 9.75%	200,000,000	COP	26.07.28	63	0.15
Capital One Financial 4.2%	400,000	US\$	29.10.25	337	0.78
Channel Link Enterprises Finance FRN	250,000	€	30.06.50	252	0.58
Citigroup FRN	200,000	US\$	15.05.23	174	0.40
Citigroup FRN	200,000	US\$	01.06.24	174	0.40
Crédit Agricole FRN	400,000	€	29.04.49	439	1.01
Deutsche Bank 1.125%	151,000	€	30.08.23	152	0.35
DP World 4.25%	256,000	£	25.09.30	288	0.66
DP World 6.85%	100,000	US\$	02.07.37	99	0.23
ELM for Helvetia Schweizerische Versicherungsgesellschaft FRN	350,000	€	29.09.47	357	0.82
Energy Transfer 5.8%	79,000	US\$	15.06.38	71	0.16
Energy Transfer 6.125%	400,000	US\$	15.12.45	368	0.85
Express Scripts Holding 3%	100,000	£	12.05.32	104	0.24
Express Scripts Holding 4.8%	100,000	US\$	15.07.46	85	0.20
Fastighets AB Balder 1.875%	100,000	€	23.01.26	98	0.23
FCE Bank 1.134%	250,000	€	10.02.22	251	0.58
Goldman Sachs Group 3.125%	300,000	£	25.07.29	332	0.76
Greene King Finance FRN	268,464	£	15.12.33	300	0.69
Groupe Bruxelles Lambert 1.375%	500,000	€	23.05.24	503	1.16
Hastings Group Finance 3%	110,000	£	24.05.25	122	0.28
Intesa Sanpaolo 1.75%	150,000	€	20.03.28	135	0.31
Italy (Republic of) 2.05%	150,000	€	01.08.27	139	0.32
Leonardo 1.5%	400,000	€	07.06.24	385	0.89
Lloyds Banking Group FRN	200,000	€	07.09.28	194	0.45
Mapfre FRN	200,000	€	07.09.48	200	0.46
Maple Escrow Subsidiary 4.057%	55,000	US\$	25.05.23	48	0.11
Mondi Finance 1.625%	122,000	€	27.04.26	122	0.28
MPLX 4.125%	50,000	US\$	01.03.27	42	0.10
Mylan 4.55%	200,000	US\$	15.04.28	169	0.39
Mylan 5.4%	400,000	US\$	29.11.43	333	0.77
Nationwide Building Society FRN	240,000	€	08.03.26	236	0.54
Nationwide Building Society FRN	200,000	US\$	01.08.24	172	0.40
NN Group FRN	100,000	€	15.07.49	106	0.24
O2 Telefonica Deutschland Finanzierung 1.75%	100,000	€	05.07.25	101	0.23
Orange FRN	200,000	€	29.10.49	221	0.51
Portugal (Republic of) 5.125%	200,000	US\$	15.10.24	181	0.42
RCI Banque FRN	300,000	€	12.01.23	297	0.68
Romania 3.875%	250,000	€	29.10.35	255	0.59
Royal Bank of Scotland Group FRN	158,000	€	02.03.26	154	0.35
Royal Bank of Scotland Group FRN	300,000	£	19.09.26	330	0.76
Royal Bank of Scotland Group FRN	200,000	US\$	18.05.29	172	0.40
Russia (Federation of) 8.15%	17,500,000	RUB	03.02.27	227	0.52
SELP Finance 1.5%	100,000	€	20.11.25	97	0.22

# M&G (Lux) Absolute Return Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>'BBB' credit rated bonds (continued)</b>					
Snam FRN	200,000	€	02.08.24	196	0.45
Société Générale 4.25%	200,000	US\$	14.09.23	172	0.40
Stora Enso 2.5%	111,000	€	21.03.28	114	0.26
Suez FRN	300,000	€	31.12.99	301	0.69
Telecom Italia Finance 2.375%	200,000	€	12.10.27	189	0.44
Thames Water Utilities Cayman Finance 2.375%	500,000	£	03.05.23	548	1.26
Thermo Fisher Scientific 2.875%	100,000	€	24.07.37	102	0.23
Uruguay (Republic of the) 9.875%	7,000,000	UYU	20.06.22	180	0.41
Virgin Money Holdings UK FRN	149,000	£	24.04.26	165	0.38
Vodafone Group 5%	28,000	US\$	30.05.38	24	0.06
Vodafone Group FRN	194,000	€	03.10.78	194	0.45
Volkswagen International Finance FRN	300,000	€	31.12.99	296	0.68
Vonovia Finance 1.5%	100,000	€	14.01.28	96	0.22
Western Gas Partners 4.65%	100,000	US\$	01.07.26	85	0.20
WPC Eurobond 2.125%	119,000	€	15.04.27	118	0.27
<b>'BB' credit rated bonds</b>				<b>6,854</b>	<b>15.78</b>
Banco Bilbao Vizcaya Argentaria FRN	400,000	€	29.12.49	408	0.94
Banco Santander FRN	700,000	€	12.03.49	706	1.63
Bayer FRN	300,000	€	02.04.75	296	0.68
Belden 3.375%	229,000	€	15.07.27	226	0.52
Brazil (Federal Republic of) 10%	800,000	BRL	01.01.27	159	0.37
CCO Holdings 5.125%	100,000	US\$	01.05.27	82	0.19
CSC Holdings 5.5%	200,000	US\$	15.04.27	168	0.39
Energy Transfer FRN	50,000	US\$	01.11.66	39	0.09
Freeport-McMoRan 3.875%	280,000	US\$	15.03.23	233	0.54
HCA 5.375%	200,000	US\$	01.09.26	174	0.40
HCA 5.5%	350,000	US\$	15.06.47	306	0.70
Innervest Pharma 5.375%	199,000	US\$	02.05.23	174	0.40
InterXion Holding 4.75%	126,000	€	15.06.25	132	0.30
KBC Group FRN	500,000	€	29.03.49	507	1.17
Lagardere 1.625%	200,000	€	21.06.24	195	0.45
Lloyds Banking Group FRN	400,000	£	29.12.49	458	1.05
Lusitano Mortgages No 5 FRN	223,036	€	15.07.59	210	0.48
Ocado Group 4%	100,000	£	15.06.24	113	0.26
Olin 5%	200,000	US\$	01.02.30	162	0.37
Petrobras Global Finance 5.75%	500,000	US\$	01.02.29	389	0.90
Puma International Financing 5%	200,000	US\$	24.01.26	147	0.34
Senegal (Republic of) 4.75%	150,000	€	13.03.28	146	0.34
Sirius XM Radio 5%	200,000	US\$	01.08.27	166	0.38
Telecom Italia Milano 2.875%	124,000	€	28.01.26	124	0.28
Telefonica Europe FRN	200,000	€	31.12.99	192	0.44
Telefonica Europe FRN	300,000	€	31.12.49	308	0.71
T-Mobile USA 6.375%	200,000	US\$	01.03.25	180	0.41
United Rentals North America 4.875%	100,000	US\$	15.01.28	81	0.19
Wind Tre FRN	400,000	€	20.01.24	373	0.86
<b>'B' credit rated bonds</b>				<b>2,735</b>	<b>6.30</b>
Altice Financial 4.75%	100,000	€	15.01.28	85	0.19
Altice France 5.875%	100,000	€	01.02.27	105	0.24
Argentina (Republic of) 5%	100,000	€	15.01.27	82	0.19
Argentina (Republic of) 5.875%	69,000	US\$	11.01.28	48	0.11
Argentina (Republic of) 6.875%	50,000	US\$	11.01.48	34	0.08
Cabot Financial Luxembourg II FRN	170,000	€	15.11.21	172	0.40
Ceva Logistics Finance 5.25%	104,000	€	01.08.25	102	0.23
Côte d'Ivoire (Republic of) 5.125%	100,000	€	15.06.25	101	0.23
Egypt (Republic of) 5.625%	250,000	€	16.04.30	237	0.55
Garfunkelux Holdco 3 FRN	250,000	€	01.09.23	224	0.52
Iceland Bondco FRN	33,909	£	15.07.20	38	0.09
Intesa Sanpaolo FRN	200,000	€	29.12.49	206	0.47
Matterhorn Telecom FRN	57,143	€	01.02.23	57	0.13
Nexi Capital FRN	177,000	€	01.05.23	177	0.41
Nomad Foods Bondco 3.25%	150,000	€	15.05.24	152	0.35
Premier Foods Finance 6.25%	174,000	£	15.10.23	199	0.46
SFR Group 5.625%	220,000	€	15.05.24	230	0.53
Tesla 5.3%	30,000	US\$	15.08.25	22	0.05
UniCredit FRN	400,000	€	31.12.99	361	0.83
Valloirec 6.375%	100,000	€	15.10.23	103	0.24

# M&G (Lux) Absolute Return Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Contracts	Currency	Market value €'000	% of net assets
<b>Debt derivatives</b>			(28)	(0.06)
<b>Credit default swaps</b>			(137)	(0.32)
Amgen Inc Jun 2023	250,000	US\$	(6)	(0.01)
Anglo American Dec 2022	100,000	€	16	0.04
Anglo American Jun 2022	250,000	€	37	0.08
Glencore International Dec 2022	100,000	€	15	0.03
Glencore International Jun 2022	100,000	€	14	0.03
Glencore International Jun 2023	300,000	€	47	0.11
iTraxx Europe Crossover Dec 2023	675,000	€	(75)	(0.17)
iTraxx Europe Dec 2023	9,300,000	€	(159)	(0.37)
iTraxx Europe Jun 2028	550,000	€	(2)	-
iTraxx Europe Senior Financials Dec 2023	550,000	€	(6)	(0.01)
iTraxx Europe Sub Financials Dec 2023	1,000,000	€	32	0.07
Markit's North American High Yield CDX Index Jun 2023	2,600,000	US\$	(46)	(0.11)
People's Republic of China Dec 2021	200,000	€	4	0.01
Pfizer Jun 2022	200,000	US\$	(5)	(0.01)
Republic of Chile Dec 2021	100,000	€	2	-
Republic of Italy Dec 2022	150,000	US\$	(5)	(0.01)
<b>Interest rate swaps</b>				
Pay 1.8045% Receive VAR Oct 2022	200,000	£	2	0.01
		<b>Maturity date</b>	<b>Commitment value (€'000)</b>	
<b>Interest rate futures</b>			<b>107</b>	<b>0.25</b>
Germany (Federal Republic of) Bobl 5 year Futures	(46)	€	6,014	39
Germany (Federal Republic of) Bund 10 year Futures	(17)	€	2,704	28
Germany (Federal Republic of) Buxl 30 year Futures	(1)	€	175	3
Germany (Federal Republic of) Schatz 2 year Futures	(13)	€	1,453	2
US Treasury Notes 10 year Futures	(5)	US\$	513	6
US Treasury Notes 30 year Futures	(3)	US\$	365	9
US Ultra Bond Futures	(4)	US\$	536	17
UK Treasury Notes Futures	(2)	£	273	3
<b>CURRENCY</b>			<b>(94)</b>	<b>(0.21)</b>
<b>Forward currency contracts</b>			<b>(94)</b>	<b>(0.21)</b>
Bought for CHF 266,803.89, Sold for € 237,373.16		17.10.18	(1)	-
Bought for € 7,905,781.81, Sold for £ 7,038,873.07		17.10.18	(16)	(0.04)
Bought for € 9,428,629.84, Sold for US\$ 11,018,409.98		17.10.18	(74)	(0.17)
Bought for ¥ 143,858,348.00, Sold for € 1,100,239.98		17.10.18	(6)	(0.01)
Bought for US\$ 289,966.59, Sold for € 247,405.04		17.10.18	3	0.01
<b>Portfolio of investments</b>			<b>42,299</b>	<b>97.42</b>
<b>SHARE CLASS HEDGING</b>			<b>23</b>	<b>0.05</b>
Bought for £ 5,490,493.89, Sold for € 6,156,514.22		17.10.18	23	0.05
Bought for € 1,874.69, Sold for US\$ 2,176.68		17.10.18	-	-
Bought for CHF 99,442.56, Sold for € 88,206.33		17.10.18	-	-
Bought for US\$ 107,245.29, Sold for € 92,381.96		17.10.18	-	-
<b>Total portfolio</b>			<b>42,322</b>	<b>97.47</b>
Net other assets/(liabilities)			1,100	2.53
<b>NET ASSETS</b>			<b>43,422</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>				
<b>Investment assets</b>				
Debt securities			42,421	97.69
Unrealised gains on futures contracts			107	0.25
Unrealised gains on forward currency contracts			26	0.06
Unrealised gains on swap contracts			169	0.38
<b>Total Investment assets</b>			<b>42,723</b>	<b>98.38</b>
<b>Investment liabilities</b>				
Unrealised losses on forward currency contracts			(97)	(0.22)
Unrealised losses on swap contracts			(304)	(0.69)
<b>Total Investment liabilities</b>			<b>(401)</b>	<b>(0.91)</b>
<b>Total portfolio</b>			<b>42,322</b>	<b>97.47</b>
Net other assets/(liabilities)			1,100	2.53
<b>NET ASSETS</b>			<b>43,422</b>	<b>100.00</b>



## M&G (Lux) Absolute Return Bond Fund

# Portfolio statement

### Portfolio statement (continued)

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredempted date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures			
	Swaps	Forward currency contracts	Futures	Collateral held as cash
	€'000	€'000	€'000	€'000
Barclays Bank London	6	9,429	-	-
Citigroup Global Markets Limited	81	203	-	-
Citibank New York	106	-	-	-
Goldman Sachs International	232	-	-	-
J.P.Morgan	47	94	-	290
Merrill Lynch Pierce Fenner + Smith Inc	-	-	12,033	-
National Australia Bank Ltd	-	704	-	-
State Street Bank and Trust Company	-	6,339	-	-
State Street Bank London	-	8,072	-	-
UBS AG London	-	417	-	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Absolute Return Bond Fund

# Financial highlights (unaudited)

### Fund performance

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

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

#### Long-term performance by share class as at 30 September 2018

	Six months 29.03.18 % <sup>[a]</sup>	Three years 30.09.15 % p.a.	Five years 30.09.13 % p.a.	Since launch % p.a.
<b>Euro <sup>[b]</sup></b>				
Class 'A'	-1.0	n/a	n/a	+0.2 <sup>[c]</sup>
Class 'B'	n/a	n/a	n/a	-1.0 <sup>[d]</sup>
Class 'C'	-0.7	n/a	n/a	+0.8 <sup>[c]</sup>
Class 'CI'	-0.7	n/a	n/a	+0.9 <sup>[c]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'C-H'	-0.1	n/a	n/a	+1.8 <sup>[c]</sup>
<b>Swiss franc <sup>[b]</sup></b>				
Class 'A-H'	-1.2	n/a	n/a	-0.2 <sup>[c]</sup>
Class 'C-H'	-0.9	n/a	n/a	+0.4 <sup>[c]</sup>
<b>US dollar <sup>[b]</sup></b>				
Class 'A-H'	+0.4	n/a	n/a	+2.6 <sup>[c]</sup>
Class 'C-H'	+0.7	n/a	n/a	+3.2 <sup>[c]</sup>

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 21 December 2016, the launch date of the fund.

<sup>[d]</sup> 8 May 2018, the launch date of the share class. Not annualised.

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	10.0430	1.30
Class 'A' Distribution	9.7975	1.27
Class 'B' Accumulation	9.9038	1.57
Class 'B' Distribution	9.9038	1.57
Class 'C' Accumulation	10.1503	0.70
Class 'C' Distribution	9.9020	0.70
Class 'CI' Accumulation	10.1600	0.65
<b>Sterling</b>	<b>£</b>	<b>%</b>
Class 'C-H' Accumulation	10.3275	0.69
Class 'C-H' Distribution	10.0769	0.70
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	9.9666	1.31
Class 'A-H' Distribution	9.7221	1.31
Class 'C-H' Accumulation	10.0783	0.71
Class 'C-H' Distribution	9.8242	0.71
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A-H' Accumulation	10.4646	1.31
Class 'A-H' Distribution	10.2078	1.31
Class 'C-H' Accumulation	10.5831	0.72
Class 'C-H' Distribution	10.3153	0.71
<b>NAV at fund level</b>	<b>€'000</b>	
Net assets	43,422	
Swing pricing adjustment (see note 11)	0	
<b>Swung net assets</b>	<b>43,422</b>	

### Distribution details for holders of distribution shares

This fund pays semi-annual distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect for the six months ended 30 September 2018.

#### Semi-annual distribution periods

	Start	End	Record date	Xd	Payment
Interim	01.04.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Distributions

	Euro Class 'A'	Euro Class 'B'	Euro Class 'C'	Sterling Class 'C-H'	Swiss franc Class 'A-H'
<b>to 30 September 2018</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>UK p</b>	<b>Swiss ¢</b>
Interim	0.1388	0.1129	0.1399	0.1410	0.1350
			Swiss franc Class 'C-H'	US dollar Class 'A-H'	US dollar Class 'C-H'
<b>to 30 September 2018</b>			<b>Swiss ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Interim			0.1360	0.1440	0.1453

## M&G (Lux) Conservative Allocation Fund

# Investment objective and policy

### Investment objective

The Fund aims to deliver a positive total return (the combination of income and capital growth) of 3-6% p.a. in any three-year period, through investment in a range of global assets.

### Investment policy

The Fund has a highly flexible investment approach with the freedom to invest in different types of assets issued anywhere in the world and denominated in any currency. The Fund will typically use derivatives to gain exposure to these assets. The Fund may also use derivatives to take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) and to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets.

The Fund may invest in China A Shares via the Shanghai- Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Exchange.

The Fund may also invest directly in these assets, or indirectly through other collective investment schemes\*. The Fund can also invest in currencies, cash, near cash, deposits and warrants. The Investment Manager will normally seek to hold more than 60% of the Fund's Net Asset Value in euro denominated assets or in other currencies hedged back to euro.

The Fund will normally invest within the following net allocation ranges: 0-100% in fixed income, 0-35% in equities and 0-20% in other assets.

Fixed income instruments that the Fund may invest in include the following:

- derivatives whose value is derived from bonds, interest rates or credit risk;
- bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- bonds from issuers located in emerging markets;
- bonds which are rated investment grade by a recognised rating agency;
- unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 50% of the Fund's Net Asset Value; and
- Asset-Backed Securities subject to a maximum of 20% of the Fund's Net Asset Value.

Equity instruments that the Fund may invest in include

- (a) derivatives whose value is derived from company shares and
- (b) direct company shares.

Other assets, for this purpose, include Convertible Bonds and Contingent Convertible Debt Securities. Contingent Convertible Debt Securities are subject to a maximum of 5% of the Fund's Net Asset Value. Also included in 'other assets', mostly to provide

a relatively uncorrelated source of returns to the Fund, are shares in closedended real estate investment trusts or investments in companies acting in real estate and/or infrastructure sector.

Derivatives can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management.

The derivative instruments that the Fund can invest in to achieve its objectives include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options and Total Return Swaps.

\* When the underlying collective investment scheme is managed by the Management Company (or an associate), the Management Company will reduce its the Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES</b>			<b>789,958</b>	<b>25.10</b>
<b>Energy equipment &amp; services</b>			<b>7,254</b>	<b>0.23</b>
Halliburton	70,700	US\$	2,478	0.08
John Wood Group	247,875	£	2,141	0.07
Schlumberger	49,900	US\$	2,635	0.08
<b>Oil, gas &amp; consumable fuels</b>			<b>51,610</b>	<b>1.64</b>
Anadarko Petroleum	56,800	US\$	3,261	0.10
Borr Drilling	398,267	NOK	1,559	0.05
Chevron	27,292	US\$	2,886	0.09
Concho Resources	21,700	US\$	2,837	0.09
EOG Resources	16,469	US\$	1,806	0.06
Kosmos Energy	258,947	US\$	2,083	0.07
Lukoil	23,176	US\$	1,516	0.05
Lukoil ADR	383,600	US\$	25,093	0.80
Royal Dutch Shell 'A'	878	£	26	0.00
Royal Dutch Shell 'B'	193,712	£	5,813	0.18
TOTAL	56,229	€	3,139	0.10
Tupras Türkiye Petrol Rafinerileri	82,686	TRY	1,591	0.05
<b>Chemicals</b>				
Methanex	69,000	US\$	4,727	0.15
<b>Metals &amp; mining</b>			<b>34,775</b>	<b>1.11</b>
Anglo American	193,000	£	3,733	0.12
BHP Billiton	209,714	£	3,913	0.12
Eregli Demir ve Celik Fabrikalari	952,769	TRY	1,514	0.05
Glencore	929,457	£	3,439	0.11
Rio Tinto	84,958	£	3,697	0.12
Severstal	1,304,176	US\$	18,479	0.59
<b>Industrial conglomerates</b>				
KOC Holding	376,362	TRY	916	0.03
<b>Airlines</b>				
Türk Hava Yolları	680,491	TRY	1,875	0.06
<b>Media</b>			<b>2,273</b>	<b>0.07</b>
Criteo ADR	61,454	US\$	1,272	0.04
Naspers 'N'	5,479	ZAR	1,001	0.03
<b>Internet &amp; direct marketing retail</b>				
Alibaba Group Holding ADR	3,766	US\$	541	0.02
<b>Food &amp; staples retailing</b>				
BİM Birleşik Magazalar	133,628	TRY	1,556	0.05
<b>Biotechnology</b>			<b>48,881</b>	<b>1.55</b>
Amgen	43,448	US\$	7,838	0.25
Biogen	27,473	US\$	8,435	0.27
Celgene	102,413	US\$	7,891	0.25
Gilead Sciences	114,164	US\$	7,550	0.24
Regeneron Pharmaceuticals	24,509	US\$	8,591	0.27
Shire ADR	54,800	US\$	8,576	0.27
<b>Banks</b>			<b>241,934</b>	<b>7.69</b>
Akbank Turk	1,949,303	TRY	1,968	0.06
Banco Bilbao Vizcaya Argentaria	1,025,420	€	5,605	0.18
Bank of America	894,174	US\$	23,120	0.73
BNP Paribas	116,707	€	6,135	0.20
CaixaBank	1,684,418	€	6,572	0.21
Citigroup	376,523	US\$	23,715	0.75
Commerzbank	749,902	€	6,716	0.21
ING Groep	502,068	€	5,655	0.18
Intesa Sanpaolo	2,469,982	€	5,522	0.18
JPMorgan Chase	240,648	US\$	23,797	0.76
Lloyds Banking Group	30,919,188	£	20,689	0.66
Mitsubishi UFJ Financial Group	2,521,800	¥	13,632	0.43
Mizuho Financial Group	8,450,400	¥	12,756	0.41
Sberbank of Russia ADR	2,344,769	US\$	25,287	0.80
Société Générale	171,409	€	6,282	0.20
Sumitomo Mitsui Financial Group	370,300	¥	12,932	0.41
Sumitomo Mitsui Trust Holdings	363,000	¥	12,923	0.41
Türkiye Garanti Bankası	1,734,042	TRY	1,917	0.06
Türkiye İş Bankası 'C'	1,138,904	TRY	727	0.02

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value €'000	% of net assets
EQUITIES (continued)				
Banks (continued)				
UniCredit	428,050	€	5,501	0.18
Wells Fargo	448,992	US\$	20,483	0.65
Diversified financial services				
Haci Omer Sabanci Holding	5,129,372	TRY	5,620	0.18
Consumer finance				
American Express	255,427	US\$	32,984	1.05
Mastercard	16,562	US\$	23,785	0.76
Visa 'A'	46,463	US\$	3,179	0.10
			6,020	0.19
Capital markets				
3i Infrastructure	3,801,561	£	226,374	7.19
Bank of New York Mellon	467,503	US\$	10,491	0.33
International Public Partnerships	2,038,179	£	20,807	0.66
John Laing Infrastructure Fund	6,120,334	£	3,486	0.11
M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'CI' (Accumulation) <sup>[a]</sup>	2,102,040	US\$	9,821	0.31
M&G Global Convertibles Fund GBP Class 'A' (Accumulation) <sup>[b]</sup>	28,428,061	£	18,615	0.59
M&G Global Corporate Bond Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>		€	64,885	2.06
M&G Global High Yield Bond Fund GBP Class 'X' (Accumulation) <sup>[b]</sup>	432,087	€	5,013	0.16
M&G Japan Fund GBP Class 'A' (Accumulation) <sup>[b]</sup>	33,994,308	£	50,389	1.60
M&G Total Return Credit Fund Euro Class 'A' (Accumulation) <sup>[b]</sup>	48,426,151	£	32,963	1.05
SPDR® Barclays 10+ Year US Corporate Bond ETF	46,432	€	5,321	0.17
	172,905	US\$	4,583	0.15
Internet software & services				
Alphabet 'A'	3,094	US\$	9,884	0.31
Altaba	9,013	US\$	3,225	0.10
Broadcom	10,535	US\$	533	0.02
Facebook 'A'	26,643	US\$	2,242	0.07
			3,884	0.12
IT services				
Luxoft	61,600	US\$	2,558	0.08
Software				
Microsoft	73,200	US\$	7,233	0.23
Technology hardware, storage & peripherals				
IQE	1,258,735	£	2,646	0.08
Tower Semiconductor	76,517	US\$	1,186	0.04
			1,460	0.04
Electronic equipment, instruments & components				
IPG Photonics	13,700	US\$	1,879	0.06
Semiconductors & semiconductor equipment				
ams	31,793	CHF	7,687	0.24
Cabot Microelectronics	12,881	US\$	1,514	0.05
Lam Research	10,838	US\$	1,131	0.04
MACOM Technology Solutions Holdings	173,700	US\$	1,409	0.04
NXP Semiconductors	8,900	US\$	2,976	0.09
			657	0.02
Wireless telecommunication services				
Turkcell Iletisim Hizmetleri	905,926	TRY	1,507	0.05
Independent power and renewable electricity producers				
Greencoat Renewables	15,818,408	€	46,113	1.47
Greencoat UK Wind	20,404,462	£	16,451	0.53
			29,662	0.94
Real estate management & development				
Unibail-Rodamco-Westfield	184,054	€	32,211	1.02
	Contracts	Maturity date	Commitment value (€'000)	
Equity derivatives				
Equity index futures				
CAC40 Futures	586	€	16,920	0.54
IBEX 35 Index Futures	1,068	€	16,920	0.54
Hang Seng China Enterprises Index Futures	493	HK\$	32,205	0.920
MSCI Singapore Index Futures	1,427	SG\$	99,933	(141)
MSCI Taiwan Index Futures	1,575	US\$	30,091	467
BIST 30 INDEX Futures	6,685	TRY	33,338	348
Korean Stock Exchange Futures	2,313	KRW	55,839	40
Topix Index Futures	834	¥	12,195	928
			135,754	3,858
			115,390	9,197

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Contracts	Currency	Maturity date	Commitment value (€'000)	Market value €'000	% of net assets
<b>EQUITIES (continued)</b>						
<b>Equity index futures (continued)</b>						
Dax Index Futures	171	€	21.12.18	52,428	807	0.03
DJ Euro Stoxx 50 Futures	919	€	21.12.18	31,195	617	0.02
FTSE MIB Index Futures	192	£	21.12.18	16,155	433	0.01
FTSE MIB Index Futures	136	€	21.12.18	14,028	(196)	(0.01)
S&P MINI 500 Futures	(2,020)	US\$	21.12.18	254,159	(358)	(0.01)

<b>Holding</b>						
<b>FIXED INCOME</b>					<b>2,003,089</b>	<b>63.63</b>
<b>Debt securities</b>					<b>2,000,260</b>	<b>63.54</b>
<b>'AAA' credit rated bonds</b>					<b>1,256,585</b>	<b>39.92</b>
France (Republic of) 0%	73,190,000	€	30.01.19		73,352	2.33
France (Republic of) 0%	24,800,000	€	24.10.18		24,809	0.79
France (Republic of) 0%	107,000,000	€	22.05.19		107,420	3.41
France (Republic of) 0%	71,100,000	€	03.10.18		71,101	2.26
France (Republic of) 0%	107,000,000	€	16.01.19		107,219	3.41
France (Republic of) 0%	82,907,000	€	14.11.18		82,966	2.64
France (Republic of) 0%	74,400,000	€	13.02.19		74,560	2.37
Germany (Federal Republic of) 0%	60,786,292	€	14.12.18		60,860	1.93
Germany (Federal Republic of) 0%	125,292,000	€	15.03.19		125,652	3.99
Germany (Federal Republic of) 0%	134,622,000	€	13.09.19		135,432	4.30
Germany (Federal Republic of) 0%	87,300,000	€	13.03.20		88,034	2.80
Germany (Federal Republic of) 0%	29,248,000	€	05.12.18		29,278	0.93
Germany (Federal Republic of) 0.25%	44,068,000	€	16.10.20		44,784	1.42
Germany (Federal Republic of) 0.5%	44,230,000	€	12.04.19		44,498	1.41
Germany (Federal Republic of) Treasury Bill 0%	50,200,000	€	10.10.18		50,207	1.59
Microsoft 2.7%	4,000,000	US\$	12.02.25		3,315	0.11
Microsoft 4%	8,296,000	US\$	12.02.55		7,114	0.23
US Treasury I/L 1%	137,419,400	US\$	15.02.46		125,984	4.00
<b>'AA' credit rated bonds</b>						
France (Republic of) 1%	103,253,000	€	25.11.18		103,489	3.29
<b>'A' credit rated bonds</b>					<b>48,401</b>	<b>1.54</b>
Amgen 4.663%	2,860,000	US\$	15.06.51		2,454	0.08
AT&T 4.5%	14,529,000	US\$	09.03.48		11,080	0.35
AT&T 6.375%	4,908,000	US\$	01.03.41		4,705	0.15
Goldman Sachs Group 6.75%	4,764,000	US\$	01.10.37		4,980	0.16
Morgan Stanley 5%	9,661,000	US\$	24.11.25		8,651	0.27
Verizon Communications 4.5%	3,900,000	US\$	10.08.33		3,348	0.11
Verizon Communications 4.862%	15,149,000	US\$	21.08.46		13,183	0.42
<b>'BBB' credit rated bonds</b>					<b>419,653</b>	<b>13.33</b>
Bank of America 4.25%	3,018,000	US\$	22.10.26		2,578	0.08
Basell Finance 8.1%	1,266,000	US\$	15.03.27		1,343	0.04
BAT Capital 3.222%	8,000,000	US\$	15.08.24		6,587	0.21
Enel Finance International 6.8%	2,024,000	US\$	15.09.37		2,040	0.06
Energy Transfer 6.125%	5,708,000	US\$	15.12.45		5,254	0.17
Exelon Generation 5.6%	7,351,000	US\$	15.06.42		6,564	0.21
Express Scripts Holding 4.8%	5,735,000	US\$	15.07.46		4,867	0.15
Ford Motor 6.625%	5,086,000	US\$	01.10.28		4,643	0.15
Ford Motor Credit 4.375%	3,800,000	US\$	06.08.23		3,249	0.10
Indonesia (Republic of) 6.125%	312,723,000,000	IDR	15.05.28		15,901	0.51
Indonesia (Republic of) 7%	13,443,000,000	IDR	15.05.27		724	0.02
Indonesia (Republic of) 7.5%	13,443,000,000	IDR	15.08.32		730	0.02
Indonesia (Republic of) 9%	22,853,000,000	IDR	15.03.29		1,402	0.04
Indonesia Treasury Bond 8.375%	532,617,000,000	IDR	15.03.24		31,323	1.00
Johnson Controls International 5.125%	1,080,000	US\$	14.09.45		974	0.03
Kraft Heinz Foods 6.875%	1,726,000	US\$	26.01.39		1,754	0.06
Mexico (United Mexican States) 5.75%	1,729,157,400	MXN	05.03.26		69,983	2.22
Mexico (United Mexican States) 7.5%	890,000,000	MXN	03.06.27		39,724	1.26
Mexico (United Mexican States) 7.75%	2,280,284,900	MXN	13.11.42		100,635	3.20
Mylan 5.25%	2,339,000	US\$	15.06.46		1,902	0.06
Mylan 5.4%	4,931,000	US\$	29.11.43		4,110	0.13
Perrigo Finance Unlimited 4.9%	338,000	US\$	15.12.44		266	0.01
Portugal (Republic of) 4.75%	35,219,000	€	14.06.19		36,480	1.16
Portugal (Republic of) 4.8%	66,177,000	€	15.06.20		71,714	2.28
Time Warner Cable 7.3%	4,908,000	US\$	01.07.38		4,906	0.16

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Debt securities (continued)</b>					
<b>'BB' credit rated bonds</b>				<b>148,943</b>	<b>4.73</b>
Brazil (Federal Republic of) 10%	165,474,000	BRL	01.01.27	32,969	1.05
Brazil (Federal Republic of) 10%	154,312,000	BRL	01.01.29	30,237	0.96
South Africa (Republic of) 10.5%	513,643,000	ZAR	21.12.26	33,792	1.07
South Africa (Republic of) 10.5%	199,863,445	ZAR	21.12.26	13,149	0.42
Teva Pharmaceutical Finance Netherlands III 4.1%	4,558,000	US\$	01.10.46	2,882	0.09
Turkey (Republic of) 10.5%	361,545,077	TRY	11.08.27	35,914	1.14
<b>'B' credit rated bonds</b>				<b>22,839</b>	<b>0.72</b>
Argentina (Republic of) 3.375%	4,100,000	€	15.01.23	3,542	0.11
Argentina (Republic of) 5%	4,516,000	€	15.01.27	3,685	0.12
Argentina (Republic of) 6.875%	9,500,000	US\$	22.04.21	7,987	0.25
Argentina (Republic of) 7.5%	9,700,000	US\$	22.04.26	7,625	0.24
<b>'D' credit rated bonds</b>					
Yum! Brands 6.875%	399,000	US\$	15.11.37	350	0.01
<b>Contracts</b>					
<b>Debt derivatives</b>				<b>2,829</b>	<b>0.09</b>
<b>Credit default swaps</b>				<b>(11,866)</b>	<b>(0.38)</b>
iTraxx Europe Crossover Dec 2022	63,070,000	EUR		(6,433)	(0.21)
Markit's North American High Yield CDX Index Dec 2022	77,205,000	USD		(5,433)	(0.17)
<b>Interest rate swaps</b>				<b>8,796</b>	<b>0.28</b>
Pay 0.4925% Receive VAR Sep 2046	446,500,000	¥		364	0.01
Pay 0.46% Receive VAR Sep 2046	446,000,000	¥		420	0.01
Pay 1.287% Receive VAR Oct 2046	9,500,000	£		1,134	0.04
Pay 1.618% Receive VAR Nov 2046	8,000,000	£		256	0.01
Pay 0.7675% Receive VAR Nov 2046	400,000,000	¥		104	-
Pay 1.558% Receive VAR Dec 2046	2,155,000	£		105	-
Pay 0.8% Receive VAR Dec 2046	208,440,000	¥		42	-
Pay 1.692% Receive VAR Jan 2047	3,000,000	£		45	-
Pay 0.935% Receive VAR Feb 2047	350,000,000	¥		11	-
Pay 1.5% Receive VAR Feb 2047	3,000,000	£		197	0.01
Pay 1.526% Receive VAR Mar 2047	4,500,000	£		267	0.01
Pay 0.87% Receive VAR Apr 2047	500,000,000	¥		27	-
Pay 1.3115% Receive VAR Apr 2047	9,000,000	£		1,023	0.03
Pay 1.5225% Receive VAR May 2047	6,500,000	£		373	0.01
Pay 0.85875% Receive VAR May 2047	350,000,000	¥		31	-
Pay 1.37% Receive VAR Jun 2047	5,000,000	£		492	0.02
Pay 1.605% Receive VAR Jun 2047	5,500,000	£		201	0.01
Pay 1.64% Receive VAR Jul 2047	6,000,000	£		167	0.01
Pay 0.93% Receive VAR Jul 2047	850,000,000	¥		(37)	-
Pay 1.471% Receive VAR Aug 2047	5,500,000	£		406	0.01
Pay 1.648% Receive VAR Sep 2047	7,000,000	£		194	0.01
Pay 0.835% Receive VAR Sep 2047	1,000,000,000	¥		171	0.01
Pay 1.605% Receive VAR Oct 2047	11,000,000	£		389	0.01
Pay 1.51375% Receive VAR Nov 2047	6,000,000	£		361	0.01
Pay 0.875% Receive VAR Dec 2047	1,100,000,000	¥		83	-
Pay 1.454% Receive VAR Jan 2048	7,000,000	£		544	0.02
Pay 0.94% Receive VAR Jan 2048	600,000,000	¥		(31)	-
Pay 1.523% Receive VAR Jan 2048	1,100,000	£		65	-
Pay 1.025% Receive VAR Jan 2048	68,300,000	¥		(9)	-
Pay 1.6625% Receive VAR Jan 2048	7,500,000	£		168	0.01
Pay 1.707% Receive VAR Feb 2048	220,000	£		2	-
Pay 1.741% Receive VAR Feb 2048	170,000	£		-	-
Pay 1.731% Receive VAR Feb 2048	230,000	£		1	-
Pay 0.895% Receive VAR Feb 2048	8,920,000	¥		-	-
Pay 1.695% Receive VAR Feb 2048	160,000	£		2	-
Pay 0.9065% Receive VAR Feb 2048	8,700,000	¥		-	-
Pay 1.718% Receive VAR Feb 2048	270,000	£		2	-
Pay 0.8975% Receive VAR Feb 2048	13,910,000	¥		1	-
Pay 1.793% Receive VAR Feb 2048	210,000	£		(3)	-
Pay 0.8925% Receive VAR Feb 2048	10,700,000	¥		1	-
Pay 1.731% Receive VAR Feb 2048	260,000	£		1	-
Pay 0.89625% Receive VAR Feb 2048	13,430,000	¥		1	-
Pay 1.729% Receive VAR Feb 2048	320,000	£		2	-
Pay 1.771% Receive VAR Feb 2048	290,000	£		(2)	-



# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Contracts	Currency	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>				
<b>Interest rate swaps (continued)</b>				
Pay 0.8575% Receive VAR Feb 2048	47,050,000	¥	6	-
Pay 1.814% Receive VAR Feb 2048	390,000	£	(7)	-
Pay 0.833% Receive VAR Feb 2048	10,360,000	¥	2	-
Pay 1.747% Receive VAR Feb 2048	370,000	£	-	-
Pay 0.839% Receive VAR Feb 2048	23,220,000	¥	4	-
Pay 1.75% Receive VAR Feb 2048	120,000	£	-	-
Pay 0.85% Receive VAR Feb 2048	19,660,000	¥	3	-
Pay 1.7175% Receive VAR Feb 2048	610,000	£	5	-
Pay 0.8475% Receive VAR Feb 2048	22,800,000	¥	4	-
Pay 1.676% Receive VAR Feb 2048	7,680,000	£	149	0.01
Pay 1.676% Receive VAR Feb 2048	350,000	£	7	-
Pay 0.82% Receive VAR Feb 2048	29,380,000	¥	6	-
Pay 1.68% Receive VAR Feb 2048	350,000	£	6	-
Pay 1.671% Receive VAR Feb 2048	200,000	£	4	-
Pay 1.63% Receive VAR Mar 2048	8,130,000	£	259	0.01
Pay 0.81875% Receive VAR Mar 2048	39,000,000	¥	8	-
Pay 0.80625% Receive VAR Mar 2048	9,970,000	¥	2	-
Pay 1.642% Receive VAR Mar 2048	880,000	£	25	-
Pay 0.828% Receive VAR Mar 2048	701,270,000	¥	137	-
Pay 1.711% Receive VAR Mar 2048	820,000	£	8	-
Pay 0.815% Receive VAR Mar 2048	53,610,000	¥	12	-
Pay 1.666% Receive VAR Mar 2048	590,000	£	13	-
Pay 1.6785% Receive VAR Mar 2048	400,000	£	8	-
Pay 0.84625% Receive VAR Mar 2048	66,910,000	¥	11	-
Pay 1.579% Receive VAR Mar 2048	1,590,000	£	73	-
Pay 0.821% Receive VAR Mar 2048	109,240,000	¥	24	-
Pay 1.77% Receive VAR May 2048	20,200,000	£	(195)	(0.01)
Pay 1.64% Receive VAR Jun 2048	14,500,000	£	379	0.01
Pay 0.815% Receive VAR Jun 2048	1,260,000,000	¥	272	0.01

		Maturity date	Commitment value (€'000)		
<b>Interest rate futures</b>					<b>0.19</b>
Euro BTP Futures	536	€	06.12.18	66,038	1,123
Euro OAT Futures	(1,069)	€	06.12.18	161,681	1,417
Germany (Federal Republic of) Bobl 5 year Futures	(2,179)	€	06.12.18	284,872	1,863
Germany (Federal Republic of) Bund 10 year Futures	(728)	€	06.12.18	115,777	1,219
Germany (Federal Republic of) Buxl 30 year Futures	(769)	€	06.12.18	134,490	1,946
Japan 10 year Bond Futures	(52)	¥	13.12.18	59,413	75
US Treasury Notes 10 year Futures	2,534	US\$	19.12.18	260,215	(3,077)
UK Treasury Notes Futures	(936)	£	27.12.18	127,724	1,333

<b>CURRENCY</b>				<b>(1,363)</b>	<b>(0.04)</b>
<b>Forward currency contracts</b>				<b>(1,363)</b>	<b>(0.04)</b>
Bought for US\$ 10,995,482.51, Sold for PHP 599,308,774.00	12.10.18			(72)	-
Bought for US\$ 36,791,080.48, Sold for TW\$ 1,131,877,591.00	12.10.18			(310)	(0.01)
Bought for US\$ 14,065,513.76, Sold for CNY 95,603,297.00	25.10.18			144	-
Bought for US\$ 10,568,337.82, Sold for CNY 71,859,413.00	09.11.18			116	-
Bought for US\$ 10,951,279.54, Sold for PHP 599,308,773.00	16.11.18			(79)	-
Bought for US\$ 36,866,575.14, Sold for TW\$ 1,131,877,590.00	16.11.18			(330)	(0.01)
Bought for US\$ 10,871,559.89, Sold for CNY 73,785,277.00	07.12.18			151	0.01
Bought for US\$ 30,410,280.74, Sold for CNY 200,885,655.00	14.12.18			1,115	0.04
Bought for US\$ 26,204,936.45, Sold for CNY 167,923,448.00	11.01.19			1,633	0.03
Bought for ¥ 441,825,233.00, Sold for € 3,365,087.60	18.01.19			(3)	-
Bought for € 155,610,855.54, Sold for £ 138,977,963.91	18.01.19			(262)	(0.01)
Bought for € 10,053,348.14, Sold for ¥ 1,334,965,300.00	18.01.19			(107)	-
Bought for € 61,234,500.69, Sold for AU\$ 99,595,466.00	18.01.19			(254)	(0.01)
Bought for € 121,437,032.16, Sold for MXN 2,732,697,534.70	18.01.19			(524)	(0.02)
Bought for € 96,451,519.77, Sold for SG\$ 155,614,882.00	18.01.19			(1,053)	(0.03)
Bought for € 708,625,819.30, Sold for US\$ 835,869,309.83	18.01.19			(6,343)	(0.20)
Bought for IDR 205,553,118,804.00, Sold for US\$ 13,382,364.51	18.01.19			151	0.01
Bought for KRW 17,700,595,527.00, Sold for US\$ 15,767,500.02	18.01.19			186	0.01
Bought for TRY 78,460,549.11, Sold for € 9,832,765.10	18.01.19			592	0.02
Bought for US\$ 36,506,626.96, Sold for BRL 154,926,823.49	18.01.19			(1,496)	(0.05)
Bought for US\$ 10,888,208.51, Sold for PHP 599,308,773.00	18.01.19			(80)	-
Bought for US\$ 37,031,820.38, Sold for TW\$ 1,131,877,590.00	18.01.19			(354)	(0.01)
Bought for US\$ 9,017,622.45, Sold for CNY 58,253,841.00	01.02.19			508	0.02

# M&G (Lux) Conservative Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Maturity date	Market value €'000	% of net assets
<b>CURRENCY (continued)</b>			
Bought for US\$ 20,032,694.92, Sold for CNY 130,012,190.00	01.03.19	1,067	0.03
Bought for US\$ 53,981,161.27, Sold for CNY 346,352,704.00	28.03.19	3,397	0.11
Bought for US\$ 36,313,815.90, Sold for CNY 245,146,193.96	06.06.19	845	0.03
Bought for US\$ 13,178,365.92, Sold for CNY 91,728,016.00	12.09.19	(1)	-
<b>Portfolio of investments</b>		<b>2,793,047</b>	<b>88.73</b>
<b>SHARE CLASS HEDGING</b>			
Bought for € 857,205.16, Sold for US\$ 997,509.20	17.10.18	(2)	-
Bought for CHF 2,974,398.29, Sold for € 2,638,275.12	17.10.18	(8)	-
Bought for US\$ 33,378,228.45, Sold for € 28,745,354.60	17.10.18	40	-
<b>Total portfolio</b>		<b>2,791,714</b>	<b>88.69</b>
Net other assets/(liabilities)		356,061	11.31
<b>NET ASSETS</b>		<b>3,147,775</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>			
<b>Investment assets</b>			
Equity securities		773,038	24.56
Debt securities		2,000,260	63.54
Unrealised gains on futures contracts		26,591	0.85
Unrealised gains on forward currency contracts		9,945	0.31
Unrealised gains on swap contracts		9,080	0.29
<b>Total Investment assets</b>		<b>2,818,914</b>	<b>89.55</b>
<b>Investment liabilities</b>			
Unrealised losses on futures contracts		(3,772)	(0.12)
Unrealised losses on forward currency contracts		(11,278)	(0.35)
Unrealised losses on swap contracts		(12,150)	(0.39)
<b>Total Investment liabilities</b>		<b>(27,200)</b>	<b>(0.86)</b>
<b>Total portfolio</b>		<b>2,791,714</b>	<b>88.69</b>
Net other assets/(liabilities)		356,061	11.31
<b>NET ASSETS</b>		<b>3,147,775</b>	<b>100.00</b>

[a] Crossholding (see note 12).

[b] Related Party (see note 12).

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures			
	Swaps €'000	Forward currency contracts €'000	Futures €'000	Collateral held as cash €'000
Barclays Bank London	504	421	-	-
BNP Paribas	-	102,867	-	-
Citigroup Global Markets Limited	4,343	184,965	-	-
Crédit Suisse First Boston	176	-	-	-
Goldman Sachs International	166	207,641	-	-
HSBC Bank Plc	377	286,931	-	-
J.P.Morgan	5,148	115,065	-	4,390
Merrill Lynch Pierce Fenner + Smith Inc	6,102	177,198	2,092,920	4,790
Standard Chartered Bank	-	95,679	-	-
State Street Bank and Trust Company	-	32,241	-	-
State Street Bank London	-	318,690	-	-
UBS AG London	4,410	409,916	-	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Conservative Allocation Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays quarterly distributions to the holders of distribution shares and the following table sets out the distribution timetables and rates per share declared in respect for the six months ended 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.06.18	20.07.18	23.07.18	26.07.18
Second interim	01.07.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Distributions

	Euro Class 'A' Euro ¢	Euro Class 'B' Euro ¢	Euro Class 'C' Euro ¢	US dollar Class 'A-H' US ¢	US dollar Class 'C-H' US ¢
to 30 September 2018					
First interim	0.0390	0.0389	0.0391	0.0386	0.0386
Second interim	0.0412	0.0412	0.0415	0.0422	0.0424

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	9.6362	1.63
Class 'A' Distribution	9.5926	1.63
Class 'B' Accumulation	9.6056	2.13
Class 'B' Distribution	9.5602	2.13
Class 'C' Accumulation	9.6916	0.83
Class 'C' Distribution	9.6479	0.83
Class 'CI' Accumulation	9.6969	0.79
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	9.6183	1.65
Class 'C-H' Accumulation	9.6699	0.85
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A-H' Accumulation	9.8277	1.65
Class 'A-H' Distribution	9.7878	1.65
Class 'C-H' Accumulation	9.8837	0.85
Class 'C-H' Distribution	9.8420	0.85
<b>NAV at fund level</b>	<b>€'000</b>	
Net assets	3,147,775	
Swing pricing adjustment (see note 11)	0	
<b>Swung net assets</b>	<b>3,147,775</b>	

## M&G (Lux) Dynamic Allocation Fund

# Investment objective and policy

### Investment objective

The Fund aims to deliver a positive total return (the combination of income and capital growth) of 5-10% p.a. in any three-year period, through investment in a range of global assets.

### Investment policy

The Fund has a highly flexible investment approach with the freedom to invest in different types of assets issued anywhere in the world and denominated in any currency.

The Fund will typically use derivatives to gain exposure to these assets. The Fund may also use derivatives to take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) and to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets.

The Fund may invest in China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Exchange.

The Fund may also invest directly in these assets, or indirectly through other collective investment schemes\*. The Fund can also invest in currencies, cash, near cash, deposits and warrants. The Investment Manager will normally seek to hold more than 30% of the Fund's Net Asset Value in euro denominated assets (or other currencies hedged back to euro). Additionally, the Investment Manager will seek to hold a minimum of 60% of the Fund's Net Asset Value in a combination of USD, sterling and euro denominated assets (these can be direct or hedged positions).

The Fund will normally invest within the following net allocation ranges: 0-80% in fixed income, 20-60% in equities and 0-20% in 'other' assets.

Fixed income instruments that the fund may invest in include the following:

- derivatives whose value is derived from bonds, interest rates or credit risk;
- bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- bonds from issuers located in emerging markets;
- bonds which are rated investment grade by a recognised rating agency;
- unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 60% of the Fund's Net Asset Value; and
- Asset-Backed Securities subject to a maximum of 20% of the Fund's Net Asset Value.

Equity instruments that the Fund may invest in include

- (a) derivatives whose value is derived from company shares and
- (b) direct company shares.

Other assets, for this purpose, include Convertible Bonds and Contingent Convertible Debt Securities. Contingent Convertible Debt Securities are subject to a maximum of 5% of the Fund's Net Asset Value. Also included in 'other assets', mostly to provide a relatively uncorrelated source of returns to the Fund, are shares in closedended real estate investment trusts or investments in companies acting in real estate and/or infrastructure sector.

Derivatives can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management. The derivative instruments that the Fund can invest in to achieve its objectives include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options, and Total Return Swaps.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES</b>			<b>2,251,444</b>	<b>25.61</b>
<b>Energy equipment &amp; services</b>			<b>21,675</b>	<b>0.25</b>
Halliburton	216,000	US\$	7,569	0.09
John Wood Group	682,813	£	5,897	0.07
Schlumberger	155,434	US\$	8,209	0.09
<b>Oil, gas &amp; consumable fuels</b>			<b>151,424</b>	<b>1.72</b>
Anadarko Petroleum	189,200	US\$	10,863	0.12
Borr Drilling	1,098,546	NOK	4,302	0.05
Chevron	83,533	US\$	8,834	0.10
Concho Resources	70,928	US\$	9,274	0.11
EOG Resources	45,367	US\$	4,975	0.06
Kosmos Energy	818,793	US\$	6,585	0.07
Lukoil	64,527	US\$	4,220	0.05
Lukoil ADR	1,059,595	US\$	69,313	0.79
Royal Dutch Shell 'A'	8,451	£	248	0.00
Royal Dutch Shell 'B'	626,557	£	18,802	0.21
TOTAL	172,102	€	9,607	0.11
Tupras Türkiye Petrol Rafinerileri	228,688	TRY	4,401	0.05
<b>Chemicals</b>				
Methanex	385,000	US\$	26,378	0.30
<b>Metals &amp; mining</b>			<b>139,576</b>	<b>1.59</b>
Anglo American	1,066,223	£	20,624	0.23
BHP Billiton	1,158,564	£	21,619	0.25
Eregli Demir ve Celik Fabrikalari	2,635,121	TRY	4,186	0.05
Glencore	5,134,770	£	18,999	0.22
Rio Tinto	469,350	£	20,422	0.23
Severstal	3,791,750	US\$	53,726	0.61
<b>Industrial conglomerates</b>				
KOC Holding	1,040,923	TRY	2,532	0.03
<b>Airlines</b>				
Türk Hava Yolları	1,880,533	TRY	5,181	0.06
<b>Media</b>			<b>6,412</b>	<b>0.07</b>
Criteo ADR	192,333	US\$	3,983	0.04
Naspers 'N'	13,297	ZAR	2,429	0.03
<b>Internet &amp; direct marketing retail</b>				
Alibaba Group Holding ADR	10,896	US\$	1,564	0.02
<b>Food &amp; staples retailing</b>				
BİM Biresik Magazalar	369,279	TRY	4,299	0.05
<b>Biotechnology</b>			<b>168,889</b>	<b>1.92</b>
Amgen	163,400	US\$	29,476	0.34
Biogen	91,500	US\$	28,095	0.32
Celgene	305,900	US\$	23,569	0.27
Gilead Sciences	378,000	US\$	24,997	0.28
Regeneron Pharmaceuticals	83,700	US\$	29,339	0.33
Shire ADR	213,500	US\$	33,413	0.38
<b>Banks</b>			<b>848,483</b>	<b>9.65</b>
Akbank Turk	5,386,883	TRY	5,437	0.06
Banco Bilbao Vizcaya Argentaria	3,785,565	€	20,692	0.24
Bank of America	3,177,868	US\$	82,167	0.94
BNP Paribas	425,179	€	22,352	0.25
CaixaBank	6,136,578	€	23,942	0.27
Citigroup	1,338,149	US\$	84,282	0.96
Commerzbank	2,732,002	€	24,468	0.28
ING Groep	1,829,105	€	20,603	0.23
Intesa Sanpaolo	9,118,480	€	20,387	0.23
JPMorgan Chase	855,254	US\$	84,573	0.96
Lloyds Banking Group	109,885,829	£	73,529	0.84
Mitsubishi UFJ Financial Group	9,309,800	¥	50,325	0.57
Mizuho Financial Group	31,196,500	¥	47,093	0.54
Sberbank of Russia ADR	6,479,752	US\$	69,880	0.80
Société Générale	624,469	€	22,885	0.26
Sumitomo Mitsui Financial Group	1,367,100	¥	47,742	0.54
Sumitomo Mitsui Trust Holdings	1,340,200	¥	47,711	0.54
Türkiye Garanti Bankası	4,792,013	TRY	5,298	0.06
Türkiye İş Bankası 'C'	3,149,925	TRY	2,012	0.02

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES (continued)</b>				
<b>Banks (continued)</b>				
UniCredit	1,580,242	€	20,309	0.23
Wells Fargo	1,595,705	US\$	72,796	0.83
<b>Diversified financial services</b>				
Haci Omer Sabanci Holding	14,174,980	TRY	15,529	0.18
<b>Consumer finance</b>				
American Express	907,779	US\$	115,869	1.32
Mastercard	61,130	US\$	84,531	0.96
Visa 'A'	151,317	US\$	11,734	0.14
			19,604	0.22
<b>Capital markets</b>				
Bank of New York Mellon	1,661,492	US\$	561,843	6.39
M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'CI' (Accumulation) <sup>[a]</sup>			73,947	0.84
M&G Global Convertibles Fund GBP Class 'A' (Accumulation) <sup>[b]</sup>	3,537,727	US\$	31,330	0.36
M&G Global Corporate Bond Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>	79,768,640	£	182,067	2.07
	432,634	€	5,019	0.06
M&G Japan Fund GBP Class 'A' (Accumulation) <sup>[b]</sup>	188,881,022	£	128,568	1.46
M&G Total Return Credit Fund Euro Class 'A' (Accumulation) <sup>[b]</sup>	1,148,466	€	131,614	1.50
SPDR® Barclays 10+ Year US Corporate Bond ETF	350,811	US\$	9,298	0.10
<b>Internet software &amp; services</b>				
Alphabet 'A'	8,482	US\$	31,169	0.35
Altaba	26,076	US\$	8,842	0.10
Broadcom	37,971	US\$	1,542	0.02
Facebook 'A'	87,141	US\$	8,081	0.09
			12,704	0.14
<b>IT services</b>				
Luxoft	173,300	US\$	7,197	0.08
<b>Software</b>				
Microsoft	225,300	US\$	22,261	0.25
<b>Technology hardware, storage &amp; peripherals</b>				
IQE	3,482,132	£	7,321	0.08
Tower Semiconductor	211,676	US\$	3,283	0.04
			4,038	0.04
<b>Electronic equipment, instruments &amp; components</b>				
IPG Photonics	39,800	US\$	5,458	0.06
<b>Semiconductors &amp; semiconductor equipment</b>				
ams	99,337	CHF	22,694	0.26
Cabot Microelectronics	45,408	US\$	4,731	0.05
Lam Research	29,970	US\$	3,985	0.05
MACOM Technology Solutions Holdings	296,600	US\$	3,897	0.04
NXP Semiconductors	67,700	US\$	5,081	0.06
			5,000	0.06
<b>Wireless telecommunication services</b>				
Turkcell Iletisim Hizmetleri	2,503,520	TRY	4,164	0.05

	Contracts	Maturity date	Commitment value (€'000)	
<b>Equity derivatives</b>				
<b>Equity index futures</b>				
CAC40 Futures	2,419	€	81,526	0.93
IBEX 35 Index Futures	3,886	€	81,526	0.93
Hang Seng China Enterprises Index Futures	1,570	HK\$	132,942	0.04
MSCI Singapore Index Futures	3,950	SG\$	363,613	(515)
MSCI Taiwan Index Futures	10,831	US\$	95,827	1,487
BIST 30 INDEX Futures	27,734	TRY	92,281	964
Korean Stock Exchange Futures	10,409	KRW	383,992	274
Topix Index Futures	3,801	¥	50,592	3,849
S&P 500 Futures	(1,282)	US\$	610,923	16,725
Dax Index Futures	1,163	€	525,895	41,916
DJ Euro Stoxx 50 Futures	7,759	€	806,515	(1,143)
FTSE MIB Index Futures	2,655	£	356,576	5,488
FTSE MIB Index Futures	1,751	€	263,379	5,208
			223,389	5,994
			180,616	(2,519)

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME</b>				<b>5,558,670</b>	<b>63.22</b>
<b>Debt securities</b>				<b>5,540,447</b>	<b>63.01</b>
<b>'AAA' credit rated bonds</b>				<b>3,383,888</b>	<b>38.49</b>
France (Republic of) 0%	246,800,000	€	30.01.19	247,348	2.81
France (Republic of) 0%	87,500,000	€	24.10.18	87,531	1.00
France (Republic of) 0%	232,000,000	€	22.05.19	232,911	2.65
France (Republic of) 0%	232,000,000	€	16.01.19	232,474	2.64
France (Republic of) 0%	99,230,000	€	14.11.18	99,300	1.13
France (Republic of) 0%	222,200,000	€	13.02.19	222,677	2.53
Germany (Federal Republic of) 0%	254,528,359	€	14.12.18	254,836	2.90
Germany (Federal Republic of) 0%	416,096,000	€	15.03.19	417,292	4.75
Germany (Federal Republic of) 0%	278,379,000	€	13.09.19	280,055	3.18
Germany (Federal Republic of) 0%	298,000,000	€	13.03.20	300,505	3.42
Germany (Federal Republic of) 0%	143,870,000	€	05.12.18	144,019	1.64
Germany (Federal Republic of) 0.25%	146,988,000	€	16.10.20	149,376	1.70
Germany (Federal Republic of) 0.5%	147,529,000	€	12.04.19	148,423	1.69
Germany (Federal Republic of) Treasury Bill 0%	183,600,000	€	10.10.18	183,625	2.09
Microsoft 2.7%	10,900,000	US\$	12.02.25	9,033	0.10
Microsoft 4%	1,431,000	US\$	12.02.55	1,227	0.01
US Treasury I/L 1%	407,135,700	US\$	15.02.46	373,256	4.25
<b>'AA' credit rated bonds</b>					
France (Republic of) 1%	343,299,000	€	25.11.18	344,085	3.91
<b>'A' credit rated bonds</b>				<b>99,647</b>	<b>1.13</b>
Amgen 4.663%	16,483,000	US\$	15.06.51	14,144	0.16
AT&T 4.5%	28,340,000	US\$	09.03.48	21,613	0.25
AT&T 6.375%	14,692,000	US\$	01.03.41	14,084	0.16
Goldman Sachs Group 6.75%	17,026,000	US\$	01.10.37	17,798	0.20
Morgan Stanley 5%	12,896,000	US\$	24.11.25	11,547	0.13
Verizon Communications 4.5%	10,600,000	US\$	10.08.33	9,101	0.10
Verizon Communications 4.862%	13,055,000	US\$	21.08.46	11,360	0.13
<b>'BBB' credit rated bonds</b>				<b>1,238,980</b>	<b>14.09</b>
Bank of America 4.25%	21,878,000	US\$	22.10.26	18,691	0.21
BAT Capital 3.222%	22,000,000	US\$	15.08.24	18,114	0.21
Enel Finance International 6.8%	11,770,000	US\$	15.09.37	11,861	0.13
Energy Transfer 6.125%	13,118,000	US\$	15.12.45	12,076	0.14
Exelon Generation 5.6%	15,024,000	US\$	15.06.42	13,416	0.15
Express Scripts Holding 4.8%	17,224,000	US\$	15.07.46	14,618	0.17
Ford Motor 6.625%	12,381,000	US\$	01.10.28	11,302	0.13
Ford Motor Credit 4.375%	10,300,000	US\$	06.08.23	8,806	0.10
Indonesia (Republic of) 6.125%	848,277,000,000	IDR	15.05.28	43,131	0.49
Indonesia (Republic of) 7%	36,557,000,000	IDR	15.05.27	1,968	0.02
Indonesia (Republic of) 7.5%	36,557,000,000	IDR	15.08.32	1,986	0.02
Indonesia (Republic of) 8.375%	474,308,250,000	IDR	15.03.24	27,893	0.32
Indonesia (Republic of) 9%	62,147,000,000	IDR	15.03.29	3,813	0.04
Indonesia Treasury Bond 8.375%	970,589,750,000	IDR	15.03.24	57,079	0.65
Kraft Heinz Foods 6.875%	11,772,000	US\$	26.01.39	11,966	0.14
Mexico (United Mexican States) 5.75%	4,931,307,100	MXN	05.03.26	199,582	2.27
Mexico (United Mexican States) 7.5%	1,990,000,000	MXN	03.06.27	88,822	1.01
Mexico (United Mexican States) 7.75%	6,313,629,500	MXN	13.11.42	278,637	3.17
Mylan 5.4%	22,892,000	US\$	29.11.43	19,079	0.22
Perrigo Finance Unlimited 4.9%	3,448,000	US\$	15.12.44	2,714	0.03
Portugal (Republic of) 4.75%	112,370,000	€	14.06.19	116,392	1.32
Portugal (Republic of) 4.8%	241,340,000	€	15.06.20	261,532	2.97
Time Warner Cable 7.3%	15,509,000	US\$	01.07.38	15,502	0.18
<b>'BB' credit rated bonds</b>				<b>403,640</b>	<b>4.59</b>
Brazil (Federal Republic of) 10%	386,301,000	BRL	01.01.27	76,966	0.88
Brazil (Federal Republic of) 10%	498,467,000	BRL	01.01.29	97,675	1.11
South Africa (Republic of) 10.5%	1,409,529,102	ZAR	21.12.26	92,731	1.06
South Africa (Republic of) 10.5%	566,020,169	ZAR	21.12.26	37,238	0.42
Teva Pharmaceutical Finance Netherlands III 4.1%	1,883,000	US\$	01.10.46	1,191	0.01
Turkey (Republic of) 10.5%	984,947,766	TRY	11.08.27	97,839	1.11
<b>'B' credit rated bonds</b>				<b>63,127</b>	<b>0.72</b>
Argentina (Republic of) 3.375%	11,300,000	€	15.01.23	9,761	0.11
Argentina (Republic of) 5%	12,484,000	€	15.01.27	10,187	0.12
Argentina (Republic of) 6.875%	26,300,000	US\$	22.04.21	22,111	0.25
Argentina (Republic of) 7.5%	26,800,000	US\$	22.04.26	21,068	0.24



# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Debt securities (continued)</b>					
<b>'D' credit rated bonds</b>					
Yum! Brands 6.875%	8,074,000	US\$	15.11.37	7,080	0.08
<b>Contracts</b>					
<b>Debt derivatives</b>				<b>18,223</b>	<b>0.21</b>
<b>Credit default swaps</b>				<b>(32,882)</b>	<b>(0.37)</b>
iTraxx Europe Crossover Dec 2022	174,640,000	EUR		(17,811)	(0.21)
Markit's North American High Yield CDX Index Dec 2022	214,142,000	USD		(15,071)	(0.16)
<b>Interest rate swaps</b>				<b>29,616</b>	<b>0.34</b>
Pay 1.0925% Receive VAR Jul 2046	23,000,000	£		3,898	0.05
Pay 0.4975% Receive VAR Sep 2046	3,164,000,000	¥		2,551	0.03
Pay 0.467% Receive VAR Sep 2046	3,156,500,000	¥		2,735	0.03
Pay 1.289% Receive VAR Oct 2046	55,500,000	£		6,593	0.08
Pay 0.80875% Receive VAR Dec 2046	2,463,081,000	¥		454	0.01
Pay 0.9425% Receive VAR Feb 2047	1,850,000,000	¥		31	-
Pay 1.445% Receive VAR Mar 2047	15,000,000	£		1,214	0.01
Pay 1.3115% Receive VAR Apr 2047	33,800,000	£		3,843	0.04
Pay 1.5245% Receive VAR May 2047	20,000,000	£		1,138	0.01
Pay 0.865% Receive VAR May 2047	1,500,000,000	¥		112	-
Pay 1.605% Receive VAR Jun 2047	22,500,000	£		823	0.01
Pay 0.935% Receive VAR Jul 2047	2,000,000,000	¥		(109)	-
Pay 1.471% Receive VAR Aug 2047	15,000,000	£		1,108	0.01
Pay 1.648% Receive VAR Sep 2047	15,000,000	£		415	0.01
Pay 0.835% Receive VAR Sep 2047	2,200,000,000	¥		376	0.01
Pay 1.51375% Receive VAR Nov 2047	18,000,000	£		1,083	0.01
Pay 0.875% Receive VAR Dec 2047	2,700,000,000	¥		203	-
Pay 1.454% Receive VAR Jan 2048	23,000,000	£		1,788	0.02
Pay 0.94% Receive VAR Jan 2048	2,000,000,000	¥		(102)	-
Pay 1.523% Receive VAR Jan 2048	800,000	£		48	-
Pay 1.534% Receive VAR Jan 2048	400,000	£		23	-
Pay 1.025% Receive VAR Jan 2048	68,400,000	¥		(9)	-
Pay 0.899% Receive VAR Jan 2048	35,300,000	¥		1	-
Pay 1.629% Receive VAR Jan 2048	284,000	£		9	-
Pay 1.643% Receive VAR Jan 2048	340,000	£		9	-
Pay 0.905% Receive VAR Jan 2048	22,771,000	¥		1	-
Pay 1.6625% Receive VAR Jan 2048	460,000	£		10	-
Pay 1.6625% Receive VAR Jan 2048	24,500,000	£		548	0.01
Pay 1.6745% Receive VAR Jan 2048	700,000	£		13	-
Pay 0.908% Receive VAR Feb 2048	27,400,000	¥		1	-
Pay 1.707% Receive VAR Feb 2048	620,000	£		7	-
Pay 0.908% Receive VAR Feb 2048	39,260,000	¥		1	-
Pay 1.741% Receive VAR Feb 2048	700,000	£		1	-
Pay 0.895% Receive VAR Feb 2048	49,180,000	¥		2	-
Pay 1.731% Receive VAR Feb 2048	710,000	£		3	-
Pay 0.895% Receive VAR Feb 2048	56,330,000	¥		3	-
Pay 1.695% Receive VAR Feb 2048	810,000	£		11	-
Pay 0.906% Receive VAR Feb 2048	54,860,000	¥		2	-
Pay 1.718% Receive VAR Feb 2048	685,000	£		5	-
Pay 0.8975% Receive VAR Feb 2048	82,880,000	¥		4	-
Pay 1.793% Receive VAR Feb 2048	910,000	£		(11)	-
Pay 0.8925% Receive VAR Feb 2048	52,690,000	¥		3	-
Pay 1.731% Receive VAR Feb 2048	770,000	£		3	-
Pay 0.89625% Receive VAR Feb 2048	65,220,000	¥		3	-
Pay 1.729% Receive VAR Feb 2048	960,000	£		5	-
Pay 1.771% Receive VAR Feb 2048	660,000	£		(4)	-
Pay 1.772% Receive VAR Feb 2048	740,000	£		(5)	-
Pay 0.8575% Receive VAR Feb 2048	218,590,000	¥		28	-
Pay 1.814% Receive VAR Feb 2048	760,000	£		(14)	-
Pay 0.833% Receive VAR Feb 2048	28,880,000	¥		5	-
Pay 1.747% Receive VAR Feb 2048	1,000,000	£		-	-
Pay 0.839% Receive VAR Feb 2048	75,070,000	¥		13	-
Pay 0.839% Receive VAR Feb 2048	42,650,000	¥		7	-
Pay 0.85% Receive VAR Feb 2048	87,260,000	¥		13	-
Pay 1.748% Receive VAR Feb 2048	2,040,000	£		-	-
Pay 1.7175% Receive VAR Feb 2048	1,150,000	£		9	-
Pay 1.7% Receive VAR Feb 2048	1,670,000	£		21	-

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

## Portfolio statement (continued)

Investment description	Contracts	Currency	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>				
<b>Interest rate swaps (continued)</b>				
Pay 0.83% Receive VAR Feb 2048	195,700,000	¥	37	-
Pay 1.676% Receive VAR Feb 2048	610,000	£	12	-
Pay 0.82% Receive VAR Feb 2048	99,020,000	¥	21	-
Pay 1.68% Receive VAR Feb 2048	1,380,000	£	25	-
Pay 0.8125% Receive VAR Feb 2048	124,400,000	¥	28	-
Pay 1.671% Receive VAR Feb 2048	1,360,000	£	28	-
Pay 0.81875% Receive VAR Mar 2048	197,370,000	¥	42	-
Pay 0.80625% Receive VAR Mar 2048	95,990,000	¥	23	-
Pay 1.642% Receive VAR Mar 2048	3,300,000	£	95	-
Pay 1.711% Receive VAR Mar 2048	1,370,000	£	14	-
Pay 1.666% Receive VAR Mar 2048	2,040,000	£	46	-
Pay 0.815% Receive VAR Mar 2048	383,730,000	¥	86	-
Pay 1.695% Receive VAR Mar 2048	2,910,000	£	43	-
Pay 1.6275% Receive VAR Mar 2048	2,420,000	£	79	-
Pay 0.84625% Receive VAR Mar 2048	418,150,000	¥	67	-
Pay 0.833% Receive VAR Mar 2048	250,350,000	¥	47	-

			Maturity date	Commitment value (€'000)		
<b>Interest rate futures</b>					<b>21,489</b>	<b>0.24</b>
Euro BTP Futures	1,452	€	06.12.18	178,894	3,042	0.03
Euro OAT Futures	(4,234)	€	06.12.18	640,371	5,610	0.06
Germany (Federal Republic of) Bobl 5 year Futures	(5,303)	€	06.12.18	693,288	4,534	0.05
Germany (Federal Republic of) Bund 10 year Futures	(2,951)	€	06.12.18	469,312	4,943	0.06
Germany (Federal Republic of) Buxl 30 year Futures	(2,341)	€	06.12.18	409,418	5,923	0.07
Japan 10 year Bond Futures	(139)	¥	13.12.18	158,816	201	-
US Treasury Notes 10 year Futures	6,828	US\$	19.12.18	701,163	(8,291)	(0.09)
UK Treasury Notes Futures	(3,880)	£	27.12.18	529,452	5,527	0.06

## CURRENCY

### Forward currency contracts

Forward currency contracts		(US\$ '15)	(US\$ '16)
Bought for US\$ 68,290,379.38, Sold for PHP 3,722,167,128.00	12.10.18	(447)	-
Bought for US\$ 135,312,267.19, Sold for TW\$ 4,162,881,900.00	12.10.18	(1,139)	(0.01)
Bought for US\$ 26,856,273.80, Sold for CNY 182,542,093.00	25.10.18	274	0.01
Bought for US\$ 22,882,531.66, Sold for CNY 155,589,774.00	09.11.18	251	-
Bought for US\$ 68,015,845.19, Sold for PHP 3,722,167,128.00	16.11.18	(488)	-
Bought for US\$ 135,589,925.74, Sold for TW\$ 4,162,881,900.00	16.11.18	(1,214)	(0.01)
Bought for US\$ 33,562,867.25, Sold for CNY 227,791,180.00	07.12.18	465	0.01
Bought for US\$ 93,125,814.12, Sold for CNY 616,944,078.00	14.12.18	3,193	0.04
Bought for US\$ 83,193,671.36, Sold for CNY 536,371,212.00	11.01.19	4,779	-
Bought for € 42,535,062.86, Sold for £ 37,972,113.99	18.01.19	(53)	-
Bought for € 35,733,125.61, Sold for ¥ 4,691,645,047.00	18.01.19	27	-
Bought for € 168,921,908.93, Sold for AU\$ 274,744,728.00	18.01.19	(700)	(0.01)
Bought for € 251,163,740.09, Sold for MXN 5,651,937,643.29	18.01.19	(1,084)	(0.01)
Bought for € 266,172,390.60, Sold for S\$ 429,442,535.00	18.01.19	(2,907)	(0.03)
Bought for € 2,417,820,526.76, Sold for US\$ 2,851,973,382.76	18.01.19	(21,644)	(0.24)
Bought for IDR 615,278,683,366.00, Sold for US\$ 40,057,205.95	18.01.19	452	0.01
Bought for TRY 484,510,930.26, Sold for € 60,719,459.90	18.01.19	3,655	0.04
Bought for US\$ 40,826,411.35, Sold for € 34,371,357.07	18.01.19	550	0.01
Bought for US\$ 101,172,764.96, Sold for BRL 429,356,979.92	18.01.19	(4,145)	(0.05)
Bought for US\$ 67,644,414.99, Sold for PHP 3,723,283,890.00	18.01.19	(494)	-
Bought for US\$ 136,238,537.28, Sold for TW\$ 4,164,130,892.00	18.01.19	(1,303)	(0.01)
Bought for US\$ 245,011,176.56, Sold for CNY 1,573,549,557.00	28.03.19	15,233	0.17
Bought for US\$ 115,542,153.70, Sold for CNY 776,404,058.94	06.06.19	3,128	0.04
Bought for US\$ 41,124,858.70, Sold for CNY 286,249,579.00	12.09.19	(4)	-

## Portfolio of investments

## SHARE CLASS HEDGING

Bought for £ 8,159,296.29, Sold for € 9,148,999.27	17.10.18	34	-
Bought for € 90,687.08, Sold for £ 80,808.54	17.10.18	-	-
Bought for € 104,148.12, Sold for CHF 117,056.42	17.10.18	1	-
Bought for € 3,245,332.53, Sold for US\$ 3,778,194.83	17.10.18	(13)	-

# M&G (Lux) Dynamic Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Maturity date	Market value €'000	% of net assets
<b>SHARE CLASS HEDGING (continued)</b>			
Bought for CHF 9,416,857.19, Sold for € 8,351,745.53	17.10.18	(24)	-
Bought for US\$ 146,326,971.90, Sold for € 126,019,468.39	17.10.18	177	-
<b>Total portfolio</b>		<b>7,806,674</b>	<b>88.79</b>
Net other assets/(liabilities)		985,581	11.21
<b>NET ASSETS</b>		<b>8,792,255</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>			
<b>Investment assets</b>			
Equity securities		2,169,918	24.68
Debt securities		5,540,447	63.01
Unrealised gains on futures contracts		115,483	1.30
Unrealised gains on forward currency contracts		32,219	0.33
Unrealised gains on swap contracts		29,870	0.34
<b>Total Investment assets</b>		<b>7,887,937</b>	<b>89.66</b>
<b>Investment liabilities</b>			
Unrealised losses on futures contracts		(12,468)	(0.13)
Unrealised losses on forward currency contracts		(35,659)	(0.37)
Unrealised losses on swap contracts		(33,136)	(0.37)
<b>Total Investment liabilities</b>		<b>(81,263)</b>	<b>(0.87)</b>
<b>Total portfolio</b>		<b>7,806,674</b>	<b>88.79</b>
Net other assets/(liabilities)		985,581	11.21
<b>NET ASSETS</b>		<b>8,792,255</b>	<b>100.00</b>

[a] Crossholding (see note 12).

[b] Related Party (see note 12).

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures			
	Swaps €'000	Forward currency contracts €'000	Futures €'000	Collateral held as cash €'000
Barclays Bank London	927	2,409	-	350
BNP Paribas	415	460,854	-	-
Citigroup Global Markets Limited	9,487	180,841	-	-
Crédit Suisse First Boston	716	-	-	-
Crédit Suisse International	-	-	-	745
Goldman Sachs International	1,052	721,773	-	-
HSBC Bank Plc	1,428	852,496	-	-
J.P.Morgan	13,595	381,809	-	12,355
Merrill Lynch Pierce Fenner + Smith Inc	16,980	604,595	7,867,254	12,566
Standard Chartered Bank	-	232,067	-	450
State Street Bank and Trust Company	-	146,960	-	697
State Street Bank London	-	1,006,903	-	-
UBS AG London	18,402	1,225,169	-	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Dynamic Allocation Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following table sets out the distribution timetables and rates per share declared in respect for the six months ended 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.06.18	20.07.18	23.07.18	26.07.18
Second interim	01.07.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.04.18	18.05.18	22.05.18	25.05.18
Second interim	01.05.18	31.05.18	15.06.18	18.06.18	21.06.18
Third interim	01.06.18	30.06.18	20.07.18	23.07.18	26.07.18
Fourth interim	01.07.18	31.07.18	17.08.18	20.08.18	23.08.18
Fifth interim	01.08.18	31.08.18	21.09.18	24.09.18	27.09.18
Sixth interim	01.09.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Distributions

	Euro Class 'A' Euro €	Euro Class 'C' Euro €	Sterling Class 'C-H' UK p	US dollar Class 'A-H' US €	US dollar Class 'C-H' US €
to 30 September 2018					
First interim	0.0339	0.0340	0.0341	0.0334	0.0335
Second interim	0.0399	0.0405	0.0406	0.0408	0.0412

	US dollar Class 'A-H M F4' US €
to 30 September 2018	
First interim	0.0326
Second interim	0.0319
Third interim	0.0316
Fourth interim	0.0321
Fifth interim	0.0309
Sixth interim	0.0314

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	9.5070	1.95
Class 'A' Distribution	9.4702	1.95
Class 'B' Accumulation	9.4738	2.45
Class 'C' Accumulation	9.5750	0.95
Class 'C' Distribution	9.5375	0.95
Class 'CI' Accumulation	9.5800	0.91
<b>Sterling</b>	<b>£</b>	<b>%</b>
Class 'C-H' Accumulation	9.6536	0.97
Class 'C-H' Distribution	9.6153	0.97
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	9.4866	1.97
Class 'C-H' Accumulation	9.5555	0.97
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A-H' Accumulation	9.6904	1.97
Class 'A-H' Distribution	9.6601	1.97
Class 'A-H M F4' Distribution	9.4118	1.97
Class 'C-H' Accumulation	9.7603	0.97
Class 'C-H' Distribution	9.7265	0.97
<b>NAV at fund level</b>	<b>€'000</b>	
Net assets	8,792,255	
Swing pricing adjustment (see note 11)	0	
<b>Swung net assets</b>	<b>8,792,255</b>	

## M&G (Lux) Emerging Markets Bond Fund

# Investment objective and policy

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### Investment objective

The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global emerging markets bond market over any three-year period.

### Investment policy

The Fund has the flexibility to invest across all types of emerging market debt, which includes sovereign, corporate and local currency debt.

The Fund invests at least 80% of its Net Asset Value in debt securities denominated in any currency, issued or guaranteed by emerging market governments or their agencies, local authorities, public authorities, quasi-sovereigns, supranational bodies and by companies that are domiciled in, or conducting the major part of their economic activity in emerging market countries\*.

The investment process of the Fund is based on both a top-down macroeconomic view and fundamental analysis of individual securities.

The Fund may invest up to a combined maximum of 100% of the Fund's Net Asset Value in below investment grade and unrated securities. There are no credit quality restrictions with respect to the debt securities in which the Fund may invest.

The Fund may hold up to a maximum of 10% of its Net Asset Value in Contingent Convertibles Debt Securities and up to 10% of its Net Asset Value in Asset-Backed Securities.

The Fund will typically invest directly. The Fund may also invest indirectly via derivatives instruments to take both long and short positions and to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets. Derivatives instruments can be used to meet the Fund's investment objective, for efficient portfolio management and for the purpose of hedging. These instruments may include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Options, Credit Default Swaps, Interest Rate Swaps and Credit Linked Notes.

The Fund may also invest in other assets including collective investment schemes\*\*, cash and near cash, deposits, warrants and other debt instruments.

\* Emerging markets will typically be those defined by the International Monetary Fund as such or those defined by the World Bank as emerging or developing economies.

\*\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Emerging Markets Bond Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>FIXED INCOME</b>				<b>69,189</b>	<b>88.69</b>
<b>Debt securities</b>				<b>69,189</b>	<b>88.69</b>
<b>'AAA' credit rated bonds</b>				<b>4,477</b>	<b>5.74</b>
Inter-American Development Bank 7.875%	5,190,000,000	IDR	14.03.23	344	0.44
International Finance 6.3%	120,000,000	INR	25.11.24	1,556	2.00
US Treasury Note 3.625%	2,554,400	US\$	15.08.19	2,577	3.30
<b>'AA' credit rated bonds</b>					
Qatar (State of) 6.4%	700,000	US\$	20.01.40	859	1.10
<b>'A' credit rated bonds</b>				<b>5,061</b>	<b>6.49</b>
Chile (Republic of) 5.5%	400,000,000	CLP	05.08.20	625	0.80
Israel (State of) 2.25%	3,530,000	ILS	31.05.19	985	1.26
Malaysia (Federation of) 3.882%	4,831,000	MYR	10.03.22	1,176	1.51
Peru (Republic of) 8.2%	3,834,000	PEN	12.08.26	1,380	1.77
Poland (Republic of) 2.5%	3,452,000	PLN	25.07.26	895	1.15
<b>'BBB' credit rated bonds</b>				<b>18,803</b>	<b>24.10</b>
Aeropuerto Internacional de Tocumen 5.625%	400,000	US\$	18.05.36	416	0.53
Banco Santander Mexico Institucion de Banca Multiple Grupo					
Financiero Santander FRN	200,000	US\$	01.10.28	203	0.26
Bharti Airtel 4.375%	400,000	US\$	10.06.25	373	0.48
Bogota Distrio Capital 9.75%	2,600,000,000	COP	26.07.28	949	1.22
BRF 3.95%	400,000	US\$	22.05.23	363	0.47
Commonwealth of Bahamas 6%	800,000	US\$	21.11.28	817	1.05
Development Bank of Kazakhstan 9.5%	350,000,000	KZT	14.12.20	973	1.25
DP World Crescent 4.848%	807,000	US\$	26.09.28	802	1.03
Fibra Uno Trust F/1401 5.25%	400,000	US\$	30.01.26	401	0.51
Fufeng Group 5.875%	400,000	US\$	28.08.21	401	0.51
Gaz Capital 7.288%	500,000	US\$	16.08.37	558	0.71
Hunt Oil Company of Peru 6.375%	400,000	US\$	01.06.28	413	0.53
Indonesia (Republic of) 8.25%	16,000,000,000	IDR	15.05.36	1,060	1.36
Mexico (United Mexican States) 5.625%	500,000	£	19.03.14	672	0.86
Mexico (United Mexican States) 10%	20,990,000	MXN	05.12.24	1,236	1.58
Morocco (Kingdom of) 5.5%	800,000	US\$	11.12.42	848	1.09
Oman (Sultanate of) 5.625%	1,400,000	US\$	17.01.28	1,377	1.76
Perusahaan Listrik Negara 4.125%	400,000	US\$	15.05.27	376	0.48
Philippines (Republic of the) 6.25%	40,000,000	PHP	14.01.36	701	0.90
Portugal (Republic of) 5.125%	690,000	US\$	15.10.24	723	0.93
Russia (Federation of) 8.15%	111,430,000	RUB	03.02.27	1,675	2.15
SASOL Financing USA 5.875%	232,000	US\$	27.03.24	237	0.30
Thailand (Kingdom of) 1.25%	55,733,000	THB	12.03.28	1,692	2.17
Uruguay (Republic of the) 9.875%	39,410,000	UYU	20.06.22	1,175	1.51
Vanke Real Estate Hong Kong 3.975%	400,000	US\$	09.11.27	362	0.46
<b>'BB' credit rated bonds</b>				<b>17,075</b>	<b>21.89</b>
ABJA Investment 5.45%	400,000	US\$	24.01.28	363	0.47
Bolivia (Plurinational State of) 4.5%	400,000	US\$	20.03.28	385	0.49
Brazil (Federal Republic of) 10%	9,000,000	BRL	01.01.25	2,128	2.73
C&W Senior Financing Designated Activity 6.875%	400,000	US\$	15.09.27	401	0.51
Croatia (Republic of) 6%	400,000	US\$	26.01.24	435	0.56
Debt and Asset Trading 1%	1,200,000	US\$	10.10.25	823	1.05
Dominican Republic 8.9%	56,000,000	DOP	15.02.23	1,121	1.44
Ghana (Republic of) 10.75%	800,000	US\$	14.10.30	999	1.28
Grupo KUO 5.75%	400,000	US\$	07.07.27	383	0.49
GTLK Europe 5.125%	400,000	US\$	31.05.24	364	0.47
Guatemala (Republic of) 4.5%	800,000	US\$	03.05.26	768	0.98
Honduras (Republic of) 7.5%	800,000	US\$	15.03.24	864	1.11
Inretail Pharma 5.375%	300,000	US\$	02.05.23	304	0.39
Macedonia (Republic of) 5.625%	600,000	€	26.07.23	792	1.02
MAF Global Securities FRN	800,000	US\$	31.12.99	739	0.95
MARB BondCo 6.875%	400,000	US\$	19.01.25	372	0.48
Paraguay (Republic of) 6.1%	400,000	US\$	11.08.44	422	0.54
Petrobras Global Finance 5.75%	1,128,000	US\$	01.02.29	1,016	1.30
Rede D'or Finance 4.95%	400,000	US\$	17.01.28	346	0.44
Senegal (Republic of) 4.75%	500,000	€	13.03.28	562	0.72
Southern Gaz Corridor 6.875%	400,000	US\$	24.03.26	445	0.57
TC Ziraat Bankasi 5.125%	800,000	US\$	29.09.23	685	0.88
Turkey (Republic of) 10.5%	8,630,000	TRY	15.01.20	1,223	1.57
VEON Holdings 4.95%	400,000	US\$	16.06.24	381	0.49
VTR Finance 6.875%	400,000	US\$	15.01.24	408	0.52
Yapi ve Kredi Bankasi 5.85%	400,000	US\$	21.06.24	346	0.44

# M&G (Lux) Emerging Markets Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>'B' credit rated bonds</b>				<b>19,917</b>	<b>25.53</b>
Albania (Republic of) 5.75%	400,000	€	12.11.20	506	0.65
Angola (Republic of) 9.375%	800,000	US\$	08.05.48	851	1.09
Argentina (Republic of) 7.125%	750,000	US\$	01.08.27	608	0.78
Argentina (Republic of) 7.875%	550,000	US\$	15.06.27	462	0.59
Armenia (Republic of) 7.15%	900,000	US\$	26.03.25	952	1.22
Cameroon (Republic of) 9.5%	800,000	US\$	19.11.25	846	1.08
CCO Holdings 6.5%	200,000	US\$	28.11.27	194	0.25
China Evergrande Group 7.5%	200,000	US\$	28.06.23	184	0.24
Côte d'Ivoire (Republic of) 5.25%	1,100,000	€	22.03.30	1,220	1.56
Dar Al-Arkan Sukuk 6.875%	400,000	US\$	21.03.23	378	0.48
Ecuador (Republic of) 8.75%	1,400,000	US\$	02.06.23	1,417	1.82
Egypt (Republic of) 5.625%	700,000	€	16.04.30	768	0.98
Ethiopia (Federal Republic of) 6.625%	800,000	US\$	11.12.24	816	1.05
Gabon (Republic of) 6.95%	800,000	US\$	16.06.25	771	0.99
Georgia Capital Issued International Bonds 6.125%	800,000	US\$	09.03.24	742	0.95
Jamaica 8%	500,000	US\$	15.03.39	584	0.75
Jordan (Kingdom of) 7.375%	400,000	US\$	10.10.47	376	0.48
Kernel Holding 8.75%	400,000	US\$	31.01.22	408	0.52
Liquid Telecommunications Financing 8.5%	400,000	US\$	13.07.22	411	0.53
MHP Lux 6.95%	400,000	US\$	03.04.26	374	0.48
Montenegro 3.375%	100,000	€	21.04.25	115	0.15
Pakistan (Republic of) 6.875%	650,000	US\$	05.12.27	619	0.79
Rwanda (Republic of) 6.625%	1,000,000	US\$	02.05.23	1,019	1.31
Sri Lanka (Republic of) 6.85%	1,200,000	US\$	03.11.25	1,198	1.54
State Savings Bank of Ukraine Via SSB 1 FRN	400,000	US\$	20.03.25	402	0.51
Sunac China Holdings 7.95%	200,000	US\$	08.08.22	191	0.24
Tajikistan (Republic of) 7.125%	800,000	US\$	14.09.27	733	0.94
Tunisia (Republic of) 5.625%	500,000	€	17.02.24	567	0.73
Ukraine 7.375%	1,000,000	US\$	25.09.32	876	1.12
Wanda Properties International 7.25%	200,000	US\$	29.01.24	192	0.25
Yingde Gases Investment 6.25%	400,000	US\$	19.01.23	389	0.50
YPF 8.5%	464,000	US\$	28.07.25	459	0.59
Zambia (Republic of) 8.5%	400,000	US\$	14.04.24	289	0.37
<b>'C' credit rated bonds</b>					
Petroleos de Venezuela 6%	2,260,600	US\$	16.05.24	494	0.63
<b>'D' credit rated bonds</b>				<b>1,547</b>	<b>1.98</b>
Argentina (Republic of) 7.82%	941,149	€	31.12.33	1,051	1.35
Venezuela (Republic of) 9.25%	1,861,900	US\$	07.05.28	496	0.63
<b>Bonds with no credit rating</b>				<b>956</b>	<b>1.23</b>
Royal Capital 5.875%	800,000	US\$	31.12.99	752	0.97
Tanzania (Republic of) FRN	200,000	US\$	09.03.20	204	0.26
<b>CURRENCY</b>				<b>38</b>	<b>0.05</b>
<b>Forward currency contracts</b>				<b>38</b>	<b>0.05</b>
Bought for US\$ 4,135,260.06, Sold for € 3,515,000.00			17.10.18	60	0.08
Bought for ARS 18,697,500.00, Sold for US\$ 450,000.00			12.12.18	(22)	(0.03)
<b>Portfolio of investments</b>				<b>69,227</b>	<b>88.74</b>
<b>CASH EQUIVALENTS</b>				<b>2,132</b>	<b>2.73</b>
<b>'AAA' rated money market funds</b>					
Northern Trust Global Funds - US Dollar Fund Class 'D'	2,132,000	US\$		2,132	2.73
<b>SHARE CLASS HEDGING</b>					
Bought for € 11,929,396.97, Sold for US\$ 13,997,561.63			17.10.18	(166)	(0.21)
Bought for CHF 48,050.00, Sold for US\$ 50,319.56			17.10.18	(1)	-
<b>Total portfolio</b>				<b>71,193</b>	<b>91.26</b>
Net other assets/(liabilities)				6,821	8.74
<b>NET ASSETS</b>				<b>78,014</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>					
<b>Investment assets</b>					
Debt securities				69,189	88.69
Unrealised gains on forward currency contracts				60	0.08
<b>Total Investment assets</b>				<b>69,249</b>	<b>88.77</b>



# M&G (Lux) Emerging Markets Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Market value US\$'000	% of net assets
<b>PORTFOLIO SUMMARY</b> (continued)		
<b>Investment liabilities</b>		
Unrealised losses on forward currency contracts	(188)	(0.24)
<b>Total Investment liabilities</b>	<b>(188)</b>	<b>(0.24)</b>
<b>Total portfolio</b>	<b>69,061</b>	<b>88.53</b>
<b>Cash equivalents</b>	<b>2,132</b>	<b>2.73</b>
<b>Net other assets/(liabilities)</b>	<b>6,821</b>	<b>8.74</b>
<b>NET ASSETS</b>	<b>78,014</b>	<b>100.00</b>

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredemmed date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

	Derivative exposures Forward currency contracts US\$'000
<b>Counterparty</b>	
Barclays Bank London	4,135
State Street Bank and Trust Company	14,048
State Street Bank London	450

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Emerging Markets Bond Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays semi-annual distributions to the holders of distribution share.

There will be no distribution payable in respect of this financial period, as the fund only recently launched on 17 September 2018.

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the financial period from 17 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	Estimated TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	10.2372	1.47
Class 'A' Distribution	10.2372	1.47
Class 'A-H' Accumulation	10.0740	1.49
Class 'A-H' Distribution	10.0740	1.49
Class 'B' Accumulation	10.2367	1.97
Class 'B' Distribution	10.2367	1.97
Class 'B-H' Accumulation	10.0734	1.99
Class 'B-H' Distribution	10.0734	1.99
Class 'C' Accumulation	10.2380	0.82
Class 'C' Distribution	10.2380	0.82
Class 'C-H' Accumulation	10.0747	0.84
Class 'C-H' Distribution	10.0747	0.84
Class 'CI' Accumulation	10.2410	0.78
Class 'CI-H' Accumulation	10.0794	0.80
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A' Accumulation	10.2876	1.47
Class 'A-H' Accumulation	10.0736	1.49
Class 'C' Accumulation	10.2882	0.82
Class 'C-H' Accumulation	10.0743	0.84
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	10.0786	1.47
Class 'A' Distribution	10.0786	1.47
Class 'C' Accumulation	10.0793	0.82
Class 'C' Distribution	10.0793	0.82
Class 'CI' Accumulation	10.0822	0.78
Class 'K' Accumulation	10.1863	0.18
<b>NAV at fund level</b>	<b>US\$'000</b>	
Net assets	78,014	
Swing pricing adjustment (see note 11)	286	
<b>Swung net assets</b>	<b>78,300</b>	

The estimated TER shown is an estimate of the charges as the share class has experienced significant inflows, therefore this is a more reliable estimate of the charges suffered.

## M&G (Lux) Emerging Markets Hard Currency Bond Fund

# Investment objective and policy

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### Investment objective

The Fund aims to provide a higher total return (the combination of income and capital growth) than that of the hard currency emerging market bond market over any three-year period.

### Investment policy

The Fund will invest at least 80% of its Net Asset Value in emerging markets debt instruments issued or guaranteed by emerging market governments or their agencies, local authorities, public authorities, quasi-sovereigns and supranational bodies denominated in hard currency\*. It may also take limited exposure to debt instruments issued by emerging markets companies or instruments denominated in emerging markets currencies. The Investment Manager has the discretion to identify the countries that it considers to qualify as emerging markets\*\*.

The Fund's exposure to these assets will typically be gained directly. The Fund may also invest indirectly via derivative instruments.

Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, and Options.

The Fund may also invest in cash, near cash, deposits, other debt instruments and other collective investment schemes\*\*\*.

\* Hard currency refers to currencies of developed countries including, but not limited to USD, EUR, JPY and GBP.

\*\* Emerging markets will typically be those defined by the International Monetary Fund as such or those defined by the World Bank as emerging or developing economies.

\*\*\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Emerging Markets Hard Currency Bond Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>FIXED INCOME</b>				<b>181,459</b>	<b>97.49</b>
<b>Debt securities</b>				<b>181,459</b>	<b>97.49</b>
<b>Albania</b>				<b>1,834</b>	<b>0.99</b>
<b>'B' credit rated bonds</b>					
Albania (Republic of) 5.75%	1,450,000	€	12.11.20	1,834	0.99
<b>Angola</b>				<b>3,571</b>	<b>1.92</b>
<b>'B' credit rated bonds</b>					
Angola (Republic of) 9.5%	1,800,000	US\$	12.11.25	2,052	1.10
Angola (Republic of) 9.375%	1,429,000	US\$	08.05.48	1,519	0.82
<b>Argentina</b>				<b>6,997</b>	<b>3.76</b>
<b>'AAA' credit rated bonds</b>					
Argentina (Republic of) 0.000%	20,000,000	ARS	12.10.18	560	0.30
<b>'B' credit rated bonds</b>					
Argentina (Republic of) FRN	22,500,000	ARS	21.06.20	662	0.36
Argentina (Republic of) 7.82%	5,229,194	€	31.12.33	5,775	3.10
<b>Armenia</b>				<b>2,222</b>	<b>1.19</b>
<b>'B' credit rated bonds</b>					
Armenia (Republic of) 7.15%	1,700,000	US\$	26.03.25	1,799	0.96
Armenia (Republic of) 7.15%	400,000	US\$	26.03.25	423	0.23
<b>Azerbaijan</b>				<b>3,063</b>	<b>1.65</b>
<b>'BB' credit rated bonds</b>					
Southern Gaz Corridor 6.875%	2,750,000	US\$	24.03.26	3,063	1.65
<b>Bolivia</b>				<b>1,923</b>	<b>1.03</b>
<b>'BB' credit rated bonds</b>					
Bolivia (Plurinational State of) 4.5%	2,000,000	US\$	20.03.28	1,923	1.03
<b>Brazil</b>				<b>908</b>	<b>0.49</b>
<b>'BBB' credit rated bonds</b>					
BRF 3.95%	1,000,000	US\$	22.05.23	908	0.49
<b>British Virgin Islands</b>				<b>971</b>	<b>0.52</b>
<b>'B' credit rated bonds</b>					
Yingde Gases Investment 6.25%	1,000,000	US\$	19.01.23	971	0.52
<b>Cameroon</b>				<b>2,062</b>	<b>1.11</b>
<b>'B' credit rated bonds</b>					
Cameroon (Republic of) 9.5%	1,950,000	US\$	19.11.25	2,062	1.11
<b>Cayman Islands</b>				<b>3,393</b>	<b>1.82</b>
<b>'BBB' credit rated bonds</b>					
Fufeng Group 5.875%	916,000	US\$	28.08.21	919	0.49
DP World Crescent 4.848%	1,500,000	US\$	26.09.28	1,490	0.80
<b>'B' credit rated bonds</b>					
Sunac China Holdings 7.95%	500,000	US\$	08.08.22	478	0.26
China Evergrande Group 7.5%	550,000	US\$	28.06.23	506	0.27
<b>Colombia</b>				<b>3,609</b>	<b>1.94</b>
<b>'BBB' credit rated bonds</b>					
Bogota Distrito Capital 9.75%	3,500,000,000	COP	26.07.28	1,277	0.69
Colombia (Republic of) 6.125%	2,050,000	US\$	18.01.41	2,332	1.25
<b>Croatia</b>				<b>2,502</b>	<b>1.34</b>
<b>'BB' credit rated bonds</b>					
Croatia (Republic of) 6%	2,300,000	US\$	26.01.24	2,502	1.34
<b>Dominican Republic</b>				<b>5,743</b>	<b>3.09</b>
<b>'BB' credit rated bonds</b>					
Dominican Republic 10.5%	63,000,000	DOP	07.04.23	1,289	0.69
Dominican Republic 6.875%	1,850,000	US\$	29.01.26	1,980	1.07
Dominican Republic 7.45%	2,300,000	US\$	30.04.44	2,474	1.33
<b>Ecuador</b>				<b>5,401</b>	<b>2.90</b>
<b>'B' credit rated bonds</b>					
Ecuador (Republic of) 8.75%	2,350,000	US\$	02.06.23	2,379	1.28
Ecuador (Republic of) 9.65%	1,550,000	US\$	13.12.26	1,566	0.84
Ecuador (Republic of) 7.875%	1,587,000	US\$	23.01.28	1,456	0.78
<b>Egypt</b>				<b>3,840</b>	<b>2.06</b>
<b>'B' credit rated bonds</b>					
Egypt (Republic of) 5.625%	3,500,000	€	16.04.30	3,840	2.06
<b>El Salvador</b>				<b>2,439</b>	<b>1.31</b>
<b>'CCC' credit rated bonds</b>					
El Salvador (Republic of) 5.875%	2,600,000	US\$	30.01.25	2,439	1.31

# M&G (Lux) Emerging Markets Hard Currency Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Ethiopia</b>				2,040	1.10
<b>'B' credit rated bonds</b>					
Ethiopia (Federal Republic of) 6.625%	2,000,000	US\$	11.12.24	2,040	1.10
<b>Gabon</b>				1,520	0.82
<b>'B' credit rated bonds</b>					
Gabon (Republic of) 6.375%	1,600,000	US\$	12.12.24	1,520	0.82
<b>Ghana</b>				1,873	1.01
<b>'BB' credit rated bonds</b>					
Ghana (Republic of) 10.75%	1,500,000	US\$	14.10.30	1,873	1.01
<b>Guatemala</b>				2,447	1.31
<b>'BB' credit rated bonds</b>					
Guatemala (Republic of) 5.75%	2,350,000	US\$	06.06.22	2,447	1.31
<b>Honduras</b>				2,593	1.39
<b>'BB' credit rated bonds</b>					
Honduras (Republic of) 7.5%	2,400,000	US\$	15.03.24	2,593	1.39
<b>Hong Kong</b>				904	0.49
<b>'BBB' credit rated bonds</b>					
Vanke Real Estate Hong Kong 3.975%	1,000,000	US\$	09.11.27	904	0.49
<b>Hungary</b>				2,145	1.15
<b>'BBB' credit rated bonds</b>					
Hungary (Republic of) 5.375%	2,000,000	US\$	25.03.24	2,145	1.15
<b>India</b>				932	0.50
<b>'BBB' credit rated bonds</b>					
Bharti Airtel 4.375%	1,000,000	US\$	10.06.25	932	0.50
<b>Indonesia</b>				4,669	2.51
<b>'BBB' credit rated bonds</b>					
Indonesia (Republic of) 4.35%	2,250,000	US\$	08.01.27	2,225	1.20
Perusahaan Listrik Negara 4.125%	2,600,000	US\$	15.05.27	2,444	1.31
<b>Ireland</b>				4,104	2.20
<b>'BB' credit rated bonds</b>					
GTLK Europe 5.125%	3,750,000	US\$	31.05.24	3,411	1.83
C&W Senior Financing Designated Activity 6.875%	692,000	US\$	15.09.27	693	0.37
<b>Ivory Coast</b>				3,119	1.68
<b>'B' credit rated bonds</b>					
Côte d'Ivoire (Republic of) 5.25%	1,486,000	€	22.03.30	1,648	0.89
Côte d'Ivoire (Republic of) 6.625%	1,351,000	€	22.03.48	1,471	0.79
<b>Jamaica</b>				2,859	1.54
<b>'B' credit rated bonds</b>					
Jamaica 8%	2,450,000	US\$	15.03.39	2,859	1.54
<b>Jordan</b>				1,918	1.03
<b>'B' credit rated bonds</b>					
Jordan (Kingdom of) 6.125%	1,950,000	US\$	29.01.26	1,918	1.03
<b>Kazakhstan</b>				4,387	2.36
<b>'BBB' credit rated bonds</b>					
Development Bank of Kazakhstan 9.5%	530,000,000	KZT	14.12.20	1,474	0.79
KazMunayGas National 4.75%	2,900,000	US\$	19.04.27	2,913	1.57
<b>Kenya</b>				1,255	0.67
<b>'B' credit rated bonds</b>					
Kenya (Republic of) 6.875%	1,250,000	US\$	24.06.24	1,255	0.67
<b>Luxembourg</b>				1,174	0.63
<b>'B' credit rated bonds</b>					
Kernel Holding 8.75%	1,150,000	US\$	31.01.22	1,174	0.63
<b>Macedonia</b>				2,772	1.49
<b>'BB' credit rated bonds</b>					
Macedonia (Republic of) 5.625%	2,100,000	€	26.07.23	2,772	1.49
<b>Mexico</b>				5,297	2.85
<b>'BBB' credit rated bonds</b>					
Petróleos Mexicanos 6.5%	1,300,000	US\$	13.03.27	1,337	0.72
Banco Santander Mexico Institucion de Banca Multiple Grupo Financiero Santand FRN	444,000	US\$	01.10.28	452	0.24
Mexico (United Mexican States) 5.625%	1,600,000	£	19.03.14 <sup>[a]</sup>	2,152	1.16
<b>'BB' credit rated bonds</b>					
Grupo KUO 5.75%	1,415,000	US\$	07.07.27	1,356	0.73

# M&G (Lux) Emerging Markets Hard Currency Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Montenegro</b>				1,838	0.99
'B' credit rated bonds					
Montenegro 3.375%	1,594,000	€	21.04.25	1,838	0.99
<b>Morocco</b>				1,007	0.54
'BBB' credit rated bonds					
Morocco (Kingdom of) 5.5%	950,000	US\$	11.12.42	1,007	0.54
<b>Netherlands (The)</b>				4,310	2.32
'BB' credit rated bonds					
VTR Finance 6.875%	1,000,000	US\$	15.01.24	1,019	0.55
Petrobras Global Finance 5.75%	2,200,000	US\$	01.02.29	1,981	1.06
<b>Bonds with no credit rating</b>					
Royal Capital 5.875%	1,394,000	US\$	31.12.99	1,310	0.71
<b>Nigeria</b>				2,522	1.35
'B' credit rated bonds					
Nigeria (Federal Republic of) 7.875%	2,450,000	US\$	16.02.32	2,522	1.35
<b>Oman</b>				2,319	1.25
'BBB' credit rated bonds					
Oman (Sultanate of) 5.625%	2,357,000	US\$	17.01.28	2,319	1.25
<b>Pakistan</b>				1,842	0.99
'B' credit rated bonds					
Pakistan (Republic of) 7.875%	1,950,000	US\$	31.03.36	1,842	0.99
<b>Panama</b>				1,799	0.97
'BBB' credit rated bonds					
Aeropuerto Internacional de Tocumen 5.75%	533,923	US\$	09.10.23	552	0.30
Aeropuerto Internacional de Tocumen 5.625%	1,200,000	US\$	18.05.36	1,247	0.67
<b>Paraguay</b>				3,004	1.61
'BB' credit rated bonds					
Paraguay (Republic of) 6.1%	2,850,000	US\$	11.08.44	3,004	1.61
<b>Peru</b>				3,196	1.72
'BBB' credit rated bonds					
Corp Financiera de Desarrollo 4.75%	2,400,000	US\$	15.07.25	2,422	1.30
Hunt Oil Company of Peru 6.375%	750,000	US\$	01.06.28	774	0.42
<b>Qatar</b>				3,918	2.10
'AA' credit rated bonds					
Qatar (State of) 6.4%	2,250,000	US\$	20.01.40	2,760	1.48
Qatar (State of) 5.103%	1,111,000	US\$	23.04.48	1,158	0.62
<b>Romania</b>				2,183	1.17
'BBB' credit rated bonds					
Romania 3.875%	1,850,000	€	29.10.35	2,183	1.17
<b>Russia</b>				1,654	0.89
'BBB' credit rated bonds					
Russia (Federation of) 8.15%	110,000,000	RUB	03.02.27	1,654	0.89
<b>Rwanda</b>				2,497	1.34
'B' credit rated bonds					
Rwanda (Republic of) 6.625%	2,450,000	US\$	02.05.23	2,497	1.34
<b>Saudi Arabia</b>				1,049	0.56
'B' credit rated bonds					
Dar Al-Arkan Sukuk 6.875%	1,111,000	US\$	21.03.23	1,049	0.56
<b>Senegal</b>				1,343	0.72
'BB' credit rated bonds					
Senegal (Republic of) 4.75%	1,194,000	€	13.03.28	1,343	0.72
<b>Serbia</b>				2,725	1.46
'BB' credit rated bonds					
Serbia (Republic of) 7.25%	2,500,000	US\$	28.09.21	2,725	1.46
<b>Singapore</b>				908	0.49
'BB' credit rated bonds					
ABJA Investment 5.45%	1,000,000	US\$	24.01.28	908	0.49
<b>South Africa</b>				2,905	1.56
'BB' credit rated bonds					
South Africa (Republic of) 5.875%	2,850,000	US\$	16.09.25	2,905	1.56

# M&G (Lux) Emerging Markets Hard Currency Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Sri Lanka</b>				3,693	1.98
<b>'B' credit rated bonds</b>					
Sri Lanka (Republic of) 6.85%	3,700,000	US\$	03.11.25	3,693	1.98
<b>Tajikistan</b>				1,313	0.71
<b>'B' credit rated bonds</b>					
Tajikistan (Republic of) 7.125%	1,433,000	US\$	14.09.27	1,313	0.71
<b>Tanzania</b>				1,108	0.59
<b>Bonds with no credit rating</b>					
Tanzania (Republic of) FRN	1,083,343	US\$	09.03.20	1,108	0.59
<b>Tunisia</b>				2,324	1.25
<b>'B' credit rated bonds</b>					
Tunisia (Republic of) 5.625%	2,050,000	€	17.02.24	2,324	1.25
<b>Turkey</b>				5,366	2.88
<b>'BB' credit rated bonds</b>					
TC Ziraat Bankasi 5.125%	2,300,000	US\$	29.09.23	1,968	1.06
Turkey (Republic of) 4.25%	2,000,000	US\$	14.04.26	1,686	0.90
Turkey (Republic of) 5.125%	2,000,000	US\$	17.02.28	1,712	0.92
<b>UK</b>				3,405	1.83
<b>'BB' credit rated bonds</b>					
MARB BondCo 6.875%	993,000	US\$	19.01.25	923	0.50
<b>'B' credit rated bonds</b>					
Liquid Telecommunications Financing 8.5%	850,000	US\$	13.07.22	873	0.47
State Savings Bank of Ukraine Via SSB 1 FRN	1,600,000	US\$	20.03.25	1,609	0.86
<b>Ukraine</b>				4,822	2.59
<b>'B' credit rated bonds</b>					
Ukraine 7.75%	3,350,000	US\$	01.09.22	3,355	1.80
Ukraine 7.375%	1,674,000	US\$	25.09.32	1,467	0.79
<b>Uruguay</b>				1,887	1.01
<b>'BBB' credit rated bonds</b>					
Uruguay (Republic of the) 7.625%	1,400,000	US\$	21.03.36	1,887	1.01
<b>US</b>				15,031	8.08
<b>'AAA' credit rated bonds</b>					
US Treasury Note 0.75%	5,720,000	US\$	15.02.19	5,687	3.06
<b>'A' credit rated bonds</b>					
State Grid Overseas 3.5%	2,050,000	US\$	04.05.27	1,959	1.05
<b>'BBB' credit rated bonds</b>					
Commonwealth of Bahamas 6%	2,100,000	US\$	21.11.28	2,145	1.15
<b>'BB' credit rated bonds</b>					
Transnet 4%	2,650,000	US\$	26.07.22	2,486	1.34
Inretail Pharma 5.375%	888,000	US\$	02.05.23	899	0.48
<b>'B' credit rated bonds</b>					
Georgia Capital Issued International Bonds 6.125%	2,000,000	US\$	09.03.24	1,855	1.00
<b>Venezuela</b>				1,728	0.93
<b>'C' credit rated bonds</b>					
Petroleos de Venezuela 6%	4,000,000	US\$	15.11.26	874	0.47
<b>'D' credit rated bonds</b>					
Venezuela (Republic of) 9.25%	3,200,000	US\$	07.05.28	854	0.46
<b>Vietnam</b>				2,126	1.14
<b>'BB' credit rated bonds</b>					
Debt and Asset Trading 1%	3,100,000	US\$	10.10.25	2,126	1.14
<b>Zambia</b>				1,151	0.62
<b>'B' credit rated bonds</b>					
Zambia (Republic of) 8.97%	1,600,000	US\$	30.07.27	1,151	0.62
<b>CURRENCY</b>				257	0.14
<b>Forward currency contracts</b>				257	0.14
Bought for US\$ 2,432,040.55, Sold for £ 1,849,000.00			17.10.18	19	0.01
Bought for US\$ 26,141,146.75, Sold for € 22,339,500.00			17.10.18	238	0.13
<b>Portfolio of investments</b>				181,716	97.63

# M&G (Lux) Emerging Markets Hard Currency Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Maturity date	Market value US\$'000	% of net assets
<b>SHARE CLASS HEDGING</b>			
Bought for € 40,350,887.17, Sold for US\$ 46,849,881.11	17.10.18	(63)	(0.03)
Bought for CHF 95,339.10, Sold for US\$ 98,173.32	17.10.18	-	-
<b>Total portfolio</b>		<b>181,653</b>	<b>97.60</b>
Net other assets/(liabilities)		4,470	2.40
<b>NET ASSETS</b>		<b>186,123</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>			
<b>Investment assets</b>			
Debt securities		181,459	97.49
Unrealised gains on forward currency contracts		257	0.14
<b>Total Investment assets</b>		<b>181,716</b>	<b>97.63</b>
<b>Investment liabilities</b>			
Unrealised losses on forward currency contracts		(63)	(0.03)
<b>Total Investment liabilities</b>		<b>(63)</b>	<b>(0.03)</b>
<b>Total portfolio</b>		<b>181,653</b>	<b>97.60</b>
Net other assets/(liabilities)		4,470	2.40
<b>NET ASSETS</b>		<b>186,123</b>	<b>100.00</b>

[a] Maturity date 19.03.2114.

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures Forward currency contracts US\$'000
J.P.Morgan	26,141
State Street Bank and Trust Company	46,948
State Street Bank London	2,432

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.



# M&G (Lux) Emerging Markets Hard Currency Bond Fund

## Financial highlights (unaudited)

### Fund performance

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

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

Long-term performance by share class as at 30 September 2018

	Six months 29.03.18 % <sup>[a]</sup>	Three years 30.09.15 % p.a.	Five years 30.09.13 % p.a.	Since launch % p.a.
<b>Euro <sup>[b]</sup></b>				
Class 'A'	+4.4	n/a	n/a	-1.3 <sup>[c]</sup>
Class 'A-H'	-3.4	n/a	n/a	-1.7 <sup>[c]</sup>
Class 'C'	+4.8	n/a	n/a	-0.4 <sup>[c]</sup>
Class 'C-H'	-2.9	n/a	n/a	-0.8 <sup>[c]</sup>
Class 'LI'	n/a	n/a	n/a	+1.4 <sup>[d]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'C'	+6.2	n/a	n/a	+1.6 <sup>[c]</sup>
<b>Swiss franc <sup>[b]</sup></b>				
Class 'A-H'	-3.5	n/a	n/a	-2.0 <sup>[c]</sup>
Class 'C-H'	-3.0	n/a	n/a	-1.1 <sup>[c]</sup>
<b>US dollar <sup>[b]</sup></b>				
Class 'A'	-1.9	n/a	n/a	+1.0 <sup>[c]</sup>
Class 'C'	-1.5	n/a	n/a	+1.8 <sup>[c]</sup>
Class 'CI'	-1.5	n/a	n/a	+1.9 <sup>[c]</sup>

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 22 May 2017, the launch date of the fund.

<sup>[d]</sup> 20 September 2018, the launch date of the share class. Not annualised.

### Distribution details for holders of distribution shares

This fund pays quarterly distributions to the holders of distribution shares and the following table sets out the distribution timetables and rates per share declared in respect for the six months ended 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.06.18	20.07.18	23.07.18	26.07.18
Second interim	01.07.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Distributions

	Euro Class 'A'	Euro Class 'A-H'	Euro Class 'C'	Euro Class 'C-H'	Sterling Class 'C'
<b>to 30 September 2018</b>	Euro €	Euro €	Euro €	Euro €	UK p
First interim	0.1333	0.1328	0.1315	0.1350	0.1381
Second interim	0.1339	0.1324	0.1346	0.1336	0.1390
	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'	US dollar Class 'A'	US dollar Class 'C'	
<b>to 30 September 2018</b>	Swiss €	Swiss €	US €	US €	
First Interim	0.1309	0.1321	0.1386	0.1392	
Second Interim	0.1312	0.1324	0.1390	0.1395	

# M&G (Lux) Emerging Markets Hard Currency Bond Fund

## Financial highlights (unaudited)

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	9.8191	1.73
Class 'A' Distribution	9.2623	1.71
Class 'A-H' Accumulation	9.7723	1.75
Class 'A-H' Distribution	9.2188	1.74
Class 'C' Accumulation	9.9396	0.82
Class 'C' Distribution	9.3625	0.83
Class 'C-H' Accumulation	9.8864	0.84
Class 'C-H' Distribution	9.3256	0.84
Class 'LI' Accumulation	10.1400	0.53 <sup>[a]</sup>
<b>Sterling</b>	<b>£</b>	<b>%</b>
Class 'C' Accumulation	10.2181	0.79
Class 'C' Distribution	9.6395	0.80
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	9.7298	1.74
Class 'A-H' Distribution	9.1785	1.74
Class 'C-H' Accumulation	9.8477	0.84
Class 'C-H' Distribution	9.2927	0.84
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	10.1294	1.72
Class 'A' Distribution	9.5548	1.72
Class 'C' Accumulation	10.2505	0.81
Class 'C' Distribution	9.6696	0.81
Class 'CI' Accumulation	10.2565	0.77

[a] The share class has an estimated TER shown, as this share class launched in the period, therefore this is a more reliable estimate of the charges suffered.

NAV at fund level	US\$'000
Net assets	186,123
Swing pricing adjustment (see note 11)	0
<b>Swung net assets</b>	<b>186,123</b>

## M&G (Lux) Emerging Markets Income Opportunities Fund

# Investment objective and policy

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### Investment objective

The Fund aims to deliver an annual income of 4-6%. Subject to this, the Fund aims to deliver capital growth over any five year period.

### Investment policy

The Fund will invest at least 80% of its Net Asset Value in emerging market assets, including equities, bonds and closed-ended real estate investment trusts.

The Investment Manager has the discretion to identify the countries that it considers to qualify as emerging markets\*. The Fund may invest across a wide range of geographies, sectors and market capitalisations. The Fund may invest in China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Exchange.

The Fund will invest at least 25% of its Net Asset Value in the equity securities of companies domiciled in or conducting the major part of their economic activity in emerging market countries. The Fund will invest at least 25% of its Net Asset Value in bonds issued by companies or quasi-government agencies domiciled in or conducting the major part of their economic activity in emerging market countries.

The bonds that the Fund may invest in include the following:

- Asset-Backed Securities, subject to a maximum of 10% of the Fund's Net Asset Value, bonds which are rated investment grade by a recognised rating agency, bonds issued or guaranteed by companies, local authorities, government agencies or certain public international bodies, convertible/exchangeable bonds;
- a maximum of 75% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds; and
- a maximum of 20% of the Fund's Net Asset Value in Contingent Convertible Debt Securities.

The Fund's exposure to these assets will typically be gained directly.

The Fund may also invest indirectly via derivative instruments. Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, and Options.

The fund may also invest in cash, near cash, deposits, other debt instruments and other collective investment schemes.\*\*

\* Emerging markets will typically be those defined by the International Monetary Fund as such or those defined by the World Bank as emerging or developing economies.

\*\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying investment scheme to avoid any double charge.

# M&G (Lux) Emerging Markets Income Opportunities Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>PORTFOLIO OF INVESTMENTS</b>				<b>21,656</b>	<b>97.87</b>
<b>ARGENTINA</b>				<b>346</b>	<b>1.56</b>
<b>Argentina debt securities</b>					
YPF 8.5%	350,000	US\$	28.07.25	346	1.56
<b>AUSTRIA</b>				<b>202</b>	<b>0.91</b>
<b>Austria debt securities</b>					
Suzano Austria 5.75%	200,000	US\$	14.07.26	202	0.91
<b>AZERBAIJAN</b>				<b>223</b>	<b>1.01</b>
<b>Azerbaijan debt securities</b>					
Southern Gaz Corridor 6.875%	200,000	US\$	24.03.26	223	1.01
<b>BRAZIL</b>				<b>903</b>	<b>4.08</b>
<b>Brazil equities</b>					
Banco Bradesco Pref. (voting)	21,712	BRL		158	0.71
CCR	41,859	BRL		85	0.39
EDP - Energias do Brasil	35,139	BRL		113	0.51
Kroton Educacional	52,859	BRL		154	0.70
Transmissora Alianca de Energia Eletrica	42,748	BRL		211	0.95
<b>Brazil debt securities</b>					
BRF 3.95%	200,000	US\$	22.05.23	182	0.82
<b>BRITISH VIRGIN ISLANDS</b>				<b>194</b>	<b>0.88</b>
<b>British Virgin Islands debt securities</b>					
Yingde Gases Investment 6.25%	200,000	US\$	19.01.23	194	0.88
<b>CAYMAN ISLANDS</b>				<b>904</b>	<b>4.08</b>
<b>Cayman Islands debt securities</b>					
China Evergrande Group 7.5%	200,000	US\$	28.06.23	184	0.83
DP World Crescent 4.848%	244,000	US\$	26.09.28	242	1.09
MAF Global Securities 5.5%	300,000	US\$	31.12.99	287	1.30
Sunac China Holdings 7.95%	200,000	US\$	08.08.22	191	0.86
<b>CHINA</b>				<b>2,033</b>	<b>9.19</b>
<b>China equities</b>					
China Lessco Group Holdings	485,000	HK\$		275	1.24
China Petroleum & Chemical	454,000	HK\$		455	2.06
CNOOC	395,000	HK\$		783	3.54
Greatview Aseptic Packaging	371,000	HK\$		235	1.06
Lenovo Group	390,000	HK\$		285	1.29
<b>COLOMBIA</b>				<b>376</b>	<b>1.70</b>
<b>Colombia equities</b>					
Banco Davivienda	17,816	COP		205	0.93
<b>Colombia debt securities</b>					
Banco Davivienda 7.5%	500,000,000	COP	24.10.22	171	0.77
<b>HONG KONG</b>				<b>1,361</b>	<b>6.15</b>
<b>Hong Kong equities</b>					
AIA Group	31,600	HK\$		282	1.27
China Resources Power Holdings	140,000	HK\$		247	1.12
Far East Horizon	464,000	HK\$		442	2.00
First Pacific Hong Kong	422,000	HK\$		209	0.94
<b>Hong Kong debt securities</b>					
Vanke Real Estate Hong Kong 3.975%	200,000	US\$	09.11.27	181	0.82
<b>INDIA</b>				<b>579</b>	<b>2.62</b>
<b>India debt securities</b>					
Bharti Airtel 4.375%	200,000	US\$	10.06.25	187	0.85
National Highways Authority of India 7.3%	30,000,000	INR	18.05.22	392	1.77
<b>INDONESIA</b>				<b>444</b>	<b>2.01</b>
<b>Indonesia debt securities</b>					
Jasa Marga Persero 7.5%	4,000,000,000	IDR	11.12.20	256	1.16
Perusahaan Listrik Negara 4.125%	200,000	US\$	15.05.27	188	0.85
<b>IRELAND</b>				<b>382</b>	<b>1.73</b>
<b>Ireland debt securities</b>					
C&W Senior Financing Designated Activity 6.875%	200,000	US\$	15.09.27	200	0.91
GTLK Europe 5.125%	200,000	US\$	31.05.24	182	0.82
<b>LUXEMBOURG</b>				<b>1,147</b>	<b>5.18</b>
<b>Luxembourg debt securities</b>					
Codere Finance 2 Luxembourg 7.625%	200,000	US\$	01.11.21	184	0.83
Gaz Capital 7.288%	200,000	US\$	16.08.37	223	1.01
Kernel Holding 8.75%	200,000	US\$	31.01.22	204	0.92

# M&G (Lux) Emerging Markets Income Opportunities Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>PORTFOLIO OF INVESTMENTS (continued)</b>					
<b>LUXEMBOURG (continued)</b>					
<b>Luxembourg debt securities (continued)</b>					
MHP Lux 6.95%	200,000	US\$	03.04.26	187	0.84
Puma International Financing 5.125%	200,000	US\$	06.10.24	176	0.80
Rede D'or Finance 4.95%	200,000	US\$	17.01.28	173	0.78
<b>MEXICO</b>				<b>1,404</b>	<b>6.34</b>
<b>Mexico equities</b>					
Alfa 'A'	382,709	MXN		492	2.22
Fibra Uno Administracion	205,511	MXN		269	1.21
<b>Mexico debt securities</b>					
Banco Santander Mexico Institucion de Banca Multiple Grupo					
Financiero Santand 25%	200,000	US\$	01.10.28	203	0.92
Grupo KUO 5.75%	266,000	US\$	07.07.27	255	1.15
Mexichem 5.5%	200,000	US\$	15.01.48	185	0.84
<b>NETHERLANDS (THE)</b>				<b>1,336</b>	<b>6.04</b>
<b>Netherlands (The) debt securities</b>					
Indo Energy Finance II 6.375%	200,000	US\$	24.01.23	198	0.90
Petrobras Global Finance 5.75%	500,000	US\$	01.02.29	450	2.03
Royal Capital 5.875%	313,000	US\$	31.12.99	294	1.33
VEON Holdings 4.95%	200,000	US\$	16.06.24	190	0.86
VTR Finance 6.875%	200,000	US\$	15.01.24	204	0.92
<b>PANAMA</b>				<b>208</b>	<b>0.94</b>
<b>Panama debt securities</b>					
Aeropuerto Internacional de Tocumen 5.625%	200,000	US\$	18.05.36	208	0.94
<b>PERU</b>				<b>206</b>	<b>0.93</b>
<b>Peru debt securities</b>					
Hunt Oil Company of Peru 6.375%	200,000	US\$	01.06.28	206	0.93
<b>RUSSIA</b>				<b>1,360</b>	<b>6.15</b>
<b>Russia equities</b>					
Lukoil	9,377	US\$		710	3.21
MMC Norilsk Nickel	5,775	US\$		103	0.47
Sberbank of Russia ADR	43,778	US\$		547	2.47
<b>SAUDI ARABIA</b>				<b>210</b>	<b>0.95</b>
<b>Saudi Arabia debt securities</b>					
Dar Al-Arkan Sukuk 6.875%	222,000	US\$	21.03.23	210	0.95
<b>SINGAPORE</b>				<b>764</b>	<b>3.45</b>
<b>Singapore equities</b>					
DBS Group Holdings	10,000	SG\$		190	0.86
Keppel	303,200	SG\$		265	1.20
Mapletree Industrial Trust	87,600	SG\$		127	0.57
<b>Singapore debt securities</b>					
ABJA Investment 5.45%	200,000	US\$	24.01.28	182	0.82
<b>SOUTH AFRICA</b>				<b>653</b>	<b>2.95</b>
<b>South Africa equities</b>					
Absa Group	40,530	ZAR		430	1.94
Sanlam	40,296	ZAR		223	1.01
<b>SOUTH KOREA</b>				<b>1,812</b>	<b>8.19</b>
<b>South Korea equities</b>					
Hana Financial Group	13,284	KRW		533	2.41
Samsung Electronics	15,550	KRW		651	2.94
Samsung Fire & Marine Insurance	648	KRW		166	0.75
Shinhan Financial Group	11,390	KRW		462	2.09
<b>TAIWAN</b>				<b>1,214</b>	<b>5.49</b>
<b>Taiwan equities</b>					
Casetek Holdings	110,943	TW\$		189	0.86
Catcher Technology	18,000	TW\$		198	0.90
Cathay Financial Holding	130,000	TW\$		224	1.01
Chicony Electronics	115,142	TW\$		233	1.05
Delta Electronics	42,000	TW\$		180	0.81
Teco Electric and Machinery	263,000	TW\$		190	0.86
<b>THAILAND</b>				<b>257</b>	<b>1.16</b>
<b>Thailand equities</b>					
Siam Commercial Bank	56,000	THB		257	1.16

# M&G (Lux) Emerging Markets Income Opportunities Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>PORTFOLIO OF INVESTMENTS (continued)</b>					
<b>TURKEY</b>				<b>1,076</b>	<b>4.86</b>
<b>Turkey equities</b>					
Enerjisa Enerji	184,166	TRY		162	0.73
Haci Omer Sabanci Holding	136,078	TRY		173	0.78
KOC Holding	42,701	TRY		120	0.54
Tupras Turkiye Petrol Rafinerileri	4,281	TRY		95	0.43
<b>Turkey debt securities</b>					
Arcelik 5%	200,000	US\$	03.04.23	182	0.82
TC Ziraat Bankasi 5.125%	200,000	US\$	29.09.23	171	0.78
Yapi ve Kredi Bankasi 5.85%	200,000	US\$	21.06.24	173	0.78
<b>UK</b>				<b>593</b>	<b>2.68</b>
<b>UK debt securities</b>					
Liquid Telecommunications Financing 8.5%	200,000	US\$	13.07.22	206	0.93
MARB BondCo 6.875%	200,000	US\$	19.01.25	186	0.84
State Savings Bank of Ukraine Via SSB 1 9.625%	200,000	US\$	20.03.25	201	0.91
<b>US</b>				<b>1,469</b>	<b>6.64</b>
<b>US equities</b>					
Etalon Group	65,098	US\$		154	0.70
<b>US debt securities</b>					
Georgia Capital Issued International Bonds 6.125%	300,000	US\$	09.03.24	278	1.26
Inretail Pharma 5.375%	171,000	US\$	02.05.23	173	0.78
SASOL Financing USA 5.875%	200,000	US\$	27.03.24	204	0.92
Teva Pharmaceuticals 6.75%	200,000	US\$	01.03.28	211	0.95
US Treasury Note 1.25%	450,000	US\$	31.01.19	449	2.03
<b>Portfolio of investments</b>				<b>21,656</b>	<b>97.87</b>
<b>SHARE CLASS HEDGING</b>				<b>(1)</b>	<b>-</b>
Bought for £ 48,848.25, Sold for US\$ 63,596.25			17.10.18	-	-
Bought for € 290,477.25, Sold for US\$ 337,317.09			17.10.18	(1)	-
Bought for CHF 95,894.16, Sold for US\$ 98,771.75			17.10.18	-	-
<b>Total portfolio</b>				<b>21,655</b>	<b>97.87</b>
Net other assets/(liabilities)				472	2.13
<b>NET ASSETS</b>				<b>22,127</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>					
<b>Investment assets</b>					
Equity securities				11,482	51.89
Debt securities				10,174	45.98
<b>Total Investment assets</b>				<b>21,656</b>	<b>97.87</b>
<b>Investment liabilities</b>					
Unrealised losses on forward currency contracts				(1)	0.00
<b>Total Investment liabilities</b>				<b>(1)</b>	<b>0.00</b>
<b>Total portfolio</b>				<b>21,655</b>	<b>97.87</b>
Net other assets/(liabilities)				472	2.13
<b>NET ASSETS</b>				<b>22,127</b>	<b>100.00</b>

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredempted date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures Forward currency contracts US\$'000
State Street Bank and Trust Company	500

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

# M&G (Lux) Emerging Markets Income Opportunities Fund

## Financial highlights (unaudited)

### Fund performance

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

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

#### Long-term performance by share class as at 30 September 2018

	Six months 29.03.18 % <sup>[a]</sup>	Three years 30.09.15 % p.a.	Five years 30.09.13 % p.a.	Since launch % p.a.
<b>Euro <sup>[b]</sup></b>				
Class 'A-H'	-5.7	n/a	n/a	+1.7 <sup>[c]</sup>
Class 'C-H'	-5.3	n/a	n/a	+2.5 <sup>[c]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'C-H'	-4.7	n/a	n/a	+3.7 <sup>[c]</sup>
<b>Swiss franc <sup>[b]</sup></b>				
Class 'A-H'	-5.8	n/a	n/a	+1.4 <sup>[c]</sup>
Class 'C-H'	-5.3	n/a	n/a	+2.2 <sup>[c]</sup>
<b>US dollar <sup>[b]</sup></b>				
Class 'A'	-4.1	n/a	n/a	+4.6 <sup>[c]</sup>
Class 'A M'	-4.1	n/a	n/a	+4.5 <sup>[c]</sup>
Class 'C'	-3.7	n/a	n/a	+5.3 <sup>[c]</sup>
Class 'CI'	-3.7	n/a	n/a	+5.4 <sup>[c]</sup>
Class 'C M'	-3.7	n/a	n/a	+5.3 <sup>[c]</sup>

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 22 May 2017, the launch date of the fund.

### Distributions

	Euro Class 'A-H'	Euro Class 'C-H'	Sterling Class 'C-H'	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'
to 30 September 2018	Euro €	Euro €	UK p	Swiss €	Swiss €
First interim	0.1587	0.1592	0.1607	0.1564	0.1578
Second interim	0.1446	0.1463	0.1484	0.1439	0.1456

	US dollar Class 'A'	US dollar Class 'C'
to 30 September 2018	US €	US €
First interim	0.1642	0.1655
Second interim	0.1514	0.1531

	US dollar Class 'A M'	US dollar Class 'C M'
to 30 September 2018	US €	US €
First interim	0.0471	0.0475
Second interim	0.0551	0.0557
Third interim	0.0611	0.0616
Fourth interim	0.0587	0.0593
Fifth interim	0.0409	0.0414
Sixth interim	0.0507	0.0515

### Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect for the six months ended 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.06.18	20.07.18	23.07.18	26.07.18
Second interim	01.07.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.04.18	18.05.18	22.05.18	25.05.18
Second interim	01.05.18	31.05.18	15.06.18	18.06.18	21.06.18
Third interim	01.06.18	30.06.18	20.07.18	23.07.18	26.07.18
Fourth interim	01.07.18	31.07.18	17.08.18	20.08.18	23.08.18
Fifth interim	01.08.18	31.08.18	21.09.18	24.09.18	27.09.18
Sixth interim	01.09.18	30.09.18	19.10.18	22.10.18	25.10.18

# M&G (Lux) Emerging Markets Income Opportunities Fund

## Financial highlights (unaudited)

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A-H' Accumulation	10.2254	1.85
Class 'A-H' Distribution	9.6969	1.88
Class 'C-H' Accumulation	10.3462	0.96
Class 'C-H' Distribution	9.8264	0.96
<b>Sterling</b>	<b>£</b>	<b>%</b>
Class 'C-H' Accumulation	10.5006	0.97
Class 'C-H' Distribution	9.9667	0.97
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	10.1914	1.86
Class 'A-H' Distribution	9.6723	1.86
Class 'C-H' Accumulation	10.3054	0.96
Class 'C-H' Distribution	9.7907	0.97
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	10.6208	1.84
Class 'A' Distribution	10.0790	1.85
Class 'A M' Distribution	9.9748	1.85
Class 'C' Accumulation	10.7512	0.94
Class 'C' Distribution	10.2043	0.93
Class 'C M' Distribution	10.0976	0.95
Class 'CI' Accumulation	10.7545	0.91
<b>NAV at fund level</b>	<b>US\$'000</b>	
Net assets	22,127	
Swing pricing adjustment (see note 11)	0	
<b>Swung net assets</b>	<b>22,127</b>	



# M&G (Lux) European Inflation Linked Corporate Bond Fund

## Investment objective and policy

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### Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) equal to or greater than European inflation over any three-year period.

### Investment policy

The Fund will invest at least 50% of its Net Asset Value in inflation linked investment grade corporate bonds. Exposure may either be gained through direct holdings or synthetically by using combinations of inflation-linked government bonds and derivatives to create similar risk exposures. A minimum of 90% of the Fund's Net Asset Value will be exposed directly to Euro denominated assets or non-Euro exposures which have been hedged back to Euro.

Additionally the Fund may also invest in the following fixed income instruments:

- fixed rate bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies, subject to a maximum of 40% of the Fund's Net Asset Value;
- floating rate notes, subject to a maximum of 50% of the Fund's Net Asset Value;
- bonds from issuers located in emerging markets, subject to a maximum of 20% of the Fund's Net Asset Value;
- unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 30% of the Fund's Net Asset Value; and
- Asset-Backed Securities subject to a maximum of 20% of the Fund's Net Asset Value.

Derivatives can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management. The derivative instruments that the Fund can invest in include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Swaps, and Credit Default Swaps.

The Fund may also invest in cash, currencies, near cash, deposits, other debt instruments, other derivatives, preferred shares, warrants and other funds\*.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) European Inflation Linked Corporate Bond Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME</b>				<b>93,568</b>	<b>99.47</b>
<b>Debt securities</b>				<b>92,739</b>	<b>98.59</b>
<b>'AAA' credit rated bonds</b>				<b>23,872</b>	<b>25.38</b>
ALME Loan Funding II FRN	750,000	€	15.01.30	751	0.80
Avoca CLO XI FRN	250,000	€	15.07.30	250	0.27
Barings Euro CLO FRN	500,000	€	15.10.30	500	0.53
Delft FRN	341,092	€	17.01.40	342	0.36
Dukinfield 2 FRN	101,668	£	20.12.52	116	0.12
Duncan Funding FRN	67,678	£	17.04.63	76	0.08
Finsbury Square FRN	205,051	£	12.09.65	231	0.25
Germany (Federal Republic of) I/L 0.1%	700,000	€	15.04.23	803	0.85
Germany (Federal Republic of) I/L 0.1%	50,000	€	15.04.26	57	0.06
Germany (Federal Republic of) I/L 0.1%	50,000	€	15.04.46	64	0.07
Germany (Federal Republic of) I/L 0.5%	50,000	€	15.04.30	61	0.07
Germany (Federal Republic of) I/L 1.75%	10,970,938	€	15.04.20	13,075	13.90
Harvest CLO VII FRN	206,000	€	12.04.31	206	0.22
Iliad 1.875%	300,000	€	25.04.25	282	0.30
Newday Partnership Funding FRN	400,000	£	15.12.27	451	0.48
Newgate Funding FRN	442,957	€	15.12.50	437	0.46
OAK No.1 FRN	51,997	£	26.02.52	59	0.06
Paragon Mortgages No 14 FRN	463,141	US\$	15.09.39	384	0.41
THRONES FRN	46,246	£	18.03.50	52	0.06
Tower Bridge Funding No 3 FRN	186,000	£	20.12.61	210	0.22
Trinity Square FRN	106,467	£	15.07.51	121	0.13
US Treasury I/L 0.125%	3,000,000	US\$	15.04.21	2,699	2.87
US Treasury I/L 0.125%	950,000	US\$	15.07.22	878	0.93
US Treasury I/L 1.25%	1,750,000	US\$	15.07.20	1,767	1.88
<b>'AA' credit rated bonds</b>				<b>18,884</b>	<b>20.07</b>
Claris RMBS 2014 FRN	34,923	€	28.12.61	35	0.04
E-MAC NL I FRN	222,864	€	25.04.38	224	0.24
First Flexible No 6 FRN	302,630	€	01.12.35	302	0.32
France (Republic of) 0.1%	8,495,000	€	01.03.21	9,182	9.76
France (Republic of) 1.1%	3,762,000	€	25.07.22	4,664	4.96
HSBC Holdings FRN	750,000	€	05.10.23	748	0.79
Network Rail Infrastructure Finance 1.75%	400,000	£	22.11.27	816	0.87
Paragon Mortgages No 13 FRN	319,556	€	15.01.39	305	0.32
Paragon Mortgages No 9 FRN	55,539	€	15.05.41	54	0.06
SNCF Réseau EPIC 2.45%	1,750,000	€	28.02.23	2,554	2.71
<b>'A' credit rated bonds</b>				<b>25,003</b>	<b>26.58</b>
Alba FRN	533,575	€	15.12.38	506	0.54
Anglian Water Services Financing 4.125%	506,000	£	28.07.20	1,051	1.12
AT&T FRN	750,000	€	05.09.23	760	0.81
AXA FRN	429,000	€	28.05.49	422	0.45
Banco Santander FRN	200,000	US\$	12.04.23	173	0.18
Bank of America FRN	600,000	US\$	05.02.26	510	0.54
Bank of America FRN	800,000	€	07.02.22	806	0.86
Barclays FRN	600,000	US\$	10.08.21	537	0.57
BPCE FRN	400,000	€	23.03.23	396	0.42
Citigroup FRN	150,000	US\$	17.05.24	131	0.14
Citigroup FRN	100,000	US\$	01.09.23	88	0.09
CK Hutchison Europe Finance 18 1.25%	243,000	€	13.04.25	240	0.25
Coöperatieve Rabobank FRN	307,000	US\$	26.09.23	266	0.28
Goldman Sachs Group FRN	150,000	€	26.09.23	149	0.16
Goldman Sachs Group FRN	400,000	€	09.09.22	401	0.43
Goldman Sachs Group FRN	300,000	US\$	29.11.23	270	0.29
Goldman Sachs Group FRN	200,000	US\$	28.10.27	179	0.19
Halfmoon Parent FRN	204,000	US\$	17.09.21	176	0.19
HSBC Holdings FRN	858,000	€	27.09.22	863	0.92
ING Groep FRN	300,000	€	20.09.23	301	0.32
KBC Group 0.75%	600,000	€	01.03.22	603	0.64
Landmark Mortgage Securities No 2 FRN	479,346	€	17.06.39	459	0.49
Lloyds Banking Group FRN	1,200,000	€	21.06.24	1,195	1.27
Magellan Mortgages No 4 FRN	441,926	€	20.07.59	423	0.45
Mitchells & Butlers Finance FRN	65,902	US\$	15.12.30	54	0.06
Morgan Stanley FRN	1,000,000	€	27.01.22	1,004	1.07
Morgan Stanley FRN	200,000	US\$	08.05.24	176	0.19
Morgan Stanley FRN	400,000	US\$	24.10.23	354	0.38
National Grid Electricity Transmission 3.806%	275,000	£	27.07.20	546	0.58

# M&G (Lux) European Inflation Linked Corporate Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>'A' credit rated bonds (continued)</b>					
Nationwide Building Society 3.875%	382,593	£	30.07.21	1,415	1.50
Santander UK Group Holdings FRN	346,000	€	27.03.24	343	0.36
Société Générale FRN	1,200,000	€	22.05.24	1,198	1.27
South Eastern Power Networks 3.053%	25,000	£	05.06.23	52	0.05
Southern Water Services Finance 3.816%	100,000	£	31.03.23	212	0.23
Spain (Kingdom of) I/L 0.55%	5,286,890	€	30.11.19	5,629	5.98
Spain (Kingdom of) I/L 1.8%	1,100,000	€	30.11.24	1,311	1.39
Thames Water Utilities Finance 3.375%	280,000	£	21.07.21	563	0.60
TOTAL FRN	800,000	€	29.12.49	839	0.89
UBS Group Funding Switzerland FRN	400,000	€	20.09.22	402	0.43
<b>'BBB' credit rated bonds</b>				<b>19,211</b>	<b>20.42</b>
Admiral Group 5.5%	300,000	£	25.07.24	368	0.39
Arion Banki 1%	525,000	€	20.03.23	514	0.55
AT&T FRN	294,000	US\$	12.06.24	255	0.27
Atrium European Real Estate 3%	169,000	€	11.09.25	171	0.18
Aviva FRN	400,000	£	29.09.49	490	0.52
Aviva FRN	300,000	€	04.12.45	303	0.32
Banco de Sabadell 1.625%	500,000	€	07.03.24	498	0.53
Banco Santander 2.125%	200,000	€	08.02.28	188	0.20
Bank of America FRN	1,000,000	US\$	15.09.26	834	0.89
Bayer US Finance II FRN	500,000	US\$	15.12.23	434	0.46
Belfius Bank FRN	300,000	€	15.03.28	293	0.31
Brisa Concessao Rodoviaria 2.375%	200,000	€	10.05.27	206	0.22
British Telecommunications 3.5%	37,000	£	25.04.25	87	0.09
Catalyst Healthcare Manchester Financing 2.411%	78,590	£	30.09.40	153	0.16
Channel Link Enterprises Finance FRN	500,000	€	30.06.50	504	0.54
Crédit Agricole FRN	200,000	€	29.04.49	219	0.23
Deutsche Bank 1.125%	378,000	€	30.08.23	381	0.41
Deutsche Telekom International Finance 0.875%	600,000	€	30.01.24	604	0.64
Intesa Sanpaolo 1.75%	500,000	€	20.03.28	450	0.48
Italy (Republic of) 2.1%	3,495,000	€	15.09.21	4,074	4.33
Italy (Republic of) 2.35%	4,300,000	€	15.09.19	5,063	5.38
National Grid 1.25%	225,000	£	06.10.21	318	0.34
RCI Banque FRN	300,000	€	12.01.23	297	0.32
Royal Bank of Scotland Group FRN	500,000	£	19.09.26	550	0.59
Royal Bank of Scotland Group FRN	302,000	€	04.03.25	303	0.32
Severn Trent 1.3%	50,000	£	11.07.22	70	0.07
Suez FRN	400,000	€	31.12.99	401	0.43
Telecom Italia Finance 2.375%	100,000	€	12.10.27	94	0.10
Vodafone Group FRN	600,000	€	03.01.79	596	0.63
Volkswagen International Finance FRN	500,000	€	31.12.99	493	0.52
<b>'BB' credit rated bonds</b>				<b>4,605</b>	<b>4.90</b>
Banco Bilbao Vizcaya Argentaria FRN	600,000	€	29.12.49	612	0.65
Banco Santander FRN	1,200,000	€	12.03.49	1,210	1.29
Bayer FRN	800,000	€	01.07.75	818	0.87
Crown European Holdings 3.375%	350,000	€	15.05.25	363	0.39
KBC Group FRN	600,000	€	29.03.49	609	0.65
Lloyds Banking Group FRN	200,000	£	29.12.49	229	0.24
Telefonica Europe FRN	400,000	€	31.12.99	384	0.41
Tesco Personal Finance 1%	200,000	£	16.12.19	268	0.28
Unitymedia Hessen 3.5%	106,000	€	15.01.27	112	0.12
<b>'D' credit rated bonds</b>				<b>664</b>	<b>0.71</b>
Cooperatieve Rabobank 2.25%	91,000	£	22.11.22	160	0.17
Nationwide Building Society 4.25%	136,404	£	23.02.24	504	0.54
<b>Bonds with no credit rating</b>				<b>500</b>	<b>0.53</b>
Arbour CLO IV FRN	186,000	€	15.01.30	186	0.20
Eirles Two FRN	500,000	€	30.10.20	-	-
Groupe Bruxelles Lambert 1.875%	200,000	€	19.06.25	201	0.21
THFC Indexed 5.65%	40,883	£	30.09.20	113	0.12
<b>Contracts</b>					
<b>Debt derivatives</b>				<b>829</b>	<b>0.88</b>
<b>Credit default swaps</b>				<b>673</b>	<b>0.71</b>
Allianz Dec 2021	500,000	€		14	0.01
Anglo American Dec 2022	500,000	€		81	0.09

# M&G (Lux) European Inflation Linked Corporate Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Contracts	Currency	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>				
<b>Debt derivatives (continued)</b>				
<b>Credit default swaps (continued)</b>				
Aviva Jun 2021	500,000	€	9	0.01
AXA Dec 2021	500,000	€	12	0.01
BAA Funding Limited Dec 2020	500,000	€	7	0.01
Barclays Dec 2022	500,000	€	-	-
BP Jun 2021	500,000	€	11	0.01
British American Tobacco Dec 2022	1,500,000	€	25	0.03
CDS Index North American Corporate Credits Investment Grade Dec 2023	5,500,000	US\$	38	0.04
CDS Index North American Corporate Credits Investment Grade Dec 2025	3,000,000	US\$	12	0.01
ENEL SpA Dec 2022	1,000,000	€	10	0.01
Energy Transfer Partners Dec 2020	1,500,000	US\$	23	0.02
Ford Motor Company Dec 2020	500,000	US\$	44	0.05
Glencore International Dec 2021	500,000	€	65	0.07
Glencore International Dec 2022	450,000	€	68	0.07
Glencore International Jun 2023	200,000	€	31	0.03
Holcim Ltd Jun 2023	250,000	€	-	-
HSBC Bank Jun 2021	500,000	€	7	0.01
iTraxx Europe Crossover Jun 2022	1,250,000	€	(130)	(0.14)
iTraxx Europe Dec 2022	800,000	€	18	0.02
iTraxx Europe Dec 2027	2,050,000	€	3	0.00
iTraxx Europe Jun 2023	2,750,000	€	55	0.06
iTraxx Europe Jun 2028	450,000	€	(2)	(0.00)
iTraxx Europe Senior Financials Jun 2023	1,000,000	€	15	0.02
LafargeHolcim Ltd Dec 2021	500,000	€	7	0.01
Leonardo SpA Dec 2022	1,100,000	€	173	0.18
Lloyds Bank Jun 2021	500,000	€	5	0.01
Lloyds TSB Group Dec 2022	500,000	€	2	-
Lloyds TSB Group Jun 2023	150,000	€	-	-
MetLife Inc Dec 2021	500,000	US\$	9	0.01
Olivetti SpA Dec 2021	200,000	€	(3)	-
Olivetti SpA Dec 2022	250,000	€	(9)	(0.01)
Repsol YPF Dec 2021	500,000	€	11	0.01
Telecom Italia SpA Dec 2022	250,000	€	(9)	(0.01)
Telefonica SA Dec 2022	650,000	€	6	0.00
Telefonica SA Jun 2021	500,000	€	7	0.01
Verizon Communications Inc Sep 2023	1,500,000	US\$	28	0.03
Vodafone Group Ltd Dec 2022	1,000,000	€	17	0.02
Zurich Insurance Company Dec 2021	500,000	€	13	0.01

		Maturity date	Commitment value (€'000)		
<b>Interest rate futures</b>					
Germany (Federal Republic of) Bobl 5 year Futures	(103)	€	06.12.18	13,466	88
Germany (Federal Republic of) Bund 10 year Futures	(4)	€	06.12.18	636	7
Germany (Federal Republic of) Schatz 2 year Futures	(116)	€	06.12.18	12,966	20
UK Treasury Notes Futures	(29)	£	27.12.18	3,957	41
				<b>(99)</b>	<b>(0.10)</b>
<b>CURRENCY</b>					
<b>Forward currency contracts</b>					
Bought for € 9,336,089.66, Sold for £ 8,311,102.51		17.10.18		(99)	(0.10)
Bought for € 10,262,516.93, Sold for US\$ 11,995,477.34		17.10.18		(18)	(0.02)
Bought for US\$ 48,389.77, Sold for € 41,057.06		17.10.18		(82)	(0.08)
				1	-
<b>Portfolio of investments</b>				<b>93,469</b>	<b>99.37</b>
<b>SHARE CLASS HEDGING</b>					
Bought for CHF 297,797.13, Sold for € 264,148.38		17.10.18		(1)	-
<b>Total portfolio</b>				<b>93,468</b>	<b>99.37</b>
<b>Net other assets/(liabilities)</b>				<b>597</b>	<b>0.63</b>
<b>NET ASSETS</b>				<b>94,065</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>					
<b>Investment assets</b>					
<b>Debt securities</b>				<b>92,739</b>	<b>98.59</b>
<b>Unrealised gains on futures contracts</b>				<b>156</b>	<b>0.17</b>

# M&G (Lux) European Inflation Linked Corporate Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Market value €'000	% of net assets
<b>PORTFOLIO SUMMARY (continued)</b>		
Unrealised gains on forward currency contracts	1	0.00
Unrealised gains on swap contracts	826	0.87
<b>Total Investment assets</b>	<b>93,722</b>	<b>99.63</b>
<b>Investment liabilities</b>		
Unrealised losses on forward currency contracts	(101)	(0.10)
Unrealised losses on swap contracts	(153)	(0.16)
<b>Total Investment liabilities</b>	<b>(254)</b>	<b>(0.26)</b>
<b>Total portfolio</b>	<b>93,468</b>	<b>99.37</b>
<b>Net other assets/(liabilities)</b>	<b>597</b>	<b>0.63</b>
<b>NET ASSETS</b>	<b>94,065</b>	<b>100.00</b>

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures		
	Swaps €'000	Forward currency contracts €'000	Futures €'000
Bank of America Merrill Lynch	45	-	-
Barclays Bank London	27	9,962	-
BNP Paribas	172	-	-
Citigroup Global Markets Limited	153	-	-
Crédit Suisse First Boston	220	-	-
Goldman Sachs International	94	-	-
J.P.Morgan	239	-	-
Merrill Lynch Pierce Fenner + Smith Inc	31	-	31,025
National Australia Bank Ltd	-	372	-
State Street Bank and Trust Company	-	264	-
State Street Bank London	-	8,777	-
UBS AG London	-	528	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

# M&G (Lux) European Inflation Linked Corporate Bond Fund

## Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund has no distributing share classes.

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
Euro	€	%
Class 'A' Accumulation	11.0997	1.23
Class 'C' Accumulation	11.5606	0.63
Class 'CI' Accumulation	9.9841	0.59
Swiss franc	CHF	%
Class 'A-H' Accumulation	9.8969	1.25
Class 'C-H' Accumulation	10.1945	0.65
NAV at fund level	€'000	
Net assets	94,065	
Swing pricing adjustment (see note 11)	0	
Swung net assets	94,065	

## M&G (Lux) European Strategic Value Fund

# Investment objective and policy

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### Investment objective

The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the European equity market over any five-year period.

### Investment policy

The Fund invests at least 80% of its Net Asset Value in the equity securities of companies across any sector and market capitalisation that are domiciled in, or conducting the major part of their economic activity in Europe.

The Fund uses an investment process that is based on the fundamental analysis of companies trading on low valuations relative to their history and the market.

The Fund may also invest in other assets including collective investment schemes\*, cash and near cash, deposits and warrants.

The Fund may use derivative instruments for the purposes of hedging and efficient portfolio management.

\* When the underlying fund is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying funds and no initial or redemption charge will apply at the level of the underlying fund to avoid any double charge.

# M&G (Lux) European Strategic Value Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES</b>			<b>105,546</b>	<b>94.64</b>
<b>Energy equipment &amp; services</b>			<b>1,451</b>	<b>1.30</b>
Lamprell	202,512	£	145	0.13
Northern Drilling	45,903	NOK	367	0.33
Petroleum Geo-Services	241,000	NOK	939	0.84
<b>Oil, gas &amp; consumable fuels</b>			<b>14,693</b>	<b>13.17</b>
Borr Drilling	128,560	NOK	504	0.45
BP	559,131	£	3,724	3.34
Euronav	79,638	€	585	0.52
Euronav	42,120	US\$	312	0.28
Kosmos Energy	177,824	US\$	1,430	1.28
Ophir Energy	276,076	£	120	0.11
Royal Dutch Shell 'A'	15,097	£	444	0.40
Royal Dutch Shell 'B'	79,182	£	2,376	2.13
TOTAL	65,824	€	3,674	3.29
Tullow Oil	523,860	£	1,524	1.37
<b>Chemicals</b>			<b>1,725</b>	<b>1.55</b>
Lenzing	8,752	€	809	0.73
Yara International	21,905	NOK	916	0.82
<b>Construction materials</b>				
Buzzi Unicem	95,953	€	1,734	1.55
<b>Containers &amp; packaging</b>				
Vetropack Holding	171	CHF	371	0.33
<b>Metals &amp; mining</b>			<b>3,263</b>	<b>2.92</b>
APERAM	47,016	€	1,860	1.66
Outokumpu OYJ	277,257	€	1,403	1.26
<b>Paper &amp; forest products</b>				
UPM-Kymmene	57,453	€	1,951	1.75
<b>Aerospace &amp; defense</b>			<b>2,550</b>	<b>2.29</b>
Chemring Group	417,286	£	1,022	0.92
Leonardo	63,346	€	656	0.59
QinetiQ Group	269,678	£	872	0.78
<b>Construction &amp; engineering</b>				
Boskalis Westminster	34,949	€	949	0.85
<b>Electrical equipment</b>				
NKT	20,346	DKK	456	0.41
<b>Industrial conglomerates</b>			<b>1,406</b>	<b>1.26</b>
KOC Holding	262,994	TRY	640	0.57
Rheinmetall	8,524	€	766	0.69
<b>Machinery</b>				
Alstom	29,109	€	1,125	1.01
<b>Commercial services &amp; supplies</b>			<b>4,569</b>	<b>4.10</b>
Bilfinger	28,524	€	1,241	1.11
Securitas 'B'	162,270	SEK	2,439	2.19
Société BIC	11,256	€	889	0.80
<b>Professional services</b>				
Randstad	23,578	€	1,072	0.96
<b>Airlines</b>			<b>2,385</b>	<b>2.14</b>
Deutsche Lufthansa	77,489	€	1,635	1.47
easyJet	51,373	£	750	0.67
<b>Marine</b>				
AP Moller - Maersk	1,320	DKK	1,614	1.45
<b>Automobiles</b>				
Volkswagen Pref. (non voting)	17,183	€	2,596	2.33
<b>Household durables</b>				
Metall Zug	98	CHF	276	0.25
<b>Hotels, restaurants &amp; leisure</b>			<b>4,296</b>	<b>3.85</b>
EI Group	818,124	£	1,528	1.37
GVC Holdings	100,332	£	1,062	0.95
William Hill	598,285	£	1,706	1.53
<b>Media</b>				
Vivendi	63,645	€	1,409	1.26



# M&G (Lux) European Strategic Value Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES (continued)</b>				
<b>Multiline retail</b>				
Next	21,419	£	1,303	1.17
<b>Specialty retail</b>				
CECONOMY	56,421	€	348	0.31
Fnac Darty	6,792	€	465	0.42
Hornbach Holding	22,341	€	1,340	1.20
<b>Food &amp; staples retailing</b>				
J Sainsbury	324,705	£	1,177	1.06
Koninklijke Ahold Delhaize	75,607	€	1,495	1.34
<b>Beverages</b>				
Britvic	167,219	£	1,489	1.33
<b>Food products</b>				
Orkla	80,550	NOK	587	0.53
<b>Personal products</b>				
Ontex Group	14,457	€	262	0.24
Oriflame Holding	21,693	SEK	482	0.43
<b>Health care providers &amp; services</b>				
Spire Healthcare Group	326,513	£	522	0.47
<b>Pharmaceuticals</b>				
AstraZeneca	32,362	£	2,175	1.95
Bayer	29,951	€	2,302	2.06
Novartis	48,106	CHF	3,601	3.23
Roche Holding	16,266	CHF	3,421	3.07
Sanofi	17,134	€	1,319	1.18
Vectura Group	907,528	£	819	0.74
<b>Banks</b>				
Bank of Ireland Group	306,246	€	2,053	1.84
Bankia	309,721	€	1,053	0.94
BNP Paribas	35,319	€	1,857	1.67
CaixaBank	256,633	€	1,001	0.90
Erste Group Bank	39,087	€	1,393	1.25
ING Groep	121,091	€	1,364	1.22
Intesa Sanpaolo	60,716	€	136	0.12
Lloyds Banking Group	2,424,749	£	1,622	1.45
Permanent TSB Group Holdings	517,113	€	1,082	0.97
Royal Bank of Scotland Group	418,791	£	1,168	1.05
Société Générale	31,539	€	1,156	1.04
<b>Capital markets</b>				
Deutsche Bank	18,146	€	178	0.16
<b>Insurance</b>				
FBD Holdings	105,919	€	1,073	0.96
Mapfre	304,604	€	819	0.74
Muenchener Rueckversicherungs-Gesellschaft in Muenchen	7,733	€	1,482	1.33
Storebrand	125,693	NOK	960	0.86
<b>IT services</b>				
Tieto	27,366	€	738	0.66
<b>Communications equipment</b>				
Nokia	409,057	€	1,978	1.77
Telefonaktiebolaget LM Ericsson 'B'	104,185	SEK	805	0.72
<b>Technology hardware, storage &amp; peripherals</b>				
Neopost	33,732	€	888	0.80
<b>Semiconductors &amp; semiconductor equipment</b>				
ASM International	14,077	€	646	0.58
<b>Diversified telecommunication services</b>				
Deutsche Telekom	91,921	€	1,282	1.15
Elisa	23,664	€	867	0.78
Orange	82,157	€	1,132	1.01
<b>Wireless telecommunication services</b>				
Vodafone Group	928,846	£	1,730	1.55
<b>Electric utilities</b>				
BKW	16,695	CHF	921	0.83

# M&G (Lux) European Strategic Value Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES (continued)</b>				
<b>Multi-utilities</b>				
E.ON	137,492	€	1,206	1.08
<b>Equity Real Estate Investment Trusts (REITs)</b>				
Wereldhave	17,004	€	515	0.46
<b>Real estate management &amp; development</b>				
St Modwen Properties	147,538	£	635	0.57
Technopolis	173,361	€	808	0.72
<b>Portfolio of investments</b>			<b>105,546</b>	<b>94.64</b>
<b>CASH EQUIVALENTS</b>				
<b>'AAA' rated money market funds</b>				
Northern Trust Global Funds - Euro Liquidity Fund Class 'D'	5,921,488	€	5,820	5.22
<b>Total portfolio</b>			<b>111,366</b>	<b>99.86</b>
Net other assets/(liabilities)			160	0.14
<b>NET ASSETS</b>			<b>111,526</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>				
<b>Investment assets</b>				
Equity securities			105,546	94.64
<b>Total Investment assets</b>			<b>105,546</b>	<b>94.64</b>
<b>Total portfolio</b>			<b>105,546</b>	<b>94.64</b>
Cash equivalents			5,820	5.22
Net other assets/(liabilities)			160	0.14
<b>NET ASSETS</b>			<b>111,526</b>	<b>100.00</b>

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

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) European Strategic Value Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund has no distributing share classes.

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the financial period from 18 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	Estimated TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	9.9855	1.97
Class 'C' Accumulation	9.9871	0.97
Class 'CI' Accumulation	9.9881	0.93
Class 'J' Accumulation	9.9877	0.72
Class 'JI' Accumulation	9.9887	0.68
Class 'K' Accumulation	10.0647	0.18
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	9.8679	1.97
Class 'C' Accumulation	9.8695	0.97
<b>NAV at fund level</b>	<b>€'000</b>	
Net assets	111,526	
Swing pricing adjustment (see note 11)	339	
<b>Swung net assets</b>	<b>111,865</b>	

The estimated TER shown is an estimate of the charges as the share class has experienced significant inflows, therefore this is a more reliable estimate of the charges suffered.

## M&G (Lux) Floating Rate High Yield Solution

# Investment objective and policy

### Investment objective

The Fund aims to provide a competitive global high yield bond market exposure whilst limiting interest rate risk. Performance will be measured versus a global high yield composite index\* over any five year period.

\* Composite index consists of 2/3rds CDX.NA.HY index on the run contract, 1/3rd iTraxx Crossover index on the run contract.

### Investment policy

The Fund invests at least 70% of its net asset value synthetically in floating rate high yield bonds. This exposure is achieved via a combination of high yield credit default swap indices ('CDX') and government floating rate bonds (rated A or above by S&P), from anywhere in the world, or cash. This synthetic structure achieves the Fund's desired credit exposure in a highly liquid manner and with low interest rate risk.

CDX are over the counter agreements which exchange the credit risk of the bonds composing the index between parties. The components of the index and their relative weightings are determined by an index provider (e.g. Markit) according to a set of pre-defined and published rules. There is no minimum credit rating requirement for entities included in the indices.

This exchange of credit risk allows one party, known as the protection buyer, to hedge credit risk, and the other party, known as the protection seller, to add long credit exposure. When acting as the protection seller, the Fund may use CDX to gain exposure to an index of bonds. This is similar to holding a physical portfolio of these bonds in that the Fund will receive coupons and be exposed to the capital value of the bonds, in return for assuming the default risk of those bonds. However in comparison to physical bonds, credit default swaps allow the Fund to gain this credit exposure in a highly liquid manner and without interest rate risk.

The Fund uses a top down macro driven investment process within the following parameters:

- high yield bond market exposure is managed between 70% and 130%;
- geographical allocations to US and European indices are limited to 25% above or below the composite index allocations.

Currency exposures within the Fund will be typically in USD or hedged into USD.

Derivatives can be used to meet the Fund's investment objective for hedging purposes and for efficient portfolio management. The derivative instruments that the Fund may invest in include Credit Default Swaps, Spot and Forward Contracts, Exchange Traded Futures, Swaps, Total Return Swaps.

The Fund may also invest in government bonds, cash, currencies, near cash (short term and easily tradable bonds), deposits, other debt instruments, other derivatives, preferred shares, warrants and other funds\*\*.

\*\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Floating Rate High Yield Solution

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>DEBT SECURITIES</b>				<b>46,689</b>	<b>84.91</b>
<b>Investment grade government bonds</b>				<b>42,823</b>	<b>77.88</b>
US Treasury Note FRN	8,500,000	US\$	31.10.18	8,501	15.46
US Treasury Note FRN	5,900,000	US\$	31.01.19	5,904	10.74
US Treasury Note FRN	8,500,000	US\$	30.04.19	8,506	15.47
US Treasury Note FRN	5,900,000	US\$	31.07.19	5,905	10.74
US Treasury Note FRN	8,000,000	US\$	31.10.19	8,006	14.56
US Treasury Note FRN	6,000,000	US\$	30.04.20	6,001	10.91
<b>Contracts</b>					
<b>Debt derivatives</b>				<b>3,866</b>	<b>7.03</b>
<b>Credit default swaps</b>				<b>3,866</b>	<b>7.03</b>
iTraxx Europe Crossover Dec 2023	12,950,000	€		1,645	2.99
Markit's North American High Yield CDX Index Dec 2023	30,504,000	US\$		2,221	4.04
<b>Portfolio of investments</b>				<b>46,689</b>	<b>84.91</b>
<b>SHARE CLASS HEDGING</b>				<b>108</b>	<b>0.20</b>
Bought for £ 38,994,080.19, Sold for US\$ 50,771,718.93			17.10.18	114	0.23
Bought for € 2,251,158.78, Sold for US\$ 2,617,274.68			17.10.18	(6)	(0.03)
Bought for CHF 94,183.91, Sold for US\$ 96,981.96			17.10.18	-	-
Bought for SG\$ 71,642.62, Sold for US\$ 52,072.45			17.10.18	-	-
Bought for US\$ 175,110.14, Sold for £ 133,100.04			17.10.18	-	-
<b>Total portfolio</b>				<b>46,797</b>	<b>85.11</b>
Net other assets/(liabilities)				8,187	14.89
<b>NET ASSETS</b>				<b>54,984</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>					
<b>Investment assets</b>					
Debt securities				42,823	77.88
Unrealised gains on forward currency contracts				114	0.23
Unrealised gains on swap contracts				3,866	7.03
<b>Total Investment assets</b>				<b>46,803</b>	<b>85.14</b>
<b>Investment liabilities</b>					
Unrealised losses on forward currency contracts				(6)	(0.03)
<b>Total Investment liabilities</b>				<b>(6)</b>	<b>(0.03)</b>
<b>Total portfolio</b>				<b>46,797</b>	<b>85.11</b>
<b>Net other assets/(liabilities)</b>				<b>8,187</b>	<b>14.89</b>
<b>NET ASSETS</b>				<b>54,984</b>	<b>100.00</b>

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredempted date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures	
	Swaps US\$'000	Forward currency contracts US\$'000
Goldman Sachs International	1,645	-
J.P.Morgan	2,221	-
State Street Bank and Trust Company	-	53,713

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

# M&G (Lux) Floating Rate High Yield Solution

## Financial highlights (unaudited)

### Fund performance

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

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

Long-term performance by share class as at 30 September 2018

	Six months 29.03.18 % <sup>[a]</sup>	Three years 30.09.15 % p.a.	Five years 30.09.13 % p.a.	Since launch % p.a.
<b>Euro <sup>[b]</sup></b>				
Class 'A-H'	+1.0	n/a	n/a	+1.2 <sup>[c]</sup>
Class 'B-H'	+0.7	n/a	n/a	+0.8 <sup>[c]</sup>
Class 'C-H'	+1.2	n/a	n/a	+1.7 <sup>[c]</sup>
<b>Singapore dollars <sup>[b]</sup></b>				
Class 'A-H'	+2.0	n/a	n/a	+3.2 <sup>[c]</sup>
Class 'A-H M'	+1.9	n/a	n/a	+3.3 <sup>[c]</sup>
Class 'C-H M'	+2.2	n/a	n/a	+3.7 <sup>[c]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'C-H'	+1.8	n/a	n/a	+2.8 <sup>[c]</sup>
<b>Swiss franc <sup>[b]</sup></b>				
Class 'A-H'	+0.8	n/a	n/a	+0.8 <sup>[c]</sup>
Class 'C-H'	+1.0	n/a	n/a	+1.2 <sup>[c]</sup>
<b>US dollar <sup>[b]</sup></b>				
Class 'A'	+2.4	n/a	n/a	+3.9 <sup>[c]</sup>
Class 'A M'	+2.4	n/a	n/a	+3.9 <sup>[c]</sup>
Class 'C'	+2.6	n/a	n/a	+4.4 <sup>[c]</sup>
Class 'C I'	+2.6	n/a	n/a	+4.4 <sup>[c]</sup>
Class 'C M'	+2.6	n/a	n/a	+4.4 <sup>[c]</sup>

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 24 August 2017, the launch date of the fund.

### Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect for the six months ended to 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.06.18	20.07.18	23.07.18	26.07.18
Second interim	01.07.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.04.18	18.05.18	22.05.18	25.05.18
Second interim	01.05.18	31.05.18	15.06.18	18.06.18	21.06.18
Third interim	01.06.18	30.06.18	20.07.18	23.07.18	26.07.18
Fourth interim	01.07.18	31.07.18	17.08.18	20.08.18	23.08.18
Fifth interim	01.08.18	31.08.18	21.09.18	24.09.18	27.09.18
Sixth interim	01.09.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Distributions

	Euro Class 'A-H'	Euro Class 'B-H'	Euro Class 'C-H'	Singapore dollar Class 'A-H'	Sterling Class 'C-H'
to 30 September 2018	Euro €	Euro €	Euro €	SGD €	UK p
First Interim	0.1391	0.1384	0.1393	0.1400	0.1404
Second Interim	0.1369	0.1362	0.1374	0.1400	0.1388

	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'	US dollar Class 'A'	US dollar Class 'C'
to 30 September 2018	Swiss €	Swiss €	US €	US €
First interim	0.1368	0.1372	0.1430	0.1434
Second interim	0.1357	0.1363	0.1417	0.1423

	Singapore dollar Class 'A-H M'	Singapore dollar Class 'C-H M'	US dollar Class 'A M'	US dollar Class 'C M'
to 30 September 2018	SGD €	SGD €	US €	US €
First interim	0.0530	0.0531	0.0546	0.0548
Second interim	0.0461	0.0463	0.0467	0.0468
Third interim	0.0402	0.0403	0.0409	0.0410
Fourth interim	0.0460	0.0463	0.0463	0.0466
Fifth interim	0.0487	0.0489	0.0497	0.0499
Sixth interim	0.0446	0.0447	0.0449	0.0451

# M&G (Lux) Floating Rate High Yield Solution

## Financial highlights (unaudited)

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A-H' Accumulation	10.1362	0.98
Class 'A-H' Distribution	9.6713	0.98
Class 'B-H' Accumulation	10.0833	1.48
Class 'B-H' Distribution	9.6173	1.48
Class 'C-H' Accumulation	10.1870	0.53
Class 'C-H' Distribution	9.7172	0.53
<b>Singapore dollar</b>	<b>SG\$</b>	<b>%</b>
Class 'A-H' Distribution	9.8770	0.98
Class 'A-H M' Distribution	9.7842	0.98
Class 'C-H M' Distribution	9.8329	0.53
<b>Sterling</b>	<b>£</b>	<b>%</b>
Class 'C-H' Accumulation	10.3029	0.53
Class 'C-H' Distribution	9.8285	0.53
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	10.0936	0.98
Class 'A-H' Distribution	9.6327	1.00
Class 'C-H' Accumulation	10.1360	0.53
Class 'C-H' Distribution	9.6798	0.53
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	10.4289	0.95
Class 'A' Distribution	9.9539	0.95
Class 'A M' Distribution	9.8577	0.95
Class 'C' Accumulation	10.4815	0.50
Class 'C' Distribution	10.0032	0.50
Class 'C M' Distribution	9.9060	0.50
Class 'CI' Accumulation	10.4852	0.48
<b>NAV at fund level</b>	<b>US\$'000</b>	
Net assets	54,984	
Swing pricing adjustment (see note 11)	0	
<b>Swung net assets</b>	<b>54,984</b>	

## M&G (Lux) Global Dividend Fund

# Investment objective and policy

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### Investment objective

The Fund has two aims:

- to deliver a higher total return (the combination of capital growth and income) than that of the global equities market over any five-year period and;
- to deliver an income stream that increases every year in US Dollar terms.

### Investment policy

The Fund invests at least 80% of its Net Asset Value in the equity securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. The Fund usually holds fewer than 50 stocks.

The Investment Manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The Investment Manager believes rising dividends create upward pressure on the value of shares.

The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

The Fund may also invest in other assets including collective investment schemes\*, cash and near cash, deposits and warrants.

The Fund may use derivative instruments for the purposes of hedging and efficient portfolio management.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.



# M&G (Lux) Global Dividend Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value US\$'000	% of net assets
<b>EQUITIES</b>			<b>30,910</b>	<b>97.69</b>
<b>UK</b>			<b>3,563</b>	<b>11.26</b>
Compass Group	20,576	£	457	1.44
Imperial Brands	44,858	£	1,579	4.99
St James's Place	48,329	£	716	2.26
Standard Life Aberdeen	121,531	£	486	1.54
Unilever	5,909	£	325	1.03
<b>Denmark</b>			<b>880</b>	<b>2.78</b>
Novo Nordisk 'B'	5,747	DKK	273	0.86
Pandora	9,814	DKK	607	1.92
<b>Finland</b>				
Kone 'B'	7,523	€	399	1.26
<b>Germany</b>				
Siemens	4,395	€	563	1.78
<b>Ireland</b>				
Medtronic	7,834	US\$	765	2.42
<b>Netherlands (The)</b>				
ASML Holding	2,304	€	432	1.37
<b>Switzerland</b>			<b>2,012</b>	<b>6.36</b>
Novartis	10,898	CHF	945	2.99
Roche Holding	4,382	CHF	1,067	3.37
<b>US</b>			<b>12,755</b>	<b>40.31</b>
Analog Devices	3,049	US\$	281	0.89
Arthur J Gallagher	14,805	US\$	1,102	3.48
Broadcom	5,676	US\$	1,399	4.42
Cisco Systems	13,743	US\$	664	2.10
Helmerich & Payne	3,292	US\$	227	0.72
Intercontinental Exchange	4,932	US\$	370	1.17
Johnson & Johnson	3,538	US\$	489	1.55
JPMorgan Chase	5,515	US\$	632	2.00
Lam Research	1,155	US\$	174	0.55
Las Vegas Sands	8,054	US\$	481	1.52
Microsoft	10,382	US\$	1,188	3.75
PepsiCo	2,186	US\$	243	0.77
Starbucks	6,238	US\$	358	1.13
Trinseo	18,733	US\$	1,446	4.57
Union Pacific	4,235	US\$	694	2.19
UnitedHealth Group	4,013	US\$	1,063	3.36
US Bancorp	16,562	US\$	877	2.77
Visa 'A'	2,523	US\$	378	1.19
Wells Fargo	13,041	US\$	689	2.18
<b>Canada</b>			<b>5,964</b>	<b>18.85</b>
Gibson Energy	102,219	CA\$	1,581	5.00
Keyera	23,262	CA\$	615	1.94
Methanex	39,367	US\$	3,124	9.87
Pembina Pipeline	18,721	CA\$	644	2.04
<b>Japan</b>				
Tokyo Electron	2,600	¥	358	1.13
<b>Australia</b>				
Amcor	62,912	AU\$	621	1.96
<b>Hong Kong</b>				
AIA Group	76,000	HK\$	679	2.15
<b>Singapore</b>				
DBS Group Holdings	22,900	SG\$	437	1.38
<b>South Korea</b>				
Samsung Electronics	10,104	KRW	423	1.34
<b>Taiwan</b>				
Taiwan Semiconductor Manufacturing	41,000	TW\$	352	1.11
<b>South Africa</b>				
Imperial Holdings	57,149	ZAR	707	2.23
<b>Portfolio of investments</b>			<b>30,910</b>	<b>97.69</b>

## M&G (Lux) Global Dividend Fund

# Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value US\$'000	% of net assets
<b>CASH EQUIVALENTS</b>			<b>630</b>	<b>1.99</b>
'AAA' rated money market funds				
Northern Trust Global Funds - US Dollar Fund Class 'D'	630,000	USD	630	1.99
<b>Total portfolio</b>			<b>31,540</b>	<b>99.68</b>
Net other assets/(liabilities)			101	0.32
<b>NET ASSETS</b>			<b>31,641</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>				
<b>Investment assets</b>				
Equity securities			30,910	97.69
<b>Total Investment assets</b>			<b>30,910</b>	<b>97.69</b>
<b>Total portfolio</b>			<b>30,910</b>	<b>97.69</b>
Cash equivalents			630	1.99
Net other assets/(liabilities)			101	0.32
<b>NET ASSETS</b>			<b>31,641</b>	<b>100.00</b>

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

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Global Dividend Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays quarterly distributions to the holders of distribution shares and the following table sets out the distribution timetables and rates per share declared in respect for the financial period from 18 September 2018 (the launch date of the fund) to 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	18.09.18	30.09.18	28.09.18	01.10.18	04.10.18

#### Distributions

	Euro Class 'A'	Euro Class 'C'	Euro Class 'CI'	Singapore dollar Class 'A'	Singapore dollar Class 'C'
to 30 September 2018	Euro ¢	Euro ¢	Euro ¢	SGD ¢	SGD ¢
First interim	0.0606	0.0606	0.0606	0.0608	0.0606

  

	US dollar Class 'A'	US dollar Class 'C'
to 30 September 2018	US ¢	US ¢
First interim	0.0609	0.0609

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the financial period from 18 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	Estimated TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	10.1571	1.97
Class 'A' Distribution	10.1571	1.97
Class 'C' Accumulation	10.1593	0.97
Class 'C' Distribution	10.1593	0.97
Class 'CI' Accumulation	10.1603	0.93
Class 'CI' Distribution	10.1603	0.93
Class 'G' Accumulation	10.1588	1.22
<b>Singapore dollar</b>	<b>SG\$</b>	<b>%</b>
Class 'A' Accumulation	10.0432	1.97
Class 'A' Distribution	10.0432	1.97
Class 'C' Accumulation	10.0456	0.97
Class 'C' Distribution	10.0456	0.97
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	10.0375	1.97
Class 'A' Distribution	10.0375	1.97
Class 'C' Accumulation	10.0397	0.97
Class 'C' Distribution	10.0397	0.97
Class 'CI' Accumulation	10.0406	0.93
Class 'K' Accumulation	10.1299	0.18
<b>NAV at fund level</b>	<b>US\$'000</b>	
Net assets	31,641	
Swing pricing adjustment (see note 11)	46	
<b>Swung net assets</b>	<b>31,687</b>	

The estimated TER shown is an estimate of the charges as the share class has experienced significant inflows, therefore this is a more reliable estimate of the charges suffered.

## M&G (Lux) Global Floating Rate High Yield Fund

# Investment objective and policy

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### Investment objective

The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global floating rate high yield bond market over any five-year period.

### Investment policy

The Fund invests at least 70% of its Net Asset Value in high yield floating rate bonds issued by companies or governments anywhere in the world and denominated in any currency. The Fund does not take currency views and aims to hedge any non-USD assets to USD. Exposure to these securities may be achieved, either directly or synthetically, through various combinations of government securities, corporate bonds and derivatives.

The investment process of the Fund is based on the bottom-up analysis of individual bond issues whilst remaining aware of macroeconomics developments.

In addition to high yield securities, the Fund may invest in unrated debt securities up to a combined maximum of 100% of the Fund's Net Asset Value. There are no credit quality restrictions with respect to the high yield debt securities in which the Fund may invest.

The Fund may hold up to a maximum of 20% of its Net Asset Value in Asset-Backed Securities and up to a maximum of 20% of its Net Asset Value in Contingent Convertible Debt Securities.

Derivative instruments, both long and short can be used to meet the Fund's objective, for efficient portfolio management and for the purpose of hedging. These derivative instruments may include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Credit Default Swaps, Interest Rate Swaps and Total Return Swaps.

The Fund may also invest in other assets including, collective investment schemes\*, cash and near cash, deposits, equities, warrants and other debt securities.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Global Floating Rate High Yield Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>FIXED INCOME</b>				<b>111,803</b>	<b>88.23</b>
<b>Debt securities</b>				<b>109,907</b>	<b>86.73</b>
<b>'AAA' credit rated bonds</b>				<b>22,895</b>	<b>18.07</b>
US Treasury Note FRN	6,538,000	US\$	30.04.19	6,543	5.16
US Treasury Note FRN	9,153,000	US\$	31.01.19	9,159	7.23
US Treasury Note FRN	4,577,000	US\$	31.10.18	4,578	3.61
US Treasury Note FRN	2,615,000	US\$	30.04.20	2,615	2.07
<b>'AA' credit rated bonds</b>					
Paragon Mortgages No 15 FRN	217,000	€	15.12.39	232	0.18
<b>'A' credit rated bonds</b>				<b>4,913</b>	<b>3.88</b>
Bank of America FRN	936,000	US\$	20.01.23	952	0.75
Citigroup FRN	1,203,000	US\$	01.09.23	1,232	0.97
ING Groep FRN	262,000	US\$	29.03.22	266	0.21
JPMorgan Chase FRN	393,000	US\$	24.10.23	401	0.32
Magellan Mortgages No 4 FRN	353,047	€	20.07.59	392	0.31
Morgan Stanley FRN	236,000	US\$	08.05.24	240	0.19
UBS Group Funding Switzerland FRN	994,000	US\$	23.05.23	1,008	0.80
Wells Fargo FRN	413,000	US\$	31.10.23	422	0.33
<b>'BBB' credit rated bonds</b>				<b>1,940</b>	<b>1.53</b>
American International Group FRN	400,000	€	15.03.67	435	0.34
Barclays FRN	1,050,000	US\$	16.05.24	1,043	0.82
Crédit Suisse Group Funding Guernsey FRN	443,000	US\$	16.04.21	462	0.37
<b>'BB' credit rated bonds</b>				<b>26,336</b>	<b>20.78</b>
Altice US Finance I 5.375%	654,000	US\$	15.07.23	662	0.52
AnaCap Financial Europe SICAV-RAIF FRN	850,000	€	01.08.24	886	0.70
Ardagh Packaging Finance 4.625%	1,715,000	US\$	15.05.23	1,704	1.34
Arena Luxembourg Financial FRN	459,000	€	01.11.23	534	0.42
Arrow Global Finance FRN	1,661,000	€	01.04.25	1,806	1.42
Cemex 5.7%	663,000	US\$	11.01.25	673	0.53
Energy Transfer FRN	1,406,000	US\$	01.11.66	1,256	0.99
HCA 4.5%	1,431,000	US\$	15.02.27	1,403	1.11
HT1 Funding FRN	1,086,000	€	29.07.49	1,179	0.93
IMS Health 3.25%	197,000	€	15.03.25	233	0.18
Intrum Justitia FRN	785,000	€	15.07.22	884	0.70
Lusitano Mortgages No 5 FRN	285,487	€	15.07.59	312	0.25
Naviera Armas FRN	1,454,000	€	15.11.24	1,629	1.29
ProGroup FRN	393,000	€	31.03.24	457	0.36
Smurfit Kappa Acquisitions FRN	648,000	€	15.10.20	791	0.62
Standard Chartered FRN	800,000	US\$	29.01.49	670	0.53
Telenet Finance VI Luxembourg 4.875%	636,300	€	15.07.27	800	0.63
Tenet Healthcare 4.625%	1,650,000	US\$	15.07.24	1,605	1.27
Unitymedia Hessen 4%	1,439,000	€	15.01.25	1,757	1.39
Virgin Media Secured Finance 5.25%	380,000	US\$	15.01.26	372	0.29
Wind Tre FRN	4,394,000	€	20.01.24	4,746	3.75
Ziggo 4.25%	1,706,000	€	15.01.27	1,977	1.56
<b>'B' credit rated bonds</b>				<b>51,827</b>	<b>40.90</b>
3AB Optique Développement FRN	458,000	€	01.10.23	510	0.40
Algeco Global Finance FRN	393,000	€	15.02.23	463	0.37
Ardonagh Midco 3 8.375%	266,000	£	15.07.23	338	0.27
Autodis FRN	983,000	€	01.05.22	1,151	0.91
Bausch Health Cos 4.5%	361,000	€	15.05.23	414	0.33
Bormioli Pharma Bidco FRN	733,000	€	15.11.24	829	0.65
Burger King France FRN	1,392,000	€	01.05.23	1,634	1.29
Cabot Financial Luxembourg II FRN	1,233,000	€	15.11.21	1,442	1.14
Carlson Travel FRN	840,000	€	15.06.23	980	0.77
Ceva Logistics Finance 5.25%	272,000	€	01.08.25	310	0.25
Chesapeake Energy FRN	1,173,000	US\$	15.04.19	1,176	0.93
Fabric BC FRN	393,000	€	30.11.24	453	0.36
Federal-Mogul FRN	785,000	€	15.04.24	923	0.73
Fire BC FRN	498,000	€	30.09.24	576	0.45
Galaxy Bidco FRN	390,000	£	15.11.20	504	0.40
Gamenet Group FRN	537,000	€	27.04.23	606	0.48
Garfunkelux HoldCo 3 FRN	3,363,000	€	01.09.23	3,330	2.63
Guala Closures Italy FRN	109,000	€	15.04.24	127	0.10
Hema Bondco I FRN	809,000	€	15.07.22	854	0.67
Iceland Bondco FRN	1,088,491	£	15.07.20	1,422	1.12
IPD 3 FRN	458,000	€	15.07.22	537	0.42

# M&G (Lux) Global Floating Rate High Yield Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>'B' credit rated bonds (continued)</b>					
Lecta FRN	570,000	€	01.08.22	663	0.52
LHMC Fo FRN	785,000	€	20.12.23	930	0.73
Limacorporate FRN	720,000	€	15.08.23	841	0.66
Louvre Bidco FRN	158,000	€	30.09.24	185	0.15
LSF10 Wolverine Investments FRN	602,000	€	15.03.24	706	0.56
Marcolin FRN	654,000	€	15.02.23	761	0.60
Matterhorn Telecom FRN	2,282,000	€	01.02.23	2,654	2.09
Monitchem HoldCo 3 FRN	438,000	€	15.06.21	507	0.40
Newday Bondco FRN	393,000	£	01.02.23	489	0.39
Nexi Capital FRN	1,831,000	€	01.05.23	2,126	1.68
Nomad Foods Bondco 3.25%	419,000	€	15.05.24	492	0.39
Novafives FRN	405,000	€	15.06.25	447	0.35
Paprec Holding FRN	523,000	€	31.03.25	612	0.48
Picard Groupe FRN	3,269,000	€	30.11.23	3,755	2.96
Premier Foods Finance FRN	536,000	£	15.07.22	706	0.56
Promontoria Holding 264 FRN	576,000	€	15.08.23	670	0.53
Reynolds Group Issuer FRN	3,439,000	US\$	15.07.21	3,499	2.76
Royal Bank of Scotland Group FRN	1,200,000	€	29.10.49	1,344	1.06
Selecta Group FRN	847,000	€	01.02.24	984	0.78
SFR Group 5.625%	988,000	€	15.05.24	1,198	0.95
Sisal Group FRN	702,000	€	31.07.22	823	0.65
Snaitech FRN	533,000	€	07.11.21	624	0.49
Stonegate Pub Financing FRN	1,159,000	£	15.03.22	1,499	1.18
Synlab Bondco FRN	2,378,000	€	01.07.22	2,782	2.20
TeamSystem FRN	763,000	€	15.04.23	890	0.70
Tendam Brands FRN	850,000	€	15.09.24	952	0.75
TVL Finance FRN	323,000	£	15.05.23	422	0.33
United Group FRN	1,444,000	€	01.07.23	1,687	1.33
<b>'CCC' credit rated bonds</b>				<b>1,764</b>	<b>1.39</b>
Care UK Health & Social Care FRN	593,000	£	15.07.19	772	0.61
New Look Secured Issuer FRN	782,000	€	01.07.22	496	0.39
Verisure Midholding FRN	4,320,000	SEK	01.12.23	496	0.39
<b>Contracts</b>					
<b>Debt derivatives</b>				<b>1,896</b>	<b>1.50</b>
<b>Credit default swaps</b>				<b>2,058</b>	<b>1.63</b>
Iceland Bondco Jun 2022	730,000	€		70	0.06
iTraxx Europe Crossover Dec 2021	550,000	€		61	0.05
iTraxx Europe Crossover Jun 2023	1,300,000	€		147	0.12
Markit's North American High Yield CDX Index Dec 2020	16,500,000	US\$		1,108	0.87
Markit's North American High Yield CDX Index Jun 2021	6,500,000	US\$		484	0.38
VUE International Bidco Dec 2021	1,500,000	€		188	0.15
<b>Interest rate swaps</b>				<b>(162)</b>	<b>(0.13)</b>
Pay 5.625% Receive VAR May 2019	988,000	€		(50)	(0.04)
Pay 4% Receive VAR Jan 2020	1,439,000	€		(89)	(0.07)
Pay 4.625% Receive VAR May 2021	1,715,000	US\$		9	0.01
Pay 4.875% Receive VAR Jul 2021	707,000	€		(66)	(0.05)
Pay 5.375% Receive VAR Jul 2021	654,000	US\$		(9)	(0.01)
Pay 4.25% Receive VAR Jan 2022	1,706,000	€		8	0.01
Pay 3.25% Receive VAR Mar 2022	197,000	€		(3)	-
Pay 3.25% Receive VAR May 2022	419,000	€		(5)	(0.01)
Pay 5.7% Receive VAR Jan 2023	663,000	US\$		(8)	(0.01)
Pay 4.625% Receive VAR Apr 2024	1,650,000	US\$		30	0.02
Pay 5.25% Receive VAR Aug 2025	272,000	€		4	-
Pay 5.25% Receive VAR Jan 2026	380,000	US\$		8	0.01
Pay 4.5% Receive VAR Feb 2027	1,431,000	US\$		9	0.01
<b>Maturity date</b>					
<b>CURRENCY</b>				<b>722</b>	<b>0.57</b>
<b>Forward currency contracts</b>				<b>722</b>	<b>0.57</b>
Bought for US\$ 62,246,810.82, Sold for € 53,096,430.94			17.10.18	681	0.54
Bought for US\$ 6,326,997.66, Sold for £ 4,813,313.49			17.10.18	46	0.03
Bought for US\$ 481,329.83, Sold for SEK 4,322,154.63			17.10.18	(5)	-
<b>Portfolio of investments</b>				<b>112,525</b>	<b>88.80</b>

# M&G (Lux) Global Floating Rate High Yield Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value US\$'000	% of net assets
<b>CASH EQUIVALENTS</b>			<b>12,059</b>	<b>9.52</b>
'AAA' rated money market funds				
Northern Trust Global Funds - US Dollar Fund Class 'D'	12,059,000	US\$	12,059	9.52
		<b>Maturity date</b>		
<b>SHARE CLASS HEDGING</b>			<b>(9)</b>	<b>(0.01)</b>
Bought for € 361,250.00, Sold for US\$ 424,820.28		17.10.18	(4)	(0.01)
Bought for CHF 142,300.00, Sold for US\$ 149,021.30		17.10.18	(5)	-
Bought for SG\$ 73,650.00, Sold for US\$ 54,024.16		17.10.18	-	-
<b>Total portfolio</b>			<b>124,575</b>	<b>98.31</b>
Net other assets/(liabilities)			2,143	1.69
<b>NET ASSETS</b>			<b>126,718</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>				
<b>Investment assets</b>				
Debt securities			109,907	86.73
Unrealised gains on forward currency contracts			727	0.57
Unrealised gains on swap contracts			2,126	1.69
<b>Total Investment assets</b>			<b>112,760</b>	<b>88.99</b>
<b>Investment liabilities</b>				
Unrealised losses on forward currency contracts			(14)	(0.01)
Unrealised losses on swap contracts			(230)	(0.19)
<b>Total Investment liabilities</b>			<b>(244)</b>	<b>(0.20)</b>
<b>Total portfolio</b>			<b>112,516</b>	<b>88.79</b>
<b>Cash equivalents</b>			<b>12,059</b>	<b>9.52</b>
<b>Net other assets/(liabilities)</b>			<b>2,143</b>	<b>1.69</b>
<b>NET ASSETS</b>			<b>126,718</b>	<b>100.00</b>

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures	
	Swaps US\$'000	Forward currency contracts US\$'000
Citigroup Global Markets Limited	278	968
Goldman Sachs International	1,596	-
J.P.Morgan	484	-
Merrill Lynch Pierce Fenner + Smith Inc	-	5,326
Standard Chartered Bank	-	336
State Street Bank and Trust Company	-	628
State Street Bank London	-	62,425

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

# M&G (Lux) Global Floating Rate High Yield Fund

## Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetable and rates per share declared in respect for the financial period from 13 September 2018 (the launch date of the fund) to 30 September 2018.

As the fund only recently launched on 13 September 2018 there will be no quarterly distribution payable in respect of this financial period.

#### Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	13.09.18	30.09.18	28.09.18	01.10.18	04.10.18

#### Distributions

	Singapore dollar Class 'A-H M'	Singapore dollar Class 'C-H M'	US dollar Class 'A M'	US dollar Class 'C M'
to 30 September 2018	SGD €	SGD €	US €	US €
First interim	0.0372	0.0372	0.0373	0.0373

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the financial period from 13 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	Estimated TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A-H' Accumulation	9.9815	1.49
Class 'A-H' Distribution	9.9818	1.49
Class 'B-H' Accumulation	9.9808	1.99
Class 'B-H' Distribution	9.9808	1.99
Class 'C-H' Accumulation	9.9830	0.89
Class 'C-H' Distribution	9.9830	0.89
Class 'CI-H' Accumulation	9.9839	0.85
<b>Singapore dollar</b>	<b>SG\$</b>	<b>%</b>
Class 'A-H' Distribution	9.9875	1.49
Class 'A-H M' Distribution	9.9875	1.49
Class 'C-H M' Distribution	9.9888	0.89
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	9.9810	1.49
Class 'A-H' Distribution	9.9808	1.49
Class 'C-H' Accumulation	9.9822	0.89
Class 'C-H' Distribution	9.9822	0.89
Class 'CI-H' Accumulation	9.9832	0.85
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	9.9877	1.47
Class 'A' Distribution	9.9877	1.47
Class 'A M' Distribution	9.9877	1.47
Class 'C' Accumulation	9.9888	0.87
Class 'C' Distribution	9.9888	0.87
Class 'C M' Distribution	9.9888	0.87
Class 'CI' Accumulation	9.9898	0.83
Class 'K' Accumulation	10.0271	0.18
<b>NAV at fund level</b>	<b>US\$'000</b>	
Net assets	126,718	
Swing pricing adjustment (see note 11)	346	
<b>Swung net assets</b>	<b>127,064</b>	

The estimated TER shown is an estimate of the charges as the share class has experienced significant inflows, therefore this is a more reliable estimate of the charges suffered.



## M&G (Lux) Global High Yield ESG Bond Fund

# Investment objective and policy

### Investment objective

The Fund aims to provide capital growth and income while considering environmental, social and governance (ESG) factors, and seeks to achieve a higher ESG rating than the global high yield market.

### Investment policy

The Fund invests at least 80% of its Net Asset Value in high yield bonds issued by companies denominated in any currency. The Fund does not take currency views and aims to hedge any non-USD assets to USD. Issuers of these securities may be located in any country, including emerging markets.

There are no credit quality restrictions with respect to the high yield debt securities in which the Fund may invest.

The investment process of the Fund is based on the bottom-up analysis of individual bond issues whilst remaining aware of the macroeconomic environment.

Environmental, social and governance (ESG) considerations are fully integrated in the investment process via the use of third party ESG information and analysis and proprietary assessment of ESG characteristics.

Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment and anti-corruption are also excluded from the investment universe.

In addition, a screen is applied which seeks to filter out companies that derive revenue of more than 5% for producers, and 10% for distributors, from the following sectors and sub-sectors: tobacco, alcohol, adult entertainment, gambling or thermal coal. In addition, and on a best-effort basis, subject to source information, companies that derive any revenue from defence and weapons are excluded.

Finally, the Fund excludes holdings which have below average ESG industry-adjusted ratings based on third party ESG ratings and proprietary information. To a limited extent the Fund may invest in securities that have not yet been ESG rated.

The Fund may invest up to a combined maximum of 100% of the Fund's Net Asset Value in high yield and unrated securities.

The Fund may hold up to a maximum of 20% of its Net Asset value in Asset-Backed Securities and up to a maximum of 20% of its Net Asset value in Contingent Convertible Debt Securities.

The Fund may invest indirectly via derivative instruments to take long and short positions to meet the Fund's investment objective, for efficient portfolio management and for the purpose of hedging. These instruments may include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Credit Default Swaps and Interest Rate Swaps.

The Fund may also invest in other assets including, collective investment schemes\*, cash and near cash, deposits, equities, warrants and other debt securities.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Global High Yield ESG Bond Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>DEBT SECURITIES</b>				<b>14,856</b>	<b>92.45</b>
<b>Investment grade corporate bonds</b>					
TOTAL FRN	140,000	€	29.12.49	170	1.06
<b>Below investment grade corporate bonds</b>				<b>14,549</b>	<b>90.54</b>
AA Bond 4.875%	100,000	£	31.07.43	131	0.82
Antero Midstream Partners 5.375%	100,000	US\$	15.09.24	101	0.63
Aramark International Finance 3.125%	100,000	€	01.04.25	121	0.75
Arena Luxembourg Financial FRN	100,000	€	01.11.23	116	0.72
Arrow Global Finance FRN	125,000	€	01.04.25	136	0.85
Assicurazioni Generali FRN	50,000	£	29.12.49	67	0.42
Avis Budget Car Rental 5.25%	55,000	US\$	15.03.25	52	0.32
Axalta Coating Systems Dutch Holding B 3.75%	150,000	€	15.01.25	179	1.11
Banco Bilbao Vizcaya Argentaria FRN	200,000	€	29.12.49	236	1.47
Banco de Sabadell FRN	200,000	€	31.12.99	234	1.46
Banco Santander FRN	100,000	€	12.03.49	117	0.73
Belden 3.375%	100,000	€	15.07.27	114	0.71
Cabot Financial Luxembourg II FRN	150,000	€	15.11.21	175	1.09
Caixabank FRN	200,000	€	31.12.99	216	1.34
Care UK Health & Social Care FRN	100,000	£	15.07.19	130	0.81
Catalent Pharma Solutions 4.75%	125,000	€	15.12.24	153	0.95
Centene 4.75%	130,000	US\$	15.01.25	131	0.82
Centene 6%	37,000	US\$	15.05.26	39	0.24
Cheniere Corpus Christi Holdings 5.875%	140,000	US\$	31.03.25	147	0.91
Cheniere Energy Partners 5.25%	60,000	US\$	01.10.25	60	0.37
Cheniere Energy Partners 5.625%	163,000	US\$	01.10.26	164	1.02
Citigroup FRN	85,000	US\$	29.07.49	87	0.54
Commerzbank 8.125%	200,000	US\$	19.09.23	228	1.42
Constellium 4.25%	100,000	€	15.02.26	118	0.73
Cooperatieve Rabobank FRN	200,000	€	29.12.49	257	1.60
CPUK Finance 4.25%	125,000	£	28.02.47	164	1.02
Crédit Agricole FRN	100,000	€	29.04.49	127	0.79
Crédit Suisse Group FRN	200,000	US\$	31.12.99	205	1.28
DaVita 5%	140,000	US\$	01.05.25	135	0.84
Dell International 5.45%	100,000	US\$	15.06.23	105	0.65
Drax Fo 4.25%	100,000	£	01.05.22	134	0.83
Drax Fo 6.625%	200,000	US\$	01.11.25	204	1.27
EP Energy 6.375%	85,000	US\$	15.06.23	57	0.35
Equinix 2.875%	129,000	€	15.03.24	152	0.95
Goodyear Tire & Rubber 5%	168,000	US\$	31.05.26	158	0.98
Greif Nevada Holdings 7.375%	125,000	€	15.07.21	171	1.06
Hanesbrands 4.625%	180,000	US\$	15.05.24	175	1.09
HCA 4.75%	190,000	US\$	01.05.23	194	1.21
HCA 5%	150,000	US\$	15.03.24	154	0.96
HCA 5.375%	100,000	US\$	01.09.26	101	0.63
Heathrow Finance 3.875%	100,000	£	01.03.27	124	0.77
Hertz 6.25%	50,000	US\$	15.10.22	46	0.29
Hilton Worldwide Finance 4.625%	75,000	US\$	01.04.25	74	0.46
Iceland Bondco 4.625%	200,000	£	15.03.25	242	1.51
IMS Health 3.25%	190,000	€	15.03.25	225	1.40
InterXion Holding 4.75%	100,000	€	15.06.25	121	0.75
Intesa Sanpaolo FRN	200,000	€	31.12.99	231	1.44
Intrum Justitia FRN	290,000	€	15.07.22	327	2.03
KBC Group FRN	150,000	€	29.03.49	176	1.10
Legal & General Group FRN	100,000	£	27.10.45	139	0.87
Levi Strauss 5%	50,000	US\$	01.05.25	50	0.31
Levi Strauss 3.375%	100,000	€	15.03.27	120	0.75
MPLX 4.5%	165,000	US\$	15.07.23	169	1.05
Nationwide Building Society FRN	100,000	£	29.12.49	133	0.83
New Red Finance 5%	140,000	US\$	15.10.25	134	0.83
Newco 8%	100,000	€	15.12.22	121	0.75
Newfield Exploration 5.375%	50,000	US\$	01.01.26	52	0.32
Oasis Petroleum 6.875%	190,000	US\$	15.03.22	194	1.21
Oasis Petroleum 6.25%	10,000	US\$	01.05.26	10	0.06
Ocado Group 4%	100,000	£	15.06.24	131	0.82
OI European Group 3.125%	250,000	€	15.11.24	299	1.86
Ortho-Clinical Diagnostics 6.625%	150,000	US\$	15.05.22	147	0.91
Premier Foods Finance FRN	100,000	£	15.07.22	132	0.82
Premier Foods Finance 6.25%	100,000	£	15.10.23	133	0.83
Puma International Financing 5%	200,000	US\$	24.01.26	170	1.06

# M&G (Lux) Global High Yield ESG Bond Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value US\$'000	% of net assets
<b>DEBT SECURITIES (continued)</b>					
<b>Below investment grade corporate bonds (continued)</b>					
Royal Bank of Scotland Group FRN	200,000	US\$	29.12.49	205	1.28
Sabine Pass Liquefaction 5.625%	115,000	US\$	01.03.25	123	0.77
Sable International Finance 6.875%	200,000	US\$	01.08.22	209	1.30
Sally Holdings 5.625%	80,000	US\$	01.12.25	76	0.47
Sealed Air 5.125%	140,000	US\$	01.12.24	141	0.88
Sirius XM Radio 6%	130,000	US\$	15.07.24	135	0.84
SM Energy 5%	110,000	US\$	15.01.24	108	0.67
SM Energy 6.625%	3,000	US\$	15.01.27	3	0.02
Smurfit Kappa Acquisitions 2.375%	100,000	€	01.02.24	121	0.75
Société Générale FRN	100,000	€	07.04.49	125	0.78
Southwestern Energy 7.75%	390,000	US\$	01.10.27	414	2.58
Sprint Capital 7.875%	150,000	US\$	15.09.23	162	1.01
Sprint Capital 6.875%	50,000	US\$	15.11.28	50	0.31
Starfruit Fo 6.5%	100,000	€	01.10.26	117	0.73
Swissport Financing 9.75%	100,000	€	15.12.22	126	0.78
Telecom Italia Finance 7.75%	75,000	€	24.01.33	120	0.75
Telenet Finance VI Luxembourg 4.875%	90,000	€	15.07.27	113	0.70
Tenet Healthcare 6.75%	85,000	US\$	15.06.23	84	0.52
Tenet Healthcare 4.625%	165,000	US\$	15.07.24	160	1.00
Tesco 6.125%	75,000	£	24.02.22	110	0.68
Tesla 5.3%	25,000	US\$	15.08.25	21	0.13
UBS FRN	200,000	€	29.12.49	257	1.60
UniCredit FRN	200,000	€	31.12.99	209	1.30
United Group 4.375%	100,000	€	01.07.22	119	0.74
United Rentals North America 4.625%	100,000	US\$	15.10.25	97	0.60
Unitymedia Hessen 4%	210,000	€	15.01.25	256	1.59
Unitymedia Hessen 3.5%	210,000	€	15.01.27	257	1.60
Vallourec 6.625%	100,000	€	15.10.22	123	0.77
Videotron 5.375%	100,000	US\$	15.06.24	103	0.64
Virgin Media Secured Finance 4.875%	100,000	£	15.01.27	129	0.80
VTR Finance 6.875%	215,000	US\$	15.01.24	219	1.36
Wind Tre FRN	330,000	€	20.01.24	356	2.22
Windstream Services 9%	32,000	US\$	30.06.25	25	0.16
Ziggo Bond Finance 4.625%	100,000	€	15.01.25	115	0.72
Ziggo Secured Finance 3.75%	100,000	€	15.01.25	116	0.72
<b>Corporate bonds with no credit rating</b>					
Stora Enso 7.25%	115,000	US\$	15.04.36	137	0.85
<b>CURRENCY</b>				<b>78</b>	<b>0.48</b>
<b>Forward currency contracts</b>				<b>78</b>	<b>0.48</b>
Bought for US\$ 2,019,977.40, Sold for £ 1,536,360.35			17.10.18	15	0.09
Bought for US\$ 7,180,928.40, Sold for € 6,138,934.88			17.10.18	63	0.39
<b>Portfolio of investments</b>				<b>14,934</b>	<b>92.93</b>
<b>SHARE CLASS HEDGING</b>				<b>(1)</b>	<b>(0.01)</b>
Bought for £ 164,254.42, Sold for US\$ 213,815.73			17.10.18	-	-
Bought for € 211,185.41, Sold for US\$ 245,163.76			17.10.18	(1)	(0.01)
Bought for CHF 93,227.47, Sold for US\$ 95,991.13			17.10.18	-	-
<b>Total portfolio</b>				<b>14,933</b>	<b>92.92</b>
Net other assets/(liabilities)				1,137	7.08
<b>NET ASSETS</b>				<b>16,070</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>					
<b>Investment assets</b>					
Debt securities				14,856	92.45
Unrealised gains on forward currency contracts				78	0.48
<b>Total Investment assets</b>				<b>14,934</b>	<b>92.93</b>
<b>Investment liabilities</b>					
Unrealised losses on forward currency contracts				(1)	(0.01)
<b>Total Investment liabilities</b>				<b>(1)</b>	<b>(0.01)</b>
<b>Total portfolio</b>				<b>14,933</b>	<b>92.92</b>
Net other assets/(liabilities)				1,137	7.08
<b>NET ASSETS</b>				<b>16,070</b>	<b>100.00</b>

# M&G (Lux) Global High Yield ESG Bond Fund

## Portfolio statement

### Portfolio statement (continued)

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures
	Forward currency contracts US\$'000
HSBC Bank Plc	86
Merrill Lynch Pierce Fenner + Smith Inc	7,095
National Australia Bank Ltd	2,020
State Street Bank and Trust Company	555

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

# M&G (Lux) Global High Yield ESG Bond Fund

## Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect for the six months ended 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.06.18	20.07.18	23.07.18	26.07.18
Second interim	01.07.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.04.18	18.05.18	22.05.18	25.05.18
Second interim	01.05.18	31.05.18	15.06.18	18.06.18	21.06.18
Third interim	01.06.18	30.06.18	20.07.18	23.07.18	26.07.18
Fourth interim	01.07.18	31.07.18	17.08.18	20.08.18	23.08.18
Fifth interim	01.08.18	31.08.18	21.09.18	24.09.18	27.09.18
Sixth interim	01.09.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Distributions

	Euro Class 'A-H'	Euro Class 'C-H'	Sterling Class 'C-H'	Sterling Class 'L-H'	Swiss franc Class 'A-H'
to 30 September 2018	Euro €	Euro €	UK p	UK p	Swiss €
First interim	0.1016	0.1019	0.1026	n/a	0.0996
Second interim	0.1010	0.1018	0.1027	0.1202	0.1004

	Swiss franc Class 'C-H'	US dollar Class 'A'	US dollar Class 'C'
to 30 September 2018	Swiss €	US €	US €
First interim	0.0999	0.1041	0.1046
Second interim	0.1007	0.1046	0.1052

	US dollar Class 'A M'
to 30 September 2018	US €
First interim	0.0359
Second interim	0.0340
Third interim	0.0340
Fourth interim	0.0385
Fifth interim	0.0338
Sixth interim	0.0323

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A-H' Accumulation	9.8469	1.59
Class 'A-H' Distribution	9.5507	1.58
Class 'C-H' Accumulation	9.9061	0.98
Class 'C-H' Distribution	9.6027	0.98
Class 'CI-H' Accumulation	9.9091	0.95
Class 'L-H' Accumulation	9.9314	0.73
<b>Sterling</b>	<b>£</b>	<b>%</b>
Class 'C-H' Accumulation	10.0115	0.99
Class 'C-H' Distribution	9.7123	0.99
Class 'L-H' Accumulation	10.0369	0.74
Class 'L-H' Distribution	10.0271	0.77 [a]
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	9.8043	1.58
Class 'A-H' Distribution	9.5087	1.60
Class 'C-H' Accumulation	9.8631	0.98
Class 'C-H' Distribution	9.5655	0.98
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	10.1084	1.56
Class 'A' Distribution	9.8066	1.56
Class 'A M' Distribution	9.7346	1.56
Class 'C' Accumulation	10.1655	0.96
Class 'C' Distribution	9.8643	0.96
Class 'CI' Accumulation	10.1705	0.93
Class 'L' Accumulation	10.1929	0.71

[a] The share class has an estimated TER shown, as this share class launched in the period, therefore this is a more reliable estimate of the charges suffered.

NAV at fund level	US\$'000
Net assets	16,070
Swing pricing adjustment (see note 11)	0
<b>Swung net assets</b>	<b>16,070</b>

## M&G (Lux) Global Listed Infrastructure Fund

# Investment objective and policy

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### Investment objective

The Fund has two aims:

- to deliver a higher total return (the combination of capital growth and income) than that of the global equities market over any five-year period and;
- to deliver an income stream that increases every year in US Dollar terms.

### Investment policy

The Fund invests at least 80% of its Net Asset Value in the eligible publicly-listed equity securities issued by infrastructure companies, investment trusts and closed-ended real estate investment trusts ('REITs') across any market capitalisation that are domiciled in any country, including emerging markets.

The minimum 80% allocation may include ordinary shares, preference shares and Convertible Bonds (the Fund may hold up to a maximum of 20% of its Net Asset Value in Convertibles Bonds). Infrastructure companies include those involved in the following business activities: utilities, energy, transport, health, education, security, communications and transactions. The Fund is expected to exhibit lower volatility and offer a higher dividend yield than the global equities market which is consistent with the characteristics of infrastructure securities. The Fund usually holds fewer than 50 stocks.

The Investment Manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The Investment Manager believes rising dividends create upward pressure on the value of shares.

Sustainability considerations play an important role in assessing business models. Companies that derive more than 30% of their revenue from coal-fired and nuclear power are excluded from the investment universe. Industries such as tobacco, alcohol, adult entertainment, gambling and controversial weapons are also excluded. United Nations Global Compact principles on human rights, labour, environmental and anti-corruption are also considered in the analysis of companies.

The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

The Fund may also invest in other assets including collective investment schemes\*, other transferable securities, cash and near cash, deposits and warrants. The Fund may use derivative instruments for the purposes of hedging and efficient portfolio management.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Global Listed Infrastructure Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value US\$'000	% of net assets
<b>EQUITIES</b>			<b>9,132</b>	<b>99.56</b>
<b>Oil, gas &amp; consumable fuels</b>			<b>1,704</b>	<b>18.58</b>
<b>US</b>				
ONEOK	3,484	US\$	237	2.58
<b>Canada</b>			<b>1,467</b>	<b>16.00</b>
Enbridge	9,042	US\$	293	3.20
Gibson Energy	22,950	CA\$	355	3.87
Keyera	8,575	CA\$	227	2.48
PrairieSky Royalty	16,540	CA\$	291	3.17
TransCanada	7,454	US\$	301	3.28
<b>Metals &amp; mining</b>			<b>352</b>	<b>3.84</b>
<b>Canada</b>				
Franco-Nevada	5,649	CA\$	352	3.84
<b>Construction &amp; engineering</b>			<b>626</b>	<b>6.82</b>
<b>France</b>				
Vi	3,690	€	349	3.80
<b>Spain</b>				
Ferrovial	13,359	€	277	3.02
<b>Commercial services &amp; supplies</b>			<b>177</b>	<b>1.93</b>
<b>US</b>				
Republic Services	2,439	US\$	177	1.93
<b>Road &amp; rail</b>			<b>331</b>	<b>3.61</b>
<b>US</b>				
Union Pacific	1,460	US\$	239	2.61
<b>Hong Kong</b>				
MTR	17,500	HK\$	92	1.00
<b>Transportation infrastructure</b>			<b>751</b>	<b>8.19</b>
<b>Switzerland</b>				
Flughafen Zurich	549	CHF	111	1.21
<b>Brazil</b>				
CCR	45,890	BRL	93	1.02
<b>Australia</b>			<b>413</b>	<b>4.50</b>
Sydney Airport Stapled Security	28,086	AU\$	140	1.52
Transurban Group	33,783	AU\$	273	2.98
<b>Hong Kong</b>				
Hopewell Highway Infrastructure	256,500	HK\$	134	1.46
<b>Consumer finance</b>			<b>165</b>	<b>1.80</b>
<b>US</b>			<b>165</b>	<b>1.80</b>
Mastercard	343	US\$	76	0.83
Visa 'A'	593	US\$	89	0.97
<b>Capital markets</b>			<b>641</b>	<b>6.99</b>
<b>Guernsey</b>			<b>418</b>	<b>4.56</b>
HICL Infrastructure	83,068	£	165	1.80
International Public Partnerships	81,758	£	162	1.77
John Laing Infrastructure Fund	48,844	£	91	0.99
<b>US</b>			<b>223</b>	<b>2.43</b>
CME Group	784	US\$	135	1.47
Intercontinental Exchange	1,169	US\$	88	0.96
<b>Diversified telecommunication services</b>			<b>286</b>	<b>3.12</b>
<b>Italy</b>				
Infrastrutture Wireless Italiane	11,156	€	83	0.91
<b>Singapore</b>				
NetLink NBN Trust	354,900	SG\$	203	2.21
<b>Electric utilities</b>			<b>1,639</b>	<b>17.87</b>
<b>Belgium</b>				
Elia System Operator	4,164	€	268	2.92
<b>Denmark</b>				
Ørsted	6,465	DKK	434	4.73
<b>Italy</b>				
Enel	68,056	€	345	3.76
<b>US</b>			<b>584</b>	<b>6.37</b>
Edison International	6,127	US\$	408	4.45
NextEra Energy	1,061	US\$	176	1.92
<b>Hong Kong</b>				
CK Infrastructure Holdings	1,000	HK\$	8	0.09

# M&G (Lux) Global Listed Infrastructure Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value US\$'000	% of net assets
<b>EQUITIES (continued)</b>				
<b>Gas utilities</b>			410	4.47
<b>Spain</b>				
Gas Natural	6,798	€	187	2.04
<b>US</b>				
Atmos Energy	2,392	US\$	223	2.43
<b>Multi-utilities</b>			258	2.81
<b>UK</b>				
National Grid	25,252	£	258	2.81
<b>Water utilities</b>			183	1.99
<b>US</b>				
American Water Works	2,104	US\$	183	1.99
<b>Independent power and renewable electricity producers</b>			243	2.65
<b>Guernsey</b>				
Renewables Infrastructure Group	165,508	£	243	2.65
<b>Equity Real Estate Investment Trusts (REITs)</b>			1,366	14.89
<b>UK</b>				
UNITE Group	27,752	£	319	3.48
<b>US</b>			1,047	11.41
American Tower	925	US\$	133	1.45
CoreSite Realty	2,429	US\$	265	2.89
Crown Castle International	2,045	US\$	223	2.43
Equinix	601	US\$	258	2.81
Ventas	3,106	US\$	168	1.83
<b>Portfolio of investments</b>			9,132	99.56
<b>Total portfolio</b>			9,132	99.56
Net other assets/(liabilities)			40	0.44
<b>NET ASSETS</b>			9,172	100.00
<b>PORTFOLIO SUMMARY</b>				
<b>Investment assets</b>				
Equity securities			9,132	99.56
<b>Total Investment assets</b>			9,132	99.56
<b>Total portfolio</b>			9,132	99.56
Net other assets/(liabilities)			40	0.44
<b>NET ASSETS</b>			9,172	100.00

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

The accompanying notes to the financial statements are an integral part of these financial statements.



## M&G (Lux) Global Listed Infrastructure Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect for the six months ended 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.06.18	20.07.18	23.07.18	26.07.18
Second interim	01.07.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.04.18	18.05.18	22.05.18	25.05.18
Second interim	01.05.18	31.05.18	15.06.18	18.06.18	21.06.18
Third interim	01.06.18	30.06.18	20.07.18	23.07.18	26.07.18
Fourth interim	01.07.18	31.07.18	17.08.18	20.08.18	23.08.18
Fifth interim	01.08.18	31.08.18	21.09.18	24.09.18	27.09.18
Sixth interim	01.09.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Distributions

	Euro Class 'A' Euro €	Euro Class 'C' Euro €	Sterling Class 'C' UK p	Swiss franc Class 'A' Swiss €	Swiss franc Class 'C' Swiss €
to 30 September 2018					
First interim	0.1009	0.1016	0.1009	0.1017	0.1023
Second interim	0.0905	0.0912	0.0909	0.0891	0.0899

	US dollar Class 'A' US €	US dollar Class 'C' US €
to 30 September 2018		
First interim	0.1000	0.1006
Second interim	0.0891	0.0899

	US dollar Class 'A M' US €
to 30 September 2018	
First interim	0.0392
Second interim	0.0488
Third interim	0.0195
Fourth interim	0.0296
Fifth interim	0.0220
Sixth interim	0.0294

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	10.2092	2.14
Class 'A' Distribution	10.0065	2.09
Class 'C' Accumulation	10.3147	1.11
Class 'C' Distribution	10.1048	1.10
Class 'CI' Accumulation	10.3196	1.07
Class 'L' Accumulation	10.3409	0.86
<b>Sterling</b>	<b>£</b>	<b>%</b>
Class 'C' Accumulation	10.2814	1.10
Class 'C' Distribution	10.0723	1.10
Class 'L' Accumulation	10.5414	0.85
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A' Accumulation	10.0682	2.10
Class 'A' Distribution	9.8622	2.10
Class 'C' Accumulation	10.1674	1.10
Class 'C' Distribution	9.9598	1.10
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	10.0732	2.10
Class 'A' Distribution	9.8665	2.11
Class 'A M' Distribution	9.8050	2.11
Class 'C' Accumulation	10.1728	1.10
Class 'C' Distribution	9.9641	1.10
Class 'CI' Accumulation	10.1754	1.07
Class 'L' Accumulation	10.1975	0.85
<b>NAV at fund level</b>	<b>US\$'000</b>	
Net assets	9,172	
Swing pricing adjustment (see note 11)	0	
<b>Swung net assets</b>	<b>9,172</b>	

## M&G (Lux) Global Recovery Fund

# Investment objective and policy

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### Investment objective

The Fund aims to provide a higher total return (the combination of capital growth and income) than that of the global equities market over any five-year period.

### Investment policy

The Fund invests at least 80% of its Net Asset Value in the equity securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets.

The Investment Manager seeks to invest in companies that are out of favour with the market or whose future prospects are not fully recognised by the market at the time of investment.

The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

The Fund may also invest in other assets including collective investment schemes\*, cash and near cash, deposits and warrants.

The Fund may use derivative instruments for the purposes of hedging and efficient portfolio management.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Global Recovery Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value US\$'000	% of net assets
<b>EQUITIES</b>			<b>1,221</b>	<b>96.75</b>
<b>UK</b>			<b>109</b>	<b>8.64</b>
BP	3,964	£	31	2.46
GW Pharmaceuticals ADR	198	US\$	35	2.77
Reabold Resources	1,005,989	£	11	0.87
Standard Chartered	1,550	HK\$	13	1.03
Tullow Oil	5,775	£	19	1.51
<b>Denmark</b>				
Pandora	507	DKK	31	2.46
<b>France</b>			<b>25</b>	<b>1.98</b>
Fnac Darty	127	€	10	0.79
Veolia Environnement	769	€	15	1.19
<b>Germany</b>			<b>67</b>	<b>5.31</b>
Bayer	110	€	10	0.79
Commerzbank	990	€	10	0.79
MagForce	806	€	6	0.48
ThyssenKrupp	552	€	14	1.11
Volkswagen Pref. (non voting)	153	€	27	2.14
<b>Ireland</b>			<b>54</b>	<b>4.28</b>
Allergan	73	US\$	14	1.11
Bank of Ireland Group	1,065	€	8	0.63
Johnson Controls International	501	US\$	18	1.43
Kenmare Resources	4,410	£	14	1.11
<b>Switzerland</b>			<b>47</b>	<b>3.72</b>
Arbonia	893	CHF	12	0.95
Garmin	297	US\$	21	1.66
IWG	4,394	£	14	1.11
<b>US</b>			<b>436</b>	<b>34.55</b>
Advance Auto Parts	71	US\$	12	0.95
Ally Financial	353	US\$	9	0.71
American Airlines Group	331	US\$	14	1.11
Anadarko Petroleum	302	US\$	20	1.58
Athersys	11,897	US\$	26	2.06
Carnival	254	US\$	16	1.27
Cherokee	4,265	US\$	3	0.24
Citigroup	566	US\$	41	3.25
Citizens Financial Group	449	US\$	17	1.35
eBay	439	US\$	15	1.19
GameStop 'A'	1,061	US\$	16	1.27
Hewlett Packard Enterprise	849	US\$	14	1.11
HP	738	US\$	19	1.51
Marriott Vacations Worldwide	65	US\$	7	0.55
Mattel	741	US\$	12	0.95
Microsoft	342	US\$	39	3.09
PayPal Holdings	257	US\$	23	1.82
Pfizer	811	US\$	36	2.85
Polaris Industries	146	US\$	15	1.19
Stericycle	204	US\$	12	0.95
Syneos Health	54	US\$	3	0.24
Tapestry	240	US\$	12	0.95
Wells Fargo	452	US\$	24	1.90
Western Union	742	US\$	14	1.11
Weyerhaeuser	510	US\$	17	1.35
<b>Canada</b>			<b>61</b>	<b>4.83</b>
First Quantum Minerals	1,103	CA\$	13	1.03
Midas Gold	32,814	CA\$	21	1.66
NexGen Energy	3,964	CA\$	8	0.63
Nutrien	339	US\$	19	1.51
<b>Japan</b>				
Sony	400	¥	25	1.98
<b>Australia</b>			<b>158</b>	<b>12.52</b>
Afterpay Touch Group	825	AU\$	11	0.87
Bionomics	21,214	AU\$	8	0.63
FAR	197,838	AU\$	16	1.27
FBR	76,151	AU\$	10	0.79
IPH	6,869	AU\$	30	2.38

# M&G (Lux) Global Recovery Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value US\$'000	% of net assets
<b>EQUITIES (continued)</b>				
<b>Australia (continued)</b>				
Medical Developments International	8,109	AU\$	24	1.90
Mesoblast	10,081	AU\$	16	1.27
Mesoblast ADR	1,273	US\$	10	0.79
Mineral Commodities	101,425	AU\$	13	1.03
St Barbara	5,665	AU\$	14	1.11
Vintage Energy	35,613	AU\$	6	0.48
<b>China</b>				
China Financial Services Holdings	312,000	HK\$	22	1.74
Kingsoft	1,000	HK\$	2	0.16
<b>Hong Kong</b>				
Global Brands Group Holding	184,000	HK\$	10	0.79
Hutchison China MediTech	713	£	44	3.49
Hutchison China MediTech ADR	1,415	US\$	45	3.56
Li & Fung	20,000	HK\$	5	0.40
<b>Malaysia</b>				
AirAsia Group	37,500	MYR	29	2.30
<b>New Zealand</b>				
Xero	254	AU\$	9	0.71
<b>Singapore</b>				
ComfortDelGro	3,800	SG\$	7	0.56
<b>United Arab Emirates</b>				
DP World	849	US\$	16	1.27
<b>South Africa</b>				
MTN Group	1,410	ZAR	8	0.63
<b>Bermuda</b>				
Belmond 'A'	608	US\$	11	0.87
<b>Portfolio of investments</b>			<b>1,221</b>	<b>96.75</b>
<b>Total portfolio</b>			<b>1,221</b>	<b>96.75</b>
Net other assets/(liabilities)			41	3.25
<b>NET ASSETS</b>			<b>1,262</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>				
<b>Investment assets</b>				
Equity securities			1,221	96.75
<b>Total Investment assets</b>			<b>1,221</b>	<b>96.75</b>
<b>Total portfolio</b>			<b>1,221</b>	<b>96.75</b>
Net other assets/(liabilities)			41	3.25
<b>NET ASSETS</b>			<b>1,262</b>	<b>100.00</b>

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

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Global Recovery Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund has no distributing share classes.

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the financial period from 18 July 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	10.1131	1.95
Class 'C' Accumulation	10.1331	0.95
Class 'L' Accumulation	10.1382	0.70
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A' Accumulation	10.0805	1.95
Class 'C' Accumulation	10.1004	0.95
Class 'L' Accumulation	10.1051	0.71
<b>NAV at fund level</b>	<b>US\$'000</b>	
Net assets	1,262	
Swing pricing adjustment (see note 11)	6	
<b>Swung net assets</b>	<b>1,268</b>	

## M&G (Lux) Global Target Return Fund

# Investment objective and policy

### Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) of at least cash\* plus 4% a year, before any charges are taken, in any market conditions and over any three-year period.

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

\* As based on 3-month EURIBOR, the rate at which banks borrow money from each other.

- a maximum of 10% of the Fund's Net Asset Value in Asset-Backed Securities.

The Fund may also invest in other deposits and warrants which may be issued anywhere in the world and denominated in any currency.

\*\* When the underlying collective investment scheme is managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

### Investment policy

The Fund has a highly flexible investment approach with the freedom to invest in different types of investment assets issued anywhere in the world.

The Fund will primarily invest in the following asset classes: bonds, shares, currencies, cash, near cash and deposits. The Fund will mostly gain exposure to these assets by investing through derivative instruments, but may also invest directly. The Fund may also invest through other collective investment schemes\*\*.

In cases where the Investment Manager believes that investment opportunities are limited to a few areas, or where the available investment opportunities would add too much risk to the Fund, the Fund may temporarily hold high levels of cash.

The Fund may take short positions (holding derivative instruments with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, indices and other groups of securities. The Fund also has the flexibility to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets.

Derivative instruments can be used to meet the Fund's investment objective and for efficient portfolio management. The derivative instruments that the Fund may invest in include Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options and Total Return Swaps.

The bonds that the Fund may invest in include the following:

- bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies, Convertible Bonds, bonds from issuers located in emerging markets;
- bonds which are rated above investment grade by a recognised rating agency;
- a maximum of 60% of the Fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds;
- a maximum of 20% of the Fund's Net Asset Value in Contingent Convertible Debt Securities; and

# M&G (Lux) Global Target Return Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES</b>			<b>16,564</b>	<b>14.63</b>
<b>Metals &amp; mining</b>			<b>2,042</b>	<b>1.80</b>
Anglo American	27,400	£	530	0.47
BHP Billiton	26,833	£	501	0.44
Glencore	137,974	£	510	0.45
Rio Tinto	11,520	£	501	0.44
<b>Biotechnology</b>				
BioPharma Credit 'C'	620,400	US\$	566	0.50
<b>Banks</b>			<b>4,194</b>	<b>3.70</b>
Banco BPM	126,149	€	263	0.23
Bankia	141,198	€	480	0.42
Citigroup	8,252	US\$	520	0.46
Intesa Sanpaolo	241,363	€	540	0.48
JPMorgan Chase	5,104	US\$	505	0.45
Lloyds Banking Group	646,691	£	433	0.38
Mediobanca Banca di Credito Finanziario	50,323	€	432	0.38
UniCredit	42,941	€	552	0.49
Wells Fargo	10,288	US\$	469	0.41
<b>Consumer finance</b>				
American Express	5,586	US\$	520	0.46
<b>Capital markets</b>			<b>6,403</b>	<b>5.66</b>
International Public Partnerships	92,747	£	158	0.14
iShares MSCI Emerging Markets Investable Market Index	50,065	US\$	1,196	1.06
iShares MSCI Turkey ETF	70,946	£	937	0.83
M&G Global Corporate Bond Fund Euro Class 'C-H' (Accumulation) <sup>[a]</sup>	191,702	€	2,224	1.96
M&G Japan Fund GBP Class 'A' (Accumulation) <sup>[a]</sup>	1,915,293	£	1,304	1.15
Xtrackers MSCI Indonesia Swap UCITS ETF	49,713	£	584	0.52
<b>Diversified telecommunication services</b>				
NetLink NBN Trust	1,215,300	SG\$	600	0.53
<b>Independent power and renewable electricity producers</b>			<b>1,361</b>	<b>1.20</b>
Greencoat Renewables	647,920	€	674	0.59
Greencoat UK Wind	473,028	£	687	0.61
<b>Real estate management &amp; development</b>				
Unibail-Rodamco-Westfield	3,203	€	561	0.50
	Contracts	Maturity date	Commitment value (€'000)	
<b>Equity derivatives</b>			<b>317</b>	<b>0.28</b>
<b>Equity index futures</b>			<b>179</b>	<b>0.16</b>
IBEX 35 Index Futures	6	€	561	(1)
Hang Seng China Enterprises Index Futures	43	HK\$	2,625	41
MSCI Singapore Index Futures	26	SG\$	607	6
Korean Stock Exchange Futures	40	KRW	2,348	50
Topix Index Futures	9	¥	1,245	99
DJ Euro Stoxx 50 Futures	225	€	1,192	(16)
<b>Equity options</b>			<b>138</b>	<b>0.12</b>
DJ Euro Stoxx 50 Call € 3,700.00	362	€	-	72
S&P 500 Put US\$ 2,600.00	(21)	US\$	2,421	(24)
S&P 500 Put US\$ 2,875.00	21	US\$	-	90
	Holding			
<b>FIXED INCOME</b>			<b>11,850</b>	<b>10.47</b>
<b>Debt securities</b>			<b>12,442</b>	<b>10.99</b>
<b>'AA' credit rated bonds</b>				
Paragon Mortgages No 24 FRN	200,000	£	232	0.20
<b>'BBB' credit rated bonds</b>			<b>6,179</b>	<b>5.46</b>
Indonesia (Republic of) 8.25%	37,987,000,000	IDR	2,174	1.92
Italy (Republic of) 2%	3,900,000	€	3,573	3.16
Newday Partnership Funding FRN	150,000	£	171	0.15
NewDay Partnership Funding FRN	227,000	£	261	0.23
<b>'BB' credit rated bonds</b>			<b>3,838</b>	<b>3.39</b>
Brazil (Federal Republic of) 10%	11,517,000	BRL	2,418	2.14
South Africa (Republic of) 8.5%	26,379,000	ZAR	1,420	1.25

# M&G (Lux) Global Target Return Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Debt securities (continued)</b>					
<b>'B' credit rated bonds</b>				<b>974</b>	<b>0.86</b>
Argentina (Republic of) 5%	1,007,000	€	15.01.27	822	0.73
Argentina (Republic of) 5%	187,000	€	15.01.27	152	0.13
<b>'D' credit rated bonds</b>					
Argentina (Republic of) 7.82%	1,264,639	€	31.12.33	1,219	1.08

<b>Contracts</b>					
<b>Debt derivatives</b>				<b>(592)</b>	<b>(0.52)</b>
<b>Credit default swaps</b>				<b>(1,054)</b>	<b>(0.93)</b>
Markit's North American High Yield CDX Index Jun 2023	2,480,000	US\$		(170)	(0.15)
People's Republic of China Jun 2023	11,040,000	USD		(207)	(0.18)
Republic of Chile Jun 2023	11,029,000	USD		(266)	(0.23)
Republic of Korea Jun 2023	10,990,000	USD		(282)	(0.25)
Republic of the Philippines Jun 2023	11,180,000	USD		(129)	(0.12)
<b>Interest rate swaps</b>				<b>286</b>	<b>0.25</b>
Pay 1.591% Receive VAR Dec 2046	283,000	£		11	0.01
Pay 1% Receive VAR Dec 2046	68,420,250	¥		13	0.01
Pay 1.54% Receive VAR Jan 2047	97,500	£		5	-
Pay 1.493% Receive VAR Mar 2047	784,300	£		54	0.05
Pay 1.449% Receive VAR May 2047	255,000	£		20	0.02
Pay 0.8423% Receive VAR May 2047	52,620,000	¥		6	0.01
Pay 1.383% Receive VAR Jun 2047	472,000	£		45	0.04
Pay 1.464% Receive VAR Aug 2047	165,000	£		11	0.01
Pay 0.8775% Receive VAR Aug 2047	25,500,000	¥		4	-
Pay 1.424% Receive VAR Dec 2047	700,000	£		59	0.05
Pay 1.747% Receive VAR Feb 2048	560,000	£		-	-
Pay 0.85% Receive VAR Feb 2048	51,000,000	¥		8	0.01
Pay 1.63% Receive VAR Mar 2048	280,600	£		9	0.01
Pay 0.814% Receive VAR May 2048	111,700,000	¥		24	0.02
Pay 1.713% Receive VAR May 2048	581,000	£		4	-
Pay 1.5955% Receive VAR Jul 2048	331,000	£		13	0.01

				Maturity date	Commitment value (€'000)	
Interest rate futures					176	0.16
Germany (Federal Republic of) Bobl 5 year Futures	(91)	€	06.12.18	11,897	78	0.07
Germany (Federal Republic of) Bund 10 year Futures	(23)	€	06.12.18	3,658	39	0.04
Germany (Federal Republic of) Buxl 30 year Futures	(20)	€	06.12.18	3,498	17	0.02
Japan 10 year Bond Futures	(3)	¥	13.12.18	3,428	4	-
UK Treasury Notes Futures	(27)	£	27.12.18	3,684	38	0.03

<b>CURRENCY</b>				<b>(649)</b>	<b>(0.57)</b>
<b>Forward currency contracts</b>				<b>(649)</b>	<b>(0.57)</b>
Bought for £ 2,592,918.99, Sold for € 2,907,561.65			19.10.18	11	0.01
Bought for ¥ 162,784,205.00, Sold for € 1,242,128.77			19.10.18	(3)	-
Bought for € 6,236,422.40, Sold for £ 5,560,767.51			19.10.18	(22)	(0.02)
Bought for € 2,482,820.66, Sold for AU\$ 3,941,721.12			19.10.18	31	0.03
Bought for € 1,238,173.23, Sold for CHF 1,426,728.44			19.10.18	(24)	(0.02)
Bought for € 3,033,302.15, Sold for SG\$ 4,851,736.45			19.10.18	(25)	(0.02)
Bought for € 1,348,286.98, Sold for TRY 9,923,392.14			19.10.18	(60)	(0.05)
Bought for € 13,727,080.73, Sold for US\$ 16,084,913.53			19.10.18	(143)	(0.12)
Bought for AU\$ 2,018,051.14, Sold for € 1,281,791.43			19.10.18	(27)	(0.02)
Bought for IDR 4,488,446,923.00, Sold for US\$ 308,357.17			19.10.18	(7)	(0.01)
Bought for KRW 4,150,011,473.00, Sold for US\$ 3,656,746.85			19.10.18	71	0.07
Bought for MYR 12,125,677.05, Sold for US\$ 2,965,160.07			19.10.18	(29)	(0.03)
Bought for RUB 184,390,248.07, Sold for US\$ 2,931,281.54			19.10.18	(116)	(0.10)
Bought for SG\$ 1,016,883.27, Sold for € 646,566.71			19.10.18	(6)	-
Bought for THB 25,572,613.59, Sold for US\$ 770,027.51			19.10.18	18	0.02
Bought for TRY 21,284,622.17, Sold for € 3,457,653.59			19.10.18	(437)	(0.39)
Bought for TW\$ 158,912,235.00, Sold for US\$ 5,206,089.37			19.10.18	11	-
Bought for US\$ 7,005,561.99, Sold for € 6,045,681.31			19.10.18	(5)	(0.01)
Bought for US\$ 2,920,223.24, Sold for BRL 11,432,673.99			19.10.18	65	0.06
Bought for US\$ 5,717,311.12, Sold for KRW 6,435,882,671.00			19.10.18	(70)	(0.06)
Bought for US\$ 4,408,480.33, Sold for MYR 17,892,032.60			19.10.18	70	0.06
Bought for US\$ 2,862,208.89, Sold for THB 95,225,689.80			19.10.18	(72)	(0.06)



# M&G (Lux) Global Target Return Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Maturity date	Market value €'000	% of net assets
<b>CURRENCY (continued)</b>			
Bought for US\$ 7,335,506.79, Sold for TW\$ 223,257,261.00	19.10.18	4	-
Bought for CNY 21,125,087.00, Sold for US\$ 3,144,088.52	07.12.18	(70)	(0.06)
Bought for HK\$ 10,920,993.06, Sold for US\$ 1,393,882.48	07.12.18	3	-
Bought for US\$ 3,131,220.01, Sold for CNY 21,125,087.00	07.12.18	59	0.06
Bought for US\$ 14,412,550.87, Sold for HK\$ 112,131,257.79	07.12.18	61	0.04
Bought for CNY 12,598,274.00, Sold for US\$ 1,836,376.01	06.06.19	(18)	(0.02)
Bought for US\$ 1,911,000.94, Sold for CNY 12,598,273.70	06.06.19	81	0.07
<b>Portfolio of investments</b>		<b>28,414</b>	<b>25.10</b>
<b>SHARE CLASS HEDGING</b>			
Bought for £ 24,981.54, Sold for € 28,010.83	17.10.18	-	-
Bought for € 5,177.04, Sold for US\$ 6,010.99	17.10.18	-	-
Bought for CHF 48,268.98, Sold for € 42,811.90	17.10.18	-	-
Bought for US\$ 299,196.42, Sold for € 257,689.79	17.10.18	-	-
<b>Total portfolio</b>		<b>27,765</b>	<b>24.53</b>
Net other assets/(liabilities)		85,415	75.47
<b>NET ASSETS</b>		<b>113,180</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>			
<b>Investment assets</b>			
Equity securities		16,247	14.35
Debt securities		12,442	10.99
Unrealised gains on futures contracts		372	0.33
Unrealised gains on forward currency contracts		485	0.42
Unrealised gains on options contracts		162	0.14
Unrealised gains on swap contracts		286	0.25
<b>Total Investment assets</b>		<b>29,994</b>	<b>26.48</b>
<b>Investment liabilities</b>			
Unrealised losses on futures contracts		(17)	(0.01)
Unrealised losses on forward currency contracts		(1,134)	(0.99)
Unrealised losses on options contracts		(24)	(0.02)
Unrealised losses on swap contracts		(1,054)	(0.93)
<b>Total Investment liabilities</b>		<b>(2,229)</b>	<b>(1.95)</b>
<b>Total portfolio</b>		<b>27,765</b>	<b>24.53</b>
Net other assets/(liabilities)		85,415	75.47
<b>NET ASSETS</b>		<b>113,180</b>	<b>100.00</b>

[a] Related Party (see note 12).

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredemption date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures				Collateral held as cash €'000
	Swaps €'000	Forward currency contracts €'000	Futures €'000	Options €'000	
Barclays Bank London	7	2,576	-	-	-
Citigroup Global Markets Limited	1,036	30,730	-	-	600
Goldman Sachs International	174	2,723	-	-	160
HSBC Bank Plc	-	3,331	-	-	-
J.P.Morgan	-	6,817	-	-	-
Merrill Lynch Pierce Fenner + Smith Inc	-	-	34,743	2,421	-
National Australia Bank Ltd	-	375	-	-	-
State Street Bank and Trust Company	-	334	-	-	450
State Street Bank London	-	67,824	-	-	-
UBS AG London	121	40,680	-	-	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Global Target Return Fund

# Financial highlights (unaudited)

### Fund performance

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

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

#### Long-term performance by share class as at 30 September 2018

	Six months 29.03.18 % <sup>[a]</sup>	Three years 30.09.15 % p.a.	Five years 30.09.13 % p.a.	Since launch % p.a.
<b>Euro <sup>[b]</sup></b>				
Class 'A'	-2.8	n/a	n/a	-0.1 <sup>[c]</sup>
Class 'B'	-3.1	n/a	n/a	-0.6 <sup>[c]</sup>
Class 'C'	-2.5	n/a	n/a	+0.7 <sup>[c]</sup>
Class 'CI'	-2.5	n/a	n/a	+0.7 <sup>[c]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'C-H'	-1.9	n/a	n/a	+1.7 <sup>[c]</sup>
<b>Swiss franc <sup>[b]</sup></b>				
Class 'A-H'	-3.0	n/a	n/a	-0.5 <sup>[c]</sup>
Class 'C-H'	-2.6	n/a	n/a	+0.3 <sup>[c]</sup>
<b>US dollar <sup>[b]</sup></b>				
Class 'A-H'	-1.4	n/a	n/a	+2.3 <sup>[c]</sup>
Class 'C-H'	-1.1	n/a	n/a	+3.1 <sup>[c]</sup>

<sup>[a]</sup> Absolute basis.

<sup>[b]</sup> Price to price with income reinvested.

<sup>[c]</sup> 21 December 2016, the launch date of the fund.

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	9.9849	1.49
Class 'B' Accumulation	9.9011	1.95
Class 'C' Accumulation	10.1197	0.74
Class 'CI' Accumulation	10.1302	0.70
<b>Sterling</b>	<b>£</b>	<b>%</b>
Class 'C-H' Accumulation	10.2941	0.75
<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	9.9160	1.49
Class 'C-H' Accumulation	10.0527	0.74
<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A-H' Accumulation	10.4156	1.51
Class 'C-H' Accumulation	10.5510	0.74
<b>NAV at fund level</b>	<b>€'000</b>	
Net assets	113,180	
Swing pricing adjustment (see note 11)	0	
<b>Swung net assets</b>	<b>113,180</b>	

### Distribution details for holders of distribution shares

This fund has no distributing share classes.

## M&G (Lux) Income Allocation Fund

# Investment objective and policy

### Investment objective

The Fund aims to generate a growing level of income over any three-year period through investment in a range of global assets. The Fund also aims to provide capital growth of 2-4% p.a. over any three-year period.

### Investment policy

The Fund has a highly flexible investment approach with the freedom to invest in different types of assets issued anywhere in the world and denominated in any currency.

The Fund will typically invest in income-generating assets from the following asset classes: fixed income securities, equities, cash and deposits. The Fund can also invest in currencies, near cash and warrants. The Investment Manager will normally seek to hold more than 70% of the Fund's Net Asset Value in euro denominated assets or in other currencies hedged back to euro.

The Fund's exposure to these assets will mostly be gained directly. The Fund may also invest indirectly through other collective investment schemes\*, and via derivatives. Derivatives can be used to meet the Fund's investment objective, for hedging purposes and for efficient portfolio management. The Fund may take synthetic short positions (holding derivative instruments with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, indices and other groups of securities.

The Fund may invest in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

The Fund will normally invest within the following net allocation ranges: 40-80% in fixed income, 10-50% in equities and 0-20% in other assets.

Fixed income instruments that the Fund may invest in include the following:

- bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- bonds from issuers located in emerging markets;
- bonds which are rated investment grade by a recognised rating agency;
- unrated bonds and bonds which are rated sub-investment grade, subject to a maximum of 40% of the Fund's Net Asset Value;
- Asset-Backed Securities subject to a maximum of 10% of the Fund's Net Asset Value; and
- derivatives whose value is derived from bonds, interest rates or credit risk.

Equity instruments that the Fund may invest in include (a) direct company shares and (b) derivatives whose value is derived from company shares.

Other assets, for this purpose, include Convertible Bonds and Contingent Convertible Debt Securities. Contingent Convertible Debt Securities are subject to a maximum of 5% of the Fund's Net Asset Value.

Derivative instruments can be used to meet the Fund's investment objective, for hedging purposes, and for efficient portfolio management. The derivative instruments that the Fund can invest in to achieve its objectives include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Swaps, Credit Default Swaps, Options and Total Return Swaps.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Income Allocation Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES</b>			<b>626,061</b>	<b>48.54</b>
<b>Chemicals</b>				
BASF	74,946	€	5,708	0.44
<b>Aerospace &amp; defense</b>				
BAE Systems	479,795	£	3,395	0.26
<b>Machinery</b>				
Sembcorp Marine	327,800	SG\$	421	0.03
<b>Trading companies &amp; distributors</b>			<b>25,599</b>	<b>1.98</b>
ITOCHU	859,900	¥	13,621	1.05
Mitsubishi	449,000	¥	11,978	0.93
<b>Road &amp; rail</b>			<b>19,983</b>	<b>1.55</b>
East Japan Railway	95,600	¥	7,688	0.60
West Japan Railway	203,900	¥	12,295	0.95
<b>Automobiles</b>			<b>46,511</b>	<b>3.61</b>
Daimler	199,135	€	10,898	0.85
Ford Motor	983,900	US\$	7,837	0.61
Honda Motor	452,700	¥	11,858	0.92
Kia Motors	195,105	KRW	5,327	0.41
Nissan Motor	1,309,500	¥	10,591	0.82
<b>Household durables</b>				
Coway	84,576	KRW	5,708	0.44
<b>Textiles, apparel &amp; luxury goods</b>				
LVMH Moet Hennessy Louis Vuitton	33,580	€	10,322	0.80
<b>Hotels, restaurants &amp; leisure</b>			<b>4,378</b>	<b>0.34</b>
Greene King	249,728	£	1,387	0.11
Kangwon Land	134,001	KRW	2,991	0.23
<b>Media</b>				
Shaw Communications	268,179	CA\$	4,513	0.35
<b>Specialty retail</b>			<b>8,564</b>	<b>0.66</b>
Inditex	208,915	€	5,494	0.42
Truworths International	607,626	ZAR	3,070	0.24
<b>Health care equipment &amp; supplies</b>				
Meridian Bioscience	612,400	US\$	7,905	0.61
<b>Pharmaceuticals</b>			<b>17,104</b>	<b>1.33</b>
GlaxoSmithKline	542,378	£	9,424	0.73
Pfizer	202,600	US\$	7,680	0.60
<b>Banks</b>			<b>262,834</b>	<b>20.38</b>
Banco Bilbao Vizcaya Argentaria	2,518,650	€	13,767	1.07
Banco de Sabadell	9,264,429	€	12,194	0.94
Banco Santander	3,208,119	€	13,890	1.08
Bank of America	216,674	US\$	5,602	0.43
Bank of Montreal	184,472	CA\$	13,208	1.02
Bank of Nova Scotia	170,711	CA\$	8,801	0.68
Bankinter	1,598,463	€	12,609	0.98
BNP Paribas	224,892	€	11,823	0.92
Citigroup	239,100	US\$	15,059	1.17
Commonwealth Bank of Australia	94,509	AU\$	4,203	0.33
Fifth Third Bancorp	160,423	US\$	3,871	0.30
HSBC Holdings	1,025,806	£	7,746	0.60
ING Groep	986,564	€	11,113	0.86
Intesa Sanpaolo	2,577,026	€	5,762	0.45
JPMorgan Chase	76,525	US\$	7,567	0.59
KBC Group	181,177	€	11,664	0.90
KeyCorp	309,600	US\$	5,350	0.41
M&T Bank	38,757	US\$	5,542	0.43
Mediobanca Banca di Credito Finanziario	1,853,607	€	15,921	1.23
Mitsubishi UFJ Financial Group	826,400	¥	4,467	0.35
Mizuho Financial Group	5,988,000	¥	9,039	0.70
PNC Financial Services Group	83,501	US\$	9,902	0.77
Resona Holdings	2,147,000	¥	10,440	0.81
Sumitomo Mitsui Financial Group	277,000	¥	9,673	0.75
Sumitomo Mitsui Trust Holdings	56,700	¥	2,019	0.16
SunTrust Banks	102,076	US\$	5,924	0.46
US Bancorp	282,300	US\$	12,903	1.00
Wells Fargo	280,025	US\$	12,775	0.99

# M&G (Lux) Income Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES (continued)</b>				
<b>Diversified financial services</b>			<b>16,109</b>	<b>1.25</b>
Banca Mediolanum	2,190,415	€	13,077	1.01
ORIX	216,300	¥	3,032	0.24
<b>Consumer finance</b>			<b>10,996</b>	<b>0.85</b>
American Express	94,362	US\$	8,787	0.68
Mastercard	11,507	US\$	2,209	0.17
<b>Capital markets</b>			<b>51,564</b>	<b>4.00</b>
IG Group Holdings	326,159	£	2,337	0.18
M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'C' (Distribution) <sup>(a)</sup>	2,063,722	US\$	17,231	1.34
Natixis	2,500,100	€	14,593	1.13
Nomura Holdings	2,136,900	¥	8,828	0.69
Pendal Group	1,109	AU\$	6	0.00
SPDR® Barclays 10+ Year US Corporate Bond ETF	323,324	US\$	8,569	0.66
<b>Insurance</b>			<b>21,362</b>	<b>1.66</b>
Fairfax Financial Holdings	13,636	CA\$	6,348	0.49
Legal & General Group	1,346,885	£	3,950	0.31
Muenchener Rueckversicherungs-Gesellschaft in Muenchen	57,735	€	11,064	0.86
<b>Software</b>				
Microsoft	179,000	US\$	17,687	1.37
<b>Technology hardware, storage &amp; peripherals</b>				
Apple	89,633	US\$	17,423	1.35
<b>Electronic equipment, instruments &amp; components</b>			<b>14,528</b>	<b>1.13</b>
Hitachi	403,400	¥	11,849	0.92
Hon Hai Precision Industry	1,197,000	TW\$	2,679	0.21
<b>Diversified telecommunication services</b>			<b>12,716</b>	<b>0.99</b>
CenturyLink	498,600	US\$	8,995	0.70
Consolidated Communications Holdings	334,700	US\$	3,721	0.29
<b>Wireless telecommunication services</b>				
SK Telecom	58,805	KRW	12,920	1.00
<b>Electric utilities</b>				
Korea Electric Power	264,063	KRW	6,038	0.47
<b>Equity Real Estate Investment Trusts (REITs)</b>			<b>21,773</b>	<b>1.69</b>
Advance Residence Investment	2,322	¥	5,127	0.40
British Land	927,708	£	6,435	0.50
Japan Retail Fund Investment	3,483	¥	5,474	0.42
Stockland	1,831,417	AU\$	4,737	0.37
<b>FIXED INCOME</b>				
			<b>544,333</b>	<b>42.21</b>
<b>Debt securities</b>			<b>544,025</b>	<b>42.19</b>
<b>'AAA' credit rated bonds</b>			<b>248,528</b>	<b>19.27</b>
US Treasury Note 2.75%	189,018,200	US\$	152,060	11.79
US Treasury Note 2.75%	50,093,200	US\$	42,262	3.28
US Treasury Note 3%	64,803,600	US\$	54,206	4.20
<b>'A' credit rated bonds</b>			<b>69,888</b>	<b>5.42</b>
Chile (Republic of) 5.5%	11,937,000,000	CLP	16,121	1.25
Peru (Republic of) 6.95%	21,942,000	PEN	6,292	0.49
Poland (Republic of) 5.75%	82,859,000	PLN	21,909	1.70
Spain (Kingdom of) 5.15%	16,862,000	€	25,566	1.98
<b>'BBB' credit rated bonds</b>			<b>135,105</b>	<b>10.48</b>
Admiral Group 5.5%	3,201,000	£	3,923	0.31
Barclays Bank FRN	1,189,000	£	1,448	0.11
BUPA Finance 5%	3,016,000	£	3,659	0.28
Colombia (Republic of) 10%	54,906,300,000	COP	18,696	1.45
Ford Motor 7.125%	840,000	US\$	803	0.06
innogy Finance 5.625%	1,131,000	£	1,488	0.12
Italy (Republic of) 2.7%	61,356,000	€	52,064	4.04
Italy (Republic of) 4.75%	6,657,000	€	7,794	0.61
Marks & Spencer 4.75%	2,047,000	£	2,497	0.19
Mexico (United Mexican States) 8.5%	820,620,300	MXN	39,117	3.03
Thomson Reuters 5.85%	125,000	US\$	119	0.01

# M&G (Lux) Income Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Debt securities (continued)</b>					
<b>'BBB' credit rated bonds (continued)</b>					
Western Union 6.2%	344,000	US\$	17.11.36	303	0.02
Zoetis 3.25%	3,760,000	US\$	01.02.23	3,194	0.25
<b>'BB' credit rated bonds</b>				<b>76,753</b>	<b>5.95</b>
Brazil (Federal Republic of) 10%	145,802,000	BRL	01.01.23	30,605	2.37
EI Group 6%	2,917,000	£	06.10.23	3,560	0.28
HCA 4.75%	1,840,000	US\$	01.05.23	1,619	0.13
Ladbroke Group Finance 5.125%	1,740,000	£	08.09.23	2,069	0.16
Qwest 6.875%	3,316,000	US\$	15.09.33	2,849	0.22
South Africa (Republic of) 6.25%	756,554,617	ZAR	31.03.36	32,641	2.53
Tesco 6.125%	218,000	£	24.02.22	276	0.02
Virgin Media Secured Finance 4.875%	2,822,000	£	15.01.27	3,134	0.24
<b>'B' credit rated bonds</b>				<b>8,256</b>	<b>0.64</b>
Altice Financial 9%	3,036,000	€	15.06.23	3,185	0.25
Sprint Capital 6.875%	2,917,000	US\$	15.11.28	2,504	0.19
Ziggo Bond Finance 4.625%	2,583,000	€	15.01.25	2,567	0.20
<b>'CCC' credit rated bonds</b>					
Windstream Services 9%	3,281,000	US\$	30.06.25	2,186	0.17
<b>'D' credit rated bonds</b>				<b>314</b>	<b>0.03</b>
Norfolk Southern Railway 9.75%	252,000	US\$	15.06.20	240	0.02
TRU Taj 12%	131,000	US\$	15.08.21	74	0.01
<b>Bonds with no credit rating</b>					
John Lewis 6.125%	2,347,000	£	21.01.25	2,995	0.23
<b>Contracts</b>					
<b>Debt derivatives</b>				<b>308</b>	<b>0.02</b>
<b>Interest rate swaps</b>				<b>308</b>	<b>0.02</b>
Pay 1.515% Receive VAR Feb 2047	4,500,000	£		277	0.02
Pay 1.523% Receive VAR Jan 2048	200,000	£		12	-
Pay 1.641% Receive VAR Mar 2048	670,000	£		19	-
<b>CURRENCY</b>				<b>(3,762)</b>	<b>(0.29)</b>
<b>Forward currency contracts</b>				<b>(3,762)</b>	<b>(0.29)</b>
Bought for € 25,480,017.37, Sold for £ 22,746,648.51			18.01.19	(32)	-
Bought for € 95,894,423.76, Sold for ¥ 12,590,630,977.00			18.01.19	72	0.01
Bought for € 6,780,770.51, Sold for AU\$ 11,028,652.00			18.01.19	(28)	-
Bought for € 19,487,536.83, Sold for PLN 84,255,905.00			18.01.19	(84)	(0.01)
Bought for € 396,234,106.91, Sold for US\$ 467,383,378.43			18.01.19	(3,546)	(0.28)
Bought for € 3,657,729.77, Sold for ZAR 64,184,196.00			18.01.19	(144)	(0.01)
<b>Portfolio of investments</b>				<b>1,170,394</b>	<b>90.75</b>
<b>SHARE CLASS HEDGING</b>				<b>7</b>	<b>-</b>
Bought for € 54,024.62, Sold for CHF 61,256.84			17.10.18	-	-
Bought for € 2,250.76, Sold for SG\$ 3,595.95			17.10.18	-	-
Bought for € 224,045.88, Sold for US\$ 261,049.78			17.10.18	-	-
Bought for CHF 832,724.44, Sold for € 738,635.64			17.10.18	(2)	-
Bought for SG\$ 199,464.39, Sold for € 124,885.90			17.10.18	-	-
Bought for US\$ 7,846,884.94, Sold for € 6,758,128.79			17.10.18	9	-
<b>Total portfolio</b>				<b>1,166,639</b>	<b>90.46</b>
Net other assets/(liabilities)				123,012	9.54
<b>NET ASSETS</b>				<b>1,289,651</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>					
<b>Investment assets</b>					
Equity securities				626,061	48.54
Debt securities				544,025	42.19
Unrealised gains on forward currency contracts				81	0.01
Unrealised gains on swap contracts				308	0.02
<b>Total Investment assets</b>				<b>1,170,475</b>	<b>90.76</b>

# M&G (Lux) Income Allocation Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Market value €'000	% of net assets
<b>PORTFOLIO SUMMARY (continued)</b>		
<b>Investment liabilities</b>		
Unrealised losses on forward currency contracts	(3,836)	(0.30)
<b>Total Investment liabilities</b>	<b>(3,836)</b>	<b>(0.30)</b>
<b>Total portfolio</b>	<b>1,166,639</b>	<b>90.46</b>
<b>Net other assets/(liabilities)</b>	<b>123,012</b>	<b>9.54</b>
<b>NET ASSETS</b>	<b>1,289,651</b>	<b>100.00</b>

[a] Crossholding (see note 12).

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures	
	Swaps €'000	Forward currency contracts €'000
BNP Paribas	19	19,488
Citigroup Global Markets Limited	-	25,480
Goldman Sachs International	-	194,934
HSBC Bank Plc	277	10,439
Merrill Lynch Pierce Fenner + Smith Inc	-	99,082
State Street Bank and Trust Company	-	7,902
State Street Bank London	-	99,057
UBS AG London	12	99,056

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Income Allocation Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays both quarterly and monthly distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect for the six months ended 30 September 2018.

#### Quarterly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.06.18	20.07.18	23.07.18	26.07.18
Second interim	01.07.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	01.04.18	30.04.18	18.05.18	22.05.18	25.05.18
Second interim	01.05.18	31.05.18	15.06.18	18.06.18	21.06.18
Third interim	01.06.18	30.06.18	20.07.18	23.07.18	26.07.18
Fourth interim	01.07.18	31.07.18	17.08.18	20.08.18	23.08.18
Fifth interim	01.08.18	31.08.18	21.09.18	24.09.18	27.09.18
Sixth interim	01.09.18	30.09.18	19.10.18	22.10.18	25.10.18

#### Distributions

	Euro Class 'A Q'	Euro Class 'B Q'	Euro Class 'C Q'
to 30 September 2018	Euro €	Euro €	Euro €
First interim	0.0970	0.0967	0.0972
Second interim	0.0745	0.0742	0.0748

	Euro Class 'A'	Euro Class 'A F2'	Euro Class 'A F3'	Euro Class 'B F2'	Euro Class 'B F3'
to 30 September 2018	Euro €	Euro €	Euro €	Euro €	Euro €
First interim	0.0482	0.0169	0.0254	0.0169	0.0254
Second interim	0.0250	0.0167	0.0250	0.0167	0.0250
Third interim	0.0228	0.0164	0.0246	0.0164	0.0246
Fourth interim	0.0250	0.0167	0.0249	0.0166	0.0249
Fifth interim	0.0244	0.0163	0.0244	0.0163	0.0243
Sixth interim	0.0245	0.0164	0.0244	0.0163	0.0244

	Euro Class 'C'	Euro Class 'ZI'	Singapore dollar Class 'A-H'	Singapore dollar Class 'C-H'
to 30 September 2018	Euro €	Euro €	SGD €	SGD €
First interim	0.0482	-	0.0473	0.0475
Second interim	0.0251	0.0257	0.0252	0.0253
Third interim	0.0228	0.0163	0.0229	0.0230
Fourth interim	0.0251	0.0257	0.0252	0.0253
Fifth interim	0.0246	0.0252	0.0247	0.0248
Sixth interim	0.0246	0.0253	0.0248	0.0249

	US dollar Class 'A-H'	US dollar Class 'C-H'
to 30 September 2018	US \$	US \$
First interim	0.0472	0.0470
Second interim	0.0253	0.0254
Third interim	0.0231	0.0231
Fourth interim	0.0254	0.0254
Fifth interim	0.0249	0.0250
Sixth interim	0.0250	0.0251

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
Euro	€	%
Class 'A' Accumulation	9.5983	1.71
Class 'A' Distribution	9.4120	1.71
Class 'A Q' Distribution	9.4865	1.71
Class 'A F2' Distribution	9.8162	1.72 [a]
Class 'A F3' Distribution	9.7751	1.72 [a]
Class 'B' Accumulation	9.5662	2.21
Class 'B Q' Distribution	9.4530	2.21
Class 'B F2' Distribution	9.7928	2.22 [a]
Class 'B F3' Distribution	9.7511	2.22 [a]
Class 'C' Accumulation	9.6557	0.86
Class 'C' Distribution	9.4683	0.86
Class 'C Q' Distribution	9.5305	0.86
Class 'CI' Accumulation	9.6617	0.82
Class 'ZI' Distribution	9.7237	0.18 [a]
Singapore dollar	SG\$	%
Class 'A-H' Accumulation	9.7262	1.73
Class 'A-H' Distribution	9.5298	1.73
Class 'C-H' Accumulation	9.7862	0.88
Class 'C-H' Distribution	9.5873	0.88
Swiss franc	CHF	%
Class 'A-H' Accumulation	9.5780	1.73
Class 'C-H' Accumulation	9.6349	0.89
US dollar	US\$	%
Class 'A-H' Accumulation	9.7836	1.73
Class 'A-H' Distribution	9.6013	1.73
Class 'C-H' Accumulation	9.8439	0.89
Class 'C-H' Distribution	9.6440	0.89

[a] The share class has an estimated TER shown, as this share class launched in the period, therefore this is a more reliable estimate of the charges suffered.

NAV at fund level	€'000
Net assets	1,289,651
Swing pricing adjustment (see note 11)	0
Swung net assets	1,289,651



## M&G (Lux) Multi Asset 2023 Fund

# Investment objective and policy

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### Investment objective

The Fund has two aims:

- to pay a fixed annual distribution of 2.5% based on the initial amount invested until maturity in December 2023; and
- to grow capital over the six-year term.

### Investment policy

The Fund invests in open-ended investment funds where the Investment Manager is M&G Investment Management Limited to gain exposure to a range of assets\*. The open-ended investment funds can be invested in single asset class or in a range of asset classes, including equities, fixed income securities, property, convertibles, currencies and money market instruments from anywhere in the world.

In the period leading up to maturity, the Fund may hold high levels of cash and near cash.

The Fund will be established for a period of six years after the Initial Offer Period, during which time no further subscriptions will be allowed. Investors who remain invested until maturity will not be subject to any redemption charge, however investors who redeem prior to maturity will be subject to a regressive redemption charge.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Multi Asset 2023 Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES</b>			<b>116,513</b>	<b>70.33</b>
<b>Equity portfolio</b>			<b>116,513</b>	<b>70.33</b>
M&G (Lux) Conservative Allocation Fund Class 'C' (Accumulation) <sup>[a]</sup>	1,760,135	€	17,059	10.30
M&G (Lux) Dynamic Allocation Fund Class 'C' (Accumulation) <sup>[a]</sup>	2,439,924	€	23,397	14.12
M&G (Lux) Global Target Return Fund Class 'CI' (Accumulation) <sup>[a]</sup>	1,671,281	€	16,970	10.24
M&G (Lux) Income Allocation Fund Class 'C' (Distribution) <sup>[a]</sup>	2,619,291	€	24,824	14.99
M&G Episode Macro Fund Class 'S-H' (Accumulation) <sup>[b]</sup>	1,804,640	€	23,486	14.18
M&G Global Dividend Fund Euro Class 'C' (Accumulation) <sup>[b]</sup>	417,727	€	10,777	6.50
<b>FIXED INCOME</b>			<b>48,092</b>	<b>29.03</b>
<b>Bond portfolios</b>			<b>48,092</b>	<b>29.03</b>
M&G Emerging Markets Bond Fund EUR Class 'C-H' (Accumulation) <sup>[b]</sup>	1,053,593	€	9,025	5.45
M&G Global Convertibles Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>	239,831	€	3,285	1.98
M&G Global High Yield Bond Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>	267,029	€	3,279	1.98
M&G Optimal Income Fund Euro Class 'C-H' (Accumulation) <sup>[b]</sup>	890,352	€	16,758	10.12
M&G (Lux) Absolute Return Bond Fund Class 'C' (Distribution) <sup>[a]</sup>	638,786	€	6,326	3.82
M&G (Lux) Emerging Markets Hard Currency Bond Fund Class 'C-H' (Distribution) <sup>[a]</sup>	1,012,153	€	9,419	5.68
<b>Portfolio of investments</b>			<b>164,605</b>	<b>99.36</b>
<b>Total portfolio</b>			<b>164,605</b>	<b>99.36</b>
Net other assets/(liabilities)			1,065	0.64
<b>NET ASSETS</b>			<b>165,670</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>				
<b>Investment assets</b>				
Equity Portfolios			116,513	70.33
Bond portfolios			48,092	29.03
<b>Total Investment assets</b>			<b>164,605</b>	<b>99.36</b>
<b>Total portfolio</b>			<b>164,605</b>	<b>99.36</b>
<b>Net other assets/(liabilities)</b>			<b>1,065</b>	<b>0.64</b>
<b>NET ASSETS</b>			<b>165,670</b>	<b>100.00</b>

<sup>[a]</sup> Crossholding (see note 12).

<sup>[b]</sup> Related Party (see note 12).

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the preredemmed date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Multi Asset 2023 Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays distributions to the holders of distribution shares.

No distributions to report for this period.

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the six months ended 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	TER
Euro	€	%
Class 'P' Accumulation	9.7759	1.63
Class 'P' Distribution	9.7759	1.63
<b>NAV at fund level</b>		
	€'000	
Net assets	165,670	
Swing pricing adjustment (see note 11)	0	
<b>Swung net assets</b>	<b>165,670</b>	

## M&G (Lux) Optimal Income Fund

# Investment objective and policy

---

### Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) to investors based on exposure to optimal income streams in investment markets.

### Investment policy

The Fund invests at least 50% of its Net Asset Value in debt securities including investment grade bonds, high yield bonds, unrated securities and Asset-Backed Securities. These securities may be issued by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies. Issuers of these securities may be located in any country, including emerging markets, and denominated in any currency. At least 80% of the Net Asset Value will be in Euro or hedged into Euro.

While the Fund's overall duration will not be negative, the Fund may derive negative duration from individual fixed income markets.

The Fund may invest up to a combined maximum of 100% of the Fund's Net Asset Value in below investment grade and unrated securities. There are no credit quality restrictions with respect to the debt securities in which the Fund may invest.

The Fund may also hold up to a maximum of 20% of its Net Asset Value in Contingent Convertible Debt Securities and up to a maximum of 20% of its Net Asset Value in Asset-Backed Securities.

The Fund is a flexible bond fund that allows investment across a broad range of fixed income assets according to where the Investment Manager finds value. In identifying the optimal income stream, the Fund also has the flexibility to invest up to a maximum of 20% of its Net Asset Value in equities.

The Fund will typically invest directly. The Fund may also invest indirectly via derivative instruments to take both long and short positions and to gain exposure to investments exceeding the Net Asset Value of the Fund in order to increase potential returns in both rising and falling markets. Derivative instruments can be used to meet the Fund's investment objective, for efficient portfolio management and for the purpose of hedging. These instruments may include, but are not limited to, Spot and Forward Contracts, Exchange Traded Futures, Credit Default Swaps, Total Return Swaps and Interest Rate Swaps.

The Fund may also invest in other assets including, collective investment schemes\*, cash and near cash, deposits, warrants and other debt securities.

\* When the underlying collective investment scheme is also managed by the Management Company (or an associate), the Management Company will reduce its Annual Management Charge by the amount of any equivalent charge that has been taken on the underlying collective investment schemes and no initial or redemption charge will apply at the level of the underlying collective investment scheme to avoid any double charge.

# M&G (Lux) Optimal Income Fund

## Portfolio statement

### Portfolio statement

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>EQUITIES</b>			<b>5,440</b>	<b>4.75</b>
<b>Commercial services &amp; supplies</b>				
Babcock International Group	7,000	£	57	0.05
<b>Automobiles</b>			<b>956</b>	<b>0.83</b>
Bayerische Motoren Werke	5,000	€	389	0.34
Daimler	6,000	€	328	0.28
Ford Motor	30,000	US\$	239	0.21
<b>Tobacco</b>			<b>416</b>	<b>0.36</b>
British American Tobacco	5,000	£	204	0.18
Imperial Brands	7,000	£	212	0.18
<b>Pharmaceuticals</b>			<b>870</b>	<b>0.76</b>
Novartis	6,000	CHF	449	0.39
Roche Holding	2,000	CHF	421	0.37
<b>Banks</b>			<b>1,900</b>	<b>1.66</b>
Banco Bilbao Vizcaya Argentaria	39,000	€	213	0.19
Banco Santander	51,000	€	221	0.19
BNP Paribas	7,000	€	368	0.32
Intesa Sanpaolo	68,000	€	152	0.13
Lloyds Banking Group	424,000	£	284	0.25
Royal Bank of Scotland Group	64,000	£	178	0.16
Société Générale	9,000	€	330	0.29
UniCredit	12,000	€	154	0.13
<b>Insurance</b>			<b>750</b>	<b>0.66</b>
AXA	16,000	€	367	0.32
Muenchener Rueckversicherungs-Gesellschaft in Muenchen	2,000	€	383	0.34
<b>Diversified telecommunication services</b>				
BT Group	106,000	£	271	0.24
<b>Electric utilities</b>				
SSE	17,000	£	220	0.19

			Maturity date		
<b>FIXED INCOME</b>				<b>104,515</b>	<b>91.29</b>
<b>Debt securities</b>				<b>104,170</b>	<b>90.99</b>
<b>'AAA' credit rated bonds</b>				<b>36,916</b>	<b>32.25</b>
European Investment Bank 5.5%	900,000	£	15.04.25	1,259	1.10
Germany (Federal Republic of) 0%	4,000,000	€	09.04.21	4,049	3.54
Germany (Federal Republic of) 0.25%	4,000,000	€	16.10.20	4,065	3.55
Germany (Federal Republic of) 0.25%	1,100,000	€	11.10.19	1,110	0.97
Germany (Federal Republic of) 0.5%	1,100,000	€	12.04.19	1,107	0.97
Germany (Federal Republic of) 0.5%	1,800,000	€	15.02.28	1,817	1.59
Germany (Federal Republic of) 1%	1,900,000	€	22.02.19	1,912	1.67
Germany (Federal Republic of) 3%	2,800,000	€	04.07.20	2,977	2.60
Germany (Federal Republic of) 3.5%	600,000	€	04.07.19	619	0.54
Johnson & Johnson 0.25%	600,000	€	20.01.22	603	0.53
Kreditanstalt fuer Wiederaufbau 5.5%	1,100,000	£	18.06.25	1,549	1.35
Microsoft 3.3%	2,000,000	US\$	06.02.27	1,700	1.49
Microsoft 3.95%	1,200,000	US\$	08.08.56	1,021	0.89
Microsoft 4%	1,100,000	US\$	12.02.55	943	0.82
Santander UK 5.25%	400,000	£	16.02.29	576	0.50
US Treasury I/L 0.625%	2,200,000	US\$	15.04.23	1,903	1.66
US Treasury Note 2.5%	3,800,000	US\$	15.05.24	3,204	2.80
US Treasury Note 2.75%	3,800,000	US\$	15.02.24	3,250	2.84
US Treasury Note 2.75%	3,800,000	US\$	15.11.23	3,252	2.84
<b>'AA' credit rated bonds</b>				<b>11,062</b>	<b>9.66</b>
Apple 2.9%	1,200,000	US\$	12.09.27	977	0.85
Deutsche Bahn Finance 1.375%	300,000	£	07.07.25	329	0.29
France (Republic of) 0%	2,000,000	€	25.05.21	2,018	1.76
France (Republic of) 0%	2,000,000	€	25.02.20	2,015	1.76
France (Republic of) 1%	2,000,000	€	25.05.27	2,068	1.81
Land Securities Capital Markets 2.375%	300,000	£	29.03.29	339	0.30
Paragon Mortgages No 13 FRN	352,611	US\$	15.01.39	287	0.25
SNCF Réseau EPIC 5.5%	400,000	£	01.12.21	508	0.44
United Kingdom of Great Britain and Northern Ireland 1.75%	1,100,000	£	22.07.19	1,248	1.09
United Kingdom of Great Britain and Northern Ireland 3.75%	1,100,000	£	07.09.19	1,273	1.11

# M&G (Lux) Optimal Income Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Debt securities (continued)</b>					
<b>'A' credit rated bonds</b>				<b>7,562</b>	<b>6.61</b>
Anheuser-Busch InBev 2.25%	500,000	£	24.05.29	533	0.47
AT&T 4.5%	2,000,000	US\$	09.03.48	1,525	1.33
Crédit Suisse Group FRN	250,000	£	12.09.25	269	0.23
Electricite de France 6%	200,000	£	23.01.14	290	0.25
Engie 5.95%	109,000	€	16.03.11	189	0.17
Eni 4.75%	200,000	US\$	12.09.28	172	0.15
Halfmoon Parent 4.375%	140,000	US\$	15.10.28	121	0.11
Hammerson 3.5%	300,000	£	27.10.25	345	0.30
Heathrow Funding 6.75%	400,000	£	03.12.28	586	0.51
TOTAL FRN	250,000	€	29.12.49	262	0.23
Verizon Communications 4.672%	1,900,000	US\$	15.03.55	1,553	1.36
Verizon Communications 5.012%	2,000,000	US\$	21.08.54	1,717	1.50
<b>'BBB' credit rated bonds</b>				<b>36,767</b>	<b>32.11</b>
3i Group 5.75%	200,000	£	03.12.32	280	0.24
Assicurazioni Generali FRN	300,000	€	27.10.47	319	0.28
AT&T 4.55%	2,200,000	US\$	09.03.49	1,682	1.47
Aviva FRN	700,000	£	20.05.58	930	0.81
AXA FRN	400,000	£	16.01.54	476	0.42
Bank of America 4.183%	1,500,000	US\$	25.11.27	1,268	1.11
Bank of America 4.25%	1,300,000	US\$	22.10.26	1,111	0.97
Barclays 3.25%	600,000	£	17.01.33	614	0.54
BAT International Finance 4%	600,000	£	04.09.26	730	0.64
Bayer US Finance II 4.875%	1,200,000	US\$	25.06.48	1,010	0.88
BNP Paribas 4.625%	1,000,000	US\$	13.03.27	855	0.75
BPCE 5.25%	200,000	£	16.04.29	257	0.22
British Telecommunications 9.625%	300,000	US\$	15.12.30	369	0.32
Channel Link Enterprises Finance FRN	250,000	€	30.06.50	252	0.22
Citigroup 4.45%	1,800,000	US\$	29.09.27	1,540	1.34
Colombia (Republic of) 5%	300,000	US\$	15.06.45	260	0.23
Cooperatieve Rabobank 5.25%	200,000	£	14.09.27	258	0.22
Crédit Agricole London 4.125%	800,000	US\$	10.01.27	670	0.58
CVS Health 4.3%	300,000	US\$	25.03.28	257	0.22
Deutsche Telekom International Finance 8.75%	700,000	US\$	15.06.30	806	0.70
DP World 4.25%	128,000	£	25.09.30	144	0.13
Enel Finance International 3.625%	1,000,000	US\$	25.05.27	783	0.68
Express Scripts Holding 3%	150,000	£	12.05.32	157	0.14
Gatwick Funding 3.125%	400,000	£	28.09.41	434	0.38
General Motors Financial 5.25%	1,300,000	US\$	01.03.26	1,151	1.01
Goldman Sachs Group 7.25%	600,000	£	10.04.28	905	0.79
HSBC Holdings 6%	1,300,000	£	29.03.40	1,831	1.60
Imperial Brands Finance 4.875%	200,000	£	07.06.32	255	0.22
Italy (Republic of) 6%	500,000	£	04.08.28	660	0.58
JPMorgan Chase 3.875%	2,200,000	US\$	10.09.24	1,881	1.64
Kinder Morgan 5.05%	500,000	US\$	15.02.46	430	0.38
Koninklijke KPN 5.75%	400,000	£	17.09.29	550	0.48
Kraft Heinz Foods 2.25%	500,000	€	25.05.28	505	0.44
Legal & General Group FRN	600,000	£	27.10.45	718	0.63
Mexico (United Mexican States) 5.625%	900,000	£	19.03.14	1,045	0.91
Molson Coors Brewing 1.25%	250,000	€	15.07.24	247	0.22
Morgan Stanley 4.35%	1,800,000	US\$	08.09.26	1,544	1.35
Next 3.625%	200,000	£	18.05.28	225	0.20
NGG Finance FRN	200,000	£	18.06.73	247	0.22
Orange FRN	1,200,000	€	29.10.49	1,327	1.16
Petroleos Mexicanos 3.75%	300,000	€	21.02.24	309	0.27
Société Générale 4.25%	800,000	US\$	14.04.25	668	0.58
Sunoco Logistics Partners Operations 5.4%	700,000	US\$	01.10.47	597	0.52
Telefonica Emisiones 7.045%	700,000	US\$	20.06.36	733	0.64
Thames Water Utilities Cayman Finance FRN	500,000	£	13.09.30	623	0.54
Time Warner Cable 5.75%	400,000	£	02.06.31	515	0.45
Verizon Communications 5.25%	1,300,000	US\$	16.03.37	1,202	1.05
Vodafone Group 3%	1,100,000	£	12.08.56	1,050	0.92
Vodafone Group FRN	129,000	€	03.10.78	129	0.11
Walgreens Boots Alliance 3.6%	200,000	£	20.11.25	234	0.20
Wells Fargo 4.3%	2,000,000	US\$	22.07.27	1,724	1.51

# M&G (Lux) Optimal Income Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Maturity date	Market value €'000	% of net assets
<b>FIXED INCOME (continued)</b>					
<b>Debt securities (continued)</b>					
<b>'BB' credit rated bonds</b>				<b>10,406</b>	<b>9.09</b>
Banco Santander FRN	400,000	€	12.03.49	403	0.35
Brazil (Federal Republic of) 5%	500,000	US\$	27.01.45	360	0.32
CaixaBank FRN	200,000	€	31.12.99	216	0.19
Cemex Finance 4.625%	400,000	€	15.06.24	426	0.37
EI Group 6%	200,000	£	06.10.23	244	0.21
HCA 5.5%	1,100,000	US\$	15.06.47	961	0.84
KBC Group FRN	400,000	€	31.12.99	370	0.32
Lloyds Banking Group FRN	1,100,000	£	29.12.49	1,414	1.24
Nationwide Building Society FRN	600,000	£	29.12.49	690	0.60
Petrobras Global Finance 6.625%	500,000	£	16.01.34	551	0.48
Royal Bank of Scotland Group 6.1%	700,000	US\$	10.06.23	631	0.55
Solvay Finance FRN	300,000	€	29.12.49	344	0.30
Telecom Italia Milano 5.25%	600,000	€	17.03.55	608	0.53
Tesco Property Finance 4 5.801%	685,263	£	13.10.40	896	0.78
Teva Pharmaceutical Finance Netherlands III 4.1%	300,000	US\$	01.10.46	190	0.17
UBS Group Funding Switzerland FRN	800,000	US\$	31.12.99	612	0.54
Unitymedia Hessen 4%	600,000	€	15.01.25	632	0.55
Virgin Media Secured Finance 5.5%	540,000	£	15.01.25	625	0.55
Wind Tre FRN	250,000	€	20.01.24	233	0.20
<b>'B' credit rated bonds</b>				<b>1,247</b>	<b>1.09</b>
Argentina (Republic of) 5%	300,000	€	15.01.27	245	0.22
Banco de Sabadell FRN	400,000	€	31.12.99	405	0.35
Intesa Sanpaolo FRN	400,000	€	31.12.99	399	0.35
UniCredit FRN	200,000	€	31.12.99	198	0.17
<b>Bonds with no credit rating</b>					
John Lewis 4.25%	200,000	£	18.12.34	210	0.18
<b>Contracts</b>					
<b>Debt derivatives</b>				<b>345</b>	<b>0.30</b>
<b>Credit default swaps</b>				<b>22</b>	<b>0.02</b>
iTraxx Europe Crossover Jun 2023	700,000	€		(69)	(0.06)
iTraxx Europe Jun 2023	12,100,000	€		239	0.21
iTraxx Europe Jun 2028	9,400,000	€		(32)	(0.03)
iTraxx Europe Sub Financials Jun 2023	1,700,000	€		(37)	(0.03)
Markit's North American Investment Grade Jun 2023	7,800,000	US\$		(137)	(0.12)
Markit's North American Investment Grade Jun 2028	1,700,000	US\$		(3)	-
Markit's North American High Yield CDX Index Jun 2023	900,000	US\$		61	0.05
<b>Interest rate swaps</b>				<b>55</b>	<b>0.05</b>
Pay 1.658% Receive VAR Sep 2048	1,100,000	£		27	0.03
Receive 1.493% Pay VAR Sep 2048	850,000	€		(8)	(0.01)
Pay 1.578% Receive VAR Sep 2068	900,000	£		36	0.03
<b>Commitment value (€'000)</b>					
<b>Interest rate futures</b>				<b>268</b>	<b>0.23</b>
Germany (Federal Republic of) Bobl 5 year Futures	(20)	€	06.12.18	2,615	0.01
Germany (Federal Republic of) Bund 10 year Futures	(49)	€	06.12.18	7,793	0.04
Germany (Federal Republic of) Buxl 30 year Futures	(33)	€	06.12.18	5,771	0.01
Germany (Federal Republic of) Schatz 2 year Futures	(9)	€	06.12.18	1,006	-
US Treasury Notes 10 year Futures	48	US\$	19.12.18	4,929	(0.04)
US Treasury Notes 30 year Futures	(20)	US\$	19.12.18	2,435	0.03
US Ultra Bond Futures	(92)	US\$	19.12.18	12,324	0.19
UK Treasury Notes Futures	(70)	£	27.12.18	9,552	0.05
US Treasury Notes 5 year Futures	110	US\$	31.12.18	10,689	(0.06)
<b>CURRENCY</b>				<b>(628)</b>	<b>(0.55)</b>
<b>Forward currency contracts</b>				<b>(628)</b>	<b>(0.55)</b>
Bought for € 28,311,926.22, Sold for £ 25,482,223.57			17.10.18	(368)	(0.31)
Bought for € 874,674.56, Sold for CHF 985,861.07			17.10.18	3	-
Bought for € 44,739,528.10, Sold for US\$ 52,181,728.90			17.10.18	(263)	(0.24)
Bought for CHF 20,634.45, Sold for € 18,330.29			17.10.18	-	-
<b>Portfolio of investments</b>				<b>109,955</b>	<b>96.04</b>

# M&G (Lux) Optimal Income Fund

## Portfolio statement

### Portfolio statement (continued)

Investment description	Holding	Currency	Market value €'000	% of net assets
<b>CASH EQUIVALENTS</b>			<b>1,373</b>	<b>1.20</b>
'AAA' rated money market funds				
Northern Trust Global Funds - Euro Liquidity Fund Class 'D'	1,397,069	€	1,373	1.20
<b>Maturity date</b>				
<b>SHARE CLASS HEDGING</b>				
Bought for € 692.85, Sold for CHF 780.92			-	-
Bought for CHF 167,627.82, Sold for € 148,687.16			-	-
Bought for SG\$ 72,869.89, Sold for € 45,625.42			-	-
Bought for US\$ 218,129.01, Sold for € 187,897.96			-	-
<b>Total portfolio</b>			<b>110,700</b>	<b>96.69</b>
Net other assets/(liabilities)			3,785	3.31
<b>NET ASSETS</b>			<b>114,485</b>	<b>100.00</b>
<b>PORTFOLIO SUMMARY</b>				
<b>Investment assets</b>				
Equity securities			5,440	4.75
Debt securities			104,170	90.99
Unrealised gains on futures contracts			378	0.33
Unrealised gains on forward currency contracts			3	0.00
Unrealised gains on swap contracts			363	0.32
<b>Total Investment assets</b>			<b>110,354</b>	<b>96.39</b>
<b>Investment liabilities</b>				
Unrealised losses on futures contracts			(110)	(0.10)
Unrealised losses on forward currency contracts			(631)	(0.55)
Unrealised losses on swap contracts			(286)	(0.25)
<b>Total Investment liabilities</b>			<b>(1,027)</b>	<b>(0.90)</b>
<b>Total portfolio</b>			<b>109,327</b>	<b>95.49</b>
<b>Cash equivalents</b>			<b>1,373</b>	<b>1.20</b>
<b>Net other assets/(liabilities)</b>			<b>3,785</b>	<b>3.31</b>
<b>NET ASSETS</b>			<b>114,485</b>	<b>100.00</b>

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

Interest rates represent either the stated coupon rate or, for floating rate securities, the current reset rate which is based upon interest rates indices.

Maturity dates represent either the stated date on the security, or the next interest reset date for floating rate securities or the prerefunded date for those types of securities.

Variable and floating coupon rates are those quoted as of 28 September 2018.

The accompanying notes to the financial statements are an integral part of these financial statements.

### Counterparty exposure

Counterparty	Derivative exposures		
	Swaps €'000	Forward currency contracts €'000	Futures €'000
Barclays Bank London	69	-	-
Citigroup Global Markets Limited	276	45,533	-
J.P.Morgan	301	-	-
Merrill Lynch Pierce Fenner + Smith Inc	3	-	57,114
National Australia Bank Ltd	-	1,046	-
Standard Chartered Bank	-	19	-
State Street Bank and Trust Company	-	383	-
State Street Bank London	-	27,346	-

Exposure represents the fund's exposure to that counterparty.

The accompanying notes to the financial statements are an integral part of these financial statements.



## M&G (Lux) Optimal Income Fund

# Financial highlights (unaudited)

### Fund performance

As the fund has not yet operated for a 12 month period long-term performance figures have not been calculated.

### Distribution details for holders of distribution shares

This fund pays both monthly and semi-annual distributions to the holders of distribution shares and the following tables set out the distribution timetables and rates per share declared in respect for the financial period from 5 September 2018 (the launch date of the fund) to 30 September 2018.

#### Semi-annual distribution periods

	Start	End	Record date	Xd	Payment
Interim	05.09.18	30.09.18	28.09.18	01.10.18	04.10.18

#### Monthly distribution periods

	Start	End	Record date	Xd	Payment
First interim	05.09.18	30.09.18	28.09.18	01.10.18	04.10.18

#### Distributions

	Euro Class 'A'	Euro Class 'B'	Euro Class 'C'	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'
to 30 September 2018	Euro €	Euro €	Euro €	Swiss €	Swiss €
First interim	0.1754	0.1756	0.1753	0.1760	0.1761

	US dollar Class 'A-H'	US dollar Class 'C-H'	US dollar Class 'J-H'
to 30 September 2018	US \$	US \$	US \$
First interim	0.1722	0.1719	0.1746

	Singapore dollar Class 'A-H M'	US dollar Class 'A-H M'
to 30 September 2018	SGD \$	US \$
First interim	0.0354	0.0355

### Net Asset Values (NAV) and Total Expense Ratios (TER)

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 11 to the Financial Statements (also known as the price per share) at 30 September 2018 and Total Expense Ratio (TER) for the financial period from 5 September 2018 (the launch date of the fund) to 30 September 2018.

#### Net Asset Values and Total Expense Ratios

NAV per share	NAV	Estimated TER
<b>Euro</b>	<b>€</b>	<b>%</b>
Class 'A' Accumulation	10.0330	1.47
Class 'A' Distribution	10.0347	1.47
Class 'B' Accumulation	10.0317	1.97
Class 'B' Distribution	10.0317	1.97
Class 'C' Accumulation	10.0375	0.97
Class 'C' Distribution	10.0375	0.97
Class 'CI' Accumulation	10.0380	0.93
Class 'J' Accumulation	10.0385	0.82
Class 'K' Accumulation	10.0534	0.18

<b>Singapore dollar</b>	<b>SG\$</b>	<b>%</b>
Class 'A-H' Accumulation	10.0460	1.49
Class 'A-H M' Distribution	10.0461	1.49
Class 'C-H' Accumulation	10.0490	0.99

<b>Swiss franc</b>	<b>CHF</b>	<b>%</b>
Class 'A-H' Accumulation	10.0320	1.49
Class 'A-H' Distribution	10.0313	1.49
Class 'C-H' Accumulation	10.0349	0.99
Class 'C-H' Distribution	10.0349	0.99
Class 'CI-H' Accumulation	10.0360	0.95
Class 'J-H' Accumulation	10.0357	0.84

<b>US dollar</b>	<b>US\$</b>	<b>%</b>
Class 'A-H' Accumulation	10.0496	1.49
Class 'A-H' Distribution	10.0496	1.49
Class 'A-H M' Distribution	10.0496	1.49
Class 'C-H' Accumulation	10.0525	0.99
Class 'C-H' Distribution	10.0525	0.99
Class 'CI-H' Accumulation	10.0536	0.95
Class 'J-H' Accumulation	10.0533	0.84
Class 'J-H' Distribution	10.0533	0.84

<b>NAV at fund level</b>	<b>€'000</b>
Net assets	114,485
Swing pricing adjustment (see note 11)	261
<b>Swung net assets</b>	<b>114,746</b>

The estimated TER shown is an estimate of the charges as the share class has experienced significant inflows, therefore this is a more reliable estimate of the charges suffered.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

#### Statement of net assets

as at 30 September 2018	Notes	M&G (Lux) Absolute Return Bond Fund €'000	M&G (Lux) Conservative Allocation Fund €'000	M&G (Lux) Dynamic Allocation Fund €'000	M&G (Lux) Emerging Markets Bond Fund US\$'000	M&G (Lux) Emerging Markets Hard Currency Bond Fund US\$'000
<b>ASSETS</b>						
Investment assets [a]	2c	42,723	2,818,914	7,887,937	69,249	181,716
Cash and bank balances	2c					
Amounts held at futures clearing houses and collateral manager		13	38,418	166,846	0	0
Cash equivalents		0	0	0	2,132	0
Cash held on deposit		290	9,180	27,163	0	0
Cash held as bank balances		1,317	363,652	1,149,627	1,499	13,057
<b>Total cash and bank balances</b>		<b>1,620</b>	<b>411,250</b>	<b>1,343,636</b>	<b>3,631</b>	<b>13,057</b>
Other assets						
Sales awaiting settlement	2c	405	410	0	573	261
Amounts receivable on issues of shares		63	12,968	107,128	13,795	507
Debt security interest receivable	2c	343	12,070	34,489	1,176	2,950
Derivative income receivable	2d	1	0	0	0	0
Dividends receivable	2d	0	1,763	6,050	0	0
Other receivable	2d	0	119	431	0	0
<b>Total other assets</b>		<b>812</b>	<b>27,330</b>	<b>148,098</b>	<b>15,544</b>	<b>3,718</b>
<b>Total assets</b>		<b>45,155</b>	<b>3,257,494</b>	<b>9,379,671</b>	<b>88,424</b>	<b>198,491</b>
<b>LIABILITIES</b>						
Investment liabilities	2c	(401)	(27,200)	(81,263)	(188)	(63)
Cash and bank balances	2c					
Bank overdrafts	2c	(991)	(59,599)	(342,114)	(842)	(10,996)
Overdrawn positions at futures clearing houses and collateral manager	2c	(36)	(8,684)	(33,406)	0	0
<b>Total overdraft</b>		<b>(1,027)</b>	<b>(68,283)</b>	<b>(375,520)</b>	<b>(842)</b>	<b>(10,996)</b>
Other liabilities						
Amounts payable on cancellation of shares	2d, 6	(60)	(10,059)	(117,085)	(54)	(495)
Purchases awaiting settlement	2d, 6	(194)	0	0	(9,318)	(647)
Annual management charge payable	2d, 6	(15)	(2,747)	(9,850)	0	(94)
Administration charge payable	2d, 6	(6)	(399)	(1,115)	(3)	(23)
Depository's charge payable	2d, 7	(2)	(69)	(146)	0	(8)
Audit fee payable	2d, 8	(10)	(9)	(10)	0	(5)
Safe custody charges payable	2d, 7	(1)	(77)	(226)	0	(4)
Custody transaction charges payable	2d, 7	(10)	(26)	(59)	0	(7)
Taxe d'abonnement payable	2d, 10	(7)	(772)	(2,086)	(4)	(26)
Other payable	2d	0	(78)	(56)	(1)	0
<b>Total other liabilities</b>		<b>(305)</b>	<b>(14,236)</b>	<b>(130,633)</b>	<b>(9,380)</b>	<b>(1,309)</b>
<b>Total liabilities</b>		<b>(1,733)</b>	<b>(109,719)</b>	<b>(587,416)</b>	<b>(10,410)</b>	<b>(12,368)</b>
<b>NET ASSETS</b>		<b>43,422</b>	<b>3,147,775</b>	<b>8,792,255</b>	<b>78,014</b>	<b>186,123</b>

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Financial statements

#### Statement of net assets (continued)

as at 30 September 2018	Notes	M&G (Lux) Emerging Markets Income Opportunities Fund US\$'000	M&G (Lux) European Inflation Linked Corporate Bond Fund €'000	M&G (Lux) European Strategic Value Fund €'000	M&G (Lux) Floating Rate High Yield Solution US\$'000	M&G (Lux) Global Dividend Fund US\$'000
<b>ASSETS</b>						
Investment assets [a]	2c	21,656	93,722	105,546	46,803	30,910
Cash and bank balances	2c					
Amounts held at futures clearing houses and collateral manager		0	11	0	0	0
Cash equivalents		0	0	5,820	0	630
Cash held on deposit		0	0	0	0	0
Cash held as bank balances		1,350	6,364	82	7,893	228
<b>Total cash and bank balances</b>		<b>1,350</b>	<b>6,375</b>	<b>5,902</b>	<b>7,893</b>	<b>858</b>
Other assets						
Sales awaiting settlement	2c	0	202	105	190	16
Amounts receivable on issues of shares		0	554	0	125	0
Debt security interest receivable	2c	149	409	0	151	0
Derivative income receivable	2d	0	10	0	51	0
Dividends receivable	2d	25	0	65	0	51
Other receivable	2d	0	0	0	0	0
<b>Total other assets</b>		<b>174</b>	<b>1,175</b>	<b>170</b>	<b>517</b>	<b>67</b>
<b>Total assets</b>		<b>23,180</b>	<b>101,272</b>	<b>111,618</b>	<b>55,213</b>	<b>31,835</b>
<b>LIABILITIES</b>						
Investment liabilities	2c	(1)	(254)	0	(6)	0
Cash and bank balances	2c					
Bank overdrafts	2c	(815)	(5,544)	0	(136)	0
Overdrawn positions at futures clearing houses and collateral manager	2c	0	0	0	0	0
<b>Total overdraft</b>		<b>(815)</b>	<b>(5,544)</b>	<b>0</b>	<b>(136)</b>	<b>0</b>
Other liabilities						
Amounts payable on cancellation of shares	2d, 6	(1)	(696)	0	(14)	0
Purchases awaiting settlement	2d, 6	(200)	(599)	(92)	(34)	(194)
Annual management charge payable	2d, 6	(11)	(66)	0	(13)	0
Administration charge payable	2d, 6	(3)	(12)	0	(7)	0
Depository's charge payable	2d, 7	(1)	(3)	0	(1)	0
Audit fee payable	2d, 8	(5)	(7)	0	0	0
Safe custody charges payable	2d, 7	(8)	0	0	0	0
Custody transaction charges payable	2d, 7	(7)	(2)	0	(11)	0
Taxe d'abonnement payable	2d, 10	(1)	(24)	0	(7)	0
Other payable	2d	0	0	0	0	0
<b>Total other liabilities</b>		<b>(237)</b>	<b>(1,409)</b>	<b>(92)</b>	<b>(87)</b>	<b>(194)</b>
<b>Total liabilities</b>		<b>(1,053)</b>	<b>(7,207)</b>	<b>(92)</b>	<b>(229)</b>	<b>(194)</b>
<b>NET ASSETS</b>		<b>22,127</b>	<b>94,065</b>	<b>111,526</b>	<b>54,984</b>	<b>31,641</b>

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

#### Statement of net assets (continued)

as at 30 September 2018	Notes	M&G (Lux) Global Floating Rate High Yield Fund US\$'000	M&G (Lux) Global High Yield ESG Bond Fund US\$'000	M&G (Lux) Global Listed Infrastructure Fund US\$'000	M&G (Lux) Global Recovery Fund US\$'000	M&G (Lux) Global Target Return Fund €'000
<b>ASSETS</b>						
Investment assets [a]	2c	112,760	14,934	9,132	1,221	29,994
<b>Cash and bank balances</b>	2c					
Amounts held at futures clearing houses and collateral manager		0	0	0	0	769
Cash equivalents		12,059	0	0	0	0
Cash held on deposit		0	0	0	0	1,210
Cash held as bank balances		1,711	1,022	236	42	84,968
<b>Total cash and bank balances</b>		<b>13,770</b>	<b>1,022</b>	<b>236</b>	<b>42</b>	<b>86,947</b>
<b>Other assets</b>						
Sales awaiting settlement	2c	0	121	37	2	0
Amounts receivable on issues of shares		199	54	201	0	157
Debt security interest receivable	2c	695	197	0	0	216
Derivative income receivable	2d	31	0	0	0	0
Dividends receivable	2d	0	0	24	2	14
Other receivable	2d	0	0	0	0	0
<b>Total other assets</b>		<b>925</b>	<b>372</b>	<b>262</b>	<b>4</b>	<b>387</b>
<b>Total assets</b>		<b>127,455</b>	<b>16,328</b>	<b>9,630</b>	<b>1,267</b>	<b>117,328</b>
<b>LIABILITIES</b>						
Investment liabilities	2c	(244)	(1)	0	0	(2,229)
<b>Cash and bank balances</b>	2c					
Bank overdrafts	2c	(354)	(115)	(155)	(1)	(1,372)
Overdrawn positions at futures clearing houses and collateral manager	2c	0	0	0	0	(350)
<b>Total overdraft</b>		<b>(354)</b>	<b>(115)</b>	<b>(155)</b>	<b>(1)</b>	<b>(1,722)</b>
<b>Other liabilities</b>						
Amounts payable on cancellation of shares	2d, 6	0	0	(4)	0	(84)
Purchases awaiting settlement	2d, 6	(126)	(117)	(280)	(3)	0
Annual management charge payable	2d, 6	0	(9)	(6)	(1)	(53)
Administration charge payable	2d, 6	(8)	(2)	(1)	0	(15)
Depository's charge payable	2d, 7	(1)	(1)	0	0	(5)
Audit fee payable	2d, 8	(1)	0	0	0	(10)
Safe custody charges payable	2d, 7	0	(1)	(2)	0	(8)
Custody transaction charges payable	2d, 7	0	(11)	(9)	0	(9)
Taxe d'abonnement payable	2d, 10	(3)	(1)	(1)	0	(13)
Other payable	2d	0	0	0	0	0
<b>Total other liabilities</b>		<b>(139)</b>	<b>(142)</b>	<b>(303)</b>	<b>(4)</b>	<b>(197)</b>
<b>Total liabilities</b>		<b>(737)</b>	<b>(258)</b>	<b>(458)</b>	<b>(5)</b>	<b>(4,148)</b>
<b>NET ASSETS</b>		<b>126,718</b>	<b>16,070</b>	<b>9,172</b>	<b>1,262</b>	<b>113,180</b>

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

#### Statement of net assets (continued)

as at 30 September 2018	Notes	M&G (Lux) Income Allocation Fund €'000	M&G (Lux) Multi Asset 2023 Fund €'000	M&G (Lux) Optimal Income Fund €'000	Combined total €'000
<b>ASSETS</b>					
Investment assets [a]	2c	1,170,475	164,605	110,354	12,845,961
<b>Cash and bank balances</b>	2c				
Amounts held at futures clearing houses and collateral manager		0	0	192	206,249
Cash equivalents		0	0	1,373	19,990
Cash held on deposit		0	0	0	37,843
Cash held as bank balances		282,625	2,490	2,737	1,917,208
<b>Total cash and bank balances</b>		<b>282,625</b>	<b>2,490</b>	<b>4,302</b>	<b>2,181,290</b>
<b>Other assets</b>					
Sales awaiting settlement	2c	12,176	0	0	14,334
Amounts receivable on issues of shares		6,518	0	595	140,832
Debt security interest receivable	2c	6,172	0	1,049	59,340
Derivative income receivable	2d	0	0	6	88
Dividends receivable	2d	2,877	78	0	10,935
Other receivable	2d	0	419	0	969
<b>Total other assets</b>		<b>27,743</b>	<b>497</b>	<b>1,650</b>	<b>226,498</b>
<b>Total assets</b>		<b>1,480,843</b>	<b>167,592</b>	<b>116,306</b>	<b>15,253,749</b>
<b>LIABILITIES</b>					
<b>Investment liabilities</b>	2c	<b>(3,836)</b>	<b>0</b>	<b>(1,027)</b>	<b>(116,644)</b>
<b>Cash and bank balances</b>	2c				
Bank overdrafts	2c	(166,908)	(1,725)	(640)	(590,475)
Overdrawn positions at futures clearing houses and collateral manager	2c	0	0	(1)	(42,477)
<b>Total overdraft</b>		<b>(166,908)</b>	<b>(1,725)</b>	<b>(641)</b>	<b>(632,952)</b>
<b>Other liabilities</b>					
Amounts payable on cancellation of shares	2d, 6	(6,110)	0	(9)	(134,593)
Purchases awaiting settlement	2d, 6	(12,176)	0	(129)	(22,618)
Annual management charge payable	2d, 6	(1,392)	(197)	0	(14,436)
Administration charge payable	2d, 6	(164)	0	(11)	(1,763)
Depositary's charge payable	2d, 7	(33)	0	0	(268)
Audit fee payable	2d, 8	(10)	0	(1)	(66)
Safe custody charges payable	2d, 7	0	0	0	(325)
Custody transaction charges payable	2d, 7	6	0	0	(139)
Taxe d'abonnement payable	2d, 10	(326)	0	(3)	(3,268)
Other payable	2d	(243)	0	0	(378)
<b>Total other liabilities</b>		<b>(20,448)</b>	<b>(197)</b>	<b>(153)</b>	<b>(177,854)</b>
<b>Total liabilities</b>		<b>(191,192)</b>	<b>(1,922)</b>	<b>(1,821)</b>	<b>(927,450)</b>
<b>NET ASSETS</b>		<b>1,289,651</b>	<b>165,670</b>	<b>114,485</b>	<b>14,326,299</b>

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

#### Statement of operations and changes in net assets

		M&G (Lux) Absolute Return Bond Fund	M&G (Lux) Conservative Allocation Fund	M&G (Lux) Dynamic Allocation Fund	M&G (Lux) Emerging Markets Bond Fund 17.09.18*	M&G (Lux) Emerging Markets Hard Currency Bond Fund
* Fund launch date (if within the period). for the period/year to 30 September 2018	Notes	€'000	€'000	€'000	US\$'000	US\$'000
<b>OPENING NET ASSETS</b>		<b>37,596</b>	<b>2,948,508</b>	<b>8,466,426</b>	<b>0</b>	<b>187,118</b>
<b>Income</b>						
Bank interest	2d	(3)	(195)	(116)	0	1
Deposit interest		0	(1,032)	(2,247)	0	0
Derivative Income	2d, 4	26	0	0	0	0
Dividends	2d	0	12,621	31,628	0	0
Interest on debt securities	2d	615	22,945	64,224	102	5,433
Accretion of market discount/ (Amortisation of market premium)	2d	(23)	(6,385)	(20,227)	0	(222)
Withholding tax on dividends and other investment income	2d	0	(1,761)	(4,467)	0	0
<b>Total income</b>		<b>615</b>	<b>26,193</b>	<b>68,795</b>	<b>102</b>	<b>5,212</b>
<b>Expenses</b>						
Overdraft expenses	2d	0	(112)	(380)	0	0
Annual management charge	2d, 6	(90)	(16,451)	(60,222)	0	(558)
Administration charge	2d, 6	(32)	(2,413)	(6,685)	(3)	(139)
Share class hedging charge	2d, 6	(1)	(3)	(12)	0	(5)
Depositary's charge	2d, 7	(1)	(64)	(133)	0	(5)
Audit fee	2d, 8	(6)	(7)	(7)	(1)	(8)
Audit fee reimbursement from Manager	2d	0	0	0	0	2
Safe custody charge	2d, 7	(1)	(109)	(313)	0	(4)
Custody transaction charges	2d, 7	(12)	(65)	(178)	0	(7)
Taxe d'abonnement charge	2d, 10	(7)	(779)	(2,096)	(4)	(25)
<b>Total expenses</b>		<b>(150)</b>	<b>(20,003)</b>	<b>(70,026)</b>	<b>(8)</b>	<b>(749)</b>
<b>Net income/(expense) for the period</b>		<b>465</b>	<b>6,190</b>	<b>(1,231)</b>	<b>94</b>	<b>4,463</b>
<b>REALISED GAINS/(LOSSES) ON INVESTMENTS</b>						
Investments excluding derivatives [a]	2c	3	605	1,952	(2)	(478)
Currency and forward currency contracts	2c	(703)	(54,140)	(171,276)	(30)	(2,247)
Futures contracts	2c	(225)	(36,322)	(138,937)	0	0
Swap contracts	2c	(64)	16,639	82,460	0	0
<b>Net realised loss</b>		<b>(989)</b>	<b>(73,218)</b>	<b>(225,801)</b>	<b>(32)</b>	<b>(2,725)</b>
<b>CHANGE IN UNREALISED GAINS/(LOSSES)</b>						
Investments excluding derivatives [a]	2c	(103)	(2,361)	(1,511)	825	(8,789)
Currency and forward currency contracts	2c	50	2,382	2,395	(136)	506
Futures contracts	2c	207	24,562	130,872	0	0
Swap contracts	2c	(48)	15,783	50,454	0	0
<b>Net change in unrealised gain/(loss)</b>		<b>106</b>	<b>40,366</b>	<b>182,210</b>	<b>689</b>	<b>(8,283)</b>
<b>Change in net asset assets from investment activities</b>		<b>(418)</b>	<b>(26,662)</b>	<b>(44,822)</b>	<b>751</b>	<b>(6,545)</b>
<b>Net share issues and redemptions</b>		<b>6,317</b>	<b>227,426</b>	<b>373,316</b>	<b>77,263</b>	<b>6,805</b>
<b>Distributions</b>	3, 14	<b>(73)</b>	<b>(1,497)</b>	<b>(2,665)</b>	<b>0</b>	<b>(1,255)</b>
<b>NET ASSETS</b>		<b>43,422</b>	<b>3,147,775</b>	<b>8,792,255</b>	<b>78,014</b>	<b>186,123</b>

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

#### Statement of operations and changes in net assets (continued)

		M&G (Lux) Emerging Markets Income Opportunities Fund	M&G (Lux) European Inflation Linked Corporate Bond Fund	M&G (Lux) European Strategic Value Fund 18.09.18*	M&G (Lux) Floating Rate High Yield Solution	M&G (Lux) Global Dividend Fund 18.09.18*
* Fund launch date (if within the period). for the period/year to 30 September 2018	Notes	US\$'000	€'000	€'000	US\$'000	US\$'000
<b>OPENING NET ASSETS</b>		<b>22,994</b>	<b>97,705</b>	<b>0</b>	<b>1,034</b>	<b>0</b>
<b>Income</b>						
Bank interest	2d	0	15	0	2	0
Deposit interest		0	0	0	0	0
Derivative Income	2d, 4	0	234	0	465	0
Dividends	2d	422	0	82	0	65
Interest on debt securities	2d	308	740	0	130	0
Accretion of market discount/ (Amortisation of market premium)	2d	(3)	(85)	0	(12)	0
Withholding tax on dividends and other investment income	2d	(45)	(3)	(4)	0	(14)
<b>Total income</b>		<b>682</b>	<b>901</b>	<b>78</b>	<b>585</b>	<b>51</b>
<b>Expenses</b>						
Overdraft expenses	2d	0	(1)	0	0	0
Annual management charge	2d, 6	(68)	(394)	0	(31)	0
Administration charge	2d, 6	(17)	(72)	0	(16)	0
Share class hedging charge	2d, 6	0	0	0	(2)	0
Depositary's charge	2d, 7	(1)	(3)	0	(1)	0
Audit fee	2d, 8	(7)	(6)	0	(6)	0
Audit fee reimbursement from Manager	2d	2	0	0	6	0
Safe custody charge	2d, 7	(7)	(1)	0	0	0
Custody transaction charges	2d, 7	(6)	(4)	0	(10)	0
Taxe d'abonnement charge	2d, 10	(1)	(24)	0	(7)	0
<b>Total expenses</b>		<b>(105)</b>	<b>(505)</b>	<b>0</b>	<b>(67)</b>	<b>0</b>
<b>Net income for the period</b>		<b>577</b>	<b>396</b>	<b>78</b>	<b>518</b>	<b>51</b>
<b>REALISED GAINS/(LOSSES) ON INVESTMENTS</b>						
Investments excluding derivatives [a]	2c	124	(95)	(6)	0	3
Currency and forward currency contracts	2c	(80)	(759)	(7)	(934)	(8)
Futures contracts	2c	0	(359)	0	0	0
Swap contracts	2c	0	(67)	0	387	0
<b>Net realised gain/(loss)</b>		<b>44</b>	<b>(1,280)</b>	<b>(13)</b>	<b>(547)</b>	<b>(5)</b>
<b>CHANGE IN UNREALISED GAINS/(LOSSES)</b>						
Investments excluding derivatives [a]	2c	(1,495)	36	321	(3)	314
Currency and forward currency contracts	2c	(12)	70	1	107	0
Futures contracts	2c	0	157	0	0	0
Swap contracts	2c	0	300	0	(32)	0
<b>Net change in unrealised gain/(loss)</b>		<b>(1,507)</b>	<b>563</b>	<b>322</b>	<b>72</b>	<b>314</b>
<b>Change in net asset assets from investment activities</b>		<b>(886)</b>	<b>(321)</b>	<b>387</b>	<b>43</b>	<b>360</b>
Net share issues and redemptions		29	(3,319)	111,139	53,914	31,281
Distributions	3, 14	(10)	0	0	(7)	0
<b>NET ASSETS</b>		<b>22,127</b>	<b>94,065</b>	<b>111,526</b>	<b>54,984</b>	<b>31,641</b>

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

#### Statement of operations and changes in net assets (continued)

		M&G (Lux) Global Floating Rate High Yield Fund 13.09.18*	M&G (Lux) Global High Yield ESG Bond Fund	M&G (Lux) Global Listed Infrastructure Fund	M&G (Lux) Global Recovery Fund 18.07.18*	M&G (Lux) Global Target Return Fund
* Fund launch date (if within the period). for the period/year to 30 September 2018		US\$'000	US\$'000	US\$'000	US\$'000	€'000
	Notes					
<b>OPENING NET ASSETS</b>		<b>0</b>	<b>15,547</b>	<b>8,606</b>	<b>0</b>	<b>100,030</b>
<b>Income</b>						
Bank interest	2d	0	1	0	0	35
Deposit interest		0	0	0	0	(250)
Derivative Income	2d, 4	32	0	0	0	0
Dividends	2d	0	0	204	7	215
Interest on debt securities	2d	132	376	0	0	403
Accretion of market discount/ (Amortisation of market premium)	2d	0	(37)	0	0	0
Withholding tax on dividends and other investment income	2d	0	(3)	(33)	(1)	(25)
<b>Total income</b>		<b>164</b>	<b>337</b>	<b>171</b>	<b>6</b>	<b>378</b>
<b>Expenses</b>						
Overdraft expenses	2d	0	0	0	0	(4)
Annual management charge	2d, 6	0	(52)	(33)	(1)	(328)
Administration charge	2d, 6	(8)	(12)	(7)	(1)	(88)
Share class hedging charge	2d, 6	0	0	0	0	0
Depositary's charge	2d, 7	0	0	0	0	(3)
Audit fee	2d, 8	(1)	(8)	(7)	0	(7)
Audit fee reimbursement from Manager	2d	0	8	7	0	0
Safe custody charge	2d, 7	0	(1)	(1)	0	(9)
Custody transaction charges	2d, 7	0	(10)	(8)	0	(12)
Taxe d'abonnement charge	2d, 10	(3)	(1)	(1)	0	(13)
<b>Total expenses</b>		<b>(12)</b>	<b>(76)</b>	<b>(50)</b>	<b>(2)</b>	<b>(464)</b>
<b>Net income/(expense) for the period</b>		<b>152</b>	<b>261</b>	<b>121</b>	<b>4</b>	<b>(86)</b>
<b>REALISED GAINS/(LOSSES) ON INVESTMENTS</b>						
Investments excluding derivatives [a]	2c	0	(18)	(5)	13	(146)
Currency and forward currency contracts	2c	(308)	514	(4)	2	(511)
Futures contracts	2c	0	0	0	0	(827)
Swap contracts	2c	0	0	0	0	(396)
Options contracts	2c	0	0	0	0	(199)
<b>Net realised (loss)/gain</b>		<b>(308)</b>	<b>496</b>	<b>(9)</b>	<b>15</b>	<b>(2,079)</b>
<b>CHANGE IN UNREALISED GAINS/(LOSSES)</b>						
Investments excluding derivatives [a]	2c	(712)	(575)	248	(12)	(1,307)
Currency and forward currency contracts	2c	711	85	(6)	0	(447)
Futures contracts	2c	0	0	0	0	800
Swap contracts	2c	144	0	0	0	236
Options contracts	2c	0	0	0	0	(274)
<b>Net change in unrealised gain/(loss)</b>		<b>143</b>	<b>(490)</b>	<b>242</b>	<b>(12)</b>	<b>(992)</b>
<b>Change in net asset assets from investment activities</b>		<b>(13)</b>	<b>267</b>	<b>354</b>	<b>7</b>	<b>(3,157)</b>
Net share issues and redemptions		126,731	261	214	1,255	16,307
Distributions	3, 14	0	(5)	(2)	0	0
Foreign currency translation						
<b>NET ASSETS</b>		<b>126,718</b>	<b>16,070</b>	<b>9,172</b>	<b>1,262</b>	<b>113,180</b>

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.



# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Financial statements

#### Statement of operations and changes in net assets (continued)

* Fund launch date (if within the period). for the period/year to 30 September 2018	Notes	M&G (Lux) Income Allocation Fund €'000	M&G (Lux) Multi Asset 2023 Fund €'000	M&G (Lux) Optimal Income Fund 05.09.18* €'000	Combined total €'000
<b>OPENING NET ASSETS</b>		<b>1,333,711</b>	<b>168,778</b>	<b>0</b>	<b>13,343,695</b>
<b>Income</b>					
Bank interest	2d	(78)	(3)	0	(342)
Deposit interest		(213)	0	0	(3,742)
Derivative Income	2d, 4	0	0	17	706
Dividends	2d	14,602	1,760	0	61,511
Interest on debt securities	2d	13,278	0	200	108,001
Accretion of market discount/ (Amortisation of market premium)	2d	(726)	0	(32)	(27,715)
Withholding tax on dividends and other investment income	2d	(1,888)	0	0	(8,231)
<b>Total income</b>		<b>24,975</b>	<b>1,757</b>	<b>185</b>	<b>130,188</b>
<b>Expenses</b>					
Overdraft expenses	2d	0	0	0	(497)
Annual management charge	2d, 6	(8,313)	(467)	0	(86,907)
Administration charge	2d, 6	(982)	0	(11)	(10,458)
Share class hedging charge	2d, 6	(1)	0	0	(23)
Depository's charge	2d, 7	(31)	0	0	(241)
Audit fee	2d, 8	(7)	0	(1)	(74)
Audit fee reimbursement from Manager	2d	0	0	0	22
Safe custody charge	2d, 7	2	0	0	(442)
Custody transaction charges	2d, 7	(5)	0	0	(311)
Taxe d'abonnement charge	2d, 10	(328)	0	(3)	(3,286)
<b>Total expenses</b>		<b>(9,665)</b>	<b>(467)</b>	<b>(15)</b>	<b>(102,217)</b>
<b>Net income for the period</b>		<b>15,310</b>	<b>1,290</b>	<b>170</b>	<b>27,971</b>
<b>REALISED GAINS/(LOSSES) ON INVESTMENTS</b>					
Investments excluding derivatives [a]	2c	1,093	16	0	3,109
Currency and forward currency contracts	2c	(21,034)	0	(16)	(251,118)
Futures contracts	2c	0	0	(1)	(176,671)
Swap contracts	2c	(27)	0	(26)	98,853
Options contracts	2c	0	0	0	(199)
<b>Net realised (loss)/gain</b>		<b>(19,968)</b>	<b>16</b>	<b>(43)</b>	<b>(326,026)</b>
<b>CHANGE IN UNREALISED GAINS/(LOSSES)</b>					
Investments excluding derivatives [a]	2c	(2,462)	(2,857)	356	(18,694)
Currency and forward currency contracts	2c	(5,421)	0	(621)	(507)
Futures contracts	2c	0	0	268	156,866
Swap contracts	2c	441	0	205	67,468
Options contracts	2c	0	0	0	(274)
<b>Net change in unrealised gain/(loss)</b>		<b>(7,442)</b>	<b>(2,857)</b>	<b>208</b>	<b>204,859</b>
<b>Change in net asset assets from investment activities</b>		<b>(12,100)</b>	<b>(1,551)</b>	<b>335</b>	<b>(93,196)</b>
Net share issues and redemptions		(21,205)	(1,557)	114,150	1,079,669
Distributions	3, 14	(10,755)	0	0	(16,094)
Foreign currency translation					12,225
<b>NET ASSETS</b>		<b>1,289,651</b>	<b>165,670</b>	<b>114,485</b>	<b>14,326,299</b>

[a] Cross investments. Please refer to Note 12.

The accompanying notes to the financial statements are an integral part of these financial statements.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

The various classes of shares in issue have equivalent rights in the Company, but carry different features and charging structures detailed in note 6 which are more fully described in the Company's Prospectus.

#### Shares in issue

For the period to 30 September 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
<b>M&amp;G (Lux) Absolute Return Bond Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	176,219.529	36,004.840	122,889.756	89,334.613	21.12.16
	Class 'A' Distribution	4,435.629	3,508.280	0.000	7,943.909	21.12.16
	Class 'B' Accumulation	0.000	1,000.000	0.000	1,000.000	04.05.18
	Class 'B' Distribution	0.000	1,000.000	0.000	1,000.000	04.05.18
	Class 'C' Accumulation	914,516.984	103,164.825	21,431.156	996,250.653	21.12.16
	Class 'C' Distribution	639,786.211	0.000	0.000	639,786.211	21.12.16
	Class 'CI' Accumulation	1,929,600.000	985.500	0.000	1,930,585.500	21.12.16
	<b>Sterling</b>					
	Class 'C-H' Accumulation	2,903.500	575,200.000	48,532.380	529,571.120	21.12.16
	Class 'C-H' Distribution	2,507.500	0.000	0.000	2,507.500	21.12.16
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	2,505.000	0.000	0.000	2,505.000	21.12.16
	Class 'A-H' Distribution	2,510.000	0.000	0.000	2,510.000	21.12.16
	Class 'C-H' Accumulation	2,517.000	0.000	0.000	2,517.000	21.12.16
	Class 'C-H' Distribution	2,520.000	0.000	0.000	2,520.000	21.12.16
	<b>US dollar</b>					
	Class 'A-H' Accumulation	2,513.500	0.000	0.000	2,513.500	21.12.16
	Class 'A-H' Distribution	2,517.500	0.000	0.000	2,517.500	21.12.16
	Class 'C-H' Accumulation	2,522.500	0.000	0.000	2,522.500	21.12.16
	Class 'C-H' Distribution	2,527.500	0.000	0.000	2,527.500	21.12.16
<b>M&amp;G (Lux) Conservative Allocation Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	128,972,782.865	36,251,767.104	20,546,240.424	144,678,309.545	16.01.18
	Class 'A' Distribution	10,429,536.029	3,481,194.644	883,316.663	13,027,414.010	16.01.18
	Class 'B' Accumulation	20,623,246.579	5,849,486.147	2,274,440.091	24,198,292.635	16.01.18
	Class 'B' Distribution	6,627,764.573	1,364,574.955	769,822.171	7,222,517.357	16.01.18
	Class 'C' Accumulation	116,024,160.736	30,902,842.727	41,934,262.566	104,992,740.897	16.01.18
	Class 'C' Distribution	12,170,026.012	486,871.608	432,626.951	12,224,270.669	16.01.18
	Class 'CI' Accumulation	4,354,600.000	20,981,089.720	8,723,029.230	16,612,660.490	16.01.18
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	22,010.262	13,924.090	10,290.000	25,644.352	16.01.18
	Class 'C-H' Accumulation	275,450.897	18,100.000	10,355.997	283,194.900	16.01.18
	<b>US dollar</b>					
	Class 'A-H' Accumulation	1,384,183.519	299,161.962	161,682.306	1,521,663.175	16.01.18
	Class 'A-H' Distribution	214,518.214	40,998.784	61,701.207	193,815.791	16.01.18
	Class 'C-H' Accumulation	1,277,362.743	163,848.659	75,141.965	1,366,069.437	16.01.18
	Class 'C-H' Distribution	206,941.002	0.000	0.000	206,941.002	16.01.18

# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Financial statements

#### Shares in issue (continued)

For the period to 30 September 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
<b>M&amp;G (Lux) Dynamic Allocation Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	455,340,863.481	87,675,688.577	80,937,197.447	462,079,354.611	16.01.18
	Class 'A' Distribution	54,633,187.914	9,306,411.384	6,520,192.684	57,419,406.614	16.01.18
	Class 'B' Accumulation	41,840,361.037	11,880,600.031	5,444,281.486	48,276,679.582	16.01.18
	Class 'C' Accumulation	301,292,203.573	58,596,193.318	125,401,461.546	234,486,935.345	16.01.18
	Class 'C' Distribution	6,899,904.167	2,655,952.727	5,041,198.325	4,514,658.569	16.01.18
	Class 'CI' Accumulation	6,297,970.382	109,054,823.885	14,262,058.663	101,090,735.604	16.01.18
	<b>Sterling</b>					
	Class 'C-H' Accumulation	541,036.376	254,462.567	12,993.830	782,505.113	16.01.18
	Class 'C-H' Distribution	68,097.518	0.000	0.000	68,097.518	16.01.18
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	377,688.535	397,354.077	13,900.776	761,141.836	16.01.18
	Class 'C-H' Accumulation	177,764.681	68,447.476	29,147.952	217,064.205	16.01.18
	<b>US dollar</b>					
	Class 'A-H M F4' Distribution	103,400.000	850,612.372	0.000	954,012.372	01.02.18
	Class 'A-H' Accumulation	6,476,559.824	1,546,961.038	1,157,083.680	6,866,437.182	16.01.18
	Class 'A-H' Distribution	1,938,441.139	189,286.986	257,841.650	1,869,886.475	16.01.18
	Class 'C-H' Accumulation	4,502,317.665	1,189,026.582	660,297.602	5,031,046.645	16.01.18
	Class 'C-H' Distribution	121,646.899	20,745.797	54,355.599	88,037.097	16.01.18
<b>M&amp;G (Lux) Emerging Markets Bond Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'A-H' Accumulation	0.000	2,410.000	0.000	2,410.000	21.09.18
	Class 'A-H' Distribution	0.000	2,415.000	0.000	2,415.000	21.09.18
	Class 'B' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'B' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'B-H' Accumulation	0.000	2,420.000	0.000	2,420.000	21.09.18
	Class 'B-H' Distribution	0.000	2,425.000	0.000	2,425.000	21.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'C-H' Accumulation	0.000	2,430.000	0.000	2,430.000	21.09.18
	Class 'C-H' Distribution	0.000	2,435.000	0.000	2,435.000	21.09.18
	Class 'CI' Accumulation	0.000	4,600.000	0.000	4,600.000	21.09.18
	Class 'CI-H' Accumulation	0.000	1,171,399.324	0.000	1,171,399.324	21.09.18
	<b>Swiss franc</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'A-H' Accumulation	0.000	2,400.000	0.000	2,400.000	21.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'C-H' Accumulation	0.000	2,405.000	0.000	2,405.000	21.09.18
	<b>US dollar</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'CI' Accumulation	0.000	4,600.000	0.000	4,600.000	21.09.18
	Class 'K' Accumulation	0.000	6,300,000.000	0.000	6,300,000.000	17.09.18

## M&G (Lux) Investment Funds 1

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#### Shares in issue (continued)

For the period to 30 September 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
<b>M&amp;G (Lux) Emerging Markets Hard Currency Bond Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	1,000.000	1,016.778	0.000	2,016.778	22.05.17
	Class 'A' Distribution	1,000.000	1,138.252	0.000	2,138.252	22.05.17
	Class 'A-H' Accumulation	2,500.000	303.482	0.000	2,803.482	22.05.17
	Class 'A-H' Distribution	2,505.000	1,013.613	1,013.613	2,505.000	22.05.17
	Class 'C' Accumulation	1,000.000	206.400	0.000	1,206.400	22.05.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'C-H' Accumulation	3,156,790.476	0.000	0.000	3,156,790.476	22.05.17
	Class 'C-H' Distribution	1,014,668.053	0.000	0.000	1,014,668.053	22.05.17
	Class 'LI' Accumulation	0.000	1,000.000	0.000	1,000.000	27.09.18
	<b>Sterling</b>					
	Class 'C' Accumulation	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	22.05.17
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	2,520.000	0.000	0.000	2,520.000	22.05.17
	Class 'A-H' Distribution	2,525.000	0.000	0.000	2,525.000	22.05.17
	Class 'C-H' Accumulation	2,530.000	0.000	0.000	2,530.000	22.05.17
	Class 'C-H' Distribution	2,535.000	0.000	0.000	2,535.000	22.05.17
	<b>US dollar</b>					
	Class 'A' Accumulation	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'A' Distribution	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'C' Accumulation	2,434.830	0.000	0.000	2,434.830	22.05.17
	Class 'C' Distribution	3,462,722.000	0.000	0.000	3,462,722.000	22.05.17
	Class 'CI' Accumulation	9,602,510.000	882,375.000	225,425.000	10,259,460.000	22.05.17
<b>M&amp;G (Lux) Emerging Markets Income Opportunities Fund</b>						
	<b>Euro</b>					
	Class 'A-H' Accumulation	2,857.952	6,173.105	0.000	9,031.057	22.05.17
	Class 'A-H' Distribution	19,805.000	20.000	3,900.000	15,925.000	22.05.17
	Class 'C-H' Accumulation	2,410.000	0.000	0.000	2,410.000	22.05.17
	Class 'C-H' Distribution	2,415.000	0.000	0.000	2,415.000	22.05.17
	<b>Sterling</b>					
	Class 'C-H' Accumulation	2,420.000	0.000	0.000	2,420.000	22.05.17
	Class 'C-H' Distribution	2,425.000	0.000	0.000	2,425.000	22.05.17
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	2,430.000	0.000	0.000	2,430.000	22.05.17
	Class 'A-H' Distribution	2,435.000	0.000	0.000	2,435.000	22.05.17
	Class 'C-H' Accumulation	2,440.000	0.000	0.000	2,440.000	22.05.17
	Class 'C-H' Distribution	2,445.000	0.000	0.000	2,445.000	22.05.17
	<b>US dollar</b>					
	Class 'A' Accumulation	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'A' Distribution	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'A M' Distribution	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'C' Accumulation	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'C M' Distribution	1,000.000	0.000	0.000	1,000.000	22.05.17
	Class 'CI' Accumulation	2,004,600.000	0.000	0.000	2,004,600.000	22.05.17

# M&G (Lux) Investment Funds 1

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Shares in issue (continued)

For the period to 30 September 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
<b>M&amp;G (Lux) European Inflation Linked Corporate Bond Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	5,969,467.160	665,152.343	734,762.753	5,899,856.750	16.03.18
	Class 'C' Accumulation	2,654,660.661	720,583.180	930,085.212	2,445,158.629	16.03.18
	Class 'CI' Accumulation	4,600.000	0.000	0.000	4,600.000	20.03.18
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	11,381.515	0.000	0.000	11,381.515	16.03.18
	Class 'C-H' Accumulation	18,349.434	0.000	0.000	18,349.434	16.03.18
<b>M&amp;G (Lux) European Strategic Value Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'CI' Accumulation	0.000	4,600.000	0.000	4,600.000	20.09.18
	Class 'J' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'JI' Accumulation	0.000	4,600.000	0.000	4,600.000	20.08.18
	Class 'K' Accumulation	0.000	11,100,000.000	0.000	11,100,000.000	18.09.18
	<b>US dollar</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
<b>M&amp;G (Lux) Floating Rate High Yield Solution</b>						
	<b>Euro</b>					
	Class 'A-H' Accumulation	2,420.000	206,242.887	0.000	208,662.887	24.08.17
	Class 'A-H' Distribution	2,425.000	0.000	0.000	2,425.000	24.08.17
	Class 'B-H' Accumulation	3,348.387	5,608.810	908.387	8,048.810	24.08.17
	Class 'B-H' Distribution	2,445.000	0.000	0.000	2,445.000	24.08.17
	Class 'C-H' Accumulation	2,430.000	0.000	0.000	2,430.000	24.08.17
	Class 'C-H' Distribution	2,435.000	0.000	0.000	2,435.000	24.08.17
	<b>Singapore dollar</b>					
	Class 'A-H' Distribution	2,460.000	0.000	0.000	2,460.000	24.08.17
	Class 'A-H M' Distribution	2,465.000	0.000	0.000	2,465.000	24.08.17
	Class 'C-H M' Distribution	2,470.000	0.000	0.000	2,470.000	24.08.17
	<b>Sterling</b>					
	Class 'C-H' Accumulation	2,450.000	3,884,213.637	52,561.563	3,834,102.074	24.08.17
	Class 'C-H' Distribution	2,455.000	0.000	0.000	2,455.000	24.08.17
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	2,400.000	0.000	0.000	2,400.000	24.08.17
	Class 'A-H' Distribution	2,405.000	0.000	0.000	2,405.000	24.08.17
	Class 'C-H' Accumulation	2,410.000	0.000	0.000	2,410.000	24.08.17
	Class 'C-H' Distribution	2,415.000	0.000	0.000	2,415.000	24.08.17
	<b>US dollar</b>					
	Class 'A' Accumulation	1,000.000	0.000	0.000	1,000.000	24.08.17
	Class 'A' Distribution	1,000.000	0.000	0.000	1,000.000	24.08.17
	Class 'A M' Distribution	1,000.000	0.000	0.000	1,000.000	24.08.17
	Class 'C' Accumulation	1,000.000	0.000	0.000	1,000.000	24.08.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	24.08.17
	Class 'C M' Distribution	1,000.000	0.000	0.000	1,000.000	24.08.17
	Class 'CI' Accumulation	54,600.000	0.000	0.000	54,600.000	24.08.17

## M&G (Lux) Investment Funds 1

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#### Shares in issue (continued)

For the period to 30 September 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
<b>M&amp;G (Lux) Global Dividend Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'CI' Accumulation	0.000	4,600.000	0.000	4,600.000	20.09.18
	Class 'CI' Distribution	0.000	4,600.000	0.000	4,600.000	20.09.18
	Class 'G' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	<b>Singapore dollar</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	20.09.18
	<b>US dollar</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	20.09.18
	Class 'CI' Accumulation	0.000	4,600.000	0.000	4,600.000	20.09.18
	Class 'K' Accumulation	0.000	3,100,000.000	0.000	3,100,000.000	18.09.18
<b>M&amp;G (Lux) Global Floating Rate High Yield Fund</b>						
	<b>Euro</b>					
	Class 'A-H' Accumulation	0.000	19,373.312	0.000	19,373.312	21.09.18
	Class 'A-H' Distribution	0.000	2,425.000	0.000	2,425.000	21.09.18
	Class 'B-H' Accumulation	0.000	2,430.000	0.000	2,430.000	21.09.18
	Class 'B-H' Distribution	0.000	2,435.000	0.000	2,435.000	21.09.18
	Class 'C-H' Accumulation	0.000	2,440.000	0.000	2,440.000	21.09.18
	Class 'C-H' Distribution	0.000	2,445.000	0.000	2,445.000	21.09.18
	Class 'CI-H' Accumulation	0.000	4,605.000	0.000	4,605.000	21.09.18
	<b>Singapore dollar</b>					
	Class 'A-H' Distribution	0.000	2,450.000	0.000	2,450.000	21.09.18
	Class 'A-H M' Distribution	0.000	2,455.000	0.000	2,455.000	21.09.18
	Class 'C-H M' Distribution	0.000	2,460.000	0.000	2,460.000	21.09.18
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	0.000	2,400.000	0.000	2,400.000	21.09.18
	Class 'A-H' Distribution	0.000	2,405.000	0.000	2,405.000	21.09.18
	Class 'C-H' Accumulation	0.000	2,410.000	0.000	2,410.000	21.09.18
	Class 'C-H' Distribution	0.000	2,415.000	0.000	2,415.000	21.09.18
	Class 'CI-H' Accumulation	0.000	4,600.000	0.000	4,600.000	21.09.18
	<b>US dollar</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'A M' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'C M' Distribution	0.000	1,000.000	0.000	1,000.000	21.09.18
	Class 'CI' Accumulation	0.000	4,600.000	0.000	4,600.000	21.09.18
	Class 'K' Accumulation	0.000	12,600,000.000	0.000	12,600,000.000	13.09.18

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Financial statements

#### Shares in issue (continued)

For the period to 30 September 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
<b>M&amp;G (Lux) Global High Yield ESG Bond Fund</b>						
	<b>Euro</b>					
	Class 'A-H' Accumulation	2,405.000	3,100.000	0.000	5,505.000	05.10.17
	Class 'A-H' Distribution	2,400.000	0.000	0.000	2,400.000	05.10.17
	Class 'C-H' Accumulation	2,415.000	0.000	0.000	2,415.000	05.10.17
	Class 'C-H' Distribution	2,410.000	2,000.000	0.000	4,410.000	05.10.17
	Class 'CI-H' Accumulation	4,650.000	0.000	0.000	4,650.000	05.10.17
	Class 'L-H' Accumulation	2,450.000	0.000	0.000	2,450.000	05.10.17
	<b>Sterling</b>					
	Class 'C-H' Accumulation	2,445.000	0.000	0.000	2,445.000	05.10.17
	Class 'C-H' Distribution	7,440.000	2,050.000	0.000	9,490.000	05.10.17
	Class 'L-H' Accumulation	2,455.000	0.000	0.000	2,455.000	05.10.17
	Class 'L-H' Distribution	0.000	2,400.000	0.000	2,400.000	23.08.18
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	2,425.000	0.000	0.000	2,425.000	05.10.17
	Class 'A-H' Distribution	2,420.000	0.000	0.000	2,420.000	05.10.17
	Class 'C-H' Accumulation	2,435.000	0.000	0.000	2,435.000	05.10.17
	Class 'C-H' Distribution	2,430.000	0.000	0.000	2,430.000	05.10.17
	<b>US dollar</b>					
	Class 'A' Accumulation	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'A' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'A M' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'C' Accumulation	1,000.000	15,188.000	591.000	15,597.000	05.10.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'CI' Accumulation	1,504,600.000	0.000	0.000	1,504,600.000	05.10.17
	Class 'L' Accumulation	1,000.000	0.000	0.000	1,000.000	05.10.17
<b>M&amp;G (Lux) Global Listed Infrastructure Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	1,000.000	873.228	0.000	1,873.228	05.10.17
	Class 'A' Distribution	1,339.000	1,090.290	607.742	1,821.548	05.10.17
	Class 'C' Accumulation	101,500.000	16,495.143	0.000	117,995.143	05.10.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'CI' Accumulation	4,600.000	0.000	0.000	4,600.000	05.10.17
	Class 'L' Accumulation	71,000.000	0.000	0.000	71,000.000	05.10.17
	<b>Sterling</b>					
	Class 'C' Accumulation	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'L' Accumulation	1,000.000	0.000	0.000	1,000.000	22.01.18
	<b>Swiss franc</b>					
	Class 'A' Accumulation	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'A' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'C' Accumulation	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	<b>US dollar</b>					
	Class 'A' Accumulation	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'A' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'A M' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'C' Accumulation	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'C' Distribution	1,000.000	0.000	0.000	1,000.000	05.10.17
	Class 'CI' Accumulation	654,600.000	0.000	0.000	654,600.000	05.10.17
	Class 'L' Accumulation	1,000.000	0.000	0.000	1,000.000	05.10.17

# M&G (Lux) Investment Funds 1

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#### Shares in issue (continued)

For the period to 30 September 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
<b>M&amp;G (Lux) Global Recovery Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	18.07.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	18.07.18
	Class 'L' Accumulation	0.000	1,000.000	0.000	1,000.000	18.07.18
	<b>US dollar</b>					
	Class 'A' Accumulation	0.000	1,000.000	0.000	1,000.000	18.07.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	18.07.18
	Class 'L' Accumulation	0.000	120,000.000	0.000	120,000.000	18.07.18
<b>M&amp;G (Lux) Global Target Return Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	406,623.365	1,171,188.371	6,869.874	1,570,941.862	21.12.16
	Class 'B' Accumulation	22,049.276	42,057.860	0.000	64,107.136	21.12.16
	Class 'C' Accumulation	1,219,154.321	1,215,501.091	754,766.700	1,679,888.712	21.12.16
	Class 'CI' Accumulation	7,960,234.831	523,035.400	631,774.968	7,851,495.263	21.12.16
	<b>Sterling</b>					
	Class 'C-H' Accumulation	2,416.000	0.000	0.000	2,416.000	21.12.16
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	2,406.000	0.000	0.000	2,406.000	21.12.16
	Class 'C-H' Accumulation	2,410.000	0.000	0.000	2,410.000	21.12.16
	<b>US dollar</b>					
	Class 'A-H' Accumulation	25,546.925	0.000	0.000	25,546.925	21.12.16
	Class 'C-H' Accumulation	2,425.000	0.000	0.000	2,425.000	21.12.16
<b>M&amp;G (Lux) Income Allocation Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	36,979,899.025	1,042,605.832	1,591,373.608	36,431,131.249	16.01.18
	Class 'A' Distribution	47,640,973.830	2,325,899.679	1,521,459.341	48,445,414.168	16.01.18
	Class 'A F2' Distribution	0.000	1,000.000	0.000	1,000.000	03.04.18
	Class 'A F3' Distribution	0.000	1,000.000	0.000	1,000.000	03.04.18
	Class 'A Q' Distribution	3,796,782.119	681,532.223	85,390.356	4,392,923.986	16.01.18
	Class 'B' Accumulation	1,329,022.874	531,647.543	102,222.496	1,758,447.921	16.01.18
	Class 'B F2' Distribution	0.000	1,000.000	0.000	1,000.000	03.04.18
	Class 'B F3' Distribution	0.000	1,000.000	0.000	1,000.000	03.04.18
	Class 'B Q' Distribution	4,415,012.802	994,235.774	107,397.304	5,301,851.272	16.01.18
	Class 'C' Accumulation	27,172,086.852	390,860.913	2,069,740.179	25,493,207.586	16.01.18
	Class 'C' Distribution	10,970,962.638	546,685.653	821,593.244	10,696,055.047	16.01.18
	Class 'C Q' Distribution	3,539.670	0.000	0.000	3,539.670	16.01.18
	Class 'CI' Accumulation	4,254,600.000	1,779,353.441	4,384,794.573	1,649,158.868	16.01.18
	Class 'ZI' Distribution	0.000	475,854.000	0.000	475,854.000	04.05.18
	<b>Singapore dollar</b>					
	Class 'A-H' Accumulation	5,052.303	0.000	0.000	5,052.303	16.01.18
	Class 'A-H' Distribution	5,057.704	0.000	0.000	5,057.704	16.01.18
	Class 'C-H' Accumulation	5,059.542	0.000	0.000	5,059.542	16.01.18
	Class 'C-H' Distribution	5,066.399	0.000	0.000	5,066.399	16.01.18
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	79,437.059	30,000.000	53,163.948	56,273.111	16.01.18
	Class 'C-H' Accumulation	24,076.925	0.000	0.000	24,076.925	16.01.18
	<b>US dollar</b>					
	Class 'A-H' Accumulation	905,952.758	158,422.561	455,046.295	609,329.024	16.01.18
	Class 'A-H' Distribution	172,313.321	51,440.276	67,770.001	155,983.596	16.01.18
	Class 'C-H' Accumulation	5,027.145	0.000	0.000	5,027.145	16.01.18
	Class 'C-H' Distribution	5,033.788	0.000	0.000	5,033.788	16.01.18



# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Financial statements

#### Shares in issue (continued)

For the period to 30 September 2018	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
<b>M&amp;G (Lux) Multi Asset 2023 Fund</b>						
	<b>Euro</b>					
	Class 'P' Accumulation	3,919,290.215	0.000	51,371.307	3,867,918.908	14.12.17
	Class 'P' Distribution	13,186,066.626	0.000	107,152.538	13,078,914.088	14.12.17
<b>M&amp;G (Lux) Optimal Income Fund</b>						
	<b>Euro</b>					
	Class 'A' Accumulation	0.000	12,977.811	0.000	12,977.811	07.09.18
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	07.09.18
	Class 'B' Accumulation	0.000	1,000.000	0.000	1,000.000	07.09.18
	Class 'B' Distribution	0.000	1,000.000	0.000	1,000.000	07.09.18
	Class 'C' Accumulation	0.000	1,000.000	0.000	1,000.000	07.09.18
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	07.09.18
	Class 'CI' Accumulation	0.000	257,175.687	206.992	256,968.695	07.09.18
	Class 'J' Accumulation	0.000	1,000.000	0.000	1,000.000	07.09.18
	Class 'K' Accumulation	0.000	11,100,000.000	0.000	11,100,000.000	05.09.18
	<b>Singapore dollar</b>					
	Class 'A-H' Accumulation	0.000	2,420.000	0.000	2,420.000	07.09.18
	Class 'A-H M' Distribution	0.000	2,425.000	0.000	2,425.000	07.09.18
	Class 'C-H' Accumulation	0.000	2,430.000	0.000	2,430.000	07.09.18
	<b>Swiss franc</b>					
	Class 'A-H' Accumulation	0.000	2,400.000	0.000	2,400.000	07.09.18
	Class 'A-H' Distribution	0.000	2,405.000	0.000	2,405.000	07.09.18
	Class 'C-H' Accumulation	0.000	2,410.000	0.000	2,410.000	07.09.18
	Class 'C-H' Distribution	0.000	2,415.000	0.000	2,415.000	07.09.18
	Class 'CI-H' Accumulation	0.000	4,600.000	0.000	4,600.000	07.09.18
	Class 'J-H' Accumulation	0.000	2,460.000	0.000	2,460.000	07.09.18
	<b>US dollar</b>					
	Class 'A-H M' Distribution	0.000	2,445.000	0.000	2,445.000	07.09.18
	Class 'A-H' Accumulation	0.000	2,435.000	0.000	2,435.000	07.09.18
	Class 'A-H' Distribution	0.000	2,440.000	0.000	2,440.000	07.09.18
	Class 'C-H' Accumulation	0.000	2,450.000	0.000	2,450.000	07.09.18
	Class 'C-H' Distribution	0.000	2,455.000	0.000	2,455.000	07.09.18
	Class 'CI-H' Accumulation	0.000	4,605.000	0.000	4,605.000	07.09.18
	Class 'J-H' Accumulation	0.000	2,465.000	0.000	2,465.000	07.09.18
	Class 'J-H' Distribution	0.000	2,470.000	0.000	2,470.000	07.09.18

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 1 Basis of preparation

These financial statements have been prepared and presented in accordance with generally accepted accounting principles in Luxembourg and with the legal and regulatory requirements relating to the preparation and presentation of the financial statements as prescribed by the Luxembourg authorities for Luxembourg investment funds including the following significant accounting policies.

#### 2 Summary of significant accounting policies

##### a) Base currency

The combined financial statements of the Company are expressed in euros, at the exchange rate at 28 September 2018, the base currency of M&G (Lux) Investment Funds 1. The financial statements of each fund are expressed in the funds' base currency.

##### b) Exchange rates

Transactions in currencies other than each fund's base currency are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities are translated into each fund's base currency at the rate of exchange ruling at the fund's valuation point on 28 September 2018 being the last business day of the accounting period:

1 Euro € = 1.584812484 Singapore dollars (SG\$)

1 Euro € = 1.130991400 Swiss francs (CHF)

1 Euro € = 0.888083331 UK sterling (£)

1 Euro € = 1.158150017 US dollars (US\$)

##### c) Investments - recognition and valuation

All investments are initially recognised at the transaction price net of direct transaction costs (excluding accrued interest).

Realised gains and losses on sales of investments are determined on the basis of the average cost method where applicable. Investment cost is adjusted by the amortisation of premiums and accretion of discounts on a straight line basis. It includes the net amount received, excluding any interest treated as income, from derivative instruments.

Unrealised gains or losses on investments are determined by reference to the opening and closing valuation of investments and includes surpluses or deficits arising from unsettled derivative contracts.

At the end of the reporting period all investments have been valued using the prices and the portfolio holdings determined on 28 September 2018, at the last valuation point of the accounting period.

The methods of determining value for the principal classes of investment are:

- Equities and debt securities which are traded on an active market are included at the mid price (the mid point between the quoted bid and offer prices), excluding any accrued interest in respect of bonds.
- Collective investment schemes are included at either the mid of their cancellation and creation prices for dual priced funds or their single price for single priced funds.
- Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the Administrator and under policies and procedures approved and overseen by the Board of Directors using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
- Exchange traded futures and options are included at either their single price or, if separate buying and selling prices are quoted, the average of the two prices.
- Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their value excludes any accrued interest in respect of derivatives where the interest is income in nature.
- Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.
- Cash and amounts held in current, deposit, and margin accounts and in other time-related deposits shall be valued at their nominal value.
- Bank of America Merrill Lynch (the futures clearing house) permit overdrawn currency positions as long as the net position is in credit.

##### d) Recognition of income and expenses

- Dividends and any withholding tax, including ordinary stock dividends and special dividends, from equity investments are recognised when the security is quoted ex-dividend.
- Distributions from collective investment schemes, including any equalisation, are recognised when the scheme is priced ex-distribution.
- Interest income from debt securities is recognised daily on an accruals basis and includes the amortisation of premiums and accretion of discounts on a straight line basis.
- Income from derivatives is recognised on an accruals basis.
- Fixed deposit, money market deposit and bank interest is recognised daily on an accruals basis.
- Underwriting commission is recognised when the issue takes place.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 2 Summary of significant accounting policies (continued)

##### d) Recognition of income and expenses (continued)

- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.
- Luxembourg subscription tax (taxe d'abonnement) is recognised daily on an accruals basis.

##### e) Allocation of returns to share classes

The annual management charge, taxe d'abonnement, any share class hedging returns and associated share class hedging charges are directly attributable to individual share classes. All other returns are apportioned to each fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

The Company operates income equalisation arrangements with a view to ensuring that the level of income accrued within a fund is not affected by the issue, conversion or redemption of fund shares during an accounting period.

The Directors operate a policy of "swing pricing" where a swing price adjustment may be added to the net asset value per share to determine the price at which shares may be issued or redeemed. The swing price adjustment protects existing shareholders from the dilutive effect of direct and indirect portfolio dealing costs incurred when investments are bought or sold in response to net flows of money into or out of the funds from investors buying and selling shares in the funds.

##### f) JPM Collection account

Cash account arrangements have been put in place in respect of the SICAV and each fund. These cash accounts are held with a third party banking entity for collection of subscriptions, payment of redemptions and distributions for the SICAV and are deemed assets of the SICAV. The balance on these cash accounts was immaterial at the period end.

#### 3 Distribution policy

Distribution shares may pay distributions to Shareholders, whereas Accumulation shares will instead accumulate all earnings pertaining to the relevant share class for the benefit of the Accumulation Shareholders. Distribution payments are made in the relevant share class currency.

The Directors will exercise their discretion to determine whether or not to declare a distribution in respect of Distribution shares. Distributions may be paid out of investment income, capital gains or capital at the discretion of the Directors. Distributions and their frequency are included in the Financial highlights section for each fund.

Unless detailed below, the distribution policy for all funds and distribution share classes is to distribute all investment income gross of expenses.

The following distribution share classes distribute an amount or fixed percentage of the Net Asset Value per Share as disclosed below. Where the amount of investment income earned is not sufficient to meet this fixed amount or fixed percentage, a fixed Distribution Share Class may be required to make a payment out of capital. The Directors will periodically review fixed Distribution Share Classes policies and reserve the right to make changes to the distribution rate in cases where maintaining it may adversely impact the respective funds or the Shareholders.

M&G (Lux) Dynamic Allocation Fund US dollar A-H M F4

M&G (Lux) Income Allocation Fund Euro A F2

M&G (Lux) Income Allocation Fund Euro A F3

M&G (Lux) Income Allocation Fund Euro B F3

M&G (Lux) Income Allocation Fund Euro B F2

M&G (Lux) Multi Asset 2023 Fund Euro P

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

M&G (Lux) Emerging Markets Income Opportunities Fund

M&G (Lux) Global Dividend Fund

M&G (Lux) Global Listed Infrastructure Fund

M&G (Lux) Income Allocation Fund

#### 4 Transaction costs

Direct portfolio transaction costs include broker execution commission and taxes and are incremental costs that are directly attributable to the transaction. Indirect portfolio transaction costs represent the difference between the buying and selling prices of the fund's investments (portfolio dealing spread); some types of investment, such as fixed interest securities, have no direct transaction costs and only the portfolio dealing spread is paid.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 4 Transaction costs (continued)

Direct portfolio transaction costs	For the six months ended 30 September 2018
M&G (Lux) Absolute Return Bond Fund	€564.30
M&G (Lux) Conservative Allocation Fund	€463,149.95
M&G (Lux) Dynamic Allocation Fund	€1,583,670.21
M&G (Lux) Emerging Markets Bond Fund <sup>[a]</sup>	US\$0.00
M&G (Lux) Emerging Markets Hard Currency Bond Fund	US\$0.00
M&G (Lux) Emerging Markets Income Opportunities Fund	US\$3,440.37
M&G (Lux) European Inflation Linked Corporate Bond Fund	€1,597.60
M&G (Lux) European Strategic Value Fund <sup>[b]</sup>	€243,043.20
M&G (Lux) Floating Rate High Yield Solution	US\$0.00
M&G (Lux) Global Dividend Fund <sup>[b]</sup>	US\$26,930.68
M&G (Lux) Global Floating Rate High Yield Fund <sup>[c]</sup>	US\$0.00
M&G (Lux) Global High Yield ESG Bond Fund	US\$0.00
M&G (Lux) Global Listed Infrastructure Fund	US\$2,733.85
M&G (Lux) Global Recovery Fund <sup>[d]</sup>	US\$1,008.97
M&G (Lux) Global Target Return Fund	€24,518.29
M&G (Lux) Income Allocation Fund	€103,320.75
M&G (Lux) Multi Asset 2023 Fund	€0.00
M&G (Lux) Optimal Income Fund <sup>[e]</sup>	€12,362.63

<sup>[a]</sup> For the period from 17 September 2018 (the launch date of the fund) to 30 September 2018.

<sup>[b]</sup> For the period from 18 September 2018 (the launch date of the fund) to 30 September 2018.

<sup>[c]</sup> For the period from 13 September 2018 (the launch date of the fund) to 30 September 2018.

<sup>[d]</sup> For the period from 18 July 2018 (the launch date of the fund) to 30 September 2018.

<sup>[e]</sup> For the period from 5 September 2018 (the launch date of the fund) to 30 September 2018.

#### 5 Operating charges

Operating charges included in the Total Expense Ratio (TER) calculation include payments made to M&G and to providers independent of M&G:

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.

- **Taxation in Luxembourg:** Under current legislation, investors that are not resident in Luxembourg are not subject to capital gains or income tax, unless they have a permanent establishment in Luxembourg to which the share capital of the Company is allocated. Retail share classes of the Company are subject to a tax ('taxe d'abonnement') of 0.05% per annum and institutional share classes of 0.01%.

For M&G (Lux) Multi Asset 2023, the Management Company will take a 'Single Charge' from each Share Class of the Fund to cover its duties, as well as operating, administration and oversight costs associated with the Fund. Such charge will be calculated and taken into account daily ('Single Charge'). The Single Charge will be 1.60% and will include: Depositary's Fees, Custody Charges and Custody Transaction Charges, Paying Agents' Fees, Administration Fees, Directors' Fees, Service Provider Fees, and Other Expenses. As the Fund invests in collective investment schemes that are also managed by the Management Company (or an associate), the Management Company will rebate the Annual Management Charge and Administration Fee of the underlying collective investment scheme.

#### 6 Annual management, administration and share class hedging charges

Annual management charges are set out in the table below. In addition, there is an administration charge of 0.15% per share class. A Share class hedging charge of 0.01% - 0.055% will apply to hedged share classes. These charges are accrued daily based on the net asset value of each share class. Any amounts outstanding at the period end are disclosed in the Statement of net assets.

Please note that the following table lists the available share classes. Each share class further contains an accumulation and distribution option.

#### Annual Management Charge

	Share classes					
	A %	B %	C %	CI %	J %	JI %
M&G (Lux) Absolute Return Bond Fund	1.00	1.30	0.40	0.40	n/a	n/a
M&G (Lux) Conservative Allocation Fund	1.40	1.90	0.60	0.60	n/a	n/a
M&G (Lux) Dynamic Allocation Fund	1.75	2.25	0.75	0.75	n/a	n/a
M&G (Lux) Emerging Markets Bond Fund	1.25	1.75	0.60	0.60	n/a	n/a
M&G (Lux) Emerging Markets Hard Currency Bond Fund	1.50	2.00	0.60	0.60	n/a	n/a
M&G (Lux) Emerging Markets Income Opportunities Fund	1.50	2.00	0.60	0.60	n/a	n/a
M&G (Lux) European Inflation Linked Corporate Bond Fund	1.00	1.50	0.40	0.40	n/a	n/a
M&G (Lux) European Strategic Value Fund	1.50	2.00	0.75	0.75	[b]	[b]
M&G (Lux) Floating Rate High Yield Solution	0.70	1.20	0.25	0.25	n/a	n/a
M&G (Lux) Global Dividend Fund	1.75	2.25	0.75	0.75	n/a	n/a
M&G (Lux) Global Floating Rate High Yield Fund	1.25	1.75	0.65	0.65	n/a	n/a
M&G (Lux) Global High Yield ESG Bond Fund	1.25	1.75	0.65	0.65	n/a	n/a
M&G (Lux) Global Listed Infrastructure Fund	1.75	2.25	0.75	0.75	n/a	n/a
M&G (Lux) Global Recovery Fund	1.75	2.25	0.75	0.75	n/a	n/a

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 6 Annual management, administration and share class hedging charges (continued)

##### Annual Management Charge

	A	B	Share classes			
	%	%	C	CI	J	JI
			%	%	%	%
M&G (Lux) Global Target Return Fund	1.25	1.75	0.50	0.50	n/a	n/a
M&G (Lux) Income Allocation Fund	1.50	2.00	0.65	0.65	n/a	n/a
M&G (Lux) Multi Asset 2023 Fund	n/a	n/a	n/a	n/a	n/a	n/a
M&G (Lux) Optimal Income Fund	1.25	1.75	0.75	0.75	[b]	[b]

##### Annual Management Charge

	L	LI	P	Z	ZI
	%	%	%	%	%
M&G (Lux) Absolute Return Bond Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Conservative Allocation Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Dynamic Allocation Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Emerging Markets Bond Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Emerging Markets Hard Currency Bond Fund	0.35	0.35	n/a	nil	nil
M&G (Lux) Emerging Markets Income Opportunities Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) European Inflation Linked Corporate Bond Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) European Strategic Value Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Floating Rate High Yield Solution	[a]	n/a	n/a	nil	nil
M&G (Lux) Global Dividend Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Global Floating Rate High Yield Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Global High Yield ESG Bond Fund	0.40	0.40	n/a	nil	nil
M&G (Lux) Global Listed Infrastructure Fund	0.50	0.50	n/a	nil	nil
M&G (Lux) Global Recovery Fund	0.50	0.50	n/a	nil	nil
M&G (Lux) Global Target Return Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Income Allocation Fund	n/a	n/a	n/a	nil	nil
M&G (Lux) Multi Asset 2023 Fund	n/a	n/a	1.60	n/a	n/a
M&G (Lux) Optimal Income Fund	n/a	n/a	n/a	nil	nil

[a] Upon agreement with the Company.

[b] Up to 0.75%.

#### 7 Depositary, safe custody and custody transaction charges

The Depositary takes a charge from each fund as payment for its duties as depositary. The Depositary's charge is based on the NAV of each fund, and in normal circumstances, the fees payable to the Depositary for its provision of services shall be subject to a maximum of 1 basis point.

The Depositary also receives a fee in relation to the safe-keeping of each fund's assets (safe custody charges) and a fee in relation to processing transactions (custody transaction charges). The safe custody charge is a range between 0.00005% and 0.04% of the asset values and custody transaction charges range between €5 and €100 per transaction.

The Depositary's charge is calculated and taken into account daily on the same basis as described above for the Annual Management Charge. The safe custody charges and custody transaction charges are accrued daily.

#### 8 Audit fees

Audit fees are accrued on a daily basis and paid by the fund with the exception of:

M&G (Lux) Global Recovery Fund

M&G (Lux) Multi Asset 2023 Fund

#### 9 Directors' fees

The Directors are currently entitled to an annual fee paid by the Management Company. Yves Wagner, the Independent Director, received a fee of €20,000. The other Directors did not receive any fees for their services. The Management Company shall also reimburse certain expenses of the Directors, in accordance with the Articles, out of the Administration Charge.

#### 10 Taxes

##### Luxembourg

The Company is, in principle, liable in Luxembourg to a subscription tax (taxe d'abonnement) of 0.05% per annum of its NAV, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Company at the end of the relevant calendar quarter.

This rate is reduced to 0.01% per annum for:

- Undertakings whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions;
- Undertakings whose sole object is the collective investment in deposits with credit institutions; and
- Individual sub-funds of UCIs with multiple sub-funds, as well as for individual classes of securities issued within a UCI or within a sub-fund of a UCI with multiple sub-funds, provided that the securities of such sub-funds or classes are reserved to one or more institutional investors.

The table below shows the taxe d'abonnement applicable to each share class.

##### Taxe d'abonnement

	Share classes			
	A	B	C	CI
	%	%	%	%
Current annual rate of local tax (Taxe d'abonnement)	0.05	0.05	0.05	0.01

##### Taxe d'abonnement

	Share classes			
	L	LI	Z	ZI
	%	%	%	%
Current annual rate of local tax (Taxe d'abonnement)	0.05*	0.01	0.05	0.01

\* For M&G (Lux) Floating Rate High Yield Solution the figure is 0.01%.

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 10 Taxes (continued)

##### Other transaction Other transaction taxes

Other jurisdictions may impose taxes, financial transactions taxes ('FTT') or other transaction taxes on certain assets held by the funds (for example, UK stamp duty, French FTT).

##### Withholding tax

Dividends, capital gains and interest received by the Company on its investments may be subject to withholding taxes in the countries of origin which are generally irrecoverable as the Company itself is exempt from income tax.

#### 11 Swing pricing

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

To protect existing investors, the Directors operate a policy of swing pricing. This policy gives the Directors the power to apply a 'swing price adjustment' to the Net Asset Value per share so that portfolio transaction costs incurred as a result of investors buying and selling shares in the funds can be recovered from those investors through the price they pay or receive.

A swing price adjustment may be applied in the event that the daily net subscriptions or net redemptions exceed a predetermined threshold set by the Directors.

The published share price/NAV per share inclusive of the swing pricing adjustment is disclosed in the net asset values and total expense ratio table included within the Financial highlights section of each fund. The swing price adjustment is not recognised in the Statement of net assets or the Statement of operations and changes in net assets.

Swing price adjustments received through buying and selling shares is included in the net in/outflows in the Statement of operations and changes in net assets.

At the period end a swing price adjustment was applied to the following funds:

- M&G (Lux) Emerging Markets Bond Fund
- M&G (Lux) European Strategic Value Fund
- M&G (Lux) Global Dividend Fund
- M&G (Lux) Global Floating Rate High Yield Fund
- M&G (Lux) Global Recovery Fund
- M&G (Lux) Optimal Income Fund

#### 12 Transactions with connected persons

M&G Securities Limited, as the Management Company, is a related party. Details of charges payable to M&G Securities Limited in respect of annual management, administration and share class hedging charges are disclosed in note 6. Amounts paid are disclosed in the Statement of operations and changes in net assets and amounts due at the period end are disclosed in the Statement of net assets and liabilities.

Amounts paid to / from M&G Prudent Allocation Fund, M&G Dynamic Allocation Fund, M&G European Inflation Linked Corporate Bond Fund and M&G Income Allocation Fund as a result of the merger are disclosed in other receivables and other payables in the statement of net assets and liabilities.

As at 30 September 2018, the M&G (Lux) Conservative Allocation Fund sub-fund invested in shares of the sub-fund M&G (Lux) Emerging Markets Hard Currency Bond Fund. The value of the shares held amounts to USD 18,616 and represents 0.59% of the net assets of the sub-fund M&G (Lux) Conservative Allocation Fund.

As at 30 September 2018, the M&G (Lux) Dynamic Allocation Fund sub-fund invested in shares of the sub-fund M&G (Lux) Emerging Markets Hard Currency Bond Fund. The value of the shares held amounts to USD 31,330 and represents 0.36% of the net assets of the sub-fund M&G (Lux) Dynamic Allocation Fund.

As at 30 September 2018, the M&G (Lux) Income Allocation Fund sub-fund invested in shares of the sub-fund M&G (Lux) Emerging Markets Hard Currency Bond Fund. The value of the shares held amounts to USD 17,230 and represents 1.34% of the net assets of the sub-fund M&G (Lux) Income Allocation Fund.

As at 30 September 2018, the M&G (Lux) Multi Asset 2023 Fund sub-fund invested in shares of the sub-funds M&G (Lux) Absolute Return Bond Fund, M&G (Lux) Conservative Allocation Fund, M&G (Lux) Dynamic Allocation Fund, M&G (Lux) Emerging Markets Hard Currency Bond Fund, M&G (Lux) Global Target Return Fund and M&G (Lux) Income Allocation Fund. The value of the shares held amounts to USD 97,994 and represents 59.15% of the net assets of the sub-fund M&G (Lux) Multi Asset 2023 Fund.

The impact of the cross investment transactions has not been eliminated from the combined Statement of Net Assets and Statement of Changes in Net Assets.

There are no other related parties.

#### 13 Cash collateral

The funds trade derivatives with a range of counterparties. The counterparties to the derivatives and amount held as collateral are shown under the portfolio statement.



# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Notes to the financial statements

#### 14 Distributions

The following distributions were paid to Distribution share classes during the period:

##### M&G (Lux) Absolute Return Bond Fund

Distribution timetable	
Period to	31.03.18
Ex dividend date	23.04.18
Pay date	26.04.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.1117
Class 'C'	0.1119
<b>Sterling</b>	<b>UK p</b>
Class 'C-H'	0.1127
<b>Swiss franc</b>	<b>Swiss €</b>
Class 'A-H'	0.1104
Class 'C-H'	0.1109
<b>US dollar</b>	<b>US €</b>
Class 'A-H'	0.1147
Class 'C-H'	0.1153

##### M&G (Lux) Conservative Allocation Fund

Distribution timetable		
Period to	31.03.18	30.06.18
Ex dividend date	23.04.18	23.07.18
Pay date	26.04.18	26.07.18
Distribution rate per share class		
Euro	Euro €	Euro €
Class 'A'	0.0075	0.0390
Class 'B'	0.0072	0.0389
Class 'C'	0.0072	0.0391
US dollar	US €	US €
Class 'A-H'	0.0073	0.0386
Class 'C-H'	0.0074	0.0386

##### M&G (Lux) Dynamic Allocation Fund

Distribution timetable				
Period to	28.02.18	31.03.18	30.04.18	31.05.18
Ex dividend date	29.03.18	23.04.18	22.05.18	18.06.18
Pay date	05.04.18	26.04.18	25.05.18	21.06.18
Distribution rate per share class				
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A'	-	0.0046	-	-
Class 'C'	-	0.0042	-	-
<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C-H'	-	0.0045	-	-
<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A-H'	-	0.0052	-	-
Class 'A-H M F4'	0.0294	0.0320	0.0326	0.0319
Class 'C-H'	-	0.0044	-	-

##### M&G (Lux) Dynamic Allocation Fund (continued)

Distribution timetable			
Period to	30.06.18	31.07.18	31.08.18
Ex dividend date	23.07.18	20.08.18	24.09.18
Pay date	26.07.18	23.08.18	27.09.18
Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A'	0.0339	-	-
Class 'C'	0.0340	-	-
<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C-H'	0.0341	-	-
<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A-H'	0.0334	-	-
Class 'A-H M F4'	0.0316	0.0321	0.0309
Class 'C-H'	0.0335	-	-

##### M&G (Lux) Emerging Markets Hard Currency Bond Fund

Distribution timetable		
Period to	31.03.18	30.06.18
Ex dividend date	23.04.18	23.07.18
Pay date	26.04.18	26.07.18
Distribution rate per share class		
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A'	0.1177	0.1333
Class 'A-H'	0.1281	0.1328
Class 'C'	0.1177	0.1315
Class 'C-H'	0.1290	0.1350
<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>
Class 'C'	0.1203	0.1381
<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A-H'	0.1271	0.1309
Class 'C-H'	0.1280	0.1321
<b>US dollar</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.1295	0.1386
Class 'C'	0.1297	0.1392

##### M&G (Lux) Emerging Markets Income Opportunities Fund

Distribution timetable			
Period to	31.03.18	30.04.18	31.05.18
Ex dividend date	23.04.18	22.05.18	18.06.18
Pay date	26.04.18	25.05.18	21.06.18
Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A-H'	0.0954	-	-
Class 'C-H'	0.0962	-	-
<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C-H'	0.0976	-	-
<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A-H'	0.0947	-	-
Class 'C-H'	0.0954	-	-
<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.0962	-	-
Class 'A M'	0.0323	0.0471	0.0551
Class 'C'	0.0968	-	-
Class 'C M'	0.0324	0.0475	0.0557

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 14 Distributions (continued)

##### M&G (Lux) Emerging Markets Income Opportunities Fund (continued)

Distribution timetable			
Period to	30.06.18	31.07.18	31.08.18
Ex dividend date	23.07.18	20.08.18	24.09.18
Pay date	26.07.18	23.08.18	27.09.18

Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A-H'	0.1587	-	-
Class 'C-H'	0.1592	-	-

<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C-H'	0.1607	-	-

<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A-H'	0.1564	-	-
Class 'C-H'	0.1578	-	-

<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.1642	-	-
Class 'A M'	0.0611	0.0587	0.0409
Class 'C'	0.1655	-	-
Class 'C M'	0.0616	0.0593	0.0414

##### M&G (Lux) Floating Rate High Yield Solution

Distribution timetable			
Period to	31.03.18	30.04.18	31.05.18
Ex dividend date	23.04.18	22.05.18	18.06.18
Pay date	26.04.18	25.05.18	21.06.18

Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A-H'	0.1430	-	-
Class 'B-H'	0.1427	-	-
Class 'C-H'	0.1432	-	-

<b>Singapore dollar</b>	<b>SGD €</b>	<b>SGD €</b>	<b>SGD €</b>
Class 'A-H'	0.1439	-	-
Class 'A-H M'	0.0560	0.0530	0.0461
Class 'C-H M'	0.0562	0.0531	0.0463

<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C-H'	0.1458	-	-

<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A-H'	0.1413	-	-
Class 'C-H'	0.1420	-	-

<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.1429	-	-
Class 'A M'	0.0486	0.0546	0.0467
Class 'C'	0.1434	-	-
Class 'C M'	0.0487	0.0548	0.0468

##### M&G (Lux) Floating Rate High Yield Solution (continued)

Distribution timetable			
Period to	30.06.18	31.07.18	31.08.18
Ex dividend date	23.07.18	20.08.18	24.09.18
Pay date	26.07.18	23.08.18	27.09.18

Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A-H'	0.1391	-	-
Class 'B-H'	0.1384	-	-
Class 'C-H'	0.1393	-	-

<b>Singapore dollar</b>	<b>SGD €</b>	<b>SGD €</b>	<b>SGD €</b>
Class 'A-H'	0.1400	-	-
Class 'A-H M'	0.0402	0.0460	0.0487
Class 'C-H M'	0.0403	0.0463	0.0489

<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C-H'	0.1404	-	-

<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A-H'	0.1368	-	-
Class 'C-H'	0.1372	-	-

<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.1430	-	-
Class 'A M'	0.0409	0.0463	0.0497
Class 'C'	0.1434	-	-
Class 'C M'	0.0410	0.0466	0.0499

##### M&G (Lux) Global High Yield ESG Bond Fund

Distribution timetable			
Period to	31.03.18	30.04.18	31.05.18
Ex dividend date	23.04.18	22.05.18	18.06.18
Pay date	26.04.18	25.05.18	21.06.18

Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A-H'	0.1096	-	-
Class 'C-H'	0.1098	-	-

<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C-H'	0.1114	-	-

<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A-H'	0.1081	-	-
Class 'C-H'	0.1091	-	-

<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.1106	-	-
Class 'A M'	0.0349	0.0359	0.0340
Class 'C'	0.1110	-	-



# M&G (Lux) Investment Funds 1

## Financial statements and notes

### Notes to the financial statements

#### 14 Distributions (continued)

##### M&G (Lux) Global High Yield ESG Bond Fund (continued)

Distribution timetable			
Period to	30.06.18	31.07.18	31.08.18
Ex dividend date	23.07.18	20.08.18	24.09.18
Pay date	26.07.18	23.08.18	27.09.18

Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A-H'	0.1016	-	-
Class 'C-H'	0.1019	-	-
<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C-H'	0.1026	-	-
<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A-H'	0.0996	-	-
Class 'C-H'	0.0999	-	-
<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.1041	-	-
Class 'A M'	0.0340	0.0385	0.0338
Class 'C'	0.1046	-	-

##### M&G (Lux) Global Listed Infrastructure Fund

Distribution timetable			
Period to	31.03.18	30.04.18	31.05.18
Ex dividend date	23.04.18	22.05.18	18.06.18
Pay date	26.04.18	25.05.18	21.06.18

Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A'	0.0483	-	-
Class 'C'	0.0484	-	-
<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C'	0.0477	-	-
<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A'	0.0496	-	-
Class 'C'	0.0498	-	-
<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.0506	-	-
Class 'A M'	0.0247	0.0392	0.0488
Class 'C'	0.0508	-	-

##### M&G (Lux) Global Listed Infrastructure Fund (continued)

Distribution timetable			
Period to	30.06.18	31.07.18	31.08.18
Ex dividend date	23.07.18	20.08.18	24.09.18
Pay date	26.07.18	23.08.18	27.09.18

Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A'	0.1009	-	-
Class 'C'	0.1016	-	-
<b>Sterling</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Class 'C'	0.1009	-	-
<b>Swiss franc</b>	<b>Swiss €</b>	<b>Swiss €</b>	<b>Swiss €</b>
Class 'A'	0.1017	-	-
Class 'C'	0.1023	-	-
<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A'	0.1000	-	-
Class 'A M'	0.0195	0.0296	0.0220
Class 'C'	0.1006	-	-

##### M&G (Lux) Income Allocation Fund

Distribution timetable			
Period to	31.03.18	30.04.18	31.05.18
Ex dividend date	23.04.18	22.05.18	18.06.18
Pay date	26.04.18	25.05.18	21.06.18

Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A'	0.0177	0.0482	0.0250
Class 'A F2'	-	0.0169	0.0167
Class 'A F3'	-	0.0254	0.0250
Class 'A Q'	0.0172	-	-
Class 'B F2'	-	0.0169	0.0167
Class 'B F3'	-	0.0254	0.0250
Class 'B Q'	0.0172	-	-
Class 'C'	0.0184	0.0482	0.0251
Class 'C Q'	0.0311	-	-
Class 'ZI'	-	-	0.0257
<b>Singapore dollar</b>	<b>SGD €</b>	<b>SGD €</b>	<b>SGD €</b>
Class 'A-H'	0.0286	0.0473	0.0252
Class 'C-H'	0.0286	0.0475	0.0253
<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A-H'	0.0175	0.0472	0.0253
Class 'C-H'	0.0288	0.0470	0.0254

## M&G (Lux) Investment Funds 1

# Financial statements and notes

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#### 14 Distributions (continued)

##### M&G (Lux) Income Allocation Fund (continued)

Distribution timetable			
Period to	30.06.18	31.07.18	31.08.18
Ex dividend date	23.07.18	20.08.18	24.09.18
Pay date	26.07.18	23.08.18	27.09.18
Distribution rate per share class			
<b>Euro</b>	<b>Euro €</b>	<b>Euro €</b>	<b>Euro €</b>
Class 'A'	0.0228	0.0250	0.0244
Class 'A F2'	0.0164	0.0167	0.0163
Class 'A F3'	0.0246	0.0249	0.0244
Class 'A Q'	0.0970	-	-
Class 'B F2'	0.0164	0.0166	0.0163
Class 'B F3'	0.0246	0.0249	0.0243
Class 'B Q'	0.0967	-	-
Class 'C'	0.0228	0.0251	0.0246
Class 'C Q'	0.0972	-	-
Class 'ZI'	0.0163	0.0257	0.0252
<b>Singapore dollar</b>	<b>SGD €</b>	<b>SGD €</b>	<b>SGD €</b>
Class 'A-H'	0.0229	0.0252	0.0247
Class 'C-H'	0.0230	0.0253	0.0248
<b>US dollar</b>	<b>US €</b>	<b>US €</b>	<b>US €</b>
Class 'A-H'	0.0231	0.0254	0.0249
Class 'C-H'	0.0231	0.0254	0.0250

#### 15 Subsequent events

Subsequent to the period end the Board of Directors resolved to pay distributions to the following funds and distribution share classes.

##### M&G (Lux) Absolute Return Bond Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.1388
Class 'B'	0.1129
Class 'C'	0.1399
<b>Sterling</b>	<b>UK p</b>
Class 'C-H'	0.1410
<b>Swiss franc</b>	<b>Swiss €</b>
Class 'A-H'	0.1350
Class 'C-H'	0.1360
<b>US dollar</b>	<b>US €</b>
Class 'A-H'	0.1440
Class 'C-H'	0.1453

##### M&G (Lux) Conservative Allocation Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.0412
Class 'B'	0.0412
Class 'C'	0.0415
<b>US dollar</b>	<b>US €</b>
Class 'A-H'	0.0422
Class 'C-H'	0.0424

##### M&G (Lux) Dynamic Allocation Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.0399
Class 'C'	0.0405
<b>Sterling</b>	<b>UK p</b>
Class 'C-H'	0.0406
<b>US dollar</b>	<b>US €</b>
Class 'A-H'	0.0408
Class 'A-H M F4'	0.0314
Class 'C-H'	0.0412

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 15 Subsequent events (continued)

##### M&G (Lux) Emerging Markets Hard Currency Bond Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.1339
Class 'A-H'	0.1324
Class 'C'	0.1346
Class 'C-H'	0.1336
<b>Sterling</b>	<b>UK p</b>
Class 'C'	0.1390
<b>Swiss franc</b>	<b>Swiss €</b>
Class 'A-H'	0.3112
Class 'C-H'	0.1324
<b>US dollar</b>	<b>US €</b>
Class 'A'	0.1390
Class 'C'	0.1395

##### M&G (Lux) Emerging Markets Income Opportunities Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A-H'	0.1446
Class 'C-H'	0.1463
<b>Sterling</b>	<b>UK p</b>
Class 'C-H'	0.1484
<b>Swiss franc</b>	<b>Swiss €</b>
Class 'A-H'	0.1439
Class 'C-H'	0.1456
<b>US dollar</b>	<b>US €</b>
Class 'A'	0.1514
Class 'A M'	0.0507
Class 'C'	0.1531
Class 'C M'	0.0515

##### M&G (Lux) Floating Rate High Yield Solution

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A-H'	0.1369
Class 'B-H'	0.1362
Class 'C-H'	0.1374
<b>Singapore dollar</b>	<b>SGD €</b>
Class 'A-H'	0.1400
Class 'A-H M'	0.0446
Class 'C-H M'	0.0447
<b>Sterling</b>	<b>UK p</b>
Class 'C-H'	0.1388
<b>Swiss franc</b>	<b>Swiss €</b>
Class 'A-H'	0.1357
Class 'C-H'	0.1363
<b>US dollar</b>	<b>US €</b>
Class 'A'	0.1417
Class 'A M'	0.0449
Class 'C'	0.1423
Class 'C M'	0.0451

##### M&G (Lux) Global Dividend Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	01.10.18
Pay date	04.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.0606
Class 'C'	0.0606
Class 'CI'	0.0606
<b>Singapore dollar</b>	<b>SGD €</b>
Class 'A'	0.0608
Class 'C'	0.0606
<b>US dollar</b>	<b>US €</b>
Class 'A'	0.0609
Class 'C'	0.0609

##### M&G (Lux) Global Floating Rate High Yield Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	01.10.18
Pay date	04.10.18
Distribution rate per share class	
<b>Singapore dollar</b>	<b>SGD €</b>
Class 'A-H M'	0.0372
Class 'C-H M'	0.0372
<b>US dollar</b>	<b>US €</b>
Class 'A M'	0.0373
Class 'C M'	0.0373

## M&G (Lux) Investment Funds 1

# Financial statements and notes

### Notes to the financial statements

#### 15 Subsequent events (continued)

##### M&G (Lux) Global High Yield ESG Bond Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A-H'	0.1010
Class 'C-H'	0.1018
<b>Sterling</b>	<b>UK p</b>
Class 'C-H'	0.1027
Class 'L-H'	0.1202
<b>Swiss franc</b>	<b>Swiss €</b>
Class 'A-H'	0.1004
Class 'C-H'	0.1007
<b>US dollar</b>	<b>US €</b>
Class 'A'	0.1046
Class 'A M'	0.0323
Class 'C'	0.1052

##### M&G (Lux) Global Listed Infrastructure Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.0905
Class 'C'	0.0912
<b>Sterling</b>	<b>UK p</b>
Class 'C'	0.0909
<b>Swiss franc</b>	<b>Swiss €</b>
Class 'A'	0.0891
Class 'C'	0.0899
<b>US dollar</b>	<b>US €</b>
Class 'A'	0.0891
Class 'A M'	0.0294
Class 'C'	0.0899

##### M&G (Lux) Income Allocation Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	22.10.18
Pay date	25.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.0245
Class 'A F2'	0.0164
Class 'A F3'	0.0244
Class 'A Q'	0.0745
Class 'B F2'	0.0163
Class 'B F3'	0.0244
Class 'B Q'	0.0742
Class 'C'	0.0246
Class 'C Q'	0.0748
Class 'ZI'	0.0253
<b>Singapore dollar</b>	<b>SGD €</b>
Class 'A-H'	0.0248
Class 'C-H'	0.0249
<b>US dollar</b>	<b>US €</b>
Class 'A-H'	0.0250
Class 'C-H'	0.0251

##### M&G (Lux) Optimal Income Fund

Distribution timetable	
Period to	30.09.18
Ex dividend date	01.10.18
Pay date	04.10.18
Distribution rate per share class	
<b>Euro</b>	<b>Euro €</b>
Class 'A'	0.1754
Class 'B'	0.1756
Class 'C'	0.1753
<b>Singapore dollar</b>	<b>SGD €</b>
Class 'A-H M'	0.0354
<b>Swiss franc</b>	<b>Swiss €</b>
Class 'A-H'	0.1760
Class 'C-H'	0.1761
<b>US dollar</b>	<b>US €</b>
Class 'A-H'	0.1722
Class 'A-H M'	0.0355
Class 'C-H'	0.1719
Class 'J-H'	0.1746

## Other information

# Other regulatory disclosures

### Remuneration

In line with the requirements of the Undertakings for Collective Investments in Transferable Securities (UCITS) V, the UCITS Manager is subject to a remuneration policy which is consistent with the principles outlined in SYSC19E of the FCA Handbook (UCITS Remuneration Code).

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its staff is in line with the risk policies and objectives of the UCITS funds it manages. Further details of the remuneration policy applicable at an M&G Limited level can be found here <http://docs.mandg.com/docs/Corporate/MandG-Limited-Remuneration-Policy.pdf>. M&G's remuneration policy is reviewed on an annual basis, or more frequently where required, and approved by the M&G Remuneration Committee.

The UCITS management company is required under UCITS to make quantitative disclosures of remuneration. These disclosures are made in line with M&G's interpretation of currently available guidance on quantitative remuneration disclosures. As market or regulatory guidance evolves, M&G may consider it appropriate to make changes to the way in which quantitative disclosures are calculated. Members of staff and senior management typically provide both UCITS and non-UCITS related services and have a number of areas of responsibility. Therefore, only the portion of remuneration for those individuals' services which may be attributable to UCITS is included in the remuneration figures disclosed. Accordingly the figures are not representative of any individual's actual remuneration.

M&G Securities Limited does not directly employ any staff members. However, for the financial year ended 31 December 2017, aggregate remuneration of £39,245,473 (£4,916,932 in respect of fixed remuneration and £34,328,541 in respect of variable remuneration) was paid to individuals whose actions may have a material impact on the risk profile of the UCITS Manager, of which £1,812,300 related to senior management.

### Securities Financing Transactions Regulation (SFTR)

Under the Securities Financing Transactions Regulation ('SFTR'), the Company is required to disclose certain information in relation to its use of Securities Financing Transactions ('SFTs') including Total Return Swaps ('TRSs'). SFTs include various types of transactions, however, the Company is currently only permitted to enter into TRSs, and only in relation to the following sub-funds:

- M&G (Lux) Absolute Return Bond Fund
- M&G (Lux) Conservative Allocation Fund
- M&G (Lux) Dynamic Allocation Fund
- M&G (Lux) Floating Rate High Yield Solution
- M&G (Lux) Global Floating Rate High Yield Fund
- M&G (Lux) Global Target Return Fund
- M&G (Lux) Income Allocation Fund
- M&G (Lux) Optimal Income Fund

During the period from 1 April 2018 to 30 September 2018 no funds entered into Total Return Swaps.

### Swiss investor information

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

For these funds the TERs are disclosed in the 'Net Asset Values and Total Expense Ratio' table that can be found in each fund's financial highlights section.

# Appendix

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## List of Funds managed by M&G Securities Limited

The Management Company acts as management company for the following funds:

M&G Investment Funds (1) and its sub-funds

M&G Investment Funds (2) and its sub-funds

M&G Investment Funds (3) and its sub-funds

M&G Investment Funds (4) and its sub-funds

M&G Investment Funds (5) and its sub-funds

M&G Investment Funds (7) and its sub-funds

M&G Investment Funds (10) and its sub-funds

M&G Investment Funds (11) and its sub-funds

M&G Investment Funds (12) and its sub-funds

M&G Optimal Income Fund

M&G Global Macro Bond Fund

M&G Global Dividend Fund

M&G Strategic Corporate Bond Fund

M&G Property Portfolio

M&G Feeder of Property Portfolio

The National Association of Almshouses Common Investment Fund

The Charibond Charities Fixed Interest Common Investment Fund

The Equities Investment Fund for Charities

M&G Funds 1 ICAV and its sub-funds

# Glossary

**1933 Act:** The United States Securities Act of 1933, as amended.

**1940 Act:** The United States Securities Act of 1940, as amended.

**Accumulation shares:** Shares in respect of which all earnings are accumulated and added to the capital property of a fund.

**Administration agreement:** The administration agreement dated 5 December 2016 pursuant to which the Administrator is appointed to provide services with respect to the Company.

**Administrator:** State Street Bank Luxembourg S.C.A.

**Ancillary liquid assets:** Refers to (i) cash deposits; and (ii) money market instruments, such as short-term debt securities (i.e., debt securities with less than one year to maturity), treasury bills, commercial paper, certificates of deposit and bankers acceptances.

**Articles:** Articles of incorporation of the Company.

**Auditor:** Ernst & Young S.A.

**Base currency:** The base currency of the Company is the Euro.

**Business day:** Unless otherwise stated in a Supplement, any day when the banks are fully open for normal banking business in both England and Luxembourg (excluding 24 December and 31 December).

**Class or Class of shares or Share class:** A class of shares in issue or to be issued within each fund.

**Company:** M&G (Lux) Investment Funds 1.

**CSSF:** The Luxembourg Commission de Surveillance du Secteur Financier or its successor, being the Luxembourg regulatory authority in charge of the supervision of UCIs in the Grand-Duchy of Luxembourg 'CSSF Circular 04/146' (the CSSF Circular 04/146 of 17 June 2004 regarding the protection of undertakings for collective investment and their investors against late trading and market timing practices), as amended 'CSSF Regulation 12/02' the CSSF Regulation 12/02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended.

**Dealing day:** Unless otherwise stated in a Supplement, any Business Day.

**Dealing request deadline:** Such time in respect of any relevant Dealing Day as shall be specified in the relevant Supplement for that fund or such other time as the Directors may determine.

**Depository:** State Street Bank Luxembourg S.C.A.

**Depository agreement:** The depository agreement dated 5 December 2016 pursuant to which the Depository is appointed to provide depository services to the Company.

**Directors:** The members of the Board of Directors of the Company for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time.

**Distribution shares:** Shares in respect of which dividends may be distributed periodically to Shareholders.

**ESMA:** The European Securities and Markets Authority or its successor authority.

**ESMA guidelines 2014/937:** Refers to the guidelines on ETFs and other UCITS issues published on 1 August 2014 by ESMA (ESMA/2014/937), as implemented in Luxembourg and entered into force on 1 October 2014 as may be amended, supplemented and/or implemented from time to time.

**EU:** The European Union.

**EURIBOR:** The Euro Interbank Offered Rate, which is based on the average interest rates at which a panel of European banks borrow money from one another.

**FATCA:** The provisions of the US HIRE Act generally referred to as the Foreign Account Tax Compliance Act.

**FCA:** The Financial Conduct Authority or its successor authority in the United Kingdom.

**FCA rules:** The rules of the FCA, as the same may be amended from time to time.

**Fund:** A specific pool of assets, or sub-fund established within the Company, within the meaning of Article 181 of the UCI Law.

**Fund manager:** An employee of M&G Limited who manages the investment of money on its behalf.

**Group or Group of companies:** Companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and according to recognised international accounting rules, as amended.

**Hedged share classes:** Those classes where a currency hedging strategy is applied.

**Ineligible investor:** Any person to whom a transfer of shares (legally or beneficially) or by whom a holding of shares (legally or 3 beneficially) would or, in the opinion of the Directors, might: a) be in breach of any law (or regulation by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such shares; or b) require the Company, the Management Company or the Investment manager to be registered under any law or regulation whether as an investment fund or otherwise, or cause the Company to be required to comply with any registration requirements in respect of any of its shares, whether in the United States of America or any other jurisdiction; or c) cause the Company, its Shareholders, the Management Company or the Investment manager some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the Company, its Shareholders, the Management Company or the Investment manager might not otherwise have incurred or suffered 'Initial Offer Period' (the period set by the Directors in relation to any fund or Class of shares as the period during which shares are initially on offer and as specified in the relevant Supplement).

**Initial offer price:** The initial price payable for a Share as specified in the relevant Supplement for each fund.

**Institutional investor:** As defined in the UCI Law and by guidelines or recommendations issued by the CSSF from time to time.

**Investment management agreement:** The investment management agreement dated 5 December 2016 pursuant to which the investment manager is appointed to provide discretionary investment management services to the Company and the funds.

**Investment manager:** M&G Investment Management Limited.

**IRS:** The US Internal Revenue Service.

**KIID:** Key Investor Information Document applicable to a Share Class.

**Luxembourg:** The Grand-Duchy of Luxembourg.

**Management Agreement:** The management agreement dated 5 December 2016 pursuant to which the Management Company is appointed by the Company.

**Management Company:** M&G Securities Limited.

**Member state:** A member state of the European Union. The states that are contracting parties to the agreement creating the European Economic Area other than the member states of the European Union, within the limits set forth by this agreement 4 and related acts, are considered as equivalent to member states of the European Union.

# Glossary

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**Minimum additional subscription:** The minimum additional investment for each class of shares as specified in the relevant Supplement for each fund.

**Minimum holding:** Where applicable, the minimum holding for each class of shares as specified in the relevant Supplement for each fund.

**Minimum subscription:** The minimum initial investment for each class of shares as specified in the relevant Supplement for each fund.

**Money market instruments:** Instruments normally dealt on the money market which are liquid, and have a value which can be accurately determined at any time, and instruments eligible as money market instruments, as defined by guidelines issued by the CSSF from time to time.

**Net Asset Value:** The net asset value of the Company, a fund or a Class (as the context may require) as calculated in accordance with the Articles and the Prospectus.

**Net Asset Value per share:** The Net Asset Value in respect of any fund or Class divided by the number of shares of the relevant fund or Class in issue at the relevant time.

**Non-Member State:** Any state which is not a Member State.

**OECD:** The Organisation for Economic Co-operation and Development.

**OECD CRS:** OECD Common Reporting Standard.

**OTC (over the counter) derivative:** A derivative instrument entered into with an approved counterparty outside of an exchange.

**Price per share:** Unless otherwise defined in a Supplement, the Net Asset Value per Share attributable to the shares issued in respect of a fund or Class, plus or minus any attributable swing price adjustment, as described in the section of this Prospectus entitled 'Swing Pricing and Dilution Levy'.

**Prospectus:** This Prospectus, as may be amended or supplemented from time to time.

**Reference currency:** The currency of the relevant fund.

**Registrar and transfer agent:** RBC Investor Services Bank S.A.

**Registrar and transfer agency agreement:** The registrar and transfer agency agreement dated 6 December 2016 pursuant to which the registrar and transfer agent is appointed to provide certain registration and transfer agency services in respect of the funds.

**Regulated market:** A regulated market according to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EC ('MiFID'). A list of EU-regulated markets according to MiFID is regularly updated and published by the European Commission.

**Share or shares:** Shares of any Class in the Company as the context requires.

**Share class currency:** The currency of the relevant Class.

**Shareholder:** A person registered as the holder of shares on the Company's register of shareholders.

**Supplement:** A supplement to this Prospectus specifying certain information in respect of a fund and/or one or more classes.

**Transferable securities:** (i) shares and other securities equivalent to shares ('shares'); (ii) bonds and other debt instruments ('debt securities'); and (iii) any other negotiable securities that carry the right to acquire any such transferable securities by subscription or exchange, to the extent they do not qualify as Techniques and Instruments as described in Appendix 1 of this Prospectus.

**UCI(s):** Undertaking(s) for collective investment.

**UCI law:** The Luxembourg law of 17 December 2010 on undertakings for collective investment, as may be amended from time to time.

**UCITS:** An undertaking for collective investment in transferable securities established pursuant to the UCITS Directive.

**UCITS directive:** The Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended by Directive 2014/91/EU as regards depositary functions, remuneration policies and sanctions.

**United States, US or USA:** The United States of America (including the States and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.

**Valuation day:** Unless otherwise stated in a Supplement, any Business Day.





