

M&G Investment Funds (10)

**Annual report and audited financial statements
for the year ended 31 March 2023**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (10) presents its annual report and audited financial statements for the year ended 31 March 2023.

The audited financial statements of M&G Investment Funds (10) and the investment report and audited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (10) is an umbrella Open-Ended Investment Company (OEIC) and contains nine sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 26 August 2010, the M&G UK Inflation Linked Corporate Bond Fund was launched on 16 September 2010, the M&G Absolute Return Bond Fund was launched on 13 December 2016, the M&G Global Listed Infrastructure Fund was launched on 5 October 2017, the M&G Positive Impact Fund was launched on 20 November 2018, the M&G Global Enhanced Equity Premia Fund was launched on 12 November 2019, the M&G Sustainable Global High Yield Bond Fund (formerly M&G Global High Yield ESG Bond Fund) was launched on 25 February 2020, the M&G Climate Solutions Fund was launched on 5 November 2020, the M&G Better Health Solutions Fund was launched on 17 June 2021 and the M&G Sustainable Global Corporate Bond Fund was launched on 18 May 2022.

The Company's principal activity is to carry on business as an OEIC. The Company is structured as an umbrella company, and different funds may be established by the ACD from time to time with the agreement of the Depositary and approval from the FCA. The funds are operated separately and the assets of each fund are managed in accordance with the investment objective and policy applicable to that fund.

As at 31 March 2023, none of the funds held shares of the other funds within this OEIC.

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

Fund managers

The following fund managers are employed by M&G FA Limited which is an associate of M&G Securities Limited.

M&G Absolute Return Bond Fund

Wolfgang Bauer

Jim Leaviss was co-fund manager up to 31 August 2022.

M&G Better Health Solutions Fund

Jasveet Brar

M&G Climate Solutions Fund

Michael Rae

Please note that effective from 8 February 2023, Michael Rae replaced John William Olsen as fund manager.

M&G Global Enhanced Equity Premia Fund

Gautam Samarth

Marc Beckenstrater was co-fund manager up to 30 June 2022.

M&G Global Listed Infrastructure Fund

Alex Araujo

M&G Positive Impact Fund

John William Olsen

M&G Sustainable Global Corporate Bond Fund

Ben Lord

M&G Sustainable Global High Yield Bond Fund (formerly M&G Global High Yield ESG Bond Fund)

James Tomlins and Stefan Isaacs

M&G UK Inflation Linked Corporate Bond Fund

Ben Lord

Authorised Corporate Director's Report

ACD

M&G Securities Limited,
10 Fenchurch Avenue, London EC3M 5AG, UK
Telephone: 0800 390 390 (UK only)
(Authorised and regulated by the Financial Conduct Authority. M&G Securities Limited is a member of the Investment Association and of The Investing and Saving Alliance)

Directors of the ACD

N J Brooks, C Dobson (non executive director),
S A Fitzgerald, P R Jelfs,
M McGrade (non executive director), L J Mumford

Investment manager

M&G Investment Management Limited,
10 Fenchurch Avenue, London EC3M 5AG, UK
Telephone: +44 (0)20 7626 4588
(Authorised and regulated by the Financial Conduct Authority)

Registrar

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

Depositary

NatWest Trustee & Depositary Services Limited,
House A, Floor 0, 175 Glasgow Road, Gogarburn,
Edinburgh EH12 1HQ, UK
(Authorised and regulated by the Financial Conduct Authority)

Independent auditor

Ernst & Young LLP
Atria One, 144 Morrison Street, Edinburgh EH3 8EX, UK

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2022 can be found on our website at mandg.co.uk/valueassessment

Climate-related Financial Disclosures (TCFD)

We have produced TCFD reports in compliance with the FCA's rules on climate-related financial disclosures. The TCFD fund reports are designed to help you understand the impact these funds have on the climate and equally how climate change could influence the performance of the fund. The reports will also give you the ability to compare a range of climate metrics with other funds. To understand the governance, strategy and risk management that M&G has in place to manage the risks and opportunities related to climate change, please refer to the M&G Investments Management TCFD report.

These reports are available via the Sustainability Disclosures page on our website at mandg.com/footer/sustainability-disclosures

Important information

The events in Ukraine continue to bring uncertainty. The ACD continues to monitor the associated risks that are posed to the Company.

From 27 April 2022, the M&G Investments Thermal Coal Investment Policy has been applied. For further information, investors should refer to the Prospectus or the 'M&G Investments Thermal Coal Investment Policy' document which is available on the M&G website at mandgplc.com/sustainability/environment/coal

On 10 May 2022, the M&G Global High Yield ESG Bond Fund was renamed the M&G Sustainable Global High Yield Bond Fund.

Authorised Corporate Director's Report

On 18 May 2022, the M&G Sustainable Global Corporate Bond Fund was launched as a sub-fund of M&G Investment Funds (10).

Effective as of 21 October 2022, John William Olsen replaced Randeep Somel as fund manager of the M&G Climate Solutions Fund.

As of January 2023 the operating charge figure includes the underlying charges for closed-ended funds, such as investment trusts and REITs (real estate investment trusts). There is no change to what you are currently being charged; this is a presentational change to align with the latest industry guidance issued by the Investment Association.

With effect from 8 February 2023, Michael Rae replaced John William Olsen as fund manager of the M&G Climate Solutions Fund.

On 11 May 2023, following approval from the FCA investors were formally notified of the ACD's intention to close M&G Absolute Return Bond Fund. The fund was closed on 13 July 2023.

On 7 July 2023, following approval from the FCA investors were formally notified of the ACD's intention to close M&G Global Enhanced Equity Premia Fund on 8 August 2023.

Please refer to the 'Investment review' section for further details on significant events during the period. Investment reviews may become quickly outdated in relation to ongoing economic and geopolitical events.

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, costs and charges illustration, the latest annual or interim investment report and financial statements as well as a list of purchases and sales are available free of charge on request from the following address. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depositary.

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

The ACD is required to keep proper accounting records, and to manage the Company in accordance with the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA, the Instrument of Incorporation and the Prospectus, and to take reasonable steps for the prevention and detection of fraud or other irregularities. Additionally, the ACD is responsible for preparing the financial statements on a going concern basis unless it is appropriate to presume that the Company will not continue in operation.

For the reasons stated in the ACD's Report and Note 2a, the financial statements of the M&G Absolute Return Bond Fund and the M&G Global Enhanced Equity Premia Fund have not been prepared on a going concern basis.

Directors' statement

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

M&G Securities Limited
21 July 2023

Depository's Responsibilities and Report

Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Investment Funds (10) ('the Company') for the year ended 31 March 2023

The Depository must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depository must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depository is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depository must ensure that:

- the Company's cashflows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

The Depository also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depository of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Edinburgh
21 July 2023

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Investment Funds (10)

Opinion

We have audited the financial statements of M&G Investment Funds (10) ("the Company") comprising each of its sub-funds for the year ended 31 March 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 March 2023 and of the net revenue and the net capital losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter – financial statements prepared on a break-up basis

We draw attention to note 2a to the financial statements which explains that the Authorised Corporate Director ("the ACD") has terminated the M&G Absolute Return Bond Fund and intends to terminate the M&G Global Enhanced Equity Premia Fund and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements for these sub-funds only, have been prepared on a break-up basis as described in note 2a. The financial statements for the Company as a whole remain prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

The financial statements for the M&G Absolute Return Bond Fund and the M&G Global Enhanced Equity Premia Fund have been prepared on a break-up basis as disclosed in note 2a.

In auditing the financial statements of the remaining sub-funds, we have concluded that the ACD's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the remaining sub-funds' ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the remaining sub-funds' ability to continue as a going concern.

Independent Auditor's Report

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Instrument of Incorporation; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 4, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to wind up or terminate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Association's Statement of Recommended Practice (IA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified two fraud risks with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution, and the incorrect valuation of suspended investments. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return. In relation to suspended investments, we performed an independent assessment of fair value using IPEV guidelines and market information.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the

Independent Auditor's Report

Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's Shareholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Edinburgh
21 July 2023

Ernst & Young LLP
Statutory Auditor

Financial statements and notes

The financial statements for M&G Investment Funds (10) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

1 Statement of compliance

The financial statements of M&G Investment Funds (10) have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017, except in relation to the separate disclosure in note 13.

2 Summary of significant accounting policies

a. Basis of preparation

There are no material events that have been identified that may cast significant doubt on the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of each fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19.

The financial statements of M&G Investment Funds (10) are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The ACD has terminated the M&G Absolute Return Bond Fund and intends to terminate the M&G Global Enhanced Equity Premia Fund. As a result the financial statements of these funds have been prepared on a break-up basis. Under this basis assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the funds will be borne by the ACD.

b. Functional and presentational currency

Where the functional and presentational currency of a fund is not UK sterling this is disclosed in the 'Financial statements and notes' of that fund.

c. Exchange rates

Transactions in currencies other than each fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 31 March 2023 being the last business day of the accounting period.

d. Investments – recognition and valuation

The provisions of both Section 11 and Section 12 of FRS 102 have been applied in full. All investments have been designated as fair value through profit and loss and recognised initially at fair value, which is normally the transaction price (excluding transaction costs and accrued interest).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 31 March 2023, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. Interest accrued is not included in the fair

Financial statements and notes

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

- Equities and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
 - Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
 - Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.
 - Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
 - Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
 - Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
 - Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
 - Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.
- e. Recognition of income and expenses**
- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
 - Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
 - Interest on debt securities is recognised on an effective interest rate basis. Bank interest is recognised on an accruals basis.
 - Underwriting commission is recognised when the issue takes place.
 - Revenue from derivatives is recognised on an accruals basis.
 - Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
 - Expenses are recognised on an accruals basis.
- f. Treatment of income and expenses**
- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains/(losses).
 - The value of any enhancement to a stock dividend is treated as capital.
 - Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
 - Special dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.

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- Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.
 - Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the shares and treated as capital.
 - Other interest income, such as bank interest is treated as revenue.
 - Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.
 - The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
 - Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
 - Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.
- g. Operating charges**
- Operating charges include payments made to M&G and to providers independent of M&G:
- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
 - **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
 - **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a

Financial statements and notes

material change has made the operating charges unreliable as an estimate of future charges.

h. Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

i. Tax

Dividends and similar income receivable are recognised at an amount that includes any withholding tax but excludes irrecoverable tax credits. Any withholding tax suffered is shown as part of the tax charge.

Tax is accounted for at the appropriate rate of corporation tax with relief for double taxation taken where appropriate. The tax accounting treatment follows the principal amounts involved.

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed by the balance sheet date. Deferred tax is

measured on a non-discounted basis, at the average rate of tax expected to apply in the period in which it expects the deferred tax to be realised or settled. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

Marginal tax relief has not been taken into account in respect of expenses offset against capital.

j. Allocation of returns to share classes

The annual charge is directly attributable to individual share classes. All other returns are apportioned to the fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

All available net revenue accounted for in accordance with the above policies and adjusted where relevant by any specific distribution policies set out in the notes to that fund's financial statements, is distributed to holders of Income shares or retained and reinvested for holders of Accumulation shares. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the fund.

3 Risk management policies

The ACD is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which funds are or might be exposed.

The Company's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests; market risk, credit risk and liquidity risk.

Financial statements and notes

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

The following risk management policies are applicable to the funds, with specific risk disclosures set out in the notes to the financial statements of each fund.

a. Market risk

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

In relation to market risk, processes are applied that take account of the investment objective and policy of each fund. All funds are subject to an investment oversight process in accordance with the type and nature of the fund. In addition all funds are monitored for compliance within regulatory limits.

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

b. Commitment approach

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

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

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

Market risk is considered on a daily basis and forms the foundation of investment oversight analysis. This can include for each fund (but is not limited to) the analysis of factors such as fund concentration; style, geographical, industry and market capitalisation biases; active, systematic and specific risk measurements; active money; and beta characteristics.

c. Value at Risk approach

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

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

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

VaR does have limitations in its ability to present valid levels of risk in extreme market conditions. Accordingly, the Risk Analysis team also carries out monthly stress testing and scenario based analysis. Stress testing allows for extreme sets of market circumstances which may not be reflected in historical data sets thereby enabling further assessment of combinations of market movements

Financial statements and notes

which may cause serious damage to portfolio values. The key element to the scenario based analysis is challenging the correlation assumptions implicit within statistical based models such as VaR.

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

The table below shows funds using the 'commitment' approach and those using the 'Value at Risk (VaR)' approach:

Fund	Global exposure approach
M&G Absolute Return Bond Fund	VaR
M&G Better Health Solutions Fund	Commitment
M&G Climate Solutions Fund	Commitment
M&G Global Enhanced Equity Premia Fund	Commitment
M&G Global Listed Infrastructure Fund	Commitment
M&G Positive Impact Fund	Commitment
M&G Sustainable Global Corporate Bond Fund	VaR
M&G Sustainable Global High Yield Bond Fund (formerly M&G Global High Yield ESG Bond Fund)	VaR
M&G UK Inflation Linked Corporate Bond Fund	VaR

d. Liquidity risk

Liquidity risk is the risk that a fund's holdings cannot be sold, liquidated or closed out at limited cost in an adequately short time frame and that the ability of the scheme to comply at any time with its obligation to sell and redeem shares is thereby compromised.

The overall liquidity profile for each fund is reviewed and updated regularly. The liquidity profile takes into account investment, cashflow and market liquidity considerations.

Investment liquidity considerations include an assessment of asset class liquidity conditions, liquidity of underlying holdings, portfolio construction and concentration, the scale of individual stock ownership and the nature of the investment strategy.

Cashflow liquidity is managed in each fund on a daily basis using reports that include subscription and redemption information as well as the impact of trading, derivative lifecycle events and corporate action activity. In addition to the daily reporting, the fund managers are provided with reporting that highlights the impact of reasonably predictable events in the portfolio, including an allowance for the potential future exposures that might result from derivative exposures.

Market (or distribution-related) considerations include an assessment of asset demand, fund growth, client concentration and the persistency of the client base. Supplementary to this, market liquidity stress tests are carried out on a monthly basis for all funds.

Liquidity in funds is independently assessed and challenged through the internal governance process at M&G. Fund liquidity is modelled and compared against potential liability scenarios such as severe redemption or collateral calls and any funds with liquidity issues are flagged to the internal committee. Funds flagged to the internal committee are escalated and remedial action agreed. None of the funds have been escalated for remedial action.

e. Credit risk

For funds exposed to credit risk, the credit rating, yield and maturity of each interest bearing security is considered to determine if the yield fully reflects the risk. The capital value of interest-bearing securities within the funds will fall in the event of the default or perceived increased credit risk of an issuer.

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The capital value of interest-bearing securities within a fund may also be affected by interest rate fluctuations such that when interest rates rise, the capital value of the interest-bearing securities is likely to fall and vice versa.

Funds investing in derivatives are exposed to counterparty risk. This is the risk that the other party to the transaction fails to fulfil their obligations, either by failing to pay or failing to deliver securities. To minimise this risk, carefully selected, financially strong and well-established counterparties are selected following a thorough due diligence review and collateral is posted daily (in the form of cash or high-quality government bonds). Derivative positions are valued on a mark-to-market basis (revalued to reflect prevailing market prices) daily and collateral moves from one counterparty to the other to reflect movements in the unrealised profit or loss. As a result, the maximum loss to the fund would be limited to that day's price movements in affected derivatives contracts.

For funds in which they are used, credit default swaps are bought and sold in response to detailed credit research to take advantage of anticipated movements in credit spreads on individual stocks and baskets of securities. When a fund buys a credit default swap the default risk associated with the underlying security transfers to the counterparty. When a fund sells a credit default swap the fund assumes the credit risk of the underlying security.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

The fund aims to achieve a total return (the combination of income and capital growth) of at least 2.5% per annum above the Sterling Overnight Index Average (SONIA), before any charges are taken, in any market conditions and over any three year period.

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

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

Investment policy

The fund invests at least 70% in fixed and variable rate securities (including, but not limited to, corporate bonds and government and public securities), currencies, cash, near cash and deposits. These may be from anywhere in the world and denominated in any currency.

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

Derivatives may be used to meet the fund's objective and for efficient portfolio management purposes. The fund may also invest in other funds.

Investment approach

The fund manager takes a flexible approach, investing across a broad range of fixed income and currency markets according to where he identifies value. A dynamic investment approach is followed, allowing the fund manager to change the blend of duration, credit and currency exposures based on his outlook. The fund will typically aim to have a high level of diversification in individual credit selection and across investment themes and sources of return. The manager will aim to achieve the performance objective while managing the fund's volatility and limiting losses during difficult market conditions.

Benchmark

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.

For unhedged and hedged share classes, the benchmark is shown in the share class currency.

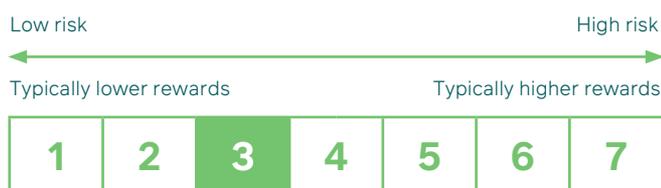
For unhedged share classes, the rate is shown in the share class currency.

Authorised Corporate Director's Report

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

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

Investment review

For the year ended 31 March 2023

Performance against objective

Between 1 April 2022 (the start of the review period) and 31 March 2023, the M&G Absolute Return Bond Fund delivered a negative total return (the combination of capital growth and income) and was behind the Sterling Overnight Index Average (SONIA) + 2.5% across all its share classes.

The fund's objective is to achieve a total return of at least 2.5% per annum above the SONIA, before any charges are taken, in any market condition and over any three-year period. Over a three-year period, the fund's annualised returns were behind SONIA +2.5%, which returned 3.4% pa. The fund therefore did not meet its investment objective.

SONIA reflects the average interest rate that banks pay to borrow sterling overnight from other financial institutions.

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

Performance review

The 12-month period under review saw heightened volatility across global bond markets as concerns about persistently high inflation and rising interest rates led to a surge in yields (which move in the opposite direction to bond prices). UK government bonds (gilts) came under particular pressure, most notably following the UK government's poorly received mini-budget announcement at the end of September. This triggered extreme turbulence in gilt markets, as investors took fright from the prospect of a raft of unfunded tax cuts and additional government borrowing.

Other developed market government bonds also came under pressure, with US Treasuries and German bunds both experiencing steep losses. Corporate bonds also performed poorly although they held up somewhat better than government bonds thanks to their lower sensitivity to movements in interest rates. It was also a poor period for emerging market bonds, especially those markets more closely connected to the ongoing Russia-Ukraine conflict.

Financial markets ended 2022 on a more positive note, with bonds recouping some of their previous losses in November and December. The reversal was driven in part by signs that inflation was falling which raised investors' hopes that central banks might slow their interest rate hikes. China's sudden relaxation of its zero-COVID policy and optimism about the reopening of its economy also lifted investor sentiment. Gilts also advanced as the turmoil that followed the mini-budget in September subsided and Rishi Sunak replaced Liz Truss as Prime Minister.

Markets remained volatile in the first quarter of 2023, driven by changes in expectations for inflation and interest rates and turmoil in the banking sector. The year started positively, with optimism about China's

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reopening and hopes that inflation might be slowing fuelling a stockmarket rally in January. However, share prices retreated and bonds sold off in February amid concerns that central banks would keep raising interest rates to tackle persistent high inflation. In March, volatility spiked as the collapse of Silicon Valley Bank in the US and the emergency rescue of Credit Suisse in Switzerland raised fears about the health of the banking system globally. However, markets stabilised by the end of the period amid the belief that the banking crisis had been contained.

Against this backdrop, the fund delivered a negative return over the review period, with performance held back by the overall weakness across fixed income markets. Losses were mitigated by the fund's low sensitivity to movements in interest rates (also known as duration, and measured in years) and defensive credit positioning.

Investment activities

The fund remains cautiously positioned in terms of its duration stance (meaning, it keeps duration relatively short, as generally bonds with longer duration are more sensitive to changes in interest rates), as we think the persistent inflationary backdrop could put further pressure on yields. This is especially the case in the US, where the Federal Reserve has emphasised its commitment to keeping inflation under control through a series of interest rate increases.

Within corporate bonds, we continue to be cautiously positioned with a focus on higher-quality investment grade names. We also maintain a significant allocation to short-dated corporate bonds, which tend to have a low sensitivity to movements in interest rates.

Within currencies, we maintained our 'barbell' approach, consisting on the one hand of defensive 'safe-haven' positions – such as the Japanese yen and the US dollar – and on the other hand, a number of smaller, opportunistic emerging market positions.

Outlook

Financial markets remain very volatile at the time of writing, with concerns over persistent inflation, slowing global growth and the recent turmoil in the banking

sector all weighing on sentiment. Investors' appetite for bonds also remains poor given uncertainty over the future direction of central bank policy.

Nevertheless, given the scale of the recent sell-off, we think there are areas of value in fixed income markets, and we believe investors who take a long-term view are being well-compensated for taking credit risk. Corporate fundamentals remain generally robust and overall we expect defaults to remain low.

However, we maintain our view of not taking on excessive levels of credit risk, particularly given the prospect that interest rates could remain elevated for a number of years. In this environment, we believe that an active and risk-controlled investment approach to the asset class remains crucial.

On 11 May 2023, following approval from the FCA investors were formally notified of the ACD's intention to close M&G Absolute Return Bond Fund. The fund was closed on 13 July 2023.

Wolfgang Bauer Fund manager

An employee of M&G FA Limited which is an associate of M&G Securities Limited. Jim Leaviss was co-fund manager up to 31 August 2022.

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.

Portfolio statement

Investments

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income	12,474	90.74	91.81
Debt securities	12,320	89.62	89.48
'AAA' credit rated bonds	1,631	11.87	11.78
AU\$775,000 Australia (Commonwealth of) 1.75% 21/06/2051	269	1.96	
€158,000 Germany (Federal Republic of) IL 0.5% 15/04/2030	175	1.27	
€347,829 Harvest VIII FRN 3.907% 15/01/2031	299	2.18	
£119,279 London Wall Mortgage Capital FRN 4.8258% 15/05/2051	117	0.85	
NOK1,400,000 Norway (Kingdom of) 1.75% 17/02/2027	103	0.75	
NOK2,000,000 Norway (Kingdom of) 2% 24/05/2023	154	1.12	
£40,303 Precise Mortgage Funding 2020-1B FRN 5.1131% 16/10/2056	40	0.29	
US\$250,000 RIN II FRN 6.7747% 10/09/2030	200	1.46	
€232,000 Sound Point Euro III Funding FRN 4.127% 15/04/2033	198	1.44	
£75,962 Towd Point Mortgage Funding 2019-Vantage 2 FRN 5.8928% 20/02/2054	76	0.55	
'AA' credit rated bonds	716	5.21	4.45
£191,000 Metropolitan Life Global Funding I 0.625% 08/12/2027	157	1.14	
€171,000 New York Life Global Funding 0.25% 23/01/2027	130	0.95	
£200,000 New York Life Global Funding 0.75% 14/12/2028	161	1.17	
US\$150,000 US Treasury 0.625% 15/05/2030	99	0.72	
US\$100,000 US Treasury IL 3.875% 15/04/2029	169	1.23	
'A' credit rated bonds	2,220	16.15	16.87
€100,000 Allianz Var. Rate 3.375% Perpetual	86	0.63	
€350,000 BP Capital Markets 1.104% 15/11/2034	221	1.61	
€189,000 Chubb 0.875% 15/12/2029	137	1.00	
£101,000 Close Brothers Finance 1.625% 03/12/2030	73	0.53	
US\$67,000 Comcast 2.987% 01/11/2063	34	0.25	
€125,000 Commerzbank 0.375% 01/09/2027	93	0.68	
€200,000 Crédit Agricole Var. Rate 0.5% 21/09/2029	143	1.04	
€110,000 DH Europe Finance II 1.8% 18/09/2049	64	0.46	
¥70,000,000 Japan (Govt. of) IL 0.1% 10/03/2029	465	3.38	
£250,000 JPMorgan Chase Var. Rate 0.991% 28/04/2026	228	1.66	
US\$100,000 JPMorgan Chase Var. Rate 1.045% 19/11/2026	72	0.52	
US\$199,874 Project Silver 3.967% 15/07/2044	137	1.00	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
€126,000 State Grid Overseas Investment 0.797% 05/08/2026	100	0.73	
€100,000 State Grid Overseas Investment 1.375% 02/05/2025	83	0.60	
€300,000 Svenska Handelsbanken 0.01% 02/12/2027	220	1.60	
€100,000 Vesteda Finance 0.75% 18/10/2031	64	0.46	
	5,462	39.73	40.03
'BBB' credit rated bonds			
€145,000 Acef 0.75% 14/06/2028	95	0.69	
€100,000 Acef 1.25% 26/04/2030	60	0.44	
€100,000 AIB Var. Rate 5.75% 16/02/2029	90	0.65	
US\$101,000 Altria 3.4% 06/05/2030	72	0.52	
€150,000 Arion Banki HF 0.375% 14/07/2025	115	0.84	
€150,000 ASR Nederland Var. Rate 5% Perpetual	130	0.95	
£150,000 Barclays Var. Rate 6.369% 31/01/2031	151	1.10	
€100,000 Bayerische Landesbank Var. Rate 1% 23/09/2031	72	0.52	
£100,000 BNP Paribas Var. Rate 2% 24/05/2031	86	0.63	
US\$145,000 Boeing 3.25% 01/02/2035	95	0.69	
US\$32,000 Broadcom 1.95% 15/02/2028	22	0.16	
£110,000 Bunzl Finance 1.5% 30/10/2030	84	0.61	
€247,000 CBRE Global Investors 0.5% 27/01/2028	154	1.12	
£100,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	83	0.60	
€180,000 Credit Suisse 0.625% 18/01/2033	101	0.73	
€100,000 Credit Suisse Var. Rate 7.75% 01/03/2029	95	0.69	
€100,000 CTP 0.75% 18/02/2027	68	0.49	
£156,000 DP World 4.25% 25/09/2030	143	1.04	
US\$34,000 DXC Technology 1.8% 15/09/2026	24	0.17	
€100,000 EnBW Energie Baden-Wuerttemberg Var. Rate 1.875% 29/06/2080	77	0.56	
€32,000 Engie 5.95% 16/03/2111	32	0.23	
€163,000 Fraport Frankfurt Airport Services Worldwide 1.875% 31/03/2028	126	0.92	
£150,000 Hammerson 6% 23/02/2026	138	1.00	
€141,000 Heathrow Funding 1.875% 14/03/2034	97	0.71	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€200,000 ING Var. Rate 0.375% 29/09/2028	146	1.06	
£184,000 Legal & General Var. Rate 3.75% 26/11/2049	154	1.12	
£100,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	85	0.62	
€100,000 Logicor Financing 1.625% 15/07/2027	69	0.50	
£100,000 Logicor Financing 2.75% 15/01/2030	77	0.56	
€100,000 Mexico (United Mexican States) 1.125% 17/01/2030	71	0.52	
€100,000 Mexico (United Mexican States) 1.45% 25/10/2033	63	0.46	
US\$225,000 Mexico (United Mexican States) 4.5% 31/01/2050	145	1.05	
MXN3,480,000 Mexico (United Mexican States) 10% 05/12/2024	155	1.13	
US\$40,401 Mitchells & Butlers Finance FRN 5.3163% 15/12/2030	29	0.21	
€115,000 Mondelēz International 0.25% 17/03/2028	85	0.62	
€218,000 National Grid 0.163% 20/01/2028	162	1.18	
US\$200,000 NatWest Var. Rate 4.892% 18/05/2029	151	1.10	
€100,000 Peugeot Invest 1.875% 30/10/2026	77	0.56	
€160,849 Portugal (Republic of) 1% 12/04/2052	74	0.54	
€300,000 Prosus 1.288% 13/07/2029	200	1.46	
€100,000 Quadient 2.25% 03/02/2025	82	0.60	
€70,000 Romania (Republic of) 3.875% 29/10/2035	47	0.34	
€44,000 Romania (Republic of) 4.625% 03/04/2049	29	0.21	
€255,000 Santander Var. Rate 0.603% 13/09/2029	177	1.29	
€300,000 Sofina 1% 23/09/2028	203	1.48	
€200,000 Traton Finance Luxembourg 0.75% 24/03/2029	145	1.05	
€300,000 Unibail-Rodamco-Westfield 0.875% 29/03/2032	180	1.31	
US\$67,961 US Bancorp Var. Rate 5.3% Perpetual	47	0.34	
€171,000 Verizon Communications 0.75% 22/03/2032	114	0.83	
€300,000 Volkswagen Financial Services 0.125% 12/02/2027	226	1.64	
€100,000 Vonovia 0.625% 14/12/2029	64	0.47	
€100,000 Vonovia 1.625% 01/09/2051	40	0.29	
€106,000 Wabtec Transportation Netherlands 1.25% 03/12/2027	81	0.59	
€103,000 WPC Eurobond 1.35% 15/04/2028	74	0.54	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds	1,880	13.68	13.76
€400,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	284	2.07	
COP200,000,000 Bogota Distrito Capital 9.75% 26/07/2028	30	0.22	
€100,000 Cellnex Finance 2% 15/02/2033	67	0.49	
US\$32,000 Cheniere Energy Partners 3.25% 31/01/2032	21	0.15	
US\$50,000 Energy Transfer FRN 7.8311% 01/11/2066	29	0.21	
€149,000 GTC Aurora Luxembourg 2.25% 23/06/2026	103	0.75	
€100,000 Heimstaden 4.375% 06/03/2027	61	0.44	
€100,000 Heimstaden Bostad Var. Rate 3.248% Perpetual	53	0.39	
€200,000 Iccrea Banca Var. Rate 2.125% 17/01/2027	157	1.14	
€300,000 Iliad 1.875% 11/02/2028	221	1.61	
€100,000 Iliad 2.375% 17/06/2026	80	0.58	
€300,000 Mahle 2.375% 14/05/2028	198	1.44	
US\$214,000 Pilgrim's Pride 3.5% 01/03/2032	139	1.01	
€300,000 SES Var. Rate 2.875% Perpetual	213	1.55	
US\$78,000 TEGNA 4.625% 15/03/2028	55	0.40	
£100,000 Vodafone Var. Rate 4.875% 03/10/2078	95	0.69	
€100,000 ZF Europe Finance 3% 23/10/2029	74	0.54	
'B' credit rated bonds	259	1.88	1.94
€150,000 Egypt (Arab Republic of) 5.625% 16/04/2030	79	0.57	
£200,000 Petroleos Mexicanos 3.75% 16/11/2025	180	1.31	
'CCC' credit rated bonds	90	0.65	0.53
£100,000 Boparan Finance 7.625% 30/11/2025	64	0.46	
RUB7,500,000 Russia (Federation of) 8.15% 03/02/2027	26	0.19	
'CC' credit rated bonds	0	0.00	0.01
'C' credit rated bonds	50	0.36	0.00
US\$200,000 NAK Naftogaz Ukraine 7.625% 08/11/2026	31	0.22	
€130,000 Ukraine (Republic of) 6.75% 20/06/2028	19	0.14	
'D' credit rated bonds	12	0.09	0.11
US\$200,000 China Evergrande 7.5% 28/06/2023	12	0.09	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt derivatives	154	1.12	2.33
Credit default swaps	(22)	(0.16)	(0.64)
US\$250,000 Amgen Jun 2023	0	0.00	
US\$3,600,000 Markit CDX North American Investment Grade Series 40 5 Year Jun 2028	(31)	(0.22)	
€420,000 Markit iTraxx Europe Crossover Series 39 V1 5 Year Jun 2028	7	0.05	
€530,000 Markit iTraxx Europe Senior Financial Series 39 V1 5 Year Jun 2028	0	0.00	
€1,000,000 Markit iTraxx Europe Series 39 V1 10 Year Jun 2033	14	0.10	
€7,800,000 Markit iTraxx Europe Series 39 V1 5 Year Jun 2028	(44)	(0.32)	
€900,000 Markit iTraxx Europe Subordinated Financials Index Series 39 V1 5 Year Jun 2028	32	0.23	
Interest rate swaps	287	2.09	0.91
€355,000 Pay 0.0472% Receive VAR Aug 2050	154	1.12	
US\$400,000 Pay 1.0817% Receive VAR Sep 2050	133	0.97	
Interest rate futures	(111)	(0.81)	2.06
7 10 Year US Treasury Note Jun 2023	17	0.12	
(10) 5 Year US Treasury Note Jun 2023	(16)	(0.12)	
(22) Euro-Bobl Jun 2023	(47)	(0.34)	
(2) Euro-Bono Sp Gov Jun 2023	(8)	(0.06)	
(3) Euro-Btp Jun 2023	(11)	(0.08)	
(9) Euro-Bund Jun 2023	(35)	(0.25)	
(4) Euro-Schatz Jun 2023	(3)	(0.02)	
(8) Long Gilt Jun 2023	(19)	(0.14)	
3 US Ultra Bond Jun 2023	11	0.08	
Currency	(25)	(0.18)	(1.39)
Forward currency contracts	(25)	(0.18)	(1.39)
€120,013 Bought for £105,701 (expires 26.04.23)	0	0.00	
€(8,800,805) Sold for £7,694,816 (expires 26.04.23)	(42)	(0.30)	
¥13,187,899 Bought for £82,867 (expires 26.04.23)	(3)	(0.02)	
US\$19,828 Bought for £16,165 (expires 26.04.23)	0	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Currency (continued)			
Forward currency contracts (continued)			
US\$91,418 Bought for €85,582 (expires 26.04.23)	(1)	(0.01)	
US\$(2,042,391) Sold for £1,671,164 (expires 26.04.23)	21	0.15	
Total portfolio	12,449	90.56	90.42
Net other assets/(liabilities)	1,297	9.44	9.58
Net assets attributable to shareholders	13,746	100.00	100.00

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

Portfolio statement

Top portfolio transactions for the year to 31 March 2023

Largest purchases	£'000
Pilgrim's Pride 3.5% 01/03/2032	157
Barclays Var. Rate 6.369% 31/01/2031	150
Arion Banki HF 0.375% 14/07/2025	112
EWE 0.25% 08/06/2028	91
AIB Var. Rate 5.75% 16/02/2029	88
Credit Suisse Var. Rate 7.75% 01/03/2029	87
EnBW Energie Baden-Wuerttemberg Var. Rate 1.875% 29/06/2080	74
Bayerische Landesbank Var. Rate 1% 23/09/2031	74
Total purchases	833

Largest sales	£'000
S-Jets 2017-1 3.967% 15/08/2042	368
HCL America 1.375% 10/03/2026	305
Goldman Sachs FRN 0.506% 23/09/2027	279
Bank of America FRN 0.513% 22/09/2026	259
Deutsche Pfandbriefbank 1.75% 21/11/2022	200
Boeing 2.196% 04/02/2026	182
Channel Link Enterprises Finance Var. Rate 1.761% 30/06/2050	171
Pilgrim's Pride 3.5% 01/03/2032	157
Japan (Govt. of) IL 0.1% 10/03/2029	124
Finsbury Square 2020-1 FRN 1.0773% 16/03/2070	118
Other sales	646
Total sales	2,809

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments.

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-1.7	+1.7	+0.7	n/a
Class 'A' Accumulation	-1.7	+1.7	+0.7	n/a
Class 'I' Income	-1.4	+1.9	+0.9	n/a
Class 'I' Accumulation	-1.4	+2.0	+0.9	n/a
Class 'L' Income	-1.2	+2.1	+1.1	n/a
Class 'L' Accumulation	-1.2	+2.2	+1.1	n/a
Class 'PP' Income	-1.3	+2.1	n/a	n/a
Class 'PP' Accumulation	-1.3	+2.1	n/a	n/a
Benchmark	+4.8	+3.4	+3.3	n/a

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 13 December 2016.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	95.45	99.64	91.58
Return before operating charges	(1.02)	(1.81)	10.79
Operating charges	(0.75)	(0.79)	(0.79)
Return after operating charges	(1.77)	(2.60)	10.00
Distributions	(2.01)	(1.59)	(1.94)
Closing NAV	91.67	95.45	99.64
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.00	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.00	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.01
Operating charges	0.80	0.80	0.80
Return after charges	-1.85	-2.61	+10.92
Other information			
Closing NAV (£'000)	949	976	918
Number of shares	1,034,979	1,022,111	921,455
Highest share price (UK p)	95.94	100.59	101.78
Lowest share price (UK p)	90.04	95.68	92.45

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 December 2016.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	107.94	110.85	99.97
Return before operating charges	(1.16)	(2.02)	11.75
Operating charges	(0.85)	(0.89)	(0.87)
Return after operating charges	(2.01)	(2.91)	10.88
Distributions	(1.43)	(0.88)	(1.26)
Retained distributions	1.43	0.88	1.26
Closing NAV	105.93	107.94	110.85
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.01
Operating charges	0.80	0.80	0.80
Return after charges	-1.86	-2.63	+10.88
Other information			
Closing NAV (£'000)	1,032	693	688
Number of shares	974,336	641,803	620,542
Highest share price (UK p)	108.48	111.91	112.18
Lowest share price (UK p)	102.72	107.29	100.60

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 13 December 2016.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	96.54	100.42	92.20
Return before operating charges	(1.05)	(1.82)	10.74
Operating charges	(0.43)	(0.45)	(0.58)
Return after operating charges	(1.48)	(2.27)	10.16
Distributions	(2.02)	(1.61)	(1.94)
Closing NAV	93.04	96.54	100.42
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.01
Operating charges	0.45	0.45	0.58
Return after charges	-1.53	-2.26	+11.02
Other information			
Closing NAV (£'000)	1,147	1,961	5,612
Number of shares	1,232,639	2,031,027	5,588,610
Highest share price (UK p)	97.04	101.49	102.53
Lowest share price (UK p)	91.25	96.75	93.07

Sterling Class 'I' Accumulation share performance

The share class was launched on 13 December 2016.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	109.27	111.84	100.65
Return before operating charges	(1.16)	(2.07)	11.83
Operating charges	(0.48)	(0.50)	(0.64)
Return after operating charges	(1.64)	(2.57)	11.19
Distributions	(1.83)	(1.29)	(1.48)
Retained distributions	1.83	1.29	1.48
Closing NAV	107.63	109.27	111.84
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.01
Operating charges	0.45	0.45	0.59
Return after charges	-1.50	-2.30	+11.12
Other information			
Closing NAV (£'000)	10,486	13,251	18,498
Number of shares	9,742,147	12,126,529	16,539,890
Highest share price (UK p)	110.12	113.03	113.12
Lowest share price (UK p)	104.21	108.61	101.29

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 13 December 2016.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	97.19	100.89	92.49
Return before operating charges	(1.06)	(1.84)	10.81
Operating charges	(0.24)	(0.26)	(0.47)
Return after operating charges	(1.30)	(2.10)	10.34
Distributions	(2.03)	(1.60)	(1.94)
Closing NAV	93.86	97.19	100.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.01
Operating charges	0.25	0.25	0.48
Return after charges	-1.34	-2.08	+11.18
Other information			
Closing NAV (£'000)	19	19	1,430
Number of shares	20,034	20,034	1,417,027
Highest share price (UK p)	97.69	102.06	102.98
Lowest share price (UK p)	91.97	97.38	93.38

Sterling Class 'L' Accumulation share performance

The share class was launched on 13 December 2016.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	110.05	112.41	101.04
Return before operating charges	(1.17)	(2.08)	11.92
Operating charges	(0.27)	(0.28)	(0.55)
Return after operating charges	(1.44)	(2.36)	11.37
Distributions	(2.06)	(1.52)	(1.33)
Retained distributions	2.06	1.52	1.33
Closing NAV	108.61	110.05	112.41
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.01
Operating charges	0.25	0.25	0.48
Return after charges	-1.31	-2.10	+11.25
Other information			
Closing NAV (£'000)	75	75	88
Number of shares	69,454	68,496	78,112
Highest share price (UK p)	111.09	113.71	113.66
Lowest share price (UK p)	105.07	109.37	101.69

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	94.47	98.16	89.94
Return before operating charges	(1.02)	(1.79)	10.61
Operating charges	(0.33)	(0.34)	(0.47)
Return after operating charges	(1.35)	(2.13)	10.14
Distributions	(1.98)	(1.56)	(1.92)
Closing NAV	91.14	94.47	98.16
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.00	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.00	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.01
Operating charges	0.35	0.35	0.48
Return after charges	-1.43	-2.17	+11.27
Other information			
Closing NAV (£'000)	18	19	19
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	94.96	99.26	100.21
Lowest share price (UK p)	89.34	94.66	90.80

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	104.04	106.38	95.64
Return before operating charges	(1.11)	(1.97)	11.24
Operating charges	(0.36)	(0.37)	(0.50)
Return after operating charges	(1.47)	(2.34)	10.74
Distributions	(1.84)	(1.33)	(1.50)
Retained distributions	1.84	1.33	1.50
Closing NAV	102.57	104.04	106.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.01
Operating charges	0.35	0.35	0.48
Return after charges	-1.41	-2.20	+11.23
Other information			
Closing NAV (£'000)	20	20	33
Number of shares	19,690	19,690	30,552
Highest share price (UK p)	104.93	107.57	107.58
Lowest share price (UK p)	99.28	103.41	96.25

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Statement of total return

for the year to 31 March	Note	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(563)		(633)
Revenue	5	344		369	
Expenses	6	(79)		(108)	
Interest payable and similar charges		(1)		0	
Net revenue/(expense) before taxation		264		261	
Taxation	7	0		(2)	
Net revenue/(expense) after taxation			264		259
Total return before distributions			(299)		(374)
Distributions	8		(278)		(285)
Change in net assets attributable to shareholders from investment activities			(577)		(659)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		17,014		27,286
Amounts received on issue of shares	3,164		2,529	
Amounts paid on cancellation of shares	(6,079)		(12,332)	
		(2,915)		(9,803)
Dilution adjustments		11		9
Change in net assets attributable to shareholders from investment activities (see above)		(577)		(659)
Retained distributions on Accumulation shares		213		181
Closing net assets attributable to shareholders		13,746		17,014

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Balance sheet

as at 31 March	Note	2023 £'000	2022 £'000
Assets			
Fixed assets			
Investments		0	15,788
Current assets			
Investments		12,709	0
Debtors	9	138	160
Cash and bank balances	10	910	856
Cash equivalents		487	1,119
Total assets		14,244	17,923
Liabilities			
Investment liabilities		(260)	(403)
Creditors			
Bank overdrafts		(56)	0
Overdrawn positions at futures clearing houses and collateral manager		(92)	(284)
Distribution payable		(28)	(25)
Other creditors	11	(62)	(197)
Total liabilities		(498)	(909)
Net assets attributable to shareholders		13,746	17,014

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

2 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the year to 31 March	2023 £'000	2022 £'000
Non-derivative securities	(936)	(1,239)
Derivative contracts	411	543
Currency gains/(losses)	(38)	63
Net capital gains/(losses)	(563)	(633)

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4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 £'000	% of transaction	2022 £'000	% of transaction
a) Purchases				
Debt securities	833		6,982	
b) Sales				
Debt securities	2,397		15,958	
Other transaction types				
Corporate actions	412		408	
Total sales	2,809		16,366	
	2023 £'000	% of average NAV	2022 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Derivatives	0	0.00	1	0.00
Taxes paid				
Derivatives	0	0.00	1	0.00
Total direct portfolio transaction costs	0	0.00	2	0.00
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.93		0.60

5 Revenue

for the year to 31 March	2023 £'000	2022 £'000
Bank interest	1	6
Derivative revenue	(15)	(30)
Interest distributions	21	0
Interest on debt securities	336	393
Rebate of ongoing charges from underlying funds	1	0
Total revenue	344	369

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6 Expenses

for the year to 31 March	2023 £'000	2022 £'000
Payable to the ACD or associate		
Annual charge	79	108
Total expenses	79	108

Audit fees for the financial year ending 2023 were £13,000 (2022: £12,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2023 £'000	2022 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	2
Deferred tax (note 7c)	0	0
Total taxation	0	2
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	264	261
Corporation tax at 20%	53	52
Effects of:		
Interest distributions	(53)	(52)
Withholding tax	0	2
Total tax charge (note 7a)	0	2
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset in the current financial year (2022: same).

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8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 March	2023		2022	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
Interim	21	93	35	100
Final	28	120	25	81
Total net distributions		262		241
Income deducted on cancellation of shares		26		50
Income received on issue of shares		(10)		(6)
Distributions		278		285
Net revenue/(expense) per statement of total return		264		259
Expenses offset against capital		14		26
Distributions		278		285

9 Debtors

as at 31 March	2023 £'000	2022 £'000
Amounts receivable on issues of shares	12	29
Debt security interest receivable	112	118
Derivative revenue receivable	0	1
Distributions receivable	2	0
Due from M&G Securities Limited	7	7
Other debtors	5	5
Total debtors	138	160

10 Cash and bank balances

as at 31 March	2023 £'000	2022 £'000
Amounts held at futures clearing houses and collateral manager	733	604
Cash held as bank balances	177	252
Total cash and bank balances	910	856

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11 Other creditors

as at 31 March	2023 £'000	2022 £'000
Amounts payable on cancellation of shares	60	186
Annual charge payable	2	2
Derivative expense payable	0	9
Total other creditors	62	197

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.04.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
Sterling					
Class 'A' Income	1,022,111	95,508	(82,640)	0	1,034,979
Class 'A' Accumulation	641,803	402,353	(69,820)	0	974,336
Class 'I' Income	2,031,027	52,634	(851,022)	0	1,232,639
Class 'I' Accumulation	12,126,529	2,414,170	(4,798,552)	0	9,742,147
Class 'L' Income	20,034	0	0	0	20,034
Class 'L' Accumulation	68,496	958	0	0	69,454
Class 'PP' Income	20,000	0	0	0	20,000
Class 'PP' Accumulation	19,690	0	0	0	19,690

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

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14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'A'	0.80
Class 'I'	0.45
Class 'L'	0.25
Class 'PP'	0.35

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 0.00% (2022: 0.00%) of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

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Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023 £'000	Liabilities 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000
Level 1	936	(139)	1,398	0
Level 2	11,773	(121)	14,388	(403)
Level 3	0	0	2	0
	12,709	(260)	15,788	(403)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity and exposure

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

The VaR limit set during the financial year to 31 March 2023 was 6% (2022: 6%).

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 March 2023 and 31 March 2022.

for the year to 31 March	2023 % of VaR	2023 Utilisation of VaR 6%	2022 % of VaR	2022 Utilisation of VaR 6%
Lowest	1.26	21.00	1.04	17.33
Highest	2.21	36.83	1.56	26.00
Average	1.79	29.83	1.23	20.58

19 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds and through the derivative positions with counterparties. The table below shows the credit quality of the investments held in the portfolio.

as at 31 March	2023 £'000	2022 £'000
Investment grade securities	10,029	12,443
Below investment grade securities	2,291	2,782
Other investments	129	160
Total	12,449	15,385

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The tables below show the exposure to counterparties. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 31 March 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	(111)
Barclays Bank	265	0	0
Citigroup	0	(1)	0
HSBC	0	(3)	0
JPMorgan	0	21	0
State Street Bank	0	(42)	0
Total	265	(25)	(111)

as at 31 March 2022	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	351
Barclays Bank	26	0	0
Citigroup	(1)	0	0
Goldman Sachs	20	1	0
HSBC	0	(228)	0
JPMorgan	0	(1)	0
State Street Bank	0	(11)	0
UBS	0	3	0
Total	45	(236)	351

20 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2023 and 31 March 2022 are disclosed in the table below. Leverage has been

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calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 March	2023 £'000	2023 %	2022 £'000	2022 %
Lowest	29,464	187.52	36,851	179.25
Highest	59,560	362.99	89,730	362.14
Average	34,878	216.80	48,893	219.43

21 Interest distribution tables

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

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.04.22	30.09.22	03.10.22	30.11.22
Final	01.10.22	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.6449	0.1743	0.8192	0.7935
Final	0.7386	0.4473	1.1859	0.7926

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.4223	0.0761	0.4984	0.4468
Final	0.3968	0.5343	0.9311	0.4379

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Sterling Class 'I' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.4151	0.3975	0.8126	0.8004
Final	0.6584	0.5443	1.2027	0.8139

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.4332	0.2611	0.6943	0.6437
Final	0.5635	0.5690	1.1325	0.6427

Sterling Class 'L' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.8270	0.0000	0.8270	0.8043
Final	1.2054	0.0000	1.2054	0.7999

Sterling Class 'L' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.8067	0.0000	0.8067	0.7600
Final	0.3330	0.9156	1.2486	0.7613

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.8045	0.0000	0.8045	0.7856
Final	1.1735	0.0000	1.1735	0.7777

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Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023	Equalisation	Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Interim	0.7128	0.0000	0.7128	0.6666
Final	1.1232	0.0000	1.1232	0.6662

22 Events after the balance sheet date

On 11 May 2023, following approval from the FCA investors were formally notified of the ACD's intention to close M&G Absolute Return Bond Fund. The fund was closed on 13 July 2023.

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For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the ongoing charges figure, than the MSCI World Index over any five-year period; and
- To invest in companies that deliver solutions to the challenge of better health and well-being.

Investment policy

At least 80% of the fund is invested directly in the equity securities and equity related securities of companies across any sector and market capitalisation that are domiciled, incorporated or listed in developed markets. The fund has a concentrated portfolio of usually fewer than 40 companies.

The fund may also invest directly in the equity securities and equity related securities of companies that are domiciled, incorporated or listed in emerging markets.

The fund invests in securities that meet the ESG criteria and impact criteria.

The following types of exclusions apply to the fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal well-being, the environment, or otherwise assessed to be misaligned with the fund's sector-based and/or values-based criteria.

- Other exclusions: investments assessed to be otherwise in conflict with the ESG criteria and impact criteria.

References to "assessed" above mean assessment in accordance with the ESG criteria and impact criteria document as disclosed in the ESG information section below. Further information on the exclusions applicable to the fund can be found in the Prospectus, which is available free of charge either from our website at mandg.co.uk/prospectuses or by calling M&G Customer Relations.

The fund may also invest in other transferable securities, money market instruments, cash and near cash for liquidity purposes, directly and via collective investment schemes (including funds managed by M&G).

Derivatives may be used for efficient portfolio management and hedging.

As explained in the ESG criteria and impact criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The fund manager will assess the suitability of such instruments relative to the fund's investment objective.

Investment approach

The fund is a concentrated portfolio of global stocks, investing over the long term in companies that are delivering solutions to the challenge of better health and well-being alongside a financial return, using a disciplined stock selection process. Sustainability and impact investing considerations are fundamental in determining the fund's investment universe and assessing business models as further set out in the ESG criteria and impact criteria.

The fund invests in companies that deliver solutions to the challenge of better health and/or better well-being. As further described in the impact criteria, these can be understood by reference to the United Nations Sustainable Development Goals framework as

Authorised Corporate Director's Report

companies such as those which are focused on sustainable development goals such as health and well-being; zero hunger; clean water and sanitation; sustainable cities and communities; responsible consumption and production; or other companies which the investment manager considers appropriate to invest in, in pursuit of the non-financial investment objective.

All equity securities and equity related instruments are subject to assessment and measurement of their ability to deliver solutions to the challenge of better health and well-being and generate financial returns, which is conducted at company level using M&G's impact assessment methodology. This focuses on three criteria:

- Investment credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate strategy and actions; and
- Impact: the scale of the net positive societal impact and the company's progress towards addressing specified health and well-being challenges.

The fund invests in three categories of better health and/or well-being companies.

- "Pioneers", whose products or services have or could have a transformational effect on improving global health and/or well-being.
- "Enablers", which provide the tools for others to deliver better health and/or well-being.
- "Leaders", which spearhead and mainstream sustainability in industries promoting better health and/or well-being, but which may have more established profitability than pioneers.

Dialogue with the companies in which the fund invests is fundamental to the investment approach.

ESG Information

Additional information is available to investors on the fund page of the M&G website:

- ESG criteria and impact criteria, which includes the fund's exclusions approach.
- Annual Impact Report providing an assessment of the fund's sustainable objective will also be published when available.
- Other periodic reporting on the sustainable objective of the fund.

Benchmark

Benchmark: MSCI World Index.

The benchmark is a 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 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, and as a result the fund's performance may deviate materially from the benchmark.

For unhedged and hedged share classes, the benchmark is shown in the share class currency.

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Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

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

Investment review

For the year ended 31 March 2023

Performance against objective

Between 1 April 2022 (the start of the review period) and 31 March 2023, the M&G Better Health Solutions Fund delivered a negative total return (the combination of income and growth of capital) across all of its sterling share classes. Performance was behind the fund's benchmark, the MSCI World Index, which lost 0.5% over the period.

The fund was launched in June 2021, and thus cannot yet be measured on its performance objective to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the MSCI World Index over any five-year period.

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

In terms of the fund's second objective – to invest in companies that deliver solutions to the challenge of better health and well-being, please see the fund's 2022 Annual Impact Report within the Fund Literature section of the M&G Website.

Performance review

Global stockmarkets fell over the 12 months under review, as investors juggled concerns about rising inflation, tightening central bank policy and a short-lived banking crisis in the US and Europe.

The fund itself fell in the period and underperformed its benchmark, the MSCI World Index. The fund's security sector and underweight allocation within the financials sector was the biggest positive contributor towards relative returns. The fund also benefited from avoiding the communication services sector during a challenging period. The biggest drag on relative returns came from poor stock selection in both the industrials and materials sectors.

Looking at individual companies, among the biggest detractors were Spanish pharmaceuticals firm Grifols, Japanese bicycle components manufacturer Shimano and international dialysis group Fresenius Medical Care.

On the positive side, the biggest individual contributor was Novo Nordisk, as the Danish pharmaceuticals company maintained its upward trajectory, after raising its full-year earnings expectations in November and continues to benefit from interest in its obesity treatment.

The fund also benefited from exposure to automotive safety equipment supplier Autoliv, where organic growth guidance for 2023 was better than expected. The fund's lack of exposure to Amazon boosted relative returns during what was a challenging period for large-cap US tech stocks.

Investment activities

We initiated a position in US-listed Edwards Lifesciences. The company is one of the highest quality medical technology names globally. Building on its leading position in aortic valves, it has the strongest cardiovascular product pipeline in the industry. We

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believe this should lead to sustained growth for the coming decade (and longer). The stock has sold off on two quarters of lower sales on the back of hospital staff shortages and we believe the valuation is not pricing in clinical or commercial success in the pipeline and offered an attractive entry point.

Further, we added Haleon to the portfolio after GSK's former consumer health division was spun off in July and went straight into the FTSE 100 Index in the UK.

We exited Italy-listed Technogym. Being an equipment seller into higher-end gyms, worries about the health of their customer base exist as we enter the uncertain macro environment. While COVID-19 saw a reset of the competitive gym landscape, it remains on the higher end of cyclicality in the consumer discretionary spectrum.

ESG engagement

We worked with Danish allergy immunotherapy specialist ALK-Abelló and Spanish plasma-derived medicine producer Grifols to encourage improved climate disclosures.

We took action to ensure that water treatment, purification, cleaning and hygiene specialist Ecolab had adequate whistleblowing policies and procedures in place. This was in light of a 2021 court case alleging misconduct around whistleblowing related to the company's German operations, which was re-highlighted in the press in 2022. We asked for clearer disclosure on whistleblowing-specific policies and procedures, which the company will consider implementing.

We met with US genetic-sequencing specialist Illumina to gain greater clarity on negative news flow that had been weighing on the company's share price, and used the opportunity to engage on bio-ethics and ensure it had effective policies and procedures in place to help avoid the misuse of its equipment.

Finally, we worked closely with US medical technology and analytical equipment business Thermo Fisher

Scientific to ensure that it had effective policies and procedures in place to help avoid the misuse of its equipment.

Outlook

While there are signs of weakening inflation, particularly in the US, tight job markets suggest inflationary pressures remain, with slowing global growth leading to expectations of recession and uncertainty around what central bank rate decisions might be. It looks likely to be a case of not 'if' there will be a recession, but how deep and long the global slowdown is likely to last.

These conditions may make equities look risky, but our fund remains balanced and diversified, with a focus on being prepared for volatility ahead. Strong stock selection underpins our fund giving us confidence they can weather a downturn. We look to invest in quality companies that are well-positioned to survive and thrive in the long term. We continue to hunt for companies where we can find value.

Looking at the current portfolio, we remain confident in the quality of the companies we invest in, and we continue to be optimistic about their ability to generate long-term value, while also delivering solutions to the challenge of better health and well-being.

Jasveet Brar

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities	15,764	97.62	97.30
Chemicals	883	5.47	6.10
3,137 DSM	364	2.26	
3,172 Ecolab	519	3.21	
Commercial services & supplies	485	3.00	3.31
25,383 Marlowe ^a	175	1.08	
2,342 MSA Safety	310	1.92	
Professional services	521	3.23	3.91
10,394 Intertek	521	3.23	
Auto components	602	3.73	3.07
6,503 Autoliv	602	3.73	
Leisure products	566	3.50	5.15
3,300 Shimano	566	3.50	
Hotels, restaurants & leisure	117	0.72	0.94
105,217 Gym	117	0.72	
Internet & direct marketing retail	152	0.94	0.73
210,000 Alibaba Health Information Technology	152	0.94	
Household products	657	4.07	3.58
8,724 Colgate-Palmolive	657	4.07	
Personal products	373	2.31	0.00
93,470 Haleon	373	2.31	
Health care equipment & supplies	2,145	13.28	12.63
8,027 Alcon	566	3.50	
3,178 Becton Dickinson	780	4.83	
3,196 DiaSorin	337	2.09	
1,696 Masimo	303	1.88	
6,945 Xvivo Perfusion	159	0.98	
Health care providers & services	1,911	11.83	11.77
7,947 Fresenius Medical Care	337	2.09	
5,608 Quest Diagnostics	782	4.84	
1,684 UnitedHealth	792	4.90	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
Health care technology	557	3.45	8.01
2,533 Teladoc Health	63	0.39	
2,753 Veeva Systems	494	3.06	
Biotechnology	886	5.49	3.68
4,261 Edwards Lifesciences	348	2.15	
45,292 Grifols Preference Shares	324	2.01	
77,835 PureTech Health	214	1.33	
Pharmaceuticals	3,441	21.31	20.47
24,029 ALK-Abelló	369	2.29	
5,699 AstraZeneca	796	4.93	
34,072 GSK	603	3.73	
8,429 Novo Nordisk	1,331	8.24	
2,069 Zoetis	342	2.12	
Life sciences tools & services	1,918	11.88	10.90
3,588 Agilent Technologies	483	2.99	
1,457 Illumina	329	2.04	
48,619 Oxford Nanopore Technologies	129	0.80	
1,733 Thermo Fisher Scientific	977	6.05	
Insurance	550	3.41	3.05
11,285 AMERISAFE	550	3.41	
Total portfolio	15,764	97.62	97.30
Net other assets/(liabilities)	384	2.38	2.70
Net assets attributable to shareholders	16,148	100.00	100.00

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

^a AIM quoted.

Portfolio statement

Top portfolio transactions for the year to 31 March 2023

Largest purchases	\$'000
Edwards Lifesciences	295
Haleon	180
Veeva Systems	152
Oxford Nanopore Technologies	140
Novo Nordisk	139
Thermo Fisher Scientific	129
UnitedHealth	115
DiaSorin	113
Becton Dickinson	108
Quest Diagnostics	102
Other purchases	1,533
Total purchases	3,006

Largest sales	\$'000
Cerner	701
Novo Nordisk	220
Technogym	145
Autoliv	69
Tabula Rasa HealthCare	23
Embecta	19
Total sales	1,177

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments.

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-4.7	n/a	n/a	n/a
Class 'A' Accumulation	-4.7	n/a	n/a	n/a
Class 'I' Income	-4.3	n/a	n/a	n/a
Class 'I' Accumulation	-4.3	n/a	n/a	n/a
Class 'PP' Income	-4.2	n/a	n/a	n/a
Class 'PP' Accumulation	-4.2	n/a	n/a	n/a
Class 'R' Income	-4.6	n/a	n/a	n/a
Class 'R' Accumulation	-4.6	n/a	n/a	n/a
Class 'Z' Accumulation	-3.7	n/a	n/a	n/a
Benchmark	-0.5	n/a	n/a	n/a

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	98.11	100.00
Return before operating charges	(3.60)	0.01
Operating charges	(1.02)	(0.87)
Return after operating charges	(4.62)	(0.86)
Distributions	(1.33)	(1.03)
Closing NAV	92.16	98.11
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	1.10	1.10
Return after charges	-4.71	-0.86
Other information		
Closing NAV (\$'000)	56	61
Number of shares	49,512	47,585
Highest share price (UK p)	99.51	107.95
Lowest share price (UK p)	89.00	91.08

Sterling Class 'A' Accumulation share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	99.15	100.00
Return before operating charges	(3.65)	0.01
Operating charges	(1.02)	(0.86)
Return after operating charges	(4.67)	(0.85)
Distributions	(0.36)	(0.12)
Retained distributions	0.36	0.12
Closing NAV	94.48	99.15
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	1.10	1.10
Return after charges	-4.71	-0.85
Other information		
Closing NAV (\$'000)	231	149
Number of shares	197,802	114,364
Highest share price (UK p)	100.57	107.95
Lowest share price (UK p)	89.94	91.08

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	98.43	100.00
Return before operating charges	(3.65)	0.02
Operating charges	(0.64)	(0.55)
Return after operating charges	(4.29)	(0.53)
Distributions	(1.34)	(1.04)
Closing NAV	92.80	98.43
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	0.70	0.70
Return after charges	-4.36	-0.53
Other information		
Closing NAV (\$'000)	59	45
Number of shares	51,418	34,909
Highest share price (UK p)	99.83	108.18
Lowest share price (UK p)	89.46	91.33

Sterling Class 'I' Accumulation share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	99.46	100.00
Return before operating charges	(3.66)	0.02
Operating charges	(0.65)	(0.56)
Return after operating charges	(4.31)	(0.54)
Distributions	(0.73)	(0.46)
Retained distributions	0.73	0.46
Closing NAV	95.15	99.46
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	0.70	0.70
Return after charges	-4.33	-0.54
Other information		
Closing NAV (\$'000)	439	370
Number of shares	373,091	283,265
Highest share price (UK p)	100.89	108.18
Lowest share price (UK p)	90.41	91.33

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	98.50	100.00
Return before operating charges	(3.63)	0.01
Operating charges	(0.56)	(0.47)
Return after operating charges	(4.19)	(0.46)
Distributions	(1.34)	(1.04)
Closing NAV	92.97	98.50
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	0.60	0.60
Return after charges	-4.25	-0.46
Other information		
Closing NAV (\$'000)	23	26
Number of shares	20,070	20,070
Highest share price (UK p)	99.92	108.24
Lowest share price (UK p)	89.58	91.39

Sterling Class 'PP' Accumulation share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	99.54	100.00
Return before operating charges	(3.66)	0.01
Operating charges	(0.56)	(0.47)
Return after operating charges	(4.22)	(0.46)
Distributions	(0.83)	(0.54)
Retained distributions	0.83	0.54
Closing NAV	95.32	99.54
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.13
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.11
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	0.60	0.60
Return after charges	-4.24	-0.46
Other information		
Closing NAV (\$'000)	36	26
Number of shares	30,368	20,060
Highest share price (UK p)	100.97	108.24
Lowest share price (UK p)	90.53	91.39

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	98.24	100.00
Return before operating charges	(3.61)	0.01
Operating charges	(0.88)	(0.74)
Return after operating charges	(4.49)	(0.73)
Distributions	(1.34)	(1.03)
Closing NAV	92.41	98.24
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.51
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.49
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	0.95	0.95
Return after charges	-4.57	-0.73
Other information		
Closing NAV (\$'000)	33	34
Number of shares	28,748	26,748
Highest share price (UK p)	99.63	108.04
Lowest share price (UK p)	89.17	91.18

Sterling Class 'R' Accumulation share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	99.26	100.00
Return before operating charges	(3.66)	0.01
Operating charges	(0.88)	(0.75)
Return after operating charges	(4.54)	(0.74)
Distributions	(0.49)	(0.25)
Retained distributions	0.49	0.25
Closing NAV	94.72	99.26
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	0.95	0.95
Return after charges	-4.57	-0.74
Other information		
Closing NAV (\$'000)	476	267
Number of shares	405,791	204,973
Highest share price (UK p)	100.69	108.04
Lowest share price (UK p)	90.11	91.17

Financial highlights

Sterling Class 'Z' Accumulation share performance

The share class was launched on 17 June 2021.

for the year/period to 31 March	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	100.01	100.00
Return before operating charges	(3.70)	0.01
Operating charges	0.00	0.00
Return after operating charges	(3.70)	0.01
Distributions	(1.37)	(1.04)
Retained distributions	1.37	1.04
Closing NAV	96.31	100.01
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.03	0.13
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.02	0.11
Performance and charges	%	%
Direct portfolio transaction costs	0.02	0.13
Operating charges	0.00	0.00
Return after charges	-3.70	+0.01
Other information		
Closing NAV (\$'000)	14,795	15,132
Number of shares	12,412,751	11,527,229
Highest share price (UK p)	101.46	108.59
Lowest share price (UK p)	91.24	91.77

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 March	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(1,739)		(1,089)
Revenue	5	250		169	
Expenses	6	(10)		(4)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		240		165	
Taxation	7	(28)		(19)	
Net revenue/(expense) after taxation			212		146
Total return before distributions			(1,527)		(943)
Distributions	8		(214)		(147)
Change in net assets attributable to shareholders from investment activities			(1,741)		(1,090)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		16,110		0
Amounts received on issue of shares	1,775		17,078	
Amounts paid on cancellation of shares	(216)		(44)	
		1,559		17,034
Dilution adjustments		3		6
Change in net assets attributable to shareholders from investment activities (see above)		(1,741)		(1,090)
Retained distributions on Accumulation shares		217		160
Closing net assets attributable to shareholders		16,148		16,110

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2023 \$'000	2022 \$'000
Assets			
Fixed assets			
Investments		15,764	15,675
Current assets			
Debtors	9	80	147
Cash and bank balances	10	337	356
Total assets		16,181	16,178
Liabilities			
Creditors			
Distribution payable		(2)	(2)
Other creditors	11	(31)	(66)
Total liabilities		(33)	(68)
Net assets attributable to shareholders		16,148	16,110

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the year to 31 March	2023 \$'000	2022 \$'000
Non-derivative securities	(1,738)	(1,058)
Currency gains/(losses)	(1)	(31)
Net capital gains/(losses)	(1,739)	(1,089)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 \$'000	% of transaction	2022 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	3,001		16,714	
Commissions	1	0.02	3	0.02
Taxes	4	0.13	15	0.09
Total purchases after transaction costs	3,006		16,732	
b) Sales				
Equities before transaction costs	1,177		0	
Total sales after transaction costs	1,177		0	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	1	0.01	3	0.03
Taxes paid				
Equities	4	0.03	15	0.13
Total direct portfolio transaction costs	5	0.04	18	0.16
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.10		0.10

5 Revenue

for the year to 31 March	2023 \$'000	2022 \$'000
Bank interest	3	0
Dividends from equity investments: non-taxable	247	167
Stock dividends	0	2
Total revenue	250	169

Financial statements and notes

6 Expenses

for the year to 31 March	2023 \$'000	2022 \$'000
Payable to the ACD or associate		
Annual charge	10	4
Total expenses	10	4

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2023 \$'000	2022 \$'000
a) Analysis of charge in the year/period		
Corporation tax	0	0
Withholding tax	28	19
Deferred tax (note 7c)	0	0
Total taxation	28	19
b) Factors affecting taxation charge for the year/period		
Net revenue/(expense) before taxation	240	165
Corporation tax at 20%	48	33
Effects of:		
Dividends from equity investments: non-taxable	(49)	(34)
Current year expenses not utilised	1	1
Withholding tax	28	19
Total tax charge (note 7a)	28	19
c) Provision for deferred taxation		
Provision at the start of the period	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the period	0	0

The fund has not recognised a deferred tax asset of \$2,000 (2022: \$1,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 March	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	2	217	2	160
Total net distributions		219		162
Income deducted on cancellation of shares		1		0
Income received on issue of shares		(6)		(15)
Distributions		214		147
Net revenue/(expense) per statement of total return		212		146
Expenses offset against capital		2		1
Distributions		214		147

9 Debtors

as at 31 March	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	35	66
Currency deals outstanding	31	66
Dividends receivable	10	14
Withholding tax recoverable	4	1
Total debtors	80	147

10 Cash and bank balances

as at 31 March	2023 \$'000	2022 \$'000
Cash held as bank balances	337	356
Total cash and bank balances	337	356

11 Other creditors

as at 31 March	2023 \$'000	2022 \$'000
Currency deals outstanding	31	66
Total other creditors	31	66

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

Financial statements and notes

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.04.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
Sterling					
Class 'A' Income	47,585	4,996	(3,069)	0	49,512
Class 'A' Accumulation	114,364	83,438	0	0	197,802
Class 'I' Income	34,909	20,509	(4,000)	0	51,418
Class 'I' Accumulation	283,265	146,786	(56,960)	0	373,091
Class 'PP' Income	20,070	0	0	0	20,070
Class 'PP' Accumulation	20,060	10,308	0	0	30,368
Class 'R' Income	26,748	2,000	0	0	28,748
Class 'R' Accumulation	204,973	273,111	(72,293)	0	405,791
Class 'Z' Accumulation	11,527,229	934,075	(48,553)	0	12,412,751

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'PP'	0.60
Class 'R'	0.95
Class 'Z'	0.00

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Financial statements and notes

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 91.37% (2022: 93.75%) of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Basis of valuation				
Level 1	15,764	0	15,675	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	15,764	0	15,675	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$788,000 (2022: \$784,000). A five per cent decrease would have an equal and opposite effect.

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19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$374,000 (2022: \$380,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2023 \$'000	2022 \$'000
Currency exposure in respect of the fund		
Danish krone	1,727	1,492
Euro	1,361	1,880
Hong Kong dollar	152	118
Japanese yen	569	671
Sterling	2,951	2,715
Swedish krona	159	173
Swiss franc	566	556
US dollar	8,663	8,505
Total	16,148	16,110

20 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.22	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Ordinary distributions for the period to 31 March	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.1300	0.2048	1.3348	1.0341

Financial statements and notes

Sterling Class 'A' Accumulation shares

Ordinary distributions for the period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.3219	0.0349	0.3568	0.1242

Sterling Class 'I' Income shares

Ordinary distributions for the period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.9776	0.3642	1.3418	1.0357

Sterling Class 'I' Accumulation shares

Ordinary distributions for the period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.4955	0.2330	0.7285	0.4560

Sterling Class 'PP' Income shares

Ordinary distributions for the period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.3437	0.0000	1.3437	1.0361

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.0772	0.7488	0.8260	0.5391

Sterling Class 'R' Income shares

Ordinary distributions for the period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.9422	0.3950	1.3372	1.0345

Financial statements and notes

Sterling Class 'R' Accumulation shares

Ordinary distributions for the period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.3066	0.1855	0.4921	0.2484

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.8697	0.4960	1.3657	1.0392

21 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

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; and
- To invest in companies that aim to deliver solutions to the challenge of climate change.

Investment policy

At least 80% of the fund is invested in the equity securities and equity related securities of companies across any sector and market capitalisation that are domiciled, incorporated or listed in developed markets. The fund has a concentrated portfolio and usually holds fewer than 40 stocks.

All equity securities and equity related securities are subject to assessment and measurement of their ability to deliver solutions to the challenge of climate change and generate financial returns, which is conducted at a company level using M&G's proprietary impact assessment methodology. This assessment focuses on three criteria:

- Investment credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate actions and strategy; and
- Impact: the scale of the net climate impact and the company's progress towards addressing the challenge of climate change.

To assist this assessment process, investments which are considered to conflict with the fund's aim to invest in companies that aim to deliver solutions to climate change are excluded from the investment universe.

When considering the extraction of fossil fuels, the fund excludes companies that are involved in the extraction of thermal coal, oil, and gas and those that use and/or produce hydraulic fracking technologies. When considering power generation, the fund manager has the discretion to invest in companies with limited exposure to power generation from fossil fuels, but which are driving or significantly participating in the transition to a more sustainable economy. To determine whether a company meets this threshold, the fund manager examines the company's revenue from coal, oil, and gas, in addition to assessing their de-carbonisation commitments. To be considered for inclusion these companies must generate:

- Less than 25% of their revenue from oil and gas power generation, and
- Less than 10% of their revenue from coal based power generation.

In addition, the following are excluded:

- Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption;
- Companies involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, nuclear power, the use of animal testing for non-medical purposes, and the provision of gambling services;
- Companies that derive more than 5% of their revenue from the manufacture of weapons or genetically modified crop production; and
- Companies that derive more than 10% of their revenue from the distribution of tobacco.

The impact assessment methodology is then used by the fund manager in determining which investments to make within the remaining investment universe.

Investments that no longer meet the above criteria for investment will be divested as per the ESG Policy and Process Document.

Authorised Corporate Director's Report

The fund may also invest in the equity securities and equity related securities of companies that are domiciled, incorporated or listed in emerging markets. Such equity securities and equity related securities are also subject to the impact assessment methodology and exclusions above.

The fund may also invest indirectly via funds (including funds managed by M&G), and may invest in other transferable securities such as short dated bonds and money market instruments for liquidity management, cash, and near cash.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund is a concentrated portfolio of global stocks, investing over the long term in companies that are delivering solutions to the challenge of climate change alongside a financial return, using a disciplined stock selection process. Sustainability and impact considerations are fundamental in determining the fund's investment universe and assessing business models.

The fund invests in three categories of climate solution companies:

- "Pioneers", whose solutions have a transformational effect on the challenge of climate change;
- "Enablers", which provide the tools for others to deliver solutions to the challenge of climate change; and
- "Leaders", which spearhead the development of climate change solutions within their industries.

Investing in these categories provides diversification across industries and maturity of business models. Risk within the fund's portfolio is further diversified by balancing investment in companies that have relatively predictable and stable earnings regardless of the state of the overall economy, with those more sensitive to the economic cycle.

The fund embraces the United Nations Sustainable Development Goals framework and invests in companies focused on the following areas: clean energy, green technology and the promotion of a Circular Economy.

The fund manager's engagement with the companies in which the fund invests is fundamental to the investment approach, with the aim of supporting and influencing their contribution to the development of climate change solutions.

Further information about the fund's ESG criteria including information on M&G's approach to impact investing can be found on the M&G website.

Benchmark

Benchmark: MSCI World Index.

The benchmark is a 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 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.

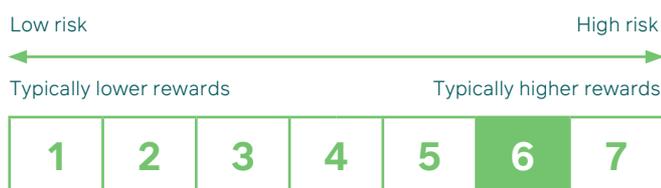
The benchmark is shown in the share class currency.

Authorised Corporate Director's Report

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

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

Investment review

For the year ended 31 March 2023

Performance against objective

Between 1 April 2022 (the start of the review period) and 31 March 2023, the M&G Climate Solutions Fund delivered negative total returns (the combination of income and growth of capital) across all of its sterling share classes. All the classes underperformed the fund's benchmark, the MSCI World Index, which lost 0.5% in sterling terms in the period.

The fund was launched in November 2020, and thus cannot yet be measured on its performance objective to provide a higher total return, net of the ongoing charge figure, than the MSCI World Index over any five-year period.

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

Performance review

Global stockmarkets fell over the review period as central banks hiked interest rates in a bid to cool inflation. The pace of price increases hit multi-decade highs as the war in Ukraine led to a surge in commodity costs. Manufacturers also struggled to revive supply chains after COVID-related disruptions.

Stock selection in technology contributed positively, as did the underweight position in consumer discretionary. The fund's lack of exposure to communication services also helped. Utilities and consumer staples were the biggest drags on the fund's performance, mainly because of stockpicking. A lack of exposure to energy also weighed on returns.

The biggest positive contributor was onsemi (formerly ON Semiconductor). The chipmaker surpassed earnings expectations and has been a beneficiary of US efforts to boost domestic production of semiconductors. An off-benchmark position in industrial gas producer Linde was also positive, along with the fund's holding in Brambles. The pallet-pool operator surpassed its annual results guidance.

Drinks-can maker Ball led negative contributors to the fund's relative performance. The company faced rising costs, including energy. Demand also cooled as the cost-of-living crisis dented consumer spending. Darling Ingredients, which makes renewable diesel and agro-food products, was another drag after missing earnings expectations. Wind-farm operator Orsted weighed on performance amid rising materials costs.

Investment activities

The fund maintains a concentrated portfolio of usually fewer than 40 sustainable and impactful businesses. The past year saw companies both enter and leave the list of holdings as volatile equity markets created opportunities.

We added five new investments to the portfolio over the reporting period. The additions included Tomra Systems, a maker of reverse vending machines used to collect and sort materials for recycling. We also opened a position in online marketplace eBay, which supports the circular economy, and Enphase Energy, a producer

Authorised Corporate Director's Report

of solar-power equipment for residential and commercial properties.

The other new additions over the period were Alfen and Befesa. Alfen makes equipment for smart power grids, such as transformer stations and electric-vehicle charging points. Befesa runs plants that process and recycle hazardous waste. It has operations across Europe, Asia and North America.

We closed positions in six companies during the reporting period. Green hydrogen company ITM Power and clean-energy solutions provider AES Brasil were among the exits, along with Austrian power generator Verbund. We also sold out from recycling technology company Umicore, rail-equipment supplier Wabtec, and Linde.

ESG engagements

ESG engagements are a key focus for the fund in order to help investment companies improve their environmental, societal and governance standards. A key engagement in the reporting period was encouraging stone wool insulation maker Rockwool to provide greater clarity on how a proposed company donation for reconstruction in Ukraine would be used. We also asked it to upgrade its current 'human rights commitment' to a more detailed human rights policy, to ensure it was taking account of all appropriate human rights-related risks.

We also met with US engineering simulation software developer Ansys to encourage it to establish emission reduction targets and commit to the Science Based Targets initiative (SBTi), to disclose the drivers of its scope 1 and 2 footprint and provide a timeframe for scope 3 disclosures. We also asked for disclosure of the company's 'scope 4' (avoided) emissions, to better allow us to quantify the real world impacts it was delivering.

Similarly, we engaged with Ball to discuss their decarbonisation plans and push for increased ambition around scope 3 emissions. The company is currently working to align its scope 3 emission reduction target with a temperature increase of no more than 1.5°C above pre-industrial times (rather than 2°C). We held

meetings with US waste specialist Republic Services to encourage the company's recycling efforts, including a request for more granular recycling data. We also asked the company to engage with ESG data providers, particularly in light of its acquisition of hazardous waste company US Ecology.

Outlook

Global stockmarkets face a rapidly evolving economic environment. The outlook for interest rates is uncertain as inflation starts to cool, while remaining near historically high levels. The collapse of Silicon Valley Bank in the US is also evidence that higher rates maintain the capacity to produce market shocks even after a year-long cycle of rate increases.

The decarbonisation of the energy sector is a key global challenge, and it has gained new impetus in the past year. The war in Ukraine has boosted interest in alternatives to fossil fuels because the conflict has driven up energy prices, sparked a cost-of-living crisis and stoked concerns about energy security. There also remain plenty of opportunities for climate solutions across numerous other sectors, in our view, including low-carbon buildings, clean transportation, sustainable forestry and recycling.

Michael Rae

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities	25,413	96.06	95.46
Chemicals	1,750	6.61	6.94
4,972 Linde	1,750	6.61	
Containers & packaging	2,084	7.88	7.31
16,982 Ball	922	3.49	
8,076 Befesa	361	1.36	
205,366 DS Smith	801	3.03	
Building products	2,104	7.95	8.58
19,360 Johnson Controls International	1,153	4.36	
2,334 Rockwool	570	2.15	
8,150 Trex	381	1.44	
Electrical equipment	3,159	11.94	6.93
6,816 Alfen	534	2.02	
98,165 Ceres Power ^a	468	1.77	
8,415 Schneider Electric	1,395	5.27	
26,440 Vestas Wind Systems	762	2.88	
Machinery	699	2.64	6.02
4,768 Spirax-Sarco Engineering	699	2.64	
Commercial services & supplies	4,072	15.39	11.15
135,511 Brambles	1,217	4.60	
8,415 Republic Services	1,137	4.30	
46,853 TOMRA Systems	783	2.96	
5,388 UniFirst	935	3.53	
Speciality retail	545	2.06	0.00
12,395 eBay	545	2.06	
Food products	915	3.46	4.43
16,105 Darling Ingredients	915	3.46	
Software	1,912	7.23	5.80
3,258 Ansys	1,065	4.03	
4,187 Autodesk	847	3.20	
Electronic equipment, instruments & components	1,384	5.23	4.30
15,100 Horiba	897	3.39	
4,007 IPG Photonics	487	1.84	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
Semiconductors & semiconductor equipment	2,441	9.23	9.81
21,573 Infineon Technologies	875	3.31	
12,473 onsemi	1,025	3.87	
1,823 SolarEdge Technologies	541	2.05	
Electric utilities	593	2.24	4.92
7,049 Ørsted	593	2.24	
Independent power and renewable electricity producers	2,714	10.26	12.06
18,147 Atlantica Sustainable Infrastructure	527	1.99	
18,122 Boralex	542	2.05	
16,866 Brookfield Renewable	574	2.17	
23,693 EDP Renovaveis	538	2.03	
2,584 Enphase Energy	533	2.02	
Equity real estate investment trusts (REITs)	1,041	3.94	7.21
1,125 Equinix	790	2.99	
8,540 Weyerhaeuser	251	0.95	
Total portfolio	25,413	96.06	95.46
Net other assets/(liabilities)	1,043	3.94	4.54
Net assets attributable to shareholders	26,456	100.00	100.00

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

^a AIM quoted.

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2023

Largest purchases	\$'000
TOMRA Systems	897
Alfen	572
Enphase Energy	549
eBay	515
Ceres Power	424
Befesa	379
Schneider Electric	371
Linde	286
Vestas Wind Systems	271
Ansys	243
Other purchases	2,417
Total purchases	6,924

Largest sales	\$'000
Westinghouse Air Brake Technologies	1,217
onsemi	687
Weyerhaeuser	657
Umicore	497
Verbund	437
SolarEdge Technologies	292
EDP Renovaveis	261
AES Brasil Energia	225
Republic Services	223
Brookfield Renewable	222
Other sales	327
Total sales	5,045

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-3.2	n/a	n/a	n/a
Class 'A' Accumulation	-3.2	n/a	n/a	n/a
Class 'I' Income	-2.8	n/a	n/a	n/a
Class 'I' Accumulation	-2.8	n/a	n/a	n/a
Class 'PP' Income	-2.7	n/a	n/a	n/a
Class 'PP' Accumulation	-2.7	n/a	n/a	n/a
Class 'R' Income	-3.0	n/a	n/a	n/a
Class 'R' Accumulation	-3.0	n/a	n/a	n/a
Class 'Z' Accumulation	-2.1	n/a	n/a	n/a
Benchmark	-0.5	n/a	n/a	n/a

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	112.53	108.33	100.00
Return before operating charges	(2.33)	6.58	9.21
Operating charges	(1.23)	(1.24)	(0.50)
Return after operating charges	(3.56)	5.34	8.71
Distributions	(1.54)	(1.14)	(0.38)
Closing NAV	107.43	112.53	108.33
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	1.14	1.10	1.10
Return after charges	-3.16	+4.93	+8.71
Other information			
Closing NAV (\$'000)	2,100	2,197	1,297
Number of shares	1,579,336	1,487,145	869,930
Highest share price (UK p)	116.00	123.09	118.37
Lowest share price (UK p)	98.95	99.94	99.63

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	114.08	108.71	100.00
Return before operating charges	(2.37)	6.61	9.22
Operating charges	(1.24)	(1.24)	(0.51)
Return after operating charges	(3.61)	5.37	8.71
Distributions	(0.29)	0.00	0.00
Retained distributions	0.29	0.00	0.00
Closing NAV	110.47	114.08	108.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	1.14	1.10	1.10
Return after charges	-3.16	+4.94	+8.71
Other information			
Closing NAV (\$'000)	1,359	962	284
Number of shares	994,521	642,826	190,127
Highest share price (UK p)	117.61	123.53	118.37
Lowest share price (UK p)	100.31	100.29	99.63

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	113.17	108.51	100.00
Return before operating charges	(2.35)	6.58	9.21
Operating charges	(0.80)	(0.79)	(0.32)
Return after operating charges	(3.15)	5.79	8.89
Distributions	(1.58)	(1.13)	(0.38)
Closing NAV	108.44	113.17	108.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	0.74	0.70	0.70
Return after charges	-2.78	+5.34	+8.89
Other information			
Closing NAV (\$'000)	556	633	422
Number of shares	414,050	426,434	282,230
Highest share price (UK p)	116.85	123.60	118.45
Lowest share price (UK p)	99.60	100.46	99.64

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	114.73	108.88	100.00
Return before operating charges	(2.36)	6.65	9.20
Operating charges	(0.81)	(0.80)	(0.32)
Return after operating charges	(3.17)	5.85	8.88
Distributions	(0.86)	(0.34)	(0.09)
Retained distributions	0.86	0.34	0.09
Closing NAV	111.56	114.73	108.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	0.74	0.70	0.70
Return after charges	-2.76	+5.37	+8.88
Other information			
Closing NAV (\$'000)	4,413	4,340	9,766
Number of shares	3,196,536	2,881,910	6,517,045
Highest share price (UK p)	118.47	124.06	118.45
Lowest share price (UK p)	100.99	100.83	99.64

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	113.34	108.54	100.00
Return before operating charges	(2.36)	6.62	9.20
Operating charges	(0.70)	(0.68)	(0.28)
Return after operating charges	(3.06)	5.94	8.92
Distributions	(1.56)	(1.14)	(0.38)
Closing NAV	108.72	113.34	108.54
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	0.64	0.60	0.60
Return after charges	-2.70	+5.47	+8.92
Other information			
Closing NAV (\$'000)	36	35	30
Number of shares	26,662	23,273	20,070
Highest share price (UK p)	117.06	123.74	118.48
Lowest share price (UK p)	99.76	100.60	99.64

Sterling Class 'PP' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	114.87	108.93	100.00
Return before operating charges	(2.36)	6.62	9.20
Operating charges	(0.71)	(0.68)	(0.27)
Return after operating charges	(3.07)	5.94	8.93
Distributions	(0.98)	(0.45)	(0.13)
Retained distributions	0.98	0.45	0.13
Closing NAV	111.80	114.87	108.93
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	0.64	0.60	0.60
Return after charges	-2.67	+5.45	+8.93
Other information			
Closing NAV (\$'000)	61	81	84
Number of shares	43,981	54,064	55,738
Highest share price (UK p)	118.65	124.17	118.48
Lowest share price (UK p)	101.13	100.95	99.64

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	112.78	108.39	100.00
Return before operating charges	(2.32)	6.59	9.21
Operating charges	(1.07)	(1.07)	(0.44)
Return after operating charges	(3.39)	5.52	8.77
Distributions	(1.52)	(1.13)	(0.38)
Closing NAV	107.87	112.78	108.39
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	0.99	0.95	0.95
Return after charges	-3.01	+5.09	+8.77
Other information			
Closing NAV (\$'000)	452	451	328
Number of shares	338,443	304,365	220,081
Highest share price (UK p)	116.34	123.29	118.40
Lowest share price (UK p)	99.22	100.13	99.63

Sterling Class 'R' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	114.31	108.78	100.00
Return before operating charges	(2.35)	6.61	9.22
Operating charges	(1.09)	(1.08)	(0.44)
Return after operating charges	(3.44)	5.53	8.78
Distributions	(0.54)	(0.05)	0.00
Retained distributions	0.54	0.05	0.00
Closing NAV	110.87	114.31	108.78
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	0.99	0.95	0.95
Return after charges	-3.01	+5.08	+8.78
Other information			
Closing NAV (\$'000)	3,436	3,284	1,925
Number of shares	2,504,314	2,188,490	1,285,977
Highest share price (UK p)	117.92	123.72	118.40
Lowest share price (UK p)	100.56	100.49	99.63

Financial highlights

Sterling Class 'Z' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	115.78	109.17	100.00
Return before operating charges	(2.40)	6.61	9.17
Operating charges	(0.04)	0.00	0.00
Return after operating charges	(2.44)	6.61	9.17
Distributions	(1.60)	(1.17)	(0.38)
Retained distributions	1.60	1.17	0.38
Closing NAV	113.34	115.78	109.17
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.02	0.08
Dilution adjustments	(0.01)	(0.02)	0.00
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.00	0.18
Operating charges	0.04	0.00	0.00
Return after charges	-2.11	+6.05	+9.17
Other information			
Closing NAV (\$'000)	14,043	15,215	15,057
Number of shares	10,012,080	10,012,080	10,020,080
Highest share price (UK p)	119.87	124.92	118.59
Lowest share price (UK p)	102.07	101.72	99.65

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 March	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(2,457)		(11)
Revenue	5	394		297	
Expenses	6	(101)		(98)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		293		199	
Taxation	7	(37)		(32)	
Net revenue/(expense) after taxation			256		167
Total return before distributions			(2,201)		156
Distributions	8		(293)		(210)
Change in net assets attributable to shareholders from investment activities			(2,494)		(54)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		27,198		29,193
Amounts received on issue of shares	1,982		6,218	
Amounts paid on cancellation of shares	(486)		(8,340)	
		1,496		(2,122)
Dilution adjustments		2		13
Change in net assets attributable to shareholders from investment activities (see above)		(2,494)		(54)
Retained distributions on Accumulation shares		254		168
Closing net assets attributable to shareholders		26,456		27,198

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2023 \$'000	2022 \$'000
Assets			
Fixed assets			
Investments		25,413	25,962
Current assets			
Debtors	9	130	284
Cash and bank balances	10	1,002	1,090
Total assets		26,545	27,336
Liabilities			
Creditors			
Distribution payable		(45)	(34)
Other creditors	11	(44)	(104)
Total liabilities		(89)	(138)
Net assets attributable to shareholders		26,456	27,198

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the year to 31 March	2023 \$'000	2022 \$'000
Non-derivative securities	(2,485)	(23)
Capital gains on US REIT	27	0
Currency gains/(losses)	1	12
Net capital gains/(losses)	(2,457)	(11)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 \$'000	% of transaction	2022 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	6,919		5,387	
Commissions	2	0.03	1	0.02
Taxes	3	0.04	3	0.05
Total purchases after transaction costs	6,924		5,391	
b) Sales				
Equities				
Equities before transaction costs	5,047		7,022	
Commissions	(2)	0.03	(2)	0.02
Total sales after transaction costs	5,045		7,020	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	4	0.02	3	0.01
Taxes paid				
Equities	3	0.01	3	0.01
Total direct portfolio transaction costs	7	0.03	6	0.02
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.09		0.08

5 Revenue

for the year to 31 March	2023 \$'000	2022 \$'000
Bank interest	6	0
Dividends from equity investments: non-taxable	370	281
Dividends from equity investments: taxable	0	1
Property distribution: taxable	18	15
Total revenue	394	297

Financial statements and notes

6 Expenses

for the year to 31 March	2023 \$'000	2022 \$'000
Payable to the ACD or associate		
Annual charge	101	98
Total expenses	101	98

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2023 \$'000	2022 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	28	32
Deferred tax (note 7c)	0	0
Tax on US REITs	9	0
Total taxation	37	32
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	293	199
Corporation tax at 20%	58	40
Effects of:		
Dividends from equity investments: non-taxable	(74)	(56)
Capital gains tax (US)	6	13
Current year expenses not utilised	11	6
Withholding tax	28	32
Tax on US REITs	9	0
Overseas tax expensed	(1)	(3)
Total tax charge (note 7a)	37	32
c) Provision for deferred taxation		
Provision at the start of the year/period	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year/period	0	0

The fund has not recognised a deferred tax asset of \$19,000 (2022: \$8,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future

Financial statements and notes

8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 March	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	45	253	34	168
Total net distributions		298		202
Income deducted on cancellation of shares		3		16
Income received on issue of shares		(8)		(8)
Distributions		293		210
Net revenue/(expense) per statement of total return		256		167
Expenses offset against capital		31		28
Capital gains tax offset against capital		6		13
Income deficit transferred to capital		0		2
Distributions		293		210

9 Debtors

as at 31 March	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	41	159
Currency deals outstanding	41	96
Dividends receivable	33	20
Withholding tax recoverable	15	9
Total debtors	130	284

10 Cash and bank balances

as at 31 March	2023 \$'000	2022 \$'000
Cash held as bank balances	1,002	1,090
Total cash and bank balances	1,002	1,090

11 Other creditors

as at 31 March	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	0	5
Annual charge payable	3	3
Currency deals outstanding	41	96
Total other creditors	44	104

Financial statements and notes

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.04.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
Sterling					
Class 'A' Income	1,487,145	133,717	(41,526)	0	1,579,336
Class 'A' Accumulation	642,826	363,967	(12,272)	0	994,521
Class 'I' Income	426,434	56,898	(69,282)	0	414,050
Class 'I' Accumulation	2,881,910	448,996	(134,370)	0	3,196,536
Class 'PP' Income	23,273	3,389	0	0	26,662
Class 'PP' Accumulation	54,064	0	(10,083)	0	43,981
Class 'R' Income	304,365	51,977	(17,899)	0	338,443
Class 'R' Accumulation	2,188,490	394,326	(78,502)	0	2,504,314
Class 'Z' Accumulation	10,012,080	0	0	0	10,012,080

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'PP'	0.60
Class 'R'	0.95
Class 'Z'	0.00

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Financial statements and notes

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 52.33% (2022: 55.49%) of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Basis of valuation				
Level 1	25,413	0	25,962	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	25,413	0	25,962	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$1,271,000 (2022: \$1,298,000). A five per cent decrease would have an equal and opposite effect.

Financial statements and notes

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$553,000 (2022: \$560,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2023 \$'000	2022 \$'000
Currency exposure in respect of the fund		
Australian dollar	1,233	930
Brazilian real	0	301
Canadian dollar	542	634
Danish krone	1,942	1,973
Euro	3,710	4,920
Japanese yen	897	754
Norwegian krone	783	0
Sterling	1,949	1,692
US dollar	15,400	15,994
Total	26,456	27,198

20 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.22	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
Final	0.5934	0.9428	1.5362	1.1428

Financial statements and notes

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.1215	0.1701	0.2916	0.0000

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.4933	1.0864	1.5797	1.1330

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.3944	0.4676	0.8620	0.3351

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.7150	0.8473	1.5623	1.1360

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.0000	0.9767	0.9767	0.4493

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.2052	0.3158	1.5210	1.1318

Financial statements and notes

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.2442	0.2968	0.5410	0.0491

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.6039	0.0000	1.6039	1.1732

21 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

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 MSCI ACWI NUK Index over any five-year period.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets.

The fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund applies a systematic investment approach to select stocks the fund managers expects to outperform other companies in the global equity market.

From the fund's investible universe, each stock is ranked on five key criteria or 'Factors': Value, Quality, Momentum, Volatility and Size. Historically, stocks with exposure to these factors (attractive valuation, high quality, positive momentum, low volatility and small company size) have generated excess returns, or equity premia.

These rankings are then combined to provide a single 'score' for each stock. The weighting of each factor in the single score is determined by the fund managers and reflects prevailing market conditions. Stocks with high scores are candidates for inclusion in the fund. Consideration is also given to the sector and country breakdown of the fund's benchmark to ensure a diversified portfolio.

As part of the portfolio construction process, differences between the fund's characteristics and those of its benchmark (such as sector, country or risk factor weightings) may be constrained. Managing the fund in this way limits the magnitude by which the fund is expected to deviate from the benchmark.

Benchmark

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.

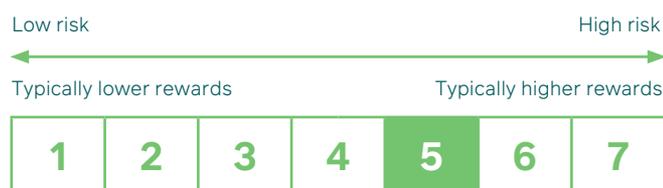
For unhedged and hedged share classes, the benchmark is shown in the share class currency.

Authorised Corporate Director's Report

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

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

Investment review

For the year ended 31 March 2023

Performance against objective

Between 1 April 2022 (the start of the review period) and 31 March 2023, the M&G Global Enhanced Equity Premia Fund delivered a positive total return (the combination of income and growth of capital) across all its sterling share classes. Fund performance was ahead of the fund's benchmark, the MSCI ACWI NUK Index, which returned -1.4% over the same period under review.

The fund was launched in November 2019 and thus cannot yet be measured on its five-year performance objective to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the MSCI ACWI NUK Index over any five-year period.

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

Performance review

Stockmarkets around the world were volatile over the period under review, but for the 12 months as a whole, recorded a small negative return in sterling terms.

Initially, growing concerns about the global economy curbed investor risk appetite. In particular, investors struggled to assess the impact of moving from a low to a high inflation regime. Many of the world's central banks – led by the US Federal Reserve – raised interest rates substantially in response, in an attempt to combat rising prices, and this led to a sharp fall in share prices.

However, by the fourth quarter of 2022, signs that inflation was slowing raised investors' hopes that central banks might in turn slow their interest rate hikes. China's sudden relaxation of its zero-COVID policy and optimism about the reopening of its economy also lifted investor sentiment. Stockmarkets responded by rallying sharply, particularly in October.

Further gains were made at the start of 2023, as investor confidence remained intact. However, it was not long before concerns over persistently high inflation and the need to tame it by further interest rate rises resurfaced, which led to falls in share prices. Then in March, confidence in the banking sector was eroded by the collapse of Silicon Valley Bank in the US and the emergency rescue of Credit Suisse in Switzerland. However, as the period drew to a close, stockmarkets again were on an upward trajectory.

Against this background, the fund delivered a positive total return (the combination of capital growth and income) across all its share classes, and was ahead of its benchmark, the MSCI ACWI NUK Index.

All the underlying factors that the fund targets outperformed the benchmark over the period, providing a tailwind for the fund's performance. Within these, active exposures to cheap value, small size and low volatility factors were the main drivers of outperformance.

Authorised Corporate Director's Report

Investment activities

The M&G Global Enhanced Equity Premia Fund is an active equity (company shares) fund, using a dynamic multi-factor investing approach. Factor investing is based on the premise that a significant portion of returns over time can be explained by the excess return generated by stocks that reflect certain characteristics, or risk factors.

We apply a systematic investment approach to select stocks we expect to outperform other companies in the global equity market. From the fund's investible universe, the MSCI ACWI Index, each stock is ranked on five key criteria, or factors: value, quality, momentum, volatility and size. Based on analysis of simulated past returns, stocks with exposure to these factors (attractive valuation, high quality, positive momentum, low volatility and small company size) have historically tended to deliver superior risk-adjusted returns.

These rankings are then combined to provide a single 'score' for each stock. Stocks with high scores are candidates for inclusion in the fund.

The weighting we allocate to each factor in the process of arriving at the single score reflects our view of the prevailing market conditions. The potential returns of individual factors might vary depending on their valuation and price action, as well as general market conditions. For example, if in our view, a risk factor is attractively valued, it will have a greater weighting in the score than if we regard it as unattractively valued. Typically, each risk factor will have an equal weighting (ie, 20%). No factor can have a weighting of less than 0% or greater than 50%.

As part of the portfolio construction process, differences between the fund's characteristics and the index (such as stock, sector, country or risk factor weightings) may be constrained. Managing the fund in this way limits the magnitude by which the fund is expected to deviate from the benchmark.

Factor investing is a well-established practice and supported by large bodies of academic research. It is cost-effective, with the potential to achieve excess returns. By combining factors, we mitigate the risk of

any single factor being out of favour at a given time. Factors generally have low levels of correlation – they often do not move in the same direction as the market or as each other. In some cases, in the past, factors have even displayed negative correlation, moving in opposite directions to the markets and/or each other.

Throughout the review period, the fund maintained an elevated exposure to the value and momentum factors (ie above the 'typical' 20% weighting). Both factors contributed to active returns over the review period.

Outlook

Concerns about the stability of the banking system have added to an already uncertain macroeconomic environment, but central banks remain committed to their task of fighting inflation, with a clear steer that the current cycle of higher interest rates has further to go.

Rather than second-guess the course of interest rates and economies, we prefer to focus our attention on our systematic investment approach to select stocks.

Up until recently, the era after the global financial crisis had been characterised by a regime of lower interest rates, benign inflation outcomes and the growth factor outperforming value for most of the time.

The monetary and fiscal policy responses by developed economies, especially the US, to the rise in inflation after the COVID-19 pandemic and Russia's attack of Ukraine have caused market participants to question whether we are at the start of a new regime for asset markets. The rise in longer-term interest rates appears to reflect this view.

Authorised Corporate Director's Report

Should such a reflationary regime continue, we would expect the environment to be supportive of the multi-factor approach used in the fund, which currently has a heavy value tilt.

On 7 July 2023, following approval from the FCA investors were formally notified of the ACD's intention to close the fund on 8 August 2023.

Gautam Samarth

Fund manager

An employee of M&G FA Limited which is an associate of M&G Securities Limited. Marc Beckenstrater was co-fund manager up to 30 June 2022.

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.

Portfolio statement

Investments

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities	56,718	98.98	99.38
United Kingdom	1,957	3.42	2.03
17,045 Auto Trader	128	0.22	
18,048 BAE Systems	220	0.39	
11,488 Berkeley	600	1.05	
15,985 Bunzl	600	1.05	
26,760 CNH Industrial	409	0.71	
Austria	0	0.00	0.27
Belgium	207	0.36	0.00
4,782 Ageas	207	0.36	
Czech Republic	546	0.95	0.92
136,652 Moneta Money Bank	546	0.95	
Denmark	517	0.90	0.22
45 A.P. Møller – Mærsk	80	0.14	
2,769 Novo Nordisk	437	0.76	
Finland	0	0.00	0.20
France	830	1.45	1.12
1,505 Arkema	148	0.26	
942 Dassault Aviation	186	0.32	
16,188 Michelin	496	0.87	
Germany	1,285	2.24	1.61
7,757 Bayerische Motoren Werke Preference Shares	799	1.39	
637 Merck	119	0.21	
705 Rheinmetall	211	0.37	
50,147 Telefónica Deutschland	156	0.27	
Greece	512	0.89	0.25
15,625 JUMBO	332	0.58	
11,076 OPAP	180	0.31	
Hungary	961	1.68	0.00
79,030 MOL Hungarian Oil & Gas	579	1.01	
18,281 Richter Gedeon	382	0.67	
Ireland	1,348	2.35	3.47
1,965 Accenture	557	0.97	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
Ireland (continued)			
8,669 DCC	498	0.87	
2,849 Vanguard FTSE All-World ETF	293	0.51	
Italy	0	0.00	0.22
Netherlands	718	1.25	2.30
9,173 Koninklijke Ahold Delhaize	315	0.55	
11,138 NN	403	0.70	
Norway	747	1.30	1.07
4,096 Kongsberg	166	0.29	
13,338 Yara International	581	1.01	
Poland	0	0.00	1.15
Portugal	0	0.00	0.26
Russia^a	0	0.00	0.00
8,190,600 Inter Rao Ues	0	0.00	
14,647 PhosAgro	0	0.00	
283 PhosAgro (US listing)	0	0.00	
1 PhosAgro GDR	0	0.00	
10,559 Severstal PAO	0	0.00	
Spain	138	0.24	0.00
7,178 Enagas	138	0.24	
Sweden	961	1.68	1.17
17,777 Boliden	692	1.21	
27,224 Tele2	269	0.47	
Switzerland	219	0.38	1.42
398 Roche (Non-voting Rights)	113	0.20	
355 Roche (Voting Rights)	106	0.18	
United States	33,485	58.43	56.88
5,351 AbbVie	845	1.47	
806 Advance Auto Parts	95	0.17	
2,085 Alphabet 'A' Shares	210	0.37	
5,937 Alphabet 'C' Shares	603	1.05	
4,442 Amazon.com	453	0.79	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
3,990 AmerisourceBergen	636	1.11	
2,346 Analog Devices	457	0.80	
12,066 Apple	1,963	3.43	
4,742 Arrow Electronics	582	1.02	
3,359 Assurant	399	0.70	
2,907 Automatic Data Processing	639	1.11	
272 AutoZone	655	1.14	
1,480 Booz Allen Hamilton	136	0.24	
3,338 BorgWarner	161	0.28	
1,876 Bristol Myers Squibb	128	0.22	
1,499 Broadcom	951	1.66	
2,201 Brown & Brown	125	0.22	
5,996 Bunge	572	1.00	
3,338 CDW	635	1.11	
5,547 CH Robinson Worldwide	537	0.94	
499 Cigna	127	0.22	
2,036 Cognizant Technology Solutions	122	0.21	
2,748 CVS Health	204	0.36	
12,710 Dell Technologies	508	0.89	
325 Elevance Health	149	0.26	
12,499 Fox 'A' Shares	422	0.74	
4,335 Fox 'B' Shares	134	0.23	
3,523 Genuine Parts	580	1.01	
2,394 Gilead Sciences	195	0.34	
7,067 Hasbro	370	0.65	
1,773 Henry Schein	142	0.25	
41,407 Hewlett Packard Enterprise	648	1.13	
17,295 HP	498	0.87	
2,676 Huntington Ingalls Industries	555	0.97	
5,116 International Business Machines	662	1.15	
16,438 Interpublic	601	1.05	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
3,161 JB Hunt Transport Services	538	0.94	
17,251 Juniper Networks	592	1.03	
1,758 KLA	699	1.22	
10,930 Knight Swift Transportation	602	1.05	
9,467 LKQ	527	0.92	
734 LPL Financial	147	0.26	
12,428 Lumen Technologies	31	0.05	
1,535 LyondellBasell Industries	143	0.25	
532 McKesson	191	0.33	
8,379 Merck	889	1.55	
2,257 MetLife	128	0.22	
5,908 Microsoft	1,683	2.94	
5,009 Nucor	760	1.33	
122 NVR	662	1.16	
2,289 Omnicom	213	0.37	
5,136 onsemi	422	0.74	
5,698 Oracle	517	0.90	
10,383 PACCAR	752	1.31	
960 Packaging Corp of America	132	0.23	
4,928 Paychex	560	0.98	
16,131 Pfizer	651	1.14	
325 Pool	109	0.19	
6,160 PulteGroup	351	0.61	
1,241 Republic Services	168	0.29	
1,393 Robert Half International	109	0.19	
4,742 Seagate Technology	309	0.54	
2,724 Snap-on	660	1.15	
8,404 Steel Dynamics	941	1.64	
644 STERIS	122	0.21	
531 Tesla	104	0.18	
2,735 Texas Instruments	505	0.88	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
1,123 Thermo Fisher Scientific	633	1.10	
2,836 Tractor Supply	655	1.14	
6,603 Tyson Foods	385	0.67	
473 UnitedHealth	223	0.39	
5,911 Westlake	673	1.17	
Canada	1,758	3.07	3.45
9,144 Bank of Nova Scotia	457	0.80	
5,443 Canadian Utilities	151	0.26	
4,829 Gildan Activewear	157	0.27	
1,495 Loblaw	135	0.24	
1,921 Nutrien	140	0.24	
6,174 Quebecor	147	0.26	
5,726 TMX	571	1.00	
Brazil	533	0.93	1.22
71,182 Cia Energetica de Minas Gerais Preference Shares	158	0.28	
48,208 Hypera	375	0.65	
Colombia	83	0.15	0.26
25,104 Interconexion Electrica	83	0.15	
Japan	2,690	4.69	4.86
7,400 Bridgestone	297	0.52	
33,200 Japan Tobacco	697	1.21	
4,500 Lawson	189	0.33	
16,700 Obayashi	127	0.22	
4,500 Shionogi	202	0.35	
18,300 Tokio Marine	350	0.61	
8,900 Tosoh	120	0.21	
7,300 Trend Micro	354	0.62	
20,600 USS	354	0.62	
Australia	1,057	1.85	1.97
75,753 Dexus REIT	380	0.67	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
Australia (continued)			
4,182 Mineral Resources	225	0.39	
19,375 Sonic Healthcare	452	0.79	
China	2,171	3.79	4.02
95,100 China Resources Sanjiu Medical & Pharmaceutical	793	1.39	
764,600 Chongqing Rural Commercial Bank	408	0.71	
118,000 Dongyue	122	0.21	
512,000 PICC Property & Casualty	523	0.91	
60,800 Sinopharm	184	0.32	
178,000 Zhejiang Expressway	141	0.25	
Hong Kong	216	0.38	0.35
412,000 China Traditional Chinese Medicine	216	0.38	
India	0	0.00	0.42
Indonesia	272	0.48	0.23
680,500 Adaro Energy Indonesia	131	0.23	
339,700 Indofood Sukses Makmur	141	0.25	
Malaysia	279	0.49	0.27
35,000 Hong Leong Financial	143	0.25	
107,840 RHB Bank	136	0.24	
South Korea	1,179	2.06	3.01
8,064 Cheil Worldwide	116	0.20	
64,675 Industrial Bank of Korea	501	0.88	
4,175 Shinhan Financial	113	0.20	
51,260 Woori Financial	449	0.78	
Taiwan	1,393	2.43	3.06
362,000 Pou Chen	371	0.65	
1,005,627 SinoPac Financial	547	0.95	
236,000 Synnex Technology International	475	0.83	
Thailand	0	0.00	0.26
South Africa	431	0.75	1.16
10,950 African Rainbow Minerals	143	0.25	
27,263 Exxaro Resources	288	0.50	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
Türkiye	225	0.39	0.28
29,230 BİM Birleşik Mağazalar	225	0.39	
Total portfolio	56,718	98.98	99.38
Net other assets/(liabilities)	586	1.02	0.62
Net assets attributable to shareholders	57,304	100.00	100.00

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

^a M&G's Valuation Sub-Committee are valuing these securities at \$nil until further notice.

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2023

Largest purchases	\$'000
Vanguard FTSE All-World ETF	1,912
Broadcom	988
Nucor	963
PACCAR	951
MOL Hungarian Oil & Gas	934
Hasbro	932
Assurant	918
TMX	906
Westlake	895
International Business Machines	831
Other purchases	15,108
Total purchases	25,338

Largest sales	\$'000
Vanguard FTSE All-World ETF	2,887
Apple	1,119
Danaher	1,033
Microsoft	934
Expeditors International of Washington	928
J M Smucker	896
Applied Materials	843
Shandong Buchang Pharmaceuticals	826
Hypera	783
Dover	776
Other sales	48,074
Total sales	59,099

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'I' Income	+0.5	+16.8	n/a	n/a
Class 'I' Accumulation	+0.6	+16.8	n/a	n/a
Class 'PP' Income	+0.6	+16.8	n/a	n/a
Class 'PP' Accumulation	+0.6	+16.8	n/a	n/a
Class 'Z' Accumulation	+0.8	+17.1	n/a	n/a
Benchmark	-1.4	+15.5	n/a	n/a

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 12 November 2019.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	122.78	108.41	81.24
Return before operating charges	1.02	18.06	29.65
Operating charges	(0.37)	(0.35)	(0.30)
Return after operating charges	0.65	17.71	29.35
Distributions	(3.22)	(3.34)	(2.18)
Closing NAV	120.21	122.78	108.41
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.14	0.18
Dilution adjustments	(0.04)	0.00	(0.01)
Total direct transaction costs	0.02	0.14	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.12	0.17
Operating charges	0.31	0.30	0.30
Return after charges	+0.53	+16.34	+36.13
Other information			
Closing NAV (\$'000)	30	32	30
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	129.22	126.32	110.53
Lowest share price (UK p)	111.88	108.60	77.75

Sterling Class 'I' Accumulation share performance

The share class was launched on 12 November 2019.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	130.03	111.78	82.12
Return before operating charges	1.17	18.61	29.96
Operating charges	(0.39)	(0.36)	(0.30)
Return after operating charges	0.78	18.25	29.66
Distributions	(3.17)	(3.12)	(1.94)
Retained distributions	3.17	3.12	1.94
Closing NAV	130.81	130.03	111.78
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.15	0.18
Dilution adjustments	(0.05)	0.00	(0.01)
Total direct transaction costs	0.02	0.15	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.12	0.17
Operating charges	0.31	0.30	0.30
Return after charges	+0.60	+16.33	+36.12
Other information			
Closing NAV (\$'000)	32	34	31
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	136.96	130.23	111.72
Lowest share price (UK p)	118.51	111.96	78.59

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 12 November 2019.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	122.91	108.47	81.25
Return before operating charges	0.99	18.07	29.65
Operating charges	(0.31)	(0.29)	(0.25)
Return after operating charges	0.68	17.78	29.40
Distributions	(3.22)	(3.34)	(2.18)
Closing NAV	120.37	122.91	108.47
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.14	0.18
Dilution adjustments	(0.04)	0.00	(0.01)
Total direct transaction costs	0.02	0.14	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.12	0.17
Operating charges	0.26	0.25	0.25
Return after charges	+0.55	+16.39	+36.18
Other information			
Closing NAV (\$'000)	30	33	30
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	129.38	126.44	110.59
Lowest share price (UK p)	112.00	108.66	77.77

Sterling Class 'PP' Accumulation share performance

The share class was launched on 12 November 2019.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	130.15	111.84	82.12
Return before operating charges	1.16	18.61	29.97
Operating charges	(0.33)	(0.30)	(0.25)
Return after operating charges	0.83	18.31	29.72
Distributions	(3.21)	(3.17)	(1.98)
Retained distributions	3.21	3.17	1.98
Closing NAV	130.98	130.15	111.84
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.15	0.18
Dilution adjustments	(0.05)	0.00	(0.01)
Total direct transaction costs	0.02	0.15	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.12	0.17
Operating charges	0.26	0.25	0.25
Return after charges	+0.64	+16.37	+36.19
Other information			
Closing NAV (\$'000)	32	34	31
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	137.11	130.35	111.78
Lowest share price (UK p)	118.63	112.02	78.61

Financial highlights

Sterling Class 'Z' Accumulation share performance

The share class was launched on 12 November 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	130.81	112.17	82.18
Return before operating charges	1.05	18.64	29.99
Operating charges	(0.01)	0.00	0.00
Return after operating charges	1.04	18.64	29.99
Distributions	(3.44)	(3.44)	(2.19)
Retained distributions	3.44	3.44	2.19
Closing NAV	131.85	130.81	112.17
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.15	0.18
Dilution adjustments	(0.05)	0.00	(0.01)
Total direct transaction costs	0.02	0.15	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.12	0.17
Operating charges	0.01	0.00	0.00
Return after charges	+0.80	+16.62	+36.49
Other information			
Closing NAV (\$'000)	57,180	98,635	91,800
Number of shares	35,044,326	57,450,326	59,461,000
Highest share price (UK p)	137.99	131.01	112.09
Lowest share price (UK p)	119.29	112.33	78.69

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Statement of total return

for the year to 31 March	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(7,445)		7,538
Revenue	5	2,563		2,983	
Expenses	6	0		0	
Interest payable and similar charges		0		(2)	
Net revenue/(expense) before taxation		2,563		2,981	
Taxation	7	(361)		(351)	
Net revenue/(expense) after taxation			2,202		2,630
Total return before distributions			(5,243)		10,168
Distributions	8		(2,205)		(2,640)
Change in net assets attributable to shareholders from investment activities			(7,448)		7,528

Statement of change in net assets attributable to shareholders

for the year to 31 March	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		98,768		91,922
Amounts received on issue of shares	1,645		0	
Amounts paid on cancellation of shares	(37,203)		(3,278)	
		(35,558)		(3,278)
Dilution adjustments		47		4
Change in net assets attributable to shareholders from investment activities (see above)		(7,448)		7,528
Retained distributions on Accumulation shares		1,495		2,592
Closing net assets attributable to shareholders		57,304		98,768

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Financial statements

Balance sheet

as at 31 March	Note	2023 \$'000	2022 \$'000
Assets			
Fixed assets			
Investments		0	98,162
Current assets			
Investments		56,718	0
Debtors	9	249	364
Cash and bank balances	10	868	928
Cash equivalents		156	76
Total assets		57,991	99,530
Liabilities			
Creditors			
Bank overdrafts		(685)	(752)
Distribution payable		(2)	(2)
Other creditors	11	0	(8)
Total liabilities		(687)	(762)
Net assets attributable to shareholders		57,304	98,768

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the year to 31 March	2023 \$'000	2022 \$'000
Non-derivative securities	(7,682)	7,561
Capital gains on US REIT	(2)	0
Currency gains/(losses)	236	(24)
Rebate of ongoing charges from underlying funds taken to capital	3	1
Net capital gains/(losses)	(7,445)	7,538

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 \$'000	% of transaction	2022 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	23,408		105,982	
Commissions	6	0.03	22	0.02
Taxes	11	0.05	40	0.04
Equities after transaction costs	23,425		106,044	
Collective investment schemes				
Collective investment schemes before transaction costs	1,912		3,278	
Commissions	1	0.03	0	0.00
Collective investment schemes after transaction costs	1,913		3,278	
Total purchases after transaction costs	25,338		109,322	
b) Sales				
Equities				
Equities before transaction costs	56,238		108,049	
Commissions	(12)	0.02	(24)	0.02
Taxes	(13)	0.02	(30)	0.03
Equities after transaction costs	56,213		107,995	
Collective investment schemes				
Collective investment schemes before transaction costs	2,887		2,330	
Commissions	(1)	0.03	0	0.00
Collective investment schemes after transaction costs	2,886		2,330	
Total sales after transaction costs	59,099		110,325	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	18	0.02	46	0.05
Collective investment schemes	2	0.00	0	0.00
Total commissions paid	20	0.02	46	0.05
Taxes paid				
Equities	24	0.03	70	0.07
Total direct portfolio transaction costs	44	0.05	116	0.12

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	%	%
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.09	0.08

5 Revenue

for the year to 31 March	2023 \$'000	2022 \$'000
Bank interest	1	0
Distributions from collective investment schemes: non-taxable	0	7
Dividends from equity investments: non-taxable	2,428	2,756
Dividends from equity investments: taxable	40	145
HMRC interest	0	1
Interest distributions	16	0
Property distribution: taxable	42	57
Rebate of ongoing charges from underlying funds	1	0
Stock dividends	35	17
Total revenue	2,563	2,983

6 Expenses

for the year to 31 March	2023 \$'000	2022 \$'000
Total expenses	0	0

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by M&G.

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7 Taxation

for the year to 31 March	2023 \$'000	2022 \$'000
a) Analysis of charge in the year		
Corporation tax	25	41
Withholding tax	350	324
Double taxation relief	(17)	(24)
Capital gains tax (India)	0	10
Deferred tax (note 7c)	0	0
Tax on US REITs	3	0
Total taxation	361	351
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	2,563	2,981
Corporation tax at 20%	513	596
Effects of:		
Dividends from equity investments: non-taxable	(485)	(552)
Stock dividends: non-taxable	(7)	(3)
Capital income subject to taxation	4	0
Double taxation relief	(17)	(24)
Withholding tax	350	324
Tax on US REITs	3	0
Capital gains tax (India)	0	10
Total tax charge (note 7a)	361	351
c) Provision for deferred taxation		
Provision at the start of the year	1	1
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	1	1

The fund has not recognised a deferred tax asset in the current financial year (2022: same).

Financial statements and notes

8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 March	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	2	1,495	2	2,592
Total net distributions		1,497		2,594
Income deducted on cancellation of shares		719		46
Income received on issue of shares		(11)		0
Distributions		2,205		2,640
Net revenue/(expense) per statement of total return		2,202		2,630
Capital gains tax offset against capital		3		10
Distributions		2,205		2,640

9 Debtors

as at 31 March	2023 \$'000	2022 \$'000
Currency deals outstanding	0	2
Distributions receivable	1	0
Dividends receivable	191	286
Withholding tax recoverable	57	76
Total debtors	249	364

10 Cash and bank balances

as at 31 March	2023 \$'000	2022 \$'000
Cash held as bank balances	868	928
Total cash and bank balances	868	928

11 Other creditors

as at 31 March	2023 \$'000	2022 \$'000
Corporation tax payable	0	6
Currency deals outstanding	0	2
Total other creditors	0	8

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

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13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.04.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
Sterling					
Class 'I' Income	20,000	0	0	0	20,000
Class 'I' Accumulation	20,000	0	0	0	20,000
Class 'PP' Income	20,000	0	0	0	20,000
Class 'PP' Accumulation	20,000	0	0	0	20,000
Class 'Z' Accumulation	57,450,326	1,079,000	(23,485,000)	0	35,044,326

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'I'	0.30
Class 'PP'	0.25
Class 'Z'	0.00

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 99.72% (2022: 99.84%) of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Financial statements and notes

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Basis of valuation				
Level 1	56,718	0	98,162	0
Level 2	0	0	0	0
Level 3 ^a	0	0	0	0
	56,718	0	98,162	0

^a Russian equities listed in Moscow or American/Global Depositary Receipts with underlying equities listed in Moscow are valued at nil due to the sanctions in place preventing non-residents from trading Russian assets.

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$2,836,000 (2022: \$4,908,000). A five per cent decrease would have an equal and opposite effect.

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19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$1,135,000 (2022: \$1,987,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2023 \$'000	2022 \$'000
Currency exposure in respect of the fund		
Australian dollar	1,066	1,945
Brazilian real	548	1,211
Canadian dollar	1,760	3,414
Chinese yuan	1,202	2,074
Colombian peso	83	262
Czech koruna	546	907
Danish krone	547	216
Euro	4,153	6,185
Hong Kong dollar	1,185	2,249
Hungarian forint	961	0
Indian rupee	0	418
Indonesian rupiah	272	227
Japanese yen	2,760	4,850
Malaysian ringgit	279	263
Norwegian krone	747	1,054
Polish zloty	4	1,145
South African rand	439	1,147
South Korean won	1,288	3,124
Sterling	2,054	2,908
Swedish krona	961	1,156
Swiss franc	230	1,437
Taiwan dollar	1,393	3,022
Thailand baht	0	259
Turkish lira	225	273
US dollar	34,601	59,022
Total	57,304	98,768

Financial statements and notes

20 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.22	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.2164	0.0000	3.2164	3.3381

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.1728	0.0000	3.1728	3.1159

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.2198	0.0000	3.2198	3.3408

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Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.1935	0.0183	3.2118	3.1698

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.6882	0.7555	3.4437	3.4356

21 Events after the balance sheet date

On 7 July 2023, following approval from the FCA investors were formally notified of the ACD's intention to close M&G Global Enhanced Equity Premia Fund on 8 August 2023. There were no other events after the balance sheet date to disclose.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

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 ACWI Index over any five-year period and;
- To deliver an income stream that increases every year in sterling terms.

Investment policy

At least 80% of the fund is invested in publicly-listed equity securities issued by infrastructure companies, investment trusts and real estate investment trusts across any market capitalisation that are domiciled in any country. The minimum 80% allocation may include ordinary shares, preference shares and convertible bonds (the fund may hold up to a maximum of 20% in convertibles bonds). Infrastructure companies include those involved in the following business activities: utilities, energy, transport, health, education, security, communications and transactions. The fund is expected to exhibit lower volatility and offer a higher dividend yield than the MSCI ACWI Index which is consistent with the characteristics of infrastructure securities. The fund usually holds fewer than 50 companies.

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

Sustainability considerations play an important role in assessing business models. Companies that derive more than 30% of their revenue from coal-fired and nuclear power are excluded from the investment universe. Industries including tobacco, alcohol, adult entertainment, gambling, and controversial weapons

are also excluded. United Nations Global Compact principles on human rights, labour, environmental and anti-corruption are also considered in the analysis of companies.

The fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities and warrants. Derivatives may be used for hedging and efficient portfolio management.

Investment approach

The fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a portfolio with exposure to a broad range of countries and sectors. Stocks with different drivers of dividend growth are selected to construct a portfolio that has the potential to cope in a variety of market conditions.

Sustainability considerations encompassing Environmental, Social and Governance issues are fully integrated into the investment process with a focus on risks specific to infrastructure companies. The monitoring of these risks involves regular engagement with company management.

Benchmark

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.

Authorised Corporate Director's Report

For unhedged and hedged share classes, the benchmark is shown in the share class currency.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has changed during this period. From 1 April 2022 to 15 February 2023 the risk number was 5.

Investment review

For the year ended 31 March 2023

Distribution summary

Over the 12-month review period to 31 March 2023, the fund distributed income of 4.4912 pence per Sterling Class 'A' Income share. This is 18.5% higher than the distribution for the previous financial year.

The increase was unusually high owing to the favourable comparison with the previous year when the distribution declined by 5.7%. Over two years, the distribution increased by 11.8%, or an annualised growth rate of 5.7%.

The momentum in global dividends continued during the 12 months under review as corporate cashflows

recovered from the dark days of the pandemic. Despite the new challenges facing the world economy, namely persistent inflation and the need for higher interest rates to keep prices in check, the corporate world has remained resilient. Dividends continue to provide a strong signal of future confidence. (Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.)

Against this backdrop, the fund benefited from higher dividends across the full spectrum of listed infrastructure, as well as a broad range of countries. The majority of holdings delivered dividend increases in the region of 5-10% in local currency, in line with previous years.

In the fund's 'economic' infrastructure category, utilities demonstrated the resilient nature of their business models, with our holdings continuing to deliver more impressive growth than the pedestrian progress more commonly associated with the sector. ContourGlobal, a transition company based in the UK, raised its dividend by 10% before its eventual takeover, while Elia, an electricity transmission business operating in Belgium and Germany, stepped up its pace of dividend growth to 9% following our discussions with the management team. NextEra Energy Partners, the US renewables company, also continued its policy of growing the dividend.

In transportation infrastructure, Vinci, which owns and operates toll roads and airports, raised its dividend back above pre-COVID levels as the operating environment improved, while Flughafen Zurich celebrated its return to profit by reinstating its ordinary dividend. The owner and operator of Zurich airport also announced a special dividend. Union Pacific and CSX, our holdings in US railroad infrastructure, raised their dividends by 10%.

The fund's 'social' infrastructure category also provided a source of reliable dividends. SDCL Energy Efficiency Trust raised its dividend by around 6%, while our new holding in Alexandria Real Estate delivered a 5% increase on an annualised basis.

The 'evolving' infrastructure category, which invests in the physical networks that support our increasingly

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digital economy, provided a more exciting source of growth. Visa and Mastercard, which own and operate physical payment networks that enable digital transactions, boosted their dividends by 20% and 16%, respectively. Vantage Towers, the European communication towers company spun off by Vodafone, raised its dividend by 13% before becoming a target of takeover interest.

PrairieSky Royalty delivered the biggest dividend increase during the review period. The Canadian company, which receives royalties from oil & gas bearing landholdings, doubled its payment.

It was not all good news, however, as Xinyi Energy reported a cut in its final dividend and therefore a lower dividend for the full year, owing to a one-off adjustment tied to subsidy receivables-related revenue and the rigid application of a payout policy. We have spoken to the company to reiterate the importance we attach to consistently rising dividends and gained comfort that the dividend can recover in the year ahead.

While a dividend cut should never be taken lightly, this disappointment was the exception rather than the rule. The majority of holdings continued to deliver dividend growth at a rate which we believe is sustainable over the long term. We remain confident that the vast majority of our holdings can keep growing their dividends in the core 5-10% range. We are conscious that a rising income stream is important to many of our investors. We remain focused on meeting this objective.

The fund's distribution is shown in the 'Specific share class performance' tables in this report. The distribution is subject to a variety of influences, including changes in the market environment, movements in currency and changes in the fund's tax status. Consequently, there is no guarantee that the fund will increase the income stream in every reporting period.

Performance against objective

Between 1 April 2022 (the start of the review period) and 31 March 2023, the M&G Global Listed Infrastructure Fund delivered a negative total return (the combination of income and growth of capital) across all its share classes, and underperformed its

benchmark, the MSCI ACWI Index, which returned -0.9% in sterling. The fund therefore did not meet its objective of outperforming the MSCI ACWI Index over this short timeframe, but delivered on its aim to increase the income stream in sterling. The fund's success in meeting its objective was therefore mixed.

Over five years, the fund delivered positive total returns and outperformed the MSCI ACWI Index, which returned 10.2% pa in sterling. Distributions increased in each financial year with the exception of the year ended 31 March 2022, when the distribution was lower than the previous year. Consequently, the fund achieved one of its two objectives over this longer timeframe.

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

Performance review

Global stockmarkets fell during the 12 months under review, as investors took fright from a heady mix of rampant inflation, rising interest rates and the prospect of a recession. Asia Pacific ex Japan and emerging markets led the declines, while the US was another notable laggard. Europe outperformed, driven by gains in France, Germany and the UK. Japan also bucked the trend with a positive return.

Real estate ended the review period as the worst-performing sector owing to concerns about interest-rate sensitivity. Communication services and consumer discretionary underperformed as new economy stocks fell out of favour: Alphabet, the owner of Google, declined in communication services, while Amazon.com and Tesla slumped in consumer discretionary. Financials came under pressure towards the end of the review period as the demise of Silicon Valley Bank and Signature Bank in the US, and the subsequent bailout of Credit Suisse in Europe, sparked fears about the health of the global banking system.

The defensive sectors of consumer staples, healthcare and utilities proved resilient as investors sought the comfort of safety, but energy was the standout

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performer as oil and gas prices remained elevated in the wake of Russia's ongoing military campaign in Ukraine.

Against this backdrop, the fund generated a negative return and underperformed the MSCI ACWI Index.

Infrastructure companies structured as real estate investment trusts (REITs) featured prominently among the detractors as investors shunned the real estate sector in an environment of rising interest rates. We strongly believe that our REIT holdings should not be treated as bond proxies owing to the long-term growth credentials of our selected companies.

Crown Castle, the communication towers company, is a beneficiary of the structural growth in digital infrastructure driven by rising mobile penetration and data usage globally. The US company continued to demonstrate solid fundamentals with better-than-expected results and reiterated guidance for continued growth in 2023. The long-term investment case remains intact to us, and we added to the holding on weakness.

The new holding in Segro, which provides exposure to long-term growth by way of e-commerce infrastructure, also succumbed to negative sentiment. We took advantage of the weakness in the share price to build a full position.

Home REIT provided the biggest drag on fund performance after the UK company, which provides accommodation for the homeless, came under pressure from a short seller. We are engaging with the company's management and board of directors to assess the situation fully, and the holding is under review.

Ørsted, Xinyi Energy and NextEra Energy Partners underperformed in utilities. We continue to believe that these renewables companies have a crucial role to play in the energy transition and they remain core holdings.

Stock selection in utilities made a positive contribution overall, helped by ContourGlobal, whose shares jumped more than 30% after the UK company received a takeover approach. E.ON led the gains in European

utilities, while AES and Edison International outperformed in the US.

Infrastrutture Wireless Italiane (INWIT) added value in communications infrastructure after the shares climbed to an all-time high following takeover speculation. The gains were backed by strong fundamentals as the company reported solid results for the fourth quarter and provided a positive outlook for the year ahead.

PrairieSky Royalty made the biggest contribution to fund performance in a buoyant energy sector. The Canadian company, which receives royalties from oil and gas bearing lands, remains well placed for long-term growth following a recent acquisition which is transformational and highly accretive. We continue to believe that the cashflows running into perpetuity with minimal operating costs, capital commitment or environmental liabilities present a compelling opportunity for long-term investors, with the added benefit of industry-leading credentials for ESG and sustainability.

Investment activities

The fund is usually managed with a low turnover, buy-and-hold strategy, but the increase in market volatility, particularly in the first half of the review period, presented attractive entry points, in our view, for unique infrastructure businesses generating reliable and growing cashflows. We sought to take advantage of these opportunities by backing our conviction with a long-term investment horizon.

We made two new purchases and three complete sales during the period under review. The number of holdings declined to 45, compared to our typical range of 40-50.

We invested in Segro, which diversifies our data centre exposure and represents our first foray into e-commerce infrastructure with its portfolio of strategically located warehouses and fulfilment sites. The company is listed in the UK, but has a presence across Europe and a broad tenant base including new economy businesses such as Amazon and Hello Fresh.

Alexandria Real Estate was our second new purchase during the review period. The US REIT provides

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exposure to life science infrastructure – the critical assets behind the research and development of drugs to address society's ongoing medical needs – and is now the biggest holding in the fund's 'social' segment of infrastructure.

We divested ContourGlobal and Vantage Towers after the shares rose on takeover activity.

We divested our holding in ContourGlobal in June, but did so with mixed feelings: on the one hand we were pleased with the short-term share price performance after the transition company received a takeover bid at a substantial premium, but on the other disappointed to lose a stock yielding more than 6% with dividend growth of 10%. This combination of premium yield and premium growth is rare. That said, the holding provided a source of cash for new ideas in the midst of a severe market downturn.

We completed the divestment of Vantage Towers in March, paying meticulous attention to the share price and valuation. The German company has performed strongly since November as it became the subject of a takeover, but we made a conscious decision not to tender our holding to the €32-per-share offer made by GIP and KKR. Our decision not to fold to the first offer available ultimately worked in our clients' favour as the activist investor Elliott Investment Management built up a stake, news of which saw the share price move above €34. We started to reduce our position at these higher levels. We remain resolutely focused on maximising value for our clients.

We also exited China Gas in July as the shares rallied from their lows. We originally invested in the gas distributor as a beneficiary of a long-term structural trend, namely China's shift away from coal towards gas in its attempts to combat climate change. While our view on this multi-decade theme remains unchanged, the investment thesis has been overshadowed by corporate governance issues and operational shortcomings specific to the company. We divested the holding as a source of cash for new ideas where we have greater conviction.

We remained active in our portfolio management, rotating capital away from strong performers and adding to weaker names where the long-term investment case remains intact. We bought more E.ON and Enel as European utilities came under pressure from negative sentiment, before trimming the exposure as the stocks recovered. We added to American Tower, which is structured as REIT, on weakness and reduced Mastercard after a strong rally.

Outlook

Concerns about the stability of the banking system have added to an already uncertain macroeconomic environment, but central banks remain committed to their task of fighting inflation, with a clear steer that the current cycle of higher interest rates has further to go.

We are under no illusion about the tougher economic times ahead, but we remain as optimistic as ever about the long-term growth prospects in listed infrastructure. We believe the asset class offers defensive qualities, combined with the ability to offer inflation protection by way of index-linked revenue, but the attractions of its reliable and growing cashflows have considerable appeal beyond the current environment. Listed infrastructure is a beneficiary of long-term structural trends, such as renewable energy, digital connectivity and demographics – powerful themes which we believe will endure for many decades to come.

From an investment standpoint, we take comfort from the abundance of attractive ideas from a bottom-up perspective. Being selective will be paramount in these volatile times. Valuation is a key consideration in the stock selection process and we see plenty of opportunities for structural growth without having to overpay for the privilege.

The attractions of infrastructure, particularly in the listed sphere, have not gone unnoticed. We have seen increasing corporate activity across the asset class, the most recent example being the pending takeover of Vantage Towers. We believe that these symbolic events provide a clear indication that the reliable and growing cashflows from infrastructure assets are going cheap in the stockmarket. Investors with a long-term time

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horizon, such as those in the private sphere, are starting to take notice and act on their convictions. We remain optimistic about the asset class.

Alex Araujo

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Equities	588,567	98.90	98.78
United Kingdom	74,280	12.48	15.50
9,658,359 HICL Infrastructure	14,816	2.49	
12,860,721 Home ^a	4,894	0.82	
1,109,168 National Grid	12,095	2.03	
13,736,291 SDCL Energy Efficiency Income Trust	11,511	1.94	
2,883,206 Segro	21,837	3.67	
968,351 Unite	9,127	1.53	
Belgium	6,327	1.06	1.04
59,527 Elia	6,327	1.06	
Denmark	15,427	2.59	1.58
226,847 Ørsted	15,427	2.59	
France	14,681	2.47	2.97
158,242 Vinci	14,681	2.47	
Germany	21,141	3.55	5.01
2,091,993 E.ON	21,141	3.55	
Guernsey	14,571	2.45	0.00
10,203,507 International Public Partnerships	14,571	2.45	
Italy	57,308	9.63	8.61
11,973,539 A2A	15,513	2.61	
4,876,301 Enel	24,248	4.07	
1,640,726 Infrastrutture Wireless Italiane	17,547	2.95	
Spain	11,842	1.99	2.47
498,197 Ferrovial	11,842	1.99	
Switzerland	6,040	1.02	0.98
40,849 Flughafen Zurich	6,040	1.02	
United States	233,788	39.29	34.06
632,754 AES	12,068	2.03	
152,355 Alexandria Real Estate Equities REIT	15,269	2.57	
112,444 American Tower REIT	18,295	3.07	
76,954 American Water Works	9,081	1.53	
67,133 Atmos Energy	6,080	1.02	
77,721 CME	11,866	1.99	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
195,159 Crown Castle International REIT	20,906	3.51	
255,586 CSX	6,097	1.02	
315,422 Edison International	17,860	3.00	
31,189 Equinix	17,704	2.98	
192,726 Eversource Energy	12,174	2.05	
30,280 MasterCard	8,811	1.48	
193,641 NextEra Energy	12,003	2.02	
309,671 NextEra Energy Partners	14,531	2.44	
240,971 ONEOK	12,200	2.05	
54,064 Republic Services	5,900	0.99	
100,650 Sempra Energy	12,174	2.05	
73,183 Union Pacific	11,740	1.97	
50,174 Visa	9,029	1.52	
Canada	87,024	14.62	16.28
151,894 Franco-Nevada	17,815	2.99	
1,246,398 Gibson Energy	15,978	2.68	
854,405 Keyera	14,914	2.51	
1,409,241 PrairieSky Royalty	17,715	2.98	
655,851 TC Energy	20,602	3.46	
Brazil	9,532	1.60	2.06
4,826,677 CCR	9,532	1.60	
Australia	17,544	2.95	3.00
2,285,177 Transurban	17,544	2.95	
China	5,968	1.00	2.29
24,650,580 Xinyi Energy	5,968	1.00	
Hong Kong	5,840	0.98	0.98
1,498,124 MTR	5,840	0.98	
Singapore	7,254	1.22	1.95
13,886,700 NetLink NBN Trust	7,254	1.22	
Portfolio of investments	588,567	98.90	98.78

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Share class hedging	164	0.03	0.00
Forward currency contracts for share class hedging	164	0.03	0.00
AU\$35,926 Bought for £19,628 (expires 19.04.23)	0	0.00	
AU\$(736,681) Sold for £404,520 (expires 19.04.23)	6	0.00	
BRL85,215 Bought for £13,245 (expires 20.04.23)	0	0.00	
BRL(1,314,174) Sold for £204,419 (expires 19.04.23)	(4)	0.00	
CA\$72,703 Bought for £43,729 (expires 19.04.23)	0	0.00	
CA\$(2,517,782) Sold for £1,510,054 (expires 19.04.23)	9	0.00	
CHF16,645 Bought for £14,838 (expires 19.04.23)	0	0.00	
CHF(164,990) Sold for £150,113 (expires 19.04.23)	5	0.00	
DKK222,198 Bought for £26,190 (expires 19.04.23)	0	0.00	
DKK(3,051,811) Sold for £362,835 (expires 19.04.23)	3	0.00	
€93,064 Bought for £81,900 (expires 19.04.23)	0	0.00	
€(2,833,033) Sold for £2,508,089 (expires 19.04.23)	18	0.01	
HK\$96,423 Bought for £10,074 (expires 19.04.23)	0	0.00	
HK\$(2,566,502) Sold for £270,837 (expires 19.04.23)	6	0.00	
SG\$1,207 Bought for £739 (expires 19.04.23)	0	0.00	
SG\$(260,662) Sold for £159,756 (expires 19.04.23)	1	0.00	
US\$102,702 Bought for £83,416 (expires 19.04.23)	(1)	0.00	
US\$(6,977,025) Sold for £5,756,970 (expires 19.04.23)	121	0.02	
Total portfolio	588,731	98.93	98.78
Net other assets/(liabilities)	6,366	1.07	1.22
Net assets attributable to shareholders	595,097	100.00	100.00

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

^a Suspended/delisted.

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2023

Largest purchases	£'000
Segro REIT	30,451
Alexandria Real Estate Equities REIT	20,898
E.ON	16,976
TC Energy	16,578
Crown Castle International REIT	15,523
Ørsted	15,459
Franco-Nevada	14,809
American Tower REIT	13,899
Enel	13,568
Equinix REIT	12,854
Other purchases	250,192
Total purchases	421,207

Largest sales	£'000
Vantage Towers	18,761
Franco-Nevada	14,750
E.ON	14,453
PrairieSky Royalty	14,248
ContourGlobal	14,131
AES	12,005
CCR	10,745
MasterCard	10,596
Vinci	10,152
Edison International	9,705
Other sales	173,117
Total sales	302,663

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-3.4	+13.1	+11.4	n/a
Class 'A' Accumulation	-3.4	+13.1	+11.4	n/a
Class 'I' Income	-3.0	+13.5	+11.7	n/a
Class 'I' Accumulation	-3.0	+13.5	+11.7	n/a
Class 'I-H' Income	-7.1	+12.5	n/a	n/a
Class 'I-H' Accumulation	-7.3	+12.6	n/a	n/a
Class 'L' Income	-2.8	+13.8	+12.0	n/a
Class 'L' Accumulation	-2.8	+13.8	+12.0	n/a
Class 'PP' Income	-2.9	+13.7	n/a	n/a
Class 'PP' Accumulation	-2.9	+13.7	n/a	n/a
Class 'PP-H' Income	-7.3	+12.4	n/a	n/a
Class 'PP-H' Accumulation	-7.0	+12.5	n/a	n/a
Benchmark	-0.9	+16.0	+10.2	n/a

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 5 October 2017.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	139.88	121.32	99.28
Return before operating charges	(2.86)	23.77	27.34
Operating charges	(1.82)	(1.42)	(1.28)
Return after operating charges	(4.68)	22.35	26.06
Distributions	(4.49)	(3.79)	(4.02)
Closing NAV	130.71	139.88	121.32
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.11	0.10
Dilution adjustments	(0.07)	(0.06)	(0.06)
Total direct transaction costs	0.08	0.05	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	1.33	1.10	1.10
Return after charges	-3.35	+18.42	+26.25
Other information			
Closing NAV (£'000)	1,063	1,034	605
Number of shares	813,556	739,098	498,513
Highest share price (UK p)	145.89	141.12	122.98
Lowest share price (UK p)	124.04	122.14	96.41

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 October 2017.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	161.35	135.93	107.51
Return before operating charges	(3.25)	27.03	29.83
Operating charges	(2.13)	(1.61)	(1.41)
Return after operating charges	(5.38)	25.42	28.42
Distributions	(3.63)	(2.68)	(3.01)
Retained distributions	3.63	2.68	3.01
Closing NAV	155.97	161.35	135.93
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.18	0.12	0.11
Dilution adjustments	(0.08)	(0.07)	(0.07)
Total direct transaction costs	0.10	0.05	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	1.33	1.10	1.10
Return after charges	-3.33	+18.70	+26.43
Other information			
Closing NAV (£'000)	2,027	1,370	4,174
Number of shares	1,299,273	849,375	3,070,894
Highest share price (UK p)	170.18	161.93	136.68
Lowest share price (UK p)	145.93	136.87	104.41

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 5 October 2017.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	141.56	122.27	99.81
Return before operating charges	(2.88)	24.03	27.48
Operating charges	(1.30)	(0.91)	(0.97)
Return after operating charges	(4.18)	23.12	26.51
Distributions	(4.60)	(3.83)	(4.05)
Closing NAV	132.78	141.56	122.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.11	0.10
Dilution adjustments	(0.07)	(0.07)	(0.06)
Total direct transaction costs	0.09	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.93	0.70	0.83
Return after charges	-2.95	+18.91	+26.56
Other information			
Closing NAV (£'000)	57,287	60,315	51,064
Number of shares	43,143,202	42,607,228	41,763,506
Highest share price (UK p)	147.87	142.82	123.84
Lowest share price (UK p)	125.81	123.11	96.92

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 October 2017.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	163.30	137.02	108.09
Return before operating charges	(3.29)	27.32	30.00
Operating charges	(1.51)	(1.04)	(1.07)
Return after operating charges	(4.80)	26.28	28.93
Distributions	(4.17)	(3.30)	(3.37)
Retained distributions	4.17	3.30	3.37
Closing NAV	158.50	163.30	137.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.18	0.12	0.11
Dilution adjustments	(0.08)	(0.07)	(0.07)
Total direct transaction costs	0.10	0.05	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.93	0.70	0.83
Return after charges	-2.94	+19.18	+26.76
Other information			
Closing NAV (£'000)	334,129	283,195	168,388
Number of shares	210,811,371	173,420,348	122,888,688
Highest share price (UK p)	172.49	163.87	137.77
Lowest share price (UK p)	148.00	137.96	104.97

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	109.00	97.09	75.58
Return before operating charges	(6.81)	15.67	25.36
Operating charges	(0.98)	(0.76)	(0.77)
Return after operating charges	(7.79)	14.91	24.59
Distributions	(3.28)	(3.00)	(3.08)
Closing NAV	97.93	109.00	97.09
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.09	0.08
Dilution adjustments	(0.05)	(0.05)	(0.05)
Total direct transaction costs	0.06	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.96	0.73	0.87
Return after charges	-7.15	+15.36	+32.54
Other information			
Closing NAV (£'000)	3,132	4,973	67
Number of shares	3,198,036	4,562,636	69,461
Highest share price (UK p)	110.25	109.98	98.10
Lowest share price (UK p)	88.06	97.81	73.79

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	117.06	101.76	76.11
Return before operating charges	(7.40)	16.10	26.44
Operating charges	(1.04)	(0.80)	(0.79)
Return after operating charges	(8.44)	15.30	25.65
Distributions	(2.84)	(2.38)	(2.36)
Retained distributions	2.84	2.38	2.36
Closing NAV	108.62	117.06	101.76
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.09	0.08
Dilution adjustments	(0.05)	(0.05)	(0.05)
Total direct transaction costs	0.07	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.96	0.73	0.87
Return after charges	-7.21	+15.04	+33.70
Other information			
Closing NAV (£'000)	8,460	1,200	989
Number of shares	7,789,069	1,024,760	971,964
Highest share price (UK p)	118.40	117.47	102.26
Lowest share price (UK p)	96.37	102.52	74.25

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Sterling Class 'L' Income share performance

The share class was launched on 5 October 2017.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	143.08	123.33	100.43
Return before operating charges	(2.93)	24.27	27.66
Operating charges	(1.03)	(0.66)	(0.69)
Return after operating charges	(3.96)	23.61	26.97
Distributions	(4.70)	(3.86)	(4.07)
Closing NAV	134.42	143.08	123.33
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.11	0.10
Dilution adjustments	(0.07)	(0.07)	(0.06)
Total direct transaction costs	0.09	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.73	0.50	0.59
Return after charges	-2.77	+19.14	+26.85
Other information			
Closing NAV (£'000)	9,446	14,110	11,901
Number of shares	7,027,388	9,861,478	9,649,357
Highest share price (UK p)	149.57	144.35	124.83
Lowest share price (UK p)	127.30	124.18	97.52

Sterling Class 'L' Accumulation share performance

The share class was launched on 5 October 2017.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	165.04	138.21	108.76
Return before operating charges	(3.35)	27.58	30.21
Operating charges	(1.20)	(0.75)	(0.76)
Return after operating charges	(4.55)	26.83	29.45
Distributions	(4.67)	(3.63)	(3.71)
Retained distributions	4.67	3.63	3.71
Closing NAV	160.49	165.04	138.21
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.19	0.13	0.11
Dilution adjustments	(0.08)	(0.07)	(0.07)
Total direct transaction costs	0.11	0.06	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.73	0.50	0.59
Return after charges	-2.76	+19.41	+27.08
Other information			
Closing NAV (£'000)	47,249	60,169	59,029
Number of shares	29,441,190	36,457,874	42,709,953
Highest share price (UK p)	174.46	165.62	138.96
Lowest share price (UK p)	149.74	139.16	105.63

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Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	117.07	101.02	82.30
Return before operating charges	(2.38)	19.86	22.68
Operating charges	(0.96)	(0.65)	(0.62)
Return after operating charges	(3.34)	19.21	22.06
Distributions	(3.71)	(3.16)	(3.34)
Closing NAV	110.02	117.07	101.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.09	0.09
Dilution adjustments	(0.06)	(0.05)	(0.05)
Total direct transaction costs	0.07	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.83	0.60	0.64
Return after charges	-2.85	+19.02	+26.80
Other information			
Closing NAV (£'000)	42,280	41,591	6,751
Number of shares	38,430,271	35,525,660	6,682,942
Highest share price (UK p)	122.34	118.11	102.26
Lowest share price (UK p)	104.10	101.71	79.92

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	143.76	120.51	94.88
Return before operating charges	(2.89)	24.03	26.36
Operating charges	(1.18)	(0.78)	(0.73)
Return after operating charges	(4.07)	23.25	25.63
Distributions	(3.74)	(3.03)	(3.15)
Retained distributions	3.74	3.03	3.15
Closing NAV	139.69	143.76	120.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.11	0.10
Dilution adjustments	(0.07)	(0.07)	(0.06)
Total direct transaction costs	0.09	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.83	0.60	0.64
Return after charges	-2.83	+19.29	+27.01
Other information			
Closing NAV (£'000)	88,518	40,624	19,849
Number of shares	63,368,854	28,258,188	16,470,771
Highest share price (UK p)	151.91	144.27	121.17
Lowest share price (UK p)	130.36	121.34	92.15

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Sterling Class 'PP-H' Income share performance

The share class was launched on 24 January 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	108.90	97.05	75.60
Return before operating charges	(7.11)	15.50	25.13
Operating charges	(0.87)	(0.65)	(0.60)
Return after operating charges	(7.98)	14.85	24.53
Distributions	(3.26)	(3.00)	(3.08)
Closing NAV	97.66	108.90	97.05
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.09	0.08
Dilution adjustments	(0.05)	(0.05)	(0.05)
Total direct transaction costs	0.06	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.86	0.63	0.67
Return after charges	-7.33	+15.30	+32.45
Other information			
Closing NAV (£'000)	42	22	19
Number of shares	43,180	20,030	20,030
Highest share price (UK p)	110.17	109.87	98.06
Lowest share price (UK p)	87.95	97.78	73.81

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 24 January 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	116.52	100.90	76.10
Return before operating charges	(7.15)	16.30	25.42
Operating charges	(0.94)	(0.68)	(0.62)
Return after operating charges	(8.09)	15.62	24.80
Distributions	(2.83)	(2.48)	(2.52)
Retained distributions	2.83	2.48	2.52
Closing NAV	108.43	116.52	100.90
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.09	0.08
Dilution adjustments	(0.05)	(0.05)	(0.05)
Total direct transaction costs	0.07	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.04
Operating charges	0.86	0.63	0.67
Return after charges	-6.94	+15.48	+32.59
Other information			
Closing NAV (£'000)	1,464	892	95
Number of shares	1,349,726	765,785	93,740
Highest share price (UK p)	117.86	116.94	101.39
Lowest share price (UK p)	96.09	101.65	74.32

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Statement of total return

for the year to 31 March	Note	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(33,826)		65,128
Revenue	5	21,281		12,968	
Expenses	6	(3,878)		(2,679)	
Interest payable and similar charges		(8)		(8)	
Net revenue/(expense) before taxation		17,395		10,281	
Taxation	7	(2,195)		(1,127)	
Net revenue/(expense) after taxation			15,200		9,154
Total return before distributions			(18,626)		74,282
Distributions	8		(16,195)		(9,733)
Change in net assets attributable to shareholders from investment activities			(34,821)		64,549

Statement of change in net assets attributable to shareholders

for the year to 31 March	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		509,495		322,931
Amounts received on issue of shares	237,142		184,738	
Amounts paid on cancellation of shares	(129,225)		(70,482)	
		107,917		114,256
Dilution adjustments		549		419
Change in net assets attributable to shareholders from investment activities (see above)		(34,821)		64,549
Retained distributions on Accumulation shares		11,957		7,340
Closing net assets attributable to shareholders		595,097		509,495

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Balance sheet

as at 31 March	Note	2023 £'000	2022 £'000
Assets			
Fixed assets			
Investments		588,736	503,285
Current assets			
Debtors	9	2,915	6,847
Cash and bank balances	10	2,982	1,392
Cash equivalents		2,867	2,407
Total assets		597,500	513,931
Liabilities			
Investment liabilities		(5)	(8)
Creditors			
Distribution payable		(874)	(653)
Other creditors	11	(1,524)	(3,775)
Total liabilities		(2,403)	(4,436)
Net assets attributable to shareholders		595,097	509,495

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Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

2 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the year to 31 March	2023 £'000	2022 £'000
Non-derivative securities	(33,666)	65,152
Derivative contracts	(250)	(220)
Capital gains on US REIT	633	0
Currency gains/(losses)	(543)	196
Net capital gains/(losses)	(33,826)	65,128

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4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 £'000	% of transaction	2022 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	402,944		268,189	
Commissions	138	0.03	86	0.03
Taxes	347	0.09	174	0.06
Equities after transaction costs	403,429		268,449	
Collective investment schemes				
Collective investment schemes before transaction costs	17,727		13,126	
Commissions	8	0.04	6	0.05
Taxes	43	0.24	31	0.24
Collective investment schemes after transaction costs	17,778		13,163	
Total purchases after transaction costs	421,207		281,612	
b) Sales				
Equities				
Equities before transaction costs	293,395		160,616	
Commissions	(108)	0.04	(43)	0.03
Taxes	(19)	0.01	(3)	0.00
Equities after transaction costs	293,268		160,570	
Collective investment schemes				
Collective investment schemes before transaction costs	9,400		1,967	
Commissions	(5)	0.05	(1)	0.03
Collective investment schemes after transaction costs	9,395		1,966	
Total sales after transaction costs	302,663		162,536	

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	2023 £'000	% of average NAV	2022 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	246	0.04	129	0.03
Collective investment schemes	13	0.00	7	0.00
Total commissions paid	259	0.04	136	0.03
Taxes paid				
Equities	366	0.06	177	0.04
Collective investment schemes	43	0.01	31	0.01
Total taxes paid	409	0.07	208	0.05
Total direct portfolio transaction costs	668	0.11	344	0.08
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.15		0.20

5 Revenue

for the year to 31 March	2023 £'000	2022 £'000
Bank interest	7	0
Dividends from equity investments: non-taxable	18,111	11,422
Dividends from equity investments: taxable	722	297
Interest distributions	65	2
Property distribution: non-taxable	605	10
Property distribution: taxable	1,771	1,048
Rebate of ongoing charges from underlying funds	2	2
Share class hedging revenue	(2)	1
Stock dividends	0	186
Total revenue	21,281	12,968

6 Expenses

for the year to 31 March	2023 £'000	2022 £'000
Payable to the ACD or associate		
Annual charge	3,878	2,679
Total expenses	3,878	2,679

Audit fees for the financial year ending 2023 were £12,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

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7 Taxation

for the year to 31 March	2023 £'000	2022 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	2,098	1,118
Deferred tax (note 7c)	0	0
Tax on US REITs	97	9
Total taxation	2,195	1,127
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	17,395	10,281
Corporation tax at 20%	3,479	2,056
Effects of:		
Dividends from equity investments: non-taxable	(3,743)	(2,286)
Stock dividends: non-taxable	0	(37)
Capital income subject to taxation	129	12
Current year expenses not utilised	207	302
Withholding tax	2,098	1,118
Withholding tax expensed	(72)	(30)
Tax on US REITs	97	9
Prior year adjustment to expenses not utilised	0	(17)
Total tax charge (note 7a)	2,195	1,127
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £925,000 (2022: £718,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

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8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 March	2023		2022	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Dividend distributions				
First interim	1,699	3,994	779	2,576
Second interim	1,240	2,690	597	1,829
Third interim	857	2,449	536	1,476
Final	874	2,824	653	1,459
Total net distributions		16,627		9,905
Income deducted on cancellation of shares		224		170
Income received on issue of shares		(656)		(342)
Distributions		16,195		9,733
Net revenue/(expense) per statement of total return		15,200		9,154
Expenses offset against capital		898		570
Capital gains tax offset against capital		97		9
Distributions		16,195		9,733

9 Debtors

as at 31 March	2023 £'000	2022 £'000
Amounts receivable on issues of shares	769	2,798
Currency deals outstanding	203	767
Distributions receivable	8	1
Dividends receivable	1,606	917
Sales awaiting settlement	0	2,119
Tax recoverable	0	73
Withholding tax recoverable	329	172
Total debtors	2,915	6,847

10 Cash and bank balances

as at 31 March	2023 £'000	2022 £'000
Cash held as bank balances	2,982	1,392
Total cash and bank balances	2,982	1,392

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11 Other creditors

as at 31 March	2023 £'000	2022 £'000
Amounts payable on cancellation of shares	707	1,900
Annual charge payable	113	86
Currency deals outstanding	204	768
Purchases awaiting settlement	500	1,021
Total other creditors	1,524	3,775

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.04.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
Sterling					
Class 'A' Income	739,098	369,338	(294,880)	0	813,556
Class 'A' Accumulation	849,375	897,533	(447,635)	0	1,299,273
Class 'I' Income	42,607,228	34,078,840	(33,542,866)	0	43,143,202
Class 'I' Accumulation	173,420,348	58,105,838	(20,714,815)	0	210,811,371
Class 'I-H' Income	4,562,636	828,837	(2,193,437)	0	3,198,036
Class 'I-H' Accumulation	1,024,760	7,049,659	(285,350)	0	7,789,069
Class 'L' Income	9,861,478	748,307	(3,582,397)	0	7,027,388
Class 'L' Accumulation	36,457,874	6,366,241	(13,382,925)	0	29,441,190
Class 'PP' Income	35,525,660	11,510,065	(8,605,454)	0	38,430,271
Class 'PP' Accumulation	28,258,188	43,135,293	(8,024,627)	0	63,368,854
Class 'PP-H' Income	20,030	25,756	(2,606)	0	43,180
Class 'PP-H' Accumulation	765,785	605,556	(21,615)	0	1,349,726

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

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14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'I-H'	0.73
Class 'L'	0.50
Class 'PP'	0.60
Class 'PP-H'	0.63

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 2.07% (2022: 2.52%) of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

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Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023 £'000	Liabilities 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000
Level 1	588,673	0	503,282	0
Level 2	169	(5)	3	(8)
Level 3	4,894	0	0	0
	588,736	(5)	503,285	(8)

Home was suspended in the period and has been transferred from Level 1 to Level 3. Home is held at the last traded price prior to suspension.

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £29,437,000 (2022: £25,164,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by £24,614,000 (2022: £21,006,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2023 £'000	2022 £'000
Currency exposure in respect of the fund		
Australian dollar	17,165	15,054
Brazilian real	9,337	10,361
Canadian dollar	66,260	67,273
Danish krone	15,168	7,987
Euro	109,595	101,122
Hong Kong dollar	11,553	16,431
Singapore dollar	7,097	9,799
Sterling	102,812	89,367
Swiss franc	5,910	4,921
US dollar	250,200	187,180
Total	595,097	509,495

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20 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on pages 126 to 128.

21 Dividend distribution tables

This fund pays quarterly ordinary distributions and the following table sets out the distribution periods.

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.04.22	30.06.22	01.07.22	31.08.22
Second interim	01.07.22	30.09.22	03.10.22	30.11.22
Third interim	01.10.22	31.12.22	03.01.23	28.02.23
Final	01.01.23	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	1.2921	0.2216	1.5137	1.2995
Second interim	0.5839	0.4748	1.0587	0.9490
Third interim	0.7381	0.1805	0.9186	0.7933
Final	0.5296	0.4707	1.0003	0.7479

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Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.9366	0.3805	1.3171	1.0786
Second interim	0.3424	0.4281	0.7705	0.6690
Third interim	0.4916	0.2860	0.7776	0.4920
Final	0.6328	0.1317	0.7645	0.4416

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.9002	0.6325	1.5327	1.3105
Second interim	0.7588	0.3142	1.0730	0.9576
Third interim	0.7257	0.2302	0.9559	0.8018
Final	0.7090	0.3246	1.0336	0.7569

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.7774	0.7142	1.4916	1.2262
Second interim	0.6163	0.3355	0.9518	0.8238
Third interim	0.6064	0.2037	0.8101	0.6491
Final	0.7233	0.1932	0.9165	0.5997

Sterling Class 'I-H' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.5779	0.5572	1.1351	1.0371
Second interim	0.3821	0.3662	0.7483	0.7469
Third interim	0.4852	0.1576	0.6428	0.6318
Final	0.3040	0.4460	0.7500	0.5888

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Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.4863	0.5335	1.0198	0.8985
Second interim	0.2800	0.3305	0.6105	0.5913
Third interim	0.3873	0.2093	0.5966	0.4667
Final	0.5915	0.0175	0.6090	0.4278

Sterling Class 'L' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.7741	0.7755	1.5496	1.3223
Second interim	0.3842	0.7013	1.0855	0.9667
Third interim	0.6723	0.3217	0.9940	0.8098
Final	0.4778	0.5903	1.0681	0.7645

Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.7592	0.8286	1.5878	1.3069
Second interim	0.7690	0.2802	1.0492	0.9065
Third interim	0.8833	0.1102	0.9935	0.7321
Final	0.8500	0.1921	1.0421	0.6833

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.4066	0.8611	1.2677	1.0828
Second interim	0.4955	0.3923	0.8878	0.7915
Third interim	0.5150	0.2103	0.7253	0.6629
Final	0.4957	0.3383	0.8340	0.6257

Financial statements and notes

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.5868	0.7612	1.3480	1.1089
Second interim	0.5209	0.3551	0.8760	0.7577
Third interim	0.6247	0.0681	0.6928	0.6046
Final	0.4389	0.3799	0.8188	0.5615

Sterling Class 'PP-H' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.6545	0.4789	1.1334	1.0370
Second interim	0.7468	0.0000	0.7468	0.7472
Third interim	0.3262	0.3240	0.6502	0.6306
Final	0.7327	0.0000	0.7327	0.5874

Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.5856	0.4579	1.0435	0.9177
Second interim	0.4741	0.1619	0.6360	0.6155
Third interim	0.4625	0.0656	0.5281	0.4922
Final	0.4599	0.1658	0.6257	0.4528

22 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

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; and
- To invest in companies that aim to have a positive societal impact through addressing the world's major social and environmental challenges.

Investment policy

At least 80% of the fund is invested in the equity securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. The fund has a concentrated portfolio and usually holds fewer than 40 stocks.

Assessment and measurement of the ability to deliver positive social and/or environmental impact and generate financial returns will be conducted at a company level using M&G's impact assessment methodology. This focuses on three criteria:

- Investment credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate actions and strategy; and
- Impact: the scale of the net positive societal impact and the company's progress towards addressing specified social and environmental challenges.

Certain investments which are considered by M&G to conflict with the fund's aim to invest in companies with a positive societal impact are excluded from the investment universe. The following are excluded:

- Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption; and
- Companies involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, oil sands, nuclear power or coal-fired power, or the provision of gambling services.

The fund manager has discretion to invest in companies with limited exposure to fossil fuels but which are driving or significantly participating in the transition to a more sustainable economy.

The fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund is a concentrated portfolio of global stocks, investing over the long term in companies that make a positive social and/or environmental impact alongside a financial return, using a disciplined stock selection process. Sustainability and impact considerations are fundamental in determining the fund's investment universe and assessing business models. The fund embraces the United Nations Sustainable Development Goals framework and invests in companies focused on areas including climate action, pollution reduction, circular economy, health and wellbeing, education and innovation, and working conditions.

The fund invests in three categories of positive impact companies:

- "Pioneers", whose products or services have a transformational effect on society or the environment;
- "Enablers", which provide the tools for others to deliver positive social or environmental impact; and

Authorised Corporate Director’s Report

- “Leaders”, which spearhead the development of sustainability in their industries.

Investing in these categories provides diversification across industries and maturity of business models.

Dialogue with the companies in which the fund invests is fundamental to the investment approach. The objective is to support and influence their contribution to the world’s major social and environmental challenges.

Benchmark

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.

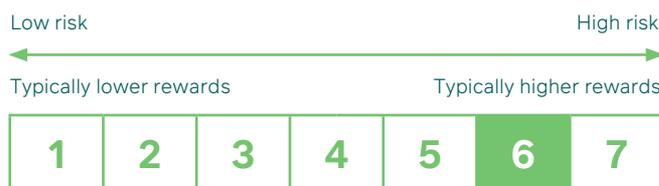
For unhedged and hedged share classes, the benchmark is shown in the share class currency.

An annual report is published to provide an assessment of the positive, societal and environmental impact of each holding in the fund.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has changed during this period. From 1 April 2022 to 16 Feb 2023 the risk number was 5.

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Investment review

For the year ended 31 March 2023

Performance against objective

Between 1 April 2022 (the start of the review period) and 31 March 2023, the M&G Positive Impact Fund delivered a positive total return (the combination of income and growth of capital) across all of its sterling share classes. Performance surpassed the fund's benchmark, the MSCI All Country World Index (ACWI), which lost 0.9% over the period.

The fund was launched in November 2018, and thus cannot yet be measured on its five-year performance objective.

In terms of the fund's second objective – to invest in companies that have a positive impact on society through addressing the world's major social and/or environmental challenges – please see the fund's 2022 Annual Impact Report within the Fund Literature section of the M&G Website.

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

Performance review

Global stockmarkets fell over the review period as central banks raised interest rates in a bid to cool rampant inflation. The price rises stemmed from the war in Ukraine, rebounding demand as COVID-19 restrictions eased and supply-chain disruptions caused by the pandemic.

The fund beat its benchmark, the MSCI ACWI Index, which made a loss over the year. Stockpicking in the financials and information technology sectors drove the outperformance. An overweight position in the healthcare sector was also beneficial.

On a company level, Novo Nordisk and onsemi (previously ON Semiconductor) were among the biggest contributors to relative performance. Drugmaker Novo Nordisk rose throughout the 12 months and raised its earnings forecast in November. onsemi surpassed earnings expectations and

announced a share buyback, while benefiting from the US government's huge push to boost domestic production of semiconductors. Investments in emerging-market lenders Bank of Georgia and HDFC Bank also boosted the fund's performance.

On the downside, stockpicking in utilities was the main drag on performance over the period. The lack of exposure to the energy and consumer staples sectors also weighed on performance, along with stockpicking in the communication services sector.

Safaricom was one of the biggest detractors among individual companies. The Kenyan mobile network operator's profits dropped due to higher tax payments and the cost of entering the Ethiopian market, while continued Kenyan shilling weakness also weighed on the share price. Orsted was also a drag on performance, as the wind-power sector contends with rising costs and higher interest rates. ALK-Abelló was another detractor. The Danish pharmaceuticals company lowered the full-year sales growth forecast for its tablets business after a disappointing performance in Europe.

Investment activities

The fund only added one new position during the reporting period, reflecting a focus on long-term investments. This was eBay, which was purchased in December. The online marketplace plays a role in the circular economy as it facilitates the sale of used and refurbished goods.

The fund also received a small amount of stock in Embecta in April, following the insulin syringe maker's spin-off from another holding, Becton Dickinson. These shares were sold in July.

No other positions were exited during the year.

ESG engagements

The fund manager engaged with a number of investment companies over the 12 months in order to pursue environmental, societal and governance (ESG) goals.

Some of our environmental advocacy included supporting decarbonisation efforts at both onsemi and

Authorised Corporate Director's Report

healthcare company UnitedHealth. We also held meetings with US waste specialist Republic Services to encourage the company's recycling efforts, including a request for more granular recycling data. We also asked the company to engage with ESG data providers, particularly in light of its acquisition of hazardous waste company US Ecology.

As part of our governance efforts, we encouraged greater gender diversity on the boards of two of our investments – biotech firm Oxford Nanopore Technologies and renewable energy company SolarEdge. We also met with communications-tower operator Helios Towers to give our opinion on its sustainability materiality matrix before this was delivered to a wider audience. At Bank of Georgia, we discussed the lender's disclosure of data around the number of underserved/unbanked people it has served, to help us measure its positive impact.

Outlook

The fund seeks to invest in quality companies with a competitive advantage, and which offer long-term upside potential. We believe such businesses are likely to weather a world of higher borrowing costs and slower growth because their inherent strengths let them create value well in excess of their cost of capital. Higher interest rates and other long-term global challenges are also bolstering demand for companies that provide real-world sustainable outcomes.

Less generous access to capital will likely persist in 2023. This will weigh on the performance of capital-hungry growth companies that are valued based on cashflows in the distant future. By contrast, established companies with good cashflow yields, decent growth opportunities and a healthy return on invested capital will be less affected by the current economic challenges.

The 2022 market sell-off has also bolstered the possibility of making long-term gains because it reduced valuations. Similarly, recent volatility has opened opportunities in impactful companies, even with the fund's limited turnover. More broadly, last

year's upheavals have rebalanced the market, helping to remove an 'ESG premium' from some sustainable stocks.

John William Olsen

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities	249,999	98.24	97.86
Containers & packaging	5,264	2.07	2.10
1,350,408 DS Smith	5,264	2.07	
Building products	18,406	7.23	8.15
209,546 Johnson Controls International	12,481	4.90	
24,248 Rockwool	5,925	2.33	
Electrical equipment	13,234	5.20	5.50
333,041 Ceres Power ^a	1,588	0.62	
70,255 Schneider Electric	11,646	4.58	
Commercial services & supplies	20,806	8.18	7.25
790,528 Brambles	7,099	2.79	
66,472 Republic Services	8,977	3.53	
27,242 UniFirst	4,730	1.86	
Diversified consumer services	3,551	1.39	2.28
41,251 Bright Horizons Family Solutions	3,148	1.23	
1,135,478 Cogna Educação	403	0.16	
Speciality retail	5,309	2.09	0.00
120,771 eBay	5,309	2.09	
Health care equipment & supplies	8,429	3.31	3.36
34,354 Becton Dickinson	8,429	3.31	
Health care providers & services	24,659	9.69	10.47
88,485 Fresenius Medical Care	3,748	1.47	
67,492 Quest Diagnostics	9,408	3.70	
24,454 UnitedHealth	11,503	4.52	
Biotechnology	6,482	2.55	2.97
376,064 Grifols Preference Shares	2,690	1.06	
1,377,018 PureTech Health	3,792	1.49	
Pharmaceuticals	24,686	9.70	9.46
443,170 ALK-Abelló	6,804	2.67	
113,247 Novo Nordisk	17,882	7.03	
Life sciences tools & services	27,480	10.80	11.15
56,929 Agilent Technologies	7,664	3.01	
23,190 Illumina	5,234	2.06	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Equities (continued)			
Life sciences tools & services (continued)			
851,156 Oxford Nanopore Technologies	2,254	0.89	
21,871 Thermo Fisher Scientific	12,328	4.84	
Banks	22,338	8.78	5.62
271,265 Bank of Georgia	9,198	3.62	
198,475 HDFC Bank ADR	13,140	5.16	
Insurance	4,417	1.74	1.67
90,603 AMERISAFE	4,417	1.74	
Software	9,576	3.76	3.41
29,279 Ansys	9,576	3.76	
Electronic equipment, instruments & components	11,307	4.44	3.85
106,300 Horiba	6,311	2.48	
41,086 IPG Photonics	4,996	1.96	
Semiconductors & semiconductor equipment	26,976	10.60	11.40
184,860 onsemi	15,202	5.97	
39,687 SolarEdge Technologies	11,774	4.63	
Diversified telecommunication services	3,810	1.50	1.62
2,898,660 Helios Towers	3,810	1.50	
Wireless telecommunication services	2,890	1.13	2.27
21,159,225 Safaricom	2,890	1.13	
Electric utilities	7,046	2.77	3.79
83,720 Ørsted	7,046	2.77	
Real estate management & development	3,333	1.31	1.54
172,500 KATITAS	3,333	1.31	
Total portfolio	249,999	98.24	97.86
Net other assets/(liabilities)	4,473	1.76	2.14
Net assets attributable to shareholders	254,472	100.00	100.00

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

^a AIM quoted.

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2023

Largest purchases	\$'000
eBay	4,996
HDFC Bank ADR	1,985
Oxford Nanopore Technologies	1,789
onsemi	1,329
Johnson Controls International	1,132
Novo Nordisk	1,121
UnitedHealth	1,117
Thermo Fisher Scientific	1,081
SolarEdge Technologies	1,048
Illumina	974
Other purchases	12,360
Total purchases	28,932

Largest sales	\$'000
onsemi	9,360
Novo Nordisk	3,958
UnitedHealth	1,587
Thermo Fisher Scientific	1,024
SolarEdge Technologies	985
Johnson Controls International	954
HDFC Bank ADR	884
Schneider Electric	798
Quest Diagnostics	786
Ørsted	767
Other sales	10,520
Total sales	31,623

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+0.7	+13.8	n/a	n/a
Class 'A' Accumulation	+0.7	+13.8	n/a	n/a
Class 'I' Income	+1.1	+14.3	n/a	n/a
Class 'I' Accumulation	+1.2	+14.3	n/a	n/a
Class 'L' Income	+1.3	+14.5	n/a	n/a
Class 'L' Accumulation	+1.4	+14.5	n/a	n/a
Class 'PP' Income	+1.3	+14.4	n/a	n/a
Class 'PP' Accumulation	+1.3	+14.4	n/a	n/a
Class 'R' Income	+0.9	+14.0	n/a	n/a
Class 'R' Accumulation	+0.9	+14.0	n/a	n/a
Benchmark	-0.9	+16.0	n/a	n/a

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	147.12	143.11	102.67
Return before operating charges	2.68	7.32	43.47
Operating charges	(1.59)	(1.66)	(1.75)
Return after operating charges	1.09	5.66	41.72
Distributions	(2.14)	(1.65)	(1.28)
Closing NAV	146.07	147.12	143.11
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.07	0.13
Dilution adjustments	(0.03)	(0.07)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	1.10	1.10	1.30
Return after charges	+0.74	+3.95	+40.64
Other information			
Closing NAV (\$'000)	2,389	2,560	2,225
Number of shares	1,321,314	1,325,887	1,129,519
Highest share price (UK p)	156.49	163.15	151.77
Lowest share price (UK p)	128.87	134.30	99.59

Sterling Class 'A' Accumulation share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	153.21	147.38	104.75
Return before operating charges	2.79	7.52	44.42
Operating charges	(1.65)	(1.69)	(1.79)
Return after operating charges	1.14	5.83	42.63
Distributions	(0.55)	0.00	0.00
Retained distributions	0.55	0.00	0.00
Closing NAV	154.35	153.21	147.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.07	0.13
Dilution adjustments	(0.03)	(0.07)	(0.08)
Total direct transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	1.10	1.10	1.30
Return after charges	+0.74	+3.96	+40.70
Other information			
Closing NAV (\$'000)	1,185	793	241
Number of shares	620,500	394,087	118,591
Highest share price (UK p)	162.98	168.02	154.93
Lowest share price (UK p)	134.21	138.31	101.67

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 20 November 2018.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	149.71	145.03	103.56
Return before operating charges	2.74	7.42	43.88
Operating charges	(1.03)	(1.07)	(1.12)
Return after operating charges	1.71	6.35	42.76
Distributions	(2.18)	(1.67)	(1.29)
Closing NAV	149.24	149.71	145.03
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.07	0.13
Dilution adjustments	(0.03)	(0.07)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.70	0.70	0.82
Return after charges	+1.14	+4.38	+41.29
Other information			
Closing NAV (\$'000)	17,310	17,150	13,753
Number of shares	9,372,344	8,727,773	6,889,460
Highest share price (UK p)	159.81	165.81	153.68
Lowest share price (UK p)	131.25	136.61	100.45

Sterling Class 'I' Accumulation share performance

The share class was launched on 20 November 2018.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	155.90	149.37	105.65
Return before operating charges	2.86	7.63	44.85
Operating charges	(1.07)	(1.10)	(1.13)
Return after operating charges	1.79	6.53	43.72
Distributions	(1.23)	(0.58)	(0.26)
Retained distributions	1.23	0.58	0.26
Closing NAV	157.69	155.90	149.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.08	0.13
Dilution adjustments	(0.03)	(0.08)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.70	0.70	0.83
Return after charges	+1.15	+4.37	+41.38
Other information			
Closing NAV (\$'000)	110,240	108,737	89,274
Number of shares	56,490,188	53,140,180	43,423,623
Highest share price (UK p)	166.43	170.75	156.88
Lowest share price (UK p)	136.68	140.68	102.54

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 20 November 2018.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	150.90	145.89	103.91
Return before operating charges	2.77	7.46	44.09
Operating charges	(0.74)	(0.77)	(0.81)
Return after operating charges	2.03	6.69	43.28
Distributions	(2.20)	(1.68)	(1.30)
Closing NAV	150.73	150.90	145.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.07	0.13
Dilution adjustments	(0.03)	(0.07)	(0.08)
Total direct transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.50	0.50	0.58
Return after charges	+1.35	+4.59	+41.65
Other information			
Closing NAV (\$'000)	91,939	98,097	82,716
Number of shares	49,288,469	49,529,314	41,192,766
Highest share price (UK p)	161.36	167.02	154.51
Lowest share price (UK p)	132.35	137.66	100.80

Sterling Class 'L' Accumulation share performance

The share class was launched on 20 November 2018.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	157.12	150.24	106.02
Return before operating charges	2.92	7.67	45.02
Operating charges	(0.79)	(0.79)	(0.80)
Return after operating charges	2.13	6.88	44.22
Distributions	(1.54)	(0.91)	(0.57)
Retained distributions	1.54	0.91	0.57
Closing NAV	159.25	157.12	150.24
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.08	0.13
Dilution adjustments	(0.03)	(0.08)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.50	0.50	0.59
Return after charges	+1.36	+4.58	+41.71
Other information			
Closing NAV (\$'000)	9,306	30,142	29,764
Number of shares	4,722,010	14,616,038	14,393,332
Highest share price (UK p)	168.03	171.99	157.71
Lowest share price (UK p)	137.81	141.76	102.89

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	129.47	125.31	89.30
Return before operating charges	2.37	6.40	37.86
Operating charges	(0.75)	(0.79)	(0.73)
Return after operating charges	1.62	5.61	37.13
Distributions	(1.89)	(1.45)	(1.12)
Closing NAV	129.20	129.47	125.31
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.06	0.11
Dilution adjustments	(0.02)	(0.06)	(0.06)
Total direct transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.60	0.60	0.64
Return after charges	+1.25	+4.48	+41.58
Other information			
Closing NAV (\$'000)	890	30	33
Number of shares	556,614	17,550	19,223
Highest share price (UK p)	138.33	143.35	132.73
Lowest share price (UK p)	113.54	118.13	86.63

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	144.38	138.19	97.57
Return before operating charges	2.66	7.04	41.47
Operating charges	(0.85)	(0.85)	(0.85)
Return after operating charges	1.81	6.19	40.62
Distributions	(1.28)	(0.68)	(0.46)
Retained distributions	1.28	0.68	0.46
Closing NAV	146.19	144.38	138.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.07	0.13
Dilution adjustments	(0.02)	(0.07)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.60	0.60	0.64
Return after charges	+1.25	+4.48	+41.63
Other information			
Closing NAV (\$'000)	16,502	11,869	1,103
Number of shares	9,121,190	6,262,820	579,929
Highest share price (UK p)	154.27	158.10	145.09
Lowest share price (UK p)	126.62	130.28	94.69

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	148.45	144.18	103.20
Return before operating charges	2.71	7.38	43.72
Operating charges	(1.39)	(1.45)	(1.45)
Return after operating charges	1.32	5.93	42.27
Distributions	(2.16)	(1.66)	(1.29)
Closing NAV	147.61	148.45	144.18
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.07	0.13
Dilution adjustments	(0.03)	(0.07)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.95	0.95	1.07
Return after charges	+0.89	+4.11	+40.96
Other information			
Closing NAV (\$'000)	586	601	942
Number of shares	320,935	308,650	474,803
Highest share price (UK p)	158.12	164.55	152.86
Lowest share price (UK p)	130.08	135.50	100.11

Sterling Class 'R' Accumulation share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	154.59	148.50	105.30
Return before operating charges	2.83	7.57	44.71
Operating charges	(1.44)	(1.48)	(1.51)
Return after operating charges	1.39	6.09	43.20
Distributions	(0.85)	(0.16)	0.00
Retained distributions	0.85	0.16	0.00
Closing NAV	155.98	154.59	148.50
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.08	0.13
Dilution adjustments	(0.03)	(0.08)	(0.08)
Total direct transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.95	0.95	1.06
Return after charges	+0.90	+4.10	+41.03
Other information			
Closing NAV (\$'000)	4,125	3,974	3,022
Number of shares	2,136,846	1,958,376	1,478,362
Highest share price (UK p)	164.67	169.47	156.04
Lowest share price (UK p)	135.47	139.54	102.19

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Statement of total return

for the year to 31 March	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(15,511)		(3,862)
Revenue	5	4,054		3,167	
Expenses	6	(1,490)		(1,654)	
Interest payable and similar charges		(2)		(1)	
Net revenue/(expense) before taxation		2,562		1,512	
Taxation	7	(380)		(316)	
Net revenue/(expense) after taxation			2,182		1,196
Total return before distributions			(13,329)		(2,666)
Distributions	8		(2,780)		(1,887)
Change in net assets attributable to shareholders from investment activities			(16,109)		(4,553)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		273,953		223,073
Amounts received on issue of shares	44,994		129,074	
Amounts paid on cancellation of shares	(49,576)		(74,591)	
		(4,582)		54,483
Dilution adjustments		92		313
Change in net assets attributable to shareholders from investment activities (see above)		(16,109)		(4,553)
Retained distributions on Accumulation shares		1,118		637
Closing net assets attributable to shareholders		254,472		273,953

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Balance sheet

as at 31 March	Note	2023 \$'000	2022 \$'000
Assets			
Fixed assets			
Investments		249,999	268,095
Current assets			
Debtors	9	1,125	15,840
Cash and bank balances	10	5,648	20,129
Total assets		256,772	304,064
Liabilities			
Creditors			
Distribution payable		(1,652)	(1,322)
Other creditors	11	(648)	(28,789)
Total liabilities		(2,300)	(30,111)
Net assets attributable to shareholders		254,472	273,953

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the year to 31 March	2023 \$'000	2022 \$'000
Non-derivative securities	(15,406)	(3,561)
Currency gains/(losses)	(105)	(301)
Net capital gains/(losses)	(15,511)	(3,862)

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4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 \$'000	% of transaction	2022 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	28,902		106,544	
Commissions	8	0.03	35	0.03
Taxes	22	0.08	79	0.07
Total purchases after transaction costs	28,932		106,658	
b) Sales				
Equities				
Equities before transaction costs	31,635		45,742	
Commissions	(10)	0.03	(13)	0.03
Taxes	(2)	0.01	(6)	0.01
Total sales after transaction costs	31,623		45,723	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	18	0.01	48	0.02
Taxes paid				
Equities	24	0.01	85	0.03
Total direct portfolio transaction costs	42	0.02	133	0.05
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.12		0.11

5 Revenue

for the year to 31 March	2023 \$'000	2022 \$'000
Bank interest	56	0
Dividends from equity investments: non-taxable	3,998	3,179
Dividends from equity investments: taxable	0	(12)
Total revenue	4,054	3,167

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6 Expenses

for the year to 31 March	2023 \$'000	2022 \$'000
Payable to the ACD or associate		
Annual charge	1,490	1,654
Total expenses	1,490	1,654

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2023 \$'000	2022 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	380	316
Deferred tax (note 7c)	0	0
Total taxation	380	316
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	2,562	1,512
Corporation tax at 20%	512	302
Effects of:		
Dividends from equity investments: non-taxable	(799)	(636)
Current year expenses not utilised	287	334
Withholding tax	380	316
Total tax charge (note 7a)	380	316
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of \$909,000 (2022: \$622,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 March	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	1,652	1,118	1,322	637
Total net distributions		2,770		1,959
Income deducted on cancellation of shares		205		583
Income received on issue of shares		(195)		(655)
Distributions		2,780		1,887
Net revenue/(expense) per statement of total return		2,182		1,196
Expenses offset against capital		598		691
Distributions		2,780		1,887

9 Debtors

as at 31 March	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	623	782
Currency deals outstanding	0	14,146
Dividends receivable	308	192
Sales awaiting settlement	0	576
Withholding tax recoverable	194	144
Total debtors	1,125	15,840

10 Cash and bank balances

as at 31 March	2023 \$'000	2022 \$'000
Cash held as bank balances	5,648	20,129
Total cash and bank balances	5,648	20,129

11 Other creditors

as at 31 March	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	606	14,577
Annual charge payable	42	47
Currency deals outstanding	0	14,165
Total other creditors	648	28,789

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12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.04.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
Sterling					
Class 'A' Income	1,325,887	91,170	(95,743)	0	1,321,314
Class 'A' Accumulation	394,087	293,411	(66,998)	0	620,500
Class 'I' Income	8,727,773	2,578,512	(1,933,941)	0	9,372,344
Class 'I' Accumulation	53,140,180	6,952,475	(3,602,467)	0	56,490,188
Class 'L' Income	49,529,314	8,196,944	(8,437,789)	0	49,288,469
Class 'L' Accumulation	14,616,038	542,471	(10,436,499)	0	4,722,010
Class 'PP' Income	17,550	697,118	(158,054)	0	556,614
Class 'PP' Accumulation	6,262,820	5,744,213	(2,885,843)	0	9,121,190
Class 'R' Income	308,650	56,002	(43,717)	0	320,935
Class 'R' Accumulation	1,958,376	346,070	(167,600)	0	2,136,846

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'L'	0.50
Class 'PP'	0.60
Class 'R'	0.95

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change

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in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 34.86% (2022: 18.54%) of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023	Liabilities 2023	Assets 2022	Liabilities 2022
Basis of valuation	\$'000	\$'000	\$'000	\$'000
Level 1	249,999	0	268,095	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	249,999	0	268,095	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$12,500,000 (2022: \$13,405,000). A five per cent decrease would have an equal and opposite effect.

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19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$5,043,000 (2022: \$5,658,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2023 \$'000	2022 \$'000
Currency exposure in respect of the fund		
Australian dollar	7,192	6,157
Brazilian real	403	697
Danish krone	38,031	44,012
Euro	18,107	22,039
Japanese yen	9,673	10,365
Kenyan shilling	3,006	6,357
Sterling	24,440	23,535
US dollar	153,620	160,791
Total	254,472	273,953

20 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.22	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Final	1.2183	0.9211	2.1394	1.6476

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Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.2816	0.2651	0.5467	0.0000

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.1894	0.9919	2.1813	1.6729

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.5858	0.6409	1.2267	0.5756

Sterling Class 'L' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.3869	0.8142	2.2011	1.6843

Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.8697	0.6694	1.5391	0.9093

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.6188	1.2692	1.8880	1.4453

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Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.7753	0.4997	1.2750	0.6844

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.7582	1.4022	2.1604	1.6612

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.4704	0.3750	0.8454	0.1647

21 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

The fund aims to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index over any five-year period, while applying ESG criteria and sustainability criteria.

Investment policy

At least 80% of the fund is invested directly in investment grade corporate bonds including investment grade asset-backed securities. These securities may be issued by companies that are domiciled in any country, including emerging markets. The investment grade corporate bonds may be denominated in any currency and currency exposure is typically hedged back to GBP.

The fund may also invest in:

- Below investment grade and unrated corporate bonds;
- Bonds issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies;
- Below investment grade and unrated asset-backed securities; and
- Other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Investments in asset-backed securities are limited to 20% of the fund.

The fund invests at least 10% of its assets into ESG themed bonds.

The fund invests in securities that meet the ESG criteria and sustainability criteria. This is achieved through the use of M&G's proprietary analysis and/or third party ESG information.

The following types of exclusions apply to the fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the fund's sector-based and/or values-based criteria.
- Other exclusions: investments assessed to be otherwise in conflict with the ESG criteria and sustainability criteria.

References to "assessed" above mean assessment in accordance with the ESG criteria and sustainability criteria document.

The fund maintains a higher weighted average ESG score and lower weighted average carbon Intensity than the global corporate bond market, as represented by the Bloomberg Global Aggregate Corporate Index. The composition of this index does not constrain the fund's portfolio construction.

Further information on the fund's ESG criteria and sustainability criteria can be found in the ESG criteria and sustainability criteria document as disclosed in the ESG information section below.

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

As explained in the ESG criteria and sustainability criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The fund manager will assess the suitability of such instruments relative to the fund's investment objective.

Authorised Corporate Director’s Report

Investment approach

The fund is globally diversified and seeks to provide exposure to a broad range of issuers across a variety of sectors.

The fund manager has the flexibility to adjust the fund’s credit exposure, sector positioning and regional allocations based on the assessment of current market valuations and the macroeconomic environment.

Individual credit selection based on bottom-up analysis of the global corporate bond market by in-house credit analysts complements the fund manager’s views.

Sustainability criteria are fully integrated into credit analysis and investment decisions, and play an important role in determining the investment universe and portfolio construction. Sustainability characteristics are assessed as part of the analysis of bond issuers, driving security selection through considering the ESG scores and carbon intensity of the investments made, where this is not detrimental to the pursuit of the investment objective. This process is expected to result in a portfolio positively tilted towards more sustainable issuers.

Further information can be found in the ESG criteria and sustainability criteria document.

ESG Information

Additional information is available to investors on the fund page of the M&G website:

- ESG criteria and sustainability criteria: in the document titled “M&G Sustainable Global Corporate Bond Fund – ESG criteria and sustainability criteria” which includes the fund’s exclusions approach.
- Periodic reporting that outlines the non-financial outcomes of the fund.

Benchmark

Benchmark: Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index

This 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. This benchmark is used solely to measure the fund’s performance and does not constrain the fund’s portfolio construction.

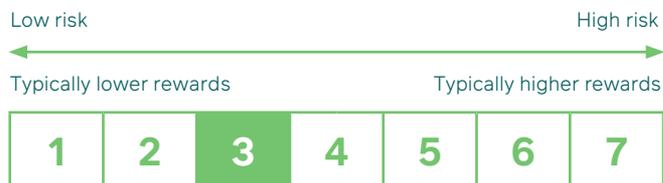
The fund is actively managed and the fund manager has freedom in choosing which investments to buy, hold and sell in the fund. The fund’s holdings may deviate significantly from the benchmark’s constituents

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.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

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

Authorised Corporate Director's Report

Investment review

For the period ended 31 March 2023

Performance against objective

As the fund was launched less than 12 months ago, on 18 May 2022, this report does not include fund performance. Therefore, the report does not state whether the fund has met its objective to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index over any five-year period while applying ESG and sustainability criteria.

Market overview

The period under review proved volatile for fixed income markets, with the majority posting negative returns. The ongoing war in Ukraine exacerbated high food and energy prices, and central banks repeatedly hiked interest rates in efforts to curb inflation.

High interest rates make the fixed payments offered by bonds look less competitive. This causes bond yields to rise and their prices to fall. The impact is greater for long-dated bonds, and UK and US government bonds with maturity dates of 15 years or more were particularly weak.

Markets rallied early in 2023 in anticipation that interest rates may be nearing a peak, with China's post-COVID reopening also raising hopes of a return to growth. However, central banks soon turned more hawkish, dampening sentiment, and the collapse of Silicon Valley Bank in the US and the UBS acquisition of Credit Suisse in Europe in March brought turmoil to the banking sector.

Over the review period, the fund primarily held investment grade corporate bonds (83% of the fund at the end of the period), which outperformed government bonds (accounting for 7.3% of the fund). The fund favours high-quality banking and utilities companies, primarily based in the US: the largest issuers include Morgan Stanley, Metropolitan Life Global Funding, Enel Finance America and General Electric. Italian bank Intesa Sanpaolo and the UK's

Nationwide building society also feature (banks typically perform well in a high interest rate environment). The average credit rating of bonds held by the fund was A- at the end of the period.

High yield corporate bonds (which are of a lower credit quality than investment grade bonds) brought higher returns but make up only 2.2% of the fund. High yield floating rate notes, where the fund has no exposure, performed positively as they are unaffected by interest rates, so not holding these detracted.

The fund's duration (a measure of a bond's sensitivity to changes in interest rates – the longer the duration, the more sensitive it is to changes) was between 5.1 and 6.4 years over the period. We remain cautious on duration, keeping it slightly shorter than the benchmark to better protect investors should interest rates rise.

Investment activities

The fund follows a dynamic, value-based investment approach, based on analysis of corporate bonds, issuers and macroeconomic factors and fully integrating ESG considerations. Investments are spread across issuers, industries and countries, and tilted towards more sustainable issuers.

In the primary market (new bond issues), we participated in various deals including chemicals group Celanese, American insurer Metlife and US Bancorp, as well as buying some Barclays senior unsecured US dollar bonds. In September, we put in an order for AngloAmerican sustainability-linked bonds: Anglo plays an important role in enabling low-carbon technologies. Later additions included Italian electricity company ENEL, Northumbrian Water and AMGEN.

We added several new, high-quality green bonds during the period, including from Volkswagen (a leader in car electrification), Spain's CaixaBank, Norwegian chemicals company Yara International, Italian banking group Unicredit and Australian broadband provider NBN. We later reduced exposure to Volkswagen on ESG concerns (allegations of forced labour in its supply chain), and sold some well-performing ESG bonds to make room for new issues.

Authorised Corporate Director's Report

We reduced exposure to cyclical names (those more sensitive to changes in the broader economy), with sales including Intercontinental, Goldman Sachs and AALLN. We also sold our holding in sustainable packaging company Mondi, where valuations had become too tight. In the secondary market, we focused on defensive investment-grade bonds such as utilities with the aim of reducing credit risk.

ESG/stewardship involvement

The fund will not finance companies that do considerable harm to the environment or society, while a systematic focus is laid on issuers with adequate and sustainable environmental, social and governance (ESG) standards. The fund invests in securities that meet certain ESG and sustainability criteria.

As at the end of the reporting period, the fund's average MSCI ESG score was 7.1, against a benchmark of 6.8. High-scoring holdings included Nationwide, KFW, Bunge Limited Finance Corporation and Brambles Finance, which all scored 10.0 for ESG. Massachusetts Electric was just behind at 9.4.

Outlook

Towards the end of March, concerns about the banking sector showed signs of easing, prompting a partial recovery in risk assets. A reduction in volatility will be supportive of credit markets, although this outcome is far from certain.

Looking ahead, we believe expectations around inflation and recession risk will drive market performance. Inflation is currently heading in the right direction, particularly in the US, which is positive for bonds. However, the possibility of a recession remains elevated as central banks continue to tighten financial conditions. In this environment, we will maintain a balanced and diversified approach across duration and credit. The yields available from investment grade bonds remain elevated, providing investors with a good overall cushion to further absorb any future volatility.

Ben Lord

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.23 £'000	as at 31.03.23 %
Fixed income	13,435	89.24
Debt securities	13,450	89.34
'AAA' credit rated bonds	218	1.45
€250,000 KfW 0% 30/06/2023	218	1.45
'AA' credit rated bonds	1,672	11.10
US\$150,000 Apple 3.85% 04/05/2043	109	0.72
€100,000 Metropolitan Life Global Funding I 3.75% 05/12/2030	86	0.57
US\$150,000 Metropolitan Life Global Funding I 4.3% 25/08/2029	117	0.78
US\$200,000 Metropolitan Life Global Funding I 5.15% 28/03/2033	162	1.07
US\$200,000 Roche 3% 10/11/2025	156	1.03
US\$125,000 US Treasury 1.75% 15/08/2041	72	0.48
US\$439,700 US Treasury 2.25% 15/08/2046	265	1.76
US\$125,000 US Treasury 3% 15/02/2048	87	0.58
US\$450,000 US Treasury IL 0.125% 15/10/2025	405	2.69
US\$150,000 US Treasury IL 0.375% 15/01/2027	144	0.96
US\$80,000 US Treasury IL 1% 15/02/2048	69	0.46
'A' credit rated bonds	2,348	15.60
US\$250,000 AstraZeneca 6.45% 15/09/2037	235	1.56
US\$120,000 Bank of America Var. Rate 1.53% 06/12/2025	91	0.60
US\$200,000 Bank of America Var. Rate 1.922% 24/10/2031	128	0.85
US\$120,000 Bank of America Var. Rate 4.271% 23/07/2029	92	0.61
US\$300,000 Comcast 3.25% 01/11/2039	193	1.28
US\$90,000 Comcast 3.4% 01/04/2030	68	0.45
US\$120,000 DTE Electric 1.9% 01/04/2028	85	0.56
US\$100,000 Duke Energy Progress 3.4% 01/04/2032	73	0.49
€100,000 East Japan Railway 4.11% 22/02/2043	87	0.58
US\$100,000 Intel 5.2% 10/02/2033	81	0.54
¥4,850,000 Japan (Govt. of) 0.5% 20/12/2040	27	0.18
US\$110,000 JPMorgan Chase Var. Rate 2.739% 15/10/2030	77	0.51
US\$180,000 JPMorgan Chase Var. Rate 2.963% 25/01/2033	123	0.82
US\$90,000 JPMorgan Chase Var. Rate 3.782% 01/02/2028	69	0.46
US\$15,000 MetLife 5% 15/07/2052	11	0.07
US\$160,000 Morgan Stanley Var. Rate 0.864% 21/10/2025	120	0.80

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %
Fixed income (continued)		
Debt securities (continued)		
'A' credit rated bonds (continued)		
US\$125,000 Morgan Stanley Var. Rate 0.985% 10/12/2026	90	0.60
US\$230,000 Morgan Stanley Var. Rate 2.943% 21/01/2033	156	1.04
€100,000 Motability Operations 3.5% 17/07/2031	86	0.57
US\$100,000 National Rural Utilities Cooperative 1.35% 15/03/2031	62	0.41
€100,000 NBN 4.375% 15/03/2033	90	0.60
US\$90,000 Oncor Electric Delivery 3.75% 01/04/2045	60	0.40
€100,000 Prologis International Funding II 3.125% 01/06/2031	75	0.50
€200,000 Siemens Financieringsmaatschappij 3.625% 24/02/2043	169	1.12
'BBB' credit rated bonds		8,887
		59.03
US\$300,000 AbbVie 3.2% 21/11/2029	222	1.47
€100,000 AIB Var. Rate 4.625% 23/07/2029	86	0.57
US\$150,000 American International 5.125% 27/03/2033	119	0.79
US\$160,000 American Water Capital 2.3% 01/06/2031	108	0.72
US\$250,000 American Water Capital 6.593% 15/10/2037	227	1.51
US\$23,000 Amphenol 4.75% 30/03/2026	19	0.13
€100,000 Anglo American Capital 4.75% 21/09/2032	88	0.58
US\$70,000 Aptiv 3.1% 01/12/2051	35	0.23
US\$140,000 Aptiv 3.25% 01/03/2032	97	0.64
€100,000 Banque Fédérative du Crédit Mutuel Var. Rate 3.875% 16/06/2032	84	0.56
€100,000 Barclays Var. Rate 0.577% 09/08/2029	70	0.46
US\$200,000 Barclays Var. Rate 5.501% 09/08/2028	158	1.05
US\$250,000 BPCE Var. Rate 3.116% 19/10/2032	152	1.01
€150,000 Brambles Finance 4.25% 22/03/2031	131	0.87
US\$210,000 Broadcom 2.6% 15/02/2033	132	0.88
US\$210,000 Bunge Finance 2.75% 14/05/2031	141	0.94
€200,000 CaixaBank Var. Rate 5.375% 14/11/2030	180	1.20
US\$250,000 Celanese 6.165% 15/07/2027	202	1.34
US\$240,000 Citigroup Var. Rate 2.572% 03/06/2031	162	1.08
US\$60,000 Citigroup Var. Rate 3.785% 17/03/2033	43	0.29
€100,000 Credit Suisse Var. Rate 0.65% 14/01/2028	72	0.48

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %
Fixed income (continued)		
Debt securities (continued)		
'BBB' credit rated bonds (continued)		
£100,000 Deutsche Bank Var. Rate 4% 24/06/2026	93	0.62
US\$50,000 Dominion Energy 2.25% 15/08/2031	33	0.22
US\$130,000 Elevance Health 6.1% 15/10/2052	116	0.77
US\$400,000 Enel Finance America 7.1% 14/10/2027	345	2.29
US\$190,000 Equinix 3.9% 15/04/2032	138	0.92
US\$200,000 Eversource Energy 3.375% 01/03/2032	144	0.96
US\$47,000 Eversource Energy 5.45% 01/03/2028	39	0.26
US\$350,000 General Electric FRN 5.1861% 05/05/2026	280	1.86
US\$75,000 General Electric 6.75% 15/03/2032	69	0.46
£100,000 Hammerson 3.5% 27/10/2025	88	0.58
US\$130,000 HCA 4.375% 15/03/2042	87	0.58
US\$35,000 HCA 5.125% 15/06/2039	26	0.17
£200,000 HSBC Var. Rate 8.201% 16/11/2034	210	1.39
US\$210,000 Intesa Sanpaolo 4% 23/09/2029	143	0.95
US\$200,000 KeySpan Gas East 5.994% 06/03/2033	166	1.10
US\$350,000 Lloyds Banking Var. Rate 1.627% 11/05/2027	248	1.65
US\$115,000 Lowe's 2.8% 15/09/2041	65	0.43
US\$150,000 Lowe's 4.25% 01/04/2052	99	0.66
US\$90,000 Massachusetts Electric 4.004% 15/08/2046	56	0.37
US\$90,000 McDonald's 4.875% 09/12/2045	70	0.46
US\$13,000 Metropolitan Edison 5.2% 01/04/2028	11	0.07
£100,000 National Grid Electricity Transmission 2% 17/04/2040	63	0.42
US\$350,000 Nationwide Building Society FRN 6.0155% 16/02/2028	270	1.79
US\$220,000 NatWest Var. Rate 4.892% 18/05/2029	166	1.10
US\$100,000 NextEra Energy Capital 1.9% 15/06/2028	70	0.46
US\$235,000 Oracle 3.65% 25/03/2041	145	0.96
US\$59,000 Oracle 5.55% 06/02/2053	45	0.30
£110,000 Pearson Funding 3.75% 04/06/2030	98	0.65
US\$22,000 Pennsylvania Electric 5.15% 30/03/2026	18	0.12
€140,000 Prosus 1.288% 13/07/2029	93	0.62

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %
Fixed income (continued)		
Debt securities (continued)		
'BBB' credit rated bonds (continued)		
€100,000 Raiffeisen Bank International Var. Rate 7.375% 20/12/2032	84	0.56
€136,000 RWE 3.625% 13/02/2029	118	0.78
US\$300,000 Santander Var. Rate 1.089% 15/03/2025	230	1.53
US\$220,000 Southern California Edison 2.75% 01/02/2032	151	1.00
£100,000 Southern Water Services Finance 1.625% 30/03/2027	86	0.57
£150,000 Swedbank Var. Rate 7.272% 15/11/2032	153	1.02
£115,000 Tesco IL 3.322% 05/11/2025	239	1.59
£100,000 Tesco Corporate Treasury Services 1.875% 02/11/2028	84	0.56
€100,000 Thames Water Utilities Finance 4.375% 18/01/2031	87	0.58
US\$100,000 T-Mobile USA 3.5% 15/04/2031	72	0.48
€100,000 UniCredit Var. Rate 4.8% 17/01/2029	88	0.58
€150,000 UniCredit Var. Rate 5.85% 15/11/2027	134	0.89
US\$210,000 Verizon Communications 2.55% 21/03/2031	143	0.95
US\$160,000 Verizon Communications 3.15% 22/03/2030	117	0.78
US\$100,000 Warnermedia 5.05% 15/03/2042	67	0.45
US\$60,000 Magallanes 5.141% 15/03/2052	39	0.26
US\$60,000 Magallanes 5.391% 15/03/2062	39	0.26
US\$335,000 Waste Connections 2.2% 15/01/2032	220	1.46
US\$130,000 Wells Fargo Var. Rate 2.572% 11/02/2031	88	0.58
US\$160,000 Wells Fargo Var. Rate 3.35% 02/03/2033	111	0.74
US\$40,000 Wells Fargo Var. Rate 4.478% 04/04/2031	31	0.21
US\$80,000 Westpac Banking Var. Rate 3.02% 18/11/2036	50	0.33
US\$100,000 Weyerhaeuser REIT 3.375% 09/03/2033	70	0.47
£100,000 Whitbread 2.375% 31/05/2027	86	0.57
US\$84,000 Yara International 7.378% 14/11/2032	74	0.49
£140,000 Yorkshire Water Finance 1.75% 27/10/2032	104	0.69
£100,000 Yorkshire Water Finance 5.25% 28/04/2030	100	0.66
'BB' credit rated bonds	325	2.16
£200,000 Intesa Sanpaolo 8.505% 20/09/2032	196	1.30
€200,000 Triodos Bank Var. Rate 2.25% 05/02/2032	129	0.86

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %
Fixed income (continued)		
Debt derivatives	(15)	(0.10)
Credit default swaps	2	0.01
€(100,000) Deutsche Bank Jun 2026	2	0.01
Interest rate swaps	18	0.12
£485,000 Pay 2.0792% Receive VAR May 2027	36	0.24
US\$115,000 Pay 3.3987% Receive VAR Oct 2052	(6)	(0.04)
£80,000 Pay 3.6267% Receive VAR Mar 2053	(5)	(0.03)
€100,000 Pay VAR Receive 2.6733% Nov 2032	(3)	(0.02)
€380,000 Pay VAR Receive 2.7048% Nov 2027	(6)	(0.04)
£330,000 Pay VAR Receive 4.0356% Mar 2028	2	0.01
Interest rate futures	(35)	(0.23)
4 10 Year Canada Treasury Note Jun 2023	10	0.07
2 10 Year US Treasury Note Jun 2023	2	0.01
12 2 Year US Treasury Note Jun 2023	11	0.07
(1) 30 Year Euro Buxl Bond Jun 2023	(7)	(0.05)
16 5 Year US Treasury Note Jun 2023	20	0.13
7 Euro-Bobl Jun 2023	(6)	(0.04)
(1) Euro-Bund Jun 2023	1	0.01
(10) Euro-Schatz Jun 2023	(5)	(0.03)
(3) Long Gilt Jun 2023	(7)	(0.05)
(17) US 10 Year Ultra Jun 2023	(49)	(0.32)
1 US Long Bond Jun 2023	(2)	(0.01)
1 US Ultra Bond Jun 2023	(3)	(0.02)
Currency	124	0.82
Forward currency contracts	124	0.82
€136,803 Bought for £120,425 (expires 19.04.23)	0	0.00
€(2,760,787) Sold for £2,413,839 (expires 19.04.23)	(13)	(0.09)
US\$(13,219,928) Sold for £10,814,496 (expires 19.04.23)	137	0.91
Total portfolio	13,559	90.06
Net other assets/(liabilities)	1,496	9.94
Net assets attributable to shareholders	15,055	100.00

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

Portfolio statement

Top ten portfolio transactions for the period to 31 March 2023

Largest purchases	£'000
US Treasury IL 0.125% 15/10/2025	669
KfW 1.75% 14/09/2029	666
Rogers Communications 3.8% 15/03/2032	597
Germany (Federal Republic of) IL 0.1% 15/04/2023	499
Germany (Federal Republic of) IL 0.1% 15/04/2026	393
AbbVie 3.2% 21/11/2029	367
Enel Finance America 7.1% 14/10/2027	352
US Treasury 2.25% 15/08/2046	317
US Treasury 0.5% 31/05/2027	301
General Electric FRN 5.1861% 05/05/2026	277
Other purchases	22,309
Total purchases	26,747

Largest sales	£'000
KfW 1.75% 14/09/2029	681
Rogers Communications 3.8% 15/03/2032	598
Germany (Federal Republic of) IL 0.1% 15/04/2023	509
Germany (Federal Republic of) IL 0.1% 15/04/2026	397
US Treasury 0.5% 31/05/2027	298
US Treasury IL 0.125% 15/10/2025	236
Amgen 5.65% 02/03/2053	212
CVS Health 5.05% 25/03/2048	211
Anglo American Capital 4.75% 16/03/2052	188
Germany (Federal Republic of) 0% 15/08/2026	183
Other sales	9,414
Total sales	12,927

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

As the fund has not yet operated for a 12-month period, the long-term performance figures have not been calculated. Please refer to 'Specific share class performance' tables for the share class launch dates.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.10)
Operating charges	(0.72)
Return after operating charges	(1.82)
Distributions	(3.69)
Closing NAV	94.49
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.85
Return after charges	-1.82
Other information	
Closing NAV (£'000)	19
Number of shares	20,010
Highest share price (UK p)	102.19
Lowest share price (UK p)	90.28

Sterling Class 'A' Accumulation share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.03)
Operating charges	(0.73)
Return after operating charges	(1.76)
Distributions	(3.01)
Retained distributions	3.01
Closing NAV	98.24
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.85
Return after charges	-1.76
Other information	
Closing NAV (£'000)	20
Number of shares	20,000
Highest share price (UK p)	102.61
Lowest share price (UK p)	91.80

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.11)
Operating charges	(0.38)
Return after operating charges	(1.49)
Distributions	(3.69)
Closing NAV	94.82
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.45
Return after charges	-1.49
Other information	
Closing NAV (£'000)	19
Number of shares	20,030
Highest share price (UK p)	102.28
Lowest share price (UK p)	90.44

Sterling Class 'I' Accumulation share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.03)
Operating charges	(0.39)
Return after operating charges	(1.42)
Distributions	(3.36)
Retained distributions	3.36
Closing NAV	98.58
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.45
Return after charges	-1.42
Other information	
Closing NAV (£'000)	46
Number of shares	46,173
Highest share price (UK p)	102.70
Lowest share price (UK p)	91.96

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.12)
Operating charges	(0.21)
Return after operating charges	(1.33)
Distributions	(3.69)
Closing NAV	94.98
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.25
Return after charges	-1.33
Other information	
Closing NAV (£'000)	19
Number of shares	20,040
Highest share price (UK p)	102.32
Lowest share price (UK p)	90.52

Sterling Class 'L' Accumulation share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.03)
Operating charges	(0.22)
Return after operating charges	(1.25)
Distributions	(3.53)
Retained distributions	3.53
Closing NAV	98.75
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.25
Return after charges	-1.25
Other information	
Closing NAV (£'000)	14,817
Number of shares	15,005,000
Highest share price (UK p)	102.74
Lowest share price (UK p)	92.04

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.11)
Operating charges	(0.30)
Return after operating charges	(1.41)
Distributions	(3.69)
Closing NAV	94.90
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.35
Return after charges	-1.41
Other information	
Closing NAV (£'000)	19
Number of shares	20,060
Highest share price (UK p)	102.30
Lowest share price (UK p)	90.48

Sterling Class 'PP' Accumulation share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.04)
Operating charges	(0.30)
Return after operating charges	(1.34)
Distributions	(3.45)
Retained distributions	3.45
Closing NAV	98.66
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.35
Return after charges	-1.34
Other information	
Closing NAV (£'000)	20
Number of shares	20,050
Highest share price (UK p)	102.72
Lowest share price (UK p)	92.00

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.11)
Operating charges	(0.59)
Return after operating charges	(1.70)
Distributions	(3.69)
Closing NAV	94.61
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.70
Return after charges	-1.70
Other information	
Closing NAV (£'000)	24
Number of shares	25,080
Highest share price (UK p)	102.22
Lowest share price (UK p)	90.34

Sterling Class 'R' Accumulation share performance

The share class was launched on 18 May 2022.

for the period to 31 March Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.04)
Operating charges	(0.60)
Return after operating charges	(1.64)
Distributions	(3.14)
Retained distributions	3.14
Closing NAV	98.36
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.01
Operating charges	0.70
Return after charges	-1.64
Other information	
Closing NAV (£'000)	53
Number of shares	53,727
Highest share price (UK p)	102.64
Lowest share price (UK p)	91.86

Financial statements and notes

Financial statements

Statement of total return

for the period to 31 March	Note	2023	
		£'000	£'000
Income			
Net capital gains/(losses)	3		(726)
Revenue	5	570	
Expenses	6	(33)	
Interest payable and similar charges		0	
Net revenue/(expense) before taxation		537	
Taxation	7	0	
Net revenue/(expense) after taxation			537
Total return before distributions			(189)
Distributions	8		(537)
Change in net assets attributable to shareholders from investment activities			(726)

Statement of change in net assets attributable to shareholders

for the period to 31 March	2023	
	£'000	£'000
Opening net assets attributable to shareholders		0
Amounts received on issue of shares	15,196	
Amounts paid on cancellation of shares	0	
		15,196
Dilution adjustments		52
Change in net assets attributable to shareholders from investment activities (see above)		(726)
Retained distributions on Accumulation shares		533
Closing net assets attributable to shareholders		15,055

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Financial statements

Balance sheet

as at 31 March	Note	2023 £'000
Assets		
Fixed assets		
Investments		13,671
Current assets		
Debtors	9	144
Cash and bank balances	10	431
Cash equivalents		925
Total assets		15,171
Liabilities		
Investment liabilities		(112)
Creditors		
Overdrawn positions at futures clearing houses and collateral manager		(2)
Distribution payable		(1)
Other creditors	11	(1)
Total liabilities		(116)
Net assets attributable to shareholders		15,055

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

2 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the period to 31 March	2023 £'000
Non-derivative securities	(518)
Derivative contracts	(127)
Currency gains/(losses)	(81)
Net capital gains/(losses)	(726)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the period to 31 March	2023 £'000	
a) Purchases		
Debt securities	26,747	
b) Sales		
Debt securities	12,927	
	2023 £'000	% of average NAV
c) Direct portfolio transaction costs		
Commissions paid		
Derivatives	1	0.01
Taxes paid		
Derivatives	1	0.01
Total direct portfolio transaction costs	2	0.02
		%
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date		0.78

5 Revenue

for the period to 31 March	2023 £'000
Bank interest	6
Derivative revenue	12
Interest on debt securities	552
Total revenue	570

6 Expenses

for the period to 31 March	2023 £'000
Payable to the ACD or associate	
Annual charge	33
Total expenses	33

Audit fees for the financial year ending 2023 were £13,000 (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the period to 31 March	2023 £'000
a) Analysis of charge in the year	
Corporation tax	0
Withholding tax	0
Deferred tax (note 7c)	0
Total taxation	0
b) Factors affecting taxation charge for the year	
Net revenue/(expense) before taxation	537
Corporation tax at 20%	107
Effects of:	
Interest distributions	(107)
Total tax charge (note 7a)	0
c) Provision for deferred taxation	
Provision at the start of the year	0
Deferred tax in profit and loss account (note 7a)	0
Provision at the end of the year	0

The fund has not recognised a deferred tax asset in the current financial year.

8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the period to 31 March	2023	
	Inc £'000	Acc £'000
Interest distributions		
First interim	1	57
Second interim	1	167
Third interim	1	147
Final	1	162
Total net distributions		537
Distributions		537

9 Debtors

as at 31 March	2023 £'000
Amounts receivable on issues of shares	7
Debt security interest receivable	137
Total debtors	144

Financial statements and notes

10 Cash and bank balances

as at 31 March	2023 £'000
Amounts held at futures clearing houses and collateral manager	335
Cash held as bank balances	96
Total cash and bank balances	431

11 Other creditors

as at 31 March	2023 £'000
Annual charge payable	1
Total other creditors	1

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date.

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 18.05.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
Sterling					
Class 'A' Income	0	20,010	0	0	20,010
Class 'A' Accumulation	0	20,000	0	0	20,000
Class 'I' Income	0	20,030	0	0	20,030
Class 'I' Accumulation	0	46,173	0	0	46,173
Class 'L' Income	0	20,040	0	0	20,040
Class 'L' Accumulation	0	15,005,000	0	0	15,005,000
Class 'PP' Income	0	20,060	0	0	20,060
Class 'PP' Accumulation	0	20,050	0	0	20,050
Class 'R' Income	0	25,080	0	0	25,080
Class 'R' Accumulation	0	53,727	0	0	53,727

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

Financial statements and notes

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'A'	0.85
Class 'I'	0.45
Class 'L'	0.25
Class 'PP'	0.35
Class 'R'	0.70

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 98.36% of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

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Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023 £'000	Liabilities 2023 £'000
Basis of valuation		
Level 1	2,083	0
Level 2	11,588	(112)
Level 3	0	0
	13,671	(112)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity and exposure

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

The VaR limit set during the period to 5 March 2023 was 20%.

The VaR limit set during the period from 6 March 2023 was two times the benchmark.

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial period ended 31 March 2023.

for the period to 31 March	from 6 March 2023 to 31 March 2023 % of VaR	from 6 March 2023 to 31 March 2023 Utilisation of VaR %	from 18 May 2022 to 5 March 2023 % of VaR	from 18 May 2022 to 5 March 2023 Utilisation of VaR 20%
Lowest	100.92	50.46	2.53	12.65
Highest	107.91	53.96	4.80	24.00
Average	104.80	52.40	3.92	19.60

19 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds and through the derivative positions with counterparties. The table below shows the credit quality of the investments held in the portfolio.

as at 31 March	2023 £'000
Investment grade securities	13,125
Below investment grade securities	325
Other investments	109
Total	13,559

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The tables below show the exposure to counterparties. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 31 March 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	(35)
Barclays Bank	20	0	0
BNP Paribas	0	2	0
JPMorgan	0	132	0
State Street Bank	0	(10)	0
Total	20	124	(35)

20 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial year ended 31 March 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the period to 31 March	2023 £'000	2023 %
Lowest	16,998	119.91
Highest	50,835	346.25
Average	23,461	157.50

21 Interest distribution tables

This fund pays quarterly interest distributions and the following table sets out the distribution periods.

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	18.05.22	30.06.22	01.07.22	31.08.22
Second interim	01.07.22	30.09.22	03.10.22	30.11.22
Third interim	01.10.22	31.12.22	03.01.23	28.02.23
Final	01.01.23	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

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Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Interest distributions for the period to 31 March	Group 2		Group 1 & 2 Distribution 2023 UK p
	Income 2023 UK p	Equalisation 2023 UK p	
First interim	0.4059	0.0000	0.4059
Second interim	0.3945	0.7702	1.1647
Third interim	0.3426	0.6723	1.0149
Final	0.1065	0.9930	1.0995

Sterling Class 'A' Accumulation shares

Interest distributions for the period to 31 March	Group 2		Group 1 & 2 Distribution 2023 UK p
	Income 2023 UK p	Equalisation 2023 UK p	
First interim	0.3058	0.0000	0.3058
Second interim	0.9574	0.0000	0.9574
Third interim	0.0964	0.7343	0.8307
Final	0.9203	0.0000	0.9203

Sterling Class 'I' Income shares

Interest distributions for the period to 31 March	Group 2		Group 1 & 2 Distribution 2023 UK p
	Income 2023 UK p	Equalisation 2023 UK p	
First interim	0.4058	0.0000	0.4058
Second interim	1.1650	0.0000	1.1650
Third interim	1.0174	0.0000	1.0174
Final	1.1022	0.0000	1.1022

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Sterling Class 'I' Accumulation shares

Interest distributions for the period to 31 March	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p
First interim	0.3529	0.0000	0.3529
Second interim	0.3601	0.6982	1.0583
Third interim	0.7282	0.1994	0.9276
Final	0.7151	0.3061	1.0212

Sterling Class 'L' Income shares

Interest distributions for the period to 31 March	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p
First interim	0.4062	0.0000	0.4062
Second interim	1.1655	0.0000	1.1655
Third interim	1.0185	0.0000	1.0185
Final	1.1044	0.0000	1.1044

Sterling Class 'L' Accumulation shares

Interest distributions for the period to 31 March	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p
First interim	0.3776	0.0000	0.3776
Second interim	1.1080	0.0000	1.1080
Third interim	0.9764	0.0000	0.9764
Final	1.0727	0.0000	1.0727

Sterling Class 'PP' Income shares

Interest distributions for the period to 31 March	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p
First interim	0.4061	0.0000	0.4061
Second interim	1.1666	0.0000	1.1666
Third interim	1.0175	0.0000	1.0175
Final	1.1034	0.0000	1.1034

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Sterling Class 'PP' Accumulation shares

Interest distributions for the period to 31 March	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p
First interim	0.3651	0.0000	0.3651
Second interim	1.0835	0.0000	1.0835
Third interim	0.9512	0.0000	0.9512
Final	1.0462	0.0000	1.0462

Sterling Class 'R' Income shares

Interest distributions for the period to 31 March	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p
First interim	0.3990	0.0072	0.4062
Second interim	0.4726	0.6930	1.1656
Third interim	0.4425	0.5736	1.0161
Final	0.6531	0.4463	1.0994

Sterling Class 'R' Accumulation shares

Interest distributions for the period to 31 March	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p
First interim	0.1290	0.1945	0.3235
Second interim	0.3679	0.6268	0.9947
Third interim	0.7775	0.0875	0.8650
Final	0.2343	0.7228	0.9571

22 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

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For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

The fund aims to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index over any five-year period while applying ESG criteria and sustainability criteria.

Investment policy

At least 80% of the fund is invested directly in high yield bonds issued by companies that are domiciled in any country, including emerging markets. These bonds may be denominated in any currency and currency exposure is typically hedged back to US dollar.

The fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

The fund invests in securities that meet the ESG criteria and sustainability criteria. This is achieved through the use of M&G's proprietary analysis and/or third party ESG information. However, some securities which meet the ESG and sustainability criteria may not provide as good an ESG outcome as others.

The following types of exclusions apply to the fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the fund's sector-based and/or values-based criteria.

- Other exclusions: investments assessed to be otherwise in conflict with the ESG criteria and sustainability criteria.

References to "assessed" above mean assessment in accordance with the ESG criteria and sustainability criteria document.

The fund maintains a higher weighted average ESG score and lower weighted average carbon intensity than the global high yield bond market, as represented by the ICE BofA Global High Yield Index (USD Hedged). This index does not constrain the fund's portfolio construction.

Further information on the fund's ESG criteria and sustainability criteria can be found in the ESG criteria and sustainability criteria document as disclosed in the ESG information section below.

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

As explained in the ESG criteria and sustainability criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The fund manager will assess the suitability of such instruments relative to the fund's investment objective.

Investment approach

The fund is globally diversified and seeks to provide exposure to a broad range of issuers across a variety of sectors.

The fund managers have the flexibility to adjust the fund's credit exposure, sector positioning and regional allocations based on the assessment of current market valuations and the macroeconomic environment.

Individual credit selection based on bottom-up analysis of the global high yield bond markets by in-house credit analysts complements the investment manager's views.

Sustainability considerations are fully integrated into credit analysis and investment decisions, and play an important role in determining the investment universe

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and portfolio construction. Sustainability characteristics are assessed as part of the analysis of bond issuers, driving security selection through considering the ESG scores and carbon intensity of the investments made, where this is not detrimental to the pursuit of the investment objective. This process is expected to result in a more sustainable portfolio positively tilted towards more sustainable issuers.

Further information can be found in the ESG criteria and sustainability criteria document.

ESG Information

Additional information is available to investors on the M&G website:

- ESG criteria and sustainability criteria: in the document titled "M&G Sustainable Global High Yield Bond Fund – ESG criteria and sustainability criteria" which includes the fund's exclusions approach.
- Periodic reporting that outlines the non-financial outcomes of the fund.

Benchmark

Benchmark: Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI 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.

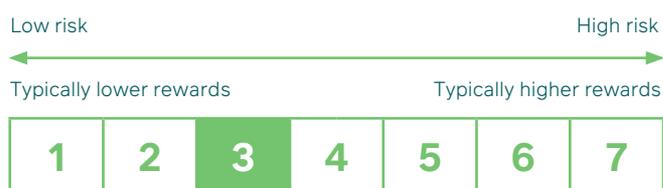
The fund is actively managed. The fund managers have complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

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.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

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

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Investment review

For the year ended 31 March 2023

Performance against objective

Over the 12 months ended 31 March 2023, the fund delivered a negative total return (the combination of income and growth of capital) across all its sterling share classes. Performance was behind the fund's benchmark, the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index, which declined 5.8% over the same period.

The fund was launched on 25 February 2020, so it is too early to say whether it has met its objective of outperforming the benchmark over a five-year period.

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

The benchmark changed to the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index on 10 May 2022.

Performance review

The review period was poor for bonds due to central banks pushing up interest rates in a bid to cool runaway inflation. Returns on fixed-income assets were generally negative as investors demanded higher yields to reflect the increasing interest rates. (Bond prices and yields move in opposite directions.) Economic concerns also weighed on markets.

Fixed income suffered throughout much of the period, as the Federal Reserve (Fed) raised its benchmark rates eight times to a range of 4.75-5%. Borrowing costs were close to zero just weeks before the period began. Other central banks, including the European Central Bank and Bank of England, also rapidly raised interest rates as the war in Ukraine drove up commodity prices and stoked inflation.

Pressure on bonds lessened toward the end of the period as signs that inflation was starting to cool spurred speculation that the Fed would slow or halt its rate increases. The March collapse of Silicon Valley Bank in the US also eased interest-rate pressure by

spurring US banks to tighten lending criteria.

Government bonds rallied amid the banking turmoil because of a flight to safety.

Still, the March spike only pared 12-month losses for core government bonds. Investment-grade corporate debt similarly fell over the year due to the government debt sell-off and wider investor caution. The US dollar strengthened on higher interest rates.

High yield bonds, issued by less creditworthy companies, declined less than investment-grade bonds, reflecting the sector's lower sensitivity to interest rates. Prices of high yield bonds are generally driven more by the economic outlook and default risks.

The fund fell over the review period, trailing its benchmark, partly because of cautious positioning. Overweight positioning relative to the broader global high yield market (as represented by the ML Global High Yield Index USD Hedged) and security selection in healthcare (particularly Bausch Health and Community Health Systems) detracted from the fund's performance, along with security selection in banking. However, bond picks in telecommunications and media were positive contributors, particularly Virgin Media and Sprint. In terms of rating, BB graded bonds weighed on returns, while security selection in B and CCC & below (the lowest-rated bonds) was beneficial. The fund was slightly underweight the index in terms of duration.

Investment activities

New-bond sales were muted throughout much of the period amid global economic uncertainties and rising interest rates. Secondary-market liquidity was often challenging, particularly in Europe.

We took part in primary market (new bond) issuance by security company Verisure, cargo carrier Atlas Air and environmental services provider Clean Harbors. We also bought into new deals from packaging makers Sealed Air and Mauser Packaging, as well as travel companies Spirit Airlines and Royal Caribbean.

Toward the end of the reporting period, we sold euro bonds after outperformance and rebalanced the fund towards the US. We also focused on defensive trades,

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such as increasing quality or adding exposure in non-cyclical sectors, such as healthcare and technology, media & telecommunications.

ESG engagement

As investors who embed ESG considerations into our investment processes, it is important for us to understand the various unique risks involved across all of the different industries we invest in. As such, as part of our ongoing assessment of our holdings' ESG credentials, we attempted to engage with several companies held to gain granular insight into how these firms are adapting to various ESG criteria. This exercise enables us to compare and contrast different approaches to ESG and sustainability, to better identify ESG leaders, and also to ultimately encourage best practice in the companies in which we invest.

Outlook

Elevated inflation levels and uncertainty about how far interest rates will climb continue to hang over markets and the global economy. Recent banking turmoil in the US adds more complications, as it could lead to further credit tightening and potentially hasten a recession, even after regulators' speedy actions helped to contain the crisis.

Still, we believe that fundamentals are generally supportive, and that technical elements, such as supply/demand imbalances and an attractive all-in yield, will help to contain spreads. We also think that the default cycle will be shallower than market expectations.

James Tomlins and Stefan Isaacs

Co-fund managers

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

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

Portfolio statement

Investments

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Debt securities	34,523	88.40	95.97
Corporate bonds	34,523	88.40	93.54
Investment grade corporate bonds	4,013	10.27	3.69
US\$1,000,000 European Investment Bank 0.375% 26/03/2026	900	2.30	
US\$900,000 European Investment Bank 1.625% 14/03/2025	857	2.19	
US\$400,000 HCA 3.5% 01/09/2030	353	0.90	
US\$100,000 HCA 5.625% 01/09/2028	100	0.26	
€100,000 Kraft Heinz Foods 2.25% 25/05/2028	101	0.26	
US\$200,000 Lenovo 5.875% 24/04/2025	201	0.52	
US\$200,000 Netflix 3.625% 15/06/2025	193	0.49	
€500,000 Netflix 3.625% 15/06/2030	518	1.33	
US\$200,000 PVH 4.625% 10/07/2025	195	0.50	
€100,000 Smurfit Kappa Treasury ULC 1.5% 15/09/2027	98	0.25	
US\$225,000 Stora Enso 7.25% 15/04/2036	240	0.61	
US\$300,000 T-Mobile USA 2.875% 15/02/2031	257	0.66	
Below investment grade corporate bonds	30,510	78.13	89.85
€400,000 ABN AMRO Bank Var. Rate 4.75% Perpetual	342	0.88	
US\$300,000 AdaptHealth 5.125% 01/03/2030	250	0.64	
€100,000 ADLER 1.875% 14/01/2026	43	0.11	
US\$200,000 American Airlines 7.25% 15/02/2028	191	0.49	
€400,000 Avantor Funding 3.875% 15/07/2028	405	1.04	
€100,000 Axalta Coating Systems Dutch 3.75% 15/01/2025	107	0.27	
£200,000 B&M European Value Retail 4% 15/11/2028	206	0.53	
€400,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6% Perpetual	404	1.03	
€200,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	176	0.45	
US\$400,000 Barclays Var. Rate 8% Perpetual	355	0.91	
US\$200,000 Bath & Body Works 6.625% 01/10/2030	193	0.49	
US\$200,000 Bath & Body Works 6.75% 01/07/2036	176	0.45	
US\$100,000 Bausch Health 4.875% 01/06/2028	57	0.15	
US\$100,000 Bausch Health 5% 30/01/2028	38	0.10	
US\$200,000 Bausch Health 5% 15/02/2029	76	0.19	
€100,000 Belden 3.375% 15/07/2027	100	0.26	
€100,000 Belden 3.375% 15/07/2031	91	0.23	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$300,000 Berry Global 4.875% 15/07/2026	290	0.74	
€200,000 Bertelsmann Var. Rate 3.5% 23/04/2075	197	0.50	
€100,000 Burger King FRN 7.232% 01/11/2026	108	0.28	
€100,000 Casino Guichard Perrachon 5.25% 15/04/2027	31	0.08	
€100,000 Casino Guichard Perrachon 6.625% 15/01/2026	33	0.08	
£100,000 Castle 7% 15/05/2029	97	0.25	
€150,000 Castle FRN 7.904% 15/05/2028	135	0.35	
US\$400,000 CCO 5.125% 01/05/2027	375	0.96	
€100,000 Cellnex Finance 1% 15/09/2027	92	0.24	
US\$200,000 Cellnex Finance 3.875% 07/07/2041	147	0.38	
€100,000 Cellnex Telecom 1.75% 23/10/2030	86	0.22	
US\$300,000 Cemex 5.45% 19/11/2029	279	0.71	
US\$400,000 Centene 3.375% 15/02/2030	347	0.89	
US\$500,000 Charter Communications Operating 6.384% 23/10/2035	493	1.26	
US\$300,000 CHS 4.75% 15/02/2031	218	0.56	
US\$100,000 CHS 6.875% 15/04/2029	61	0.16	
€221,000 Citycon Var. Rate 3.625% Perpetual	123	0.31	
US\$77,000 Clean Harbors 6.375% 01/02/2031	78	0.20	
€400,000 Commerzbank Var. Rate 6.125% Perpetual	365	0.93	
US\$200,000 CommScope 8.25% 01/03/2027	160	0.41	
€300,000 CPI Property Var. Rate 4.875% Perpetual	144	0.37	
£300,000 CPUK Finance 6.5% 28/08/2026	351	0.90	
US\$150,000 Crowdstrike 3% 15/02/2029	129	0.33	
US\$400,000 Crown Americas Capital 4.25% 30/09/2026	376	0.96	
US\$200,000 CSC 4.5% 15/11/2031	141	0.36	
US\$200,000 CSC 5.5% 15/04/2027	168	0.43	
€200,000 Cullinan 4.625% 15/10/2026	191	0.49	
US\$100,000 Dana 4.25% 01/09/2030	80	0.20	
€200,000 Dana Financing Luxembourg 3% 15/07/2029	168	0.43	
US\$100,000 DaVita 3.75% 15/02/2031	77	0.20	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
€116,000 Derichebourg 2.25% 15/07/2028	109	0.28	
£300,000 Deuce Finco 5.5% 15/06/2027	308	0.79	
€400,000 Deutsche Bank Var. Rate 4% 24/06/2032	374	0.96	
€200,000 Dometic 2% 29/09/2028	166	0.43	
US\$200,000 Domtar 6.75% 01/10/2028	178	0.46	
€100,000 Eurobank Var. Rate 7% 26/01/2029	105	0.27	
€100,000 Eurofins Scientific Var. Rate 3.25% Perpetual	99	0.25	
US\$500,000 Ford Motor 6.1% 19/08/2032	472	1.21	
€357,000 Ford Motor Credit 4.867% 03/08/2027	375	0.96	
€143,000 Ford Motor Credit 4.867% 03/08/2027	150	0.38	
US\$200,000 Ford Motor Credit 4.95% 28/05/2027	187	0.48	
US\$225,000 Frontier Communications 8.625% 15/03/2031	218	0.56	
US\$200,000 Glatfelter 4.75% 15/11/2029	132	0.34	
€200,000 Goodyear Europe 2.75% 15/08/2028	176	0.45	
US\$400,000 Greenko Solar Mauritius 5.55% 29/01/2025	382	0.98	
€200,000 Grifols 2.25% 15/11/2027	184	0.47	
€200,000 Grifols Escrow Issuer 3.875% 15/10/2028	169	0.43	
US\$200,000 Hanesbrands 4.875% 15/05/2026	187	0.48	
£300,000 Heathrow Finance 3.875% 01/03/2027	322	0.82	
US\$200,000 Hilton Worldwide Finance 4.875% 01/04/2027	194	0.50	
€100,000 Huhtamaki 4.25% 09/06/2027	106	0.27	
US\$100,000 iHeartCommunications 4.75% 15/01/2028	78	0.20	
€300,000 Iliad 5.125% 15/10/2026	313	0.80	
€100,000 Infineon Technologies Var. Rate 3.625% Perpetual	98	0.25	
€200,000 Infrastrutture Wireless Italiane 1.875% 08/07/2026	204	0.52	
€200,000 Intesa Sanpaolo Var. Rate 6.25% Perpetual	211	0.54	
€200,000 Intesa Sanpaolo Var. Rate 7.75% Perpetual	207	0.53	
€250,000 Intrum 3% 15/09/2027	210	0.54	
US\$400,000 Jazz Securities 4.375% 15/01/2029	365	0.93	
US\$100,000 KB Home 4% 15/06/2031	85	0.22	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$150,000 KB Home 4.8% 15/11/2029	135	0.35	
€400,000 KBC Var. Rate 4.25% Perpetual	361	0.92	
US\$412,000 KUO 5.75% 07/07/2027	372	0.95	
US\$200,000 LCPR Senior Secured Financing 5.125% 15/07/2029	167	0.43	
US\$200,000 LCPR Senior Secured Financing 6.75% 15/10/2027	184	0.47	
€200,000 Levi Strauss 3.375% 15/03/2027	202	0.52	
US\$200,000 Levi Strauss 3.5% 01/03/2031	170	0.44	
US\$200,000 Liquid Telecommunications Financing 5.5% 04/09/2026	134	0.34	
€200,000 Lloyds Banking Var. Rate 4.947% Perpetual	193	0.49	
US\$166,000 LPL Holdings 4% 15/03/2029	148	0.38	
US\$300,000 Macy's Retail 5.875% 01/04/2029	273	0.70	
US\$100,000 McGraw-Hill Education 5.75% 01/08/2028	87	0.22	
US\$200,000 McGraw-Hill Education 8% 01/08/2029	160	0.41	
US\$300,000 Medline Borrower 3.875% 01/04/2029	258	0.66	
US\$100,000 Meritage Homes 3.875% 15/04/2029	88	0.23	
US\$400,000 Millicom International Cellular 4.5% 27/04/2031	316	0.81	
US\$200,000 NCR 5% 01/10/2028	173	0.44	
US\$300,000 Network i2i Var. Rate 3.975% Perpetual	263	0.67	
US\$200,000 New Red Finance 3.875% 15/01/2028	183	0.47	
US\$100,000 New Red Finance 4% 15/10/2030	85	0.22	
US\$300,000 Nordstrom 4.25% 01/08/2031	209	0.54	
£300,000 Ocado 3.875% 08/10/2026	273	0.70	
€100,000 OI European 2.875% 15/02/2025	106	0.27	
US\$300,000 Owens & Minor 4.5% 31/03/2029	234	0.60	
US\$200,000 Owens-Brockway Glass Container 6.625% 13/05/2027	197	0.50	
€200,000 Picard Bondco 5.375% 01/07/2027	183	0.47	
US\$200,000 PRA Health Sciences 2.875% 15/07/2026	182	0.47	
£300,000 Premier Foods Finance 3.5% 15/10/2026	335	0.86	
US\$200,000 Prestige Brands 3.75% 01/04/2031	170	0.44	
US\$119,000 Rand Parent 8.5% 15/02/2030	110	0.28	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$200,000 Rede D'or Finance 4.95% 17/01/2028	179	0.46	
€300,000 Rexel 2.125% 15/12/2028	283	0.72	
US\$100,000 Royal Caribbean Cruises 5.375% 15/07/2027	89	0.23	
US\$23,000 Royal Caribbean Cruises 7.25% 15/01/2030	23	0.06	
US\$200,000 Royal Caribbean Cruises 9.25% 15/01/2029	211	0.54	
€400,000 Sappi Papier 3.625% 15/03/2028	377	0.97	
€300,000 Schaeffler 2.75% 12/10/2025	316	0.81	
US\$180,000 Seagate HDD Cayman 4.875% 01/03/2024	177	0.45	
US\$100,000 Sealed Air 6.125% 01/02/2028	100	0.26	
€200,000 Selecta 8% 01/04/2026	191	0.49	
US\$100,000 Service Corporation International 3.375% 15/08/2030	85	0.22	
£150,000 Sherwood Financing 6% 15/11/2026	153	0.39	
US\$400,000 Sirius XM Radio 4.125% 01/07/2030	320	0.82	
€200,000 SoftBank 3.875% 06/07/2032	157	0.40	
US\$300,000 Spirit Loyalty 8% 20/09/2025	298	0.76	
US\$600,000 Sprint 7.875% 15/09/2023	604	1.55	
US\$300,000 Stagwell Global 5.625% 15/08/2029	263	0.67	
US\$100,000 TEGNA 4.625% 15/03/2028	87	0.22	
US\$200,000 TEGNA 5% 15/09/2029	171	0.44	
€200,000 Telecom Italia 4% 11/04/2024	215	0.55	
US\$200,000 Telecom Italia 5.303% 30/05/2024	193	0.49	
US\$800,000 Tenet Healthcare 6.125% 01/10/2028	757	1.94	
€300,000 TI Automotive Finance 3.75% 15/04/2029	248	0.64	
US\$300,000 Triton Water 6.25% 01/04/2029	234	0.60	
€100,000 Trivium Packaging Finance 3.75% 15/08/2026	100	0.26	
US\$200,000 Uber Technologies 7.5% 15/05/2025	201	0.51	
€400,000 UniCredit Var. Rate 7.5% Perpetual	407	1.04	
US\$100,000 United Airlines 4.375% 15/04/2026	94	0.24	
€400,000 Verisure 5.25% 15/02/2029	360	0.92	
US\$200,000 Vertiv 4.125% 15/11/2028	176	0.45	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
£300,000 Virgin Media Secured Finance 4.125% 15/08/2030	301	0.77	
£200,000 Virgin Media Vendor Financing Notes III 4.875% 15/07/2028	210	0.54	
€200,000 Vodafone Var. Rate 2.625% 27/08/2080	195	0.50	
US\$300,000 Vodafone Var. Rate 7% 04/04/2079	292	0.75	
£200,000 Voyage Care BondCo 5.875% 15/02/2027	205	0.52	
US\$200,000 VTR Comunicaciones 4.375% 15/04/2029	123	0.31	
€400,000 WMG Acquisition 2.25% 15/08/2031	343	0.88	
€300,000 WP/AP Telecom III 5.5% 15/01/2030	270	0.69	
US\$400,000 Yum! Brands 5.375% 01/04/2032	380	0.97	
US\$200,000 Yuzhou 6.35% 13/01/2027 ^a	19	0.05	
US\$200,000 Yuzhou 7.85% 12/08/2026 ^a	19	0.05	
US\$200,000 Yuzhou 8.3% 27/05/2025 ^a	19	0.05	
Corporate bonds with no credit rating	0	0.00	0.00
US\$34,000 JC Penney 6.375% 15/10/2036 ^a	0	0.00	
Government bonds	0	0.00	2.43
Investment grade government bonds	0	0.00	2.43
Debt derivatives	(1)	(0.00)	0.05
Interest rate futures	(1)	(0.00)	0.05
20 5 Year US Treasury Note Jun 2023	50	0.13	
(16) Euro-Bobl Jun 2023	(51)	(0.13)	
Currency	(259)	(0.66)	(0.56)
Forward currency contracts	(259)	(0.66)	(0.56)
€483,790 Bought for \$521,862 (expires 26.04.23)	5	0.02	
€(11,565,306) Sold for \$12,365,114 (expires 26.04.23)	(222)	(0.57)	
£(2,319,528) Sold for \$2,830,369 (expires 26.04.23)	(42)	(0.11)	
Portfolio of investments	34,263	87.74	95.46
Share class hedging	862	2.21	(0.27)
Forward currency contracts for share class hedging	862	2.21	(0.27)
£32,327,562 Bought for \$39,144,746 (expires 19.04.23)	874	2.24	
£(1,092,698) Sold for \$1,340,301 (expires 19.04.23)	(12)	(0.03)	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 \$'000	as at 31.03.23 %	as at 31.03.22 %
Total portfolio	35,125	89.95	95.19
Net other assets/(liabilities)	3,926	10.05	4.81
Net assets attributable to shareholders	39,051	100.00	100.00

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

^a Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2023

Largest purchases	\$'000
European Investment Bank 1.625% 14/03/2025	1,137
European Investment Bank 0.375% 26/03/2026	1,069
Charter Communications Operating 6.384% 23/10/2035	1,030
Banco de Sabadell Var. Rate 0.875% 16/06/2028	690
Sprint 7.875% 15/09/2023	617
Barclays Var. Rate 8% Perpetual	590
Ford Motor 6.1% 19/08/2032	482
Deutsche Bank Var. Rate 4% 24/06/2032	478
Spirit Loyalty 8% 20/09/2025	421
Schaeffler 2.75% 12/10/2025	410
Other purchases	22,093
Total purchases	29,017

Largest sales	\$'000
US Treasury 0.5% 28/02/2026	1,058
Sprint 7.875% 15/09/2023	719
Pilgrim's Pride 4.25% 15/04/2031	684
Banco de Sabadell Var. Rate 0.875% 16/06/2028	541
Vodafone Var. Rate 7% 04/04/2079	513
Charter Communications Operating 6.384% 23/10/2035	501
Nielsen Finance 5.625% 01/10/2028	455
Simpar Europe 5.2% 26/01/2031	452
Ziggo 2.875% 15/01/2030	446
AshtonWoods 4.625% 01/08/2029	440
Other sales	26,797
Total sales	32,606

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A-H' Income	-6.3	+2.4	n/a	n/a
Class 'A-H' Accumulation	-6.4	+2.4	n/a	n/a
Class 'I-H' Income	-6.0	+2.8	n/a	n/a
Class 'I-H' Accumulation	-6.0	+2.8	n/a	n/a
Class 'L-H' Accumulation	-5.9	+3.0	n/a	n/a
Class 'PP-H' Income	-6.1	+2.9	n/a	n/a
Class 'PP-H' Accumulation	-6.0	+2.9	n/a	n/a
Class 'R-H' Income	-6.3	+2.6	n/a	n/a
Class 'R-H' Accumulation	-6.3	+2.5	n/a	n/a
Benchmark	-5.8	+3.9	n/a	n/a

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A-H' Income share performance

The share class was launched on 25 February 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	87.75	95.71	82.93
Return before operating charges	(4.80)	(3.01)	18.19
Operating charges	(1.02)	(0.96)	(1.13)
Return after operating charges	(5.82)	(3.97)	17.06
Distributions	(3.92)	(3.99)	(4.28)
Closing NAV	78.01	87.75	95.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.03	1.20
Return after charges	-6.63	-4.15	+20.57
Other information			
Closing NAV (\$'000)	89	49	26
Number of shares	92,402	42,536	20,010
Highest share price (UK p)	88.45	97.54	98.20
Lowest share price (UK p)	74.83	87.91	83.89

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	96.16	100.60	83.37
Return before operating charges	(5.25)	(3.41)	18.39
Operating charges	(1.11)	(1.03)	(1.16)
Return after operating charges	(6.36)	(4.44)	17.23
Distributions	(3.44)	(3.21)	(3.21)
Retained distributions	3.44	3.21	3.21
Closing NAV	89.80	96.16	100.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.03	1.20
Return after charges	-6.61	-4.41	+20.67
Other information			
Closing NAV (\$'000)	93	44	28
Number of shares	83,998	34,930	20,000
Highest share price (UK p)	96.92	103.47	102.04
Lowest share price (UK p)	83.86	95.27	84.34

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 25 February 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	88.55	96.19	82.97
Return before operating charges	(5.02)	(3.03)	18.19
Operating charges	(0.62)	(0.60)	(0.68)
Return after operating charges	(5.64)	(3.63)	17.51
Distributions	(3.95)	(4.01)	(4.29)
Closing NAV	78.96	88.55	96.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.63	0.71
Return after charges	-6.37	-3.77	+21.10
Other information			
Closing NAV (\$'000)	6,188	6,519	3,612
Number of shares	6,331,938	5,608,602	2,728,144
Highest share price (UK p)	89.25	98.15	98.63
Lowest share price (UK p)	75.60	88.69	83.94

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	97.26	101.31	83.56
Return before operating charges	(5.29)	(3.41)	18.45
Operating charges	(0.69)	(0.64)	(0.70)
Return after operating charges	(5.98)	(4.05)	17.75
Distributions	(3.86)	(3.65)	(3.69)
Retained distributions	3.86	3.65	3.69
Closing NAV	91.28	97.26	101.31
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.63	0.71
Return after charges	-6.15	-4.00	+21.24
Other information			
Closing NAV (\$'000)	9,254	16,983	12,530
Number of shares	8,192,059	13,303,324	8,986,142
Highest share price (UK p)	98.03	104.44	102.71
Lowest share price (UK p)	85.02	96.34	84.54

Financial highlights

Sterling Class 'L-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	97.44	101.29	83.42
Return before operating charges	(5.46)	(3.41)	18.41
Operating charges	(0.47)	(0.44)	(0.54)
Return after operating charges	(5.93)	(3.85)	17.87
Distributions	(4.05)	(3.86)	(3.84)
Retained distributions	4.05	3.86	3.84
Closing NAV	91.51	97.44	101.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.43	0.56
Return after charges	-6.09	-3.80	+21.42
Other information			
Closing NAV (\$'000)	17,010	19,221	20,941
Number of shares	15,020,792	15,028,159	15,020,000
Highest share price (UK p)	98.21	104.47	102.67
Lowest share price (UK p)	85.23	96.51	84.40

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 25 February 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	88.82	96.38	82.98
Return before operating charges	(5.20)	(3.03)	18.23
Operating charges	(0.51)	(0.51)	(0.54)
Return after operating charges	(5.71)	(3.54)	17.69
Distributions	(3.97)	(4.02)	(4.29)
Closing NAV	79.14	88.82	96.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.57
Return after charges	-6.43	-3.67	+21.32
Other information			
Closing NAV (\$'000)	929	23	27
Number of shares	948,853	20,070	20,070
Highest share price (UK p)	89.53	98.39	98.82
Lowest share price (UK p)	75.84	88.96	83.95

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	97.38	101.29	83.42
Return before operating charges	(5.42)	(3.37)	18.45
Operating charges	(0.58)	(0.54)	(0.58)
Return after operating charges	(6.00)	(3.91)	17.87
Distributions	(3.95)	(3.75)	(3.83)
Retained distributions	3.95	3.75	3.83
Closing NAV	91.38	97.38	101.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.56
Return after charges	-6.16	-3.86	+21.42
Other information			
Closing NAV (\$'000)	5,230	1,374	516
Number of shares	4,624,577	1,075,275	370,397
Highest share price (UK p)	98.15	104.46	102.68
Lowest share price (UK p)	85.13	96.45	84.40

Financial highlights

Sterling Class 'R-H' Income share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	88.10	95.95	82.95
Return before operating charges	(4.95)	(3.02)	18.19
Operating charges	(0.86)	(0.83)	(0.91)
Return after operating charges	(5.81)	(3.85)	17.28
Distributions	(3.93)	(4.00)	(4.28)
Closing NAV	78.36	88.10	95.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.96
Return after charges	-6.59	-4.01	+20.83
Other information			
Closing NAV (\$'000)	79	82	64
Number of shares	80,928	71,301	48,350
Highest share price (UK p)	88.81	97.81	98.42
Lowest share price (UK p)	75.12	88.26	83.92

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	96.63	100.85	83.39
Return before operating charges	(5.40)	(3.34)	18.41
Operating charges	(0.96)	(0.88)	(0.95)
Return after operating charges	(6.36)	(4.22)	17.46
Distributions	(3.59)	(3.37)	(3.44)
Retained distributions	3.59	3.37	3.44
Closing NAV	90.27	96.63	100.85
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.96
Return after charges	-6.58	-4.18	+20.94
Other information			
Closing NAV (\$'000)	179	182	74
Number of shares	160,413	143,088	53,273
Highest share price (UK p)	97.34	103.84	102.28
Lowest share price (UK p)	84.24	95.66	84.36

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 March	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(6,893)		(6,018)
Revenue	5	2,066		1,895	
Expenses	6	(236)		(245)	
Interest payable and similar charges		(1)		(1)	
Net revenue/(expense) before taxation		1,829		1,649	
Taxation	7	0		0	
Net revenue/(expense) after taxation			1,829		1,649
Total return before distributions			(5,064)		(4,369)
Distributions	8		(1,873)		(1,683)
Change in net assets attributable to shareholders from investment activities			(6,937)		(6,052)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		44,477		37,818
Amounts received on issue of shares	22,823		18,994	
Amounts paid on cancellation of shares	(23,134)		(7,861)	
		(311)		11,133
Dilution adjustments		223		85
Change in net assets attributable to shareholders from investment activities (see above)		(6,937)		(6,052)
Retained distributions on Accumulation shares		1,599		1,493
Closing net assets attributable to shareholders		39,051		44,477

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2023 \$'000	2022 \$'000
Assets			
Fixed assets			
Investments		35,452	42,801
Current assets			
Debtors	9	1,024	1,021
Cash and bank balances	10	3,691	1,688
Total assets		40,167	45,510
Liabilities			
Investment liabilities		(327)	(462)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(8)	(0)
Distribution payable		(104)	(76)
Other creditors	11	(677)	(495)
Total liabilities		(1,116)	(1,033)
Net assets attributable to shareholders		39,051	44,477

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the year to 31 March	2023 \$'000	2022 \$'000
Non-derivative securities	(4,597)	(4,927)
Derivative contracts	(1,867)	(1,181)
Currency gains/(losses)	(429)	90
Net capital gains/(losses)	(6,893)	(6,018)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 \$'000	2022 \$'000
a) Purchases		
Debt securities	29,017	33,770
b) Sales		
Debt securities	32,606	21,474
c) There were no direct portfolio transaction costs		
	%	%
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	1.21	0.88

5 Revenue

for the year to 31 March	2023 \$'000	2022 \$'000
Bank interest	31	0
Derivative revenue	9	5
Interest on debt securities	2,051	1,898
Share class hedging revenue	(25)	(8)
Total revenue	2,066	1,895

6 Expenses

for the year to 31 March	2023 \$'000	2022 \$'000
Payable to the ACD or associate		
Annual charge	236	245
Total expenses	236	245

Audit fees for the financial year ending 2023 were £13,000 (2022: £12,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year to 31 March	2023 \$'000	2022 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	1,829	1,649
Corporation tax at 20%	366	330
Effects of:		
Interest distributions	(366)	(330)
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset in the current financial year (2022: same).

8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 March	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Interest distributions				
First interim	72	307	49	348
Second interim	79	357	52	339
Third interim	94	529	63	434
Final	104	406	76	372
Total net distributions		1,948		1,733
Income deducted on cancellation of shares		52		43
Income received on issue of shares		(127)		(93)
Distributions		1,873		1,683
Net revenue/(expense) per statement of total return		1,829		1,649
Expenses offset against capital		44		34
Distributions		1,873		1,683

Financial statements and notes

9 Debtors

as at 31 March	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	214	101
Currency deals outstanding	274	217
Debt security interest receivable	536	619
Futures interest receivable	0	4
Sales awaiting settlement	0	80
Total debtors	1,024	1,021

10 Cash and bank balances

as at 31 March	2023 \$'000	2022 \$'000
Amounts held at futures clearing houses and collateral manager	88	23
Cash held as bank balances	3,603	1,665
Total cash and bank balances	3,691	1,688

11 Other creditors

as at 31 March	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	99	26
Annual charge payable	6	7
Currency deals outstanding	274	216
Purchases awaiting settlement	298	246
Total other creditors	677	495

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

Financial statements and notes

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.04.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
Sterling					
Class 'A-H' Income	42,536	520,283	(470,417)	0	92,402
Class 'A-H' Accumulation	34,930	51,449	(2,381)	0	83,998
Class 'I-H' Income	5,608,602	2,100,228	(1,376,892)	0	6,331,938
Class 'I-H' Accumulation	13,303,324	13,576,291	(18,687,556)	0	8,192,059
Class 'L-H' Accumulation	15,028,159	0	(7,367)	0	15,020,792
Class 'PP-H' Income	20,070	1,373,337	(444,554)	0	948,853
Class 'PP-H' Accumulation	1,075,275	3,592,409	(43,107)	0	4,624,577
Class 'R-H' Income	71,301	27,836	(18,209)	0	80,928
Class 'R-H' Accumulation	143,088	45,720	(28,395)	0	160,413

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'A-H'	1.03
Class 'I-H'	0.63
Class 'L-H'	0.43
Class 'PP-H'	0.53
Class 'R-H'	0.88

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Financial statements and notes

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 42.21% (2022: 42.46%) of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023	Liabilities 2023	Assets 2022	Liabilities 2022
Basis of valuation	\$'000	\$'000	\$'000	\$'000
Level 1	50	(51)	1,168	(71)
Level 2	35,401	(276)	41,633	(391)
Level 3	0	0	0	0
	35,452	(327)	42,801	(462)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity and exposure

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

The VaR limit set during the period to 5 March 2023 was 20% (2022: 20%).

The VaR limit set during the period from 6 March 2023 was two times the benchmark.

Financial statements and notes

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limits above, are calculated during the financial years ended 31 March 2023 and 31 March 2022.

for the year ended 31 March	from 6 March 2023 to 31 March 2023 % of VaR	from 6 March 2023 to 31 March 2023 Utilisation of VaR %	from 1 April 2022 to 5 March 2023 % of VaR	from 1 April 2022 to 5 March 2023 Utilisation of VaR 20%	2022 % of VaR	2022 Utilisation of VaR 20%
Lowest	61.12	30.56	2.27	11.35	2.04	10.20
Highest	72.17	36.08	5.42	27.10	3.19	15.95
Average	66.93	33.47	4.08	20.40	2.49	12.46

19 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds and through the derivative positions with counterparties. The table below shows the credit quality of the investments held in the portfolio.

as at 31 March	2023 \$'000	2022 \$'000
Investment grade securities	4,013	2,721
Below investment grade securities	30,510	39,965
Other investments	602	(347)
Total	35,125	42,339

The tables below show the exposure to counterparties. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 31 March 2023	Forward currency contracts \$'000	Futures \$'000
Bank of America Merrill Lynch	0	(1)
JPMorgan	3	0
State Street Bank	600	0
Total	603	(1)

Financial statements and notes

as at 31 March 2022	Forward currency contracts \$'000	Futures \$'000
Bank of America Merrill Lynch	0	23
HSBC	3	0
JPMorgan	(273)	0
Merrill Lynch	(1)	0
State Street Bank	(99)	0
Total	(370)	23

20 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2023 and 31 March 2022 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 March	2023 \$'000	2023 %	2022 \$'000	2022 %
Lowest	58,336	166.94	50,533	176.23
Highest	206,764	654.71	204,668	600.56
Average	87,684	250.28	85,007	254.07

21 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders.

Financial statements and notes

The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on pages 208 to 214.

22 Interest distribution tables

This fund pays quarterly interest distributions and the following table sets out the distribution periods.

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.04.22	30.06.22	01.07.22	31.08.22
Second interim	01.07.22	30.09.22	03.10.22	30.11.22
Third interim	01.10.22	31.12.22	03.01.23	28.02.23
Final	01.01.23	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.5919	0.2721	0.8640	1.0016
Second interim	0.3883	0.5378	0.9261	0.9599
Third interim	0.1623	0.8560	1.0183	1.0299
Final	0.0789	1.0320	1.1109	0.9958

Sterling Class 'A-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.6804	0.0301	0.7105	0.7966
Second interim	0.4334	0.3554	0.7888	0.7545
Third interim	0.2674	0.6445	0.9119	0.8387
Final	0.3333	0.6974	1.0307	0.8200

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Sterling Class 'I-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.2543	0.6150	0.8693	1.0053
Second interim	0.6139	0.3205	0.9344	0.9669
Third interim	0.4239	0.6027	1.0266	1.0378
Final	0.4894	0.6351	1.1245	1.0044

Sterling Class 'I-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.4630	0.3480	0.8110	0.9017
Second interim	0.6594	0.2323	0.8917	0.8652
Third interim	0.3973	0.6182	1.0155	0.9512
Final	0.3891	0.7479	1.1370	0.9314

Sterling Class 'L-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.8584	0.0000	0.8584	0.9513
Second interim	0.9402	0.0000	0.9402	0.9171
Third interim	1.0609	0.0000	1.0609	1.0040
Final	1.1861	0.0000	1.1861	0.9833

Sterling Class 'PP-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.3120	0.5595	0.8715	1.0088
Second interim	0.4355	0.5019	0.9374	0.9678
Third interim	0.2552	0.7747	1.0299	1.0403
Final	0.6429	0.4849	1.1278	1.0067

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Sterling Class 'PP-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.2149	0.6198	0.8347	0.9267
Second interim	0.7245	0.1909	0.9154	0.8913
Third interim	0.7343	0.3035	1.0378	0.9779
Final	0.4401	0.7231	1.1632	0.9574

Sterling Class 'R-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.7018	0.1624	0.8642	1.0022
Second interim	0.2782	0.6505	0.9287	0.9631
Third interim	0.4644	0.5553	1.0197	1.0330
Final	0.7416	0.3747	1.1163	0.9994

Sterling Class 'R-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.6354	0.1125	0.7479	0.8356
Second interim	0.2514	0.5750	0.8264	0.7958
Third interim	0.4372	0.5120	0.9492	0.8809
Final	0.5503	0.5195	1.0698	0.8624

23 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

Investment objective

The fund aims to protect the value of capital and income from inflation by providing a total return (the combination of capital growth and income), net of the ongoing charge figure, that is consistent with or higher than UK inflation (as measured by the UK Consumer Prices Index), 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.

Investment policy

At least 70% of the fund is invested, directly or indirectly, in investment grade corporate debt securities (typically inflation-linked corporate bonds and floating rate notes), denominated in sterling or hedged back to sterling. These securities can be issued by companies from anywhere in the world, including emerging markets.

The fund's indirect exposure to inflation-linked corporate bonds is achieved by investing through a combination of instruments. These include a combination of inflation-linked government bonds with credit derivatives, such as credit default swaps (CDS) to create synthetic positions.

The fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives are used for investment purposes, efficient portfolio management and hedging.

Investment approach

The fund typically seeks to maintain a low sensitivity to movements in interest rates to help mitigate the

negative impact of rising bond yields which are common during periods of rising inflation.

The fund manager believes that "synthetic" inflation-linked corporate bonds can offer a similar return profile to physical inflation-linked corporate bonds while benefiting from enhanced market depth and liquidity.

The fund's investment style combines top-down and bottom-up analysis, and the fund manager is assisted in the selection of individual bonds by a team of credit analysts.

Benchmark

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.

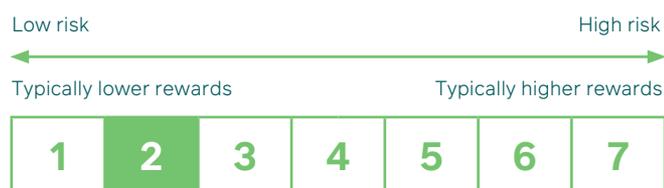
For unhedged and hedged share classes, the benchmark is shown in the share class currency.

Authorised Corporate Director's Report

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 16.

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



The above number:

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

Investment review

For the year ended 31 March 2023

Performance against objective

Between 1 April 2022 (the start of the review period) and 31 March 2023, the M&G UK Inflation Linked Corporate Bond Fund delivered a positive total return. This compares to a 10.1% change in the UK Consumer Prices Index (CPI) over the same period.

The fund seeks to match or exceed the change in the UK Consumer Prices Index (CPI) over a rolling three-year period. Over a three-year period, the fund's annualised returns were behind the change in the CPI, which stood at 6% pa. The fund is therefore not meeting its investment objective.

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

Performance review

The past 12 months has been volatile, dominated by an environment of elevated inflation in the UK, US and the eurozone and, latterly, growing concerns over slowing global economic growth.

Fixed income markets had little respite as recession fears and rising inflation gathered pace, with hawkish central bank commentary as well as the war in Ukraine and its associated energy and commodity supply issues fuelling concerns.

Central banks hiked interest rates to try to contain persistent inflation, with progress slower than anticipated due to strong labour markets and stubbornly high prices for core goods and services.

In the UK, where the fund is largely invested, market sentiment stabilised after the government reversed its earlier fiscal plans which had greatly unsettled markets during the autumn. The fiscal event saw the fund's performance drop to its lowest level over the year.

Despite this, both credit and equities rebounded. Investment grade corporate bonds posted a positive spread return after two consecutive months of widening spreads.

Lower-quality bonds generally outperformed while, within sectors, energy continued to lead the way. Credit curves generally flattened, making shorter-dated corporate bonds look more attractive than government bonds.

The ensuing rally ended in December as the US Federal Reserve and the European Central Bank both warned of further interest rate rises ahead, while the Bank of England was slightly more dovish, apparently expecting the UK's coming recession to combat inflation.

Markets rallied strongly in January as investor sentiment picked up. Inflation continued to fall slightly in major economies (other than Japan), driven by lower oil and gas prices, and central banks indicated that the cycle of interest rate rises may be nearing an end.

Although inflation is now generally trending downwards, inflation looks set to stay higher for longer in the UK and Europe than in the US. In the UK, headline

Authorised Corporate Director's Report

inflation had been falling from its peak but unexpectedly increased slightly to 10.4% in February 2023, largely due to annual food price inflation of 17% caused by poor weather in southern Europe leading to food shortages before falling back to 10.1% (annualised) in March. On a more positive note, consumer confidence in the UK remained better than expected, political instability settled down and the UK has so far managed to avoid recession.

Bond markets were volatile in March following the failure of US lender Silicon Valley Bank and the forced sale of Swiss bank Credit Suisse, which led to concerns about a wider banking crisis. However, these fears later eased and markets rallied, ending the period on a more positive note.

Against this backdrop, the fund delivered a positive return during the review period, with performance driven by rising inflation expectations. The fund's overall defensive duration and credit positioning helped to insulate the fund from the volatility in March. Our exposure to credit default swaps (CDS) was particularly beneficial for performance.

Investment activities

The fund maintains a relatively low sensitivity to interest rates. Early in the period, we added a small amount of duration to reflect the possibility that, in our view, we might be approaching peak central bank hawkishness. We reduced duration slightly in January, given the strength and predicted growth of the UK government bond market. We also lowered credit risk during the period, selling a few lower-quality banks in March to reduce our exposure to financials. We also added some credit default swap (CDS) protection on our positions in senior financials.

Outlook

Inflation has again been the main story over 2022 and into 2023, despite central banks' measures to bring it under control.

In our view, higher inflation is likely to persist for longer in the UK and eurozone than in the US, with wage growth a key risk. Furthermore, the UK faces additional growth challenges from Brexit and a weak sterling.

We continue to monitor the more dovish approach from the BoE. The central bank said that it still expects inflation "to fall significantly" in Q2, aided by falling energy prices and the government's move to extend the Energy Price Guarantee. However, the UK is very sensitive to the UK housing market which leads us to believe that there is a risk of higher inflation for longer here.

Ben Lord

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income	1,021,337	95.97	95.83
Debt securities	1,017,918	95.65	95.32
'AAA' credit rated bonds	18,181	1.71	4.16
£2,966,246 European Investment Bank 2.9516% 31/03/2034	7,209	0.68	
£650,455 Gemgarto 2021-1 FRN 4.7499% 16/12/2067	644	0.06	
£720,652 Hops Hill No. 1 FRN 5.1094% 27/05/2054	719	0.07	
£4,729,245 Polaris 2022-1 FRN 4.929% 23/10/2059	4,670	0.44	
£5,000,000 Towd Point Mortgage Funding 2019 - Granite4 FRN 4.5625% 20/10/2051	4,939	0.46	
'AA' credit rated bonds	614,781	57.77	57.39
£3,333,000 DNB Bank Var. Rate 1.375% 02/12/2025	3,108	0.29	
£63,625,000 UK Treasury IL 0.125% 22/03/2024	94,562	8.89	
£65,682,517 UK Treasury IL 0.125% 22/03/2026	92,398	8.68	
£50,000 UK Treasury IL 0.125% 10/08/2028	66	0.01	
£25,000 UK Treasury IL 0.125% 22/03/2029	39	0.00	
£107,682,517 UK Treasury IL 1.25% 22/11/2027	214,534	20.16	
£48,975,000 UK Treasury IL 2.5% 17/07/2024	183,680	17.26	
US\$27,500,000 US Treasury IL 0.375% 15/01/2027	26,394	2.48	
'A' credit rated bonds	108,353	10.18	4.68
£4,350,000 Anglian Water Services Financing IL 3.666% 30/07/2024	9,101	0.86	
£11,574 Baglan Moor Healthcare IL 3.92% 30/04/2029	26	0.00	
£7,800,000 Banco Santander 1.375% 31/07/2024	7,389	0.69	
£3,800,000 Banco Santander Var. Rate 4.75% 30/08/2028	3,678	0.35	
US\$5,000,000 Bank of America Var. Rate 1.319% 19/06/2026	3,674	0.35	
£2,495,000 Bank of America Var. Rate 1.667% 02/06/2029	2,069	0.19	
£6,660,000 Bank of America Var. Rate 3.584% 27/04/2031	5,919	0.56	
US\$5,000,000 Bank of America Var. Rate 4.376% 27/04/2028	3,888	0.37	
US\$2,500,000 Bank of America Var. Rate 4.948% 22/07/2028	1,997	0.19	
€1,800,000 Banque Fédérative du Crédit Mutuel 3.125% 14/09/2027	1,537	0.14	
US\$5,000,000 Banque Fédérative du Crédit Mutuel 4.753% 13/07/2027	3,862	0.36	
€4,000,000 Crédit Agricole Var. Rate 4.25% 11/07/2029	3,499	0.33	
US\$2,737,000 Deutsche Bank 4.162% 13/05/2025	2,092	0.20	
£4,129,000 JPMorgan Chase Var. Rate 0.991% 28/04/2026	3,765	0.35	
US\$15,000,000 JPMorgan Chase Var. Rate 4.323% 26/04/2028	11,758	1.10	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
US\$5,000,000 JPMorgan Chase Var. Rate 4.851% 25/07/2028	4,012	0.38	
€7,002,000 Morgan Stanley Var. Rate 0.406% 29/10/2027	5,354	0.50	
US\$10,000,000 Morgan Stanley Var. Rate 0.985% 10/12/2026	7,168	0.67	
US\$2,500,000 Morgan Stanley Var. Rate 4.679% 17/07/2026	1,982	0.19	
US\$2,500,000 Morgan Stanley Var. Rate 5.123% 01/02/2029	2,018	0.19	
€6,059,000 Nationwide Building Society 2% 28/04/2027	4,910	0.46	
£598,898 Nationwide Building Society 4.25% 23/02/2024	1,990	0.19	
US\$2,500,000 Nationwide Building Society 4.85% 27/07/2027	1,970	0.18	
£2,435,000 NatWest Markets 6.375% 08/11/2027	2,521	0.24	
US\$5,000,000 Philip Morris International 5.125% 17/11/2027	4,106	0.39	
US\$500,000 Philip Morris International 5.125% 15/02/2030	405	0.04	
US\$2,557,581 Project Silver 3.967% 15/07/2044	1,747	0.16	
£2,712,000 Realty Income 1.125% 13/07/2027	2,264	0.21	
€1,227,000 Skandinaviska Enskilda Banken 4% 09/11/2026	1,071	0.10	
US\$1,481,000 Société Générale 4.677% 15/06/2027	1,159	0.11	
US\$1,852,000 UBS Var. Rate 4.751% 12/05/2028	1,422	0.13	
	247,385	23.25	24.47
'BBB' credit rated bonds			
£458,000 AA Bond 8.45% 31/01/2028	461	0.04	
US\$2,273,000 AerCap Ireland Capital DAC 2.45% 29/10/2026	1,631	0.15	
US\$2,000,000 AerCap Ireland Capital DAC 3% 29/10/2028	1,394	0.13	
€797,000 AIB Var. Rate 4.625% 23/07/2029	682	0.06	
£2,923,000 Australia & New Zealand Banking Var. Rate 1.809% 16/09/2031	2,446	0.23	
US\$5,000,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6.138% 14/09/2028	4,081	0.38	
€1,100,000 Banco de Sabadell Var. Rate 5.125% 10/11/2028	966	0.09	
£7,100,000 Banco Santander Var. Rate 2.25% 04/10/2032	5,710	0.54	
£1,400,000 Banco Santander Var. Rate 3.125% 06/10/2026	1,299	0.12	
€561,000 Bank of Ireland Var. Rate 4.875% 16/07/2028	492	0.05	
€2,300,000 Bankinter Var. Rate 1.25% 23/12/2032	1,637	0.15	

Portfolio statement

Investments (continued)

Holding		as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
€3,400,000	Banque Fédérative du Crédit Mutuel Var. Rate 3.875% 16/06/2032	2,847	0.27	
€2,890,000	Barclays FRN 3.607% 12/05/2026	2,514	0.24	
US\$1,800,000	Barclays Var. Rate 5.501% 09/08/2028	1,418	0.13	
US\$5,000,000	Barclays Var. Rate 7.437% 02/11/2033	4,413	0.42	
£3,000,000	BNP Paribas Var. Rate 2% 24/05/2031	2,579	0.24	
£2,800,000	BPCE Var. Rate 2.5% 30/11/2032	2,287	0.22	
£2,200,000	CaixaBank Var. Rate 3.5% 06/04/2028	1,965	0.19	
US\$1,990,000	CaixaBank Var. Rate 6.208% 18/01/2029	1,608	0.15	
€2,500,000	Celanese 4.777% 19/07/2026	2,155	0.20	
US\$2,500,000	Celanese 6.165% 15/07/2027	2,016	0.19	
€2,948,000	Citigroup Var. Rate 1.25% 06/07/2026	2,422	0.23	
US\$5,000,000	Citigroup Var. Rate 3.29% 17/03/2026	3,862	0.36	
US\$2,752,000	Citigroup Var. Rate 4.658% 24/05/2028	2,178	0.21	
£1,290,000	Cooperatieve Rabobank 4.625% 23/05/2029	1,176	0.11	
£1,300,000	Crédit Agricole Var. Rate 1.874% 09/12/2031	1,085	0.10	
US\$2,500,000	Credit Suisse 7.5% 15/02/2028	2,121	0.20	
£4,072,000	Credit Suisse 7.75% 10/03/2026	4,194	0.39	
£4,600,000	Deutsche Bank Var. Rate 4% 24/06/2026	4,302	0.40	
€4,000,000	Goldman Sachs Var. Rate 0.01% 30/04/2024	3,498	0.33	
£3,819,000	Goldman Sachs 1.5% 07/12/2027	3,231	0.30	
£3,816,000	Hammerson 3.5% 27/10/2025	3,344	0.31	
€672,000	Harley-Davidson Financial Services 5.125% 05/04/2026	592	0.06	
£1,261,000	Hiscox 6% 22/09/2027	1,276	0.12	
€1,333,000	Holding d'Infrastructures et des Metiers de l'Environnement 0.125% 16/09/2025	1,057	0.10	
£2,016,000	HSBC Var. Rate 8.201% 16/11/2034	2,117	0.20	
£10,000,000	Imperial Brands Finance 5.5% 28/09/2026	9,851	0.93	
£5,000,000	ING Var. Rate 5% 30/08/2026	4,910	0.46	
€5,000,000	InterContinental Hotels 1.625% 08/10/2024	4,241	0.40	
US\$8,500,000	JBS 5.125% 01/02/2028	6,652	0.63	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£3,000,000 KBC Var. Rate 1.25% 21/09/2027	2,585	0.24	
€1,500,000 KBC Var. Rate 4.875% 25/04/2033	1,299	0.12	
£4,259,000 Leeds Building Society Var. Rate 1.5% 16/03/2027	3,738	0.35	
£7,000,000 Lloyds Banking Var. Rate 1.875% 15/01/2026	6,513	0.61	
£2,562,000 Lloyds Banking Var. Rate 2% 12/04/2028	2,195	0.21	
US\$5,000,000 Lloyds Banking Var. Rate 3.511% 18/03/2026	3,835	0.36	
€2,059,000 Lloyds Banking Var. Rate 4.5% 11/01/2029	1,800	0.17	
£1,339,000 Lloyds Banking Var. Rate 6.625% 02/06/2033	1,336	0.13	
€1,000,000 Logicor Financing 0.625% 17/11/2025	745	0.07	
€1,440,000 Logicor Financing 1.5% 13/07/2026	1,045	0.10	
US\$5,000,000 Nationwide Building Society FRN 6.0155% 16/02/2028	3,864	0.36	
£1,780,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	1,798	0.17	
£7,500,000 NatWest Var. Rate 2.875% 19/09/2026	6,975	0.66	
£2,829,000 NatWest Var. Rate 3.125% 28/03/2027	2,607	0.25	
US\$1,429,000 NextEra Energy Capital 6.051% 01/03/2025	1,171	0.11	
£2,072,000 Nordea Bank Var. Rate 1.625% 09/12/2032	1,674	0.16	
£9,103,000 Ørsted 0.375% 16/05/2034	9,389	0.88	
€2,901,000 Prosus 1.288% 13/07/2029	1,935	0.18	
US\$5,000,000 Santander Var. Rate 1.532% 21/08/2026	3,583	0.34	
US\$5,000,000 Santander Var. Rate 6.534% 10/01/2029	4,080	0.38	
£1,914,000 Santander Var. Rate 7.098% 16/11/2027	1,959	0.18	
€1,808,000 SELP Finance 3.75% 10/08/2027	1,453	0.14	
£2,500,000 Swedbank Var. Rate 1.375% 08/12/2027	2,144	0.20	
£5,000,000 Swedbank Var. Rate 7.272% 15/11/2032	5,103	0.48	
€7,500,000 Terna - Rete Elettrica Nazionale 2.731% 15/09/2023	8,803	0.83	
£15,913,000 Tesco IL 3.322% 05/11/2025	33,009	3.10	
€992,000 Tritax EuroBox 0.95% 02/06/2026	726	0.07	
€1,418,000 UniCredit Var. Rate 5.85% 15/11/2027	1,266	0.12	
€3,031,000 Upjohn Finance 1.023% 23/06/2024	2,566	0.24	
US\$4,000,000 Magallanes 3.638% 15/03/2025	3,108	0.29	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$5,000,000 Wells Fargo Var. Rate 2.188% 30/04/2026	3,772	0.35	
£11,262,000 Wells Fargo Var. Rate 3.473% 26/04/2028	10,293	0.97	
£5,000,000 Whitbread 2.375% 31/05/2027	4,306	0.40	
'BB' credit rated bonds	24,183	2.27	4.20
€4,200,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	2,987	0.28	
€1,500,000 Banco de Sabadell Var. Rate 5.25% 07/02/2029	1,242	0.12	
€2,500,000 Barclays Var. Rate 1.125% 22/03/2031	1,883	0.18	
£1,083,000 Barclays Var. Rate 8.407% 14/11/2032	1,114	0.10	
£7,495,000 Ford Motor Credit 4.535% 06/03/2025	7,183	0.67	
€1,868,000 GTC Aurora Luxembourg 2.25% 23/06/2026	1,290	0.12	
€1,447,000 NatWest Var. Rate 1.043% 14/09/2032	1,033	0.10	
£2,496,000 NatWest Var. Rate 2.105% 28/11/2031	2,097	0.20	
£781,000 NatWest Var. Rate 7.416% 06/06/2033	784	0.07	
€3,000,000 Rolls-Royce 1.625% 09/05/2028	2,176	0.20	
€2,697,000 Teva Pharmaceutical Finance Netherlands II 7.375% 15/09/2029	2,394	0.23	
'B' credit rated bonds	5,035	0.47	0.20
€2,766,000 Iliad 5.125% 15/10/2026	2,332	0.22	
£3,000,000 Petroleos Mexicanos 3.75% 16/11/2025	2,703	0.25	
Bonds with no credit rating	0	0.00	0.22
Debt derivatives	3,419	0.32	0.51
Credit default swaps	7,219	0.68	1.20
US\$(10,000,000) America Movil Dec 2023	72	0.01	
€(7,500,000) Anglo American Capital Jun 2024	356	0.03	
€(3,100,000) Anglo American Capital Dec 2025	286	0.03	
€(2,500,000) Anglo American Capital Jun 2026	262	0.02	
€(5,000,000) Anglo American Dec 2025	462	0.04	
€(13,500,000) Anheuser-Busch InBev Dec 2023	61	0.01	
€(5,000,000) Anheuser-Busch InBev Dec 2025	63	0.01	
US\$(5,000,000) AT&T Dec 2025	29	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt derivatives (continued)			
Credit default swaps (continued)			
€(7,500,000) BNP Paribas Dec 2025	55	0.01	
US\$(3,000,000) Boeing Jun 2025	18	0.00	
US\$(3,700,000) Boeing Jun 2026	22	0.00	
€(10,000,000) BP Capital Markets Jun 2025	104	0.01	
US\$(15,000,000) Comcast Dec 2026	225	0.02	
€(7,500,000) Credit Agricole Dec 2025	70	0.01	
US\$(5,000,000) Daimler Dec 2025	29	0.00	
€(7,300,000) Deutsche Bank Jun 2026	124	0.01	
€(12,500,000) Electricite De France Dec 2025	79	0.01	
€(10,000,000) Enel Societa Per Azioni Dec 2025	101	0.01	
US\$(5,000,000) Energy Transfer Operating Dec 2024	36	0.00	
US\$(5,000,000) Energy Transfer Operating Dec 2025	39	0.00	
US\$(10,500,000) Fedex Jun 2026	136	0.01	
US\$(5,000,000) General Electric Dec 2023	21	0.00	
US\$(5,000,000) General Electric Dec 2025	47	0.00	
US\$(7,500,000) General Electric Dec 2028	19	0.00	
US\$(5,000,000) General Motors Dec 2024	267	0.03	
US\$(5,000,000) General Motors Dec 2025	385	0.04	
US\$(51,500,000) Markit CDX North American High Yield Series 38 5 Year Jun 2027	525	0.05	
US\$(32,000,000) Markit CDX North American Investment Grade Series 37 5 Year Dec 2026	330	0.03	
€(30,500,000) Markit iTraxx Europe Senior Financial Series 39 V1 5 Year Jun 2028	4	0.00	
€(80,000,000) Markit iTraxx Europe Series 37 V1 5 Year Jun 2027	721	0.07	
€(97,500,000) Markit iTraxx Europe Series 38 V1 5 Year Dec 2027	695	0.07	
€(6,000,000) Next Group Jun 2026	25	0.00	
US\$(5,000,000) Omnicom Group Dec 2025	74	0.01	
€(5,000,000) Orange Dec 2025	83	0.01	
US\$(5,000,000) Verizon Communications Dec 2025	26	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
Fixed income (continued)			
Debt derivatives (continued)			
Credit default swaps (continued)			
€(7,500,000) Vodafone Dec 2024	69	0.01	
€(13,100,000) Wendel Dec 2025	1,299	0.12	
Interest rate swaps	(2,854)	(0.27)	(0.72)
£50,000,000 Pay 0.3776% Receive VAR May 2025	4,792	0.45	
£5,000,000 Pay 0.457% Receive VAR Feb 2070	3,139	0.29	
£25,000,000 Pay VAR Receive 3.9% Sep 2031	(3,748)	(0.35)	
£50,000,000 Pay VAR Receive 3.953% Sep 2031	(7,216)	(0.68)	
£24,000,000 Pay VAR Receive 4.0356% Mar 2028	179	0.02	
Interest rate futures	(946)	(0.09)	0.03
490 10 Year US Treasury Note Jun 2023	1,169	0.11	
300 2 Year US Treasury Note Jun 2023	(262)	(0.03)	
252 5 Year US Treasury Note Jun 2023	407	0.04	
200 Euro-Bobl Jun 2023	(505)	(0.05)	
(300) Euro-Schatz Jun 2023	73	0.01	
(780) Long Gilt Jun 2023	(1,828)	(0.17)	
Currency	1,375	0.13	(0.31)
Forward currency contracts	1,375	0.13	(0.31)
€2,187,784 Bought for £1,917,737 (expires 26.04.23)	5	0.00	
€(96,388,107) Sold for £84,271,013 (expires 26.04.23)	(461)	(0.04)	
US\$1,408,376 Bought for £1,140,305 (expires 26.04.23)	(3)	0.00	
US\$(174,199,073) Sold for £142,531,464 (expires 26.04.23)	1,834	0.17	
Total portfolio	1,022,712	96.10	95.52
Net other assets/(liabilities)	41,547	3.90	4.48
Net assets attributable to shareholders	1,064,259	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2023

Largest purchases	£'000
UK Treasury IL 1.25% 22/11/2027	233,828
US Treasury IL 0.375% 15/01/2027	34,350
UK Treasury IL 0.125% 22/03/2026	33,386
UK Treasury IL 2.5% 17/07/2024	12,853
JPMorgan Chase Var. Rate 4.323% 26/04/2028	11,514
Wells Fargo Var. Rate 3.473% 26/04/2028	11,262
Germany (Federal Republic of) IL 0.1% 15/04/2026	10,530
UK Treasury IL 0.125% 22/03/2024	9,513
Swedbank Var. Rate 7.272% 15/11/2032	7,637
Morgan Stanley Var. Rate 0.985% 10/12/2026	7,191
Other purchases	222,599
Total purchases	594,663

Largest sales	£'000
UK Treasury IL 0.125% 22/03/2024	208,965
UK Treasury IL 2.5% 17/07/2024	112,841
UK Treasury IL 0.125% 22/03/2026	47,830
UK Treasury IL 1.25% 22/11/2027	20,721
Germany (Federal Republic of) IL 0.1% 15/04/2026	10,731
Deutsche Pfandbriefbank 1.75% 21/11/2022	10,000
Cooperatieve Rabobank IL 2.25% 22/11/2022	8,886
Southern Water Services Finance IL 3.816% 31/03/2023	7,777
Energy Transfer 4.05% 15/03/2025	7,762
NGG Finance Var. Rate 5.625% 18/06/2073	7,219
Other sales	275,390
Total sales	718,122

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

Financial highlights

Fund performance

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

As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different.

For additional information, including monthly fund commentaries, fund facts, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return, per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+0.7	+2.3	+1.4	+1.2
Class 'A' Accumulation	+0.7	+2.3	+1.4	+1.2
Class 'I' Income	+1.2	+2.8	+1.9	+1.6
Class 'I' Accumulation	+1.2	+2.8	+1.9	+1.6
Class 'PP' Income	+1.3	+2.9	n/a	n/a
Class 'PP' Accumulation	+1.3	+2.9	n/a	n/a
Class 'R' Income	+0.9	+2.5	+1.6	+1.4
Class 'R' Accumulation	+0.9	+2.5	+1.6	+1.4
Benchmark	+10.4	+6.0	+4.3	+2.8

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct portfolio transaction costs' are calculated as a percentage of average net asset value. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current year figures.

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing purposes) as at the balance sheet date due to accounting and valuation adjustments.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	118.95	118.31	112.29
Return before operating charges	2.18	1.76	7.35
Operating charges	(0.98)	(1.00)	(1.30)
Return after operating charges	1.20	0.76	6.05
Distributions	(1.05)	(0.12)	(0.03)
Closing NAV	119.10	118.95	118.31
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.83	0.84	1.11
Return after charges	+1.01	+0.64	+5.39
Other information			
Closing NAV (£'000)	1,938	2,147	2,268
Number of shares	1,627,365	1,805,283	1,916,807
Highest share price (UK p)	120.94	120.42	118.66
Lowest share price (UK p)	113.02	117.96	111.99

Sterling Class 'A' Accumulation share performance

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	125.26	124.46	118.09
Return before operating charges	2.32	1.85	7.74
Operating charges	(1.04)	(1.05)	(1.37)
Return after operating charges	1.28	0.80	6.37
Distributions	(0.07)	0.00	0.00
Retained distributions	0.07	0.00	0.00
Closing NAV	126.54	125.26	124.46
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.83	0.84	1.11
Return after charges	+1.02	+0.64	+5.39
Other information			
Closing NAV (£'000)	19,130	23,807	18,545
Number of shares	15,116,707	19,006,714	14,900,129
Highest share price (UK p)	127.35	126.81	124.83
Lowest share price (UK p)	119.39	124.22	117.77

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 16 September 2010.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	123.50	122.35	115.55
Return before operating charges	2.27	1.82	7.58
Operating charges	(0.53)	(0.54)	(0.75)
Return after operating charges	1.74	1.28	6.83
Distributions	(1.09)	(0.13)	(0.03)
Closing NAV	124.15	123.50	122.35
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.44	0.62
Return after charges	+1.41	+1.05	+5.91
Other information			
Closing NAV (£'000)	416,816	585,158	629,862
Number of shares	335,723,171	473,800,438	514,805,754
Highest share price (UK p)	125.76	124.89	122.71
Lowest share price (UK p)	117.59	122.45	115.25

Sterling Class 'I' Accumulation share performance

The share class was launched on 16 September 2010.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	131.98	130.62	123.33
Return before operating charges	2.46	1.94	8.09
Operating charges	(0.57)	(0.58)	(0.80)
Return after operating charges	1.89	1.36	7.29
Distributions	(0.60)	0.00	0.00
Retained distributions	0.60	0.00	0.00
Closing NAV	133.87	131.98	130.62
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.44	0.62
Return after charges	+1.43	+1.04	+5.91
Other information			
Closing NAV (£'000)	294,742	279,381	310,375
Number of shares	220,173,164	211,680,724	237,625,417
Highest share price (UK p)	134.52	133.46	130.99
Lowest share price (UK p)	126.06	130.86	123.01

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	104.27	103.20	97.31
Return before operating charges	1.93	1.51	6.36
Operating charges	(0.34)	(0.34)	(0.44)
Return after operating charges	1.59	1.17	5.92
Distributions	(0.93)	(0.10)	(0.03)
Closing NAV	104.93	104.27	103.20
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.33	0.33	0.47
Return after charges	+1.52	+1.13	+6.08
Other information			
Closing NAV (£'000)	243,169	216,447	2,281
Number of shares	231,747,066	207,574,823	2,210,648
Highest share price (UK p)	106.22	105.41	103.49
Lowest share price (UK p)	99.34	103.38	97.06

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	106.67	105.46	99.44
Return before operating charges	1.99	1.56	6.52
Operating charges	(0.35)	(0.35)	(0.50)
Return after operating charges	1.64	1.21	6.02
Distributions	(0.60)	0.00	0.00
Retained distributions	0.60	0.00	0.00
Closing NAV	108.31	106.67	105.46
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.33	0.33	0.47
Return after charges	+1.54	+1.15	+6.05
Other information			
Closing NAV (£'000)	87,438	99,319	12,946
Number of shares	80,730,137	93,105,141	12,275,516
Highest share price (UK p)	108.82	107.84	105.77
Lowest share price (UK p)	101.94	105.76	99.18

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	115.67	114.88	108.77
Return before operating charges	2.12	1.70	7.14
Operating charges	(0.78)	(0.79)	(1.00)
Return after operating charges	1.34	0.91	6.14
Distributions	(1.02)	(0.12)	(0.03)
Closing NAV	115.99	115.67	114.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.68	0.69	0.88
Return after charges	+1.16	+0.79	+5.64
Other information			
Closing NAV (£'000)	246	209	208
Number of shares	212,048	181,092	180,942
Highest share price (UK p)	117.67	117.05	115.21
Lowest share price (UK p)	109.99	114.70	108.48

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	120.50	119.55	113.17
Return before operating charges	2.24	1.77	7.41
Operating charges	(0.82)	(0.82)	(1.03)
Return after operating charges	1.42	0.95	6.38
Distributions	(0.25)	0.00	0.00
Retained distributions	0.25	0.00	0.00
Closing NAV	121.92	120.50	119.55
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.68	0.68	0.87
Return after charges	+1.18	+0.79	+5.64
Other information			
Closing NAV (£'000)	780	860	548
Number of shares	640,041	713,634	458,449
Highest share price (UK p)	122.59	121.94	119.90
Lowest share price (UK p)	114.94	119.49	112.87

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Statement of total return

for the year to 31 March	Note	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(74,977)		(37,696)
Revenue	5	93,558		52,623	
Expenses	6	(4,739)		(4,797)	
Interest payable and similar charges		(18)		(41)	
Net revenue/(expense) before taxation		88,801		47,785	
Taxation	7	0		0	
Net revenue/(expense) after taxation			88,801		47,785
Total return before distributions			13,824		10,089
Distributions	8		(8,326)		(725)
Change in net assets attributable to shareholders from investment activities			5,498		9,364

Statement of change in net assets attributable to shareholders

for the year to 31 March	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,207,328		977,033
Amounts received on issue of shares	212,180		569,675	
Amounts paid on cancellation of shares	(363,272)		(349,184)	
		(151,092)		220,491
Dilution adjustments		638		440
Change in net assets attributable to shareholders from investment activities (see above)		5,498		9,364
Retained distributions on Accumulation shares		1,887		0
Closing net assets attributable to shareholders		1,064,259		1,207,328

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Balance sheet

as at 31 March	Note	2023 £'000	2022 £'000
Assets			
Fixed assets			
Investments		1,036,735	1,183,208
Current assets			
Debtors	9	8,134	9,340
Cash and bank balances	10	39,528	18,637
Cash equivalents		3,827	46,177
Total assets		1,088,224	1,257,362
Liabilities			
Investment liabilities		(14,023)	(30,008)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(1,473)	(7,836)
Distribution payable		(3,863)	0
Other creditors	11	(4,606)	(12,190)
Total liabilities		(23,965)	(50,034)
Net assets attributable to shareholders		1,064,259	1,207,328

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 10 to 13.

2 Distribution policy

To contribute to the preservation of the share value in real terms, the amount available for distribution has been calculated to disregard the change in the Retail Prices Index during the accounting period in respect of interest from index-linked gilt-edged securities.

In determining the amount available for distribution to Income shares, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

3 Net capital gains/(losses)

for the year to 31 March	2023 £'000	2022 £'000
Non-derivative securities	(64,601)	(17,138)
Derivative contracts	(6,842)	(20,767)
Currency gains/(losses)	(3,534)	209
Net capital gains/(losses)	(74,977)	(37,696)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 12 and 13. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 £'000	% of transaction	2022 £'000	% of transaction
a) Purchases				
Debt securities	594,663		547,007	
b) Sales				
Debt securities	718,122		342,800	
	2023 £'000	% of average NAV	2022 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Derivatives	7	0.00	4	0.00
Taxes paid				
Derivatives	8	0.00	4	0.00
Total direct portfolio transaction costs	15	0.00	8	0.00
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.30		0.28

5 Revenue

for the year to 31 March	2023 £'000	2022 £'000
Bank interest	18	33
Derivative revenue	7,397	5,789
Dividends from equity investments: taxable	37	12
Interest distributions	357	10
Interest on debt securities	85,740	46,763
Rebate of ongoing charges from underlying funds	9	16
Total revenue	93,558	52,623

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6 Expenses

for the year to 31 March	2023 £'000	2022 £'000
Payable to the ACD or associate		
Annual charge	4,739	4,797
Total expenses	4,739	4,797

Audit fees for the financial year ending 2023 were £14,000 (2022: £13,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2023 £'000	2022 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	88,801	47,785
Corporation tax at 20%	17,760	9,557
Effects of:		
Interest distributions	(87)	0
Relief for indexation on UK gilts	(16,673)	(10,669)
Current year expenses not utilised	(1,000)	1,112
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £1,064,000 (2022: £2,064,000) arising as a result of having excess management expenses and interest distributions.

Financial statements and notes

8 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 March	2023		2022	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
Interim	2,132	423	816	0
Final	3,863	1,464	0	0
Total net distributions		7,882		816
Income deducted on cancellation of shares		626		(103)
Income received on issue of shares		(182)		12
Distributions		8,326		725
Net revenue/(expense) per statement of total return		88,801		47,785
Expenses offset against capital		2,890		3,116
Effective yield adjustment not distributed		(83,365)		(53,347)
Income deficit transferred to capital		0		3,171
Distributions		8,326		725

9 Debtors

as at 31 March	2023 £'000	2022 £'000
Amounts receivable on issues of shares	968	3,792
Debt security interest receivable	6,975	4,847
Derivative revenue receivable	170	221
Distributions receivable	9	4
Sales awaiting settlement	0	476
Withholding tax recoverable	12	0
Total debtors	8,134	9,340

10 Cash and bank balances

as at 31 March	2023 £'000	2022 £'000
Amounts held at futures clearing houses and collateral manager	29,962	13,563
Cash held as bank balances	9,566	5,074
Total cash and bank balances	39,528	18,637

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11 Other creditors

as at 31 March	2023 £'000	2022 £'000
Amounts payable on cancellation of shares	3,885	5,472
Annual charge payable	132	137
Derivative expense payable	1	56
Purchases awaiting settlement	588	6,525
Total other creditors	4,606	12,190

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening	Issued	Movements		Closing
	01.04.22		Cancelled	Converted	
Sterling					
Class 'A' Income	1,805,283	214,215	(392,133)	0	1,627,365
Class 'A' Accumulation	19,006,714	3,337,894	(7,227,901)	0	15,116,707
Class 'I' Income	473,800,438	43,816,970	(181,894,237)	0	335,723,171
Class 'I' Accumulation	211,680,724	74,289,721	(65,797,281)	0	220,173,164
Class 'PP' Income	207,574,823	49,432,001	(25,259,758)	0	231,747,066
Class 'PP' Accumulation	93,105,141	3,429,161	(15,804,165)	0	80,730,137
Class 'R' Income	181,092	63,078	(32,122)	0	212,048
Class 'R' Accumulation	713,634	358,055	(431,648)	0	640,041

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

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14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
Sterling	
Class 'A'	0.85
Class 'I'	0.45
Class 'PP'	0.35
Class 'R'	0.70

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 0.02% (2022: 0.04%) of the fund's shares.

16 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

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Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 March	Assets 2023 £'000	Liabilities 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000
Level 1	615,160	(2,595)	679,299	0
Level 2	421,575	(11,428)	503,909	(30,008)
Level 3	0	0	0	0
	1,036,735	(14,023)	1,183,208	(30,008)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 16.

18 Market risk sensitivity and exposure

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

The VaR limit set during the financial year to 31 March 2023 was 15% (2022: 15%).

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 March 2023 and 31 March 2022.

for the year to 31 March	2023 % of VaR	2023 Utilisation of VaR 15%	2022 % of VaR	2022 Utilisation of VaR 15%
Lowest	1.32	8.80	0.68	4.53
Highest	3.22	22.13	1.61	10.73
Average	2.22	14.80	1.01	6.73

19 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds and through the derivative positions with counterparties. The table below shows the credit quality of the investments held in the portfolio.

as at 31 March	2023 £'000	2022 £'000
Investment grade securities	988,700	1,095,107
Below investment grade securities	29,218	53,045
Unrated securities	0	2,692
Other investments	4,794	2,356
Total	1,022,712	1,153,200

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The tables below show the exposure to counterparties. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 31 March 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	459	0	(946)
Barclays Bank	8,814	(3)	0
BNP Paribas	72	1	0
Citigroup	261	0	0
Goldman Sachs	2,071	0	0
JPMorgan	513	1,817	0
State Street Bank	0	(440)	0
UBS	(7,825)	0	0
Total	4,365	1,375	(946)

as at 31 March 2022	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	664	21	426
Barclays Bank	21,127	74	0
BNP Paribas	92	0	0
Citigroup	(1,962)	0	0
Goldman Sachs	2,613	0	0
HSBC	0	(3,570)	0
JPMorgan	1,731	(4)	0
Standard Chartered Bank	0	(19)	0
State Street Bank	0	(289)	0
UBS	(18,545)	(3)	0
Total	5,720	(3,790)	426

20 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2023 and 31 March 2022 are disclosed in the table below. Leverage has been

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calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 March	2023 £'000	2023 %	2022 £'000	2022 %
Lowest	955,767	89.28	979,510	100.19
Highest	1,927,583	171.62	2,093,337	173.08
Average	1,328,863	114.76	1,415,548	123.96

21 Interest distribution tables

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

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.04.22	30.09.22	03.10.22	30.11.22
Final	01.10.22	31.03.23	03.04.23	31.05.23

The following tables set out for each distribution the rates per share for both Group 1 and Group 2 shares.

Group 1 shares are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.2854	0.0711	0.3565	0.1214
Final	0.3299	0.3655	0.6954	0.0000

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	0.0728	0.0000	0.0728	0.0000

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Sterling Class 'I' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.2412	0.1293	0.3705	0.1256
Final	0.4599	0.2644	0.7243	0.0000

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.1117	0.0000	0.1117	0.0000
Final	0.2565	0.2367	0.4932	0.0000

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.2368	0.0762	0.3130	0.1023
Final	0.3343	0.2777	0.6120	0.0000

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.1305	0.0136	0.1441	0.0000
Final	0.2395	0.2127	0.4522	0.0000

Sterling Class 'R' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.2852	0.0616	0.3468	0.1182
Final	0.3320	0.3449	0.6769	0.0000

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Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023	Equalisation	Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	0.2224	0.0287	0.2511	0.0000

22 Events after the balance sheet date

There were no events after the balance sheet date to disclose.

Other regulatory disclosures

Remuneration

The below disclosure is made in accordance with Undertakings for Collective Investments in Transferable Securities (“UCITS”) V and the Guidelines on sound remuneration policies under the UCITS issued by the European Securities and Markets Authority (“ESMA Guidelines”).

M&G Securities Limited (the “UCITS Management Company”) is subject to a remuneration policy which is consistent with the principles outlined in the ESMA Guidelines.

The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives of the UCITS funds managed by the UCITS Management Company. Further details of the remuneration policy can be found here: mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies. The remuneration policy and its implementation is reviewed on an annual basis, or more frequently where required, and is approved by the M&G plc Board Remuneration Committee. The most recent review found no fundamental issues with no material changes made to the policy.

M&G Securities Limited is required under UCITS to make quantitative disclosures of remuneration. These disclosures are made in line with M&G’s interpretation of currently available guidance on quantitative remuneration disclosures. As market or regulatory guidance evolves, M&G may consider it appropriate to make changes to the way in which quantitative disclosures are calculated.

The ‘Identified Staff’ of M&G Securities Limited are those who could have a material impact on the risk profile of M&G Securities Limited or the UCITS funds it manages and generally includes senior management, risk takers and control functions. ‘Identified Staff’ typically provide both UCITS and non-UCITS related services and have a number of areas of responsibility. Therefore, only the portion of remuneration for those individuals’ services which may be attributable to UCITS is included in the remuneration figures disclosed.

Accordingly the figures are not representative of any individual’s actual remuneration. The information needed to provide a further breakdown of remuneration is not readily available and would not be relevant or reliable.

The amounts shown below reflect payments made in respect of the financial year 1 January 2022 to 31 December 2022.

	Fixed Remuneration £000	Variable Remuneration £000	Total £000	Beneficiaries
Senior Management	622	1,303	1,924	9
Other Identified Staff	4,578	18,758	23,336	37

Glossary

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

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

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

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

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

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

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

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

Bunds Fixed income securities issued by the German government.

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

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

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

Cash equivalents Deposits or investments with similar characteristics to cash.

Charity Authorised Investment Fund (CAIF) An investment entity that is both a registered charity and an authorised investment fund. The CAIF must comply with charity law as well as financial services laws and regulations, and is usually treated as a registered charity for tax purposes.

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

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

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

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

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

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

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

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

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

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

Glossary

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

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

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

Defaulted bond When a bond issuer does not maintain interest payments or repay the amount borrowed when due.

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

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

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

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

Distribution Distributions represent a share in the 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.

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

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

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

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

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

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

Equities Shares of ownership in a company.

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

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

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

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

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

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

Glossary

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

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

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

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

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

Gilts Fixed income securities issued by the UK government.

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

Hedging A method of reducing unnecessary or unintended risk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary

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

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

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

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

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

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

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

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

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

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

Near cash Deposits or investments with similar characteristics to cash.

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

Ongoing Charge Figure The ongoing charge figure represents the operating costs investors can reasonably expect to pay under normal circumstances.

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

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

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

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

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

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

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

Preference shares Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

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

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

Property Expense Ratio (PER) Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Suspended Temporarily halting the trading of a listed security on the stock exchange. It can be voluntary (requested by the issuing company) or imposed by regulators. Typically, trading suspensions are introduced ahead of important news announcements, following technical glitches, or due to regulatory concerns.

Swing pricing Swing pricing is a method of protecting long-term shareholders in the fund from bearing the costs of transactions carried out by shorter-term investors. When investors buy or sell shares in the fund, the fund manager has to buy or sell underlying securities to either invest the cash obtained from investors, or to provide them with cash in exchange for their shares. Swing pricing essentially adjusts the fund shares' daily price to take into account the costs of buying or selling the underlying securities held by the fund. This ensures that transaction costs such as brokerage fees and administrative charges are borne by those investors who trade shares in the fund, not by those who remain invested in the fund. (Also see dilution adjustment).

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

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

Treasuries Fixed income securities issued by the US government.

Glossary

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

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

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

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

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

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

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

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

Unlisted/unquoted stocks Shares of ownership in companies that are not listed on a public exchange, known as private companies.

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

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

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

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

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

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

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

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

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