



M&G (Lux) Investment Funds 1

Annual report and audited financial statements for the period from 29 November 2016 (date of incorporation) to 31 March 2017

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



R.C.S Luxembourg: B210.615



Contents

M&G (Lux) Investment Funds 1	
Management and administration	Page 1
Directors' Report	Page 4
Independent Auditor's Report	Page 6
Market review	Page 7
Investment objective and policy, Investment review, Portfolio statement and Financial highlights for:	
M&G (Lux) Absolute Return Bond Fund	Page 8
M&G (Lux) Global Target Return Fund	Page 17
Financial statements and notes for M&G (Lux) Investment Funds 1	Page 25
Financial statements	Page 25
Notes to the financial statements	Page 28
Other information (unaudited)	Page 32
Risk management policies	Page 32
Other regulatory disclosures	Page 33
Appendix	Page 34
Glossary	Page 35

M&G (Lux) Investment Funds 1

Management and administration

The Board of Directors of M&G (Lux) Investment Funds 1 (the 'Board') presents its annual report and audited financial statements for the financial period from 29 November 2016 (date of incorporation) to 31 March 2017.

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

Company information

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

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

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

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

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

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

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

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

* Independent Director

Funds, fund managers and launch dates

At the financial period end 31 March 2017, the following funds are available for investment. Please note the fund managers are employed by M&G Limited, which is an associate of M&G Securities Limited.

M&G (Lux) Absolute Return Bond Fund

Launched: 21 December 2016

Co-fund managers: Jim Leaviss and Wolfgang Bauer

M&G (Lux) Global Target Return Fund

Launched: 21 December 2016

Fund manager: Tristan Hanson

Management company

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 in the United Kingdom)

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

The Management Company also acts as management company for other funds (see Appendix on page 34 for list of funds).

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

Investment manager

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

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

Registrar and transfer agent

RBC Investor Services Bank S.A. (Luxembourg),
14, Porte de France, 4360 Esch-sur-Alzette, Luxembourg

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

Depositary and administrator

State Street Bank Luxembourg S.C.A.,
49, avenue John F. Kennedy, 1855 Luxembourg, Luxembourg

The Management Company has appointed State Street Bank Luxembourg S.C.A. as Administrator of the Company.

Independent auditor

Ernst & Young S.A.
35E, avenue John F. Kennedy, 1855 Luxembourg, Luxembourg

M&G (Lux) Investment Funds 1

Management and administration

Important information

As at the date of this report, the most recent Visa Stamped Prospectus was approved by the CSSF on 24 May 2017.

The following sub-funds are part of M&G (Lux) Investment Funds 1 and will be available for investment from the date indicated below:

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

This fund launched on 22 May 2017.

M&G (Lux) Emerging Markets Income Opportunities Fund

This fund launched on 22 May 2017.

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

This fund is not launched and will be launched following a decision by the Directors.

M&G (Lux) Fixed Maturity High Yield Bond Fund 2022

This fund is not launched and will be launched following a decision by the Directors.

M&G (Lux) Income Allocation Fund

This fund is not launched and will be launched following a decision by the Directors.

M&G (Lux) Conservative Allocation Fund

This fund is not launched and will be launched following a decision by the Directors.

M&G (Lux) Dynamic Allocation Fund

This fund is not launched and will be launched following a decision by the Directors.

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

This fund is not launched and will be launched following a decision by the Directors.

Investor information

The Prospectus, Articles of Incorporation, Key Investor Information Documents, latest annual or interim report and financial statements are available free of charge on request from the following addresses. Alternatively, you can obtain a copy of the latest annual or interim report and financial statements from our website at www.mandg.co.uk/discretionary

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

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

Customer services and administration

M&G Securities Limited, c/o RBCIS,
14, Porte de France, 4360 Esch-sur-Alzette, Luxembourg

Telephone: +352 2605 9944

Email: csmandg@rbc.com

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

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

Austrian paying and information agent

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

Belgian financial agent

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

Danish representative agent

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

French centralising agent

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

German information agent

M&G International Investments 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 – IFSC, Dublin 1, Ireland

M&G (Lux) Investment Funds 1

Management and administration

Investor information (continued)

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, 20124 Milano, Italy

RBC Investor Services Bank S.A.,

Via Vittor Pisani 26, 20124 Milano, Italy

State Street Bank S.p.A.,

Via Ferrante Aporti 10, 20125 Milano, Italy

Société Générale Securities Services S.A.,

Via Benigno Crespi 19A - MAC 2, 20159 Milano, Italy

Portuguese distributor

Best - Banco Electrónico de Serviço Total, S.A.,

Praça Marquês de Pombal, no. 3 - 3º, 1250-161 Lisboa, Portugal

Spanish representative

Allfunds Bank, S.A.,

Calle Estafeta, No 6 Complejo Plaza de la Fuente,

La Moraleja 28109, Alcobendas, Madrid, Spain

Swedish paying agent

Nordea Bank AB (publ),

Smålandsgatan 17, 105 71 Stockholm, Sweden

Swiss paying agent and representative

Société Générale, Paris,

Talacker 50, P.O. Box 5070, 8021 Zurich, Switzerland

M&G (Lux) Investment Funds 1

Directors' Report

Directors' responsibilities

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

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

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

Yves Wagner is an Independent Director.

William Nott is the Chief Executive Officer of M&G Securities Limited.

Laurence Mumford is the Retail Chief Operating Officer of M&G Securities Limited.

Gary Cotton is Chief Operating Officer of M&G Investment Management Limited and Director of M&G Securities Limited.

Philip Jelfs is the Product Director of M&G Securities Limited.

Graham MacDowall is the Finance Director of M&G Securities Limited.

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

Delegation of functions

The Company has appointed M&G Securities Limited pursuant to the Management Agreement to serve as its management company within the meaning of the UCI Law. The Management Company performs certain functions, subject to the overall supervision of the Directors, for the provision of investment management services, administrative services and marketing services to the Company. The Management Company is also the principal distributor of shares under the terms of the Management Agreement.

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

Investment manager

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

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

Registrar and transfer agent

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

Under the Registrar and Transfer Agency Agreement, the registrar and transfer agent is responsible for processing the issue, redemption and transfer of shares, as well as for the keeping of the register of Shareholders.

Administrator

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

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

Hedging services

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

M&G (Lux) Investment Funds 1

Directors' Report

Depository

The Management Company has appointed State Street Bank Luxembourg S.C.A. as the Depository.

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

The Depository has been entrusted with the following main functions:

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

Directors' statement

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

G W MACDOWALL }
L J MUMFORD } Directors

5 July 2017

M&G (Lux) Investment Funds 1

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G (Lux) Investment Funds 1

Following our appointment by the Board of Directors, we have audited the accompanying financial statements of M&G (Lux) Investment Funds 1 (the 'Fund') and of each of its sub-funds, which comprise the statement of net assets and portfolio statements as at 31 March 2017 and the statement of operations and changes in net assets for the period from 29 November 2016 (date of incorporation) to 31 March 2017, and a summary of significant accounting policies and other notes to the financial statements.

Responsibility of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the 'réviseur d'entreprises agréé'

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the 'réviseur d'entreprises agréé', including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 'réviseur d'entreprises agréé' considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Fund, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of M&G (Lux) Investment Funds 1 and of each of its sub-funds as at 31 March 2017, and of the results of their operations and changes in their net assets for the period from 29 November 2016 (date of incorporation) to 31 March 2017 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Michael Ferguson

Luxembourg
5 July 2017

Ernst & Young
Société anonyme
Cabinet de révision agréé

M&G (Lux) Investment Funds 1

Market review

Trends from the second half of 2016 continued into 2017, as newsflow about politics and policy action dominated headlines, including the inauguration of President Trump in the US, the Dutch election, the French presidential race, and the triggering of Article 50 to start the process of the UK leaving the European Union. However, global economic data continued to hold up well, providing a positive backdrop for financial assets such as company shares, which tend to perform well when the global economy is growing and investors feel confident.

Global stockmarkets in aggregate performed strongly towards the end of 2016 and heading into the early months of 2017. Regionally, emerging markets and Asia led performance, followed by the US and Europe, but Japanese stocks lagged.

Meanwhile, bond markets were more mixed. (Bonds are loans that are extended by an investor to an issuer – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as ‘corporate bonds’, while those issued by governments are called ‘government bonds’.) There were broadly positive returns from the ‘riskier’ parts of the market (that is, where the bond issuer is considered less creditworthy, such as corporations and emerging market governments), but weakness in so-called ‘safe havens’ (bonds issued by highly creditworthy developed market governments such as the US, UK, Germany and Japan).

The broad themes mentioned above have continued since the end of the review period. Although there have been many political events that could have unsettled investors, such as the failure of President Trump to enact his election pledges and elections in France and the UK, as well as an interest rate increase in the US, most stockmarkets have continued to rally. The general improvement in global economic activity seems to be feeding through to company earnings and is being reflected in higher share prices. On the other hand, government bonds from developed countries have continued to underperform the areas of the market perceived as risky.

M&G Investment Management Limited

21 June 2017

Market performance information as at 31 March 2017.

Source: Datastream, as at 31 March 2017.

M&G (Lux) Absolute Return Bond Fund

Investment objective and policy

Investment objective

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

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

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

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

Investment policy

The fund will invest at least 70% of its Net Asset Value in the following asset classes: bonds, currencies, cash, near cash (which means short term and easily tradable bonds) and deposits. These may be issued anywhere in the world and denominated in any currency.

The fund's exposure to these investments may also be gained by investing in other funds, or through the use of derivatives, which are financial contracts whose value is derived from an underlying asset. The fund may take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, and groups of securities. The fund also has the flexibility to gain exposure to investments exceeding the net asset value of the fund in order to increase potential returns in both rising and falling markets.

Derivatives can be used to meet the fund's investment objective and for efficient portfolio management. The derivatives that the fund may invest in include the following:

- a) spot and forward contracts including forward foreign exchange contracts (bespoke agreements to buy or sell currencies, bonds or interest rates at a specified price immediately or at a future date);
- b) exchange traded futures (standard agreements to buy or sell currencies, bonds or interest rates at a future date on a Regulated Market);
- c) swaps (agreements which involve exchanging cashflows from investments with another party), including fixed or index-linked interest rate swaps, bonds, currency, or other asset swaps;
- d) credit default swaps (agreements which exchange the credit risk between parties. For example, these instruments can be used to protect the fund against potential defaults of companies, group of companies or governments). These swaps can be 'single name' where the credit risk relates to a bond of a particular issuer or 'index' where the underlying asset is an index of bonds from different issuers;
- e) options (which offer the right to buy or sell an asset at an agreed price and time) on bonds, bond futures, currencies, or indices.

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

- a) bonds which are rated above investment grade by a recognised rating agency (that is, rated BBB- or above by Standard & Poor's or Fitch or Baa3 or above by Moody's);
- b) bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- c) a maximum of 60% of the fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds (that is, rated lower than BBB- by Standard & Poor's or Fitch or lower than Baa3 by Moody's);
- d) bonds from issuers located in emerging markets;
- e) a maximum of 20% of the fund's Net Asset Value in contingent convertible bonds (bonds issued by companies, which convert into shares in the company when certain capital conditions are met);
- f) a maximum of 20% of the fund's Net Asset Value in asset-backed securities (which are securities whose income payments and therefore value are derived from and collateralized (or 'backed') by a specified pool of underlying assets which will typically be commercial or residential mortgages, credit card receivables, student loans, auto loans, other commercial or consumer receivables, corporate loans, bonds, and whole business securitisation); and
- g) total return swaps on single-name bonds, bond indices, baskets of bonds and government bonds. Generally this will be to hedge or add credit market exposure. It may also use total return swaps to gain exposure to single-name bonds or bond indices, baskets of bonds and government bonds. The fund's exposure through total return swaps will generally not exceed 25% of the Net Asset Value of the fund. The maximum proportion of the fund's assets which can be subject to total return swaps is 50% of the Net Asset Value of the fund, on a short term basis. The counterparty to the total return swap will be a credit institution established in a member state of the OECD, a member state of the EEA or in South Africa. The minimum rating should be investment grade.

M&G (Lux) Absolute Return Bond Fund

Investment review

For the period from 21 December 2016 (launch date of the fund) to 31 March 2017

Launched in December 2016, the M&G (Lux) Absolute Return Bond Fund is a flexible, multi-strategy bond fund, targeting steady positive returns, with a specific focus on managing volatility and limiting losses during difficult market conditions. As a highly diversified portfolio, the fund provides exposure to a broad range of fixed income strategies across global corporate bond, government bond and currency markets. (Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as ‘corporate bonds’, while those issued by governments are called ‘government bonds’.)

The fund draws on the best ideas of M&G’s Retail Fixed Interest team, giving investors access to an extensive range of investment knowledge across global bond markets. The team has long-running experience in managing flexible bond strategies, and has demonstrated the ability to manage risk during periods of heightened volatility, such as during the global financial crisis and the eurozone debt crisis. A disciplined investment process is adopted, combining macroeconomic analysis, conviction stock selection and robust risk management.

The fund is currently cautiously positioned with a low sensitivity to movements in interest rates, as we believe rising inflation expectations could push interest rates higher and government bond prices lower over the medium term. However, we see good value in certain areas of the corporate bond market, with the improving economic backdrop expected to provide a degree of support for these assets.

The fund also holds a modest allocation to asset-backed securities (ABS), a type of bond whose income is derived from a pool of underlying assets, such as mortgages, credit cards or student loans. ABS typically pay a variable rate of income and, therefore, provide an element of protection against rising interest rates.

Jim Leaviss and Wolfgang Bauer

Co-fund managers

1 April 2017

Employees of M&G Limited which is an associate of M&G Securities Limited.

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

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement							
Holding	Security descriptions	Currency	Coupon rate ^[a] %	Maturity date ^[b]	Market value €'000	% of net assets	
Transferable securities admitted to an official exchange listing							
Fixed income securities							
Belgium							
200,000	KBC Group NV	EUR	0.750	01.03.22	200	1.14	
France							
120,000	SFR Group S.A.	EUR	5.625	15.05.24	128	0.73	
100,000	BNP Paribas S.A.	EUR	2.750	27.01.26	103	0.59	
150,000	BNP Paribas S.A.	GBP	1.125	16.08.22	171	0.98	
					402	2.30	
Germany							
100,000	Unitymedia Hessen GmbH & Co. KG / Unitymedia NRW GmbH	EUR	4.000	15.01.25	104	0.60	
300,000	Deutsche Pfandbriefbank AG	EUR	1.250	04.02.19	306	1.75	
350,000	Daimler AG	EUR	0.500	09.09.19	354	2.03	
					764	4.38	
Ireland							
250,000	Eaton Capital Unlimited Co.	EUR	0.750	20.09.24	245	1.40	
100,000	Smurfit Kappa Acquisitions Unlimited Co.	EUR	2.375	01.02.24	101	0.58	
					346	1.98	
Italy							
300,000	Intesa Sanpaolo SpA	EUR	3.000	28.01.19	315	1.81	
110,000	Telecom Italia SpA/Milano	EUR	2.500	19.07.23	111	0.64	
					426	2.45	
Netherlands							
300,000	ABN AMRO Bank NV	EUR	5.000	09.02.22	367	2.10	
150,000	Teva Pharmaceutical Finance Netherlands II BV	EUR	1.125	15.10.24	142	0.82	
100,000	Mylan NV	EUR	1.250	23.11.20	102	0.59	
111,000	WPC Eurobond BV	EUR	2.250	19.07.24	113	0.65	
160,000	LyondellBasell Industries NV	USD	4.625	26.02.55	141	0.82	
150,000	Petrobras Global Finance BV	USD	7.250	17.03.44	139	0.80	
					1,004	5.78	
Spain							
100,000	CaixaBank S.A.	EUR	1.250	11.01.27	103	0.59	
Sweden							
100,000	Fastighets AB Balder	EUR	1.875	14.03.25	100	0.57	
United Kingdom							
250,000	Hammerson PLC	EUR	2.750	26.09.19	265	1.52	
300,000	HSBC Holdings PLC	EUR	6.250	19.03.18	318	1.82	
200,000	Royal Bank of Scotland PLC/The	EUR	5.500	23.03.20	230	1.32	
300,000	FCE Bank PLC	EUR	1.528	09.11.20	310	1.78	
100,000	Student Finance PLC	GBP	2.666	30.09.29	118	0.68	
					1,241	7.12	
United States							
300,000	Apple Inc.	EUR	1.000	10.11.22	311	1.78	
300,000	Berkshire Hathaway Inc.	EUR	0.500	13.03.20	304	1.74	
300,000	Honeywell International Inc.	EUR	0.650	21.02.20	305	1.74	
350,000	Johnson & Johnson	EUR	0.250	20.01.22	351	2.01	
200,000	Southern Power Co.	EUR	1.000	20.06.22	199	1.14	
100,000	Zimmer Biomet Holdings Inc.	EUR	2.425	13.12.26	104	0.60	
100,000	Silgan Holdings Inc.	EUR	3.250	15.03.25	100	0.57	
103,000	McKesson Corp.	EUR	1.500	17.11.25	104	0.60	
147,000	Quintiles IMS Inc.	EUR	3.250	15.03.25	146	0.84	
100,000	MPT Operating Partnership LP / MPT Finance Corp.	EUR	3.325	24.03.25	100	0.57	
300,000	Citigroup Inc.	EUR	5.000	02.08.19	334	1.91	
200,000	Wachovia Corp.	EUR	4.375	27.11.18	214	1.23	
236,000	AT&T Inc.	USD	5.250	01.03.37	226	1.30	
100,000	Dow Chemical Co./The	USD	9.400	15.05.39	150	0.86	
145,000	Energy Transfer Partners LP	USD	6.125	15.12.45	145	0.84	
100,000	Freeport-McMoRan Inc.	USD	3.875	15.03.23	87	0.50	
150,000	International Paper Co.	USD	4.800	15.06.44	141	0.81	

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement (continued)							
Holding	Security descriptions	Currency	Coupon rate ^[a] %	Maturity date ^[b]	Market value €'000	% of net assets	
Transferable securities admitted to an official exchange listing (continued)							
Fixed income securities (continued)							
United States (continued)							
125,000	Reynolds American Inc.	USD	5.850	15.08.45	139	0.80	
160,000	Verizon Communications Inc.	USD	4.672	15.03.55	134	0.77	
101,000	Verizon Communications Inc.	USD	5.250	16.03.37	98	0.56	
					3,692	21.17	
Total fixed income securities					8,278	47.48	
Government bonds							
Argentina							
100,000	Argentine Republic Government International Bond	EUR	5.000	15.01.27	94	0.54	
Indonesia							
100,000	Indonesia Government International Bond	EUR	3.750	14.06.28	107	0.61	
Morocco							
100,000	Morocco Government International Bond	EUR	3.500	19.06.24	108	0.62	
Portugal							
200,000	Portugal Obrigacoes do Tesouro OT	EUR	2.875	21.07.26	188	1.08	
Qatar							
50,000	Qatar Government International Bond	USD	9.750	15.06.30	75	0.43	
Total government bonds					572	3.28	
Floating income securities							
France							
100,000	BPCE S.A.	EUR	2.750	30.11.27	103	0.59	
100,000	Orange S.A.	EUR	5.000	29.10.49	108	0.62	
100,000	AXA S.A.	GBP	6.772	29.10.49	126	0.72	
					337	1.93	
Germany							
100,000	Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	EUR	6.250	26.05.42	123	0.71	
150,000	Bayer AG	EUR	3.000	01.07.75	153	0.88	
					276	1.59	
Ireland							
100,000	Aquarius & Investments PLC for Zurich Insurance Co. Ltd	EUR	4.250	02.10.43	113	0.65	
300,000	GE Capital Euro Funding	EUR	1.000	17.05.21	301	1.72	
					414	2.37	
Italy							
100,000	Schumann SpA	EUR	6.625	31.07.22	102	0.58	
Luxembourg							
170,000	Cabot Financial Luxembourg II S.A.	EUR	5.875	15.11.21	177	1.02	
115,000	Matterhorn Telecom S.A.	EUR	3.250	01.02.23	115	0.66	
					292	1.68	
Netherlands							
150,000	Delft	EUR	0.419	17.01.40	150	0.86	
100,000	NN Group NV	EUR	4.500	15.07.49	102	0.59	
					252	1.45	
Switzerland							
200,000	UBS Group Funding Switzerland AG	EUR	0.371	20.09.22	200	1.14	
United Kingdom							
125,000	Arrow Global Finance Plc	EUR	4.750	01.05.23	131	0.75	
130,000	Aviva PLC	GBP	6.125	14.11.36	171	0.98	
202,669	Greene King Finance PLC	GBP	2.844	15.12.33	232	1.34	
106,000	HSBC Holdings PLC	EUR	0.370	27.09.22	106	0.61	
100,000	Iceland Bondco PLC	GBP	4.607	15.07.20	117	0.68	
300,000	Nationwide Building Society	EUR	4.125	20.03.23	310	1.78	
100,000	Royal Bank of Scotland Group PLC	EUR	2.000	08.03.23	101	0.58	
200,000	Lloyds Bank PLC	GBP	5.750	09.07.25	257	1.47	
300,000	Vodafone Group PLC	EUR	0.621	25.02.19	304	1.74	
					1,729	9.93	

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement (continued)							
Holding	Security descriptions	Currency	Coupon rate ^[a] %	Maturity date ^[b]	Market value €'000	% of net assets	
Transferable securities admitted to an official exchange listing (continued)							
Floating income securities (continued)							
United States							
200,000	Bank of America Corp.	EUR	0.471	19.06.19	203	1.16	
125,000	Goldman Sachs Group Inc./The	EUR	0.302	09.09.22	125	0.72	
200,000	Goldman Sachs Group Inc./The	EUR	0.371	29.05.20	202	1.15	
250,000	J.P.Morgan Chase & Co.	EUR	0.272	07.05.19	252	1.44	
200,000	Morgan Stanley	EUR	0.171	03.12.19	201	1.15	
					983	5.62	
Total floating income securities					4,585	26.29	
Total transferable securities admitted to an official exchange listing					13,435	77.05	
Transferable securities dealt in another regulated market							
Fixed income securities							
United States							
100,000	CCO Holdings LLC / CCO Holdings Capital Corp.	USD	5.125	01.05.27	95	0.54	
200,000	CSC Holdings LLC	USD	5.500	15.04.27	191	1.09	
150,000	Celgene Corp.	USD	5.000	15.08.45	147	0.85	
120,000	Comcast Corp.	USD	6.550	01.07.39	145	0.84	
100,000	Express Scripts Holding Co.	USD	4.800	15.07.46	89	0.51	
99,000	Microsoft Corp.	USD	4.500	06.02.57	96	0.55	
160,000	Mylan Inc.	USD	5.400	29.11.43	156	0.90	
42,000	T-Mobile USA Inc.	USD	4.000	15.04.22	40	0.23	
Total fixed income securities					959	5.51	
Floating income securities							
Ireland							
229,410	Magellan Mortgages No.4 PLC	EUR	1.000	20.07.59	198	1.14	
Luxembourg							
203,000	Harvest CLO VIII DAC	EUR	0.772	30.04.26	203	1.16	
100,000	Harvest CLO VII DAC	EUR	1.000	12.04.31	100	0.57	
					303	1.73	
Netherlands							
250,509	E-MAC NL BV	EUR	2.523	25.04.38	250	1.44	
United Kingdom							
227,740	Paragon Mortgages No.11 PLC	EUR	1.000	15.10.41	218	1.25	
190,960	Alba 2006-2 PLC	EUR	1.000	15.12.38	180	1.03	
172,667	Ludgate Funding PLC	EUR	1.000	01.12.60	162	0.93	
100,032	Rmac 2005-Ns3 PLC	EUR	0.031	12.06.43	97	0.55	
238,047	Newgate Funding 2007-3	EUR	0.270	15.12.50	233	1.33	
230,473	Landmark Mortgage Securities No.2 PLC	EUR	0.000	17.06.39	218	1.25	
243,000	Towd Point Mortgage Funding 2016-Granite1 PLC	GBP	1.760	20.07.46	285	1.64	
187,225	Dukinfield 2 Plc	GBP	1.592	20.12.52	221	1.27	
					1,614	9.25	
United States							
50,000	Energy Transfer Partners LP	USD	4.052	01.11.66	40	0.23	
150,000	Tenet Healthcare Corp.	USD	4.631	15.06.20	142	0.82	
					182	1.05	
Total floating income securities					2,547	14.61	
Total transferable securities dealt in another regulated market					3,506	20.12	
Market value of investments excluding derivatives					16,941	97.17	

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement (continued)

Futures contracts

Number of contracts	Security descriptions	Position	Commitment market value €'000	Unrealised gain/(loss) €'000	% of net assets
EUR					
7	Euro SCHATZ Futures 08.06.2017	Short	700	1	0.00
12	Germany Federal Republic Bonds 5 year 08.06.2017	Short	1,200	1	0.01
1	US Treasury Notes 10 year Futures 21.06.2017	Short	94	0	0.00
5	US Treasury Notes 30 year 21.06.2017	Short	468	1	0.00
5	US Ultra Bond 21.06.2017	Short	468	0	0.00
Unrealised gain on futures contracts				3	0.01
7	Germany Federal Republic Notes 10 year 08.06.2017	Short	700	(4)	(0.02)
1	UK Treasury Notes 28.06.2017	Short	117	(1)	(0.01)
Unrealised loss on futures contracts				(5)	(0.03)
Net unrealised gain/(loss) on futures contracts				(2)	(0.02)

Forward currency contracts

Currency	Amount bought	Currency	Amount sold	Maturity date	Unrealised gain/(loss) €'000	% of net assets
EUR	1,509,677	GBP	1,288,943	05.04.17	6	0.03
EUR	2,655,117	USD	2,817,977	05.04.17	18	0.11
USD	356,986	CNY	2,459,100	05.04.17	0	0.00
USD	355,850	CNY	2,459,100	03.05.17	0	0.00
Unrealised gain on forward currency contracts					24	0.14
USD	103,391	EUR	95,971	03.05.17	1	0.00
GBP	50,645	EUR	58,630	03.05.17	1	0.00
CHF	101,099	EUR	94,346	03.05.17	0	0.00
Unrealised gain on forward currency contracts held for share class hedging					2	0.00
CNY	2,459,100	USD	356,966	05.04.17	0	0.00
JPY	41,596,960	EUR	350,122	05.04.17	(2)	0.00
USD	131,500	EUR	123,796	05.04.17	(1)	0.00
Unrealised loss on forward currency contracts					(3)	0.00
EUR	1,917	USD	2,072	03.05.17	0	0.00
EUR	488	GBP	423	03.05.17	0	0.00
EUR	695	CHF	744	03.05.17	0	0.00
Unrealised loss on forward currency contracts held for share class hedging					0	0.00
Net unrealised gain/(loss) on forward currency contracts					23	0.14

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Portfolio statement (continued)						
Net local notional amount	Pay	Receive	Currency	Maturity date	Unrealised gain/(loss) €'000	% of net assets
Swap contracts						
Credit default swaps						
200,000	Floating (Glencore International AG)	Fixed 5.000%	EUR	20.12.21	33	0.19
200,000	Floating (Anheuser-Busch InBev)	Fixed 1.000%	EUR	20.12.21	4	0.02
200,000	Floating (Rolls-Royce PLC)	Fixed 1.000%	EUR	20.12.21	1	0.01
100,000	Floating (Telefonica S.A.)	Fixed 1.000%	EUR	20.12.21	0	0.00
Unrealised gain on credit default swaps					38	0.22
500,000	Fixed 1.000%	Floating (iTraxx Europe)	EUR	20.12.21	(8)	(0.04)
500,000	Fixed 1.000%	Floating (iTraxx Europe)	EUR	20.12.21	(8)	(0.04)
500,000	Fixed 1.000%	Floating (iTraxx Europe)	EUR	20.12.21	(8)	(0.04)
500,000	Fixed 1.000%	Floating (iTraxx Europe)	EUR	20.12.21	(8)	(0.04)
500,000	Fixed 1.000%	Floating (iTraxx Europe)	EUR	20.12.21	(8)	(0.04)
500,000	Fixed 1.000%	Floating (iTraxx Europe)	EUR	20.12.21	(8)	(0.04)
500,000	Fixed 1.000%	Floating (CDS Index North American Corporate Credits Investment Grade)	USD	20.12.21	(8)	(0.05)
500,000	Fixed 1.000%	Floating (CDS Index North American Corporate Credits Investment Grade)	USD	20.12.21	(9)	(0.05)
250,000	Fixed 5.000%	Floating (iTraxx Europe Crossover)	EUR	20.12.21	(15)	(0.10)
1,000,000	Fixed 1.000%	Floating (iTraxx Europe)	EUR	20.12.21	(15)	(0.10)
1,000,000	Fixed 1.000%	Floating (CDS Index North American Corporate Credits Investment Grade)	USD	20.12.21	(17)	(0.10)
1,000,000	Fixed 1.000%	Floating (CDS Index North American Corporate Credits Investment Grade)	USD	20.12.21	(17)	(0.10)
250,000	Fixed 5.000%	Floating (iTraxx Europe Crossover)	EUR	20.12.21	(25)	(0.15)
Unrealised loss on credit default swaps					(154)	(0.89)
Net unrealised gain/(loss) on swap contracts					(116)	(0.67)
Net unrealised gain/(loss) on derivatives					(95)	(0.55)
Market value of investments					16,846	96.62
Other assets and liabilities					590	3.38
Net assets					17,436	100.00

[a] Interest rates represent either the stated coupon rate, annualised discounted yield on date of purchase for discounted securities, or, for floating rate securities, the current reset rate which is based upon interest rates indices. Variable and floating coupon rates are those quoted as of 31 March 2017.

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

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

M&G (Lux) Absolute Return Bond Fund

Portfolio statement

Counterparty exposure

Counterparty	Derivative exposures				Collateral held as cash €'000
	Swaps €'000	Forward currency contracts €'000	Futures €'000	Options €'000	
Citigroup Global Markets Limited	57	795	0	0	0
Goldman Sachs International	20	865	0	0	0
J.P.Morgan	39	0	0	0	0
Merrill Lynch Pierce Fenner + Smith Inc	0	0	3,747	0	97
State Street Bank and Trust Company	0	252	0	0	0
State Street Bank London	0	3,581	0	0	0
UBS AG London	0	350	0	0	0
Total	116	5,843	3,747	0	97

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

M&G (Lux) Absolute Return Bond Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details

The fund pays semi-annual distributions and the following table sets out the distribution periods.

Semi-annual distribution periods					
	Start	End	Record date	Xd	Payment
Final	21.12.16	31.03.17	21.04.17	24.04.17	27.04.17

The following tables set out the distribution rates per share in respect of the financial period from 21 December 2016 (the launch date of the fund) to 31 March 2017.

Distributions				
	Euro Class 'A'	Euro Class 'C'	Sterling Class 'C-H'	
to 31 March 2017	Euro ¢	Euro ¢	UK p	
Final	0.0417	0.0417	0.0419	

	Swiss franc Class 'A-H'	Swiss franc Class 'C-H'	US dollar Class 'A-H'	US dollar Class 'C-H'
to 31 March 2017	Swiss ¢	Swiss ¢	US ¢	US ¢
Final	0.0418	0.0418	0.0423	0.0423

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

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 10 to the Financial Statements (also known as the price per share) at the end of the financial period and Total Expense Ratio (TER) for each share class for the financial period from 21 December 2016 to 31 March 2017.

Net Asset Values and Total Expense Ratios		
NAV per share	NAV 2017	TER 2017
Euro		
	Euro ¢	%
Class 'A' Accumulation	10.07	1.33
Class 'A' Distribution	10.07	1.32
Class 'C' Accumulation	10.08	0.73
Class 'C' Distribution	10.08	0.73
Class 'C-I' Accumulation	10.08	0.68
Sterling		
	UK p	%
Class 'C-H' Accumulation	10.10	0.75
Class 'C-H' Distribution	10.10	0.75
Swiss franc		
	Swiss ¢	%
Class 'A-H' Accumulation	10.05	1.36
Class 'A-H' Distribution	10.05	1.36
Class 'C-H' Accumulation	10.07	0.76
Class 'C-H' Distribution	10.07	0.76
US dollar		
	US ¢	%
Class 'A-H' Accumulation	10.12	1.35
Class 'A-H' Distribution	10.12	1.35
Class 'C-H' Accumulation	10.13	0.75
Class 'C-H' Distribution	10.13	0.75
NAV at fund level		
	€'000	
Net assets	17,436	
Swing pricing adjustment	42	
Swung net assets	17,478	

M&G (Lux) Global Target Return Fund

Investment objective and policy

Investment objective

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

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

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

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

Investment policy

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

The fund will primarily invest in the following asset classes: bonds, shares, currencies, cash, near cash (which means short term and easily tradable bonds) and deposits. The fund will mostly gain exposure to these assets by investing through derivatives, but may also invest directly. Derivatives are financial contracts whose value is derived from an underlying asset. The fund may also invest through other collective investment schemes**.

In cases where the Investment manager believes that investment opportunities are limited to a few areas, or where the available investment opportunities would add too much risk to the fund, the fund may temporarily hold high levels of cash. The fund may take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, indices and other groups of securities. The fund also has the flexibility to gain exposure to investments exceeding the Net Asset Value of the fund in order to increase potential returns in both rising and falling markets.

Derivatives can be used to meet the fund's investment objective and for efficient portfolio management. The derivatives that the fund may invest in include the following:

- a) spot and forward contracts including forward foreign exchange contracts (bespoke agreements to buy or sell currencies, shares, bonds or interest rates at a specified price immediately or at a future date);
- b) exchange traded futures (standard agreements to buy or sell currencies, shares, bonds or interest rates at a future date on a Regulated Market);
- c) swaps (agreements which involve exchanging cashflows from investments with another party), including fixed or index-linked interest rate swaps, equity, bonds, currency, or other asset swaps;
- d) credit default swaps (agreements which exchange the credit risk between parties. For example, these instruments can be used to protect the fund against potential defaults of companies, group of companies or governments). These swaps can be 'single name' where the credit risk relates to a bond of a particular issuer or 'index' where the underlying asset is an index of bonds from different issuers;

- e) options (which offer the right to buy or sell an asset at an agreed price and time) on shares, bonds bond futures, currencies, or indices.

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

- a) bonds which are rated above investment grade by a recognised rating agency (rated BBB- or above by Standard & Poor's or Fitch or Baa3 or above by Moody's);
- b) bonds issued or guaranteed by companies, governments, local authorities, government agencies or certain public international bodies;
- c) convertible bonds (bonds issued by companies that give the bondholder the option to trade in the bond for shares in the company);
- d) a maximum of 60% of the fund's Net Asset Value combined in unrated bonds and sub-investment grade bonds (rated lower than BBB- by Standard & Poor's or Fitch or lower than Baa3 by Moody's);
- e) bonds from issuers located in emerging markets;
- f) a maximum of 20% of the fund's Net Asset Value in contingent convertible bonds (bonds issued by companies, which convert into shares in the company when certain capital conditions are met);
- g) a maximum of 10% of the fund's Net Asset Value in asset-backed securities (which are securities whose income payments and therefore value are derived from and collateralized (or 'backed') by a specified pool of underlying assets which may be commercial or residential mortgages, credit card receivables, student loans, auto loans, other commercial or consumer receivables, corporate loans, bonds, and whole business securitisation). The fund may also invest in other deposits and warrants (allowing the Investment manager to buy stocks for a fixed price until a certain date) which may be issued anywhere in the world and denominated in any currency; and
- h) total return swaps on equity indices, equity sectors or baskets, bonds baskets and government bonds. Generally this will be to gain exposure (long or short) to a number of underlying assets, typically, bespoke baskets of equities, bespoke baskets of bonds, equity sectors and equity indices (such as regions). The use of total return swaps is primarily to facilitate an investment (long or short) where there is no other available instrument, such as a future or ETF. The fund's exposure through total return swaps will generally not exceed 25% of the Net Asset Value of the fund. The maximum proportion of the fund's assets which can be subject to total return swaps is 50% of the Net Asset Value of the fund, on a short term basis. The counterparty to the total return swap will be a credit institution established in a member state of the OECD, a member state of the EEA or in South Africa. The minimum rating should be investment grade.

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

M&G (Lux) Global Target Return Fund

Investment review

For the period from 21 December 2016 (launch date of the fund) to 31 March 2017

The M&G (Lux) Global Target Return Fund was launched in December 2016. In running this fund, we apply an investment philosophy and approach that was developed by the M&G Multi-Asset team more than a decade ago. However, we implement this process with a focus on mitigating risk in the short term by both seeking to minimise the degree to which the value of the fund fluctuates over time, and limiting losses in any one month. As such, we consider it a defensive multi-asset fund designed for investors who are willing to trade the potentially higher returns often associated with greater market turbulence for a smoother path of returns overall.

The fund is an absolute return fund, which we define as funds whose returns will be independent of the performance of any particular asset class over the long term, and therefore have the potential to deliver positive returns in any market environment, with limited fluctuation. In order to perform independently of market conditions, this is a highly flexible fund which can be long or short of any asset class. This means we can use certain financial instruments to implement positions designed to benefit from a rise in an asset's value (long position) or fall in an asset's value (short position). In our view, a highly flexible portfolio comprising small positions across diversified sources of incremental returns and potential protection should offer a smoother ride and more defensive properties than a portfolio investing statically in so-called 'safe' assets that may not offer safety under all market environments.

We also apply an explicit risk management process which involves regularly monitoring the fund against a range of risk measures. Should any of these measures be breached, a formal review will be triggered in order to decide how best to protect against potential further losses.

Tristan Hanson

Fund manager

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

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

M&G (Lux) Global Target Return Fund

Portfolio statement

Portfolio statement						
Holding	Security descriptions	Currency			Market value €'000	% of net assets
Transferable securities admitted to an official exchange listing						
Equities						
Banks						
127,316	Bankia SA	EUR			134	0.40
2,382	Citigroup Inc.	USD			135	0.40
45,124	Intesa Sanpaolo SpA	EUR			114	0.33
168,668	Lloyds Banking Group PLC	GBP			130	0.39
13,264	Mediobanca SpA	EUR			112	0.33
7,640	UniCredit SpA	EUR			109	0.32
2,414	Wells Fargo & Co.	USD			127	0.38
					861	2.55
Biotechnology						
357	Amgen Inc.	USD			55	0.16
281	Biogen Inc.	USD			71	0.21
40	Bioverativ Inc.	USD			2	0.01
596	Celgene Corp.	USD			69	0.20
1,013	Gilead Sciences Inc.	USD			64	0.19
162	Regeneron Pharmaceuticals Inc.	USD			59	0.17
					320	0.94
Computers						
498	Apple Inc.	USD			67	0.20
Diversified Financial Services						
1,809	American Express Co.	USD			134	0.40
796	Visa Inc.	USD			66	0.20
					200	0.60
Internet						
83	Alphabet Inc. Cl. A	USD			66	0.20
85	Amazon.com Inc.	USD			70	0.20
495	Facebook Inc.	USD			66	0.20
					202	0.60
Pharmaceuticals						
1,073	AbbVie Inc.	USD			66	0.20
1,208	Shire PLC	GBP			67	0.20
					133	0.40
Software						
1,165	Microsoft Corp.	USD			72	0.21
Total equities					1,855	5.50
Holding	Security descriptions	Currency	Coupon rate ^[a] %	Maturity date ^[b]	Market value €'000	% of net assets
Fixed income securities						
Mexico						
217,000	Petroleos Mexicanos	USD	6.750	21.09.47	207	0.62
Netherlands						
231,000	LyondellBasell Industries NV	USD	4.625	26.02.55	204	0.61
169,000	Shell International Finance BV	USD	6.375	15.12.38	205	0.61
					409	1.22
Spain						
176,000	Telefonica Emisiones SAU	USD	7.045	20.06.36	204	0.61
United States						
211,000	Abbott Laboratories	USD	4.900	30.11.46	205	0.61
232,000	AT&T Inc.	USD	4.750	15.05.46	203	0.60
211,000	Berkshire Hathaway Energy Co.	USD	4.500	01.02.45	204	0.61
222,000	Energy Transfer Partners	USD	4.050	15.03.25	206	0.61
231,000	Exelon Generation Co. LLC	USD	5.600	15.06.42	207	0.62
230,000	Ford Motor Co.	USD	4.750	15.01.43	203	0.60
173,000	Goldman Sachs Group Inc./The	USD	6.750	01.10.37	200	0.59
207,000	Halliburton Co.	USD	5.000	15.11.45	204	0.61

M&G (Lux) Global Target Return Fund

Portfolio statement

Portfolio statement (continued)							
Holding	Security descriptions	Currency	Coupon rate ^[a] %	Maturity date ^[b]	Market value €'000	% of net assets	
Transferable securities admitted to an official exchange listing (continued)							
Fixed income securities (continued)							
United States (continued)							
214,000	Southern Power Co.	USD	5.150	15.09.41	204	0.61	
233,000	Verizon Communications Inc.	USD	5.012	21.08.54	207	0.62	
167,000	Weyerhaeuser	USD	7.375	15.03.32	205	0.61	
					2,248	6.69	
Total fixed income securities					3,068	9.14	
Government bonds							
Argentina							
1,081,000	Argentine Republic Government International Bond	EUR	5.000	15.01.27	1,013	3.00	
Hungary							
207,060,000	Hungary Government Bond	HUF	3.000	26.06.24	678	2.01	
Mexico							
13,677,100	Mexican Bonds	MXN	7.750	13.11.42	706	2.08	
23,116,900	Mexican Bonds	MXN	5.750	05.03.26	1,057	3.13	
					1,763	5.21	
Poland							
7,823,000	Republic of Poland Government Bond	PLN	2.500	25.07.26	1,722	5.11	
Portugal							
757,000	Portugal Obrigacoes do Tesouro OT	EUR	4.100	15.02.45	699	2.07	
362,000	Portugal Obrigacoes do Tesouro OT	EUR	2.875	21.07.26	341	1.01	
					1,040	3.08	
United States							
738,900	United States Treasury Inflation Indexed Bonds	USD	0.769	15.02.45	676	2.00	
752,900	United States Treasury Note/Bond	USD	2.875	15.11.46	683	2.03	
					1,359	4.03	
Total government bonds					7,575	22.44	
Floating income securities							
United Kingdom							
150,000	Newday Partnership Funding 2015-1 PLC	GBP	3.759	15.04.25	170	0.49	
Total floating income securities					170	0.49	
Total transferable securities admitted to an official exchange listing					12,668	37.57	
Transferable securities dealt in another regulated market							
Fixed income securities							
United States							
220,000	Amgen Inc.	USD	4.663	15.06.51	206	0.62	
203,000	Microsoft Corp.	USD	4.750	03.11.55	204	0.61	
Total fixed income securities					410	1.23	
Total transferable securities dealt in another regulated market					410	1.23	
Investment funds							
Luxembourg							
74,732	3i Infrastructure PLC	GBP			165	0.49	
122,760	Greencoat UK Wind PLC/Funds	GBP			169	0.50	
29,262	iShares Core MSCI EM IMI Ucits ETF USD Acc	USD			677	2.01	
17,975	iShares MSCI Korea UCITS ETF USD Dist	GBP			688	2.04	
8,852	iShares MSCI Taiwan UCITS ETF USD Dist	GBP			339	1.01	
111,628	John Laing Infrastructure Fund Ltd	GBP			174	0.52	
Total investment funds					2,212	6.57	
Market value of investments excluding derivatives					15,290	45.37	
Futures contracts							
Number of contracts	Security descriptions	Position		Commitment market value €'000	Unrealised gain/(loss) €'000	% of net assets	
EUR							
4	FTSE MIB Index Futures 16.06.2017	Long		0	8	0.02	
Unrealised gain on futures contracts					8	0.02	

M&G (Lux) Global Target Return Fund

Portfolio statement

Portfolio statement (continued)

Futures contracts (continued)

Number of contracts	Security descriptions	Position	Commitment market value €'000	Unrealised gain/(loss) €'000	% of net assets
6	Euro Buxl Futures 08.06.2017	Short	600	(19)	(0.06)
11	Euro OAT Futures 08.06.2017	Short	1,100	(16)	(0.05)
5	H-Shares Index Futures 27.04.2017	Long	0	(3)	(0.01)
8	Topix Index 08.06.2017	Long	1	(23)	(0.07)
11	UK Treasury Notes 28.06.2017	Short	1,283	(18)	(0.05)
42	US Treasury Notes 2 year Futures 30.06.2017	Short	7,865	(10)	(0.03)
31	US Treasury Notes 5 year Futures 30.06.2017	Short	2,902	(19)	(0.05)
Unrealised loss on futures contracts				(108)	(0.32)
Net unrealised gain/(loss) on futures contracts				(100)	(0.30)

Options contracts

Number of contracts	Security descriptions	Position	Commitment market value €'000	Unrealised gain/(loss) €'000	% of net assets
EUR					
12	Put S&P 500 12/2017 2,300 USD	Long	0	(8)	(0.02)
Unrealised loss on options contracts				(8)	(0.02)
Net unrealised gain/(loss) on options contracts				(8)	(0.02)

Forward currency contracts

Currency	Amount bought	Currency	Amount sold	Maturity date	Unrealised gain/(loss) €'000	% of net assets
RUB	83,982,348	USD	1,426,658	21.04.17	25	0.06
EUR	440,522	ZAR	6,023,563	21.04.17	20	0.05
USD	512,870	ZAR	6,482,804	21.04.17	14	0.04
GBP	713,035	EUR	820,072	21.04.17	11	0.04
USD	1,107,769	EUR	1,027,162	21.04.17	9	0.04
TRY	469,279	EUR	112,962	21.04.17	7	0.02
JPY	37,797,310	EUR	310,414	21.04.17	6	0.02
ZAR	6,482,804	USD	477,766	21.04.17	3	0.01
BRL	2,270,616	USD	713,637	20.04.17	2	0.01
EUR	121,201	TRY	469,279	21.04.17	1	0.00
USD	724,071	PHP	36,388,864	21.04.17	0	0.00
Unrealised gain on forward currency contracts					98	0.29
USD	50,227	EUR	46,622	03.05.17	0	0.00
GBP	24,673	EUR	28,563	03.05.17	0	0.00
CHF	48,712	EUR	45,458	03.05.17	0	0.00
Unrealised gain on forward currency contracts held for share class hedging					0	0.00
EUR	9,133,701	USD	9,814,262	21.04.17	(49)	(0.14)
EUR	1,688,347	PLN	7,272,352	21.04.17	(33)	(0.10)
USD	2,152,015	KRW	2,461,632,594	21.04.17	(23)	(0.07)
USD	2,894,812	TWD	89,014,120	21.04.17	(18)	(0.05)
ZAR	6,023,563	EUR	437,075	21.04.17	(17)	(0.05)
EUR	688,432	MXN	14,181,965	21.04.17	(17)	(0.05)
USD	2,137,139	CNY	15,250,268	13.12.17	(15)	(0.04)
USD	7,286,585	HKD	56,491,012	13.12.17	(5)	(0.01)
EUR	336,233	SGD	508,762	21.04.17	(5)	(0.01)
EUR	323,465	GBP	280,401	21.04.17	(3)	(0.01)
EUR	673,413	AUD	946,552	21.04.17	(3)	(0.01)
USD	722,117	MYR	3,225,130	21.04.17	(2)	(0.01)
EUR	677,304	HUF	209,263,370	21.04.17	(2)	(0.01)
TWD	44,342,336	USD	1,461,996	21.04.17	0	0.00
Unrealised loss on forward currency contracts					(192)	(0.56)
EUR	922	USD	996	03.05.17	0	0.00
EUR	233	GBP	203	03.05.17	0	0.00
EUR	332	CHF	356	03.05.17	0	0.00
Unrealised loss on forward currency contracts held for share class hedging					0	0.00
Net unrealised gain/(loss) on forward currency contracts					(94)	(0.27)

M&G (Lux) Global Target Return Fund

Portfolio statement

Portfolio statement (continued)						
Net local notional amount	Pay	Receive	Currency	Maturity date	Unrealised gain/(loss) €'000	% of net assets
Swap contracts						
Interest rate swaps						
68,420,250	Fixed 1.000%	Floating (JPY 6 month LIBOR)	JPY	28.12.46	4	0.01
122,000	Fixed 2.578%	Floating (USD 3 month LIBOR)	USD	25.01.47	1	0.00
Unrealised gain on interest rate swaps					5	0.01
Interest rate swaps						
97,500	Fixed 1.540%	Floating (GBP 6 month LIBOR)	GBP	18.01.47	(4)	(0.01)
465,750	Fixed 2.705%	Floating (USD 3 month LIBOR)	USD	23.12.46	(9)	(0.03)
1,747,200	Fixed 2.062%	Floating (USD 3 month LIBOR)	USD	23.12.21	(11)	(0.03)
3,704,500	Fixed 2.127%	Floating (USD 3 month LIBOR)	USD	21.03.22	(13)	(0.04)
283,000	Fixed 1.591%	Floating (GBP 6 month LIBOR)	GBP	21.12.46	(15)	(0.04)
784,300	Fixed 1.493%	Floating (GBP 6 month LIBOR)	GBP	17.03.47	(18)	(0.04)
138,240,500	Fixed 0.890%	Floating (JPY 6 month LIBOR)	JPY	23.03.47	(20)	(0.06)
1,238,500	Fixed 2.737%	Floating (USD 3 month LIBOR)	USD	21.03.47	(24)	(0.07)
Unrealised loss on interest rate swaps					(114)	(0.32)
Credit default swaps						
232,350	Floating (Federative Republic of Brazil)	Fixed 1.000%	USD	20.12.21	(10)	(0.03)
930,000	Fixed 1.000%	Floating (People's Republic of China)	USD	20.12.21	(10)	(0.03)
930,000	Fixed 1.000%	Floating (Republic of the Philippines)	USD	20.12.21	(11)	(0.03)
930,000	Floating (Republic of Chile)	Fixed 1.000%	USD	20.12.21	(14)	(0.04)
493,600	Floating (Federative Republic of Brazil)	Fixed 1.000%	USD	20.12.21	(21)	(0.06)
930,000	Fixed 1.000%	Floating (Republic of Korea)	USD	20.12.21	(22)	(0.07)
1,974,100	Fixed 1.000%	Floating (People's Republic of China)	USD	20.12.21	(22)	(0.07)
1,974,100	Fixed 1.000%	Floating (Republic of the Philippines)	USD	20.12.21	(22)	(0.07)
1,974,100	Fixed 1.000%	Floating (Republic of Chile)	USD	20.12.21	(30)	(0.09)
1,974,100	Fixed 1.000%	Floating (Republic of Korea)	USD	20.12.21	(46)	(0.15)
Unrealised loss on credit default swaps					(208)	(0.64)
Net unrealised gain/(loss) on swap contracts					(317)	(0.95)
Net unrealised gain/(loss) on derivatives					(519)	(1.54)
Market value of investments					14,771	43.83
Other assets and liabilities					18,941	56.17
Net assets					33,712	100.00

[a] Interest rates represent either the stated coupon rate, annualised discounted yield on date of purchase for discounted securities, or, for floating rate securities, the current reset rate which is based upon interest rates indices. Variable and floating coupon rates are those quoted as of 31 March 2017.

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

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

M&G (Lux) Global Target Return Fund

Portfolio statement

Counterparty	Derivative exposures				Collateral held as cash €'000
	Swaps €'000	Forward currency contracts €'000	Futures €'000	Options €'000	
Citigroup Global Markets Limited	318	1,097	0	0	280
Goldman Sachs International	1	2,478	0	0	0
Merrill Lynch Pierce Fenner + Smith Inc	0	0	13,751	0	413
State Street Bank and Trust Company	0	122	0	0	0
State Street Bank London	0	21,669	0	0	0
UBS AG London	0	1,221	0	0	0
Total	319	26,587	13,751	0	693

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

M&G (Lux) Global Target Return Fund

Financial highlights (unaudited)

Fund performance

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

Distribution details

This fund has no distributing share classes.

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

The following table shows Net Asset Values (NAV) inclusive of any swing price adjustment as described in note 10 to the Financial Statements (also known as the price per share) at the end of the financial period and Total Expense Ratio (TER) for each share class for the financial period from 21 December 2016 (the launch date of the fund) to 31 March 2017.

Net Asset Values and Total Expense Ratios		
	NAV	TER
NAV per share	2017	2017
Euro	Euro ¢	%
Class 'A' Accumulation	10.08	1.63
Class 'B' Accumulation	10.07	2.14
Class 'C' Accumulation	10.11	0.90
Class 'C I' Accumulation	10.11	0.78
Sterling	UK p	%
Class 'C-H' Accumulation	10.13	0.92
Swiss franc	Swiss ¢	%
Class 'A-H' Accumulation	10.07	1.66
Class 'C-H' Accumulation	10.09	0.91
US dollar	US ¢	%
Class 'A-H' Accumulation	10.14	1.66
Class 'C-H' Accumulation	10.16	0.91
NAV at fund level	€'000	
Net assets	33,712	
Swing pricing adjustment	42	
Swung net assets	33,754	

M&G (Lux) Investment Funds 1

Financial statements and notes

Financial statements

Statement of net assets				
		M&G (Lux) Absolute Return Bond Fund €'000	M&G (Lux) Global Target Return Fund €'000	Combined total €'000
as at 31 March 2017				
Assets				
Market value of investments excluding derivatives	2c	16,941	15,290	32,231
Unrealised gain on forward currency contracts	2c	26	98	124
Unrealised gain on futures contracts	2c	3	8	11
Unrealised gain on swap contracts	2c	38	5	43
Upfront payments paid on options contracts		0	103	103
Dividends receivable		0	5	5
Interest receivable excluding swap contracts		117	137	254
Amounts held at futures clearing houses and collateral manager		97	693	790
Cash held on deposit		0	17,997	17,997
Cash held as bank balances		517	118	635
Total assets		17,739	34,454	52,193
Liabilities				
Unrealised loss on forward currency contracts	2c	(3)	(192)	(195)
Unrealised loss on futures contracts	2c	(5)	(108)	(113)
Unrealised loss on swap contracts	2c	(154)	(322)	(476)
Unrealised loss on options contracts	2c	0	(8)	(8)
Payable for investments purchased	2c	(100)	0	(100)
Annual Management Charge payable	6	(19)	(19)	(38)
Administration charge payable	6	(8)	(6)	(14)
Share class hedging charge payable	6	0	0	0
Depositary's charge payable	7	0	0	0
Audit fee payable		(12)	(12)	(24)
Safe custody charges payable		0	0	0
Custody transaction charges		(1)	(1)	(2)
Taxe d'abonnement payable	9	(1)	(1)	(2)
Overdrawn positions at futures clearing houses and collateral manager		0	(73)	(73)
Total liabilities		(303)	(742)	(1,045)
Net assets		17,436	33,712	51,148

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

M&G (Lux) Investment Funds 1

Financial statements and notes

Financial statements

Statement of operations and changes in net assets				
		M&G (Lux) Absolute Return Bond Fund €'000	M&G (Lux) Global Target Return Fund €'000	Combined total €'000
for the period from 29 November 2016 to 31 March 2017				
	Notes			
Value of the fund's net assets at the beginning of the period		0	0	0
Net in-/outflows		17,337	33,655	50,992
Total net in-/outflows		17,337	33,655	50,992
Income				
Bank interest	2d	(4)	0	(4)
Deposit interest	2d	0	(12)	(12)
Dividend income	2d	0	8	8
Bond interest	2d	104	50	154
Accretion of market discount/(amortisation of market premium)	2d	(28)	0	(28)
Withholding tax on dividends and other investment income	2d	0	(1)	(1)
Total income		72	45	117
Expenses				
Annual Management Charge	6	(19)	(20)	(39)
Administration charge	6	(8)	(6)	(14)
Share class hedging charge	6	0	0	0
Depository's charge	7	0	0	0
Audit fee		(12)	(12)	(24)
Safe custody charges		(1)	(1)	(2)
Taxe d'abonnement	9	(1)	(1)	(2)
Total expenses		(41)	(40)	(81)
Net income for the period		31	5	36
Net realised gain/(loss) on investments excluding derivatives	2c	(29)	(14)	(43)
Net realised gain/(loss) on foreign currencies and forward currency contracts	2c	5	48	53
Net realised gain/(loss)		(24)	34	10
Net change in unrealised gain/(loss) on investments excluding derivatives	2c	187	536	723
Net change in unrealised gain/(loss) on futures contracts	2c	(2)	(100)	(102)
Net change in unrealised gain/(loss) on foreign currencies and forward currency contracts	2c	23	(93)	(70)
Net change in unrealised gain/(loss) on swap contracts	2c	(116)	(317)	(433)
Net change in unrealised gain/(loss) on options contracts	2c	0	(8)	(8)
Net change in unrealised gain/(loss)		92	18	110
Net investment income gain/(loss)		99	57	156
Value of the fund's net assets at the end of the period		17,436	33,712	51,148

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

M&G (Lux) Investment Funds 1

Financial statements and notes

Financial statements

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

Shares in issue						
for the period from 29 November 2016 to 31 March 2017	Share class	Shares outstanding at the beginning of the period	Shares issued	Shares redeemed	Shares outstanding at the end of the period	Share class launch date
M&G (Lux) Absolute Return Bond Fund						
Euro						
	Class 'A' Distribution	0.000	1,000.000	0.000	1,000.000	21.12.16
	Class 'A' Accumulation	0.000	1,012.000	10.000	1,002.000	21.12.16
	Class 'C' Distribution	0.000	1,000.000	0.000	1,000.000	21.12.16
	Class 'C' Accumulation	0.000	1,010.000	12.000	998.000	21.12.16
	Class 'C I' Accumulation	0.000	1,704,600.000	0.000	1,704,600.000	21.12.16
Sterling						
	Class 'C-H' Distribution	0.000	2,507.500	0.000	2,507.500	21.12.16
	Class 'C-H' Accumulation	0.000	2,514.500	11.000	2,503.500	21.12.16
Swiss franc						
	Class 'A-H' Distribution	0.000	2,510.000	0.000	2,510.000	21.12.16
	Class 'A-H' Accumulation	0.000	2,505.000	0.000	2,505.000	21.12.16
	Class 'C-H' Distribution	0.000	2,520.000	0.000	2,520.000	21.12.16
	Class 'C-H' Accumulation	0.000	2,527.000	10.000	2,517.000	21.12.16
US dollar						
	Class 'A-H' Distribution	0.000	2,517.500	0.000	2,517.500	21.12.16
	Class 'A-H' Accumulation	0.000	2,524.500	11.000	2,513.500	21.12.16
	Class 'C-H' Distribution	0.000	2,527.500	0.000	2,527.500	21.12.16
	Class 'C-H' Accumulation	0.000	2,522.500	0.000	2,522.500	21.12.16
M&G (Lux) Global Target Return Fund						
Euro						
	Class 'A' Accumulation	0.000	1,011.028	11.020	1,000.008	21.12.16
	Class 'B' Accumulation	0.000	1,000.000	0.000	1,000.000	21.12.16
	Class 'C' Accumulation	0.000	1,011.012	11.017	999.995	21.12.16
	Class 'C I' Accumulation	0.000	3,324,600.000	0.000	3,324,600.000	21.12.16
Sterling						
	Class 'C-H' Accumulation	0.000	2,427.000	11.000	2,416.000	21.12.16
Swiss franc						
	Class 'A-H' Accumulation	0.000	2,417.000	11.000	2,406.000	21.12.16
	Class 'C-H' Accumulation	0.000	2,410.000	0.000	2,410.000	21.12.16
US dollar						
	Class 'A-H' Accumulation	0.000	2,432.000	11.000	2,421.000	21.12.16
	Class 'C-H' Accumulation	0.000	2,425.000	0.000	2,425.000	21.12.16

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

M&G (Lux) Investment Funds 1

Financial statements and notes

Notes to the financial statements

1 Basis of preparation

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

2 Summary of significant accounting policies

a) Base currency

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

b) Exchange rates

Transactions in currencies other than each fund's base currency are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities are translated into each fund's base currency at the rate of exchange ruling at the fund's valuation point on 31 March 2017 being the last business day of the accounting period:

1 euro = 1.06890416 Swiss francs (CHF)

1 euro = 0.857699464 UK sterling (GBP)

1 euro = 1.06804972 US dollars (USD)

c) Investments - recognition and valuation

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

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

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

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

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

- Equities and debt securities which are traded on an active market are included at the mid price (the mid point between the quoted bid and offer prices), excluding any accrued interest in respect of bonds.

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

d) Recognition of income and expenses

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

M&G (Lux) Investment Funds 1

Financial statements and notes

Notes to the financial statements

2 Summary of significant accounting policies (continued)

e) Allocation of returns to share classes

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

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

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

3 Distribution policy

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

Distribution payments are made in the relevant share class currency.

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

M&G (Lux) Absolute Return Bond Fund

This fund's policy is to distribute all investment income gross of expenses.

M&G (Lux) Global Target Return Fund

This fund has no distributing share classes.

4 Transaction costs

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

Direct portfolio transaction costs	For the period from 29 November 2016 to 31 March 2017
M&G (Lux) Absolute Return Bond Fund	€166.62
M&G (Lux) Global Target Return Fund	€4,414.14

5 Operating charges

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

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.
- **Taxation in Luxembourg:** Under current legislation, investors that are not resident in Luxembourg are not subject to capital gains or income tax, unless they have a permanent establishment in Luxembourg to which the share capital of the SICAV is allocated. Retail share classes of the SICAV are subject to a tax ('taxe d'abonnement') of 0.05% per annum and institutional share classes of 0.01%.

6 Annual management, administration and share class hedging charges

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

Annual Management Charge	Share classes					
	A %	B %	C %	CI %	L %	Z %
M&G (Lux) Absolute Return Bond Fund	1.00	n/a	0.40	0.40	[a]	[a]
M&G (Lux) Global Target Return Fund	1.25	1.75	0.50	0.50	[a]	[a]

[a] Upon agreement with the Company.

M&G (Lux) Investment Funds 1

Financial statements and notes

Notes to the financial statements

7 Depository, safe custody and custody transaction charges

The Depository takes a charge from each fund as payment for its duties as depository. The Depository's charge is based on the NAV of each fund, and in normal circumstances, the fees payable to the Depository for its provision of services shall be subject to a maximum of 1 basis point.

The Depository also receives a fee in relation to the safe-keeping of each fund's assets (safe custody charges) and a fee in relation to processing transactions (custody transaction charges). The safe custody charge is a range between 0.00005% and 0.04% of the asset values and custody transaction charges range between €5 and €100 per transaction.

The Depository's charge is calculated and taken into account daily on the same basis as described above for the Annual Management Charge. The safe custody charges and custody transaction charges are accrued daily.

8 Directors' fees

The Directors are currently entitled to an annual fee paid by the Management Company. Yves Wagner, the Independent Director, received a fee of €5,000. The other Directors did not receive any fees for their services. The Management Company shall also reimburse certain expenses of the Directors, in accordance with the Articles, out of the Administration Charge.

9 Taxes

Luxembourg

The Company is, in principle, liable in Luxembourg to a subscription tax (taxe d'abonnement) of 0.05% per annum of its NAV, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Company at the end of the relevant calendar quarter.

This rate is reduced to 0.01% per annum for:

- Undertakings whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions;
- Undertakings whose sole object is the collective investment in deposits with credit institutions; and
- Individual sub-funds of UCIs with multiple sub-funds, as well as for individual classes of securities issued within a UCI or within a sub-fund of a UCI with multiple sub-funds, provided that the securities of such sub-funds or classes are reserved to one or more institutional investors.

The table below shows the taxe d'abonnement applicable to each share class.

	Share classes					
	A	B	C	CI	L	Z
	%	%	%	%	%	%
Current annual rate of local tax <i>(Taxe d'abonnement)</i>	0.05	0.05	0.05	0.01	0.01	0.05

Other transaction taxes

Other jurisdictions may impose taxes, financial transactions taxes ('FTT') or other transaction taxes on certain assets held by the funds (for example, UK stamp duty, French FTT).

Withholding tax

Dividends and interest received by the Company on its investments may be subject to withholding taxes in the countries of origin which are generally irrecoverable as the Company itself is exempt from income tax.

10 Swing pricing

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

To protect existing investors, the Directors operate a policy of swing pricing. This policy gives the Directors the power to apply a 'swing price adjustment' to the Net Asset Value per share so that portfolio transaction costs incurred as a result of investors buying and selling shares in the fund can be recovered from those investors through the price they pay or receive.

A swing price adjustment may be applied in the event that the daily net subscriptions or net redemptions exceed a predetermined threshold set by the Directors.

The published share price/NAV per share inclusive of the swing pricing adjustment is disclosed in the net asset values and total expense ratio table included within the Financial highlights section of each fund. The swing price adjustment is not recognised in the Statement of net assets or the Statement of operations and changes in net assets.

Swing price adjustments received through buying and selling shares is included in the net in/outflows in the Statement of operations and changes in net assets.

At the period end swing pricing was applied to the following funds:

- M&G (Lux) Absolute Return Bond Fund
- M&G (Lux) Global Target Return Fund

11 Transactions with connected persons

M&G Securities Limited, as the Management Company, is a related party. Details of charges payable to M&G Securities Limited in respect of annual management, administration and share class hedging charges are disclosed in note 6. Amounts paid are disclosed in the Statement of operations and changes in net assets and amounts due at the period end are disclosed in the Statement of net assets and liabilities.

There are no other related parties.

M&G (Lux) Investment Funds 1

Financial statements and notes

Notes to the financial statements

12 Cash collateral

The funds trade derivatives with a range of counterparties. The counterparties to the derivatives and amount held as collateral are shown under the portfolio statement.

13 Subsequent events

The Board of Directors resolved to pay distributions to the following funds and share classes in respect to the financial period ending 31 March 2017 with a XD Date of 24 April 2017 and pay date of 27 April 2017:

M&G (Lux) Absolute Return Bond Fund	Distribution rate
Euro	Euro ¢
Class 'A' Distribution	0.0417
Class 'C' Distribution	0.0417
Sterling	UK p
Class 'C-H' Distribution	0.0419
Swiss franc	Swiss ¢
Class 'A-H' Distribution	0.0418
Class 'C-H' Distribution	0.0418
US dollar	US ¢
Class 'A-H' Distribution	0.0423
Class 'C-H' Distribution	0.0423

The M&G (Lux) Emerging Markets Income Opportunities Fund and the M&G (Lux) Emerging Markets Hard Currency Bond Fund were both launched on 22 May 2017.

Other information (unaudited)

Risk management policies

The funds' investment activities expose them to various types of risk which are associated with the financial instruments and markets in which they invest.

These financial statements are designed to enable users to evaluate the nature and extent of those risks and how they are managed.

Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in a fund's portfolio attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's creditworthiness.

In measuring and monitoring market risk, the global exposure of a fund is calculated on a daily basis, using a 'commitment' approach or 'Value at Risk' (VaR) approach.

'Commitment' approach

The commitment approach is applied for funds investing only in traditional asset classes, namely equities, fixed income, money market instruments and collective investment schemes.

In addition, the approach is applied for funds which use or intend to use derivatives or instruments embedding derivatives, but only for efficient portfolio management purposes, or in a simple way not necessarily restricted to efficient portfolio management.

Under the commitment approach the global exposure of funds is measured and monitored using a commitment (adjusted notional) methodology.

'Value at Risk' approach

The absolute Value at Risk (VaR) approach is a methodology for estimating the maximum potential loss – with a degree of statistical confidence – due to market risk based on historic market volatilities and correlations. Specifically, the absolute VaR approach gives a broad indication of the maximum potential loss at a given confidence level (probability), over a specific time period under normal market conditions.

Instrument and portfolio modelling techniques are based on market accepted practices and are subject to regular audit (back-testing). Market risk factors that are analysed include LIBOR / swap rates, government yield curves, equity prices, foreign exchange, market volatility, credit spreads and credit default swap (CDS) spreads.

The VaR model is based on a Monte Carlo process with VaR reported on the basis of a 99% confidence interval over a one month period (20 business days). Risk factor history used in the Monte Carlo process is based on 250 equally weighted business days. From the variance/covariance matrices, a parametric Monte Carlo scenario set of 5,000 simulations is derived and applied to the fund.

VaR does have limitations in its ability to present valid levels of risk in extreme market conditions. Accordingly, the Risk Analysis team also carries out monthly stress testing and scenario-based analysis. Stress testing allows for extreme sets of market circumstances which may not be reflected in historical data sets, thereby enabling further assessment of combinations of market movements which may cause serious damage to portfolio values. The key element to the scenario-based analysis is challenging the correlation assumptions implicit within statistical based models such as VaR.

The stress test and scenario-based analysis is customised for each fund type and the VaR analysis is produced on a daily basis.

The table below shows funds using the 'commitment' approach and those using the VaR approach:

Fund	Global exposure approach
M&G (Lux) Absolute Return Bond Fund	VaR
M&G (Lux) Global Target Return Fund	VaR

VaR limit

When VaR is calculated as a percentage of the net asset value to assess a fund's market risk, it may not be greater than the VaR limit set for the fund.

For the financial period from 21 December 2016 (the launch date of the fund) to 31 March 2017 the table below shows the VaR limits set for the funds, together with the lowest, highest and average VaR calculated for each fund during the financial period.

for the period to 31 March 2017	VaR limit %	Lowest %	Highest %	Average %
M&G (Lux) Absolute Return Bond Fund	6.00	1.23	1.96	1.64
M&G (Lux) Global Target Return Fund	6.00	2.17	3.49	2.72

Leverage risk

Derivatives can be used by the fund to generate market exposure to investments exceeding the net asset value. As a result of this exposure, positive or negative movement in markets may have a more significant effect on the net asset value of the fund.

Derivatives can also be employed to hedge exposure. Consequently, higher derivative usage will not necessarily imply a higher level of risk for the fund.

For funds using VaR approaches we disclose the level of this leverage employed during the financial reporting period on a 'sum of notionals' basis.

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial period from 21 December 2016 (the launch date of the fund) to 31 March 2017 are shown in the table below.

for the period to 31 March 2017 ^[a]	Lowest	Highest	Average
M&G (Lux) Absolute Return Bond Fund (€'000)	18,831	35,093	28,095
M&G (Lux) Absolute Return Bond Fund (%)	108	201	161
M&G (Lux) Global Target Return Fund (€'000)	17,649	80,846	34,181
M&G (Lux) Global Target Return Fund (%)	158	273	226

^[a] Global Exposure Stated as Gross Notional. Expressed as a % over Fund Valuation.

M&G (Lux) Investment Funds 1

Other regulatory disclosures

Remuneration

In line with the requirements of the Undertakings for Collective Investment in Transferable Securities (UCITS) V, the Manager is subject to a remuneration policy which is consistent with the principles outlined in SYSC19E of the FCA Handbook (UCITS Remuneration Code).

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its staff is in line with the risk policies and objectives of the UCITS it manages. Further details of the remuneration policy applicable at an M&G Limited level can be found here: <http://www.mandg.com/en/corporate/about-mg/our-people/>.

Implementation of the UCITS Remuneration Code remains ongoing and will apply in full for the first time for M&G's 2017 performance year. Quantitative remuneration disclosures will be made following completion of the 2017 performance year (the relevant data/information to make these disclosures will only be available at this time).

Securities Financing Transactions Regulation (SFTR)

Under the Securities Financing Transactions Regulation ('SFTR'), the Company is required to disclose certain information in relation to its use of Securities Financing Transactions ('SFTs') including Total Return Swaps ('TRSs'). SFTs include various types of transactions, however, the Company is currently only permitted to enter into TRSs, and only in relation to the following sub-funds:

- M&G (Lux) Absolute Return Bond Fund
- M&G (Lux) Global Target Return Fund

During the period from 29 November 2016 to 31 March 2017 no funds entered into Total Return Swaps.

Swiss investor information

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

For these funds the TERs are disclosed in the 'Net Asset Values and Total Expense Ratio' table that can be found in each fund's financial highlights section.

List of funds (UCITS)

The Management Company acts as management company for the following funds:

M&G Investment Funds (1)

M&G Investment Funds (2)

M&G Investment Funds (3)

M&G Investment Funds (5)

M&G Investment Funds (7)

M&G Investment Funds (9)

M&G Investment Funds (10)

M&G Investment Funds (12)

M&G Investment Funds (14)

M&G Optimal Income Fund

M&G Global Macro Bond Fund

M&G Global Dividend Fund

M&G Dynamic Allocation Fund

M&G Strategic Corporate Bond Fund

Glossary

1933 Act: The United States Securities Act of 1933, as amended.

1940 Act: The United States Securities Act of 1940, as amended.

Accumulation shares: Shares in respect of which all earnings are accumulated and added to the capital property of a fund.

Administration agreement: The administration agreement dated 5 December 2016 pursuant to which the Administrator is appointed to provide services with respect to the Company.

Administrator: State Street Bank Luxembourg S.C.A.

Ancillary liquid assets: Refers to (i) cash deposits; and (ii) money market instruments, such as short-term debt securities (i.e., debt securities with less than one year to maturity), treasury bills, commercial paper, certificates of deposit and bankers acceptances.

Articles: Articles of incorporation of the Company.

Auditor: Ernst & Young S.A.

Base currency: The base currency of the Company is the Euro.

Business day: Unless otherwise stated in a Supplement, any day when the banks are fully open for normal banking business in both England and Luxembourg (excluding 24 December and 31 December).

Class or Class of shares or Share class: A class of shares in issue or to be issued within each fund.

Company: M&G (Lux) Investment Funds 1.

CSSF: The Luxembourg Commission de Surveillance du Secteur Financier or its successor, being the Luxembourg regulatory authority in charge of the supervision of UCIs in the Grand-Duchy of Luxembourg 'CSSF Circular 04/146' (the CSSF Circular 04/146 of 17 June 2004 regarding the protection of undertakings for collective investment and their investors against late trading and market timing practices), as amended 'CSSF Regulation 12/02' the CSSF Regulation 12/02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended.

Dealing day: Unless otherwise stated in a Supplement, any Business Day.

Dealing request deadline: Such time in respect of any relevant Dealing Day as shall be specified in the relevant Supplement for that fund or such other time as the Directors may determine.

Depositary: State Street Bank Luxembourg S.C.A.

Depositary agreement: The depositary agreement dated 5 December 2016 pursuant to which the Depositary is appointed to provide depositary services to the Company.

Directors: The members of the Board of Directors of the Company for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time.

Distribution shares: Shares in respect of which dividends may be distributed periodically to Shareholders.

ESMA: The European Securities and Markets Authority or its successor authority.

ESMA guidelines 2014/937: Refers to the guidelines on ETFs and other UCITS issues published on 1 August 2014 by ESMA (ESMA/2014/937), as implemented in Luxembourg and entered into force on 1 October 2014 as may be amended, supplemented and/or implemented from time to time.

EU: The European Union.

EURIBOR: The Euro Interbank Offered Rate, which is based on the average interest rates at which a panel of European banks borrow money from one another.

FATCA: The provisions of the US HIRE Act generally referred to as the Foreign Account Tax Compliance Act.

FCA: The Financial Conduct Authority or its successor authority in the United Kingdom.

FCA rules: The rules of the FCA, as the same may be amended from time to time.

Fund: A specific pool of assets, or sub-fund established within the Company, within the meaning of Article 181 of the UCI Law.

Fund manager: An employee of M&G Limited who manages the investment of money on its behalf.

Group or Group of companies: Companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and according to recognised international accounting rules, as amended.

Hedged share classes: Those classes where a currency hedging strategy is applied.

Ineligible investor: Any person to whom a transfer of shares (legally or beneficially) or by whom a holding of shares (legally or 3 beneficially) would or, in the opinion of the Directors, might: a) be in breach of any law (or regulation by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such shares; or b) require the Company, the Management Company or the Investment manager to be registered under any law or regulation whether as an investment fund or otherwise, or cause the Company to be required to comply with any registration requirements in respect of any of its shares, whether in the United States of America or any other jurisdiction; or c) cause the Company, its Shareholders, the Management Company or the Investment manager some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the Company, its Shareholders, the Management Company or the Investment manager might not otherwise have incurred or suffered 'Initial Offer Period' (the period set by the Directors in relation to any fund or Class of shares as the period during which shares are initially on offer and as specified in the relevant Supplement).

Initial offer price: The initial price payable for a Share as specified in the relevant Supplement for each fund.

Institutional investor: As defined in the UCI Law and by guidelines or recommendations issued by the CSSF from time to time.

Investment management agreement: The investment management agreement dated 5 December 2016 pursuant to which the investment manager is appointed to provide discretionary investment management services to the Company and the funds.

Investment manager: M&G Investment Management Limited.

Glossary

IRS: The US Internal Revenue Service.

KIID: Key Investor Information Document applicable to a Share Class.

Luxembourg: The Grand-Duchy of Luxembourg.

Management Agreement: The management agreement dated 5 December 2016 pursuant to which the Management Company is appointed by the Company.

Management Company: M&G Securities Limited.

Member state: A member state of the European Union. The states that are contracting parties to the agreement creating the European Economic Area other than the member states of the European Union, within the limits set forth by this agreement 4 and related acts, are considered as equivalent to member states of the European Union.

Minimum additional subscription: The minimum additional investment for each class of shares as specified in the relevant Supplement for each fund.

Minimum holding: Where applicable, the minimum holding for each class of shares as specified in the relevant Supplement for each fund.

Minimum subscription: The minimum initial investment for each class of shares as specified in the relevant Supplement for each fund.

Money market instruments: Instruments normally dealt on the money market which are liquid, and have a value which can be accurately determined at any time, and instruments eligible as money market instruments, as defined by guidelines issued by the CSSF from time to time.

Net Asset Value: The net asset value of the Company, a fund or a Class (as the context may require) as calculated in accordance with the Articles and the Prospectus.

Net Asset Value per share: The Net Asset Value in respect of any fund or Class divided by the number of shares of the relevant fund or Class in issue at the relevant time.

Non-Member State: Any state which is not a Member State.

OECD: The Organisation for Economic Co-operation and Development.

OECD CRS: OECD Common Reporting Standard.

OTC (over the counter) derivative: A derivative instrument entered into with an approved counterparty outside of an exchange.

Price per share: Unless otherwise defined in a Supplement, the Net Asset Value per Share attributable to the shares issued in respect of a fund or Class, plus or minus any attributable swing price adjustment, as described in the section of this Prospectus entitled 'Swing Pricing and Dilution Levy'.

Prospectus: This Prospectus, as may be amended or supplemented from time to time.

Reference currency: The currency of the relevant fund.

Registrar and transfer agent: RBC Investor Services Bank S.A. 5.

Registrar and transfer agency agreement: The registrar and transfer agency agreement dated 6 December 2016 pursuant to which the registrar and transfer agent is appointed to provide certain registration and transfer agency services in respect of the funds.

Regulated market: A regulated market according to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EC ('MiFID'). A list of EU-regulated markets according to MiFID is regularly updated and published by the European Commission.

Share or shares: Shares of any Class in the Company as the context requires.

Share class currency: The currency of the relevant Class.

Shareholder: A person registered as the holder of shares on the Company's register of shareholders.

Supplement: A supplement to this Prospectus specifying certain information in respect of a fund and/or one or more classes.

Transferable securities: (i) shares and other securities equivalent to shares ('shares'); (ii) bonds and other debt instruments ('debt securities'); and (iii) any other negotiable securities that carry the right to acquire any such transferable securities by subscription or exchange, to the extent they do not qualify as Techniques and Instruments as described in Appendix 1 of this Prospectus.

UCI(s): Undertaking(s) for collective investment.

UCI law: The Luxembourg law of 17 December 2010 on undertakings for collective investment, as may be amended from time to time.

UCITS: An undertaking for collective investment in transferable securities established pursuant to the UCITS Directive.

UCITS directive: The Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended by Directive 2014/91/EU as regards depositary functions, remuneration policies and sanctions.

United States, US or USA: The United States of America (including the States and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.

Valuation day: Unless otherwise stated in a Supplement, any Business Day.

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

