

# M&G Global Dividend Fund

Interim Long Report and unaudited Financial Statements  
for the six months ended 30 September 2017



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# M&G Global Dividend Fund

## Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Dividend Fund presents its Interim Long Report and unaudited Financial Statements for the six months ended 30 September 2017.

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

### Company information

This Open-Ended Investment Company (OEIC) is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The Company is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA.

The Company was authorised on 9 July 2008 and the fund was launched on 18 July 2008.

The Company's principal activity is to carry on business as an OEIC.

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

### Fund manager

Stuart Rhodes is employed by M&G Limited which is an associate of M&G Securities Limited.

### ACD

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

(Authorised and regulated by the Financial Conduct Authority. M&G Securities Limited is a member of the Investment Association and of the Tax Incentivised Savings Association.)

### Directors of the ACD

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

\* Appointed 9 June 2017.

### Investment manager

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

(Authorised and regulated by the Financial Conduct Authority)

### Registrar

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

\* International Financial Data Services (UK) Ltd changed its name to DST Financial Services Europe Ltd on 14 August 2017.

### Depository

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

### Independent auditor

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

### Important information

Please note that Euro Share Class 'G' was launched on 21 July 2017.

### Investor information

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

### Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

### Customer services and administration for non-UK clients:

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

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

Telephone: +352 2605 9944

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

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

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investor information

#### Austrian paying and information agent:

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

#### Belgian financial agent:

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

#### Danish representative agent:

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

#### French centralising agent:

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

#### German information agent:

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

#### Greek paying agent and distributor:

Eurobank Ergasias S.A.,  
8, Othonos Street, 10557 Athens, Greece

#### Irish facilities agent:

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

#### Italian paying agents:

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

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

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

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

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

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

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

#### Luxembourg paying and information agent:

Société Générale Bank & Trust S.A.,  
Centre operationel, 28-32, place de la Gare, 1616 Luxembourg,  
Grand Duchy of Luxembourg

#### Portuguese distributor:

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

#### Spanish representative:

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

#### Swedish paying agent:

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

#### Swiss paying agent and representative:

Société Générale, Paris, Zurich Branch,  
Talacker 50, P.O. Box 5070, 8021 Zurich, Switzerland

## Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim long reports for the Company. The ACD must ensure that the financial statements, contained in the Long Report, for the fund are prepared in accordance with the Investment Association Statement of Recommended Practice for Financial Statements of UK Authorised Funds (SORP) and UK Financial Reporting Standards, and give a true and fair view of the net revenue or expenses and net capital gains or losses for the accounting period, and the financial position at the end of that period.

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

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment objective

The fund has three aims:

- to deliver an income stream that increases every year.
- to deliver a yield above that available from the MSCI All Country World Index over any five-year period.
- to deliver a higher total return (the combination of income and growth of capital) than that of the MSCI All Country World Index over any five-year period.

### Investment policy

At least 70% of the fund is invested in a range of global equities. The fund may invest across a wide range of geographies, sectors and market capitalisations. The fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities, warrants and derivatives. The fund's exposure to global equities may be gained through the use of derivatives. Derivatives may be used for efficient portfolio management.

### Investment approach

The fund manager employs a bottom-up stockpicking approach, driven by the fundamental analysis of individual companies. The fund manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The fund manager believes rising dividends create upward pressure on the value of shares. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a diversified portfolio with exposure to a broad range of countries and sectors. The fund manager selects stocks with different drivers of dividend growth to construct a portfolio that has the potential to cope in a variety of market conditions. The fund invests with a long-term view of typically three to five years. When attempting to grow distributions, the fund manager's main focus is on delivering an increase in sterling terms.

### Risk profile

The fund invests globally in the shares of companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates.

The fund's focus is on shares of companies that have the potential to grow their dividends over the long term. Income distributions from the fund's holdings, however, are not guaranteed and may vary. Diversification across industries and market capitalisation is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

The following table shows the risk number associated with the fund and is based on Sterling Class 'A' shares.



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has not changed during this period.

### Investment review

**As at 2 October 2017, for the six months ended 30 September 2017**

#### Distribution summary

Over the six-month review period to 2 October 2017, the fund distributed income of 2.5 pence per Sterling Class 'A' (Income) share. This is 6.6% higher than the distribution for the same period in the previous financial year. The payment represented a yield (distributed income as a percentage of the share price) of 2.91% versus a yield of 2.39% for the MSCI All Country World Index, a comparative index.

We are pleased that distributions for the fund have risen compared to the same period last year and we are encouraged that the majority of our holdings continue to deliver dividend growth in the region of 5% to 15%. (Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.) It is common practice in many parts of the world for dividend announcements to be made in the first three months of the calendar year, but companies based in the US and Canada often do not follow the same routine. Dividend announcements in North America are more evenly spread across the year. As a result, companies from the US and Canada dominated the list of dividend growers during the past six months. It was pleasing to see a variety of sectors being represented. Companies with defensive characteristics continued to deliver stable dividend growth with Medtronic and Johnson & Johnson in healthcare raising their dividends by 7% and 5% respectively in US dollars. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.) Our holdings in energy infrastructure delivered similar growth rates with Pembina Pipeline and Keyera both reporting dividend increases of 6% in Canadian dollars. Dividend growth was also robust in sectors with greater economic sensitivity. JPMorgan Chase and US Bancorp raised their dividends by 12% and 7% respectively after the US banks passed the Federal Reserve's stress test, while methanol producer Methanex returned to its path of progressive dividends with a 9% increase in US dollars. Outside the 5% to 15% range, UnitedHealth and Trinseo reported the fastest pace of dividend growth. UnitedHealth, the managed care organisation, and Trinseo, the materials group, both raised their dividends by 20% in US dollars.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment review

#### Distribution summary (continued)

Not all of our holdings delivered growth, however. Helmerich & Payne, which provides drilling rigs for the oil & gas industry, held its dividend flat although we are confident that dividend growth can resume in the near future. Imperial Holdings, on the other hand, cut its dividend after the South African company lowered its payout target as a proportion of earnings. The stock is under review.

Despite these isolated setbacks the fund increased the distribution overall, while maintaining a yield above that of the MSCI All Country World Index. We are very aware that the combination of a premium yield and rising distribution is important to many of our investors and remain focused on meeting this objective.

The fund's distribution and distribution yield are shown in the 'Specific share class performance' tables in this report. The distribution is subject to a number of influences, including changes in the market environment and movements in currency, and as a result there is no guarantee that the fund will increase the distribution in every reporting period.

#### Performance against objective

Between 3 April 2017 (the start of the review period) and 2 October 2017, the M&G Global Dividend Fund delivered a positive total return (the combination of income and growth of capital) across all of its share classes with the exception of the euro share classes which ended the six-month period lower. The euro's relative strength compared to the world's major currencies accounted for the shortfall. All share classes, however, lagged the MSCI All Country World Index which returned 3.8% in sterling, 0.2% in euros and 10.4% in US dollars. The fund therefore did not meet its objective of outperforming the MSCI AC World Index during this short timeframe, but it did deliver on its income objectives of providing a higher yield than the MSCI All Country World Index and increasing the distribution stream.

Over a longer period of five years, all share classes have delivered positive total returns, but underperformed the MSCI All Country World Index.\* The fund's yield, on the other hand, has been consistently higher than the index and distributions have increased in each financial year. Consequently, the fund has achieved two out of its three objectives over this longer timeframe.

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

#### Performance review

The fund's total return lagged the MSCI All Country World Index during the six months under review with our tobacco holdings, Imperial Brands and British American Tobacco (BAT), leading the detractors. The shares of both companies, based in the UK, came under pressure with the rest of the tobacco industry after an announcement from the US Food and Drug Administration (FDA) in July. The US regulator is proposing to lower nicotine levels in cigarettes to reduce addiction, and is seeking alternative forms of nicotine delivery which are less damaging than cigarettes. In reality the process of consultation and implementation is likely to take time, but investors reacted negatively.

Despite the uncertainty, we believe the financial impact on these companies is likely to be limited for the foreseeable future and continue to believe that the cash generative qualities of the tobacco industry remain attractive. Tobacco stocks look undervalued in an otherwise expensive consumer staples sector, in our view, and we remain comfortable with the long-term investment case. We added to our position in Imperial Brands, which is the cheaper of the two, and BAT remains a core holding. BAT's market leadership in next generation products leaves it well placed for the industry environment to come.

Pandora, the jewellery company based in Denmark, also held back fund performance. The stock has struggled this year because of concerns about a slowdown in the US, but we take comfort from the impressive growth in other parts of the world, most notably Asia. We believe the stock is cheap and continue to have conviction in the valuation.

Helmerich & Payne and Gibson Energy led the detractors in the energy sector which underperformed against the backdrop of a volatile oil price. Methanex, in the materials sector, was another laggard in relative terms although the stock delivered a positive return in US dollars. We continue to believe that our energy-related holdings, focused specifically on energy infrastructure, petrochemicals and more recently, energy services, present excellent opportunities for long-term investors although we remain disciplined about managing the fund's exposure at around 20%.

The strong performance of the technology sector provided another headwind for the fund. The likes of Facebook and Alphabet (owner of Google) continued to lead the US stockmarket higher, while their counterparts in Asia such as Tencent and Alibaba delivered even more impressive gains. Most of these companies are non-dividend payers and therefore not considered appropriate for our investment approach which focuses on dividends as a way of ensuring capital discipline. In addition to the strong performers we did not own, Sabre was a disappointment among the fund's technology holdings. The US company, which provides software to the travel industry, lowered its guidance for 2017 and the shares reacted accordingly. The stock is under review.

Turning to the positive contributors, the fund benefited from strong stock selection in healthcare. Novo Nordisk and AbbVie, both pharmaceutical companies, added the most value, closely followed by UnitedHealth. Novo Nordisk, the world's leading provider of diabetes care and insulin products, rose in response to better-than-expected results, while AbbVie rallied after resolving a patent dispute regarding its key drug Humira. UnitedHealth raised its outlook for 2017 at the beginning of the review period and continued to deliver strong operating performance.

Aberdeen Asset Management, which completed its merger with Standard Life in August, was a beneficiary of a favourable environment for emerging markets and Asia. Las Vegas Sands outperformed as gaming revenues continued to improve in Macau, while AIA was another top contributor after the Hong Kong-listed life insurer reported continued growth in its first-half results. South Africa's Imperial Holdings also reported solid operational performance which was accompanied by the announcement that the company was exploring the separate listing of its logistics and vehicle divisions. Both businesses are expected to grow revenue and profit in the current financial year.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment review

#### Investment activities

We made six new purchases and four complete sales during the six months under review – a level of turnover consistent with our investment timeframe of three to five years.

The fund's exposure to the technology sector increased with the new purchases of Analog Devices and ASML. Analog Devices, the world's leading manufacturer of analog semiconductors, has a dominant position in an industry which generates excellent return on capital and high recurring revenue from existing product lines. The US company benefits from strong cash generation and favourable growth characteristics which are supportive of rising dividends, and the valuation looks attractive in a sector where finding value has been a stretch. We also bought ASML following the sector's weakness in August. The company, based in the Netherlands, is the world's leading supplier of lithography systems for the semiconductor industry and is well placed to benefit from the secular demand for data and memory. We believe this tailwind will support long-term dividend growth which in our view is sustainable at a higher rate than most holdings in the portfolio. More importantly, we were able to gain access to this superior growth rate on a reasonable valuation. Following the strong performance of some of our existing technology holdings, we took profits in Broadcom and Microsoft.

We added two new holdings in the healthcare sector with the purchases of UCB and Roche. Both companies are based in Europe, but are global businesses with geographic diversity. UCB, the pharmaceutical company based in Belgium, is focused on neurology and immunology and is starting to see profitability improve as the benefits of restructuring emerge. The shares look cheap given the prospects for stable growth driven by its core drugs with little or no value attached to the future pipeline. Roche, the Swiss pharmaceuticals and diagnostics group, is a company we have previously invested in and the shares have underperformed since we sold the stock in June 2016. The shares have made no progress in a rising market and the valuation looks reasonable in a market where defensive stocks continue to look expensive in many cases, particularly in consumer staples. We reduced our exposure to AbbVie which has performed well among our healthcare holdings.

Intercontinental Exchange was a new purchase in financials. The US company provides global derivatives exchanges and clearing services spanning all major asset classes. Global exchanges are benefiting from structural growth driven by a regulatory tailwind and the characteristics of strong free cashflow are conducive to progressive dividends and meaningful share buybacks.

We also bought Siemens in industrials. The German conglomerate is delivering on its cost savings and on track to meet its guidance of modest revenue growth and margin improvement. We welcome the company's plan to spin off the healthcare business and the valuation looks undemanding.

The fund's biggest investment during the review period, however, was not a new holding. Trinseo, the US materials company specialising in plastics, latex binders and synthetic rubber, was the recipient of most new capital as we increased our exposure to what we believe is an undervalued stock. The company's commitment to returning excess cash to shareholders was endorsed by a meaningful dividend

increase, the highest among the fund's holdings during the review period, and a new share buyback programme after reducing the share count significantly in recent years.

We also added to Schlumberger and Helmerich & Payne, two energy service providers which we first bought in March. We continue to manage the fund's energy-related holdings at about 20% as a result of which we completed the sale of LyondellBasell. The US chemicals company was the biggest source of cash during the review period. The stock has delivered a positive return since our initial purchase in February 2015 and the dividend has increased by 21% in US dollars during that time.

BAT was another significant source of cash. Although the stock remains our favoured holding in the consumer staples sector, we reduced our holding by more than 20% as the shares rallied in the earlier part of the review period before the US regulatory announcement. The stock remains a core holding.

Other sales included Ambev, the Brazilian brewer, which was sold in its entirety. The shares are trading near all-time highs having returned more than 20% this year in local currency. We can find better long-term growth prospects elsewhere on similar valuations. We also exited Sands China to manage the fund's exposure to Macau gaming. The environment in Macau continues to recover, which has lifted estimates and valuations, and we used the opportunity to sell into strength. We also trimmed Las Vegas Sands which is our preferred holding given the stability of the US and Singapore businesses with no valuation premium attached, combined with the potential for Japan and South Korea.

Legrand, the French industrials group, was sold on valuation grounds. Strong share-price performance raised near-term multiples to some of the highest in the portfolio and the dividend yield was compressed to among the lowest.

As a result of these transactions, the number of holdings rose to 45. We would like to restore the number of holdings back up to our historic level of 50 over time. Global stockmarkets offer excellent opportunities for stockpickers and we believe the potential for investors is best captured by a conviction-based approach.

From a regional perspective, the fund continues to have a meaningful exposure to the US with more than 50% of the fund invested in the world's biggest stockmarket. The fund's weighting in Europe ex UK increased with four new purchases in the region while the UK exposure was lower at the end of the review period after we took profits in BAT. We continue to have no exposure to Japan where we struggle to find investment ideas which meet our criteria. The weighting in emerging markets, comprised of direct and indirect holdings, slipped to less than 8% following the sale of Ambev and Sands China.

#### Outlook

Global equities continue to make progress with several markets reaching record highs, but the distinguishing feature of this year's rally has been the narrowness of market leadership. Stockmarket gains have been driven by only a handful of names, most notably in the technology sector where investors have been increasingly willing to pay up for growth. The outcome is that many stocks with growth characteristics are looking very expensive.

# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investment review

#### Outlook (continued)

The extremes in valuations are most apparent in technology, but we observe with interest that the past excesses in defensive stocks, most notably in consumer staples, have started to unwind. General Mills, Kraft Heinz, Kellogg Company and Campbell Soup have all underperformed this year in response to disappointing results. The operating performance of these food companies reflects the competitive pressures in their underlying industry and investors have started to question the stable growth which they had previously taken as a given. The high multiples attached to these perceived safe havens are hard to justify in our view if the companies are barely growing, and leave them vulnerable to a significant derating. We take comfort that investors are starting to pay attention to fundamentals, but we continue to see a wide disparity between the fundamentals of many of our holdings and their valuations in the market. The importance of being selective cannot be emphasised enough. We are hopeful that these valuation gaps will close over time and drive fund performance in the future.

Focusing on valuation has not been a rewarding strategy this year in a market where momentum has been the driving force, but we continue to believe that a valuation discipline is crucial to generate excellent returns over the long term. We continue to see excellent opportunities at the individual stock level. Healthcare has been a fruitful hunting ground for new ideas among the defensive sectors, with the combination of growth and valuation much more attractive compared to consumer staples in particular, while we remain excited by our recent additions to the rapid growth category where despite our aversion to overpaying we can find long-term structural growth at reasonable prices. The exposure to the rapid growth category is above 20% and close to the highest it has been since the fund was launched in 2008. Our best ideas, however, continue to be in areas of the market with greater economic sensitivity, where value characteristics are most pronounced. We continue to back our conviction in our energy-related holdings which we believe offer meaningful upside.

We continue to be encouraged by the dividend announcements from our holdings with progress across the entire portfolio. Dividends are the ultimate sign of management confidence and the dividend growth we are seeing reflects well on the long-term potential and the financial health of the companies we are invested in. We believe that the combination of strong dividend growth and attractive valuation stands us in good stead to generate competitive returns over the long term.

#### Stuart Rhodes Fund manager

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

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

### Investments

#### Portfolio statement

as at Holding	30.09.17 £'000	30.09.17 %	31.03.17 %
<b>Belgium</b>	<b>54,570</b>	<b>0.85</b>	<b>0.00</b>
1,027,845 UCB	54,570	0.85	
<b>Denmark</b>	<b>315,726</b>	<b>4.91</b>	<b>4.35</b>
3,901,338 Novo-Nordisk	139,551	2.17	
2,388,176 Pandora	176,175	2.74	
<b>Finland</b>	<b>150,279</b>	<b>2.34</b>	<b>2.28</b>
3,844,152 Kone	150,279	2.34	
<b>France</b>	<b>80,468</b>	<b>1.25</b>	<b>1.74</b>
1,549,917 Publicis Groupe	80,468	1.25	
<b>Germany</b>	<b>40,185</b>	<b>0.63</b>	<b>0.00</b>
384,355 Siemens	40,185	0.63	
<b>Netherlands</b>	<b>56,105</b>	<b>0.87</b>	<b>0.00</b>
440,648 ASML Holding	56,105	0.87	
<b>Norway</b>	<b>20,698</b>	<b>0.32</b>	<b>0.41</b>
9,226,867 Prosafe	20,698	0.32	
<b>Switzerland</b>	<b>226,457</b>	<b>3.52</b>	<b>2.61</b>
2,943,533 Novartis (Regd.)	188,514	2.93	
199,772 Roche Holding 'Genussscheine'	37,943	0.59	
<b>United Kingdom</b>	<b>855,393</b>	<b>13.31</b>	<b>15.15</b>
7,164,667 British American Tobacco	335,701	5.23	
4,344,471 Compass Group	68,947	1.07	
7,239,395 Imperial Brands	230,285	3.58	
10,912,074 St. James's Place	125,489	1.95	
21,999,412 Standard Life	94,971	1.48	
<b>Australia</b>	<b>262,691</b>	<b>4.09</b>	<b>4.61</b>
16,197,486 Amcor	144,332	2.25	
10,219,048 Orica	118,359	1.84	
<b>Hong Kong</b>	<b>133,508</b>	<b>2.08</b>	<b>2.03</b>
24,251,600 AIA Group	133,508	2.08	
<b>South Africa</b>	<b>154,053</b>	<b>2.40</b>	<b>2.05</b>
14,600,557 Imperial Holdings	154,053	2.40	
<b>Canada</b>	<b>601,721</b>	<b>9.36</b>	<b>9.49</b>
26,956,156 Gibson Energy	288,128	4.48	
3,685,194 Keyera	85,874	1.34	
8,580,722 Pembina Pipeline	227,719	3.54	
<b>United States</b>	<b>3,404,804</b>	<b>52.97</b>	<b>52.99</b>
1,135,708 AbbVie	75,471	1.18	
1,177,443 Analog Devices	75,332	1.17	
4,578,744 Arthur J. Gallagher & Co.	210,395	3.27	
1,074,755 Broadcom	195,101	3.04	
3,843,582 Cisco Systems	95,745	1.49	
2,158,832 Helmerich & Payne	84,489	1.31	
1,221,989 Intercontinental Exchange	62,569	0.97	
1,211,379 Johnson & Johnson	117,128	1.82	
1,885,617 JPMorgan Chase	134,335	2.09	
4,979,159 Las Vegas Sands	236,718	3.68	
654,273 MasterCard	68,507	1.07	
2,482,127 Medtronic	144,080	2.24	
14,202,662 Methanex	543,848	8.46	
3,809,892 Microsoft	210,222	3.27	
1,610,531 Nike	63,331	0.99	
3,926,718 Sabre	53,661	0.83	
940,252 Schlumberger	48,579	0.76	
3,782,873 Trinseo	190,500	2.96	



# M&G Global Dividend Fund

## Authorised Corporate Director's Report

### Investments

#### Portfolio statement (continued)

as at Holding	30.09.17 £'000	30.09.17 %	31.03.17 %
<b>United States (continued)</b>			
1,075,888 Union Pacific	93,224	1.45	
1,517,629 UnitedHealth Group	222,372	3.46	
4,277,034 US Bancorp	170,902	2.66	
828,331 Visa	64,706	1.01	
6,011,783 Wells Fargo	243,589	3.79	
<b>Brazil</b>	<b>0</b>	<b>0.00</b>	<b>0.97</b>
<b>Portfolio of investments</b>	<b>6,356,658</b>	<b>98.90</b>	<b>98.68</b>
<b>'AAA' rated money market funds [a]</b>	<b>36,770</b>	<b>0.57</b>	<b>0.87</b>
36,770,000 Northern Trust Global Fund - Sterling	36,770	0.57	
<b>Total portfolio</b>	<b>6,393,428</b>	<b>99.47</b>	<b>99.55</b>
<b>Net other assets / (liabilities)</b>	<b>34,348</b>	<b>0.53</b>	<b>0.45</b>
<b>Net assets attributable to shareholders</b>	<b>6,427,776</b>	<b>100.00</b>	<b>100.00</b>

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

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

#### Top ten portfolio transactions

for the six months to 30 September 2017

<b>Largest purchases</b>	<b>£'000</b>
Trinseo	116,462
Analog Devices	69,604
UCB	63,002
Schlumberger	57,423
Intercontinental Exchange	56,560
ASML Holding	51,547
Siemens	38,648
Roche Holding 'Genussscheine'	37,938
Helmerich & Payne	35,857
Pandora	26,228
Other purchases	68,100
<b>Total purchases</b>	<b>621,369</b>
<b>Largest sales</b>	<b>£'000</b>
LyondellBasell	108,914
British American Tobacco	104,714
Broadcom	86,615
AbbVie	86,335
Las Vegas Sands	79,959
Ambev	69,538
Orica	62,411
Microsoft	55,879
Arthur J. Gallagher & Co.	43,617
Legrand	37,830
Other sales	272,379
<b>Total sales</b>	<b>1,008,191</b>

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

# M&G Global Dividend Fund

## Financial highlights

### Fund performance

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

The following charts and tables show the performance for two of the fund's share classes – Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A' (Accumulation) share is what most individuals investing directly with M&G have received. It has the highest ongoing charge of all the sterling share classes. Performance is shown after deduction of this charge. All UK investors in the fund therefore received this performance or better.
- The performance of the Sterling Class 'I' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share class used by the Investment Association in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

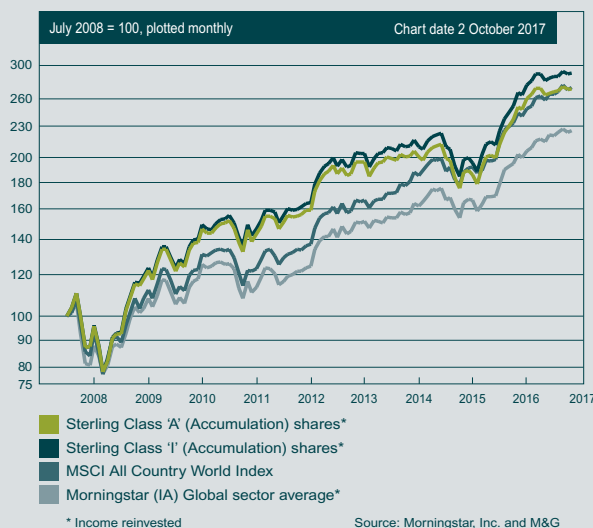
The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Global Dividend Fund, which is available free of charge either from our website at [www.mandg.co.uk/prospectuses](http://www.mandg.co.uk/prospectuses)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

### Fund level performance

Fund net asset value			
as at	30.09.17 £'000	31.03.17 £'000	31.03.16 £'000
Fund net asset value (NAV)	6,427,776	6,883,700	5,764,638

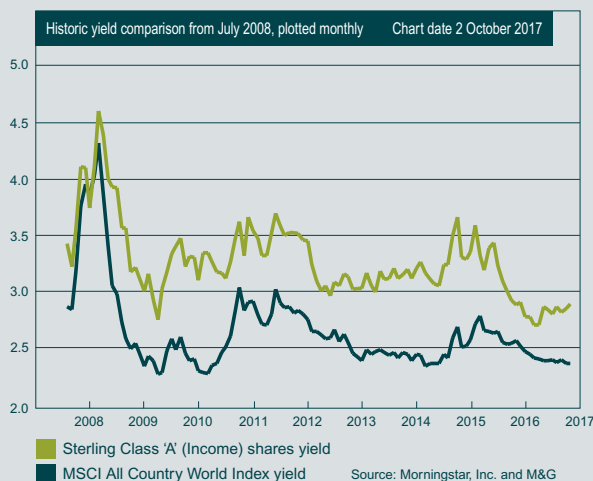
### Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.



### Historic yield

The chart below shows the historic yield of Sterling Class 'A' (Income) shares against that of a comparative index.



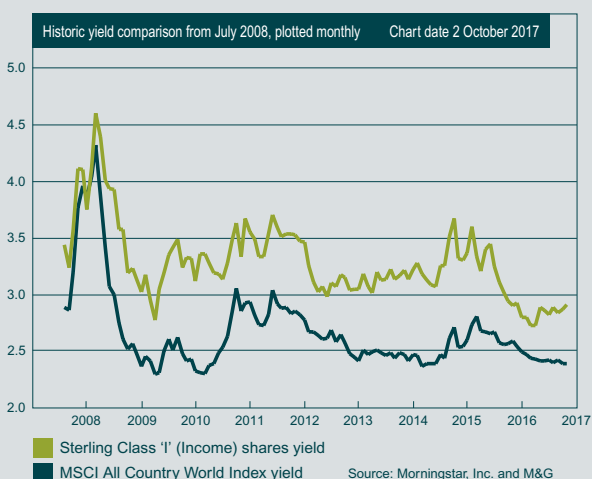
# M&G Global Dividend Fund

## Financial highlights

### Fund performance

#### Historic yield (continued)

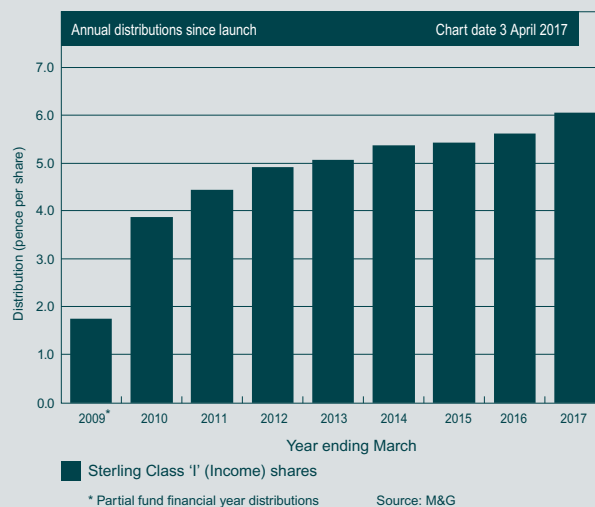
The chart below shows the historic yield of Sterling Class 'I' (Income) shares against that of a comparative index.



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

#### Distribution since launch

The charts below show the annual distribution of Sterling Class 'A' (Income) shares and Sterling Class 'I' (Income) shares since launch.



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

	Six months 03.04.17 % [a]	Three years 02.10.14 % p.a.	Five years 02.10.12 % p.a.	Since launch % p.a.
<b>Euro [b]</b>				
Class 'A'	-2.9	+6.3	+9.3	+9.9 [c]
Class 'C'	-2.4	+7.3	+10.3	+11.0 [c]
MSCI All Country World Index	+0.2	+11.5	+12.9	+10.2 [c]
Class 'G'	n/a	n/a	n/a	-0.3 [d]
MSCI All Country World Index	+0.2	+11.5	+12.9	+2.1 [d]
<b>Singapore Dollar [b]</b>				
Class 'A'	+4.2	n/a	n/a	+8.1 [e]
Class 'C'	+4.7	n/a	n/a	+9.2 [e]
MSCI All Country World Index	+7.6	+11.2	+13.0	+10.5 [e]
<b>Sterling [f]</b>				
Class 'A'	+0.6	+10.9	+11.7	+11.4 [c]
Class 'I'	+1.0	+11.7	+12.5	+12.2 [c]
Class 'X'	+0.6	+10.9	+11.7	+11.4 [c]
MSCI All Country World Index	+3.8	+16.0	+15.1	+11.5 [c]
Class 'R'	+0.9	+11.4	+12.3	+12.0 [g]
MSCI All Country World Index	+3.8	+16.0	+15.1	+15.0 [g]
<b>US dollar [b]</b>				
Class 'A'	+7.0	+3.7	+7.2	+6.4 [c]
Class 'C'	+7.5	+4.7	+8.3	+7.4 [c]
MSCI All Country World Index	+10.4	+8.7	+10.7	+6.7 [c]

[a] Absolute basis.

[b] Price to price with net income reinvested.

[c] 18 July 2008, the launch date of the fund.

[d] 21 July 2017, the launch date of the share class (not annualised).

[e] 16 January 2015, the launch date of the share class.

[f] Price to price with income reinvested.

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

# M&G Global Dividend Fund

## Financial highlights

### Fund performance

### Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprised of operating charges and portfolio transaction costs.

#### Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.

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

Operating charges are the same as the ongoing charges shown in the Key Investor Information Document, other than where an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

For this fund there is no difference between operating charges and ongoing charges figures, unless disclosed under the specific share class performance table.

#### Portfolio transaction costs

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

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

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

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

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

#### Portfolio transaction costs

	Six months to 30.09.17	Year to 31.03.17	Year to 31.03.16	Average <sup>[a]</sup>
<b>Direct portfolio transaction costs <sup>[b]</sup></b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Broker commission	0.02	0.03	0.06	0.04
Taxes	0.01	0.03	0.01	0.01
Costs before dilution adjustments	0.03	0.06	0.07	0.05
Dilution adjustments <sup>[c]</sup>	(0.01)	(0.01)	(0.01)	(0.01)
<b>Total direct portfolio transaction costs</b>	<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>0.04</b>

<b>as at</b>	<b>30.09.17</b>	<b>31.03.17</b>	<b>31.03.16</b>	<b>Average <sup>[a]</sup></b>
<b>Indirect portfolio transaction costs</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Average portfolio dealing spread	0.05	0.09	0.07	0.07

<sup>[a]</sup> Average of first three columns.

<sup>[b]</sup> As a percentage of average net asset value.

<sup>[c]</sup> In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

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

#### Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

	Six months to 30.09.17	Year to 31.03.17	Year to 31.03.16
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,170.48	1,806.17	2,127.01
Return before operating charges and after direct portfolio transaction costs	(47.60)	463.39	(218.60)
Operating charges	(19.64)	(37.94)	(36.86)
Return after operating charges	(67.24)	425.45	(255.46)
Distributions	(26.03)	(61.14)	(65.38)
Closing NAV	2,077.21	2,170.48	1,806.17
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.29	1.25	1.37
Dilution adjustments <sup>[a]</sup>	(0.12)	(0.25)	(0.27)
Total direct portfolio transaction costs	0.17	1.00	1.10
Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.89	1.91	1.91
Return after operating charges	-3.10	+23.56	-12.01
Historic yield	2.95	2.84	3.66
Effect on yield of charges offset against capital	1.89	1.91	1.91
Other information			
Closing NAV (£'000)	461,679	157,882	76,114
Closing NAV percentage of total fund NAV (%)	7.18	2.29	1.32
Number of shares	25,180,656	8,480,882	5,334,407
Highest share price (Euro ¢)	2,188.46	2,252.86	2,221.48
Lowest share price (Euro ¢)	1,981.84	1,761.33	1,539.38

#### Euro Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.17	Year to 31.03.17	Year to 31.03.16
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,450.73	1,979.36	2,250.07
Return before operating charges and after direct portfolio transaction costs	(52.95)	513.06	(231.26)
Operating charges	(22.63)	(41.69)	(39.45)
Return after operating charges	(75.58)	471.37	(270.71)
Distributions	(7.14)	(45.64)	(70.06)
Retained distributions	7.14	45.64	70.06
Closing NAV	2,375.15	2,450.73	1,979.36
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.33	1.37	1.46
Dilution adjustments <sup>[a]</sup>	(0.14)	(0.27)	(0.29)
Total direct portfolio transaction costs	0.19	1.10	1.17
Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.90	1.91	1.91
Return after operating charges	-3.08	+23.81	-12.03
Historic yield <sup>[c]</sup>	1.03	1.11	3.58
Effect on yield of charges offset against capital	0.00	0.01	1.91
Other information			
Closing NAV (£'000)	1,152,884	1,690,840	1,382,502
Closing NAV percentage of total fund NAV (%)	17.94	24.56	23.98
Number of shares	54,992,079	80,439,916	88,414,847
Highest share price (Euro ¢)	2,471.73	2,517.88	2,350.27
Lowest share price (Euro ¢)	2,252.09	1,930.24	1,664.94

#### Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 30.09.17	Year to 31.03.17	Year to 31.03.16
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,441.43	2,011.54	2,345.14
Return before operating charges and after direct portfolio transaction costs	(52.97)	518.53	(241.67)
Operating charges	(10.73)	(20.16)	(19.41)
Return after operating charges	(63.70)	498.37	(261.08)
Distributions	(29.34)	(68.48)	(72.52)
Closing NAV	2,348.39	2,441.43	2,011.54
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.33	1.39	1.51
Dilution adjustments <sup>[a]</sup>	(0.14)	(0.28)	(0.30)
Total direct portfolio transaction costs	0.19	1.11	1.21
Performance and charges	%	%	%
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	-2.61	+24.78	-11.13
Historic yield	2.93	2.83	3.65
Effect on yield of charges offset against capital	0.91	0.91	0.91
Other information			
Closing NAV (£'000)	20,678	21,802	16,113
Closing NAV percentage of total fund NAV (%)	0.32	0.32	0.28
Number of shares	997,593	1,041,165	1,014,009
Highest share price (Euro ¢)	2,462.62	2,532.23	2,450.16
Lowest share price (Euro ¢)	2,238.66	1,962.04	1,712.09

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

#### Euro Class 'C' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.17	Year to 31.03.17	Year to 31.03.16
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,669.41	2,134.55	2,402.35
Return before operating charges and after direct portfolio transaction costs	(57.60)	556.29	(247.39)
Operating charges	(11.79)	(21.43)	(20.41)
Return after operating charges	(69.39)	534.86	(267.80)
Distributions	(20.65)	(62.11)	(75.31)
Retained distributions	20.65	62.11	75.31
Closing NAV	2,600.02	2,669.41	2,134.55
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0.36	1.48	1.58
Dilution adjustments <sup>[a]</sup>	(0.16)	(0.30)	(0.31)
Total direct portfolio transaction costs	0.20	1.18	1.27
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	-2.60	+25.06	-11.15
Historic yield <sup>[c]</sup>	2.00	1.99	3.57
Effect on yield of charges offset against capital	0.01	0.01	0.91
<b>Other information</b>			
Closing NAV (£'000)	270,775	332,949	341,161
Closing NAV percentage of total fund NAV (%)	4.21	4.84	5.92
Number of shares	11,798,865	14,542,099	20,231,914
Highest share price (Euro ¢)	2,693.17	2,740.35	2,510.20
Lowest share price (Euro ¢)	2,463.20	2,082.04	1,793.09

#### Euro Class 'G' Accumulation share performance

The share class was launched on 21 July 2017.

	Six months to 30.09.17	Year to 31.03.17	Year to 31.03.16
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,000.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	(3.10)	n/a	n/a
Operating charges	(2.22)	n/a	n/a
Return after operating charges	(5.32)	n/a	n/a
Distributions	(2.64)	n/a	n/a
Retained distributions	2.64	n/a	n/a
Closing NAV	994.68	n/a	n/a
<b>Direct portfolio transaction costs</b>	<b>Euro ¢</b>	<b>Euro ¢</b>	<b>Euro ¢</b>
Costs before dilution adjustments	0.05	n/a	n/a
Dilution adjustments <sup>[a]</sup>	(0.02)	n/a	n/a
Total direct portfolio transaction costs	0.03	n/a	n/a
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	n/a	n/a
Operating charges	1.14*	n/a	n/a
Return after operating charges	-0.53	n/a	n/a
Historic yield <sup>[c]</sup>	1.75	n/a	n/a
Effect on yield of charges offset against capital	0.00	n/a	n/a
<b>Other information</b>			
Closing NAV (£'000)	478,643	n/a	n/a
Closing NAV percentage of total fund NAV (%)	7.45	n/a	n/a
Number of shares	54,517,650	n/a	n/a
Highest share price (Euro ¢)	1,000.00	n/a	n/a
Lowest share price (Euro ¢)	942.53	n/a	n/a

\* As the share class has not been in existence for the full period, 1.16% is a more reliable estimate of the operating charge.

#### Singapore dollar Class 'A' Income share performance

The share class was launched on 16 January 2015.

	Six months to 30.09.17	Year to 31.03.17	Year to 31.03.16
Change in NAV per share	Singapore ¢	Singapore ¢	Singapore ¢
Opening NAV	1,101.55	940.63	1,068.14
Return before operating charges and after direct portfolio transaction costs	55.91	211.42	(74.21)
Operating charges	(10.37)	(19.20)	(19.05)
Return after operating charges	45.54	192.22	(93.26)
Distributions	(14.08)	(31.30)	(34.25)
Closing NAV	1,133.01	1,101.55	940.63
<b>Direct portfolio transaction costs</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>
Costs before dilution adjustments	0.12	0.55	0.72
Dilution adjustments <sup>[a]</sup>	(0.05)	(0.11)	(0.14)
Total direct portfolio transaction costs	0.07	0.44	0.58
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.86	1.88	1.91
Return after operating charges	+4.13	+20.44	-8.73
Historic yield	2.83	2.88	3.67
Effect on yield of charges offset against capital	1.86	1.88	1.91
<b>Other information</b>			
Closing NAV (£'000)	3	3	2
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (Singapore ¢)	1,143.07	1,137.00	1,097.03
Lowest share price (Singapore ¢)	1,085.68	900.23	825.09

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

#### Singapore dollar Class 'A' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.17 Singapore ¢	Year to 31.03.17 Singapore ¢	Year to 31.03.16 Singapore ¢
Opening NAV	1,184.80	984.12	1,078.52
Return before operating charges and after direct portfolio transaction costs	63.23	220.70	(75.53)
Operating charges	(11.53)	(20.02)	(18.87)
Return after operating charges	51.70	200.68	(94.40)
Distributions	(3.79)	(22.17)	(34.99)
Retained distributions	3.79	22.17	34.99
Closing NAV	1,236.50	1,184.80	984.12
<b>Direct portfolio transaction costs</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>
Costs before dilution adjustments	0.17	0.66	0.74
Dilution adjustments <sup>[a]</sup>	(0.07)	(0.13)	(0.14)
Total direct portfolio transaction costs	0.10	0.53	0.60
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.90	1.90	1.87
Return after operating charges	+4.36	+20.39	-8.75
Historic yield <sup>[c]</sup>	0.98	1.11	3.58
Effect on yield of charges offset against capital	0.00	0.00	1.87
<b>Other information</b>			
Closing NAV (£'000)	35	35	82
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	5,085	5,085	16,223
Highest share price (Singapore ¢)	1,239.62	1,213.10	1,107.81
Lowest share price (Singapore ¢)	1,177.03	941.97	851.80

#### Singapore dollar Class 'C' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.17 Singapore ¢	Year to 31.03.17 Singapore ¢	Year to 31.03.16 Singapore ¢
Opening NAV	1,126.03	951.85	1,070.34
Return before operating charges and after direct portfolio transaction costs	57.26	215.21	(74.87)
Operating charges	(5.07)	(9.14)	(9.08)
Return after operating charges	52.19	206.07	(83.95)
Distributions	(14.42)	(31.89)	(34.54)
Closing NAV	1,163.80	1,126.03	951.85
<b>Direct portfolio transaction costs</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>
Costs before dilution adjustments	0.12	0.56	0.72
Dilution adjustments <sup>[a]</sup>	(0.05)	(0.11)	(0.14)
Total direct portfolio transaction costs	0.07	0.45	0.58
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	0.89	0.88	0.90
Return after operating charges	+4.63	+21.65	-7.84
Historic yield	2.82	2.87	3.66
Effect on yield of charges offset against capital	0.89	0.88	0.90
<b>Other information</b>			
Closing NAV (£'000)	3	3	3
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.00
Number of shares	500	500	500
Highest share price (Singapore ¢)	1,174.08	1,161.38	1,100.94
Lowest share price (Singapore ¢)	1,113.94	913.21	833.85

#### Singapore dollar Class 'C' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 30.09.17 Singapore ¢	Year to 31.03.17 Singapore ¢	Year to 31.03.16 Singapore ¢
Opening NAV	1,213.81	996.00	1,080.72
Return before operating charges and after direct portfolio transaction costs	62.14	227.41	(75.45)
Operating charges	(5.60)	(9.60)	(9.27)
Return after operating charges	56.54	217.81	(84.72)
Distributions	(10.16)	(28.53)	(35.21)
Retained distributions	10.16	28.53	35.21
Closing NAV	1,270.35	1,213.81	996.00
<b>Direct portfolio transaction costs</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>	<b>Singapore ¢</b>
Costs before dilution adjustments	0.17	0.66	0.72
Dilution adjustments <sup>[a]</sup>	(0.07)	(0.13)	(0.14)
Total direct portfolio transaction costs	0.10	0.53	0.58
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	0.90	0.90	0.91
Return after operating charges	+4.66	+21.87	-7.84
Historic yield <sup>[c]</sup>	1.93	2.01	3.56
Effect on yield of charges offset against capital	0.00	0.00	0.91
<b>Other information</b>			
Closing NAV (£'000)	47	88	368
Closing NAV percentage of total fund NAV (%)	0.00	0.00	0.01
Number of shares	6,668	12,614	71,670
Highest share price (Singapore ¢)	1,273.52	1,239.05	1,111.79
Lowest share price (Singapore ¢)	1,203.80	955.64	861.04

#### Sterling Class 'A' Income share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
Opening NAV	202.85	155.09	167.38
Return before operating charges and after direct portfolio transaction costs	1.35	56.45	(4.38)
Operating charges	(1.66)	(3.02)	(2.58)
Return after operating charges	(0.31)	53.43	(6.96)
Distributions	(2.50)	(5.67)	(5.33)
Closing NAV	200.04	202.85	155.09
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.03	0.11	0.11
Dilution adjustments <sup>[a]</sup>	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.02	0.09	0.09
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.65	1.66	1.66
Return after operating charges	-0.15	+34.45	-4.16
Historic yield	2.88	2.83	3.44
Effect on yield of charges offset against capital	1.65	1.66	1.66
<b>Other information</b>			
Closing NAV (£'000)	670,942	685,830	451,271
Closing NAV percentage of total fund NAV (%)	10.44	9.96	7.83
Number of shares	335,400,980	338,103,216	290,966,346
Highest share price (UK p)	206.01	210.29	173.71
Lowest share price (UK p)	193.91	149.30	131.55

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

#### Sterling Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
<b>Change in NAV per share</b>			
Opening NAV	270.48	200.70	209.09
Return before operating charges and after direct portfolio transaction costs	1.85	73.68	(5.17)
Operating charges	(2.23)	(3.90)	(3.22)
Return after operating charges	(0.38)	69.78	(8.39)
Distributions	(1.14)	(5.30)	(6.74)
Retained distributions	1.14	5.30	6.74
Closing NAV	270.10	270.48	200.70
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.04	0.15	0.14
Dilution adjustments <sup>[a]</sup>	(0.02)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.02	0.12	0.11
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.65	1.66	1.66
Return after operating charges	-0.14	+34.77	-4.01
Historic yield <sup>[c]</sup>	1.24	1.37	3.36
Effect on yield of charges offset against capital	0.00	0.01	1.66
<b>Other information</b>			
Closing NAV (£'000)	381,939	575,907	498,569
Closing NAV percentage of total fund NAV (%)	5.94	8.37	8.65
Number of shares	141,405,808	212,924,207	248,412,651
Highest share price (UK p)	275.93	277.49	217.02
Lowest share price (UK p)	258.61	193.21	168.01

#### Sterling Class 'I' Income share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
<b>Change in NAV per share</b>			
Opening NAV	216.27	164.12	175.80
Return before operating charges and after direct portfolio transaction costs	1.47	59.92	(4.59)
Operating charges	(0.98)	(1.74)	(1.47)
Return after operating charges	0.49	58.18	(6.06)
Distributions	(2.67)	(6.03)	(5.62)
Closing NAV	214.09	216.27	164.12
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.03	0.12	0.11
Dilution adjustments <sup>[a]</sup>	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.02	0.10	0.09
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	+0.23	+35.45	-3.45
Historic yield	2.87	2.82	3.43
Effect on yield of charges offset against capital	0.91	0.91	0.91
<b>Other information</b>			
Closing NAV (£'000)	991,931	1,360,071	1,206,424
Closing NAV percentage of total fund NAV (%)	15.43	19.76	20.93
Number of shares	463,330,376	628,862,926	735,070,026
Highest share price (UK p)	220.01	224.07	182.49
Lowest share price (UK p)	206.95	158.15	139.07

#### Sterling Class 'I' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
<b>Change in NAV per share</b>			
Opening NAV	288.29	212.33	219.54
Return before operating charges and after direct portfolio transaction costs	1.98	78.23	(5.36)
Operating charges	(1.30)	(2.27)	(1.85)
Return after operating charges	0.68	75.96	(7.21)
Distributions	(2.29)	(6.66)	(7.11)
Retained distributions	2.29	6.66	7.11
Closing NAV	288.97	288.29	212.33
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.04	0.16	0.14
Dilution adjustments <sup>[a]</sup>	(0.02)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.02	0.13	0.11
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	+0.24	+35.77	-3.28
Historic yield <sup>[c]</sup>	1.95	2.01	3.35
Effect on yield of charges offset against capital	0.01	0.01	0.91
<b>Other information</b>			
Closing NAV (£'000)	1,659,491	1,684,065	1,439,914
Closing NAV percentage of total fund NAV (%)	25.82	24.46	24.98
Number of shares	574,274,286	584,149,759	678,156,157
Highest share price (UK p)	294.83	295.59	227.92
Lowest share price (UK p)	275.92	204.61	177.56

#### Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
<b>Change in NAV per share</b>			
Opening NAV	153.44	116.73	125.35
Return before operating charges and after direct portfolio transaction costs	1.02	42.56	(3.28)
Operating charges	(0.88)	(1.57)	(1.34)
Return after operating charges	0.14	40.99	(4.62)
Distributions	(1.89)	(4.28)	(4.00)
Closing NAV	151.69	153.44	116.73
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.02	0.08	0.08
Dilution adjustments <sup>[a]</sup>	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.01	0.06	0.06
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.15	1.16	1.16
Return after operating charges	+0.09	+35.12	-3.69
Historic yield	2.87	2.83	3.43
Effect on yield of charges offset against capital	1.15	1.16	1.16
<b>Other information</b>			
Closing NAV (£'000)	8,898	9,741	9,773
Closing NAV percentage of total fund NAV (%)	0.14	0.14	0.17
Number of shares	5,865,550	6,348,533	8,372,314
Highest share price (UK p)	156.00	159.00	130.11
Lowest share price (UK p)	146.77	112.45	98.94



# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

#### Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
Opening NAV	178.68	131.93	136.75
Return before operating charges and after direct portfolio transaction costs	1.22	48.54	(3.34)
Operating charges	(1.03)	(1.79)	(1.48)
Return after operating charges	0.19	46.75	(4.82)
Distributions	(1.20)	(3.92)	(4.42)
Retained distributions	1.20	3.92	4.42
Closing NAV	178.87	178.68	131.93
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.02	0.10	0.09
Dilution adjustments <sup>[a]</sup>	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.01	0.08	0.07
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.15	1.16	1.16
Return after operating charges	+0.11	+35.44	-3.52
Historic yield <sup>[c]</sup>	1.72	1.80	3.36
Effect on yield of charges offset against capital	0.00	0.01	1.16
<b>Other information</b>			
Closing NAV (£'000)	3,461	3,862	3,662
Closing NAV percentage of total fund NAV (%)	0.05	0.06	0.06
Number of shares	1,934,847	2,161,369	2,775,800
Highest share price (UK p)	182.56	183.24	141.96
Lowest share price (UK p)	170.95	127.09	110.36

#### Sterling Class 'X' Income share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
Opening NAV	202.94	155.16	167.45
Return before operating charges and after direct portfolio transaction costs	1.35	56.44	(4.42)
Operating charges	(1.66)	(2.99)	(2.54)
Return after operating charges	(0.31)	53.45	(6.96)
Distributions	(2.50)	(5.67)	(5.33)
Closing NAV	200.13	202.94	155.16
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.03	0.11	0.11
Dilution adjustments <sup>[a]</sup>	(0.01)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.02	0.09	0.09
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.65	1.66	1.66
Return after operating charges	-0.15	+34.45	-4.16
Historic yield	2.88	2.83	3.44
Effect on yield of charges offset against capital	1.65	1.66	1.66
<b>Other information</b>			
Closing NAV (£'000)	65,073	69,738	60,039
Closing NAV percentage of total fund NAV (%)	1.01	1.01	1.04
Number of shares	32,515,398	34,364,481	38,694,054
Highest share price (UK p)	206.10	210.38	173.78
Lowest share price (UK p)	193.99	149.37	131.61

#### Sterling Class 'X' Accumulation share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.17 UK p	Year to 31.03.17 UK p	Year to 31.03.16 UK p
Opening NAV	270.62	200.81	209.20
Return before operating charges and after direct portfolio transaction costs	1.86	73.72	(5.17)
Operating charges	(2.23)	(3.91)	(3.22)
Return after operating charges	(0.37)	69.81	(8.39)
Distributions	(1.14)	(5.30)	(6.75)
Retained distributions	1.14	5.30	6.75
Closing NAV	270.25	270.62	200.81
<b>Direct portfolio transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.04	0.15	0.14
Dilution adjustments <sup>[a]</sup>	(0.02)	(0.03)	(0.03)
Total direct portfolio transaction costs	0.02	0.12	0.11
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.65	1.66	1.66
Return after operating charges	-0.14	+34.76	-4.01
Historic yield <sup>[c]</sup>	1.24	1.37	3.36
Effect on yield of charges offset against capital	0.00	0.01	1.66
<b>Other information</b>			
Closing NAV (£'000)	20,583	24,298	20,639
Closing NAV percentage of total fund NAV (%)	0.32	0.35	0.36
Number of shares	7,616,067	8,978,532	10,277,711
Highest share price (UK p)	276.08	277.65	217.13
Lowest share price (UK p)	258.76	193.32	168.10

#### US dollar Class 'A' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 30.09.17 US ¢	Year to 31.03.17 US ¢	Year to 31.03.16 US ¢
Opening NAV	1,511.02	1,339.43	1,489.39
Return before operating charges and after direct portfolio transaction costs	123.19	241.68	(75.60)
Operating charges	(14.80)	(26.85)	(26.53)
Return after operating charges	108.39	214.83	(102.13)
Distributions	(19.86)	(43.24)	(47.83)
Closing NAV	1,599.55	1,511.02	1,339.43
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.22	0.88	0.98
Dilution adjustments <sup>[a]</sup>	(0.09)	(0.18)	(0.19)
Total direct portfolio transaction costs	0.13	0.70	0.79
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.90	1.91	1.91
Return after operating charges	+7.17	+16.04	-6.86
Historic yield	2.78	2.90	3.62
Effect on yield of charges offset against capital	1.90	1.91	1.91
<b>Other information</b>			
Closing NAV (£'000)	5,585	5,965	4,813
Closing NAV percentage of total fund NAV (%)	0.09	0.09	0.08
Number of shares	467,308	491,545	517,462
Highest share price (US ¢)	1,622.73	1,545.10	1,578.28
Lowest share price (US ¢)	1,497.00	1,274.37	1,123.03

# M&G Global Dividend Fund

## Financial highlights

### Specific share class performance

#### US dollar Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.17 US ¢	Year to 31.03.17 US ¢	Year to 31.03.16 US ¢
<b>Change in NAV per share</b>			
Opening NAV	1,652.10	1,421.29	1,525.60
Return before operating charges and after direct portfolio transaction costs	135.14	259.52	(76.65)
Operating charges	(16.23)	(28.71)	(27.66)
Return after operating charges	118.91	230.81	(104.31)
Distributions	(5.28)	(31.57)	(49.52)
Retained distributions	5.28	31.57	49.52
Closing NAV	1,771.01	1,652.10	1,421.29
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.24	0.94	1.02
Dilution adjustments <sup>[a]</sup>	(0.10)	(0.19)	(0.20)
Total direct portfolio transaction costs	0.14	0.75	0.82
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	1.90	1.91	1.92
Return after operating charges	+7.20	+16.24	-6.84
Historic yield <sup>[c]</sup>	0.96	1.13	3.53
Effect on yield of charges offset against capital	0.00	0.01	1.92
<b>Other information</b>			
Closing NAV (£'000)	189,396	216,642	212,949
Closing NAV percentage of total fund NAV (%)	2.95	3.15	3.69
Number of shares	14,313,134	16,329,152	21,576,724
Highest share price (US ¢)	1,785.26	1,671.95	1,616.86
Lowest share price (US ¢)	1,637.13	1,352.30	1,176.11

#### US dollar Class 'C' Accumulation share performance

The share class was launched on 18 July 2008.

	Six months to 30.09.17 US ¢	Year to 31.03.17 US ¢	Year to 31.03.16 US ¢
<b>Change in NAV per share</b>			
Opening NAV	1,799.04	1,532.32	1,628.39
Return before operating charges and after direct portfolio transaction costs	147.55	281.57	(81.81)
Operating charges	(8.43)	(14.85)	(14.26)
Return after operating charges	139.12	266.72	(96.07)
Distributions	(15.23)	(42.69)	(53.15)
Retained distributions	15.23	42.69	53.15
Closing NAV	1,938.16	1,799.04	1,532.32
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.26	1.02	1.10
Dilution adjustments <sup>[a]</sup>	(0.11)	(0.20)	(0.22)
Total direct portfolio transaction costs	0.15	0.82	0.88
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	0.91	0.91	0.91
Return after operating charges	+7.73	+17.41	-5.90
Historic yield <sup>[c]</sup>	1.88	2.03	3.51
Effect on yield of charges offset against capital	0.01	0.01	0.91
<b>Other information</b>			
Closing NAV (£'000)	42,480	39,784	37,728
Closing NAV percentage of total fund NAV (%)	0.66	0.58	0.66
Number of shares	2,933,456	2,753,741	3,545,696
Highest share price (US ¢)	1,953.27	1,819.20	1,727.93
Lowest share price (US ¢)	1,783.04	1,461.50	1,265.53

<sup>[a]</sup> In respect of direct portfolio transaction costs.

<sup>[b]</sup> As a percentage of average net asset value.

<sup>[c]</sup> Following the change in charging structure, you may see variances between the comparative and current year figures.

#### US dollar Class 'C' Income share performance

The share class was launched on 8 August 2014.

	Six months to 30.09.17 US ¢	Year to 31.03.17 US ¢	Year to 31.03.16 US ¢
<b>Change in NAV per share</b>			
Opening NAV	1,645.45	1,444.07	1,589.51
Return before operating charges and after direct portfolio transaction costs	134.35	262.30	(80.70)
Operating charges	(7.68)	(14.02)	(13.54)
Return after operating charges	126.67	248.28	(94.24)
Distributions	(21.64)	(46.90)	(51.20)
Closing NAV	1,750.48	1,645.45	1,444.07
<b>Direct portfolio transaction costs</b>	<b>US ¢</b>	<b>US ¢</b>	<b>US ¢</b>
Costs before dilution adjustments	0.24	0.97	1.05
Dilution adjustments <sup>[a]</sup>	(0.10)	(0.19)	(0.21)
Total direct portfolio transaction costs	0.14	0.78	0.84
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs <sup>[b]</sup>	0.02	0.05	0.06
Operating charges	0.90	0.91	0.91
Return after operating charges	+7.70	+17.19	-5.93
Historic yield	2.76	2.89	3.59
Effect on yield of charges offset against capital	0.90	0.91	0.91
<b>Other information</b>			
Closing NAV (£'000)	3,250	4,195	2,512
Closing NAV percentage of total fund NAV (%)	0.05	0.06	0.04
Number of shares	248,498	317,458	250,548
Highest share price (US ¢)	1,775.52	1,681.20	1,686.64
Lowest share price (US ¢)	1,630.45	1,377.28	1,208.40

# M&G Global Dividend Fund

## Financial statements and notes

### Financial statements

#### Statement of total return

for the six months to 30 September	2017		2016	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		(48,500)		932,509
Revenue	101,885		96,904	
Expenses	(44,900)		(39,107)	
Net revenue / (expense) before taxation	56,985		57,797	
Taxation	(10,855)		(10,094)	
Net revenue / (expense) after taxation		46,130		47,703
<b>Total return before distributions</b>		<b>(2,370)</b>		<b>980,212</b>
Distributions		(52,456)		(82,441)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(54,826)</b>		<b>897,771</b>

#### Statement of change in net assets attributable to shareholders

for the six months to 30 September	2017		2016	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>6,883,700</b>		<b>5,764,638</b>
Amounts received on issue of shares	934,718		87,756	
Amounts paid on cancellation of shares	(1,360,154)		(618,675)	
		(425,436)		(530,919)
Dilution adjustments		516		497
Change in net assets attributable to shareholders from investment activities (see above)		(54,826)		897,771
Retained distributions on Accumulation shares		23,822		55,270
<b>Closing net assets attributable to shareholders</b>		<b>6,427,776</b>		<b>6,187,257</b>

The opening net assets attributable to shareholders for 2017 differs to the closing position in 2016 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

#### Balance sheet

as at	30 September 2017	31 March 2017
	£'000	£'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	6,393,428	6,852,873
<b>Current assets</b>		
Debtors	35,151	52,845
Cash and bank balances	21,626	47,161
<b>Total assets</b>	<b>6,450,205</b>	<b>6,952,879</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distribution payable	(13,910)	(24,215)
Other creditors	(8,519)	(44,964)
<b>Total liabilities</b>	<b>(22,429)</b>	<b>(69,179)</b>
<b>Net assets attributable to shareholders</b>	<b>6,427,776</b>	<b>6,883,700</b>

### Notes to the financial statements

#### 1 Accounting policies

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 31 March 2017. They are prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014.

#### 2 Distribution policy

In determining the amount available for reinvestment to Accumulation shares, all expenses with the exception of the annual management charge, administration charge and overdraft interest are offset against capital, increasing the amount available for reinvestment whilst restraining capital performance to an equivalent extent. In determining the amount available for distribution to Income shares, all expenses with the exception of overdraft interest are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

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

### Directors' statement

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

G W MACDOWALL }  
L J MUMFORD } Directors

14 November 2017

# M&G Global Dividend Fund

## Other regulatory disclosures

### Swiss investor information

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

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

# Glossary

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

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

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

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

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

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

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

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

**Bunds:** Fixed income securities issued by the German government.

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

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

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

**Cash equivalents:** Deposits or investments with similar characteristics to cash.

**Comparative sector:** A group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the Investment Association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

**Consumer Prices Index (CPI):** An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

**Convertible bonds:** Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

**Corporate bonds:** Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

**Coupon:** The interest paid by the government or company that has raised a loan by selling bonds.

**Credit:** The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

**Credit default swaps (CDS):** Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

**Credit rating:** An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Credit rating agency:** A company that analyses the financial strength of issuers of fixed income securities and attaches a rating to their debt. Examples include Standard & Poor's and Moody's.

**Credit risk:** Risk that a financial obligation will not be paid and a loss will result for the lender.

**Credit selection:** The process of evaluating a fixed income security, also called a bond, in order to ascertain the ability of the borrower to meet its debt obligations. This research seeks to identify the appropriate level of default risk associated with investing in that particular bond.

**Credit spread:** The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value.

**Default:** When a borrower does not maintain interest payments or repay the amount borrowed when due.

**Default risk:** Risk that a debtholder will not receive interest and full repayment of the loan when due.

**Derivatives:** Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

**Developed economy/market:** Well-established economies with a high degree of industrialisation, standard of living and security.

**Dilution adjustments:** The dilution adjustment is used to protect ongoing investors against the transaction charges incurred in investing or divesting in respect of creations and cancellations. The dilution adjustment is made up of the direct and indirect transaction charges. In the financial statements the direct transaction charges as a percentage of average NAV will be disclosed. This percentage will take account of those direct transaction charges that have been recovered through the dilution adjustment leaving a percentage that just represents the costs incurred in portfolio management.

**Distribution:** Distributions represent a share in the net income of the fund and are paid out to Income Shareholders or reinvested for Accumulation Shareholders at set times of the year (monthly, quarterly, half-yearly or annually). They may either be in the form of interest distributions or dividend distributions.

# Glossary

**Distribution yield:** Expresses the amount that is expected to be distributed by the fund over the next 12 months as a percentage of the share price as at a certain date. It is based on the expected gross income less the ongoing charges.

**Diversification:** The practice of investing in a variety of assets. This is a risk management technique where, in a well-diversified portfolio, any loss from an individual holding should be offset by gains in other holdings, thereby lessening the impact on the overall portfolio.

**Dividend:** Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

**Duration:** A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Duration risk:** The longer a fixed income security, also called a bond, or bond fund's duration, the more sensitive and therefore at risk it is to changes in interest rates.

**Emerging economy or market:** Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

**Equities:** Shares of ownership in a company.

**Exchange traded:** Usually refers to investments traded on an exchange, such as company shares on a stock exchange.

**Ex-dividend date:** The date on which declared distributions officially belong to underlying investors, rather than the fund, usually the first business day of the month.

**Exposure:** The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

**Fixed income security:** A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

**Floating rate notes (FRNs):** Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

**Foreign exchange:** The exchange of one currency for another, or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as 'forex' and occasionally as 'FX'.

**Foreign exchange (FX) strategy:** Currencies can be an asset class in its own right, along with company shares, fixed income securities, property and cash. Foreign exchange strategy can therefore be a source of investment returns.

**Forward contract:** A contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Examples include forward currency contracts.

**Fundamentals (company):** A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

**Fundamentals (economic):** A basic principle, rule, law, or the like, that serves as the groundwork of a system. Economic fundamentals are factors such as inflation, employment, economic growth.

**Futures:** A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Futures are traded on a regulated exchange.

**Gilts:** Fixed income securities issued by the UK government.

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

**Hedging:** A method of reducing unnecessary or unintended risk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary

**Investment Association (IA):** The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

**Issuer:** An entity that sells securities, such as fixed income securities and company shares.

**Investment grade bonds:** Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Issuer:** An entity that sells securities, such as fixed income securities and company shares.

**Leverage:** When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

**Liquidity:** A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

**Long position:** Refers to ownership of a security held in the expectation that the security will rise in value.

**Macroeconomic:** Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

**Maturity:** The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

**Modified duration:** A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Monetary easing:** When central banks lower interest rates or buy securities on the open market to increase the money in circulation.

**Monetary policy:** A central bank's regulation of money in circulation and interest rates.

**Monetary tightening:** When central banks raise interest rates or sell securities on the open market to decrease the money in circulation.

**Morningstar™:** A provider of independent investment research, including performance statistics and independent fund ratings.

**Near cash:** Deposits or investments with similar characteristics to cash.

**Net asset value (NAV):** A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

**Open-ended investment company (OEIC):** A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

**Options:** Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

**Over-the-counter (OTC):** Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

**Overweight:** If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

**Payment date:** The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

**Physical assets:** An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

**Portfolio transaction cost:** The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

**Principal:** The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

**Private placement:** An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

**Real yield:** The return of an investment, adjusted for changes in prices in an economy.

**Retail Prices Index (RPI):** A UK inflation index that measures the rate of change in prices for a basket of goods and services in the UK, including mortgage payments and council tax.

**Risk:** The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.

**Risk management:** The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

**Risk premium:** The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

**Risk-free asset:** An asset that notionally carries no risk of non-payment by the borrower such as a high-quality fixed income security issued by a government or cash.

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

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

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

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

# Glossary

**Share class hedging:** Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

**Short position:** A way for a fund manager to express his or her view that the market might fall in value.

**Short selling:** This often refers to the practice whereby an investor sells an asset they do not own. The investor borrows the asset from someone who does own it and pays a fee. The investor must eventually return the borrowed asset by buying it in the open market. If the asset has fallen in price, the investor buys it for less than they sold it for, thus making a profit. The contrary may also occur.

**Short-dated corporate bonds:** Fixed income securities issued by companies and repaid over relatively short periods.

**Short-dated government bonds:** Fixed income securities issued by governments and repaid over relatively short periods.

**Sovereign debt:** Debt of a government. Also referred to as government bonds.

**Sub-investment grade bonds:** Fixed income securities issued by a company with a low rating from a recognised credit rating agency. They are considered to be at higher risk from default than those issued by companies with higher credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

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

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

**Treasuries:** Fixed income securities issued by the US government.

**Triple A or AAA rated:** The highest possible rating a fixed income security, also called a bond, can be assigned by credit rating agencies. Bonds that are rated AAA are perceived to have the lowest risk of default. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**UCITS:** Stands for Undertakings for Collective Investment in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

**Unconstrained:** The term used to describe the mandate of a fund whereby the manager has the freedom to invest according to his or her own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

**Underlying value:** The fundamental value of a company, reflecting both tangible and intangible assets, rather than the current market value.

**Underlying yield:** Refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

**Underweight:** If a portfolio is 'underweight' a stock, it holds a smaller proportion of that stock than the comparable index or sector.

**Unit trust:** A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

**Unit/share type:** Type of units/shares held by investors in a trust or fund (unit/share types differ by features such as whether income is to be paid out as cash or reinvested on the payment date).

**Valuation:** The worth of an asset or company based on its current price.

**Volatile:** When the value of a particular share, market or sector swings up and down fairly frequently and/or significantly, it is considered volatile.

**Volatility:** The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

**Warrant:** A security issued by a company that gives the holder the right to buy shares in that company at a specified price and within a certain timeframe.

**Yield:** This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

**Yield (equity):** Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

**Yield (bonds):** This refers to the interest received from a fixed income security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

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

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