

30 April 2017

Sterling Class A

Fund description

The fund seeks to provide a high and rising level of income through investment in a diversified range of assets. Subject to this, the fund aims to grow capital over the long term (that is, time periods of five years or more). The fund invests in a range of income-generating assets from around the world, including company shares and fixed income investments. Exposure to these assets is gained through physical holdings and the use of derivatives. The holdings in different asset classes will be adjusted regularly according to where the fund manager sees the most value and to manage risks.

Performance information

The table and charts below show the performance of two of the fund's **share classes** and the average performance of the fund's **comparative sector**. The fund has different share classes, with varying levels of charges and minimum investments as listed on page two. We show performance for two share classes because:

- The performance of the share class shown in dark blue¹ is what most individuals investing directly with M&G have received.
- The performance shown in light blue² is the most appropriate to compare with the sector's average performance, which is shown in green.

¹ The Sterling A Accumulation share has the highest ongoing charge of the share classes. Performance is shown after deduction of this charge. All investors in the fund therefore received this performance or better.

² The Sterling I Accumulation share is used by the **Investment Association (IA)** in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

Please refer to the glossary found on pages three and four for an explanation of the words highlighted above in bold, along with definitions of the investment terminology included throughout this document.

The fund's Sterling I Accumulation Class shares launched on 03/08/2012. Performance data shown prior to this date is that of the fund's Sterling A Class shares.

Single year performance (5 years ending April)

From To	01.05.16 30.04.17	01.05.15 30.04.16	01.05.14 30.04.15	01.05.13 30.04.14	01.05.12 30.04.13
■ Sterling A Acc	14.4%	-4.3%	12.9%	2.9%	13.8%
■ Sterling I Acc	15.1%	-3.7%	13.6%	3.5%	14.9%
■ Sector	12.7%	-1.6%	9.1%	4.2%	13.8%

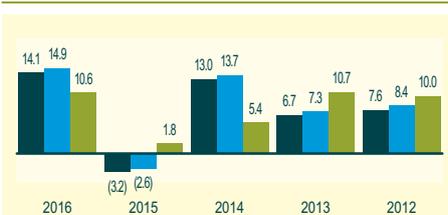
Performance over 5 years



Cumulative performance (%)



Annual performance (%)



Please note: The comparative sector in the Performance line chart is based on historical data and includes funds that have closed or left the sector over the period. The comparative sector in the Cumulative performance column chart, however, includes only the current funds in the sector.

Past performance is not a guide to future performance.

Currency exchange rate fluctuations will impact the value of your investment.

The fund allows for the extensive use of derivatives.

The value of investments and the income from them will fluctuate. This will cause the fund price to fall as well as rise. There is no guarantee the fund objective will be achieved and you may not get back the original amount you invested.

Key information

Fund manager	Steven Andrew
Fund manager tenure from	11 November 2010
Deputy fund manager	Maria Municchi
Launch date	11 November 2010
Launch of share class	11 November 2010
Fund size (millions)	£675.97
Fund type	OEIC, incorporated in the UK
Comparative sector	IA Mixed Investment 20-60 % Shares sector
Historic yield (Acc)	2.30 %
Historic yield (Inc)	3.58 %
Duration of bond portion (years)	12.7
Share type	Acc & Inc
Product availability	ISA, Savings Plan, OEIC, Junior ISA
Payment dates	Monthly
Ex-dividend dates	Monthly

The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The fund's charging policy has recently changed and, rather than being decided at fund level, certain charges are now deducted from income for accumulation share classes and from capital for income share classes. These charges include the annual management charge, administration fee and share class hedging fee (for hedged share classes). To ensure that yields quoted are representative of the fund's charging policy, for some share classes an estimated historic yield is shown. This is based on the historic yield, but adjusted for the impact of the new charging policy. This adjustment will be applied until distributions have been declared for a full year after the changes, from which time the historic yield will again be on the same basis as the distributions. For the fund's Sterling Class A income shares, the policy of deducting certain charges from capital has the effect of increasing distribution(s) for the year by 1.54% and constraining capital performance to an equivalent extent.

Charges

Entry charge	4.00 %
Ongoing charge	1.56 %

Fund ratings

Overall Morningstar rating	★★★★★
Defaqto diamond rating	Five diamonds
City Financial rating	Recommended
RSM rating	Yes
Squaremile rating	A
Distribution Technology risk profile rating	4
Source of Morningstar ratings: Morningstar, as at 31 March 2017	
Source: Defaqto, City Financial, RSM, Squaremile, Distribution Technology, as at 30 April 2017.	
Ratings should not be taken as a recommendation.	

Asset breakdown (%)

	Fund
Equity	44.9
UK	6.8
Europe	8.8
US	15.6
Japan	2.4
Asia Pacific ex Japan	7.7
Global equity funds	0.0
Other	3.6
Global bond funds	0.0
Government bonds	35.8
UK	-0.4
Europe	14.9
US	11.6
Japan	0.0
Asia Pacific ex Japan	0.1
Other	9.7
Corporate bonds	6.6
Investment grade	3.6
High yield	2.9
Convertible bonds	0.0
Property funds	2.9
Cash	9.7

Largest exposures (excluding cash, %)

	Fund
US government 30Y	11.6
Portuguese government 30Y	6.1
Italian government 30Y	4.8
M&G Property Portfolio	2.9
South African government 20Y	2.9
Mexican government 20Y	2.8
Barclays US Investment Grade +10Y ETF	2.4
Spanish government 30Y	2.1
Colombian government 10Y	2.1
Spanish government 10Y	1.9

Currency breakdown (%)

	Fund
British pound	81.1
US dollar	5.1
Mexican peso	2.8
South African rand	2.6
Colombian peso	2.1
Korean won	2.0
Brazilian real	1.4
Singapore dollar	0.7
Peruvian nuevo sol	0.5
Other	1.7

Fund codes and charges

Share class	ISIN	Bloomberg	Ongoing charge	Minimum initial investment	Minimum top up investment
Sterling A Acc	GB00B48VC629	MGIMAAA LN	1.56 %	£500	£100
Sterling A Inc	GB00B4054K09	MGIMAAI LN	1.56 %	£500	£100
Sterling I Acc	GB00B4QHRP64	MGIMAIA LN	0.80 %	£500,000	£10,000
Sterling I Inc	GB00B7FSJ224	MGIMAI LN	0.80 %	£500,000	£10,000
Sterling R Acc	GB00B7P09066	MGIMARA LN	1.06 %	£500	£100
Sterling R Inc	GB00B7JL3W55	MGIMARI LN	1.06 %	£500	£100
Sterling X Acc	GB00B435DP50	MGIMAXA LN	1.56 %	£500	£100
Sterling X Inc	GB00B3ZMYD21	MGIMAXI LN	1.56 %	£500	£100

The ongoing charge figures disclosed above include direct costs to the fund, such as the annual management charge (AMC), administration charge and custodian charge, but does not include portfolio transaction costs. They are based on expenses for the period ending 31 October 2016.

Please see the Important Information for Investors document and the relevant Key Investor Information Document for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

Important information

For definitions of the investment terminology used within this document please see the accompanying glossary.

Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

Source of performance data: Morningstar, Inc., as at 30 April 2017, Sterling Class A shares, Sterling Class I shares, income reinvested, price to price basis. Past performance is not a guide to future performance. All other statistics from M&G internal sources, as at 30 April 2017 unless indicated otherwise.

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The Morningstar Overall Rating based on the fund's Sterling Class A shares. Copyright © 2017 Morningstar UK Limited. All Rights Reserved. Ratings should not be taken as recommendation.

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Contact M&G

Investors

www.mandg.co.uk/info
0800 389 8600

Financial advisers

www.mandg.co.uk/advisers
0345 600 4125*

Charities

www.mandg.co.uk/charities

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This glossary provides an explanation of terms used in this factsheet and in our literature.

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

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

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

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

Capitalisation: The total market value of all of a company's outstanding shares.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Episode: A phase during which investors allow their emotions to affect their decision making, which can cause financial markets to move irrationally.

Equities: Shares of ownership in a company.

Ex-dividend, ex-distribution or XD date: The date on which declared distributions officially belong to underlying investors.

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

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

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

Gilts: Fixed income securities issued by the UK government.

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

Hard currency (bonds): Refers to bonds denominated in a highly traded, relatively stable international currency, rather than in the bond issuer's local currency. Bonds issued in a more stable hard currency, such as the US dollar, can be more attractive to investors where there are concerns that the local currency could lose value over time, eroding the value of bonds and their income.

Hedging: A method of reducing unnecessary or unintended risk.

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

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

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

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

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

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

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

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

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

Local currency (bonds): Refers to bonds denominated in the currency of the issuer's country, rather than in a highly traded international currency, such as the US dollar. The value of local currency bonds tends to fluctuate more than bonds issued in a hard currency, as these currencies tend to be less stable.

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

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

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

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

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

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

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

Net: The proportion of a fund invested in, for example, different sectors. Derivatives are included. The latter are financial instruments whose value, and price, are dependent on one or more underlying assets.

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

Open-Ended Investment Company (OEIC): A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

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

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

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

Physical: The fund's exposure excluding derivatives, which are financial instruments whose value, and price, is dependent on one or more underlying securities.

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

Securitise/Securitisation: The creation and issuance of tradable securities, such as bonds, that are backed by the income generated by an illiquid asset or group of assets. By pooling a collection of illiquid assets, such as mortgages, securities backed by the mortgages' income payments can be packaged and sold to a wider range of investors.

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

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

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

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

Swap: A swap is a derivative contract where two parties agree to exchange separate streams of cashflows. A common type of swap is an interest rate swap to hedge against interest rate risk.

Synthetic inflation-linked bonds: Refers to securities created using a combination of assets to simulate the characteristics of inflation-linked bonds. By buying inflation-linked government bonds and selling protection against companies defaulting on their debts, using credit default swaps, the combined synthetic investment will behave similarly to a physical inflation-linked bond, had one had been issued. Synthetic inflation-linked bonds are usually created where a company does not have any inflation-linked bonds in issue.

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

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

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

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

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