

M&G Investment Funds (7)

**Interim report and unaudited financial statements
for the six months ended 31 July 2022**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (7) presents its interim report and unaudited financial statements for the six months ended 31 July 2022.

The unaudited financial statements of M&G Investment Funds (7) and the investment report and unaudited 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 (7) is an umbrella Open-Ended Investment Company (OEIC) and contains four sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the 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 29 June 2007. The M&G Global Convertibles Fund was launched on 13 July 2007, the M&G Global Emerging Markets Fund was launched on 5 February 2009, the M&G Global Floating Rate High Yield Fund was launched on 11 September 2014 and the M&G Emerging Markets Monthly Income Fund was launched on 21 April 2020.

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 July 2022, 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 Emerging Markets Monthly Income Fund

Michael Bourke and Charles De Quinsonas

M&G Global Convertibles Fund

Léonard Vinville

M&G Global Emerging Markets Fund

Michael Bourke

M&G Global Floating Rate High Yield Fund

James Tomlins

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)

Authorised Corporate Director's Report

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 report can be found at www.mandg.co.uk/valueassessment

Important information

The COVID-19 pandemic has been an unprecedented event and continues to bring uncertainties. The ACD continues to monitor the ongoing operational risks that are posed to the Company and its service providers.

The events currently unfolding in Ukraine are shocking and tragic. Although feared, a full-scale military invasion of Ukraine by Russia was arguably not expected and has been widely condemned. Western nations have responded to Russia's attack which started on 24 February 2022, with sweeping sanctions: the US, the UK and the European Union have imposed sanctions on Russian banks, state-owned enterprises (SOEs) and individuals with close links to President Putin. On 28 February 2022, Russia's central bank closed stock trading on the Moscow Stock Exchange. Whilst restrictions and sanctions are still in place, there was a partial reopening of the Exchange on 24 March 2022.

From the perspective of financial markets, Russia's attack has sparked considerable volatility, with Russian assets, in particular, falling sharply and oil prices surging. Given the uncertainty around the continuing conflict, it is likely that financial markets will remain volatile in the coming months as investors react to developments.

In this uncertain fast-moving environment, please be aware that investment commentary may become quickly outdated by ongoing events. We will continue to monitor the geopolitical situation closely.

For affected funds, please refer to the 'Investment review' section for further details on significant events during the period.

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 www.mandgplc.com/sustainability/environment/coal

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 addresses. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depositary.

Authorised Corporate Director's Report

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Customer services and administration for non-UK clients:

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

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

Telephone: +352 2605 9944

Email: csmang@rbc.com

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

Swiss paying agent and representative:

Société Générale, Paris, Zurich Branch,
Talacker 50, 8021 Zurich, Switzerland

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.

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
20 September 2022

Financial statements and notes

The financial statements for M&G Investment Funds (7) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

Accounting policies

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, following consideration of the impact of COVID-19 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 interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 January 2022. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

Authorised Corporate Director's Report

Investment objective

The fund aims to provide:

- an annual yield of 4-6%; and
- capital growth, net of the ongoing charge figure, over any five-year period.

Investment policy

At least 80% of the fund is invested directly and indirectly in emerging market assets including:

- at least 25% of the fund directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or do most of their business in emerging markets;
- at least 25% of the fund directly in bonds issued by companies or other similar issuers, or by governments and other public issuers that are incorporated, domiciled or do most of their business in emerging markets;
- real estate investment trusts.

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

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Investment approach

The fund employs a bottom-up approach to find the best investments across the capital structure to deliver on the fund's investment objective. The fund aims to leverage the fund manager's emerging market equity and credit selection capabilities to identify the most attractive investments.

The fund's allocation between bonds and equities is an output of the investment process and portfolio construction and is the result of the fund manager

investing in the best ideas, individually and relatively, across the capital spectrum.

Benchmark

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

Risk profile

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 six months ended 31 July 2022

Performance against objective

Between 1 February 2022 (the start of the review period) and 31 July 2022, all share classes of the M&G Emerging Markets Monthly Income Fund produced a negative total return (the combination of income and growth of capital).

The fund aims to provide an annual yield of 4-6% and capital growth, net of the ongoing charge figure, over any five-year period.

Authorised Corporate Director's Report

The fund's distributions over the past 12 months amounted to a yield of around 6% for all the share classes. The fund has therefore achieved its aim to provide an annual yield of between 4% and 6%.

It is not possible yet to state whether the fund has met the capital growth element of its objective, as the fund is less than five years old.

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

Financial markets were turbulent in the period under review, as the war in Ukraine, high levels of inflation and the prospect of interest rate rises knocked investor confidence. Worries about China's zero-COVID strategy, which saw many cities placed in strict lockdowns to prevent the spread of COVID-19 and caused a slowdown in economic activity, also dampened sentiment.

Emerging market equities (company shares) and emerging market corporate bonds both declined in the six months and trailed their counterparts in developed markets such as the UK and US.

Russia's invasion of Ukraine on 24 February was a major contributor to investors' risk aversion. Stockmarkets fell sharply in the aftermath as investors contemplated the impact of the conflict and Western sanctions on the global economy. Commodity prices soared amid fears that restrictions on Russian oil and gas would have a severe impact on global supplies.

The surge in commodity prices contributed to a spike in inflation, which was already at elevated levels due to supply constraints and the rebound in global economic growth after the coronavirus pandemic. As price rises proved more persistent than many policymakers had expected, major central banks, notably the US Federal Reserve, raised interest rates to try to control soaring inflation.

Towards the end of the period, investors became increasingly concerned that sharp interest rate

increases at a time of slowing economic activity and high energy costs could lead to a global economic recession.

Chinese equities declined in the period, dragged down by concerns about the economic cost of the country's COVID-19 lockdowns, the troubled property market and regulatory changes. Hungary and Poland were among the weakest markets as investors worried about the impact of the war in Ukraine on eastern European economies. Stockmarkets in Taiwan and the Philippines also fell.

On the other hand, stockmarkets in commodity-producing nations such as Brazil, Chile, Indonesia, Kuwait and Qatar rose on the back of higher oil and basic materials prices.

From a sector perspective, defensive areas such as consumer staples, healthcare and utilities were the best performers. (Defensive businesses are generally expected to deliver stable earnings across different economic conditions.) In contrast, communication services, information technology and real estate were notable laggards. The energy sector declined, despite higher oil prices, dragged down by several Russian stocks.

Emerging market bonds also came under pressure in the six-month period as investors worried about the impact of rising US interest rates and a stronger US dollar on developing economies. Debt issued by emerging market governments recorded the biggest falls, in particular US dollar-denominated bonds. Bonds issued by emerging market companies in US dollars were the most resilient, although they still registered double-digit declines.

Against this background, the fund declined with our equities and corporate bonds both falling. The large allocation to equities accounted for the bulk of the fund's decline, most notably our Russian stocks, including energy firm Lukoil and financial group Sberbank. Given the uncertainty around the ability of foreign investors to trade Russian stocks, following the

Authorised Corporate Director's Report

introduction of sanctions, the decision was taken to write down the value of all our Russian equity holdings to zero.

The positions in South Korean lender Hana Financial, Chinese insurer Ping An Insurance and Chinese drinks packaging firm Greatview Aseptic Packaging also held back performance.

These outweighed the positive contributions from Brazilian utility firm Eletrobras, Chinese oil company Cnooc and Chinese non-life insurer PICC Property and Casualty.

Among our bond holdings, the positions in debt issued by Russian gas company Gazprom, Ukrainian sunflower oil producer Kernel and Swedish cosmetics company Oriflame were notable detractors.

Investment activities

We seek to identify the most attractive income-generating opportunities among emerging market equities and emerging market corporate bonds. We assess the relative merits of the best ideas that we find in each asset class and select the combination of equities and bonds that we believe will enable the fund to meet its objective. The exact balance between equities and bonds in the portfolio reflects where we are finding the most compelling investment opportunities at any particular time.

The bulk of the portfolio is invested in emerging market equities currently and during the period we bought shares in Portugal-based energy firm Galp Energia, which has assets around the world, including in Brazil. Many energy stocks performed strongly in the period, as the war in Ukraine drove commodity prices up, but we think Galp was attractively valued. In contrast, we sold all our shares in Chinese oil company Cnooc on valuation grounds after a period of good share price performance.

Hong Kong-listed life insurer AIA and Brazilian housebuilder Cyrela Brazil Realty were two new equity holdings. AIA has had a tough time with the closure of the China-Hong Kong border, but we think it is a quality business with attractive long-term prospects.

We also added to several existing holdings after share price falls, including South Korean technology firm Samsung Electronics and Chinese online vehicle sales firm Autohome.

On the other hand, we closed the positions in South African financial services group Sanlam and Chinese telecoms firm China Mobile, among others.

We also identified some opportunities among emerging market bonds and bought debt issued by Dubai-based ports operator DP World and pan-African telecommunications company Axian Telecom. In contrast, we sold our bonds from Brazilian electricity company Light Servicos de Eletricidade and Turkish conglomerate Koc.

Outlook

Emerging market assets have come under pressure this year as macroeconomic and geopolitical concerns have dampened investors' confidence toward the asset class. The upward movement of interest rates remains a key issue for investors. Policymakers appear focused on controlling the high levels of inflation, but there are concerns that raising interest rates in this environment could lead to a global economic slowdown. Higher energy and food costs will likely have a considerable impact on consumers in emerging markets, while companies face the risk that rising input costs will hurt their profit margins.

Given this uncertain outlook and such a wide range of potential outcomes, it is likely that markets will remain turbulent in the coming months as investors react to economic data and policy changes. However, as long-term, valuation-focused investors, we believe that changeable markets can offer the opportunity to invest in mispriced opportunities.

Authorised Corporate Director's Report

Both emerging market equities and corporate bonds have declined this year as recession risks have increased. We recognise that emerging markets face challenges but now that valuations have retreated we think there could be attractive opportunities available for selective investors. We will continue to apply our disciplined, rigorous approach, while being mindful of the wider macroeconomic situation, to identify stocks that we think are being undervalued.

Michael Bourke and Charles De Quinsonas

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 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|--|--------------------------|---------------------|---------------------|
| Argentina | 132 | 0.53 | 0.57 |
| Argentinian debt securities | 132 | 0.53 | |
| US\$215,000 YPF 8.5% 28/07/2025 | 132 | 0.53 | |
| Brazil | 2,571 | 10.33 | 8.63 |
| Brazilian equities | 2,331 | 9.37 | |
| 194,509 Banco Bradesco Preference Shares | 653 | 2.62 | |
| 214,403 CCR | 537 | 2.16 | |
| 17,595 Centrais Elébricas Brasileiras | 154 | 0.62 | |
| 33,853 Centrais Elébricas Brasileiras Preference Shares | 306 | 1.23 | |
| 164,675 Cyrela Brazil Realty Empreendimentos e Participacoes | 407 | 1.64 | |
| 316,279 Raizen Preference Shares | 274 | 1.10 | |
| Brazilian debt securities | 240 | 0.96 | |
| US\$300,000 Globo Comunicacao e Participacoes 5.5% 14/01/2032 | 240 | 0.96 | |
| Burundi | 157 | 0.63 | 0.69 |
| Burundian debt securities | 157 | 0.63 | |
| US\$200,000 Eastern and Southern African Trade and Development Bank 4.125% 30/06/2028 | 157 | 0.63 | |
| Canada | 318 | 1.28 | 1.15 |
| Canadian debt securities | 318 | 1.28 | |
| US\$176,000 ERO Copper 6.5% 15/02/2030 | 124 | 0.50 | |
| US\$200,000 First Quantum Minerals 6.875% 01/03/2026 | 194 | 0.78 | |
| Cayman Islands | 769 | 3.09 | 2.43 |
| Cayman Island debt securities | 769 | 3.09 | |
| US\$200,000 Banco Mercantil del Norte Var. Rate 5.875% Perpetual | 165 | 0.66 | |
| US\$200,000 DP World Salaam Var. Rate 6% Perpetual | 200 | 0.81 | |
| US\$200,000 Grupo Aval 4.375% 04/02/2030 | 157 | 0.63 | |
| US\$260,000 MAF Global Securities Var. Rate 6.375% Perpetual | 247 | 0.99 | |
| Chile | 454 | 1.83 | 1.78 |
| Chilean equities | 454 | 1.83 | |
| 252,197 Embotelladora Andina Preference Shares | 454 | 1.83 | |
| China | 1,981 | 7.96 | 9.03 |
| Chinese equities | 1,981 | 7.96 | |
| 610,000 China Construction Bank | 388 | 1.56 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| China (continued) | | | |
| Chinese equities (continued) | | | |
| 950,000 China Petroleum & Chemical | 448 | 1.80 | |
| 775,000 China Railway Signal & Communication | 246 | 0.99 | |
| 266,000 PICC Property & Casualty | 273 | 1.10 | |
| 106,500 Ping An Insurance Group Company of China | 626 | 2.51 | |
| Colombia | 197 | 0.79 | 0.49 |
| Colombian equities | | | |
| 28,748 Banco Davivienda Preference Shares | 197 | 0.79 | |
| Georgia | 380 | 1.53 | 1.41 |
| Georgian debt securities | | | |
| US\$200,000 Georgia Capital 6.125% 09/03/2024 | 186 | 0.75 | |
| US\$200,000 Silknet 8.375% 31/01/2027 | 194 | 0.78 | |
| Guernsey | 247 | 0.99 | 1.02 |
| Guernsey equities | | | |
| 675,567 Grit Real Estate Income | 247 | 0.99 | |
| Hong Kong | 2,191 | 8.81 | 10.59 |
| Hong Kong equities | | | |
| 17,200 AIA | 173 | 0.70 | |
| 120,000 China Resources Power | 226 | 0.91 | |
| 759,000 Far East Horizon | 624 | 2.51 | |
| 1,220,000 First Pacific | 486 | 1.95 | |
| 1,148,000 Greatview Aseptic Packaging | 218 | 0.88 | |
| 312,000 Kunlun Energy | 230 | 0.92 | |
| 32,300 VTech | 221 | 0.89 | |
| Hong Kong debt securities | 13 | 0.05 | |
| US\$200,000 Yuzhou 7.7% 20/02/2025 | 13 | 0.05 | |
| India | 377 | 1.52 | 1.44 |
| Indian debt securities | | | |
| US\$200,000 Adani Green Energy 4.375% 08/09/2024 | 186 | 0.75 | |
| US\$200,000 Network i2i Var. Rate 5.65% Perpetual | 191 | 0.77 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Ireland | 176 | 0.71 | 0.74 |
| Irish debt securities | 176 | 0.71 | |
| US\$200,000 C&W Senior Financing 6.875% 15/09/2027 | 176 | 0.71 | |
| Israel | 53 | 0.21 | 0.20 |
| Israeli debt securities | 53 | 0.21 | |
| US\$58,394 Energean Israel Finance 4.875% 30/03/2026 | 53 | 0.21 | |
| Luxembourg | 1,023 | 4.11 | 3.64 |
| Luxembourg debt securities | 1,023 | 4.11 | |
| US\$200,000 EIG Pearl 3.545% 31/08/2036 | 174 | 0.70 | |
| US\$200,000 Gazprom 7.288% 16/08/2037 | 66 | 0.26 | |
| US\$200,000 Kenbourne Invest 4.7% 22/01/2028 | 139 | 0.56 | |
| US\$200,000 MHP Lux 6.95% 03/04/2026 | 81 | 0.33 | |
| US\$400,000 Nexa Resources 5.375% 04/05/2027 | 377 | 1.51 | |
| US\$200,000 Rede D'Or Finance 4.95% 17/01/2028 | 186 | 0.75 | |
| Mauritius | 365 | 1.47 | 0.73 |
| Mauritian debt securities | 365 | 1.47 | |
| US\$200,000 Axian Telecom 7.375% 16/02/2027 | 184 | 0.74 | |
| US\$200,000 Greenko Solar Mauritius 5.95% 29/07/2026 | 181 | 0.73 | |
| Mexico | 2,337 | 9.39 | 8.50 |
| Mexican equities | 1,240 | 4.98 | |
| 572,035 Alfa | 400 | 1.61 | |
| 563,194 Fibra Uno Administracion REIT | 575 | 2.31 | |
| 377,695 Nemak | 95 | 0.38 | |
| 78,776 Orbia Advance | 170 | 0.68 | |
| Mexican debt securities | 1,097 | 4.41 | |
| US\$200,000 América Móvil 5.375% 04/04/2032 | 187 | 0.75 | |
| US\$200,000 Axo 5.75% 08/06/2026 | 150 | 0.60 | |
| US\$200,000 Cemex 5.45% 19/11/2029 | 180 | 0.72 | |
| US\$250,000 KUO 5.75% 07/07/2027 | 230 | 0.93 | |
| US\$183,000 Petroleos Mexicanos 6.75% 21/09/2047 | 123 | 0.50 | |
| US\$300,000 Total Play Telecomunicaciones 6.375% 20/09/2028 | 227 | 0.91 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|--|--------------------------|---------------------|---------------------|
| Netherlands | 507 | 2.04 | 2.59 |
| Dutch debt securities | 507 | 2.04 | |
| US\$300,000 Teva Pharmaceutical Finance Netherlands III 6.75% 01/03/2028 | 301 | 1.21 | |
| US\$220,000 Vivo Energy Investments 5.125% 24/09/2027 | 206 | 0.83 | |
| Oman | 191 | 0.77 | 0.73 |
| Omanian debt securities | 191 | 0.77 | |
| US\$200,000 Bank Muscat 4.75% 17/03/2026 | 191 | 0.77 | |
| Pakistan | 6 | 0.03 | 0.03 |
| Pakistani equities | 6 | 0.03 | |
| 11,897 United Bank | 6 | 0.03 | |
| Paraguay | 185 | 0.74 | 0.73 |
| Paraguayan debt securities | 185 | 0.74 | |
| US\$200,000 Telefónica Celular del Paraguay 5.875% 15/04/2027 | 185 | 0.74 | |
| Peru | 195 | 0.78 | 0.89 |
| Peruvian equities | 195 | 0.78 | |
| 1,479 Credicorp | 195 | 0.78 | |
| Portugal | 535 | 2.15 | 0.00 |
| Portuguese equities | 535 | 2.15 | |
| 51,782 Galp Energia | 535 | 2.15 | |
| Russia | 0 | 0.00 | 5.94 |
| Russian equities | 0 | 0.00 | |
| 80,633 Etalon GDR ^a | 0 | 0.00 | |
| 8,022 Lukoil ^b | 0 | 0.00 | |
| 146,908 Sberbank of Russia ^b | 0 | 0.00 | |
| 14,715 X5 Retail GDR ^a | 0 | 0.00 | |
| Saudi Arabia | 197 | 0.79 | 0.73 |
| Saudi Arabian debt securities | 197 | 0.79 | |
| US\$200,000 Dar Al-Arkan Sukuk 7.75% 07/02/2026 | 197 | 0.79 | |
| Singapore | 850 | 3.42 | 3.44 |
| Singaporean equities | 639 | 2.57 | |
| 28,000 DBS | 639 | 2.57 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Singapore (continued) | | | |
| Singaporean debt securities | | | |
| US\$200,000 ABJA Investment 5.45% 24/01/2028 | 195 | 0.78 | |
| US\$200,000 China Evergrande 8.75% 28/06/2025 | 16 | 0.07 | |
| South Africa | | | |
| South African equities | | | |
| 33,233 Absa | 344 | 1.38 | |
| 166,857 Sibanye Stillwater | 413 | 1.66 | |
| South Korea | | | |
| South Korean equities | | | |
| 14,165 Hana Financial | 406 | 1.63 | |
| 14,954 Samsung Electronics | 706 | 2.84 | |
| 381 Samsung Electronics GDR | 448 | 1.80 | |
| 3,492 Samsung Fire & Marine Insurance | 529 | 2.13 | |
| 12,074 Shinhan Financial | 332 | 1.33 | |
| Spain | | | |
| Spanish debt securities | | | |
| US\$250,000 EnfraGen Energia 5.375% 30/12/2030 | 170 | 0.68 | |
| Switzerland | | | |
| Swiss debt securities | | | |
| US\$300,000 Oriflame Investment 5.125% 04/05/2026 | 180 | 0.72 | |
| Taiwan | | | |
| Taiwanese equities | | | |
| 22,000 Chicony Electronics | 58 | 0.24 | |
| 167,000 Hon Hai Precision Industry | 605 | 2.43 | |
| Thailand | | | |
| Thai equities | | | |
| 86,500 SCB X | 237 | 0.95 | |
| Trinidad and Tobago | | | |
| Trinidad and Tobago debt securities | | | |
| US\$200,000 Heritage Petroleum 9% 12/08/2029 | 206 | 0.83 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|--|--------------------------|---------------------|---------------------|
| Türkiye | 822 | 3.30 | 5.15 |
| Turkish equities | 388 | 1.56 | |
| 285,695 Enerjisa Enerji | 240 | 0.96 | |
| 135,486 Hacı Ömer Sabancı | 148 | 0.60 | |
| Turkish debt securities | 434 | 1.74 | |
| US\$200,000 Arçelik 5% 03/04/2023 | 194 | 0.78 | |
| US\$350,000 Aydem Yenilenebilir Enerji 7.75% 02/02/2027 | 240 | 0.96 | |
| Ukraine | 73 | 0.29 | 0.61 |
| Ukrainian debt securities | 73 | 0.29 | |
| US\$200,000 Kernel 6.75% 27/10/2027 | 73 | 0.29 | |
| United Kingdom | 297 | 1.19 | 1.27 |
| UK debt securities | 297 | 1.19 | |
| US\$300,000 Bidvest 3.625% 23/09/2026 | 266 | 1.07 | |
| US\$60,000 State Savings Bank of Ukraine 9.625% 20/03/2025 | 31 | 0.12 | |
| United States | 1,487 | 5.98 | 4.56 |
| US equities | 428 | 1.72 | |
| 12,550 Autohome ADR | 428 | 1.72 | |
| US debt securities | 1,059 | 4.26 | |
| US\$200,000 Kosmos Energy 7.125% 04/04/2026 | 166 | 0.67 | |
| US\$200,000 Sasol Financing USA 5.875% 27/03/2024 | 199 | 0.80 | |
| US\$800,000 US Treasury 0.875% 15/11/2030 | 694 | 2.79 | |
| Uzbekistan | 193 | 0.78 | 0.76 |
| Uzbek debt securities | 193 | 0.78 | |
| US\$220,000 National Bank of Uzbekistan 4.85% 21/10/2025 | 193 | 0.78 | |
| Portfolio of investments | 23,900 | 96.06 | 99.21 |
| Net other assets/(liabilities) | 981 | 3.94 | 0.79 |
| Net assets attributable to shareholders | 24,881 | 100.00 | 100.00 |

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

^a Delisted.

^b Suspended.

Portfolio statement

Top ten portfolio transactions for the six months to 31 July 2022

| Largest purchases | \$'000 |
|--|--------------|
| Galp Energia | 640 |
| Samsung Electronics | 481 |
| Cyrela Brazil Realty Empreendimentos e Participacoes | 451 |
| Far East Horizon | 314 |
| China Railway Signal & Communication | 277 |
| DP World Salaam Var. Rate 6% Perp 6% Perpetual | 206 |
| Autohome ADR | 206 |
| America Movil 5.375% 04/04/2032 | 200 |
| Heritage Petroleum 9% 12/08/2029 | 200 |
| Dar Al-Arkan Sukuk 7.75% 07/02/2026 | 198 |
| Other purchases | 2,063 |
| Total purchases | 5,236 |

| Largest sales | \$'000 |
|--|--------------|
| CNOOC | 573 |
| China Mobile | 426 |
| Sanlam | 411 |
| Centrais Elétricas Brasileiras Preference Shares | 285 |
| Light Serviços de Eletricidade 4.375% 18/06/2026 | 282 |
| PICC Property & Casualty | 229 |
| DP World Crescent 4.848% 26/09/2028 | 215 |
| China Overseas Land & Investment | 212 |
| Dar Al-Arkan Sukuk 6.75% 15/02/2025 | 204 |
| QNB Finansbank 4.875% 19/05/2022 | 200 |
| Other sales | 1,344 |
| Total sales | 4,381 |

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 the website at www.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 | Six months % ^a | Three years % pa | Five years % pa | Ten years % pa |
|-------------------------|------------------------------|---------------------|--------------------|-------------------|
| Sterling | | | | |
| Class 'A' Income | -6.1 | n/a | n/a | n/a |
| Class 'A' Accumulation | -6.1 | n/a | n/a | n/a |
| Class 'I' Income | -5.9 | n/a | n/a | n/a |
| Class 'I' Accumulation | -5.9 | n/a | n/a | n/a |
| Class 'L' Income | -5.9 | n/a | n/a | n/a |
| Class 'L' Accumulation | -5.8 | n/a | n/a | n/a |
| Class 'PP' Income | -5.9 | n/a | n/a | n/a |
| Class 'PP' Accumulation | -5.9 | n/a | n/a | n/a |
| Class 'R' Income | -6.0 | n/a | n/a | n/a |
| Class 'R' Accumulation | -6.0 | 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). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

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 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 116.88 | 112.36 | 100.00 |
| Return before operating charges | (6.80) | 12.03 | 17.73 |
| Operating charges | (0.55) | (1.19) | (0.96) |
| Return after operating charges | (7.35) | 10.84 | 16.77 |
| Distributions | (3.69) | (6.32) | (4.41) |
| Closing NAV | 105.84 | 116.88 | 112.36 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.05 | 0.09 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.09 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 1.00 | 1.00 | 1.10 |
| Return after charges | -6.29 | +9.65 | +16.77 |
| Other information | | | |
| Closing NAV (\$'000) | 457 | 451 | 94 |
| Closing NAV (%) | 1.84 | 1.60 | 0.37 |
| Number of shares | 354,600 | 288,067 | 60,817 |
| Highest share price (UK p) | 120.50 | 122.08 | 118.73 |
| Lowest share price (UK p) | 105.94 | 114.25 | 100.00 |

Sterling Class 'A' Accumulation share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 128.43 | 117.06 | 100.00 |
| Return before operating charges | (7.55) | 12.65 | 18.02 |
| Operating charges | (0.60) | (1.28) | (0.96) |
| Return after operating charges | (8.15) | 11.37 | 17.06 |
| Distributions | (3.50) | (5.49) | (3.57) |
| Retained distributions | 3.50 | 5.49 | 3.57 |
| Closing NAV | 120.28 | 128.43 | 117.06 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.06 | 0.09 |
| Dilution adjustments ^a | 0.00 | (0.01) | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.09 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 1.00 | 1.00 | 1.10 |
| Return after charges | -6.35 | +9.71 | +17.06 |
| Other information | | | |
| Closing NAV (\$'000) | 113 | 53 | 32 |
| Closing NAV (%) | 0.45 | 0.19 | 0.13 |
| Number of shares | 77,000 | 31,000 | 20,000 |
| Highest share price (UK p) | 132.49 | 125.78 | 123.23 |
| Lowest share price (UK p) | 116.83 | 113.02 | 100.00 |

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 117.80 | 112.80 | 100.00 |
| Return before operating charges | (6.89) | 11.98 | 17.67 |
| Operating charges | (0.33) | (0.71) | (0.54) |
| Return after operating charges | (7.22) | 11.27 | 17.13 |
| Distributions | (3.68) | (6.27) | (4.33) |
| Closing NAV | 106.90 | 117.80 | 112.80 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.05 | 0.10 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.10 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 0.60 | 0.60 | 0.60 |
| Return after charges | -6.13 | +9.99 | +17.13 |
| Other information | | | |
| Closing NAV (\$'000) | 990 | 575 | 211 |
| Closing NAV (%) | 3.98 | 2.03 | 0.84 |
| Number of shares | 760,644 | 363,326 | 136,657 |
| Highest share price (UK p) | 121.48 | 119.15 | 119.16 |
| Lowest share price (UK p) | 106.84 | 108.67 | 100.00 |

Sterling Class 'I' Accumulation share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 129.24 | 117.42 | 100.00 |
| Return before operating charges | (7.65) | 12.58 | 17.95 |
| Operating charges | (0.37) | (0.76) | (0.53) |
| Return after operating charges | (8.02) | 11.82 | 17.42 |
| Distributions | (3.70) | (5.92) | (3.91) |
| Retained distributions | 3.70 | 5.92 | 3.91 |
| Closing NAV | 121.22 | 129.24 | 117.42 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.06 | 0.10 |
| Dilution adjustments ^a | 0.00 | (0.01) | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.10 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 0.60 | 0.60 | 0.60 |
| Return after charges | -6.21 | +10.07 | +17.42 |
| Other information | | | |
| Closing NAV (\$'000) | 305 | 343 | 178 |
| Closing NAV (%) | 1.22 | 1.22 | 0.71 |
| Number of shares | 206,281 | 198,281 | 110,662 |
| Highest share price (UK p) | 133.33 | 127.87 | 123.58 |
| Lowest share price (UK p) | 117.60 | 114.51 | 100.00 |

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 118.22 | 112.98 | 100.00 |
| Return before operating charges | (6.97) | 11.96 | 17.62 |
| Operating charges | (0.22) | (0.48) | (0.34) |
| Return after operating charges | (7.19) | 11.48 | 17.28 |
| Distributions | (3.65) | (6.24) | (4.30) |
| Closing NAV | 107.38 | 118.22 | 112.98 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.05 | 0.09 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.09 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 0.40 | 0.40 | 0.40 |
| Return after charges | -6.08 | +10.16 | +17.28 |
| Other information | | | |
| Closing NAV (\$'000) | 27 | 32 | 31 |
| Closing NAV (%) | 0.11 | 0.11 | 0.13 |
| Number of shares | 20,350 | 20,350 | 20,350 |
| Highest share price (UK p) | 121.91 | 115.70 | 119.32 |
| Lowest share price (UK p) | 107.24 | 105.60 | 100.00 |

Sterling Class 'L' Accumulation share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 129.60 | 117.56 | 100.00 |
| Return before operating charges | (7.69) | 12.55 | 17.91 |
| Operating charges | (0.25) | (0.51) | (0.35) |
| Return after operating charges | (7.94) | 12.04 | 17.56 |
| Distributions | (3.80) | (6.14) | (4.05) |
| Retained distributions | 3.80 | 6.14 | 4.05 |
| Closing NAV | 121.66 | 129.60 | 117.56 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.06 | 0.09 |
| Dilution adjustments ^a | 0.00 | (0.01) | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.09 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 0.40 | 0.40 | 0.40 |
| Return after charges | -6.13 | +10.24 | +17.56 |
| Other information | | | |
| Closing NAV (\$'000) | 22,246 | 26,084 | 24,223 |
| Closing NAV (%) | 89.41 | 92.28 | 96.02 |
| Number of shares | 15,010,289 | 15,014,300 | 15,020,300 |
| Highest share price (UK p) | 133.72 | 132.43 | 123.74 |
| Lowest share price (UK p) | 117.96 | 119.57 | 100.00 |

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 118.01 | 112.89 | 100.00 |
| Return before operating charges | (6.93) | 11.97 | 17.63 |
| Operating charges | (0.28) | (0.60) | (0.43) |
| Return after operating charges | (7.21) | 11.37 | 17.20 |
| Distributions | (3.66) | (6.25) | (4.31) |
| Closing NAV | 107.14 | 118.01 | 112.89 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.05 | 0.09 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.09 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 0.50 | 0.50 | 0.50 |
| Return after charges | -6.11 | +10.07 | +17.20 |
| Other information | | | |
| Closing NAV (\$'000) | 27 | 32 | 32 |
| Closing NAV (%) | 0.11 | 0.11 | 0.13 |
| Number of shares | 20,450 | 20,450 | 20,450 |
| Highest share price (UK p) | 121.70 | 124.70 | 119.23 |
| Lowest share price (UK p) | 107.04 | 111.74 | 100.00 |

Sterling Class 'PP' Accumulation share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 129.42 | 117.49 | 100.00 |
| Return before operating charges | (7.66) | 12.57 | 17.93 |
| Operating charges | (0.31) | (0.64) | (0.44) |
| Return after operating charges | (7.97) | 11.93 | 17.49 |
| Distributions | (3.75) | (6.03) | (3.98) |
| Retained distributions | 3.75 | 6.03 | 3.98 |
| Closing NAV | 121.45 | 129.42 | 117.49 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.06 | 0.09 |
| Dilution adjustments ^a | 0.00 | (0.01) | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.09 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 0.50 | 0.50 | 0.50 |
| Return after charges | -6.16 | +10.15 | +17.49 |
| Other information | | | |
| Closing NAV (\$'000) | 30 | 35 | 33 |
| Closing NAV (%) | 0.12 | 0.12 | 0.13 |
| Number of shares | 20,400 | 20,400 | 20,400 |
| Highest share price (UK p) | 133.53 | 126.53 | 123.66 |
| Lowest share price (UK p) | 117.79 | 113.60 | 100.00 |

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 117.28 | 112.59 | 100.00 |
| Return before operating charges | (6.84) | 11.99 | 17.70 |
| Operating charges | (0.47) | (1.01) | (0.74) |
| Return after operating charges | (7.31) | 10.98 | 16.96 |
| Distributions | (3.68) | (6.29) | (4.37) |
| Closing NAV | 106.29 | 117.28 | 112.59 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.05 | 0.09 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.09 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 0.85 | 0.85 | 0.85 |
| Return after charges | -6.23 | +9.75 | +16.96 |
| Other information | | | |
| Closing NAV (\$'000) | 394 | 429 | 321 |
| Closing NAV (%) | 1.58 | 1.52 | 1.27 |
| Number of shares | 304,033 | 273,132 | 207,565 |
| Highest share price (UK p) | 120.93 | 118.37 | 118.94 |
| Lowest share price (UK p) | 106.33 | 108.12 | 100.00 |

Sterling Class 'R' Accumulation share performance

The share class was launched on 21 April 2020.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 128.78 | 117.23 | 100.00 |
| Return before operating charges | (7.57) | 12.63 | 17.98 |
| Operating charges | (0.52) | (1.08) | (0.75) |
| Return after operating charges | (8.09) | 11.55 | 17.23 |
| Distributions | (3.57) | (5.65) | (3.73) |
| Retained distributions | 3.57 | 5.65 | 3.73 |
| Closing NAV | 120.69 | 128.78 | 117.23 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.04 | 0.06 | 0.10 |
| Dilution adjustments ^a | 0.00 | (0.01) | 0.00 |
| Total direct transaction costs | 0.04 | 0.05 | 0.10 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.06 | 0.04 | 0.09 |
| Operating charges | 0.85 | 0.85 | 0.85 |
| Return after charges | -6.28 | +9.85 | +17.23 |
| Other information | | | |
| Closing NAV (\$'000) | 292 | 231 | 69 |
| Closing NAV (%) | 1.18 | 0.82 | 0.27 |
| Number of shares | 198,916 | 133,858 | 42,853 |
| Highest share price (UK p) | 132.85 | 127.22 | 123.41 |
| Lowest share price (UK p) | 117.18 | 114.06 | 100.00 |

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

Financial statements and notes

Financial statements

Statement of total return

| for the six months to 31 July | 2022 | | 2021 | |
|---|--------|----------------|--------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Income | | | | |
| Net capital gains/(losses) | | (5,010) | | 1,360 |
| Revenue | 961 | | 948 | |
| Expenses | (56) | | (57) | |
| Interest payable and similar charges | 0 | | 0 | |
| Net revenue/(expense) before taxation | 905 | | 891 | |
| Taxation | (123) | | (114) | |
| Net revenue/(expense) after taxation | | 782 | | 777 |
| Total return before distributions | | (4,228) | | 2,137 |
| Distributions | | (798) | | (780) |
| Change in net assets attributable to shareholders from investment activities | | (5,026) | | 1,357 |

Statement of change in net assets attributable to shareholders

| for the six months to 31 July | 2022 | | 2021 | |
|--|--------|---------------|--------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening net assets attributable to shareholders | | 28,265 | | 25,224 |
| Amounts received on issue of shares | 1,355 | | 580 | |
| Amounts paid on cancellation of shares | (460) | | (128) | |
| | | 895 | | 452 |
| Dilution adjustments | | 5 | | 2 |
| Change in net assets attributable to shareholders from investment activities (see above) | | (5,026) | | 1,357 |
| Retained distributions on Accumulation shares | | 742 | | 753 |
| Closing net assets attributable to shareholders | | 24,881 | | 27,788 |

Interest payable and similar charges of \$0 (2021: \$0) has been reclassified from 'Expenses' within the statement of total return.

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

| as at | 31 July 2022 \$'000 | 31 January 2022 \$'000 |
|--|------------------------|---------------------------|
| Assets | | |
| Fixed assets | | |
| Investments | 23,900 | 28,042 |
| Current assets | | |
| Debtors | 326 | 225 |
| Cash and bank balances | 1,088 | 355 |
| Total assets | 25,314 | 28,622 |
| Liabilities | | |
| Creditors | | |
| Bank overdrafts | 0 | (78) |
| Distribution payable | (30) | (11) |
| Other creditors | (403) | (268) |
| Total liabilities | (433) | (357) |
| Net assets attributable to shareholders | 24,881 | 28,265 |

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

Distribution policy

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

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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.

Authorised Corporate Director's Report

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the Refinitiv Global Focus Convertible Bond Index over any five-year period.

Investment policy

At least 70% of the fund is invested in the convertible securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. Exposure to these securities is achieved, either directly or indirectly, through various combinations of corporate bonds, equities and derivatives.

The convertible securities may be denominated in any currency.

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

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the selection of convertible securities based upon fundamental analysis of individual companies, and their bond and equity characteristics.

The fund manager focuses on convertible securities that provide the best risk-reward features in their view. For these convertible securities, the fund manager expects that the potential gain from the option on the underlying share price exceeds the potential loss from the share price falling.

Benchmark

Benchmark: Refinitiv Global Focus Convertible Bond Index.

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

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

Risk profile

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 six months ended 31 July 2022

Performance against objective

Between 1 February 2022 (the start of the review period) and 31 July 2022, the M&G Global Convertibles Fund delivered a negative total return (the combination of income and growth of capital) across its unhedged and hedged share classes.

Significant strength in the US dollar relative to sterling during the period reduced the return of the fund's hedged share classes, as they missed out on the tailwind of dollar strength for US assets, which make up the majority of the universe for convertible bonds (convertibles). Accordingly, hedged share classes, which are designed to minimise the effect of currency movements, lagged unhedged share classes significantly.

While negative, the fund's return was comfortably ahead of its benchmark, the Refinitiv Global Focus Convertible Bond Index. Over the six months, returns for the index in sterling terms were -5.2% (unhedged) and -10.9% (hedged).

Over five years, the fund delivered a total positive return, but did not meet its objective of delivering a higher total return, net of the ongoing charge figure, than that of the Refinitiv Global Focus Convertible Bond Index, as the fund trailed the benchmark index, which returned 2.9% pa (unhedged) and 1.9% pa (hedged) over this 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

The six months under review were one of the worst periods for financial assets in many years, as investors had to consider a range of negative factors. Initially, equity markets fell on Russia's invasion of Ukraine, which fuelled already growing concerns about inflation. Various central banks chose to increase interest rates, led by the Federal Reserve in the US, to combat the

sharp rise in inflation. This raised fears that higher interest rates might tip the global economy into recession.

Despite a strong rally at the end of the review period, most global equities (company shares) fell sharply, led by emerging markets, Italy, Hong Kong and the technology-dominated Nasdaq Index in the US. One of the few exceptions was Japan, where share prices rose modestly in local terms. The UK's FTSE 100 Index and the CAC 40 Index in France performed better than most of their peers, though still declined. In terms of sectors, energy producers rose, helped by a surge in the oil price, but communication services, technology, consumer discretionary and financial stocks suffered severe weakness.

Fixed income (debt, or bond) markets also declined, adversely affected by the rise in interest rates.

As well as being affected by the factors that weighed so heavily on equity and bond markets, the convertibles market had its own problems. Convertibles are fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life. The convertibles market was adversely affected by the prevalence of growth stocks, such as technology and communication services businesses, in the universe, as well as the expensive terms that had been obtained for many new issues in 2021. Higher interest rates and wider credit spreads caused many of these issues to decline, as did falling share prices.

Against this background, the fund fell, albeit less than its benchmark. The strength of the US dollar relative to sterling boosted the value of dollar-denominated convertibles and meant that the fund's unhedged share classes outperformed hedged share classes.

In sector terms, the fund's exposure to the consumer discretionary, technology and financial sectors, which are among those with the highest representation in the fund, detracted the most, while utilities and energy, which have much smaller weightings, did better, along with healthcare.

Authorised Corporate Director's Report

In terms of individual holdings, among the biggest detractors was a convertible issued by Russian internet company Yandex, which declined sharply when it seemed sanctions might be applied to all Russian companies after the invasion of Ukraine. Similarly, a stake in the shares of Russian steel maker Severstal, obtained when a bond was converted, also declined in value. Some of the losses from the Yandex position were recouped when the issuer agreed a financial restructuring with bond holders, enabling them to sell the bonds back to the issuer. Growing fears about recession and poor financial results weighed on a convertible from German online fashion retailer Zalando, while the collapse of the Bitcoin price and less trading in cryptocurrencies caused the price of the Coinbase convertible to fall.

By contrast, a convertible from French electricity generator EDF was the largest positive contributor, rising in price when the French government said it would pay €9.7 billion to nationalise the group. Other good performers included convertibles from cloud-based content management platform Box, clean energy producer NextEra Energy Partners and Jazz Pharmaceuticals, all from the US, which all reported better-than-expected results.

Investment activities

We were active in adjusting the positioning of the portfolio, buying what we believed were attractively priced convertibles while reducing or selling those that no longer satisfied our selection criteria. For example, we purchased several bonds that we had owned previously but sold after good performance had made them vulnerable to potential share price falls. The general weakness in the market gave us an opportunity to buy them back at what we thought were significantly more attractive prices. We bought two convertibles from European semiconductor manufacturer STMicroelectronics and others converting into German chemicals producer Evonik, US engineering and construction software provider Bentley Systems and US entertainment promoter Live Nation.

We also bought several exchangeable bonds (bonds issued by investment banks that convert into different

companies) that give us exposure to what we thought were interesting companies previously unrepresented in the convertibles universe, with the issuers giving them what should be robust credit quality. This included bonds converting into Deutsche Telekom, Merck and Mercedes Benz. Other additions came from bank BNP Paribas and retailer Carrefour in France, and US mobile camera application group Snap.

To make room for the additions, we sold convertibles that we thought had little chance of generating a decent return. This included convertibles into companies such as Siemens, Tencent, and Voya. Meanwhile, concerns about deteriorating credit quality in the current environment led us to dispose of convertibles from Dish Networks and Coinbase.

Other convertibles left the fund through corporate action or redemption, including one from Zynga that was acquired by Take-Two Interactive Software. We also accepted the option to sell our holdings of convertibles from Yandex and China Education back to the issuers.

Outlook

In our opinion, current market conditions offer attractive entry points to the convertibles market, with large pockets of the convertibles universe appearing attractively valued.

Recovery from the COVID pandemic, stronger economic growth and rising interest rates have driven a rotation out of growth stocks, such as technology and online consumer discretionary stocks, which have such a high representation in the convertibles market, into value stocks. This has taken many convertibles down from what were very high valuations. Subsequently, high inflation has raised the possibility that central banks will raise interest rates further to slow the economy, possibly triggering a recession. This has led to a more general sell-off in assets perceived as risky, with equities, high yield bonds (which are bonds that are rated below investment grade by rating agencies and are therefore considered riskier) and convertibles all suffering substantial price falls.

Authorised Corporate Director's Report

The large declines in share prices have caused many convertibles to become cheaper since the conversion option has become less desirable.

Convertible valuations now appear to reflect a significant deterioration of earnings for their issuers, whether this is caused by the economic situation or is company specific.

As a result, we believe many convertibles are now attractively priced, especially in the US and, to a lesser degree, in Europe. What we find interesting is that the large market moves have left many convertibles trading on high yields relative to, for example, other corporate bonds. In our opinion, this is unjustified by the issuers' business and credit quality and gives us the opportunity to invest in what we consider to be profitable, high-quality businesses with robust credit quality.

To navigate this uncertain environment, we remain diversified across industry sector and region, as well as size and type of issuer. We also hold a variety of convertible types, from equity price-sensitive issues to bond alternatives, although have a preference for balanced convertibles. (Balanced convertibles are those that are neither too sensitive to equity price movements nor not sensitive enough). Balanced convertibles should generate asymmetric returns, that is participating more in upward equity price moves than in downward ones.

We have tried to construct a portfolio that should be able to navigate all possible scenarios, remaining agile should the background change significantly one way or the other. In doing so, we aim to deliver attractive returns, comparable with long-term equity returns but with less volatility than investing directly in equities.

Léonard Vinville

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 ^a | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|--|--------------------------|---------------------|---------------------|
| Equities | 2,495 | 1.15 | 3.15 |
| Europe | 0 | 0.00 | 1.76 |
| European equities | 0 | 0.00 | 1.76 |
| 50,379 Severstal GDR ^b | 0 | 0.00 | |
| North America | 2,495 | 1.15 | 1.24 |
| North American equities | 2,495 | 1.15 | 1.24 |
| 19,027 Take-Two Interactive Software | 2,495 | 1.15 | |
| Asia Pacific | 0 | 0.00 | 0.15 |
| Asia Pacific equities | 0 | 0.00 | 0.15 |
| Fixed income | 207,021 | 95.31 | 96.19 |
| United Kingdom | 11,567 | 5.33 | 4.76 |
| Investment grade corporate bonds | 3,109 | 1.43 | 2.04 |
| US\$2,903,000 Barclays Bank 0% 18/02/2025 (Visa) | 3,109 | 1.43 | |
| Corporate bonds with no credit rating | 8,458 | 3.90 | 2.72 |
| €2,600,000 Barclays Bank 0% 24/01/2025 (Mercedes-Benz) | 2,639 | 1.22 | |
| £2,900,000 Capital & Counties Properties 2% 30/03/2026 (Shaftesbury) | 3,275 | 1.51 | |
| US\$1,400,000 HTA 2.875% 18/03/2027 (Helios Towers) | 1,170 | 0.54 | |
| £1,300,000 Wh Smith 1.625% 07/05/2026 (Wh Smith) | 1,374 | 0.63 | |
| Denmark | 1,246 | 0.57 | 0.90 |
| Corporate bonds with no credit rating | 1,246 | 0.57 | 0.90 |
| €1,300,000 GN Store Nord 0% 21/05/2024 (GN Store Nord) | 1,246 | 0.57 | |
| France | 17,585 | 8.10 | 4.68 |
| Investment grade corporate bonds | 2,913 | 1.34 | 0.00 |
| US\$3,000,000 Carrefour 0% 27/03/2024 (Carrefour) | 2,913 | 1.34 | |
| Below investment grade corporate bonds | 816 | 0.38 | 0.00 |
| €1,000,000 Atos 0% 06/11/2024 (Worldline) | 816 | 0.38 | |
| Corporate bonds with no credit rating | 13,856 | 6.38 | 4.68 |
| €3,200,000 BNP Paribas 0% 13/05/2025 (BNP Paribas) | 3,546 | 1.63 | |
| €5,411,377 Électricité de France 0% 14/09/2024 (Électricité de France) | 7,795 | 3.59 | |
| €2,269,907 SOITEC 0% 01/10/2025 (SOITEC) | 2,515 | 1.16 | |
| Germany | 7,525 | 3.47 | 2.73 |
| Corporate bonds with no credit rating | 7,525 | 3.47 | 2.73 |
| €2,700,000 RAG-Stiftung 0% 17/06/2026 (Evonik Industries) | 2,692 | 1.24 | |

Portfolio statement

Investments (continued)

| Holding ^a | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Fixed income (continued) | | | |
| Germany (continued) | | | |
| Corporate bonds with no credit rating (continued) | | | |
| €2,100,000 Zalando 0.05% 06/08/2025 (Zalando) | 1,826 | 0.84 | |
| €4,000,000 Zalando 0.625% 06/08/2027 (Zalando) | 3,007 | 1.39 | |
| Ireland | 5,546 | 2.55 | 2.02 |
| Below investment grade corporate bonds | 5,546 | 2.55 | 2.02 |
| US\$4,661,000 Jazz Investments I 2% 15/06/2026 (Jazz Pharma) | 5,546 | 2.55 | |
| Italy | 8,727 | 4.02 | 4.55 |
| Below investment grade corporate bonds | 7,727 | 3.56 | 0.00 |
| €2,200,000 Nexi 1.75% 24/04/2027 (Nexi) | 1,936 | 0.89 | |
| €5,800,000 Prysman 0% 02/02/2026 (Prysman) | 5,791 | 2.67 | |
| Corporate bonds with no credit rating | 1,000 | 0.46 | 4.55 |
| €1,100,000 DiaSorin 0% 05/05/2028 (DiaSorin) | 1,000 | 0.46 | |
| Luxembourg | 7,871 | 3.62 | 5.81 |
| Corporate bonds with no credit rating | 7,871 | 3.62 | 5.81 |
| HK\$31,000,000 Citigroup Global Markets Funding Luxembourg 0% 25/07/2024 (Longfor) | 3,781 | 1.74 | |
| €2,400,000 Global Fashion 1.25% 15/03/2028 (Global Fashion) | 1,707 | 0.78 | |
| £2,800,000 IWG 0.5% 09/12/2027 (IWG) | 2,383 | 1.10 | |
| Netherlands | 10,382 | 4.78 | 4.74 |
| Corporate bonds with no credit rating | 10,382 | 4.78 | 4.74 |
| US\$4,600,000 ELM 3.25% 13/06/2024 (Swiss Re) | 4,494 | 2.07 | |
| €1,100,000 Pharming 3% 21/01/2025 (Pharming) | 968 | 0.45 | |
| US\$4,200,000 Qiagen 1% 13/11/2024 (Qiagen) | 4,920 | 2.26 | |
| Russia | 0 | 0.00 | 2.00 |
| Corporate bonds with no credit rating | 0 | 0.00 | 2.00 |
| Spain | 5,113 | 2.35 | 1.78 |
| Investment grade corporate bonds | 5,113 | 2.35 | 1.78 |
| €4,300,000 Cellnex Telecom 0.5% 05/07/2028 (Cellnex Telecom) | 5,113 | 2.35 | |
| Switzerland | 6,219 | 2.86 | 0.00 |
| Investment grade corporate bonds | 6,219 | 2.86 | 0.00 |
| US\$1,800,000 STMicroelectronics 0% 04/08/2025 (STMicroelectronics) | 2,007 | 0.92 | |
| US\$3,800,000 STMicroelectronics 0% 04/08/2027 (STMicroelectronics) | 4,212 | 1.94 | |

Portfolio statement

Investments (continued)

| Holding ^a | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|--|--------------------------|---------------------|---------------------|
| Fixed income (continued) | | | |
| United States | 92,418 | 42.55 | 44.29 |
| Investment grade corporate bonds | 10,511 | 4.84 | 11.37 |
| US\$2,646,000 BofA Finance 0.6% 25/05/2027 (Merck) | 2,653 | 1.22 | |
| US\$5,249,000 Booking 0.75% 01/05/2025 (Booking) | 6,949 | 3.20 | |
| €900,000 JPMorgan Chase Bank 0% 18/02/2024 (Siemens) | 909 | 0.42 | |
| Below investment grade corporate bonds | 2,311 | 1.07 | 1.60 |
| US\$613,000 Uber Technologies 7.5% 15/05/2025 | 619 | 0.29 | |
| US\$1,671,000 Uber Technologies 8% 01/11/2026 | 1,692 | 0.78 | |
| Corporate bonds with no credit rating | 79,596 | 36.64 | 31.32 |
| US\$7,278,000 Akamai Technologies 0.375% 01/09/2027 (Akamai Technologies) | 7,475 | 3.44 | |
| US\$2,941,000 Bentley Systems 0.375% 01/07/2027 (Bentley Systems) | 2,385 | 1.10 | |
| US\$6,573,000 Box 0% 15/01/2026 (Box) | 8,126 | 3.74 | |
| US\$2,221,000 Coupa Software 0.375% 15/06/2026 (Coupa Software) | 1,758 | 0.81 | |
| US\$1,373,000 Etsy 0.125% 01/10/2026 (Etsy) | 1,948 | 0.90 | |
| US\$3,668,000 Etsy 0.25% 15/06/2028 (Etsy) | 2,962 | 1.36 | |
| US\$3,804,000 Exact Sciences 0.375% 01/03/2028 (Exact Sciences) | 2,784 | 1.28 | |
| US\$1,608,000 Halozyme Therapeutics 0.25% 01/03/2027 (Halozyme Therapeutics) | 1,520 | 0.70 | |
| US\$872,000 Helix Energy Solutions 6.75% 15/02/2026 (Helix Energy Solutions) | 891 | 0.41 | |
| US\$949,000 InterDigital 3.5% 01/06/2027 (InterDigital) | 963 | 0.44 | |
| €1,200,000 JPMorgan Chase Bank 0% 10/06/2024 (LVMH Moet Hennessy) | 1,302 | 0.60 | |
| €2,000,000 JPMorgan Chase Financial 0% 14/01/2025 (Sanofi) | 2,229 | 1.03 | |
| €3,400,000 JPMorgan Chase Financial 0% 29/04/2025 (Deutsche Telekom) | 3,590 | 1.65 | |
| US\$1,925,000 Live Nation Entertainment 2% 15/02/2025 (Live Nation Entertainment) | 2,167 | 1.00 | |
| US\$795,000 Live Nation Entertainment 2.5% 15/03/2023 (Live Nation Entertainment) | 1,125 | 0.52 | |
| US\$1,295,000 Livongo Health 0.875% 01/06/2025 (Teladoc Health) | 1,111 | 0.51 | |
| US\$1,869,000 Lyft 1.5% 15/05/2025 (Lyft) | 1,619 | 0.75 | |
| US\$4,089,000 MACOM Technology Solutions 0.25% 15/03/2026 (MACOM Technology Solutions) | 3,958 | 1.82 | |
| US\$518,000 Mitek Systems 0.75% 01/02/2026 (Mitek Systems) | 423 | 0.19 | |

Portfolio statement

Investments (continued)

| Holding ^a | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Fixed income (continued) | | | |
| United States (continued) | | | |
| Corporate bonds with no credit rating (continued) | | | |
| US\$4,330,000 Mp Materials 0.25% 01/04/2026 (Mp Materials) | 4,333 | 2.00 | |
| US\$5,836,000 NextEra Energy Partners 0% 15/11/2025 (NextEra Energy Partners) | 6,526 | 3.00 | |
| US\$2,044,000 NRG Energy 2.75% 01/06/2048 (NRG Energy) | 2,197 | 1.01 | |
| US\$3,154,000 Pacira BioSciences 0.75% 01/08/2025 (Pacira BioSciences) | 3,244 | 1.49 | |
| US\$1,530,000 Palo Alto Networks 0.75% 01/07/2023 (Palo Alto Networks) | 2,855 | 1.31 | |
| US\$1,651,000 Silicon Laboratories 0.625% 15/06/2025 (Silicon Laboratories) | 2,211 | 1.02 | |
| US\$3,587,000 Snap 0.125% 01/03/2028 (Snap) | 2,404 | 1.11 | |
| US\$1,371,000 Stride 1.125% 01/09/2027 (Stride) | 1,436 | 0.66 | |
| US\$3,927,000 Twitter 0.25% 15/06/2024 (Twitter) | 3,975 | 1.83 | |
| US\$922,000 Viavi Solutions 1% 01/03/2024 (Viavi Solutions) | 1,106 | 0.51 | |
| US\$901,000 Workiva 1.125% 15/08/2026 (Workiva) | 973 | 0.45 | |
| Canada | 0 | 0.00 | 0.60 |
| Corporate bonds with no credit rating | 0 | 0.00 | 0.60 |
| Japan | 5,474 | 2.52 | 3.64 |
| Corporate bonds with no credit rating | 5,474 | 2.52 | 3.64 |
| ¥90,000,000 Nippon Steel 0% 04/10/2024 (Nippon Steel) | 692 | 0.32 | |
| ¥90,000,000 Nippon Steel 0% 05/10/2026 (Nippon Steel) | 697 | 0.32 | |
| ¥250,000,000 Ship Healthcare 0% 13/12/2023 (Ship Healthcare) | 2,020 | 0.93 | |
| ¥290,000,000 Sosei 0.25% 27/07/2026 (Sosei) | 2,065 | 0.95 | |
| China | 8,853 | 4.08 | 4.01 |
| Investment grade corporate bonds | 2,097 | 0.97 | 1.15 |
| US\$1,722,000 Lenovo 3.375% 24/01/2024 (Lenovo) | 2,097 | 0.97 | |
| Corporate bonds with no credit rating | 6,756 | 3.11 | 2.86 |
| US\$3,202,000 H World 3% 01/05/2026 (H World) | 3,850 | 1.77 | |
| US\$2,700,000 Pharmaron Beijing 0% 18/06/2026 (Pharmaron Beijing) | 2,379 | 1.10 | |
| HK\$5,000,000 Sail Vantage 0% 13/01/2027 (China Meidong Auto) | 527 | 0.24 | |
| Hong Kong | 1,876 | 0.86 | 1.99 |
| Corporate bonds with no credit rating | 1,876 | 0.86 | 1.99 |
| US\$2,000,000 ESR Cayman 1.5% 30/09/2025 (ESR Cayman) | 1,876 | 0.86 | |

Portfolio statement

Investments (continued)

| Holding ^a | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Fixed income (continued) | | | |
| India | 3,497 | 1.61 | 2.10 |
| Investment grade corporate bonds | 3,497 | 1.61 | 2.10 |
| US\$2,901,000 Bharti Airtel 1.5% 17/02/2025 (Bharti Airtel) | 3,497 | 1.61 | |
| Taiwan | 2,202 | 1.01 | 0.92 |
| Corporate bonds with no credit rating | 2,202 | 1.01 | 0.92 |
| US\$2,100,000 Yageo 0% 26/05/2025 (Yageo) | 2,202 | 1.01 | |
| Israel | 10,920 | 5.03 | 4.31 |
| Corporate bonds with no credit rating | 10,920 | 5.03 | 4.31 |
| US\$4,399,000 CyberArk Software 0% 15/11/2024 (CyberArk Software) | 4,718 | 2.17 | |
| US\$3,889,000 Nice 0% 15/09/2025 (Nice) | 3,878 | 1.79 | |
| US\$1,587,000 Nova 0% 15/10/2025 (Nova) | 2,324 | 1.07 | |
| United States Virgin Islands | 0 | 0.00 | 0.36 |
| Investment grade corporate bonds | 0 | 0.00 | 0.36 |
| Currency | (155) | (0.07) | (0.07) |
| Forward currency contracts | (155) | (0.07) | (0.07) |
| ¥788,972,614 Bought for \$6,083,311 (expires 17.08.22) | (155) | (0.07) | |
| Portfolio of investments | 209,361 | 96.39 | |
| Cash equivalents | 7,062 | 3.25 | 2.66 |
| 'AAA' rated money market funds^c | 7,062 | 3.25 | 2.66 |
| 7,062,000 Northern Trust Global Fund - US dollar | 7,062 | 3.25 | |
| Share class hedging | 69 | 0.03 | (0.06) |
| Forward currency contracts for share class hedging | 69 | 0.03 | (0.06) |
| €162,160 Bought for £137,716 (expires 24.08.22) | (2) | 0.00 | |
| HK\$454,262 Bought for £48,067 (expires 24.08.22) | (1) | 0.00 | |
| ¥6,379,237 Bought for £38,788 (expires 24.08.22) | 1 | 0.00 | |
| £3,041,870 Bought for \$3,644,174 (expires 24.08.22) | 63 | 0.03 | |
| £1,049,080 Bought for €1,230,337 (expires 24.08.22) | 17 | 0.01 | |
| £131,780 Bought for HKD1,237,757 (expires 24.08.22) | 3 | 0.00 | |
| £244,045 Bought for ¥40,298,286 (expires 24.08.22) | (5) | 0.00 | |
| £(462,738) Sold for \$557,276 (expires 24.08.22) | (7) | (0.01) | |

Portfolio statement

Investments (continued)

| Holding ^a | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Total portfolio | 216,492 | 99.67 | 101.87 |
| Net other assets/(liabilities) | 727 | 0.33 | (1.87) |
| Net assets attributable to shareholders | 217,219 | 100.00 | 100.00 |

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

^a The underlying stock for each convertible bond is shown in brackets.

^b Delisted.

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

Portfolio statement

Top ten portfolio transactions for the six months to 31 July 2022

| Largest purchases | \$'000 |
|---|---------------|
| STMicroelectronics 0% 04/08/2027 (STMicroelectronics) | 4,770 |
| Take-Two Interactive Software | 4,720 |
| JPMorgan Chase Financial 0% 29/04/2025 (Deutsche Telekom) | 3,861 |
| BNP Paribas 0% 13/05/2025 (BNP Paribas) | 3,684 |
| Snap 0.125% 01/03/2028 (Snap) | 3,587 |
| Carrefour 0% 27/03/2024 (Carrefour) | 3,293 |
| BofA Finance 0.6% 25/05/2027 (Merck) | 3,043 |
| RAG-Stiftung 0% 17/06/2026 (Evonik Industries) | 2,682 |
| Bentley Systems 0.375% 01/07/2027 (Bentley Systems) | 2,333 |
| Lyft 1.5% 15/05/2025 (Lyft) | 2,328 |
| Other purchases | 19,279 |
| Total purchases | 53,580 |

| Largest sales | \$'000 |
|---|---------------|
| Zynga 0.25% 01/06/2024 (Zynga) | 6,647 |
| JPMorgan Chase Bank 0% 18/02/2024 (Siemens) | 5,449 |
| Citigroup Global Markets Funding Luxembourg 0% 25/07/2024 (Longfor) | 4,545 |
| STMicroelectronics | 4,139 |
| JPMorgan Chase Bank 0% 07/08/2022 (Tencent Holdings) | 4,009 |
| China Education 2% 28/03/2024 (China Education) | 3,714 |
| Yandex 0.75% 13/09/2022 (Yandex) | 3,588 |
| JPMorgan Chase Financial 0.25% 01/05/2023 (Voya Financial) | 3,166 |
| Palo Alto Networks 0.75% 01/07/2023 (Palo Alto Networks) | 2,884 |
| Dish Network 3.375% 15/08/2026 (Dish Network) | 2,872 |
| Other sales | 53,037 |
| Total sales | 94,050 |

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 the website at www.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 | Six months % ^a | Three years % pa | Five years % pa | Ten years % pa |
|---------------------------|---------------------------|------------------|-----------------|----------------|
| Sterling | | | | |
| Class 'A' Income | -2.3 | +0.4 | +1.2 | +5.2 |
| Class 'A' Accumulation | -2.2 | +0.3 | +1.2 | +5.2 |
| Class 'A-H' Accumulation | -8.7 | +0.9 | -0.2 | n/a |
| Class 'I' Income | -2.1 | +0.9 | +1.8 | n/a |
| Class 'I' Accumulation | -2.0 | +0.8 | +1.7 | +5.8 |
| Class 'I-H' Accumulation | -8.6 | +1.4 | +0.3 | n/a |
| Class 'PP' Income | -1.9 | n/a | n/a | n/a |
| Class 'PP' Accumulation | -2.0 | +0.9 | n/a | n/a |
| Class 'R' Income | -2.2 | +0.6 | +1.5 | n/a |
| Class 'R' Accumulation | -2.2 | +0.5 | +1.5 | n/a |
| Class 'R-H' Accumulation | -8.7 | +1.2 | +0.1 | n/a |
| Benchmark unhedged | -5.2 | +1.1 | +2.9 | +5.8 |
| Benchmark hedged | -10.9 | +2.1 | +1.9 | +4.3 |

^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). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

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 July 2007.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 170.29 | 184.52 | 163.05 |
| Return before operating charges | (3.32) | (6.54) | 28.92 |
| Operating charges | (1.03) | (2.34) | (2.36) |
| Return after operating charges | (4.35) | (8.88) | 26.56 |
| Distributions | n/a | (5.35) | (5.09) |
| Closing NAV | 165.94 | 170.29 | 184.52 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 1.25 | 1.26 | 1.35 |
| Return after charges | -2.55 | -4.81 | +16.29 |
| Other information | | | |
| Closing NAV (\$'000) | 152,238 | 171,910 | 249,042 |
| Closing NAV (%) | 70.09 | 60.44 | 63.36 |
| Number of shares | 75,307,884 | 75,312,884 | 98,386,167 |
| Highest share price (UK p) | 173.74 | 193.81 | 196.28 |
| Lowest share price (UK p) | 157.13 | 173.64 | 153.21 |

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 July 2007.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 228.60 | 240.20 | 206.56 |
| Return before operating charges | (4.56) | (8.56) | 36.59 |
| Operating charges | (1.38) | (3.04) | (2.95) |
| Return after operating charges | (5.94) | (11.60) | 33.64 |
| Distributions | n/a | (3.77) | (3.64) |
| Retained distributions | n/a | 3.77 | 3.64 |
| Closing NAV | 222.66 | 228.60 | 240.20 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.18 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.18 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 1.25 | 1.25 | 1.35 |
| Return after charges | -2.60 | -4.83 | +16.29 |
| Other information | | | |
| Closing NAV (\$'000) | 2,349 | 2,780 | 4,044 |
| Closing NAV (%) | 1.08 | 0.98 | 1.03 |
| Number of shares | 865,948 | 907,256 | 1,227,193 |
| Highest share price (UK p) | 232.97 | 253.09 | 248.64 |
| Lowest share price (UK p) | 210.83 | 226.00 | 194.09 |

Financial highlights

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 28 September 2012.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 145.56 | 152.55 | 129.62 |
| Return before operating charges | (12.29) | (4.99) | 24.79 |
| Operating charges | (0.87) | (2.00) | (1.86) |
| Return after operating charges | (13.16) | (6.99) | 22.93 |
| Distributions | n/a | (2.36) | (2.24) |
| Retained distributions | n/a | 2.36 | 2.24 |
| Closing NAV | 132.40 | 145.56 | 152.55 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.29 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.29 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 1.28 | 1.28 | 1.38 |
| Return after charges | -9.04 | -4.58 | +17.69 |
| Other information | | | |
| Closing NAV (\$'000) | 220 | 284 | 305 |
| Closing NAV (%) | 0.10 | 0.09 | 0.08 |
| Number of shares | 136,593 | 145,593 | 145,593 |
| Highest share price (UK p) | 149.34 | 162.53 | 156.65 |
| Lowest share price (UK p) | 125.84 | 143.84 | 112.03 |

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 1,440.12 | 1,554.05 | 1,366.28 |
| Return before operating charges | (28.22) | (55.28) | 243.03 |
| Operating charges | (5.92) | (13.34) | (12.48) |
| Return after operating charges | (34.14) | (68.62) | 230.55 |
| Distributions | n/a | (45.31) | (42.78) |
| Closing NAV | 1,405.98 | 1,440.12 | 1,554.05 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.02 | 0.13 | 0.03 |
| Dilution adjustments ^a | 0.00 | (0.01) | 0.00 |
| Total direct transaction costs | 0.02 | 0.12 | 0.03 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.85 | 0.85 | 0.85 |
| Return after charges | -2.37 | -4.42 | +16.87 |
| Other information | | | |
| Closing NAV (\$'000) | 14,378 | 20,885 | 43,512 |
| Closing NAV (%) | 6.62 | 7.34 | 11.07 |
| Number of shares | 839,460 | 1,081,938 | 2,041,024 |
| Highest share price (UK p) | 1,469.43 | 1,632.60 | 1,652.53 |
| Lowest share price (UK p) | 1,330.67 | 1,468.47 | 1,284.94 |

Sterling Class 'I' Accumulation share performance

The share class was launched on 13 July 2007.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 249.35 | 260.94 | 223.27 |
| Return before operating charges | (4.97) | (9.35) | 39.71 |
| Operating charges | (1.03) | (2.24) | (2.04) |
| Return after operating charges | (6.00) | (11.59) | 37.67 |
| Distributions | n/a | (5.26) | (5.07) |
| Retained distributions | n/a | 5.26 | 5.07 |
| Closing NAV | 243.35 | 249.35 | 260.94 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.01 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.01 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.85 | 0.85 | 0.85 |
| Return after charges | -2.41 | -4.44 | +16.87 |
| Other information | | | |
| Closing NAV (\$'000) | 42,828 | 64,986 | 69,662 |
| Closing NAV (%) | 19.72 | 22.85 | 17.73 |
| Number of shares | 14,446,889 | 19,443,223 | 19,460,634 |
| Highest share price (UK p) | 254.15 | 275.01 | 270.05 |
| Lowest share price (UK p) | 230.32 | 246.51 | 209.98 |

Financial highlights

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 28 September 2012.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 153.94 | 160.64 | 135.76 |
| Return before operating charges | (13.06) | (5.25) | 26.13 |
| Operating charges | (0.65) | (1.45) | (1.25) |
| Return after operating charges | (13.71) | (6.70) | 24.88 |
| Distributions | n/a | (3.17) | (3.03) |
| Retained distributions | n/a | 3.17 | 3.03 |
| Closing NAV | 140.23 | 153.94 | 160.64 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.88 | 0.88 | 0.88 |
| Return after charges | -8.91 | -4.17 | +18.33 |
| Other information | | | |
| Closing NAV (\$'000) | 4,044 | 22,760 | 25,383 |
| Closing NAV (%) | 1.86 | 8.00 | 6.46 |
| Number of shares | 2,367,417 | 11,030,423 | 11,518,518 |
| Highest share price (UK p) | 157.97 | 171.18 | 164.94 |
| Lowest share price (UK p) | 133.15 | 152.12 | 117.41 |

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 96.67 | 104.16 | 91.43 |
| Return before operating charges | (1.90) | (3.73) | 16.29 |
| Operating charges | (0.31) | (0.73) | (0.69) |
| Return after operating charges | (2.21) | (4.46) | 15.60 |
| Distributions | n/a | (3.03) | (2.87) |
| Closing NAV | 94.46 | 96.67 | 104.16 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges | 0.70 | 0.70 | 0.70 |
| Return after charges | -2.29 | -4.28 | +17.06 |
| Other information | | | |
| Closing NAV (\$'000) | 552 | 49 | 29 |
| Closing NAV (%) | 0.25 | 0.02 | 0.01 |
| Number of shares | 480,000 | 38,000 | 20,000 |
| Highest share price (UK p) | 98.64 | 109.43 | 110.76 |
| Lowest share price (UK p) | 89.38 | 98.56 | 86.01 |

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 115.82 | 121.02 | 103.40 |
| Return before operating charges | (2.29) | (4.35) | 18.40 |
| Operating charges | (0.40) | (0.85) | (0.78) |
| Return after operating charges | (2.69) | (5.20) | 17.62 |
| Distributions | n/a | (2.63) | (2.51) |
| Retained distributions | n/a | 2.63 | 2.51 |
| Closing NAV | 113.13 | 115.82 | 121.02 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.44 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.44 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.70 | 0.70 | 0.70 |
| Return after charges | -2.32 | -4.30 | +17.04 |
| Other information | | | |
| Closing NAV (\$'000) | 36 | 129 | 33 |
| Closing NAV (%) | 0.02 | 0.05 | 0.01 |
| Number of shares | 26,000 | 83,000 | 20,000 |
| Highest share price (UK p) | 118.06 | 127.56 | 125.24 |
| Lowest share price (UK p) | 107.05 | 114.50 | 97.26 |

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 142.02 | 153.65 | 135.43 |
| Return before operating charges | (2.78) | (5.49) | 24.05 |
| Operating charges | (0.75) | (1.71) | (1.60) |
| Return after operating charges | (3.53) | (7.20) | 22.45 |
| Distributions | n/a | (4.43) | (4.23) |
| Closing NAV | 138.49 | 142.02 | 153.65 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 1.10 | 1.10 | 1.10 |
| Return after charges | -2.49 | -4.69 | +16.58 |
| Other information | | | |
| Closing NAV (\$'000) | 117 | 136 | 464 |
| Closing NAV (%) | 0.05 | 0.05 | 0.12 |
| Number of shares | 69,462 | 71,462 | 220,290 |
| Highest share price (UK p) | 144.90 | 161.40 | 163.42 |
| Lowest share price (UK p) | 131.11 | 144.79 | 127.31 |

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 176.40 | 185.14 | 159.14 |
| Return before operating charges | (3.53) | (6.69) | 27.88 |
| Operating charges | (0.93) | (2.05) | (1.88) |
| Return after operating charges | (4.46) | (8.74) | 26.00 |
| Distributions | n/a | (3.19) | (3.22) |
| Retained distributions | n/a | 3.19 | 3.22 |
| Closing NAV | 171.94 | 176.40 | 185.14 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 1.10 | 1.10 | 1.10 |
| Return after charges | -2.53 | -4.72 | +16.34 |
| Other information | | | |
| Closing NAV (\$'000) | 422 | 452 | 451 |
| Closing NAV (%) | 0.19 | 0.16 | 0.11 |
| Number of shares | 201,159 | 191,159 | 177,618 |
| Highest share price (UK p) | 179.78 | 195.02 | 191.54 |
| Lowest share price (UK p) | 162.78 | 174.39 | 149.22 |

Financial highlights

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 28 September 2012.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 152.26 | 159.35 | 134.85 |
| Return before operating charges | (12.98) | (5.25) | 26.07 |
| Operating charges | (0.81) | (1.84) | (1.57) |
| Return after operating charges | (13.79) | (7.09) | 24.50 |
| Distributions | n/a | (2.72) | (2.67) |
| Retained distributions | n/a | 2.72 | 2.67 |
| Closing NAV | 138.47 | 152.26 | 159.35 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.02 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.02 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 1.13 | 1.13 | 1.13 |
| Return after charges | -9.06 | -4.45 | +18.17 |
| Other information | | | |
| Closing NAV (\$'000) | 35 | 56 | 60 |
| Closing NAV (%) | 0.02 | 0.02 | 0.02 |
| Number of shares | 20,467 | 27,467 | 27,467 |
| Highest share price (UK p) | 156.22 | 169.80 | 163.69 |
| Lowest share price (UK p) | 131.59 | 150.47 | 116.60 |

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

^c Where there is a change in the charging structure, you may see variances between the comparative and current year figures.

Financial statements and notes

Financial statements

Statement of total return

| for the six months to 31 July | 2022 | | 2021 | |
|---|---------|-----------------|---------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Income | | | | |
| Net capital gains/(losses) | | (38,088) | | (68) |
| Revenue | 3,893 | | 5,151 | |
| Expenses | (1,399) | | (2,084) | |
| Interest payable and similar charges | (2) | | (2) | |
| Net revenue/(expense) before taxation | 2,492 | | 3,065 | |
| Taxation | 1 | | (59) | |
| Net revenue/(expense) after taxation | | 2,493 | | 3,006 |
| Total return before equalisation | | (35,595) | | 2,938 |
| Equalisation | | (316) | | (477) |
| Change in net assets attributable to shareholders from investment activities | | (35,911) | | 2,461 |

Statement of change in net assets attributable to shareholders

| for the six months to 31 July | 2022 | | 2021 | |
|--|----------|----------------|----------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening net assets attributable to shareholders | | 284,427 | | 392,985 |
| Amounts received on issue of shares | 12,445 | | 6,966 | |
| Amounts paid on cancellation of shares | (43,979) | | (66,198) | |
| | | (31,534) | | (59,232) |
| Dilution adjustments | | 237 | | 215 |
| Change in net assets attributable to shareholders from investment activities (see above) | | (35,911) | | 2,461 |
| Closing net assets attributable to shareholders | | 217,219 | | 336,429 |

Interest payable and similar charges of \$2,000 (2021: \$2,000) has been reclassified from 'Expenses' within the statement of total return.

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

| as at | 31 July 2022 \$'000 | 31 January 2022 \$'000 |
|--|------------------------|---------------------------|
| Assets | | |
| Fixed assets | | |
| Investments | 209,600 | 282,763 |
| Current assets | | |
| Debtors | 924 | 1,102 |
| Cash and bank balances | 862 | 370 |
| Cash equivalents | 7,062 | 7,551 |
| Total assets | 218,448 | 291,786 |
| Liabilities | | |
| Investment liabilities | (170) | (577) |
| Creditors | | |
| Distribution payable | 0 | (6,064) |
| Other creditors | (1,059) | (718) |
| Total liabilities | (1,229) | (7,359) |
| Net assets attributable to shareholders | 217,219 | 284,427 |

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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.

Authorised Corporate Director's Report

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 Emerging Markets 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 incorporated, domiciled or do most of their business in emerging market countries.

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

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund employs a bottom-up stock picking approach to identify companies whose long-term prospects are, in the fund manager's opinion, being undervalued.

The fund's approach incorporates three elements: return on capital, valuations and corporate governance.

It is the core belief of the fund manager that company-specific factors, in particular their profitability (which is measured in terms of return on capital), drive share prices over the long run.

The fund's country and sector exposure is not influenced by top-down views.

Benchmark

Benchmark: MSCI Emerging Markets Index.

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

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

Risk profile

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 six months ended 31 July 2022

Performance against objective

Between 1 February 2022 (the start of the review period) and 31 July 2022, all share classes of the M&G Global Emerging Markets Fund produced a negative total return (the combination of income and growth of capital).

Apart from the hedged share classes, the fund's returns were ahead of its benchmark, the MSCI Emerging Markets Index, which declined 7.4% over the six-month period.

Over the longer term of five years, the fund's Class 'A' and Class 'R' shares delivered positive returns but they trailed the benchmark where the return was 3.0% pa. The fund's Class 'I' shares delivered a return broadly in line with the benchmark index over the same period. Therefore, the fund failed to meet its objective to provide a higher total return, net of the ongoing charge figure, than that of the MSCI Emerging Markets 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

Financial markets were turbulent in the period under review, as the war in Ukraine, high levels of inflation and the prospect of interest rate rises knocked investor confidence. Worries about China's zero-COVID strategy, which saw many cities placed in strict lockdowns to prevent the spread of COVID-19 and caused a slowdown in economic activity, also dampened sentiment.

Emerging market equities (company shares) declined in the six months and trailed equities in developed markets such as the UK and US.

Russia's invasion of Ukraine on 24 February was a major contributor to investors' risk aversion. Stockmarkets fell sharply in the aftermath as investors contemplated the impact of the conflict and Western sanctions on the

global economy. Commodity prices soared amid fears that restrictions on Russian oil and gas would have a severe impact on global supplies.

The surge in commodity prices contributed to a spike in inflation, which was already at elevated levels due to supply constraints and the rebound in global economic growth after the coronavirus pandemic. As price rises proved more persistent than many policymakers had expected, major central banks, notably the US Federal Reserve, raised interest rates to try to control soaring inflation.

Share prices declined as investors became increasingly concerned that sharp interest rate increases at a time of slowing economic activity and high energy costs could lead to a global economic recession.

In emerging markets, China was one of the weakest markets, dragged down by concerns about the economic cost of the country's COVID-19 lockdowns, the troubled property market and regulatory changes. Stockmarkets in Hungary and Poland declined as investors worried about the impact of the war in Ukraine on east European economies. Taiwan and the Philippines also underperformed the broader market. Meanwhile, Russian equities were removed from the benchmark index as they effectively became uninvestable. On the other hand, stockmarkets in commodity-producing nations such as Brazil, Chile, Indonesia, Kuwait and Qatar performed well.

From a sector perspective, defensive areas such as consumer staples, healthcare and utilities were the best performers. (Defensive businesses are generally expected to deliver stable earnings across different economic conditions.) In contrast, communication services, information technology and real estate were notable laggards. The energy sector declined, despite higher oil prices, dragged down by several Russian stocks.

Against this background, the fund declined but was ahead of the benchmark index, with gains by Brazilian and technology holdings offsetting declines by our Russian stocks.

Authorised Corporate Director's Report

Brazil's stockmarket advanced in the period, supported by the backdrop of rising commodity prices, and our holdings in utility firm Eletrobras and toll-road operator CCR were notable contributors. CCR gained on the news that two investment firms offered a premium for a 15% stake in the company, while investors welcomed the privatisation of power producer Eletrobras, Latin America's largest utility.

In technology, our holdings in Taiwan's Silicon Motion Technology, a developer of NAND flash controllers used in memory chips, and Chinese automation and control systems firm HollySys Automation Technology, added value. HollySys has received several competing takeover bids since 2020 and the stock climbed during the period on further speculation about its potential acquisition. Silicon Motion rose following a takeover approach at a healthy premium to the company's share price.

Elsewhere, US-listed oil & gas explorer Kosmos Energy was another notable contributor, as the company's share price rallied on higher oil prices.

In contrast, our Russian holdings held back the fund's performance relative to the benchmark. Prior to the attack on Ukraine, we held five Russian stocks: energy firms Lukoil and Novatek, financial group Sberbank, retailer X5 and property company Etalon. Given the uncertainty around the ability of foreign investors to trade Russian stocks, following the introduction of sanctions, the decision was taken to write down the value of all our Russian equity holdings to zero.

Our holding in Chinese e-commerce company Alibaba was a notable detractor as the shares came under pressure amid concerns about the impact of China's COVID-19 lockdowns, increased competition and the threat of delisting from the US stock exchange.

Meanwhile, worries about the global economic outlook and weaker demand weighed on our shares in South Korean technology firm Samsung Electronics.

Investment activities

During the review period we identified a number of new opportunities, including stocks that had been caught up

in the market turbulence. We started a position in Hong Kong-listed life insurer AIA, a company we have owned before and know well. AIA has had a tough time with the closure of the China-Hong Kong border, but we think it is a quality business with attractive long-term prospects.

Brazilian housebuilder Cyrela Brazil Realty rejoined the portfolio too as the stock has declined significantly since we sold it. Although there are inflationary pressures in Brazil, we think the company has a good track record of navigating previous economic cycles.

In the energy sector, we started positions in Indian firm Oil and Natural Gas and Portugal-based Galp Energia, which has assets around the world, including in Brazil. Many energy firms performed strongly in the period, driven by higher commodity prices, but we think these stocks are attractively valued. In contrast, we sold our entire stake in Chinese oil company Cnooc on valuation grounds after a period of good share price performance. We also took some profits by selling some shares in Kosmos Energy following significant gains – the stock retreated later in the period and we added to the position as we felt the shares offered value again.

In China, we added to the existing positions in e-commerce firm Alibaba and drugmaker Beigene. We also bought more shares in technology firms Samsung Electronics and Taiwan Semiconductor Manufacturing. They have both struggled this year but we believe they are high quality businesses with attractive prospects.

These purchases were funded by closing the position in Indonesian financial group Bank Rakyat and reducing our holding in Eletrobras after robust performance. Indonesian conglomerate Astra International, South African financial services group Sanlam and Metro Pacific, an infrastructure group in the Philippines, also left the portfolio as we had lost confidence in their prospects and see better opportunities elsewhere.

Authorised Corporate Director's Report

Outlook

Financial markets have come under pressure this year as macroeconomic and geopolitical concerns have dampened investors' confidence. The upward movement of interest rates remains a key issue for investors. Policymakers appear focused on controlling the high levels of inflation, but there are concerns that raising interest rates in this environment could lead to an economic slowdown. For companies, there is a risk that rising input costs will hurt their profit margins. Given this uncertain outlook and such a wide range of potential outcomes, it is likely that markets will remain turbulent in the coming months as investors react to economic data and policy changes.

In this challenging and uncertain environment, we believe it is important to stick to our disciplined investment process and focus on finding well-managed companies whose long-term prospects are being underappreciated. By taking a long-term view and assessing closely a company's operational and financial performance, we believe that we can identify mispriced opportunities across the emerging markets universe.

Michael Bourke

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 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|--|--------------------------|---------------------|---------------------|
| Equities | 568,916 | 99.21 | 100.72 |
| Belgium | 0 | 0.00 | 0.65 |
| Brazil | 56,935 | 9.93 | 8.17 |
| 5,004,198 Banco Bradesco Preference Shares | 16,789 | 2.93 | |
| 5,534,416 CCR | 13,869 | 2.42 | |
| 421,543 Centrais Elétricas Brasileiras | 3,694 | 0.64 | |
| 815,148 Centrais Elétricas Brasileiras Preference Shares | 7,375 | 1.29 | |
| 2,634,405 Cogna Educação | 1,149 | 0.20 | |
| 2,615,773 Cyrela Brazil Realty Empreendimentos e Participacoes | 6,469 | 1.13 | |
| 8,781,520 Raizen Preference Shares | 7,590 | 1.32 | |
| Canada | 4,246 | 0.74 | 0.99 |
| 251,866 First Quantum Minerals | 4,246 | 0.74 | |
| Chile | 4,415 | 0.77 | 0.70 |
| 2,454,448 Embotelladora Andina Preference Shares | 4,415 | 0.77 | |
| China | 131,604 | 22.95 | 21.04 |
| 239,084 Alibaba ADR | 22,675 | 3.95 | |
| 125,601 Baidu ADR | 16,893 | 2.95 | |
| 67,280 BeiGene ADR | 11,854 | 2.07 | |
| 16,714,000 China Construction Bank | 10,632 | 1.85 | |
| 15,810,000 China Petroleum & Chemical | 7,453 | 1.30 | |
| 24,922,000 China Railway Signal & Communication | 7,896 | 1.38 | |
| 804,138 HollySys Automation Technologies | 13,025 | 2.27 | |
| 1,529,891 OneConnect Financial Technology ADR | 2,204 | 0.38 | |
| 6,754,500 PICC Property & Casualty | 6,943 | 1.21 | |
| 2,717,500 Ping An Insurance Group Company of China | 15,968 | 2.78 | |
| 347,112 Trip.com ADR | 8,744 | 1.53 | |
| 172,543 Zai Lab ADR | 7,317 | 1.28 | |
| Guernsey | 5,347 | 0.93 | 0.78 |
| 14,632,289 Grit Real Estate Income | 5,347 | 0.93 | |
| Hong Kong | 43,487 | 7.58 | 9.68 |
| 301,200 AIA | 3,031 | 0.53 | |
| 14,004,000 Far East Horizon | 11,509 | 2.01 | |
| 29,404,652 First Pacific | 11,721 | 2.04 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Equities (continued) | | | |
| Hong Kong (continued) | | | |
| 29,995,000 Greatview Aseptic Packaging | 5,703 | 0.99 | |
| 316,500 HutchMed ^a | 798 | 0.14 | |
| 7,128,000 Kunlun Energy | 5,249 | 0.92 | |
| 801,400 VTech | 5,476 | 0.95 | |
| India | 13,886 | 2.42 | 0.00 |
| 404,660 HDFC Bank | 7,327 | 1.28 | |
| 3,874,199 Oil & Natural Gas | 6,559 | 1.14 | |
| Indonesia | 9,339 | 1.63 | 3.38 |
| 16,789,700 Bank Mandiri | 9,339 | 1.63 | |
| Mexico | 34,678 | 6.05 | 5.35 |
| 16,998,162 Alfa | 11,879 | 2.07 | |
| 11,235,993 Fibra Uno Administracion REIT | 11,459 | 2.00 | |
| 22,124,475 Nematik | 5,584 | 0.98 | |
| 2,663,688 Orbia Advance | 5,756 | 1.00 | |
| Pakistan | 5,019 | 0.88 | 1.24 |
| 3,710,315 Habib Bank | 1,338 | 0.24 | |
| 7,940,983 United Bank | 3,681 | 0.64 | |
| Peru | 4,688 | 0.82 | 0.92 |
| 35,545 Credicorp | 4,688 | 0.82 | |
| Philippines | 8,904 | 1.55 | 2.84 |
| 1,082,723 GT Capital | 8,904 | 1.55 | |
| Portugal | 7,422 | 1.29 | 0.00 |
| 718,932 Galp Energia | 7,422 | 1.29 | |
| Russia | 0 | 0.00 | 6.76 |
| 1,684,907 Etalon GDR ^b | 0 | 0.00 | |
| 211,733 Lukoil ^c | 0 | 0.00 | |
| 331,615 Novatek ^c | 0 | 0.00 | |
| 3,426,524 Sberbank of Russia ^c | 0 | 0.00 | |
| 400,444 X5 Retail GDR ^b | 0 | 0.00 | |
| Singapore | 0 | 0.00 | 0.00 |
| 24,880,366 Ezion Warrants 16/04/2023 | 0 | 0.00 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|--|--------------------------|---------------------|---------------------|
| Equities (continued) | | | |
| South Africa | | | |
| 733,224 Absa | 7,605 | 1.33 | |
| 308,345 Motus | 2,115 | 0.37 | |
| 101,466 Naspers | 14,472 | 2.52 | |
| 2,781,012 Sibanye Stillwater | 6,879 | 1.20 | |
| South Korea | | | |
| 421,144 Hana Financial | 12,060 | 2.10 | |
| 62,332 Hyundai Motor | 9,404 | 1.64 | |
| 867,883 Samsung Electronics | 40,952 | 7.14 | |
| 85,488 Samsung Fire & Marine Insurance | 12,964 | 2.26 | |
| 471,689 Shinhan Financial | 12,962 | 2.26 | |
| 140,043 SK Hynix | 10,543 | 1.84 | |
| Taiwan | | | |
| 1,464,000 Chicony Electronics | 3,863 | 0.67 | |
| 908,535 Delta Electronics | 7,829 | 1.37 | |
| 4,126,000 Hon Hai Precision Industry | 14,952 | 2.61 | |
| 169,855 Silicon Motion Technology ADR | 14,649 | 2.55 | |
| 1,344,000 Taiwan Semiconductor Manufacturing | 22,803 | 3.98 | |
| Thailand | | | |
| 1,018,700 Kasikornbank | 4,040 | 0.71 | |
| Türkiye | | | |
| 6,344,561 Hacı Ömer Sabancı | 6,954 | 1.21 | |
| United Kingdom | | | |
| 184,635 Prudential | 2,253 | 0.39 | |
| 1,678,439 Standard Chartered | 11,865 | 2.07 | |
| United States | | | |
| 304,555 Autohome ADR | 10,385 | 1.81 | |
| 118,887 HutchMed ADR | 1,521 | 0.27 | |
| 1,307,116 Kosmos Energy | 7,876 | 1.37 | |
| Portfolio of investments | 568,916 | 99.21 | 100.72 |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Share class hedging | 5 | 0.00 | 0.00 |
| Forward currency contracts for share class hedging | 5 | 0.00 | 0.00 |
| £228,353 Bought for \$273,568 (expires 24.08.22) | 5 | 0.00 | |
| £(5,482) Sold for \$6,574 (expires 24.08.22) | 0 | 0.00 | |
| Total portfolio | 568,921 | 99.21 | 100.72 |
| Net other assets/(liabilities) | 4,517 | 0.79 | (0.72) |
| Net assets attributable to shareholders | 573,438 | 100.00 | 100.00 |

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

^a AIM quoted.

^b Delisted.

^c Suspended.

Portfolio statement

Top ten portfolio transactions for the six months to 31 July 2022

| Largest purchases | \$'000 |
|------------------------------------|----------------|
| Taiwan Semiconductor Manufacturing | 16,906 |
| Galp Energia | 8,885 |
| Oil & Natural Gas | 8,213 |
| HDFC Bank | 7,362 |
| Cyrela Brazil Realty | 7,202 |
| Beigene ADR | 6,860 |
| Samsung Electronics | 4,778 |
| Silicon Motion Technology | 4,764 |
| Centrais Eletricas Brasileiras | 4,340 |
| SK Hynix | 4,138 |
| Other purchases | 58,720 |
| Total purchases | 132,168 |

| Largest sales | \$'000 |
|--------------------------------|----------------|
| CNOOC | 16,173 |
| Kosmos Energy | 12,441 |
| China Mobile | 10,469 |
| Bank Rakyat Indonesia Persero | 9,232 |
| Sanlam | 8,193 |
| Absa | 6,998 |
| Centrais Eletricas Brasileiras | 6,725 |
| Metro Pacific Investments | 6,512 |
| First Quantum Minerals | 6,178 |
| Astra International | 5,770 |
| Other sales | 68,515 |
| Total sales | 157,206 |

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 the website at www.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 | Six months % ^a | Three years % pa | Five years % pa | Ten years % pa |
|---------------------------|------------------------------|---------------------|--------------------|-------------------|
| Sterling | | | | |
| Class 'A' Income | -4.0 | +0.2 | +2.5 | +4.7 |
| Class 'A' Accumulation | -4.0 | +0.3 | +2.5 | +4.8 |
| Class 'I' Income | -3.8 | +0.6 | +3.0 | +5.4 |
| Class 'I' Accumulation | -3.8 | +0.7 | +3.1 | +5.5 |
| Class 'I-H' Income | -13.4 | n/a | n/a | n/a |
| Class 'I-H' Accumulation | -13.5 | n/a | n/a | n/a |
| Class 'PP' Income | -3.7 | n/a | n/a | n/a |
| Class 'PP' Accumulation | -3.8 | +0.9 | n/a | n/a |
| Class 'PP-H' Income | -13.3 | n/a | n/a | n/a |
| Class 'PP-H' Accumulation | -13.3 | n/a | n/a | n/a |
| Class 'R' Income | -3.9 | +0.4 | +2.8 | n/a |
| Class 'R' Accumulation | -3.9 | +0.5 | +2.8 | n/a |
| Benchmark | -7.4 | +1.5 | +3.0 | +5.9 |

^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). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

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 February 2009.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 269.73 | 256.52 | 255.64 |
| Return before operating charges | (9.14) | 26.59 | 11.60 |
| Operating charges | (1.49) | (3.27) | (3.31) |
| Return after operating charges | (10.63) | 23.32 | 8.29 |
| Distributions | n/a | (10.11) | (7.41) |
| Closing NAV | 259.10 | 269.73 | 256.52 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.18 | 0.28 | 0.39 |
| Dilution adjustments ^a | (0.02) | (0.10) | (0.11) |
| Total direct transaction costs | 0.16 | 0.18 | 0.28 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges ^c | 1.15 | 1.16 | 1.44 |
| Return after charges | -3.94 | +9.09 | +3.24 |
| Other information | | | |
| Closing NAV (\$'000) | 80,250 | 92,114 | 100,878 |
| Closing NAV (%) | 13.99 | 13.40 | 13.02 |
| Number of shares | 25,425,085 | 25,477,207 | 28,666,936 |
| Highest share price (UK p) | 283.45 | 291.60 | 285.03 |
| Lowest share price (UK p) | 237.30 | 259.62 | 182.77 |

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 February 2009.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 332.72 | 305.11 | 295.36 |
| Return before operating charges | (11.53) | 31.49 | 13.57 |
| Operating charges | (1.84) | (3.88) | (3.82) |
| Return after operating charges | (13.37) | 27.61 | 9.75 |
| Distributions | n/a | (8.05) | (4.98) |
| Retained distributions | n/a | 8.05 | 4.98 |
| Closing NAV | 319.35 | 332.72 | 305.11 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.22 | 0.33 | 0.45 |
| Dilution adjustments ^a | (0.03) | (0.12) | (0.12) |
| Total direct transaction costs | 0.19 | 0.21 | 0.33 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges ^c | 1.15 | 1.16 | 1.44 |
| Return after charges | -4.02 | +9.05 | +3.30 |
| Other information | | | |
| Closing NAV (\$'000) | 286,007 | 329,465 | 311,363 |
| Closing NAV (%) | 49.88 | 47.93 | 40.20 |
| Number of shares | 73,517,244 | 73,875,429 | 74,391,422 |
| Highest share price (UK p) | 349.34 | 346.69 | 329.50 |
| Lowest share price (UK p) | 292.45 | 308.67 | 211.28 |

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 5 February 2009.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 279.27 | 264.56 | 262.25 |
| Return before operating charges | (9.48) | 27.36 | 12.15 |
| Operating charges | (1.01) | (2.20) | (2.20) |
| Return after operating charges | (10.49) | 25.16 | 9.95 |
| Distributions | n/a | (10.45) | (7.64) |
| Closing NAV | 268.78 | 279.27 | 264.56 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.19 | 0.29 | 0.39 |
| Dilution adjustments ^a | (0.02) | (0.10) | (0.11) |
| Total direct transaction costs | 0.17 | 0.19 | 0.28 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges ^c | 0.75 | 0.76 | 0.94 |
| Return after charges | -3.76 | +9.51 | +3.79 |
| Other information | | | |
| Closing NAV (\$'000) | 44,334 | 56,406 | 63,930 |
| Closing NAV (%) | 7.73 | 8.21 | 8.25 |
| Number of shares | 13,539,754 | 15,068,169 | 17,614,867 |
| Highest share price (UK p) | 293.51 | 301.16 | 293.82 |
| Lowest share price (UK p) | 245.80 | 267.70 | 187.64 |

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 February 2009.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 363.92 | 332.37 | 320.15 |
| Return before operating charges | (12.61) | 34.31 | 14.91 |
| Operating charges | (1.32) | (2.76) | (2.69) |
| Return after operating charges | (13.93) | 31.55 | 12.22 |
| Distributions | n/a | (10.29) | (6.75) |
| Retained distributions | n/a | 10.29 | 6.75 |
| Closing NAV | 349.99 | 363.92 | 332.37 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.24 | 0.36 | 0.48 |
| Dilution adjustments ^a | (0.03) | (0.13) | (0.13) |
| Total direct transaction costs | 0.21 | 0.23 | 0.35 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges ^c | 0.75 | 0.76 | 0.94 |
| Return after charges | -3.83 | +9.49 | +3.82 |
| Other information | | | |
| Closing NAV (\$'000) | 156,977 | 202,952 | 250,700 |
| Closing NAV (%) | 27.37 | 29.53 | 32.37 |
| Number of shares | 36,817,698 | 41,605,163 | 54,984,393 |
| Highest share price (UK p) | 382.15 | 378.30 | 358.87 |
| Lowest share price (UK p) | 320.03 | 336.26 | 229.18 |

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 6 December 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 104.65 | 102.03 | 101.00 |
| Return before operating charges | (13.60) | 7.42 | 4.80 |
| Operating charges | (0.37) | (0.88) | (0.84) |
| Return after operating charges | (13.97) | 6.54 | 3.96 |
| Distributions | n/a | (3.92) | (2.93) |
| Closing NAV | 90.68 | 104.65 | 102.03 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.07 | 0.11 | 0.15 |
| Dilution adjustments ^a | (0.01) | (0.04) | (0.04) |
| Total direct transaction costs | 0.06 | 0.07 | 0.11 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges | 0.78 | 0.79 | 0.97 |
| Return after charges | -13.35 | +6.41 | +3.92 |
| Other information | | | |
| Closing NAV (\$'000) | 19 | 24 | 38 |
| Closing NAV (%) | 0.00 | 0.00 | 0.01 |
| Number of shares | 16,909 | 16,909 | 26,909 |
| Highest share price (UK p) | 111.38 | 118.99 | 112.93 |
| Lowest share price (UK p) | 86.96 | 103.20 | 61.83 |

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 6 December 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 114.72 | 107.77 | 101.45 |
| Return before operating charges | (15.07) | 7.88 | 7.12 |
| Operating charges | (0.41) | (0.93) | (0.80) |
| Return after operating charges | (15.48) | 6.95 | 6.32 |
| Distributions | n/a | (3.21) | (2.34) |
| Retained distributions | n/a | 3.21 | 2.34 |
| Closing NAV | 99.24 | 114.72 | 107.77 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.07 | 0.12 | 0.14 |
| Dilution adjustments ^a | (0.01) | (0.04) | (0.04) |
| Total direct transaction costs | 0.06 | 0.08 | 0.10 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges | 0.78 | 0.79 | 0.98 |
| Return after charges | -13.49 | +6.45 | +6.23 |
| Other information | | | |
| Closing NAV (\$'000) | 217 | 217 | 199 |
| Closing NAV (%) | 0.04 | 0.03 | 0.03 |
| Number of shares | 179,644 | 141,444 | 134,411 |
| Highest share price (UK p) | 121.91 | 125.58 | 115.93 |
| Lowest share price (UK p) | 95.27 | 108.94 | 62.41 |

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 102.23 | 96.72 | 95.71 |
| Return before operating charges | (3.47) | 10.02 | 4.41 |
| Operating charges | (0.32) | (0.69) | (0.61) |
| Return after operating charges | (3.79) | 9.33 | 3.80 |
| Distributions | n/a | (3.82) | (2.79) |
| Closing NAV | 98.44 | 102.23 | 96.72 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.07 | 0.11 | 0.14 |
| Dilution adjustments ^a | (0.01) | (0.04) | (0.04) |
| Total direct transaction costs | 0.06 | 0.07 | 0.10 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges | 0.65 | 0.65 | 0.74 |
| Return after charges | -3.71 | +9.65 | +3.97 |
| Other information | | | |
| Closing NAV (\$'000) | 785 | 1,080 | 28 |
| Closing NAV (%) | 0.14 | 0.16 | 0.00 |
| Number of shares | 654,316 | 788,176 | 20,963 |
| Highest share price (UK p) | 107.45 | 110.18 | 107.43 |
| Lowest share price (UK p) | 89.99 | 97.90 | 68.50 |

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 112.64 | 102.77 | 98.79 |
| Return before operating charges | (3.92) | 10.62 | 4.64 |
| Operating charges | (0.35) | (0.75) | (0.66) |
| Return after operating charges | (4.27) | 9.87 | 3.98 |
| Distributions | n/a | (3.30) | (2.25) |
| Retained distributions | n/a | 3.30 | 2.25 |
| Closing NAV | 108.37 | 112.64 | 102.77 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.07 | 0.11 | 0.15 |
| Dilution adjustments ^a | (0.01) | (0.04) | (0.04) |
| Total direct transaction costs | 0.06 | 0.07 | 0.11 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges ^c | 0.65 | 0.66 | 0.74 |
| Return after charges | -3.79 | +9.60 | +4.03 |
| Other information | | | |
| Closing NAV (\$'000) | 1,082 | 882 | 43,547 |
| Closing NAV (%) | 0.19 | 0.13 | 5.62 |
| Number of shares | 819,861 | 583,945 | 30,888,972 |
| Highest share price (UK p) | 118.28 | 117.01 | 110.95 |
| Lowest share price (UK p) | 99.06 | 103.97 | 70.75 |

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 6 December 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 106.19 | 103.38 | 101.03 |
| Return before operating charges | (13.79) | 7.56 | 6.02 |
| Operating charges | (0.33) | (0.78) | (0.68) |
| Return after operating charges | (14.12) | 6.78 | 5.34 |
| Distributions | n/a | (3.97) | (2.99) |
| Closing NAV | 92.07 | 106.19 | 103.38 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.07 | 0.11 | 0.15 |
| Dilution adjustments ^a | (0.01) | (0.04) | (0.04) |
| Total direct transaction costs | 0.06 | 0.07 | 0.11 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges | 0.68 | 0.68 | 0.77 |
| Return after charges | -13.30 | +6.56 | +5.29 |
| Other information | | | |
| Closing NAV (\$'000) | 20 | 26 | 29 |
| Closing NAV (%) | 0.00 | 0.00 | 0.00 |
| Number of shares | 18,150 | 18,150 | 20,150 |
| Highest share price (UK p) | 113.03 | 120.65 | 114.43 |
| Lowest share price (UK p) | 88.30 | 104.56 | 61.95 |

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 6 December 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 113.80 | 106.95 | 101.56 |
| Return before operating charges | (14.85) | 7.65 | 6.07 |
| Operating charges | (0.35) | (0.80) | (0.68) |
| Return after operating charges | (15.20) | 6.85 | 5.39 |
| Distributions | n/a | (3.31) | (2.32) |
| Retained distributions | n/a | 3.31 | 2.32 |
| Closing NAV | 98.60 | 113.80 | 106.95 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.07 | 0.12 | 0.15 |
| Dilution adjustments ^a | (0.01) | (0.04) | (0.04) |
| Total direct transaction costs | 0.06 | 0.08 | 0.11 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges | 0.68 | 0.68 | 0.77 |
| Return after charges | -13.36 | +6.40 | +5.31 |
| Other information | | | |
| Closing NAV (\$'000) | 22 | 28 | 29 |
| Closing NAV (%) | 0.00 | 0.00 | 0.01 |
| Number of shares | 18,100 | 18,100 | 20,100 |
| Highest share price (UK p) | 120.98 | 124.65 | 115.05 |
| Lowest share price (UK p) | 94.56 | 108.12 | 62.28 |

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 141.82 | 134.66 | 133.86 |
| Return before operating charges | (4.81) | 13.96 | 6.12 |
| Operating charges | (0.68) | (1.49) | (1.44) |
| Return after operating charges | (5.49) | 12.47 | 4.68 |
| Distributions | n/a | (5.31) | (3.88) |
| Closing NAV | 136.33 | 141.82 | 134.66 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.09 | 0.15 | 0.20 |
| Dilution adjustments ^a | (0.01) | (0.05) | (0.06) |
| Total direct transaction costs | 0.08 | 0.10 | 0.14 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges ^c | 1.00 | 1.01 | 1.19 |
| Return after charges | -3.87 | +9.26 | +3.50 |
| Other information | | | |
| Closing NAV (\$'000) | 481 | 505 | 624 |
| Closing NAV (%) | 0.09 | 0.07 | 0.08 |
| Number of shares | 289,903 | 265,876 | 337,961 |
| Highest share price (UK p) | 149.05 | 153.17 | 149.60 |
| Lowest share price (UK p) | 124.79 | 136.29 | 95.73 |

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 175.19 | 160.41 | 154.89 |
| Return before operating charges | (6.07) | 16.55 | 7.18 |
| Operating charges | (0.84) | (1.77) | (1.66) |
| Return after operating charges | (6.91) | 14.78 | 5.52 |
| Distributions | n/a | (4.51) | (2.93) |
| Retained distributions | n/a | 4.51 | 2.93 |
| Closing NAV | 168.28 | 175.19 | 160.41 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.12 | 0.18 | 0.24 |
| Dilution adjustments ^a | (0.02) | (0.06) | (0.06) |
| Total direct transaction costs | 0.10 | 0.12 | 0.18 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.11 | 0.06 | 0.11 |
| Operating charges ^c | 1.00 | 1.01 | 1.19 |
| Return after charges | -3.94 | +9.21 | +3.56 |
| Other information | | | |
| Closing NAV (\$'000) | 3,244 | 3,684 | 3,191 |
| Closing NAV (%) | 0.57 | 0.54 | 0.41 |
| Number of shares | 1,582,511 | 1,568,700 | 1,450,213 |
| Highest share price (UK p) | 183.96 | 182.39 | 173.21 |
| Lowest share price (UK p) | 154.02 | 162.28 | 110.84 |

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

^c Where there is a change in the charging structure, you may see variances between the comparative and current year figures.

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Statement of total return

| for the six months to 31 July | 2022 | | 2021 | |
|---|---------|-----------------|---------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Income | | | | |
| Net capital gains/(losses) | | (98,260) | | 55,685 |
| Revenue | 17,662 | | 20,210 | |
| Expenses | (3,146) | | (4,290) | |
| Interest payable and similar charges | (4) | | (1) | |
| Net revenue/(expense) before taxation | 14,512 | | 15,919 | |
| Taxation | (1,765) | | (1,921) | |
| Net revenue/(expense) after taxation | | 12,747 | | 13,998 |
| Total return before equalisation | | (85,513) | | 69,683 |
| Equalisation | | (303) | | (674) |
| Change in net assets attributable to shareholders from investment activities | | (85,816) | | 69,009 |

Statement of change in net assets attributable to shareholders

| for the six months to 31 July | 2022 | | 2021 | |
|--|----------|----------------|-----------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening net assets attributable to shareholders | | 687,383 | | 774,556 |
| Amounts received on issue of shares | 8,776 | | 14,894 | |
| Amounts paid on cancellation of shares | (37,036) | | (100,033) | |
| | | (28,260) | | (85,139) |
| Dilution adjustments | | 131 | | 303 |
| Change in net assets attributable to shareholders from investment activities (see above) | | (85,816) | | 69,009 |
| Closing net assets attributable to shareholders | | 573,438 | | 758,729 |

Interest payable and similar charges of \$4,000 (2021: \$1,000) has been reclassified from 'Expenses' within the statement of total return.

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

| as at | 31 July 2022 \$'000 | 31 January 2022 \$'000 |
|--|------------------------|---------------------------|
| Assets | | |
| Fixed assets | | |
| Investments | 568,921 | 692,334 |
| Current assets | | |
| Debtors | 4,420 | 5,197 |
| Cash and bank balances | 2,467 | 65 |
| Total assets | 575,808 | 697,596 |
| Liabilities | | |
| Investment liabilities | 0 | (3) |
| Creditors | | |
| Bank overdrafts | 0 | (672) |
| Distribution payable | 0 | (5,625) |
| Other creditors | (2,370) | (3,913) |
| Total liabilities | (2,370) | (10,213) |
| Net assets attributable to shareholders | 573,438 | 687,383 |

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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.

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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 ICE BofAML Global Floating Rate High Yield Index (3% constrained) USD Hedged over any five-year period.

Investment policy

At least 70% of the fund is invested, directly or indirectly, in below investment grade corporate and government floating rate notes. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

The fund's indirect exposure to floating rate notes is achieved by investing through a combination of instruments. These include the combination of government bonds or corporate bonds with credit derivatives, such as credit default swaps, to create synthetic positions.

Other investments may include:

- below investment grade, investment grade and unrated corporate debt securities;
- debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies;
- asset backed securities; and/or
- other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

There are no credit quality restrictions applicable to the fund's investments.

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Investment approach

The fund is globally diversified across a range of below investment grade (high yield) debt securities from a variety of sectors and geographies, focusing on floating rate notes.

If interest rates rise, the fund will benefit from a higher income as floating rate note coupons are automatically adjusted upwards (equally, should interest rates fall, then the coupons will be adjusted downwards). This has the effect of providing a natural hedge against rising interest rates.

The fund manager has the flexibility to adjust the fund's credit exposure, sector positioning and regional allocations depending on the assessment of current market valuations and the macroeconomic environment, including the likely path of economic growth, inflation and interest rates.

Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

Benchmark

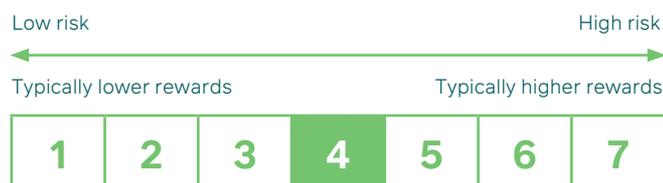
Benchmark: ICE BofAML Global Floating Rate High Yield Index (3% constrained) USD Hedged.

The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

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Risk profile

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.

Investment review

For the six months ended 31 July 2022

Performance against objective

Between 1 February 2022 (the start of the review period) and 31 July 2022, the M&G Global Floating Rate High Yield Fund delivered negative total returns (the combination of income and growth of capital) across its share classes. Over five years, all its share classes delivered positive returns.

The fund lagged its benchmark, the ICE BofAML Global Floating Rate High Yield Index (3% constrained) USD Hedged, over the review period and over five years. The index returned -5.1% and +2.4% pa in sterling terms over the review period and over five years, respectively. Therefore, the fund did not meet its objective of providing a higher total return, net of the ongoing charge figure, than that of its benchmark over five years.

Performance review

The M&G Global Floating Rate High Yield Fund seeks to provide income while minimising the negative impact of rising interest rates by investing mainly in floating rate

notes (FRNs). These are securities whose interest payments, or coupons, are periodically adjusted depending on the change in a reference interest rate. If interest rates rise, investors in FRNs are likely to benefit from a higher income as coupons are automatically adjusted upwards. Equally, should interest rates fall, then the coupons will be adjusted downwards, though in most cases coupons cannot fall below zero. The fund invests predominantly in FRNs issued by high yield companies, so called because they generally pay relatively high rates of interest to compensate investors for the greater risk that they might fail to repay the money they have borrowed.

The six-month review period saw most of the major financial assets deliver negative returns, as a combination of inflation, deteriorating global economic conditions and rising interest rates led to negative investor sentiment. The high yield floating rate note (HY FRN) market significantly outperformed the broader high yield bond universe during the period. This was thanks mainly to their duration risk of almost zero against a backdrop of central bank monetary policy tightening. (Duration measures the extent to which a bond's price is expected to fall if interest rates rise. As the interest rate that floating rate notes pay fluctuates in line with market interest rates, the duration of these notes is very close to zero.)

However, the asset class still delivered a negative return overall due to growing recession concerns, which led HY FRN credit spreads to widen from below 450 basis points (bps) at the start of the period to just below 800bps by 31 July. In June alone, spreads widened by more than 150bps, which had a material impact on returns over the review period. (Credit spreads measure the yield premium – the difference between the yield of the instrument and the yield of safer securities – investors require, as reflected in a credit instrument's price, to hold that instrument in favour of a lower-risk government bond.)

At the same time, rising interest rates by central banks, which were reflected in low-risk government bond yields, did not materially feed through to the income paid to HY FRN investors via their floating rate coupons.

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This is because these coupons are regularly adjusted based on short-term reference rates, such as 3-month EURIBOR, which are closely related to prevailing central bank interest rates, whereas government bond yields tend to reflect forward-looking expectations of future central bank interest rates.

The largest contributors to fund performance relative to the benchmark index have generally been underweight (meaning, less than their weight in the benchmark) positions, including Recordati (Rossini) and DOC Generici (Diocle), both Italian pharma holdings; Cerved (Castor), an Italian financial company dealing in non-performing loans, and Lufthansa, the German airline. Similarly, the fund has had no direct exposure to Russian or Ukrainian holdings, or Novafives, an index constituent auto part supplier with furnace facilities in Russia that has significantly underperformed in 2022.

The largest detractors from relative performance included the North American high yield credit default swap index (NA HY CDX), Chinese real estate company Yuzhou and Germany paper hygiene product manufacturer Wepa. The NA HY CDX position is held for portfolio liquidity and diversification, given it provides access to the broader US HY market via extremely liquid CDS instruments. Floating rate exposure is created synthetically. The position delivered lower returns than physical FRNs due to the underperformance of the broader HY market during the period.

The Yuzhou holding is a very small off-benchmark position that had an average portfolio weighting of well below 1% of net asset value (NAV) over the period; however, due to the extent of the sell-offs in this sector stemming from concerns around Evergrande, the position made a notable deduction relative to the benchmark. It should be noted that we avoided exposure to the benchmark index constituent Greenland, which matured in 2021 without defaulting. These positions were taken in consultation with M&G's specialist emerging market debt team. Wepa's earnings were lower than expected during the period, but we believe the company and its management is in a good position to turn performance around.

Investment activities

The fund was more defensively positioned than the benchmark index throughout the review period, with a view to maintaining lower exposure to cyclical stocks and higher exposure to less inflation-sensitive sectors and companies – for example, food retailers which can more easily pass on costs to customers, and some financial firms which can earn higher margins when interest rates rise. During the post-COVID lockdown recovery, this has meant avoiding exposure to index constituents we feel are particularly vulnerable to downside surprises, notably the liquidity-stressed business Naviera Armas, a Spanish ferry operator that recovered after almost defaulting in 2020; however, in light of the changing macro environment, our decision to make more defensive credit selections appears to have been justified.

Our other main allocation decision has been to keep physical FRN exposure (as opposed to synthetic floating rate positions) close to its highest levels since the fund was launched, having significantly increased this allocation throughout 2020 and 2021. This is because of our belief in the more attractive relative value offered by HY FRNs alongside their more defensive features, such as a higher proportion of senior-secured debt within the universe compared to fixed rate HY bond markets. With HY FRN credit spreads having widened so much in June 2022, we believe there is still compelling value in physical FRNs and this should present potential opportunities.

There was relatively low primary market activity during the review period, as general risk-off sentiment combined with the outbreak of war in Ukraine led to a slowdown in new debt issuance. We have remained selective in our participation in new deals, adding bonds from issuers including finance company Cerved; UK-based Miller Homes; Italian pharmaceutical company Kepler; and gaming companies Sazka and 888.

Outlook

Looking ahead, we believe HY FRNs continue to present attractive diversification potential for fixed income investors against a backdrop in which interest rates are

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expected to rise further and higher coupons are needed to offset the effects of inflation on real incomes. Should a recession materialise, we believe companies are in better shape than in previous recessions, having gone into the current period generating solid earnings relative to the size of interest payments due on their debt. Our preference for senior-secured bonds should also provide further downside protection, given these assets have better recovery rates in potential default scenarios than unsecured debts. At the same time, credit spreads are now at around their highest levels in the past 10 years, except for during March 2020, which means these bonds provide attractive compensation for their risks, in our view. We remain cognisant that a deterioration in the macroeconomic environment could cause further volatility; however, in a mild recession scenario whereby spreads remained flat or tightened, we believe the asset class would be well-positioned to recover strongly.

James Tomlins

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 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Fixed income | 227,529 | 87.34 | 90.67 |
| Debt securities | 227,404 | 87.29 | 90.20 |
| 'AA' credit rated bonds | 18,015 | 6.92 | 3.48 |
| US\$12,000,000 US Treasury FRN 2.6459% 31/01/2023 | 12,011 | 4.61 | |
| US\$6,000,000 US Treasury FRN 2.6519% 31/10/2022 | 6,004 | 2.31 | |
| 'BB' credit rated bonds | 17,196 | 6.60 | 7.20 |
| €4,000,000 Allwyn Entertainment Financing FRN 4.446% 15/02/2028 | 3,802 | 1.46 | |
| €3,087,000 Encore Capital FRN 4.25% 15/01/2028 | 2,972 | 1.14 | |
| US\$5,506,000 Energy Transfer FRN 5.7998% 01/11/2066 | 3,804 | 1.46 | |
| €347,000 Ford Motor Credit FRN 0.092% 07/12/2022 | 353 | 0.13 | |
| €3,627,000 Ford Motor Credit FRN 0.346% 01/12/2024 | 3,532 | 1.36 | |
| €1,810,000 Ford Motor Credit FRN 1.051% 15/11/2023 | 1,814 | 0.70 | |
| US\$578,000 Ford Motor Credit 3.8821% 03/08/2022 | 578 | 0.22 | |
| US\$348,000 Western Midstream Operating FRN 3.5551% 13/01/2023 | 341 | 0.13 | |
| 'B' credit rated bonds | 175,757 | 67.47 | 70.37 |
| €1,000,000 888 Acquisitions FRN 5.572% 15/07/2028 | 897 | 0.34 | |
| €3,297,000 AnaCap Financial FRN 5.267% 01/08/2024 | 2,997 | 1.15 | |
| €1,801,000 APCOA Parking FRN 5% 15/01/2027 | 1,691 | 0.65 | |
| €1,148,000 Arena Luxembourg Finance FRN 2.267% 01/02/2027 | 1,095 | 0.42 | |
| €1,980,000 Assemblin Financing FRN 5% 15/05/2025 | 1,929 | 0.74 | |
| €3,162,000 Bach Bidco FRN 4.25% 15/10/2028 | 3,026 | 1.16 | |
| €2,905,000 Bormioli Pharma FRN 3.5% 15/11/2024 | 2,678 | 1.03 | |
| €8,671,000 Brunello Bidco FRN 3.75% 15/02/2028 | 8,000 | 3.07 | |
| €4,052,000 Burger King FRN 5.017% 01/11/2026 | 3,893 | 1.49 | |
| €2,500,000 Castle FRN 5.571% 15/05/2028 | 2,131 | 0.82 | |
| €2,621,000 Castor FRN 5.25% 15/02/2029 | 2,449 | 0.94 | |
| €6,198,000 Cedacri Mergeco FRN 4.946% 15/05/2028 | 5,891 | 2.26 | |
| €5,579,000 Cirsa Finance International FRN 3.625% 30/09/2025 | 5,237 | 2.01 | |
| €2,788,000 Cullinan FRN 4.75% 15/10/2026 | 2,379 | 0.91 | |
| €3,405,000 Deuce Finco FRN 4.75% 15/06/2027 | 3,066 | 1.18 | |
| €1,109,196 Diocle FRN 3.875% 30/06/2026 | 1,125 | 0.43 | |
| €6,360,000 EVOCA FRN 4.517% 01/11/2026 | 5,538 | 2.13 | |
| €1,702,241 Fabric FRN 4.125% 30/11/2024 | 1,716 | 0.66 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Fixed income (continued) | | | |
| Debt securities (continued) | | | |
| 'B' credit rated bonds (continued) | | | |
| €858,000 Galaxy Bidco FRN 5% 31/07/2026 | 831 | 0.32 | |
| €2,190,000 Gamma Bidco FRN 6% 15/07/2025 | 2,140 | 0.82 | |
| €6,074,000 Garfunkelux Holdco 3 FRN 6.517% 01/05/2026 | 5,594 | 2.15 | |
| €4,755,000 Golden Goose FRN 5.196% 14/05/2027 | 4,211 | 1.62 | |
| €192,000 Goldstory FRN 5.5% 01/03/2026 | 180 | 0.07 | |
| €2,550,000 HSE Finance FRN 6.071% 15/10/2026 | 2,138 | 0.82 | |
| €2,862,000 IMA Industria Macchine Automatiche FRN 4% 15/01/2028 | 2,687 | 1.03 | |
| €3,010,000 International Design FRN 4.571% 15/05/2026 | 2,791 | 1.07 | |
| €997,000 IPD 3 FRN 5.5% 01/12/2025 | 967 | 0.37 | |
| €589,714 iQera FRN 5.375% 30/09/2024 | 571 | 0.22 | |
| €2,537,000 Kapla FRN 3.25% 15/12/2026 | 2,349 | 0.90 | |
| €900,000 Kepler FRN 5.75% 15/05/2029 | 878 | 0.34 | |
| €4,250,000 Leather 2 FRN 4.5% 30/09/2028 | 3,480 | 1.34 | |
| €2,611,000 Limacorporate FRN 4.071% 15/08/2023 | 2,555 | 0.98 | |
| €6,177,000 Lincoln Financing FRN 3.875% 01/04/2024 | 6,215 | 2.39 | |
| €6,740,000 Lion/Polaris Lux 4 FRN 4% 01/07/2026 | 6,437 | 2.47 | |
| €670,000 Monitchem 3 FRN 5.25% 15/03/2025 | 673 | 0.26 | |
| €3,400,000 Mooney FRN 3.875% 17/12/2026 | 3,280 | 1.26 | |
| £172,000 Newday Bondco 7.375% 01/02/2024 | 199 | 0.08 | |
| €3,937,000 Oriflame Investment FRN 4.571% 04/05/2026 | 2,419 | 0.93 | |
| €8,455,000 Paganini Bidco FRN 4.517% 30/10/2028 | 7,821 | 3.00 | |
| €2,992,000 Parts Europe FRN 4.047% 20/07/2027 | 2,910 | 1.12 | |
| €3,178,000 Petroleos Mexicanos FRN 2.052% 24/08/2023 | 3,174 | 1.22 | |
| €3,693,000 Pfeleiderer FRN 4.75% 15/04/2026 | 3,221 | 1.24 | |
| €2,503,000 PLT VII Finance FRN 4.625% 05/01/2026 | 2,437 | 0.94 | |
| €200,000 PrestigeBidCo FRN 7% 15/07/2027 | 182 | 0.07 | |
| €2,449,000 Promontoria FRN 6.125% 01/03/2027 | 2,226 | 0.85 | |
| €4,168,000 Q-Park I FRN 2% 01/03/2026 | 3,789 | 1.45 | |
| €2,000,000 Ren10 FRN 4.642% 01/02/2027 | 1,855 | 0.71 | |
| €3,548,000 Rimini Bidco FRN 5.25% 14/12/2026 | 3,099 | 1.19 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Fixed income (continued) | | | |
| Debt securities (continued) | | | |
| 'B' credit rated bonds (continued) | | | |
| €2,004,000 Rossini FRN 4.142% 30/10/2025 | 1,960 | 0.75 | |
| €2,502,000 SCIL IV LLC FRN 4.642% 01/11/2026 | 2,371 | 0.91 | |
| €5,259,000 Sherwood Financing FRN 4.946% 15/11/2027 | 4,901 | 1.88 | |
| €5,376,000 Stonegate Pub Co Financing 2019 FRN 6.071% 31/07/2025 | 5,200 | 2.00 | |
| €2,226,000 Tendam Brands FRN 5.517% 15/09/2024 | 2,172 | 0.83 | |
| €4,407,000 TK Elevator Midco FRN 4.75% 15/07/2027 | 4,326 | 1.66 | |
| €3,494,000 Transcom FRN 5.25% 15/12/2026 | 3,217 | 1.23 | |
| €3,990,000 Trivium Packaging Finance FRN 4.071% 15/08/2026 | 3,865 | 1.48 | |
| €2,684,000 United FRN 3.571% 15/02/2026 | 2,384 | 0.91 | |
| €3,472,000 United FRN 4.446% 15/05/2025 | 3,218 | 1.24 | |
| €3,000,000 United FRN 5.142% 01/02/2029 | 2,724 | 1.05 | |
| €1,130,000 Verisure FRN 5% 15/04/2025 | 1,139 | 0.44 | |
| €1,518,000 WEPA Hygieneprodukte FRN 2.875% 15/12/2026 | 1,233 | 0.47 | |
| 'CCC' credit rated bonds | 13,739 | 5.27 | 7.98 |
| £3,118,000 House of Fraser Funding 6.53% 30/12/2050 ^a | 6 | 0.00 | |
| €6,661,000 Italmatch Chemicals FRN 4.75% 30/09/2024 | 6,088 | 2.34 | |
| €1,973,207 Selecta 8% 01/04/2026 | 1,864 | 0.71 | |
| €612,871 Selecta 10% 01/07/2026 | 555 | 0.21 | |
| £4,816,000 TVL Finance FRN 6.9445% 15/07/2025 | 5,226 | 2.01 | |
| 'CC' credit rated bonds | 2,581 | 0.99 | 1.05 |
| €3,301,000 Deutsche Lufthansa 4.382% 12/08/2075 | 2,581 | 0.99 | |
| 'C' credit rated bonds | 0 | 0.00 | 0.12 |
| 'D' credit rated bonds | 116 | 0.04 | 0.00 |
| US\$1,924,000 Yuzhou 6.35% 13/01/2027 | 116 | 0.04 | |
| Debt derivatives | 125 | 0.05 | 0.47 |
| Credit default swaps | 125 | 0.05 | 0.47 |
| €600,000 Boparan Finance Dec 2026 | (201) | (0.08) | |
| €1,500,000 Iceland Bondco Jun 2026 | (248) | (0.09) | |
| US\$25,740,000 Markit CDX North American High Yield Series 37 5 Year Dec 2026 | 574 | 0.22 | |

Portfolio statement

Investments (continued)

| Holding | as at 31.07.22 \$'000 | as at 31.07.22 % | as at 31.01.22 % |
|---|--------------------------|---------------------|---------------------|
| Currency | (363) | (0.14) | 1.27 |
| Forward currency contracts | (363) | (0.14) | 1.27 |
| €(193,452,560) Sold for \$198,157,045 (expires 24.08.22) | (267) | (0.10) | |
| £(4,614,906) Sold for \$5,528,673 (expires 24.08.22) | (96) | (0.04) | |
| Portfolio of investments | 227,166 | 87.20 | 91.94 |
| Cash equivalents | 23,525 | 9.03 | 8.32 |
| 'AAA' rated money market funds^b | 23,525 | 9.03 | 8.32 |
| 23,525,000 Northern Trust Global Fund - US dollar | 23,525 | 9.03 | |
| Share class hedging | 4,456 | 1.71 | (1.03) |
| Forward currency contracts for share class hedging | 4,456 | 1.71 | (1.03) |
| £221,281,316 Bought for \$265,136,281 (expires 24.08.22) | 4,563 | 1.75 | |
| £(5,521,699) Sold for \$6,622,541 (expires 24.08.22) | (107) | (0.04) | |
| Total portfolio | 255,147 | 97.94 | 99.23 |
| Net other assets/(liabilities) | 5,369 | 2.06 | 0.77 |
| Net assets attributable to shareholders | 260,516 | 100.00 | 100.00 |

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

^a Defaulted.

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

Portfolio statement

Top ten portfolio transactions for the six months to 31 July 2022

| Largest purchases | \$'000 |
|--|---------------|
| US Treasury FRN 2.6459% 31/01/2023 | 6,017 |
| Allwyn Entertainment Financing FRN 4.446% 15/02/2028 | 4,517 |
| Promontoria FRN 6.125% 01/03/2027 | 3,971 |
| Castor FRN 5.25% 15/02/2029 | 2,977 |
| Castle FRN 5.571% 15/05/2028 | 2,562 |
| Kepler FRN 5.75% 15/05/2029 | 1,220 |
| Ford Motor Credit FRN 0.346% 01/12/2024 | 1,077 |
| 888 Acquisitions FRN 5.572% 15/07/2028 | 862 |
| Rossini FRN 4.142% 30/10/2025 | 644 |
| Mooney FRN 3.875% 17/12/2026 | 256 |
| Other purchases | 686 |
| Total purchases | 24,789 |

| Largest sales | \$'000 |
|---|---------------|
| Promontoria FRN 6.25% 15/08/2023 | 4,485 |
| Italmatch Chemicals FRN 4.75% 30/09/2024 | 3,593 |
| TK Elevator Midco FRN 4.75% 15/07/2027 | 3,227 |
| Lincoln Financing FRN 3.875% 01/04/2024 | 2,847 |
| TVL Finance FRN 6.9445% 15/07/2025 | 2,290 |
| EVOCA FRN 4.517% 01/11/2026 | 2,159 |
| Cirsa Finance International FRN 3.625% 30/09/2025 | 2,143 |
| Petróleos Mexicanos FRN 4.395% 11/03/2022 | 1,984 |
| Q-Park I FRN 2% 01/03/2026 | 1,923 |
| Gamma Bidco FRN 6% 15/07/2025 | 1,640 |
| Other sales | 40,057 |
| Total sales | 66,348 |

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 the website at www.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 | Six months % ^a | Three years % pa | Five years % pa | Ten years % pa |
|------------------------------|------------------------------|---------------------|--------------------|-------------------|
| Sterling | | | | |
| Class 'A-H' Income | -6.7 | -0.2 | +0.3 | n/a |
| Class 'A-H' Accumulation | -6.7 | -0.2 | +0.3 | n/a |
| Class 'E-H' Income | -6.4 | +0.5 | +1.0 | n/a |
| Class 'E-H' Accumulation | -6.4 | +0.5 | +1.0 | n/a |
| Class 'I-H' Income | -6.5 | +0.3 | +0.8 | n/a |
| Class 'I-H' Accumulation | -6.5 | +0.3 | +0.8 | n/a |
| Class 'PP-H' Income | -6.5 | n/a | n/a | n/a |
| Class 'PP-H' Accumulation | -6.4 | +0.4 | n/a | n/a |
| Class 'R-H' Income | -6.5 | n/a | n/a | n/a |
| Class 'R-H' Accumulation | -6.6 | -0.1 | +0.4 | n/a |
| Benchmark^b | -5.1 | +1.9 | +2.4 | n/a |

^a Not annualised.

^b Prior to 31 March 2016 the benchmark was the ICE BofAML Global Floating Rate High Yield (GBP Hedged) Index. Thereafter it is the ICE BofAML Global Floating Rate High Yield 3% Constrained (GBP Hedged) Index.

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). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

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 11 September 2014.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 88.24 | 87.80 | 92.27 |
| Return before operating charges | (4.79) | 5.21 | 0.26 |
| Operating charges | (0.43) | (0.94) | (1.12) |
| Return after operating charges | (5.22) | 4.27 | (0.86) |
| Distributions | (1.83) | (3.83) | (3.61) |
| Closing NAV | 81.19 | 88.24 | 87.80 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 1.03 | 1.05 | 1.33 |
| Return after charges | -5.92 | +4.86 | -0.93 |
| Other information | | | |
| Closing NAV (\$'000) | 3,107 | 3,714 | 4,979 |
| Closing NAV (%) | 1.19 | 1.08 | 1.41 |
| Number of shares | 3,141,443 | 3,140,257 | 4,133,941 |
| Highest share price (UK p) | 89.10 | 90.75 | 93.22 |
| Lowest share price (UK p) | 80.68 | 87.89 | 74.06 |

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 11 September 2014.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 117.03 | 111.63 | 112.27 |
| Return before operating charges | (6.37) | 6.62 | 0.74 |
| Operating charges | (0.58) | (1.22) | (1.38) |
| Return after operating charges | (6.95) | 5.40 | (0.64) |
| Distributions | (1.86) | (3.73) | (3.22) |
| Retained distributions | 1.86 | 3.73 | 3.22 |
| Closing NAV | 110.08 | 117.03 | 111.63 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 1.03 | 1.04 | 1.33 |
| Return after charges | -5.94 | +4.84 | -0.57 |
| Other information | | | |
| Closing NAV (\$'000) | 3,364 | 4,038 | 4,376 |
| Closing NAV (%) | 1.29 | 1.17 | 1.24 |
| Number of shares | 2,508,345 | 2,573,855 | 2,857,604 |
| Highest share price (UK p) | 118.16 | 118.49 | 113.42 |
| Lowest share price (UK p) | 108.09 | 111.73 | 90.14 |

Financial highlights

Sterling Class 'E-H' Income share performance

The share class was launched on 3 October 2014.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 91.99 | 90.96 | 94.95 |
| Return before operating charges | (4.99) | 5.42 | 0.28 |
| Operating charges | (0.19) | (0.41) | (0.50) |
| Return after operating charges | (5.18) | 5.01 | (0.22) |
| Distributions | (1.91) | (3.98) | (3.77) |
| Closing NAV | 84.90 | 91.99 | 90.96 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.43 | 0.44 | 0.58 |
| Return after charges | -5.63 | +5.51 | -0.23 |
| Other information | | | |
| Closing NAV (\$'000) | 8,832 | 11,263 | 15,362 |
| Closing NAV (%) | 3.39 | 3.26 | 4.37 |
| Number of shares | 8,540,262 | 9,134,656 | 12,311,307 |
| Highest share price (UK p) | 92.88 | 94.45 | 95.94 |
| Lowest share price (UK p) | 84.34 | 91.05 | 76.28 |

Sterling Class 'E-H' Accumulation share performance

The share class was launched on 11 September 2014.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 123.81 | 117.34 | 117.16 |
| Return before operating charges | (6.80) | 7.01 | 0.81 |
| Operating charges | (0.26) | (0.54) | (0.63) |
| Return after operating charges | (7.06) | 6.47 | 0.18 |
| Distributions | (2.33) | (4.68) | (4.22) |
| Retained distributions | 2.33 | 4.68 | 4.22 |
| Closing NAV | 116.75 | 123.81 | 117.34 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.43 | 0.44 | 0.58 |
| Return after charges | -5.70 | +5.51 | +0.15 |
| Other information | | | |
| Closing NAV (\$'000) | 2,523 | 3,265 | 3,613 |
| Closing NAV (%) | 0.97 | 0.95 | 1.04 |
| Number of shares | 1,773,964 | 1,967,485 | 2,244,655 |
| Highest share price (UK p) | 124.99 | 125.30 | 118.38 |
| Lowest share price (UK p) | 114.61 | 117.46 | 94.17 |

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 11 September 2014.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 90.77 | 89.95 | 94.16 |
| Return before operating charges | (4.93) | 5.35 | 0.27 |
| Operating charges | (0.27) | (0.60) | (0.71) |
| Return after operating charges | (5.20) | 4.75 | (0.44) |
| Distributions | (1.89) | (3.93) | (3.77) |
| Closing NAV | 83.68 | 90.77 | 89.95 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.63 | 0.64 | 0.83 |
| Return after charges | -5.73 | +5.28 | -0.47 |
| Other information | | | |
| Closing NAV (\$'000) | 40,167 | 43,743 | 97,805 |
| Closing NAV (%) | 15.42 | 12.68 | 27.79 |
| Number of shares | 39,400,693 | 35,951,537 | 79,260,647 |
| Highest share price (UK p) | 91.65 | 93.21 | 95.13 |
| Lowest share price (UK p) | 83.15 | 90.04 | 75.63 |

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 11 September 2014.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 121.63 | 115.51 | 115.64 |
| Return before operating charges | (6.64) | 6.89 | 0.76 |
| Operating charges | (0.37) | (0.77) | (0.89) |
| Return after operating charges | (7.01) | 6.12 | (0.13) |
| Distributions | (2.17) | (4.36) | (3.86) |
| Retained distributions | 2.17 | 4.36 | 3.86 |
| Closing NAV | 114.62 | 121.63 | 115.51 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.63 | 0.64 | 0.83 |
| Return after charges | -5.76 | +5.30 | -0.11 |
| Other information | | | |
| Closing NAV (\$'000) | 115,648 | 140,398 | 167,884 |
| Closing NAV (%) | 44.39 | 40.69 | 47.70 |
| Number of shares | 82,823,550 | 86,116,137 | 105,951,838 |
| Highest share price (UK p) | 122.80 | 123.11 | 116.84 |
| Lowest share price (UK p) | 112.53 | 115.62 | 92.90 |

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 5 August 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 96.28 | 95.30 | 99.71 |
| Return before operating charges | (5.24) | 5.68 | 0.33 |
| Operating charges | (0.24) | (0.53) | (0.63) |
| Return after operating charges | (5.48) | 5.15 | (0.30) |
| Distributions | (2.00) | (4.17) | (4.11) |
| Closing NAV | 88.80 | 96.28 | 95.30 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges | 0.53 | 0.53 | 0.68 |
| Return after charges | -5.69 | +5.40 | -0.30 |
| Other information | | | |
| Closing NAV (\$'000) | 76,176 | 91,696 | 52,931 |
| Closing NAV (%) | 29.24 | 26.58 | 15.04 |
| Number of shares | 70,417,319 | 71,057,376 | 40,489,239 |
| Highest share price (UK p) | 97.21 | 98.86 | 100.75 |
| Lowest share price (UK p) | 88.23 | 95.39 | 80.14 |

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 8 April 2019.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 108.42 | 102.86 | 102.81 |
| Return before operating charges | (5.92) | 6.13 | 0.72 |
| Operating charges | (0.28) | (0.57) | (0.67) |
| Return after operating charges | (6.20) | 5.56 | 0.05 |
| Distributions | (1.99) | (3.99) | (3.61) |
| Retained distributions | 1.99 | 3.99 | 3.61 |
| Closing NAV | 102.22 | 108.42 | 102.86 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.53 | 0.53 | 0.68 |
| Return after charges | -5.72 | +5.41 | +0.05 |
| Other information | | | |
| Closing NAV (\$'000) | 10,231 | 46,420 | 4,552 |
| Closing NAV (%) | 3.93 | 13.46 | 1.29 |
| Number of shares | 8,215,722 | 31,942,815 | 3,226,237 |
| Highest share price (UK p) | 109.45 | 109.74 | 103.89 |
| Lowest share price (UK p) | 100.36 | 102.97 | 82.63 |

Financial highlights

Sterling Class 'R-H' Income share performance

The share class was launched on 11 September 2014.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 89.16 | 88.56 | 93.04 |
| Return before operating charges | (4.84) | 5.28 | 0.27 |
| Operating charges | (0.38) | (0.81) | (0.92) |
| Return after operating charges | (5.22) | 4.47 | (0.65) |
| Distributions | (1.85) | (3.87) | (3.83) |
| Closing NAV | 82.09 | 89.16 | 88.56 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.88 | 0.89 | 1.08 |
| Return after charges | -5.85 | +5.05 | -0.70 |
| Other information | | | |
| Closing NAV (\$'000) | 284 | 348 | 325 |
| Closing NAV (%) | 0.11 | 0.10 | 0.09 |
| Number of shares | 284,163 | 291,163 | 267,177 |
| Highest share price (UK p) | 90.02 | 91.60 | 94.00 |
| Lowest share price (UK p) | 81.57 | 88.65 | 74.73 |

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 11 September 2014.

| Change in NAV per share | Six months to 31.07.22 UK p | Year to 31.01.22 UK p | Year to 31.01.21 UK p |
|---|--------------------------------|--------------------------|--------------------------|
| Opening NAV | 118.76 | 113.06 | 113.82 |
| Return before operating charges | (6.49) | 6.75 | 0.39 |
| Operating charges | (0.50) | (1.05) | (1.15) |
| Return after operating charges | (6.99) | 5.70 | (0.76) |
| Distributions | (1.97) | (3.96) | (2.69) |
| Retained distributions | 1.97 | 3.96 | 2.69 |
| Closing NAV | 111.77 | 118.76 | 113.06 |
| Direct transaction costs | UK p | UK p | UK p |
| Costs before dilution adjustments | 0.00 | 0.00 | 0.00 |
| Dilution adjustments ^a | 0.00 | 0.00 | 0.00 |
| Total direct transaction costs | 0.00 | 0.00 | 0.00 |
| Performance and charges | % | % | % |
| Direct portfolio transaction costs ^b | 0.00 | 0.00 | 0.00 |
| Operating charges ^c | 0.88 | 0.89 | 1.08 |
| Return after charges | -5.89 | +5.04 | -0.67 |
| Other information | | | |
| Closing NAV (\$'000) | 184 | 99 | 98 |
| Closing NAV (%) | 0.07 | 0.03 | 0.03 |
| Number of shares | 135,489 | 61,913 | 62,913 |
| Highest share price (UK p) | 119.89 | 120.21 | 114.99 |
| Lowest share price (UK p) | 109.74 | 113.17 | 91.22 |

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

^c Where there is a change in the charging structure, you may see variances between the comparative and current year figures.

Financial statements and notes

Financial statements

Statement of total return

| for the six months to 31 July | 2022 | | 2021 | |
|---|--------|-----------------|---------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Income | | | | |
| Net capital gains/(losses) | | (50,662) | | 13,663 |
| Revenue | 6,172 | | 6,583 | |
| Expenses | (868) | | (1,072) | |
| Interest payable and similar charges | (9) | | (1) | |
| Net revenue/(expense) before taxation | 5,295 | | 5,510 | |
| Taxation | 0 | | (1) | |
| Net revenue/(expense) after taxation | | 5,295 | | 5,509 |
| Total return before distributions | | (45,367) | | 19,172 |
| Distributions | | (5,687) | | (5,908) |
| Change in net assets attributable to shareholders from investment activities | | (51,054) | | 13,264 |

Statement of change in net assets attributable to shareholders

| for the six months to 31 July | 2022 | | 2021 | |
|--|----------|----------------|-----------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening net assets attributable to shareholders | | 344,984 | | 351,925 |
| Amounts received on issue of shares | 19,650 | | 90,864 | |
| Amounts paid on cancellation of shares | (55,981) | | (104,105) | |
| | | (36,331) | | (13,241) |
| Dilution adjustments | | 279 | | 296 |
| Change in net assets attributable to shareholders from investment activities (see above) | | (51,054) | | 13,264 |
| Retained distributions on Accumulation shares | | 2,638 | | 2,911 |
| Closing net assets attributable to shareholders | | 260,516 | | 355,155 |

Interest payable and similar charges of \$9,000 (2021: \$1,000) has been reclassified from 'Expenses' within the statement of total return.

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

| as at | 31 July 2022 \$'000 | 31 January 2022 \$'000 |
|---|------------------------|---------------------------|
| Assets | | |
| Fixed assets | | |
| Investments | 232,541 | 317,484 |
| Current assets | | |
| Debtors | 4,426 | 6,893 |
| Cash and bank balances | 5,689 | 5,992 |
| Cash equivalents | 23,525 | 28,688 |
| Total assets | 266,181 | 359,057 |
| Liabilities | | |
| Investment liabilities | (919) | (3,842) |
| Creditors | | |
| Bank overdrafts | (967) | (982) |
| Overdrawn positions at futures clearing houses and collateral manager | (557) | (1,955) |
| Distribution payable | (1,555) | (2,190) |
| Other creditors | (1,667) | (5,104) |
| Total liabilities | (5,665) | (14,073) |
| Net assets attributable to shareholders | 260,516 | 344,984 |

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

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.

Other regulatory disclosures

Swiss investor information

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

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

Glossary

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

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

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

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

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

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

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

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

Bunds Fixed income securities issued by the German government.

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

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

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

Cash equivalents Deposits or investments with similar characteristics to cash.

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 nonpayment 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.

