

M&G Investment funds
Annual Value
Assessment Report

Overview from the Board of M&G Securities Limited

This report – the third annual assessment of the value provided to investors in each of M&G Securities Limited's UK-based funds (hereafter M&G funds) – is designed to help you to see whether M&G is delivering value for its investors.

As in previous years, we, the Board of M&G Securities Limited (MGSL), have objectively evaluated the value provided to you by M&G funds according to a range of criteria, including the quality of service you receive, whether funds are competitively priced and, of course, long-term investment performance. You can read about these criteria, as well as the Board and our role in the Value Assessment, over the coming pages.

Refining the process

The Board is focused on the best interests of you, our customers, and we believe the value assessment process is an important way of demonstrating that commitment.

In this annual report we have built on the lessons learned in previous years. We believe there is always room for improvement and this year we have continued to refine some of the methodology behind our analysis as we look for ways to enhance our process. For example, we have placed a greater focus on external evidence of the quality of services delivered.

We have come a long way since our inaugural report and believe the assessment process is now well established. The Board monitors the funds throughout the year and when we identify concerns, they are raised with M&G.

Scrutinising performance

In last year's report, we described changes that we believed would lead to greater value for customers, notably the lowering of charges on M&G's funds – a process that has continued this year.

This year we find that M&G's funds, broadly, are keenly priced relative to competitors', which is likely to be attributable, in part, to last year's reduction in fees.

When we consider economies of scale, too, we see that investors benefit from cost savings as M&G's funds increase in size. We find that the quality of certain services has improved under our refined methodology, although we note that the online-based service myM&G still needs improvement.

We recognise that investment performance is arguably the primary focus for most investors and therefore we have scrutinised this issue very carefully. We are encouraged by the arrival of new personnel within the investment teams and changes implemented in elements of the investment processes.

In many cases the funds are assessed on long-term objectives (typically five years) and these positive recent developments are not yet reflected in the overall performance ratings. Consequently, we are unable to conclude that value has been delivered to investors in all of M&G's funds. In some instances we find that there has been a deterioration in investment performance, and a number of funds need to improve to offer more value to customers within this criterion. We expect the highest standards from M&G and you can be certain that the Board will be assessing proposals to improve investment outcomes and monitoring performance closely.

Highlighting value

We believe the Value Assessment Report has an important role in highlighting the value that investors receive from M&G. We hope this report provides investors with clarity, transparency and confidence in the value they receive. Please feel free to contact us with any feedback on this report.



Laurence Mumford

Chair of M&G Securities Limited,
on behalf of the MGSL Board

Introducing the Board

It has always been our responsibility, as the Board of M&G Securities Limited, to think and act on your behalf, and to ensure your interests are being well served. We do so in our official role as the Authorised Corporate Director (ACD) of M&G Investment funds. Our responsibility is to offer independent scrutiny of how M&G's funds are managed. This annual Value Assessment is a welcome opportunity for us to demonstrate how we do this.

Our independent oversight

Two of our Board members, Carolan Dobson and Michelle McGrade, are independent non-executive directors who have no financial links with M&G Investments or its parent company, M&G plc. Both bring extensive executive and non-executive experience to the Board, and play an active role in the Value Assessment process.

Of the remaining Board members, none are M&G fund managers. This helps ensure there are no conflicts of interest when it comes to evaluating value, fund-by-fund, in the best interests of investors.

After each Value Assessment has been carried out, the Board monitors closely the progress being made by M&G to address the issues that we have identified. In conducting our assessment this year, we have reviewed and debated thoroughly the outcomes of our analysis. Before reaching our conclusions, we sought clarifications or more detailed information from the business to ensure that we were able to make a fair and accurate review of the value our customers receive.

The Value Assessment may only be published once a year, but it reflects work undertaken in our oversight of the fund management business all year round and our focus on improving outcomes for customers.

Meet the Board members



Laurence Mumford

Chairman of MGSL and a board member since 2004. Laurence is Distribution Governance Director for M&G Investments, where he is responsible for oversight of the framework of governance across the distribution function. Laurence is a chartered accountant and, prior to joining M&G in 2000, worked at PricewaterhouseCoopers. Laurence holds a degree in mathematics from the University of Exeter.



Neal Brooks

Global Head of Distribution and Product for M&G's asset management business, and an MGSL board member since May 2021. Neal is responsible for M&G's distribution strategy and the sales teams, both wholesale and institutional globally, as well as product development and strategic planning. Neal joined the company in 1996 and has held a variety of roles, including leading the development of M&G's Multi-Asset business. Neal holds a PhD in physics and a degree in chemical physics.



Carolan Dobson

Independent non-executive director of MGSL since 2018. Carolan has over 30 years' experience in financial services, and spent her executive career at Murray Johnstone and Abbey National Asset Managers. Carolan was a non-executive director of Nest and chaired the Investment Committee. She was also a member of the Competition and Markets Authority, sitting on a number of significant competition inquiries. Currently, Carolan also chairs a number of investment trusts and pension funds.



Sean Fitzgerald

Chief Financial Officer of M&G Investments and an MGSL board member since 2020. Sean is responsible for all finance regulated functions associated with M&G's investment management business. Prior to joining M&G in 2019, Sean was CFO of Aberdeen Standard Investments, the asset management arm of Standard Life Aberdeen. Sean holds a degree in economics from Manchester Metropolitan University and is a Fellow of the Institute of Chartered Accountants, England and Wales.



Phil Jelfs

Director of Product and Solutions at M&G Investments and an MGSL board member since 2013. Phil is responsible for the development and management of asset management products at M&G. Prior to joining M&G in 2006, Phil was a management consultant focused on strategic change and product within the UK asset management industry. Phil holds an MBA and a degree in geography and war studies from Kings College, London.



Michelle McGrade

Independent non-executive director of MGSL since 2018. Michelle has over 30 years' investment management experience, with an executive career including roles with Virgin Money, TD Direct Investing, Mediolanum and Coutts. Michelle is currently also a non-executive director of The Diverse Income Trust and is an advisor to the investment committee at Wealthify.

Action to improve value for investors

An important aspect of the Value Assessment process is that it is the catalyst for better customer outcomes. In the 2021 assessment, we identified certain issues that undermined the overall value delivered to investors in a number of M&G's funds.

In the table below, you will see what has been done to address them and improve value.

The issue last year	Our action since the last Value Assessment
M&G Corporate Bond Fund Criteria 5. Comparable market rates The fund had share classes that are among the most expensive quartile in its peer group.	In April 22, we informed clients that the higher charges for the 'A' and 'X' share classes, which reflect the cost of providing services, mean that during periods of sustained low interest rates, it might be difficult for the fund manager of the M&G Corporate Bond Fund to achieve their stated investment objective net of charges.
M&G Episode Allocation Fund Criteria 2. Investment performance The fund had consistently fallen short of its performance target.	There has been an improvement in investment performance since the last Value Assessment, but the fund did not meet its five-year objective. After a thorough review of the fund's performance and strategy, the Board believe the necessary actions have been taken for it to be able to meet its objective going forward.
M&G European Corporate Bond Fund Criteria 2. Investment performance At least one share class did not meet the fund's objective. Criteria 5. Comparable market rates The fund also had share classes that are among the most expensive quartile in its peer group.	In April 22, we informed clients that the higher charges for the 'A' and 'X' share classes, which reflect the cost of providing services, mean that during periods of sustained low interest rates, it might be difficult for the fund manager of the M&G European Corporate Bond Fund to achieve their stated investment objective net of charges.
M&G European Select Fund Criteria 2. Investment performance The fund had consistently fallen short of its performance target.	The M&G European Select Fund merged into the M&G European Sustain Paris Aligned Fund . A Paris-aligned sustainability objective was included alongside the existing financial objectives the fund aims to deliver for customers, and new climate-related criteria were added for inclusion in the portfolios. For the M&G European Sustain Paris Aligned Fund we find that value has been achieved across all criteria, and the fund has met its performance objective across most share classes. 'Good' value has been delivered overall for all except the 'A' and 'X' share classes, which are rated as 'satisfactory'.
M&G Pan European Select Smaller Companies Fund Criteria 2. Investment performance The fund had consistently fallen short of its performance target.	The M&G Pan European Select Smaller Companies Fund merged into the M&G European Sustain Paris Aligned Fund . A Paris-aligned sustainability objective was included alongside the existing financial objectives the fund aims to deliver for customers, and new climate-related criteria were added for inclusion in the portfolios. For the M&G European Sustain Paris Aligned Fund we find that value has been achieved across all criteria, and the fund has met its performance objective across most share classes. 'Good' value has been delivered overall for all except the 'A' and 'X' share classes, which are rated as 'satisfactory'.
M&G Property Portfolio (and M&G Feeder of Property Portfolio) Criteria 2. Investment performance	On 25 June 2021, the fund's objective and policy changed in order to add clarity for investors. Other changes to the fund over the 12 months to 31 March 2022 include a move to a dual pricing methodology and targeting a cash weighting of 20% in normal market conditions. We believe these are in customers' interests. Despite an improvement in investment performance since the last Value Assessment, the fund did not meet its five-year objective. After a thorough review of the fund's performance and strategy, we, the Board, believe the necessary actions have been taken for it to be able to meet its objective going forward.

Summary of findings

This Value Assessment covers the 12 months up to 31 March 2022. After careful consideration of all seven criteria, we find that most of M&G's funds have delivered value to investors in this period. A fund is regarded as offering value where the overall rating is either 'satisfactory', 'good' or 'outstanding'.

One fund, the M&G Japan Smaller Companies Fund, is deemed to offer outstanding value, largely on account of exceptional investment performance. Many other funds have been rated 'good', by our assessment, and several are rated 'satisfactory'. We will continue to monitor all funds as part of our ongoing oversight to ensure that customers receive value from M&G.

This year, we have also concluded that two funds are not currently delivering value to customers, principally because their investment outcomes have not reached the expected standard. They have been rated 'unsatisfactory' and we therefore expect to see action taken to improve outcomes for customers. We will review any changes and performance closely.

We understand that customers consider investment performance to be a key determinant of value from the funds. It is for this reason that we place considerable emphasis on the performance criterion in our assessment, although it is not the only consideration when deciding if a fund has delivered value.

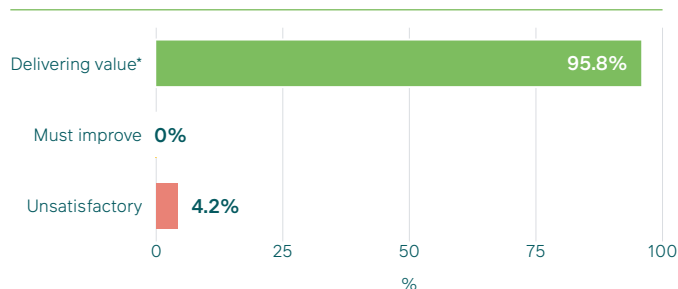
This year we have observed that the number of funds delivering value on this measure has decreased since last year. Where there are challenges in investment performance, we outline overleaf our approach and the steps being taken to provide investors with more consistent performance outcomes.

On a positive note, several funds have seen their ratings improve from last year, as have some share classes that we concluded had not previously been providing value.

In last year's report, we commented that M&G had made significant progress in delivering better value to customers in the prior 12-month period. This year we are pleased to see that this path of improvement has continued in steady fashion. We reach this conclusion, based on the ratings we have awarded to each of the fund's share classes, compared to last year.

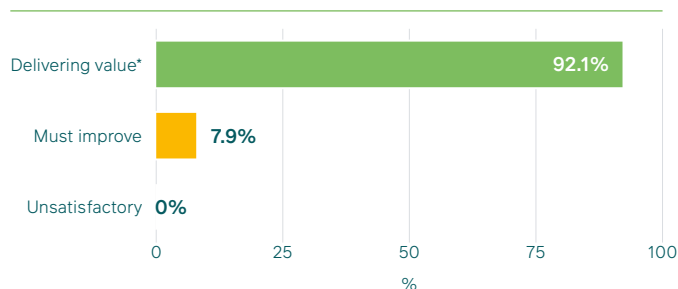
Overall fund ratings 2022

By total assets under management (£), by share class



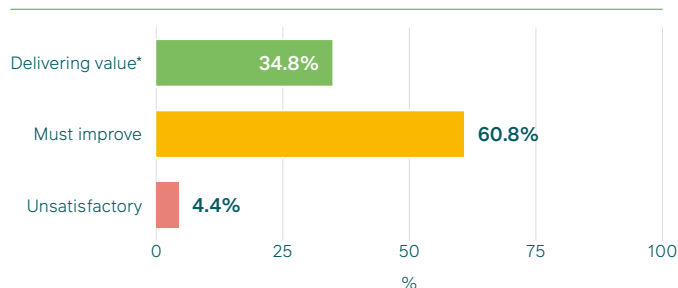
Overall fund ratings 2021

By total assets under management (£), by share class



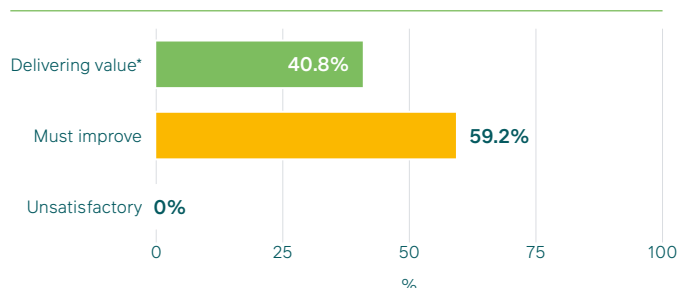
Investment performance ratings 2022

By total assets under management (£), by share class, excluding those of new funds where no rating has been made



Investment performance ratings 2021

By total assets under management (£), by share class, excluding those of new funds where no rating has been made



*Where a fund's share classes have an overall value rating of 'satisfactory', 'good' or 'outstanding'.

Actions following last year's report

In last year's report, we identified a number of funds that needed to improve and where action needed to be taken. Following a review, two of those funds, the M&G European Select Fund and the M&G Pan European Select Smaller Companies Fund, were merged into another fund. The others are now rated as satisfactory overall.

We also highlighted uncompetitive charges, relative to peers, on a number of funds. M&G continues to review its charges to ensure it is positioned to provide good value to customers. The Board is pleased that many customers have benefitted from fee reductions in 2020 and 2021, including reductions on the funds we had previously identified. Lower costs can potentially improve performance outcomes over the long term.

Notable changes since the last report

In the review period, M&G launched one new fund, the M&G Better Health Solutions Fund. As an 'impact' fund, it seeks to invest in companies making positive, intentional and measurable impacts to society. This fund invests in companies providing solutions to the challenges of better health and well-being.

We have not assessed the performance of this and other recently launched funds which have not yet reached the timeframe (typically five years) in their investment objectives. However, we continue to monitor their progress and have considered all other relevant criteria in this assessment.

Also, during the period, the M&G Global Select Fund changed its name to the M&G Global Sustain Paris Aligned Fund and the M&G Pan European Select Fund changed its name to the M&G European Sustain Paris Aligned Fund, to reflect the fact they now invest in companies that contribute towards the Paris Agreement climate change goal of keeping a global temperature rise this century well below two degrees Celsius above pre-industrial levels.

These developments are in line with M&G's focus on sustainable investing, which is discussed in more detail in the 'Sustainability at M&G' section on [page 9](#).

Scrutinising performance

As we mentioned in the summary above, while we find that the overall picture for M&G's funds is broadly positive, when we look more closely at the individual criteria of value, we can see that there remains some room for improvement.

Although value is assessed in terms of seven criteria, we recognise that investors will typically focus on the financial performance of their investment. This is especially true for M&G, which is an active investment manager. Customers entrust their savings to M&G, in the expectation that it will use skill and expertise to deliver superior investment outcomes.

We are therefore disappointed to report that there has been a slight deterioration in the investment performance of M&G's funds in the period, compared to the previous year. Our analysis found that fewer share classes are delivering sufficient value in the performance area compared to the previous year. Funds are assessed against their investment objective and this year 60.8% of the assets under management, by share class, were rated 'must improve', on this criterion. For two funds, we concluded that their investment performance was 'unsatisfactory', which resulted in the funds' overall value rating being deemed 'unsatisfactory'.

Given how critical this factor is to investors, we have carefully scrutinised the funds' investment teams and their processes to understand what has led to this outcome and whether actions are needed. We would observe that many of M&G's funds (particularly the equity funds) follow a 'value' investment approach, whereby managers look for mispriced opportunities among lowly valued stocks.

For more than a decade, this style of investing has encountered headwinds as investors have tended to favour higher quality stable businesses and fast growing, technology-focused stocks. This challenging investment environment has had a significant influence on several funds' longer-term performance outcomes, even though shorter-term performance might be robust.

Not all fund performance can be attributed to headwinds, such as value, persistently low government bond yields or extreme market conditions. In this situation, we have tried to establish whether the strategy is fit for purpose or improvements could be made to the investment decision-making process.

Areas for improvement

One area that we are particularly focused on is funds that are found to be consistently required to improve their investment performance. As the Board has a duty to represent investors' best interests, we have been keen to explore the reasons why funds have not met their investment objective over a sustained period. We continue to work with and challenge M&G to learn what is being done to ensure these funds can deliver value in future.

The M&G Recovery Fund is assessed as 'unsatisfactory' as its performance outcomes have been below target for a sustained period. After the fund failed to meet its performance objective last year, we noted that the fund's investment approach had been refreshed and a new manager had recently taken charge. We are disappointed that despite these changes the fund has not yet delivered improved performance. We expect M&G to take further steps to enhance investment outcomes for customers and you can be assured that the Board will be paying close attention to the actions taken.

For the other funds that are not currently offering value according to the performance criteria, we will be monitoring their performance extremely closely. However, we note that for a number of funds, changes have been implemented recently, such as the appointment of a new manager, which we believe could result in better outcomes over time.

This is a theme that is recurring across a number of funds. We note that typically the funds' investment objectives are to outperform their benchmark or peer group over a five-year timeframe. In many cases, we find that a fund's short-term performance (over 12 months or two years, say) is good, but underperformance in previous years means that funds are not meeting their stated long-term investment objective.

We feel it is right that a fund should be rated as not offering value in this situation, but we also think that we should show some patience. While remaining focused on ensuring customers receive excellent outcomes, we are keen to see whether a new investment team or investment approach has started to have a positive effect and, over time, could result in a fund meeting its longer-term objective.

One of the reasons we are cautiously optimistic about the future is M&G's focus on improving investment processes, new analytical tools and people to support superior investment performance. Of particular note was the appointment of Fabiana Fedeli as Chief Investment Officer, Equities and Multi Asset, in August 2021. As an extremely experienced investment professional, we are encouraged by the initial steps she has taken to review the equity strategies, working with the investment teams to encourage greater collaboration, challenge and idea sharing, alongside identifying areas to bring in additional resource.

We think this demonstrates that M&G is committed to improving its investment capabilities and is working hard to deliver excellent investment performance. We recognise that these actions will take time to make an impact and deliver results, but we will continue to monitor closely fund performance for signs of improvement.

Quality of services

Alongside exceptional investment performance, we believe high quality customer service is an extremely important aspect of the value you receive from M&G. Under our assessment framework, this criterion covers both how M&G communicates with customers, such as the information you receive, and how it performs operationally, including the investment process.

Last year, M&G's overall quality of service rating was downgraded to 'satisfactory' value from 'good'. In this year's assessment, we have placed a greater focus on external evidence so that we accurately reflect the ratings of services provided, including by firms that we engage for certain services such as legal services and clearing. As many of these firms are highly-rated, relative to other providers, this has resulted in an improvement in value, under our refined methodology.

However, one area that still needs improvement is the online-based service myM&G, which has seen an increase in complaint resolution times. We have raised this issue with the business and are reassured by the remedial steps that are being implemented.

Sustainability at M&G



The issue of sustainability has become more prominent lately. The COVID-19 global health pandemic and the 26th United Nations Climate Change Conference, or COP 26, are just two recent events that have highlighted some of the world's social and environmental challenges. As a result, more investors are now focusing on the environmental, social and governance (ESG) aspects of investing.

M&G plc has committed to embedding sustainable thinking into everything it does; from the way it invests, to the way it operates its offices and interacts with its customers. It believes that well-governed businesses, run in a sustainable way, can potentially deliver robust long-term investment returns for customers, and better outcomes for society and the environment.

M&G's sustainability journey

Last year, M&G plc published its 10-point Sustainability Plan, which sets out how it intends to achieve its goal of becoming a fully sustainable business, while continuing to deliver financial returns for customers. It covers everything from how M&G plc is aligning its staff behind its ambition, the company's commitments to diversity and inclusion – which includes greater representation of gender and ethnicity in M&G plc's senior and minimum expectations for board diversity in investee companies – and its ambition to be carbon net-zero by 2030 in its own operations and by 2050 as an investor. You can read about the progress made on this journey in the 2021/22 Sustainability Report, [here](#).

Addressing climate change is one of M&G plc's priorities and a key aspect of this goal is reducing exposure to thermal coal. During the review period, a major project was preparing for the M&G Investments Thermal Coal Investment Policy, which came into effect in April 2022. This seeks to end thermal coal-related investments by 2030 in developed countries and 2040 in the rest of the world.

Research was conducted on all companies involved in thermal coal activities held within M&G funds to understand if they plan to transition away from coal within the timeframes above. M&G also engaged with a number of companies to promote a phase-out of coal. Under the new policy, M&G will sell its investments in companies that it believes have no credible transition plans.

Another of M&G's sustainability goals is to offer more products that meet customers' growing interest in ESG factors. During the 12-month period, M&G continued to grow its Planet+ range of funds that seek to influence positive change on the environment and society, notably with the launch of the M&G Better Health Solutions Fund. In addition, the M&G Global Sustain Paris Aligned Fund and M&G European Sustain Paris Aligned Fund adopted a new investment strategy focused on companies that contribute towards the Paris Agreement climate change goal of keeping a global temperature rise this century well below two degrees Celsius above pre-industrial levels.

Sustainability and value

Today, M&G offers an expanding range of funds that have dual objectives: to target long-term financial returns for its customers and to contribute towards a better future for society and the planet. Where funds have non-financial objectives or refer to non-financial considerations in their investment policies and approaches, we evaluate performance against these within this assessment of value, as part of 'Investment performance'. For these funds, our opinions on performance against non-financial objectives or considerations are included under 'Focus on sustainability'.

How to use this report

This Report reflects our assessment of the value delivered to investors in M&G's wide range of funds over the assessment period. Our analysis for each fund is listed in alphabetical order. **Rather than scrolling through this document, you can navigate to the fund that you are interested in by simply clicking on that fund name on the [fund ratings page](#).**

You can navigate back to the [fund ratings page](#) by clicking on this blue button on the top-right of every page:

[Go to fund ratings →](#)

It is important to note that every M&G fund typically has several share classes, each offering different levels of service to different groups of investors. Since we have assessed value by the share class of each fund, this report will be much more useful if you know which share class(es) you hold.

What you need to know

When it comes to this Value Assessment, there are two important pieces of information to know:

1. **Your fund name**
the 'M&G Optimal Income Fund', for example
2. **Your share class**
this is a letter, such as 'A', 'I', 'R', etc

You do not need to know whether you hold 'accumulation' (Acc) or 'income' (Inc) units in any given fund. This is because our assessment for each fund and share class captures both.

For your information, we have provided a summary for each M&G share class – including who generally invests in them and the services they receive – in the [Appendix](#) of this report.

How to check your M&G holdings

- If you invest directly with M&G using our postal and phone-based service, or have invested through an adviser, details of your holdings will be on your latest half-yearly statement. If you can't find this paperwork, please give us a call and we will be happy to help.
- If you invest directly through our online-based service, myM&G, you can log in to find details of your holdings.
- If you invest in M&G funds through an online platform, you should be able to find details of your holdings on your online account.

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.

Please note that the latest information on fund performance is available on the M&G website, [here](#).

How we assess value

We have developed our own methodology for each of the criteria, based on objective and rigorous analysis of what we consider to be the most relevant metrics of value. We have used a combination of external and internal information in the process.

We have adopted the seven criteria of value laid out by our regulator, the Financial Conduct Authority (FCA).

The 'scores' awarded for each criteria together determine an overall rating for that respective share class of a fund. The criteria do not carry equal importance. More weight has been attached to fund performance and, to a lesser extent, quality of services, based on what investors have told us they consider most important in customer testing and surveys. The other five criteria are given equal weighting.

Here is a summary of the criteria that have been laid out by the FCA for us to evaluate the value delivered by M&G funds. We include a more detailed methodology for your reference in the [Appendix](#) of this report.

1. Quality of services



We evaluate the quality of each service delivered to our investors by M&G, including the different sub-services that are delivered to different investor groups. These are broadly grouped into the following:

- **Investment services**
These include investment strategy and decision making, trading and stewardship.
- **Fund and asset servicing**
These are behind-the-scenes services vital to the good running of our funds, including audit, custody, pricing and reporting.
- **Authorised Corporate Director**
The Board of MGSL is responsible to ensure funds are run in the best interests of investors.
- **Brand**
The integrity and strength of the M&G brand is valued by investors.
- **Client services**
Those services that are directly provided to investors, such as the online, phone and postal services used by M&G's direct customers and the support we provide to professional investors.

We appraise value according to key performance indicators that have been set for each sub-service delivered by M&G. These make use of external referencing, where possible. By mapping our ratings for each sub-service to the relevant share classes, we assess quality of service by share class.

2. Investment performance



We measure investment performance against all the stated objectives of a fund, and against its benchmark, to evaluate whether value has been delivered over an appropriate time period. Where funds also have non-financial objectives, or are managed in line with sustainability-related considerations, we also evaluate whether these have been achieved.

Since the investment returns delivered by a fund vary by share class, because each carries its own level of charges, we analyse investment performance by share class.

3. Costs of the Authorised Fund Manager (AFM)



We assess the costs of the AFM, which is responsible for the overall management of M&G funds, by evaluating the total costs of running each fund in relation to the average total costs of running similar funds within M&G's fund range.

We also consider costs in relation to the charges paid by investors – M&G's profit margin – to help evaluate whether charges are proportional to the costs of running a fund.

4. Economies of scale



We assess the extent to which any savings arising from the scale of a fund are reflected in value for our investors.

For M&G, cost savings can come in two forms. Firstly, by outsourcing certain services to specialist third parties that provide services to the fund management industry. Secondly, when a fund's assets under management grow above a certain size, it makes them more profitable to run. M&G applies a discount to a fund's annual charge when its assets under management exceed £1 billion.

Our analysis of economies of scale not only considers whether a fund achieves economies of scale, but also whether the range achieves economies of scale and also whether M&G's formal economies of scale mechanism is competitive within the marketplace.

5. Comparable market rates



We compare the charges for each of our funds to those of their competitors, to ascertain whether relative value is being offered to our investors.

Each share class offers different levels of service and carries a different charge. For each, we first analyse charges for the fund's 'primary' share class against the charges of competitor funds in the market. Then, for share classes that receive an additional service from M&G, we assess the charges that are effectively paid for them – in the form of higher annual charges – against those of competitors.

For each fund in this report, we have visually compared the annual charge of the fund's 'primary' share class against the median average of its competitors (being the peer group that it is part of). This peer group is often the fund's sector, as classified by Morningstar or the Investment Association (IA). Where the sector is deemed insufficient, a custom peer group has been used that we believe best reflects the characteristics of the fund in question. The share class used for comparison is typically the 'Sterling I' share class, since this is the one usually available through third party distributors of our UK-based funds.

6. Comparable M&G services

We compare the charges for each of our funds to those of similar funds and mandates managed by M&G, to ascertain whether relative value is being offered to investors.



M&G provides investment management services to a large range of customers who pay different charges, but receive different services in return. No investor should be paying materially more than others to access a very similar product.

7. Share classes

We analyse who invests in the share classes of each fund, and evaluate whether our investors are in the most appropriate share class.



Each share class offers different levels of service and carries a different charge. Where investors are paying higher charges to invest in the same fund, the level of charges should appropriately reflect the services delivered and the costs of providing them. No investor should be paying more than others to access the same product with substantially similar rights and services.

To reflect the different characteristics of each of the criteria, and the different metrics of value, we have developed an in-house set of rules that allows us to translate our assessment into a relative rating on a five-point scale.

Our value rating scale

Throughout this Report, we have summarised our conclusions according to the following five-point scale.

This reflects an underlying score that has been awarded to each share class for each of the criteria. These are combined to create an overall rating for each share class of a fund.

Outstanding

Where a fund has delivered exceptional value to its investors.



Good

Where a fund has delivered above-average value to its investors.



Satisfactory

Where a fund has delivered value to its investors overall, with only minor exceptions if any.



Must improve

Where a fund has not delivered value to all of its investors, falling short of expectations in certain areas, and where the Board is paying close scrutiny.



Unsatisfactory

Where a fund has not delivered value to all of its investors, and where the Board has determined that steps must be taken by M&G to improve value.



Overall fund ratings

Summary of value by fund

Fund name	A	X	R	I	PP	Page	
M&G Charibond Charities Fixed Interest Fund (Charibond)	2					14	<p>In this summary we have only included the overall value ratings for the most common Sterling share classes in our funds.</p> <p>Please note that these overall ratings are to be understood alongside, not instead of, the ratings awarded to each of a fund's share classes by criteria.</p> <p>Please click through to our assessment of a fund (by clicking on the fund name or page number) for details of all share classes, including non-Sterling ones.</p> <p>Remember, different share classes carry different charges, meaning investment returns will be higher on share classes with lower annual charges. The share class you hold will depend on how you invest with M&G.</p>
M&G Charity Multi Asset Fund	2					17	
M&G Climate Solutions Fund	2		2	2	2	20	
M&G Episode Income Fund	3	3	3	3	3	23	
M&G Equities Investment Fund for Charities (Charifund)	2					26	
M&G Global Dividend Fund	3	3	3	3	3	29	
M&G Global High Yield ESG Bond Fund	3	3	3	2	2	32	
M&G Global Listed Infrastructure Fund	2			2	2	35	
M&G Global Sustain Paris Aligned Fund	3	3	3	3	3	38	
M&G Optimal Income Fund	3	3	3	3	3	41	
M&G Positive Impact Fund	2		2	2	2	44	
M&G Short Dated Corporate Bond Fund	2			2	1	47	
M&G Strategic Corporate Bond Fund	3	3	2	2	2	50	
M&G Sustainable Multi Asset Balanced Fund	2		2	2	2	53	
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Key

1 Outstanding
 2 Good
 3 Satisfactory
 4 Must improve
 5 Unsatisfactory
 Not applicable

M&G Charibond Charities Fixed Interest Fund (Charibond)

Conclusions from the Value Assessment

We conclude that the fund has delivered value to the charities that invest in it over the review period. Having only launched in November 2019, we are unable to assess the fund's performance against its objective. We are pleased that charges are the lowest among competitor funds and, overall, we find that 'good' value has been delivered to investors.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling	0.30%	2	3	□	3	2	1	□	2

Key

1 Outstanding
 2 Good
 3 Satisfactory
 4 Must improve
 5 Unsatisfactory
 □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of a composite index comprising one half Gilts and one half UK corporate bonds, over any five-year period.

The composite index is 50% of the ICE BoAML 1-15 Gilt Index and 50% of the ICE BoAML 1-15 Non Gilt Index.

Having only recently launched, the fund's performance cannot be assessed against its objective. However we acknowledge only a 'satisfactory' verdict on overall performance in the period. Bond markets – especially UK government bonds and UK corporate bonds – have largely underperformed, as the fund has a bias towards these types of investments.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	-4.0%	–	–
Sterling	-2.6%	–	–

Past performance is not a guide to future performance.

Benchmark: 50% of the ICE BoAML 1-15 Gilt Index;
50% of the ICE BoAML 1-15 Non-Gilt Index

The benchmark is shown in Sterling.

For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale



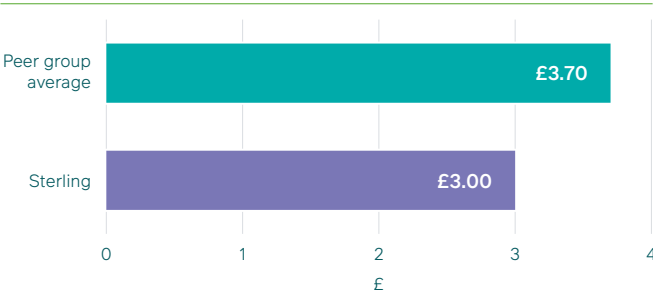
Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates



The fund's annual charges are the least expensive among competitor funds, so we rate the fund as 'outstanding'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

6. Comparable M&G services



There are no similar funds or mandates that are managed by M&G, so no rating is made.

7. Share classes



We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Charity Multi Asset Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to the charities that invest in it over the review period. We find that value has been achieved across all criteria although, having only launched in November 2019, we are unable to assess the fund's performance against the objective; however, it has met its yield objective. We find that the fund's annual charges are lower than most competitors and, overall, we believe that 'good' value has been delivered to investors.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling	0.50%	2	3	□	3	2	1	□	2

Key

1 Outstanding
 2 Good
 3 Satisfactory
 4 Must improve
 5 Unsatisfactory
 □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of a composite index* over any five-year period.
- To provide an annual yield of at least 3%.

There is no guarantee that the fund will achieve its investment objective over this, or any other, period. The income distributions and the value of investments may rise and fall and investors may not recoup the amount they originally invested.

*Comprising of 45% of the FTSE All-share Index, 30% of the MSCI ACWI (ex UK) Index, 12.5% of the ICE BoAML 1-15 Gilt Index and 12.5% of the ICE BoAML 1-15 Non-Gilt Index.

Having only recently launched, the fund's performance cannot be assessed against its objective; however, the fund has met the yield objective.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	8.8%	–	–
Sterling	11.0%	–	–

Past performance is not a guide to future performance.

Benchmark: 45% FTSE All-Share Index;
30% MSCI ACWI (ex UK) Index;
12.5% ICE BoAML 1-15 Gilt Index;
12.5% ICE BoAML 1-15 Non-Gilt Index

The benchmark is shown in Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale

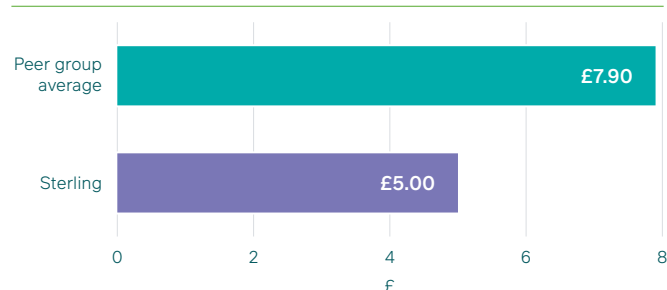


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are less expensive than most competitor funds, so we rate the fund as 'outstanding'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

6. Comparable M&G services

There are no similar funds or mandates that are managed by M&G, so no rating is made.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Climate Solutions Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. We find that value has been achieved across all criteria although, having only launched in November 2020, we are unable to assess the fund's performance against its objectives. We believe investors benefit from annual charges that we find to be lower than most competitors. Overall, we find that 'good' value has been delivered for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.10%	2	3	□	3	2	2	3	2
Sterling R	0.95%	2	3	□	3	2	2	3	2
Sterling I	0.70%	2	2	□	3	2	1	3	2
Sterling PP	0.60%	2	3	□	3	2	1	3	2
Sterling Z	0.00%	2	3	□	3	2	□	3	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the Ongoing Charges Figure, than the MSCI World Index over any five-year period.
- To invest in companies that aim to deliver solutions to the challenge of climate change.

Having only recently launched, the fund's performance cannot be assessed against its financial objective.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	15.9%	15.1%	11.8%
Sterling A	4.9%	–	–
Sterling R	5.1%	–	–
Sterling I	5.4%	–	–
Sterling PP	5.4%	–	–
Sterling Z	6.1%	–	–

Past performance is not a guide to future performance.

Benchmark: MSCI World Index (Gross)

The benchmark is shown in Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund is well aligned with its impact objective, having demonstrated how the revenues of portfolio holdings stem from activities aligned to the UN Sustainable Development Goals. We therefore rate its performance against non-financial considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale

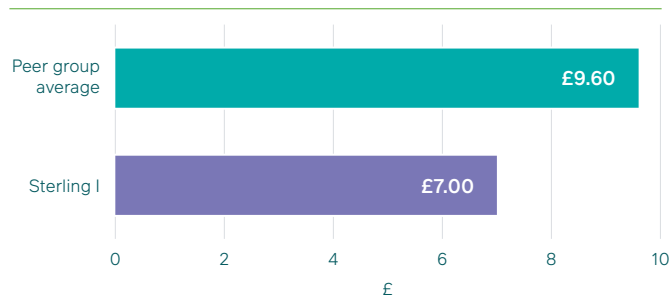


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are lower than the average for competitor funds, so we rate the share classes as 'good' or even 'outstanding'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'satisfactory'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Episode Income Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. We find that value has been achieved across most criteria, although not investment performance. The fund did not achieve its objectives in a challenging year for all investors, with many equity and bond markets suffering weakness. Although we also found some inconsistencies between which share classes certain investors hold, we believe investors benefit from relatively low running costs and fund charges. Overall, we find that 'satisfactory' value has been delivered for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.05%	3	3	4	2	2	3	2	2
Sterling X	1.05%	3	3	4	2	2	3	2	2
Sterling R	0.90%	3	3	4	2	2	3	2	2
Sterling I	0.65%	3	2	4	2	2	2	2	2
Sterling PP	0.55%	3	3	4	2	2	2	2	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

Where can we improve?

The issue	Criteria	Our action
At least one of the share classes did not achieve its investment objective.	2. Performance	After a thorough review of the fund's performance and strategy, we, the Board, believe the necessary actions have been taken for it to be able to meet its objective going forward.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund aims to generate a growing level of income over any three-year period. The fund also aims to provide capital growth of 2-4% over any three-year period.

There is no guarantee that the fund will achieve its objective over this, or any other period. The income distributions and the value of your investment may rise and fall and investors may not recoup the original amount they invested.

The fund did not achieve either its capital growth or income growth objective over the three-year period ending 31 March 2022, and so we rate all share classes as 'must improve'.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Sterling A	7.0%	5.4%	4.0%
Sterling X	7.0%	5.4%	4.0%
Sterling R	7.1%	5.6%	4.3%
Sterling I	7.3%	5.8%	4.5%
Sterling PP	7.4%	6.0%	4.6%

Past performance is not a guide to future performance.

Benchmark: n/a

The fund is actively managed and it has no benchmark. For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

3. Costs of the AFM



The total costs of running the fund are in line with those of comparable M&G funds and we therefore rate the fund as 'good'.

4. Economies of scale

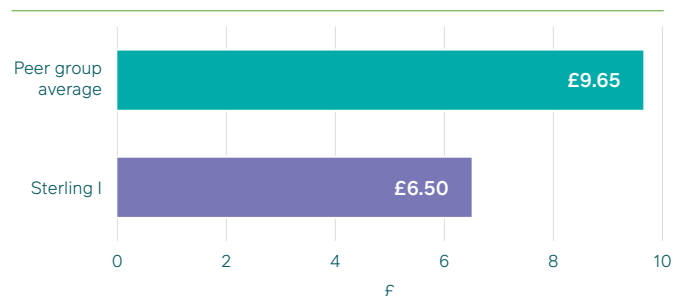


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are in line with the average for competitor funds, so we rate most share classes as 'satisfactory'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'good'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Equities Investment Fund for Charities (Charifund)

Conclusions from the Value Assessment

We conclude that the fund has delivered value to the charities that invest in it over the review period. We find that value has been achieved across all criteria as the fund met its three investment objectives. With charges among the lowest in its peer group and relatively low running costs, we find that 'good' value has been delivered overall to investors.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling	0.47%	2	3	3	2	2	1		2

Key

1 Outstanding
 2 Good
 3 Satisfactory
 4 Must improve
 5 Unsatisfactory
 ☐ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has three aims:

- To provide an annual yield above that available from the FTSE All-Share Index.
- To provide an income stream that increases every year.
- To provide a level of capital growth, net of the Ongoing Charge Figure, that is higher than inflation over any ten-year period, as measured by the UK Retail Prices Index (RPI).

There is no guarantee that the fund will achieve its objective over this, or any other, period and investors may not get back the original amount they invested.

The fund has met its yield, income growth and ten-year capital growth objectives in the period ending 31 March 2022. We have therefore lifted the fund's rating from 'must improve' in the 2021 report to 'delivering value' in the 2022 report.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	13.0%	5.3%	4.7%
Sterling	12.6%	6.2%	5.4%

Past performance is not a guide to future performance.

Benchmark: FTSE All-Share Index

The benchmark is shown in Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund has demonstrably made exclusions in line with its investment policy.

We therefore rate its performance against non-financial considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with those of comparable M&G funds and we therefore rate the fund as 'good'.

4. Economies of scale

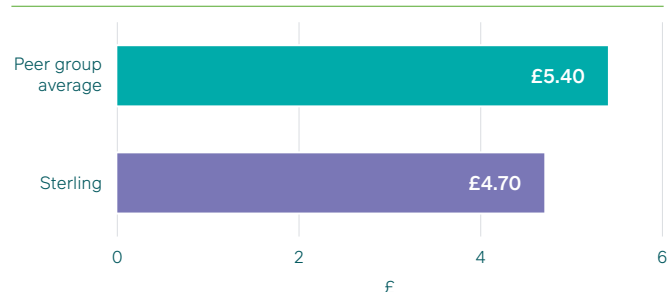


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are less expensive than most competitor funds, so we rate the fund as 'outstanding'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

6. Comparable M&G services

There are no similar funds or mandates that are managed by M&G, so no rating is made.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Global Dividend Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. We find that value has been achieved across all criteria, except investment performance. Despite robust performance since the last Value Assessment the fund has not met its long-term investment objective. However, we believe investors benefit from the fund's economies of scale and annual charges that we find to be lower than most competitors. Overall, we find that 'satisfactory' value has been delivered to all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.06%	3	3	4	2	2	2	3	2
Sterling X	1.06%	3	3	4	2	2	2	3	2
Sterling R	0.91%	3	3	4	2	2	2	3	2
Sterling I	0.66%	3	2	4	2	2	1	3	2
Sterling PP	0.56%	3	3	4	2	2	1	3	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

Where can we improve?

The issue	Criteria	Our action
At least one of the share classes did not achieve its investment objective.	2. Performance	After a thorough review of the fund's performance and strategy, we, the Board, believe the necessary actions have been taken for it to be able to meet its objective going forward.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has three aims:

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

While the fund has met its income growth and yield objectives, its total return objective has not been met over the five-year period ending 31 March 2022. We therefore rate all share classes in the fund as 'must improve'.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	12.9%	13.9%	11.0%
Sterling A	17.5%	12.6%	9.3%
Sterling X	17.5%	12.6%	9.3%
Sterling R	17.7%	12.8%	9.7%
Sterling I	18.0%	13.1%	9.9%
Sterling PP	18.1%	13.3%	10.0%

Past performance is not a guide to future performance.

Benchmark: 01.01.09 – 31.12.11: FTSE World Index;
01.01.12 – Present: MSCI ACWI Index

The benchmark is shown in Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

3. Costs of the AFM



The total costs of running the fund are in line with those of comparable M&G funds and we therefore rate the fund as 'good'.

4. Economies of scale

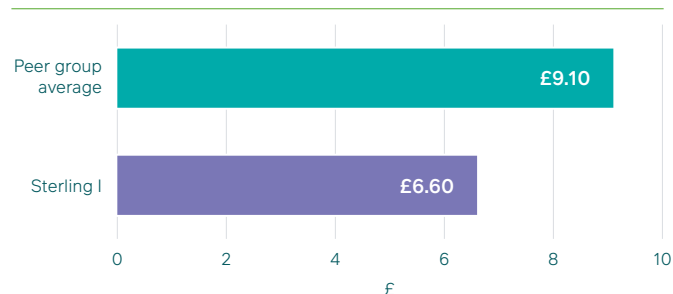


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. Investors received a discount on their annual charges, as the fund size exceeded the £1 billion threshold at which M&G deems there are material economies of scale to pass on.

5. Comparable market rates

The fund's annual charges are lower than the average for competitor funds, so we rate the share classes to be at least 'good' value.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

Minor differences between the fund's charges and those of similar funds or mandates that are managed by M&G are not judged to be material, so we rate all share classes in the fund as 'satisfactory'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Global High Yield ESG Bond Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. Having only launched in February 2020, we are unable to assess the fund's performance against its objective. Aside from some inconsistencies between which share classes certain investors hold, we believe that value has been achieved across other criteria. Overall, we find that 'good' value has been delivered for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A-H	1.03%	2	3	□	3	2	3	2	2
Sterling R-H	0.88%	2	3	□	3	2	3	2	2
Sterling I-H	0.63%	2	2	□	3	2	3	2	2
Sterling PP-H	0.53%	2	3	□	3	2	1	2	2
Sterling L-H	0.43%	2	2	□	3	2	1	2	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the ICE BofAML Global High Yield Index (USD hedged) over any five-year period.

Having only recently launched, the fund's performance cannot be assessed against its objective.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	-3.5%	2.5%	2.8%
Sterling A-H	-4.2%	-	-
Sterling R-H	-4.0%	-	-
Sterling I-H	-3.8%	-	-
Sterling PP-H	-3.6%	-	-
Sterling L-H	-3.6%	-	-

Past performance is not a guide to future performance.

Benchmark: ICE BofAML Global High Yield Index (GBP Hedged)

The benchmark is hedged to Sterling.

For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund has demonstrably applied a positive ESG tilt to issuers with better ESG characteristics, excluding companies or issuers with poorer ESG characteristics. We therefore rate its performance against non-financial considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

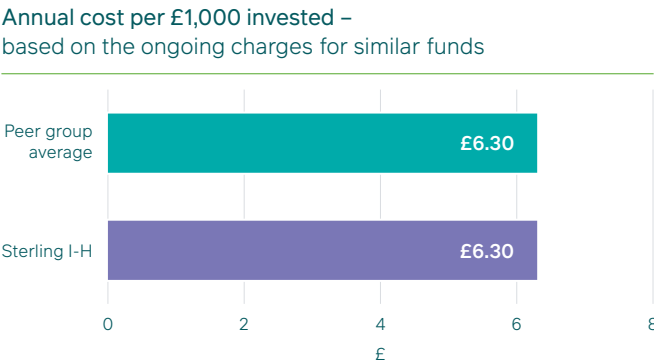
4. Economies of scale



Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are in line with the average for competitor funds, so we rate most share classes as 'satisfactory'.



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I-H' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'good'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Global Listed Infrastructure Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. We find that value has been achieved across all criteria, apart from investment performance. Although we are unable to assess fully performance against its five-year total return target, since the fund only launched in 2017, the fund did not achieve its income goal. The fund increased its income by a relatively large amount in the previous review period, which made for a challenging comparison this year. However, we believe investors benefit from the fund's economies of scale and annual charges that we find to be lower than most competitors. Overall, we believe that 'satisfactory' value has been delivered for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.10%	2	3	□	2	2	3	3	2
Sterling I	0.70%	2	2	□	2	2	2	3	2
Sterling PP	0.60%	2	3	□	2	2	1	3	2
Sterling L	0.50%	2	2	□	2	2	1	3	2
Sterling I-H	0.73%	2	2	□	2	2	2	3	2
Sterling PP-H	0.63%	2	3	□	2	2	1	3	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has two aims:

- To deliver a higher total return (the combination of income and growth of capital), net of the Ongoing Charges Figure, than that of the MSCI All Countries World Index over any five-year period.
- To deliver an income stream that increases every year in Sterling terms.

The fund's performance cannot yet be assessed against its five-year total return objective. However, it did not meet its income growth target.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	12.9%	13.9%	11.0%
Sterling A	18.7%	13.2%	–
Sterling I	19.2%	13.5%	–
Sterling PP	19.3%	13.7%	–
Sterling L	19.4%	13.8%	–
Sterling I-H	–	–	–
Sterling PP-H	–	–	–

Past performance is not a guide to future performance.

Benchmark: MSCI ACWI Index

For unhedged share classes, the benchmark is shown in Sterling.
For currency hedged share classes, the benchmark is hedged to Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund has demonstrated that its investment universe is driven by sustainability-themed considerations. We therefore rate its performance against sustainability considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with those of comparable M&G funds and we therefore rate the fund as 'good'.

4. Economies of scale

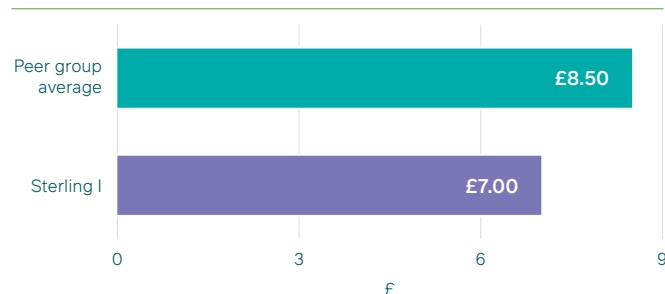


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are among the least expensive of competitor funds, so we rate the share classes to be at least 'good'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'satisfactory'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Global Sustain Paris Aligned Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. We find that value has been achieved across all criteria, except investment performance, as the fund did not meet its five-year objective. Overall, we find that 'satisfactory' value has been delivered overall for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.30%	3	3	4	3	2	3	3	2
Sterling X	1.30%	3	3	4	3	2	3	3	2
Sterling R	1.15%	3	3	4	3	2	3	3	2
Sterling I	0.90%	3	2	4	3	2	3	3	2
Sterling PP	0.60%	3	3	4	3	2	2	3	2

Key

1 Outstanding
 2 Good
 3 Satisfactory
 4 Must improve
 5 Unsatisfactory
 ☐ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

Where can we improve?

The issue	Criteria	Our action
At least one of the share classes did not achieve its investment objective.	2. Performance	After a thorough review of the fund's performance and strategy, we, the Board, believe the necessary actions have been taken for it to be able to meet its objective going forward.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than that of the MSCI World Index over any five-year period.
- To invest in companies that contribute towards the Paris Agreement climate change goal.

None of the fund's share classes met their investment objective over the five-year period ending 31 March 2022, so they are rated as 'must improve'.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	15.9%	15.1%	11.8%
Sterling A	15.5%	14.9%	11.0%
Sterling X	15.5%	14.9%	11.0%
Sterling R	15.7%	15.1%	11.4%
Sterling I	16.0%	15.4%	11.7%
Sterling PP	–	–	–

Past performance is not a guide to future performance.

Benchmark: 01.01.09 – 31.12.11: FTSE World Index;
01.01.12 – 31.12.15: MSCI ACWI Index;
01.01.16 – Present: MSCI World Index

The benchmark is shown in Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund has demonstrated that its investment universe is driven by sustainability-themed considerations. We therefore rate its performance against sustainability considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale



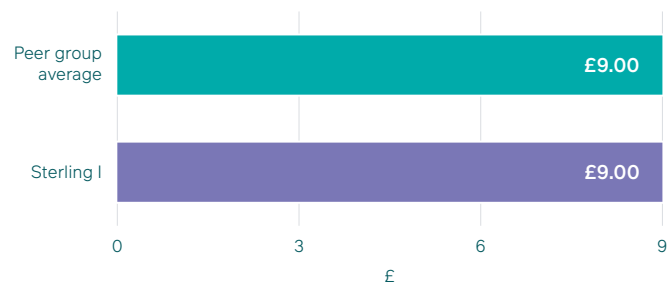
Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates



The fund's annual charges are in line with the average for competitor funds, so we rate most share classes as 'satisfactory'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services



Minor differences between the fund's charges and those of similar funds or mandates that are managed by M&G are not judged to be material, so we rate all share classes in the fund as 'satisfactory'.

7. Share classes



We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Optimal Income Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value over the review period. We find that value has been achieved across some criteria, with investors benefitting from the fund's economies of scale, for example. It has been a challenging period for bond markets and the fund has not met its investment objective in any of its share classes. As a result, we note that the fund 'must improve' in this area.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.03%	3	3	4	2	2	3	3	2
Sterling X	1.03%	3	3	4	2	2	3	3	2
Sterling R	0.88%	3	3	4	2	2	3	3	2
Sterling I	0.63%	3	2	3	2	2	3	3	2
Sterling J	0.63%	2	3		2	2	3	3	2
Sterling PP	0.53%	3	3	3	2	2	2	3	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

Where can we improve?

The issue	Criteria	Our action
At least one of the share classes did not achieve its investment objective.	2. Performance	After a thorough review of the fund's performance and strategy, we, the Board, believe the necessary actions have been taken for it to be able to meet its objective going forward.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average return of the IA £ Strategic Bond Sector, over any five-year period.

None of the fund's share classes met their investment objective over the five-year period ending 31 March 2022, so they are rated as 'must improve'.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	-2.4%	2.7%	2.5%
Sterling A	-4.0%	1.5%	1.6%
Sterling X	-4.0%	1.5%	1.6%
Sterling R	-3.9%	1.7%	1.9%
Sterling I	-3.7%	2.0%	2.1%
Sterling J	-3.7%	2.1%	–
Sterling PP	-3.6%	2.1%	2.2%

Past performance is not a guide to future performance.

Benchmark: IA £ Strategic Bond Sector Average

The benchmark is shown in Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

3. Costs of the AFM



The total costs of running the fund are in line with those of comparable M&G funds and we therefore rate the fund as 'good'.

4. Economies of scale

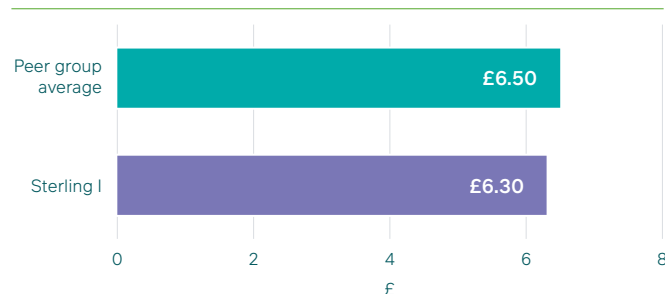


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. Investors received a discount on their annual charges, as the fund size exceeded the £1 billion threshold at which M&G deems there are material economies of scale to pass on.

5. Comparable market rates

The fund's annual charges are in line with the average for competitor funds, so we rate all share classes at least 'satisfactory'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Sector: IA £ Strategic Bond

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

Minor differences between the fund's charges and those of similar funds or mandates that are managed by M&G are not judged to be material, so we rate all share classes in the fund as 'satisfactory'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Positive Impact Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. We find that value has been achieved across all criteria. Although we are unable to assess the fund's investment performance against its five-year financial objective, since the fund only launched in 2018, we believe it has achieved its impact goal. We also believe that investors benefit from annual charges that are found to be the lowest among competitor funds. Overall, we find that 'good' value has been delivered for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.10%	2	3	□	3	2	2	3	2
Sterling R	0.95%	2	3	□	3	2	2	3	2
Sterling I	0.70%	2	2	□	3	2	1	3	2
Sterling PP	0.60%	2	3	□	3	2	1	3	2
Sterling L	0.50%	2	2	□	3	2	1	3	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the Ongoing Charges Figure, than the MSCI ACWI Index over any five-year period.
- To invest in companies that aim to have a positive societal impact through addressing the world's major social and environmental challenges.

Having only recently launched, the fund's performance cannot be assessed against its objective.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	12.9%	13.9%	11.0%
Sterling A	4.0%	13.5%	–
Sterling R	4.1%	13.8%	–
Sterling I	4.4%	14.0%	–
Sterling PP	4.5%	14.2%	–
Sterling L	4.6%	14.3%	–

Past performance is not a guide to future performance.

Benchmark: MSCI ACWI Index

The benchmark is shown in Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund has achieved its impact objective, having demonstrated how the revenues of portfolio holdings stem from activities aligned to the UN Sustainable Development Goals. We therefore rate its performance against non-financial considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale

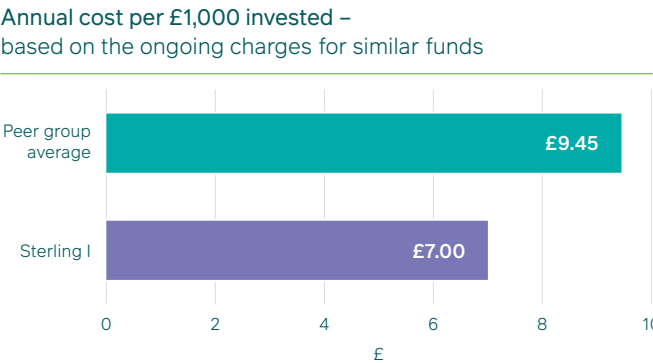


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates



The fund's annual charges are among the least expensive of competitor funds, so we rate the share classes to be at least 'good' value.



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services



Minor differences between the fund's charges and those of similar funds or mandates that are managed by M&G are not judged to be material, so we rate all share classes in the fund as 'satisfactory'.

7. Share classes



We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Short Dated Corporate Bond Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. We find that value has been achieved across all criteria, and the fund has delivered strong investment performance and met its objective. Overall, we find that 'good' value has been delivered for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	0.50%	2	3	2	3	2	3	2	2
Sterling I	0.25%	2	2	2	3	2	2	2	2
Sterling PP	0.15%	1	3	1	3	2	1	2	2

Key

1 Outstanding
 2 Good
 3 Satisfactory
 4 Must improve
 5 Unsatisfactory
 ☐ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged) over any five-year period.

The fund met its investment objective over the five-year period ending 31 March 2022 and all share classes are rated as 'good' or 'outstanding'. Short-dated corporate bonds have benefitted from rising interest rates, as they typically have a lower interest rate risk exposure ('duration').

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	-1.1%	0.6%	-
Sterling A	-1.0%	1.5%	1.3%
Sterling I	-	-	-
Sterling PP	-0.7%	1.7%	1.5%

Past performance is not a guide to future performance.

Benchmark: Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged)

The benchmark is shown in Sterling.
For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale

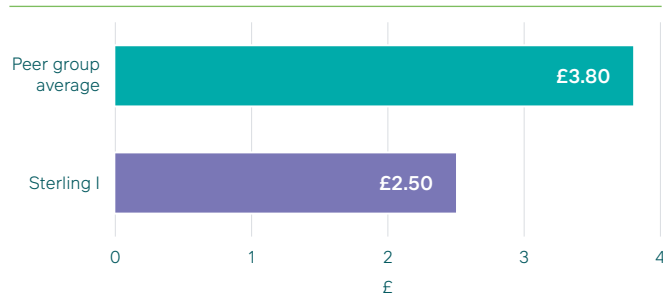


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are better than the average for competitor funds, so we rate most share classes as 'good' with the exception of the 'A' share class which is 'satisfactory'; the rating for 'PP' share class is 'outstanding'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Peer group: Custom

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'good'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Strategic Corporate Bond Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered over the review period. We find that value has been achieved across some criteria, for example, with investors benefitting from the fund's economies of scale. However, in a challenging period for bond markets, we find that some share classes have not met their investment objectives.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	0.83%	3	3	4	2	2	3	3	2
Sterling X	0.83%	3	3	4	2	2	3	3	2
Sterling R	0.68%	2	3	2	2	2	3	3	2
Sterling I	0.43%	2	2	2	2	2	3	3	2
Sterling PP	0.33%	2	3	2	2	2	1	3	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory ☐ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

Where can we improve?

The issue	Criteria	Our action
At least one of the share classes did not achieve its investment objective.	2. Performance	After a thorough review of the fund's performance and strategy, we, the Board, believe the necessary actions have been taken for it to be able to meet its objective going forward.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average of the IA £ Corporate Bond Sector, over any five-year period.

Some of the fund's share classes met their investment objectives over the five-year period ending 31 March 2022. However performance remains rated as 'good' on the majority of share classes. Higher-charge share classes (which reflect additional services provided to investors) are rated as 'must improve'.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	-4.4%	1.6%	1.9%
Sterling A	-4.8%	1.8%	1.9%
Sterling X	-4.8%	1.8%	1.9%
Sterling R	-4.6%	2.1%	2.1%
Sterling I	-4.4%	2.3%	2.4%
Sterling PP	-4.3%	2.4%	2.5%

Past performance is not a guide to future performance.

Benchmark: IA £ Corporate Bond Sector Average

The benchmark is shown in Sterling.

For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

3. Costs of the AFM



The total costs of running the fund are in line with those of comparable M&G funds and we therefore rate the fund as 'good'.

4. Economies of scale

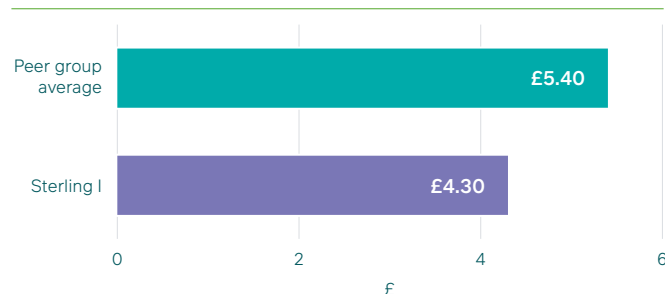


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. Investors received a discount on their annual charges, as the fund size exceeded the £1 billion threshold at which M&G deems there are material economies of scale to pass on.

5. Comparable market rates

The fund's annual charges are in line with the average for competitor funds, so we rate all share classes at least 'satisfactory'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Sector: IA £ Corporate Bond

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

Minor differences between the fund's charges and those of similar funds or mandates that are managed by M&G are not judged to be material, so we rate all share classes in the fund as 'satisfactory'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Sustainable Multi Asset Balanced Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. Having only launched in December 2020, we are unable to assess the fund's performance against its objectives. We believe that value has been achieved across other criteria and we find that 'good' or 'satisfactory' value has been delivered overall for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.05%	2	3	□	3	2	3	2	2
Sterling R	0.90%	2	3	□	3	2	3	2	2
Sterling I	0.65%	2	2	□	3	2	2	2	2
Sterling PP	0.55%	2	3	□	3	2	2	2	2
Sterling L	0.45%	2	2	□	3	2	2	2	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has two aims:

- To limit the average volatility to 12% per annum over any five-year period while providing a total return (the combination of capital growth and income) over that period.
- To invest in assets which meet the fund's preferred ESG standards and/or those that provide a positive societal impact through addressing the world's major social and environmental challenges.

Having only recently launched, the fund's performance cannot be assessed against its objective.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	0.2%	2.8%	2.2%
Sterling A	4.5%	–	–
Sterling R	4.6%	–	–
Sterling I	4.8%	–	–
Sterling PP	4.9%	–	–
Sterling L	5.0%	–	–

Past performance is not a guide to future performance.

Benchmark: IA Mixed Investment 20-60% Shares Sector

The benchmark is shown in Sterling.

For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund is well aligned with its sustainability-related objective, having demonstrated that it is invested in assets which meet the fund's preferred ESG standards and/or provide a positive societal impact. We therefore rate its performance against non-financial considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale

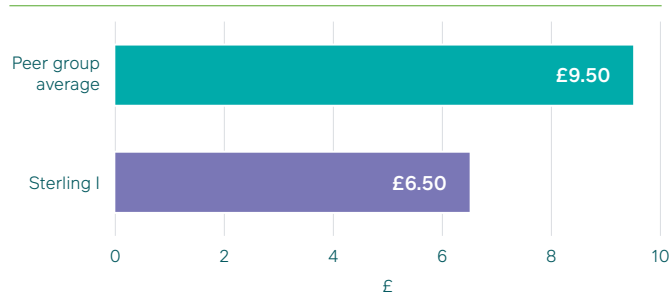


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are in line with the average for competitor funds, so we rate all share classes at least 'satisfactory'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Sector: IA Mixed Investment 20-60% Shares

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'good'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Sustainable Multi Asset Cautious Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. Having only launched in December 2020, we are unable to assess the fund's performance against its objectives. We believe that value has been achieved across other criteria and we find that 'good' or 'satisfactory' value has been delivered overall for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.05%	2	3	□	3	2	3	2	2
Sterling R	0.90%	2	3	□	3	2	3	2	2
Sterling I	0.65%	2	2	□	3	2	2	2	2
Sterling PP	0.55%	2	3	□	3	2	2	2	2
Sterling L	0.45%	2	2	□	3	2	2	2	2

Key

1 Outstanding
 2 Good
 3 Satisfactory
 4 Must improve
 5 Unsatisfactory
 □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has two aims:

- To limit the average volatility to 9% per annum over any five-year period while providing a total return (the combination of capital growth and income) over that period.
- To invest in assets which meet the fund's preferred ESG standards and/or those that provide a positive societal impact through addressing the world's major social and environmental challenges.

Having only recently launched, the fund's performance cannot be assessed against its objective.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	0.2%	2.8%	2.2%
Sterling A	2.0%	–	–
Sterling R	2.1%	–	–
Sterling I	2.3%	–	–
Sterling PP	2.4%	–	–
Sterling L	2.5%	–	–

Past performance is not a guide to future performance.

Benchmark: IA Mixed Investment 0-35% Shares Sector

The benchmark is shown in Sterling.

For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund is well aligned with its sustainability-related objective, having demonstrated that it is invested in assets which meet the fund's preferred ESG standards and/or provide a positive societal impact. We therefore rate its performance against non-financial considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale

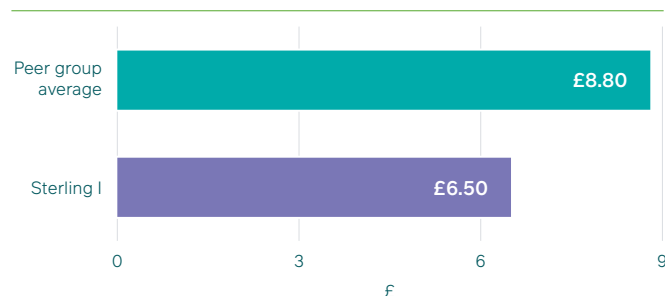


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are in line with the average for competitor funds, so we rate all share classes at least 'satisfactory'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Sector: Mixed Investment 0-35% Shares

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'good'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Sustainable Multi Asset Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. Having only launched in February 2019, we are unable to assess the fund's performance against its objectives. We believe that value has been achieved across other criteria, although we have identified some inconsistencies between which share classes certain investors hold. Overall, we find that 'good' value has been delivered for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.05%	2	3	□	3	2	3	2	2
Sterling R	0.90%	2	3	□	3	2	3	2	2
Sterling I	0.65%	2	2	□	3	2	2	2	2
Sterling PP	0.55%	2	3	□	3	2	2	2	2
Sterling L	0.45%	2	2	□	3	2	2	2	2

Key

1 Outstanding
 2 Good
 3 Satisfactory
 4 Must improve
 5 Unsatisfactory
 □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund aims to provide a total return (the combination of capital growth and income) of 4 to 8% per annum over any five-year period, net of the Ongoing Charges Figure, while applying ESG Criteria and/or Impact Criteria.

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

Having only recently launched, the fund's performance cannot be assessed against its objective.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Sterling A	5.4%	6.2%	–
Sterling R	5.6%	6.4%	–
Sterling I	5.8%	6.7%	–
Sterling PP	5.9%	6.8%	–
Sterling L	6.0%	6.8%	–

Past performance is not a guide to future performance.

Benchmark: n/a

The fund is actively managed and it has no benchmark. For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund is well aligned with its sustainability-related objective, having demonstrated that it is invested in assets which meet the fund's preferred ESG standards and/or provide a positive societal impact. We therefore rate its performance against non-financial considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale

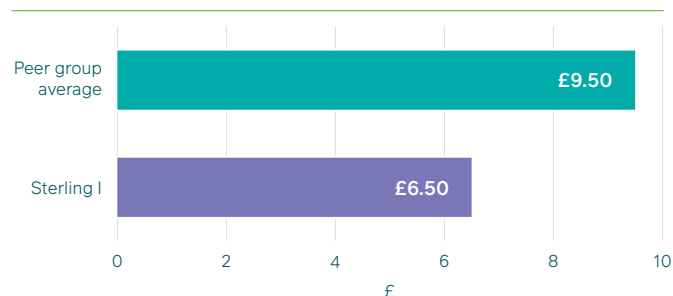


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are in line with the average for competitor funds, so we rate all share classes at least 'satisfactory'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Sector: Mixed Investment 20-60% Shares

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'good'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

M&G Sustainable Multi Asset Growth Fund

Conclusions from the Value Assessment

We conclude that the fund has delivered value to its investors over the review period. Having only launched in December 2020, we are unable to assess the fund's performance against its objectives. We believe that value has been achieved across other criteria and we find that 'good' value has been delivered overall for all share classes.

Board of M&G Securities Limited

Share classes	Annual charge	Overall	1. Quality of services	2. Performance	3. AFM costs	4. Economies of scale	5. Comparable market rates	6. Comparable services	7. Share classes
Sterling A	1.05%	2	3	□	3	2	3	2	2
Sterling R	0.90%	2	3	□	3	2	3	2	2
Sterling I	0.65%	2	2	□	3	2	2	2	2
Sterling PP	0.55%	2	3	□	3	2	1	2	2
Sterling L	0.45%	2	2	□	3	2	1	2	2

Key

1 Outstanding 2 Good 3 Satisfactory 4 Must improve 5 Unsatisfactory □ Not applicable

Please note that our assessment of the value delivered for any given share class is the same for both accumulation and income shares. All share classes are denominated in Sterling unless another currency is stated.

1. Quality of services



Based on our assessment of the range and quality of services provided to different customers across our range of funds, we rate all share classes in the fund as being at least 'satisfactory'.

2. Investment performance



The fund has two aims:

- To limit the average volatility to 17% per annum over any five-year period while providing a total return (the combination of capital growth and income) over that period.
- To invest in assets which meet the fund's preferred ESG standards and/or those that provide a positive societal impact through addressing the world's major social and environmental challenges.

Having only recently launched, the fund's performance cannot be assessed against its objective.

Annualised performance to 31 March 2022

Share classes	One-year	Three-year	Five-year
Benchmark	5.0%	7.7%	5.7%
Sterling A	5.9%	–	–
Sterling R	6.1%	–	–
Sterling I	6.3%	–	–
Sterling PP	6.4%	–	–
Sterling L	6.5%	–	–

Past performance is not a guide to future performance.

Benchmark: IA Flexible Investment Sector

The benchmark is shown in Sterling.

For details, please refer to 'Fund benchmarks' in the Appendix.

Source: Morningstar, Inc. and M&G, as at 31 March 2022. Returns are calculated on a price to price basis with income reinvested. Benchmark returns reflect what is displayed in the fund particulars. Note that the benchmark used for this Value Assessment reflects those in use at the time and therefore ignores any backdating of benchmarks, where relevant.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

Focus on sustainability



In our opinion, the fund is well aligned with its sustainability-related objective, having demonstrated that it is invested in assets which meet the fund's preferred ESG standards and/or provide a positive societal impact. We therefore rate its performance against non-financial considerations as 'good'.

3. Costs of the AFM



The total costs of running the fund are in line with comparable M&G funds and we therefore rate the fund as 'satisfactory'.

4. Economies of scale

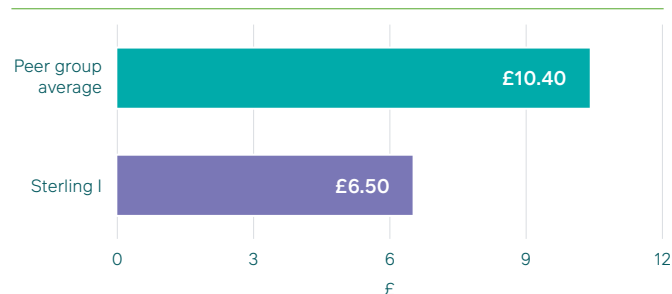


Based on our assessment of economies of scale across the fund range and at the fund level, we rate all share classes in the fund as 'good'. The fund's size remained below the £1 billion threshold at which investors receive a discount.

5. Comparable market rates

The fund's annual charges are in line with the average for competitor funds, so we rate all share classes at least 'satisfactory'.

Annual cost per £1,000 invested –
based on the ongoing charges for similar funds



Sector: Flexible Investment

Source: Morningstar, Inc. and M&G, as at 31 March 2022.

Please note that these estimated costs are forward-looking and calculated using a 0% growth rate, for ease of understanding, and are based only on the annual charges for the fund. Additional transaction costs are incurred when buying or selling underlying investments.

Different share classes carry different charges. Where annual charges are higher than those of the 'I' share class shown above, this reflects additional services that M&G provides to investors in those share classes. The share class you hold will depend on how you invest with M&G.

6. Comparable M&G services

No similar funds or mandates that are managed by M&G are materially cheaper than the fund, so we rate all share classes in the fund as 'good'.

7. Share classes

We are satisfied that the vast majority of investors are in the most appropriate share class, paying a charge that accurately reflects their rights and services, and that M&G is making reasonable efforts to address anomalies where they remain. We therefore rate the fund as 'good'.

Methodology of the Value Assessment

We have outlined our approach to evaluating each of the seven criteria that comprise our Value Assessment below.

1. Quality of services

To determine the overall quality of service delivered to investors in each fund and share class, we evaluate the diverse range of sub-services that shape investor outcomes. These are broadly grouped into five categories, as below.

- **Investment services** These are the services required for the investment of, and the oversight of, each fund's assets, including investment strategy and decision making, trading and stewardship of the assets we manage.
- **Fund and asset servicing** These are those services required for the good running of the fund – for instance, determining a value and price of each share class in a fund – and ensuring the fund's assets are kept secure. Some of these services are provided internally, such as book management, tax, legal and shareholder services, while others are delivered externally by third party providers, including custody and clearing services.
- **Authorised Corporate Director** The responsibility of the ACD is to ensure funds are run in the best interests of their investors.
- **Brand** Despite being a non-tangible service, the M&G brand is valued by investors, making it important to invest in and maintain.
- **Client services** These are those services that are directly provided to investors, such as the online, phone and postal services used by M&G's direct customers and the support we provide to professional investors. We also consider the quality of information and material produced to different investor groups. We base our analysis of client services delivered by investor group, rather than specifically by share class. Our conclusions are then mapped against each share class of a fund, based on which groups of investors hold that share class.

We rate each sub-service by reference to independent service assessments, comparing the service provided against key metrics and using independent information like external reports and studies. Where no independent external comparisons exist, we use internal assessment according to key performance indicators that have been set for each sub-service.

To arrive at an overall rating for each share class of a fund, we calculate a custom-weighted overall score based on our assessment of the sub-services relevant to investors that hold that share class. The broad categories of client services and fund and asset services are deemed most important.

2. Investment performance

To assess the investment performance of each fund and share class, we took each of the following into account:

- We compare the investment outcomes of each share class, net of charges where relevant, against the financial performance objectives stated in the fund's prospectus and against the fund's performance comparator.
- Where relevant, we evaluate whether funds have also achieved their non-financial objectives, or have been managed in line with sustainability-themed considerations that are defined in their investment policy or approach.
- We assess whether the fund and share class is appropriately structured to meet its investment objectives in future.
- We assess the extent to which our charges affect the returns that investors have achieved, or might achieve.
- We further assess the investment outcomes of each share class, net of charges where relevant, at regular intervals over the last 10 years (or since the fund's inception, if more recent).

Broadly speaking, a 'satisfactory' rating means a fund's share class has met its objective or performed in line with its benchmark over the longer term, within a given tolerance.

Where a fund's share class has met its objective and outperformed its benchmark, we award a 'good' rating. Where a fund, in addition to this, has delivered a longer track record of outperformance for its investors, we rate a share class as 'outstanding'.

Where a share class has underperformed its benchmark, but we believe is appropriately structured to meet its objectives going forward, performance will be rated as 'must improve'. Persistently failing to meet objectives over the longer term will result in a share class being rated 'unsatisfactory' if a fund is deemed to not be appropriately structured to meet its investment objectives in the future.

Where funds have hedged share classes, their returns can differ quite markedly (positively or negatively) from their unhedged counterparts. This can be due to the effects of successful currency hedging, not fund performance. The performance ratings awarded to hedged share classes therefore reflect those of their unhedged counterparts, except where they have a different benchmark.

For funds that also have non-financial objectives, or are managed in line with sustainability-themed considerations, we separately commented on whether value has been delivered against those, in our opinion, under 'Focus on Sustainability'.

Where we believe funds have demonstrated that they have met their respective impact or sustainability-related objectives, or that their investment decisions have been driven by relevant considerations, we rate those funds as 'good'. Where they have not demonstrated this, they are rated as 'must improve'.

3. Costs of the Authorised Fund Manager (AFM)



We assess the costs of the Authorised Fund Manager (AFM), that is, M&G Securities Ltd, which is responsible for the overall management of M&G funds, and therefore for the full range of UK-based funds. While some of the AFM's costs are specific to certain investor groups, like providing telephone services to direct clients, the majority are base costs that enable M&G to provide fund management services to all investors, for example, fund accounting or custody.

The fund-by-fund assessment evaluates the total costs of running each fund in relation to the average total costs of running similar funds within M&G's UK-based fund range. We also consider costs that are shared by all M&G funds in relation to the overall charges paid by investors – taking a holistic view across the M&G fund range – to help evaluate whether charges are proportional to the costs of running a fund. All of a fund's share classes will have the same rating.

Where the total costs of running a fund are in line with those of comparable M&G funds, we rate that fund as 'satisfactory'. Where they are lower, we rate that fund as 'good'. And where they are materially higher, we rate it as 'must improve'.

4. Economies of scale



Economies of scale can be achieved where there are cost savings to be realised from large-scale operations. Like any industry, there are costs involved in fund management that become a smaller portion of a larger asset pool. This means that the extra cost of managing the next £1 million should normally be less than the last. For M&G, economies of scale can come in two forms.

Firstly, they can be achieved by outsourcing certain services to specialist providers whose scale and expertise should afford cost savings. As part of our assessment, we therefore examine the costs of these third party services, such as the custody of fund assets, to determine whether economies of scale that should be achieved by our partners are reflected in what M&G pays for these services.

Secondly, M&G can achieve cost savings when a fund's assets under management grow above a certain size. This is because certain costs of running a fund are fixed, meaning funds are generally more profitable to run when they grow. Using internal data, we analyse the relationship between fund costs and size over time to establish if there is a connection between scale and profitability, and explore any exceptions.

Since August 2019, M&G has shared cost savings with all investors by applying discounts to the annual charges of funds whose assets under management are above a certain size where M&G considers there are material savings to pass on. The discount applies as follows. For every £1 billion of a fund's net asset value, a discount of 0.02% is applied to that fund's annual charge (equating to £0.20 a year for every £1,000 invested) up to a maximum of 0.12%. This also works in the opposite direction should a fund's net asset value fall below the £1 billion threshold.

Our analysis not only considers whether a fund achieves economies of scale but also whether the range achieves economies of scale and whether M&G's formal economies of scale mechanism is competitive within the marketplace.

We consider three questions:

1. Does the fund range exhibit economies of scale as at the reference period date (ie, declining costs with increasing assets under management)?
2. Does the given fund exhibit economies of scale over the prior three reference period dates?
3. Is M&G's range-wide economies of scale mechanism competitive within the marketplace?

We rate the fund 'outstanding' if the answer to all three questions is yes. It is 'good' if the answer to two questions is yes. It is rated 'satisfactory' for one yes and 'must improve' if none of the answers is yes.

The Board have the right to question the methodology and wanted more market evidence for this report. As a result outstanding rankings have been assessed as good.

The economies of scale methodology also appraises M&G funds individually, rather than just being assessed at a range level. It also benefits from the enhancements made to the AFM Costs Model, as it uses the same underlying data.

5. Comparable market rates



For each share class of each fund, we have evaluated our charges to those of similar fund offerings in the market. We first compare the charges for each of our funds to those of other funds in its peer group. This is often the fund's sector, as classified by Morningstar or the Investment Association (IA). Where the sector is deemed insufficient, a custom peer group has been used that we believe best reflects the characteristics of the fund in question.

We look at funds' annual charges, inclusive of any discount based on economies of scale, and excluding transaction and extraordinary costs. Since we believe passively managed funds, being those whose objective is to track an index, are not comparable to actively managed funds, we only compared the charges of our actively managed funds with those of other actively managed funds, and vice versa.

Importantly, we make comparisons using the highest charging share class – free of any rebates or intermediary commission – that is freely available through third party distributors in the UK retail market. If a fund's annual charge is lower than most comparable funds, we rate its primary share class as 'good'. If it is in the lowest decile of its peer group, it will be rated as 'outstanding'. Conversely, if a fund is more expensive than most comparable funds, we rate that fund as no better than 'must improve'. If a fund's annual charges are more or less in line with the median average of its peer group, it will be rated as 'satisfactory'.

For those investor groups (and therefore share classes) who use phone and postal services or web-based services, we compare our charges to other fund managers, or platform providers, that offer similar services. Again, if the effective cost we charge for a given service is cheaper than most of our competitors, we will award a rating of 'good' or better. Conversely, if a service is more expensive, we rate it as no better than 'must improve'.

For share classes that effectively include a price for the client services also provided by M&G, on top of investment management, we then combine these two ratings to arrive at an overall assessment for each share class of a fund.

6. Comparable M&G services



Our first step in evaluating comparable services is to define the investment characteristics of our funds. These include the types of asset each fund invests in (for instance, equities or bonds), or geographic area each fund invests in (for instance, emerging markets or the UK). We then identify every fund that M&G or its associates manage, or accounts that we manage for other companies, and we then compare the charges.

Where any similar fund or account that we manage for others has annual charges that are lower, we investigate the reasons why this apparent discrepancy exists. Where we determine that any such difference in price is justified, the share class rating is 'satisfactory'. If we determine that the difference cannot be explained, the rating will be no better than 'must improve'. We might rate a share class as 'unsatisfactory' if we conclude that there is an unacceptable divergence in charges between similar types of investors which must be rectified. Conversely, where there is a similar fund or account that M&G manages but its annual charges are in line with those of a fund, the share class rating is 'good'. If no funds or mandates are deemed to be comparable to the share class of a fund, we cannot give a rating.

7. Share classes



For this final criterion, we undertake an in-depth analysis of which investors hold the respective share classes of each fund. Firstly we evidence a coherent and consistent share class pricing structure across the range of funds in scope, subject to regular attestation. Secondly, we evidence that this pricing structure is broadly supported by costs data obtained under the AFM costs criterion. No investor should be paying more than others to access the same product with substantially similar rights and services.

Where no corporate or direct outlier has been found and a coherent and consistent pricing structure exists across the range of funds in scope and is broadly supported by costs data for each share class type, we rate this as 'good.' If there are simply no outliers, we rate the share class as 'satisfactory'.

We might rate a share class as 'must improve' where an unjustified corporate or direct outlier has been found to exist.

Fund benchmarks

M&G Absolute Return Bond Fund

Benchmark: SONIA +2.5%

The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's benchmark as it is an achievable performance target and best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance objective and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the fund. The benchmark is shown in Sterling.

M&G Asian Fund

Benchmark: MSCI AC Asia Pacific ex Japan Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Better Health Solutions Fund

Benchmark: MSCI World Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Charibond Charities Fixed Interest Fund (Charibond)

Benchmark: A composite index comprising:

50% of the ICE BoAML 1-15 Gilt Index

50% of the ICE BoAML 1-15 Non-Gilt Index

The benchmark is a target which the fund seeks to outperform. The composite index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Charity Multi Asset Fund

Benchmark: A composite index comprising:

45% FTSE All-Share Index

30% MSCI ACWI (ex UK) Index

12.5% ICE BoAML 1-15 Gilt Index

12.5% ICE BoAML 1-15 Non-Gilt Index

The benchmark is a target which the fund seeks to outperform. The composite index has been chosen as it best reflects the scope of the fund's investment policy and is used solely to measure the fund's performance. The target yield has been chosen as it is an achievable target given the fund's investment policy. The benchmark and target yield do not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has freedom in choosing which assets to buy, hold and sell in the fund within the constraints set by the objective and investment policy. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Climate Solutions Fund

Benchmark: MSCI World Index

The benchmark is a target against which the fund's financial performance can be measured. The index has been chosen as benchmark as it best reflects the financial aspects of the fund's investment policy. The benchmark does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Corporate Bond Fund

Benchmark: IA £ Corporate Bond Sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constraint portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The benchmark is shown in the share class currency.

M&G Dividend Fund

Benchmark: FTSE All-Share Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Emerging Markets Bond Fund

Benchmark: A composite index comprising:

1/3 JPM EMBI Global Diversified Index

1/3 JPM CEMBI Broad Diversified Index

1/3 JPM GBI-EM Global Diversified Index

The benchmark is a target which the fund seeks to outperform. The composite index has been chosen as the benchmark as it best reflects the scope of the fund's investment policy. The benchmark does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. For unhedged share classes, the benchmark is shown in Sterling. For currency hedged share classes, the benchmark is hedged to Sterling.

M&G Emerging Markets Monthly Income Fund

Benchmark: n/a

The fund is actively managed and it has no benchmark. Investors can assess the performance of the fund by its objective. The fund's annual report for each financial year will include details of the fund's performance in relation to its objective.

M&G Episode Allocation Fund

Benchmark: SONIA +5%

The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's benchmark as it is an achievable performance target and best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance objective and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the fund. The benchmark is shown in Sterling.

M&G Episode Growth Fund

Benchmark: IA Mixed Investment 40-85%

Shares Sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The benchmark is shown in Sterling.

M&G Episode Income Fund

Benchmark: n/a

The fund is actively managed and it has no benchmark. Investors can assess the performance of the fund by its objective to provide a growing level of income and capital growth of 2-4% per annum, both measured over any three-year period. The fund's annual report for each financial year will include details of the fund's performance in relation to its objective.

M&G Equities Investment Fund for Charities (Charifund)

Benchmark: FTSE All-Share Index

The FTSE All-Share Index is a comparator benchmark against which the fund's total return performance can be measured. The index has been chosen as it best reflects the scope of the fund's investment policy. The FTSE All-Share Index is also a target benchmark for yield. The UK Retail Prices Index (RPI) is a target benchmark for capital growth. The benchmarks are targets which the fund seeks to outperform. The target yield and capital growth level have been chosen as they are achievable targets given the fund's investment policy. The target benchmarks and comparator benchmark do not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has freedom in choosing which assets to buy, hold and sell in the fund within the constraints set by the objective and investment policy. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G European Corporate Bond Fund

Benchmark: ICE BofAML Euro Corporate Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. For unhedged share classes, the benchmark is shown in Sterling. For currency hedged share classes, the benchmark is hedged to Sterling.

M&G European Index Tracker Fund

Benchmark: FTSE World Europe ex UK Index

The index is a target benchmark for the fund. The fund is passively managed and aims to track the return of the index. The fund's holdings are therefore unlikely to significantly deviate from the benchmark's constituents, though the weighting of the holdings of the fund may deviate from the weighting of the benchmark's constituents. The benchmark is shown in the share class currency.

M&G European Sustain Paris Aligned Fund

Benchmark: MSCI Europe ex UK Index

The benchmark is the target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the financial aspects of the fund's investment policy. The benchmark is also used to define what a Low Carbon Intensity company is and to measure the fund's weighted average carbon intensity but does not otherwise constrain the fund's portfolio construction. The fund is actively managed and within given constraints, the fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents, and as a result the fund's performance may deviate materially from the benchmark.

M&G Gilt & Fixed Interest Income Fund

Benchmark: FTSE Actuaries UK Conventional Gilts All Stocks Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Global Convertibles Fund

Benchmark: Refinitiv Global Focus Convertible Bond Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. For unhedged share classes, the benchmark is shown in the share class currency. For currency hedged share classes, the benchmark is hedged to the share class currency.

M&G Global Dividend Fund

Benchmark: MSCI ACWI Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and income objective and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Global Emerging Markets Fund

Benchmark: MSCI Emerging Markets Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. For unhedged share classes, the benchmark is shown in Sterling. For currency hedged share classes, the benchmark is hedged to Sterling.

M&G Global Enhanced Equity Premia Fund

Benchmark: MSCI ACWI (NUK) Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used to measure the fund's performance and acts as a constraint on the fund's portfolio construction, as certain limits, such as constraints on sector or geographic exposure, may apply at any given time. The fund is actively managed. Within the given constraints, the fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Global Floating Rate High Yield Fund

Benchmark: ICE BofAML Global Floating Rate High Yield Index (3% constrained) GBP Hedged

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. For unhedged share classes, the benchmark is shown in Sterling. For currency hedged share classes, the benchmark is hedged to Sterling.

M&G Global Government Bond Fund

Benchmark: IA Global Government Bond Sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The benchmark is shown in the share class currency.

M&G Global High Yield Bond Fund

Benchmark: ICE BofAML Global High Yield Index (GBP Hedged)

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the target benchmark's constituents. The benchmark is shown in Sterling.

M&G Global High Yield ESG Bond Fund

Benchmark: ICE BofAML Global High Yield Index (GBP Hedged)

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. For unhedged share classes, the benchmark is shown in Sterling. For currency hedged share classes, the benchmark is hedged to Sterling.

M&G Global Listed Infrastructure Fund

Benchmark: MSCI ACWI Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. For unhedged share classes, the benchmark is shown in Sterling. For currency hedged share classes, the benchmark is hedged to Sterling.

M&G Global Macro Bond Fund

Benchmark: IA Global Mixed Bond Sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. For unhedged share classes, the benchmark is shown in Sterling. For currency hedged share classes, the benchmark is hedged to Sterling.

M&G Global Strategic Value Fund

Benchmark: MSCI ACWI Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in the share class currency.

M&G Global Sustain Paris Aligned Fund

Benchmark: MSCI World Index

The benchmark is the target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the financial aspects of the fund's investment policy. The benchmark is also used to define what a Low Carbon Intensity company is. The fund manager considers the fund's weighted average carbon intensity against the benchmark when constructing the portfolio, but the benchmark does not otherwise constrain portfolio construction. The fund is actively managed and within given constraints, the fund manager has freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents, and as a result performance may deviate materially from the benchmark. For unhedged and hedged share classes, the benchmark is shown in the share class currency.

M&G Global Target Return Fund

Benchmark: SONIA +2-4%

The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's benchmark as it is an achievable performance target and best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance objective and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the fund. The benchmark is shown in Sterling.

M&G Global Themes Fund

Benchmark: MSCI ACWI Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in the share class currency.

M&G Index-Linked Bond Fund

Benchmark: FTSE Actuaries UK Index-linked Gilts All Stocks Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the target benchmark's constituents. The benchmark is shown in Sterling.

M&G Index Tracker Fund

Benchmark: FTSE All-Share Index

The index is a target benchmark for the fund. The fund is passively managed and aims to track the return of the index. The fund's holdings are therefore unlikely to significantly deviate from the benchmark's constituents, though the weighting of the holdings of the fund may deviate from the weighting of the benchmark's constituents. The benchmark is shown in Sterling.

M&G Japan Fund

Benchmark: MSCI Japan Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Japan Smaller Companies Fund

Benchmark: Russell/Nomura Mid-Small Cap Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Managed Growth Fund

Benchmark: IA Flexible Investment Sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the fund's benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The benchmark is shown in Sterling.

M&G North American Dividend Fund

Benchmark: S&P 500 Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. For unhedged share classes, the benchmark is shown in Sterling. For currency hedged share classes, the benchmark is hedged to Sterling.

M&G North American Value Fund

Benchmark: S&P 500 Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Optimal Income Fund

Benchmark: IA £ Strategic Bond Sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The benchmark is shown in Sterling.

M&G Positive Impact Fund

Benchmark: MSCI ACWI Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Property Portfolio (and M&G Feeder of Property Portfolio)

Benchmark: IA UK Direct Property sector

The benchmark is a comparator against which the fund's performance can be measured. The sector has been chosen as the fund's benchmark as the fund is a constituent of the sector. The benchmark does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The benchmark is shown in Sterling.

M&G Recovery Fund

Benchmark: FTSE All-Share Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in the share class currency.

M&G Short Dated Corporate Bond Fund

Benchmark: Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged)

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the target benchmark's constituents. The benchmark is shown in Sterling. The benchmark has been used since 2018.

M&G Smaller Companies Fund

Benchmark: Numis Smaller Companies Index excluding Investment Companies

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used to measure the fund's performance and, together with the other index, and the Alternative Investment Market as referenced in 'Core investment' constrains the fund's portfolio construction as they define the investment universe of the fund. The fund is actively managed. Within the given constraints, the fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in Sterling.

M&G Strategic Corporate Bond Fund

Benchmark: IA £ Corporate Bond Sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen the benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The benchmark is shown in Sterling.

M&G Sustainable Multi Asset Balanced Fund

Benchmark: IA Mixed Investment 20-60%

Shares Sector

The benchmark is a comparator against which the fund's financial performance can be measured. The sector has been chosen as the benchmark as it reflects the financial aspects of the fund's investment policy. The benchmark does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund within the constraints set by the fund's objective and investment policy. The benchmark is shown in Sterling.

M&G Sustainable Multi Asset Cautious Fund

Benchmark: IA Mixed Investment 0-35%

Shares Sector

The benchmark is a comparator against which the fund's financial performance can be measured. The sector has been chosen as the benchmark as it reflects the financial aspects of the fund's investment policy. The benchmark does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund within the constraints set by the fund's objective and investment policy. The benchmark is shown in Sterling.

M&G Sustainable Multi Asset Fund

Benchmark: n/a

The fund is actively managed and it has no benchmark. Investors can assess the performance of the fund by its objective to provide a total return of 4 to 8% per annum over any five-year period. The fund's annual report for each financial year will include details of the fund's performance in relation to its objective.

M&G Sustainable Multi Asset Growth Fund

Benchmark: IA Flexible Investment Sector

The benchmark is a comparator against which the fund's financial performance can be measured. The sector has been chosen as the benchmark as it reflects the financial aspects of the fund's investment policy. The benchmark does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund within the constraints set by the fund's objective and investment policy. The benchmark is shown in Sterling.

M&G UK Income Distribution Fund

Benchmark: A composite index comprising:

70% FTSE All-Share Index

30% FTSE Actuaries UK Conventional Gilts All Stocks Index

This composite index is the fund's total return benchmark. The yield benchmark is the FTSE All-Share Index. The benchmarks are targets which the fund seeks to outperform, and have been chosen as they best reflect the scope of the fund's investment policy. The benchmarks are used solely to measure the fund's performance and do not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the constituents of the benchmarks. The total return benchmark is shown in Sterling.

M&G UK Inflation Linked Corporate Bond Fund

Benchmark: UK Consumer Prices Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. For unhedged and hedged share classes, the benchmark is shown in Sterling.

M&G UK Select Fund

Benchmark: FTSE All-Share Index

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction. The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents. The benchmark is shown in the share class currency.

A summary of M&G fund share classes

Most M&G funds have different share classes, each offering certain services and carrying its own level of charges. The share class that you hold will typically depend on how you invest in any given fund and the value of your investment.

For your information, and to provide further context for our Value Assessment, we have provided a summary for each of the share classes – including who generally invests in them and the services they receive – below.

Please note all share classes are [denominated in Sterling](#) unless another currency is stated.

'A' and 'X' share classes have the same characteristics and charges*, and are predominantly held by:

- Individuals who invest directly with M&G and administer their own investments by phone and post.
- Individuals who invest through a financial adviser, to whom a commission will have been paid.

*Prior to December 2016, the 'X' share class incurred an exit fee on withdrawal.

The 'R' share class is predominantly held by:

- Individuals who invest through a financial adviser, to whom no commission will be paid, and who typically paid a fee for financial advice.
- Individuals who invest directly through M&G's online-based service, myM&G, and whose investments on myM&G have an overall value of less than £250,000.

Annual charges are generally 0.15% lower than 'A' shares for any given fund.

The 'I' share class is predominantly held by:

- Investors who invest through a platform or a financial adviser, who will normally charge fees for their services that are in addition to the fund's charges.
- Individuals who invest directly through M&G's online-based service, myM&G, and whose investments on myM&G have an overall value of at least £250,000.
- Individuals who invest directly with M&G and administer their own investments by phone and post, and whose investment in a given fund is £500,000 or more.

Annual charges are generally 0.40% lower than 'A' shares for any given fund.

The 'PP' share class is predominantly held by:

- Professional investors who invest £500,000 or more through the Prudential Wealth platform.
- UK wealth managers who can invest £5 million or more in a fund.

Charges are generally lower than 'I' shares for any given fund.

Other share classes

The 'D' share class is only available in the M&G Property Portfolio. Charges are lower than 'I' shares in the fund, but redemptions are subject to a notice period.

The 'E' share class is held by institutional investors who made investments in a fund at its launch. It carries lower charges than the 'I' share class.

The 'J' share class is held by large institutional investors who have holdings of £200 million or more in a fund. It carries lower charges than the 'I' share class.

The 'L' share class is held by institutional investors who made investments in a fund at its launch. It carries lower charges than the 'I' share class.

The 'Z' share class is held by large institutional investors who have holdings of £20 million or more in a fund. It carries lower charges than the 'I' share class.

Non-Sterling share classes are those denominated in either Euros, Swiss francs (CHF) or US dollars (USD).

- 'Euro A' / 'CHF A' / 'USD A' shares are distributed to investors through European distributors. Rebates are paid by M&G to the distributor. Charges are the same or higher than the Sterling 'A' shares for any given fund.
- 'Euro C' / 'CHF C' / 'USD C' shares are distributed to investors through European distributors. No rebates are paid by M&G to the distributor. Charges are in line with Sterling 'I' shares for any given fund.
- 'Euro Z' shares are held only by large institutional investors who have entered into a bespoke agreement with M&G.

Hedged share classes are indicated by the '-H' suffix. This means the effects of movements between a fund's base currency and the currency of the hedged share class are mitigated, reducing investors' exposure to currency fluctuations.

Glossary of terms

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

Active management An approach to investing whereby capital is allocated according to the judgement of the investor or fund manager(s). The active investor aims to beat the returns from the stockmarket or specified index/sector, rather than to match them.

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

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

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

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

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

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

Capital at risk The risk an investor faces that he or she may lose all or part of the assets invested.

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

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

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.

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

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.

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

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

Dividend Dividends represent a share in the profits of 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 market Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Equities Shares of ownership in a company.

ESG integration Including ESG (environmental, social and governance) factors as an integral part of the investment decision-making process, with this extra-financial analysis integrated into the overall analysis of a potential investment.

ESG investing A variety of investment approaches that incorporates environmental, social and governance factors into the investment process.

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

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

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

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

Hedging A method of reducing unnecessary or unintended risk.

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

Impact Investing An investment philosophy which supports companies that are working to provide significant societal or environmental benefit, in addition to generating a financial return.

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

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

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.

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

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.

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.

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.

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

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

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

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

Sustainable Development Goals (SDGs) A United Nations sponsored set of goals, targets and indicators covering a range of sustainable development issues that UN member states are expected to use to frame their agendas to 2030.

Sustainable Investing Long-term investment in a company, asset or sector that makes a positive contribution to environment, economy or society, in order to support or boost that positive contribution over time.

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.

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 the company and are paid out to a company's shareholders at set times of the year.

Notes

