

# M&G Investment Funds (7)

**Interim report and unaudited financial statements  
for the six months ended 31 July 2024**

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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 2024.

The unaudited financial statements of M&G Investment Funds (7), the Authorised Corporate Director's Reports including the portfolio statements, financial highlights and the 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 an explanation of key investment terminology is available on our website at [mandg.com/private-investor/glossary](https://mandg.com/private-investor/glossary). A printed copy of the glossary is available upon request by calling customer services and administration as shown within the 'Investor information' section of this report.

## Company information

M&G Investment Funds (7) is an umbrella Open-Ended Investment Company (OEIC) and contains five sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 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, the M&G Emerging Markets Monthly Income Fund was launched on 21 April 2020 and the M&G Global Corporate Bond Fund was launched on 19 January 2024.

On 11 May 2023, following approval from the FCA, investors were formally notified of the ACD's intention

to close M&G Emerging Markets Monthly Income Fund. The fund closed on 13 July 2023. As at the date of publication of this report, no termination date has been set for the fund.

The Company's principal activity is to carry out 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 2024, 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 (closed)**

Michael Bourke and Charles De Quinsonas

### **M&G Global Convertibles Fund**

Léonard Vinville

### **M&G Global Corporate Bond Fund**

Ben Lord and Mario Eisenegger

### **M&G Global Emerging Markets Fund**

Michael Bourke

### **M&G Global Floating Rate High Yield Fund**

James Tomlins, Lu Yu and Stefan Isaacs

Please note that effective from 5 February 2024, Lu Yu and Stefan Isaacs were appointed as co-fund managers.

## 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

# Authorised Corporate Director's Report

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  
(Authorised and regulated by the Financial Conduct Authority)

## Registrar

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

## Depositary

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

## Independent auditor

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

## Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2024 can be found on our website at [mandg.com/investments/valueassessment](https://mandg.com/investments/valueassessment)

## Climate-related Financial Disclosures (TCFD)

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

These reports are available via the Sustainability Disclosures page on our website [mandg.com/footer/sustainability-disclosures](https://mandg.com/footer/sustainability-disclosures)

## Important information

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

On 11 May 2023, following approval from the FCA, investors were formally notified of the ACD's intention to close M&G Emerging Markets Monthly Income Fund. The fund closed on 13 July 2023. As at the date of publication of this report, no termination date has been set for the fund.

On 19 January 2024, the M&G Global Corporate Bond Fund was launched within M&G Investment Funds (7). The fund has adopted an extended first accounting period.

With effect from 5 February 2024, Lu Yu and Stefan Isaacs appointed as co-fund managers of the M&G Global Floating Rate High Yield Fund.

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

# Authorised Corporate Director's Report

## Investor information

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

## Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

# Authorised Corporate Director's Report

## Authorised Corporate Director's Responsibilities

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

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

For the reasons stated in the ACD's Report, the financial statements of the M&G Emerging Markets Monthly Income Fund have not been prepared on a going concern basis.

## Directors' statement

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

M&G Securities Limited  
26 September 2024

# 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 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 and key service provider's operational resilience.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 January 2024. 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.

The M&G Emerging Markets Monthly Income Fund closed on 13 July 2023. As a result, the financial statements of this fund have been prepared on a basis other than going concern. Under this basis, assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the fund will be borne by the ACD.

On 19 January 2024, the M&G Global Corporate Bond Fund was launched within M&G Investment Funds (7). The fund has adopted an extended first accounting period.

# Authorised Corporate Director's Report

The M&G Emerging Markets Monthly Income Fund closed on 13 July 2023. As at the date of publication of this report, no termination date has been set for the fund. The investment objective, investment policy, investment approach, benchmark, risk profile and investment review have not been disclosed.



# Portfolio statement

## Investments

Holding	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Russia</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Russian equities</b>	<b>0</b>	<b>0.00</b>	
8,022 LUKOIL PJSC <sup>a</sup>	0	0.00	
146,908 Sberbank of Russia PJSC <sup>a</sup>	0	0.00	
<b>Total portfolio</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Net other assets/(liabilities)</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Net assets attributable to shareholders</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>

<sup>a</sup> M&G's Valuation Sub Committee are valuing these securities at £nil until further notice

# Portfolio statement

Top portfolio transactions for the six months to 31 July 2024

Purchases	\$'000
<b>Total purchases</b>	<b>0</b>

Sales	\$'000
X5 Retail GDR	237
<b>Total sales</b>	<b>237</b>

## Financial highlights

The M&G Emerging Markets Monthly Income Fund closed on 13 July 2023. As at the date of publication of this report, no termination date has been set for the fund. The fund performance, long-term performance by share class and comparative tables have not been disclosed.

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 31 July	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Net capital gains/(losses)		233		(596)
Revenue	0		983	
Expenses	0		(56)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	0		927	
Taxation	0		(119)	
Net revenue/(expense) after taxation		0		808
<b>Total return before distributions</b>		<b>233</b>		<b>212</b>
Distributions		0		(765)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>233</b>		<b>(553)</b>

### Statement of change in net assets attributable to shareholders

for the six months to 31 July	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>0</b>		<b>28,647</b>
Amounts received on issue of shares	0		700	
Amounts paid on cancellation of shares	(233)		(29,399)	
		(233)		(28,699)
Dilution adjustments		0		10
Change in net assets attributable to shareholders from investment activities (see above)		233		(553)
Retained distributions on Accumulation shares		0		595
<b>Closing net assets attributable to shareholders</b>		<b>0</b>		<b>0</b>

The fund closed on 13 July 2023.

# Financial statements and notes

## Financial statements

### Balance sheet

as at	31 July 2024 \$'000	31 January 2024 \$'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	0	0
<b>Current assets</b>		
Debtors	1	6
Cash and bank balances	394	57
<b>Total assets</b>	<b>395</b>	<b>63</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Other creditors	(395)	(63)
<b>Total liabilities</b>	<b>(395)</b>	<b>(63)</b>
<b>Net assets attributable to shareholders</b>	<b>0</b>	<b>0</b>

The fund closed on 13 July 2023.

# 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.

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 26 April 2024 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing 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

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.

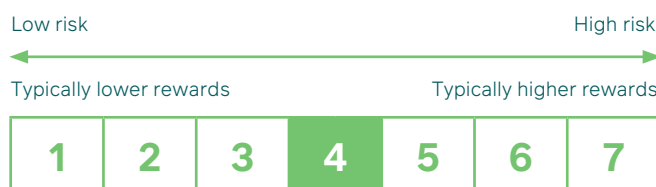
The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 2024

### Performance against objective

Over the reporting period, the M&G Global Convertibles Fund delivered positive total returns (the combination of income and growth of capital) across all its share classes.

The fund outperformed its benchmark, the Refinitiv Global Focus Convertible Bond Index, which posted +1.9% (unhedged) and +3.4% (hedged) over the reporting period.

Over five years, the fund registered positive returns across all share classes. The unhedged share classes met their objective of delivering a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the Refinitiv Global Focus Convertible Bond Index, which returned +1.2% per annum.

For the hedged share classes, not all the share classes met their objective of delivering a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the Refinitiv Global Focus Convertible Bond Index (hedged), which returned +2.9% per annum.

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 saw mixed performance over the review period. Whilst equities recorded strong returns overall, sovereign bonds struggled, with yields edging higher, as investors priced in fewer rate cuts, for 2024. Returns for corporate bonds were better, as credit spreads tightened amid ongoing economic resilience. Credit spreads are a measure of the difference between the yield of a corporate bond and a government bond of the same maturity.

Against this backdrop, the fund delivered a positive return and outperformed its benchmark.

Security selection was the biggest driver of relative performance, with holdings in convertibles issued by Lantheus, Italy-based cable manufacturer Prysmian and Longfor adding value. Shares in radiopharmaceutical-focused company Lantheus rallied following the unexpected positive announcement relating to reimbursement rates for one of its flagship products, while Chinese property group Longfor benefited from measures announced by the Chinese authorities to support the country's property sector.

Conversely, holdings in convertibles from STMicroelectronics, Park24 and H World (Huazhu), held back relative returns. H World underperformed despite its profitability remaining very strong, in our view.

### Investment activities

Throughout the review period, we were active in adjusting the positioning of the portfolio, buying what we believed were attractively priced convertibles and other securities, while reducing or selling those that no longer satisfied our selection criteria.

In terms of sector positioning, the biggest increases in exposure were seen in the consumer discretionary and technology sectors. In consumer discretionary, we bought two convertibles from Delivery Hero, a convertible issued by JD.com and another issued by Japan's Sanrio. Sanrio owns the intellectual property for the Hello Kitty franchise.

In technology, we bought a synthetic bond issued by Barclays, which has Microsoft as the underlying exposure and invested in a new convertible issued by Vertex. We also began holdings in convertibles issued by Nutanix and Xero Investments and shares in Nice, to increase the delta of our existing convertible position. The delta is the sensitivity of the convertible's price to movements in the underlying equity price. A convertible issued by SolarEdge Technologies was sold.

Conversely, we reduced exposure to healthcare and industrials. Early in the review period we closed positions in convertibles issued by Teladoc Health and Merit Medical Systems, in the healthcare sector. In April, we sold a convertible from Pacira BioSciences, ahead of maturity and in May bought a new convertible from the



# Authorised Corporate Director's Report

company, that was more sensitive to equity price movements. However, we exited the position in July when concerns emerged about the strength of Pacira's patents.

We also exchanged our position in Pharming for a newly issued convertible with a higher coupon and longer maturity to maintain our exposure. Later, we switched out of a convertible issued by Exact Sciences, into two more attractive convertibles by the same company. This transaction enabled us to move to more equity sensitive instruments and take advantage of the depressed share price in Exact Sciences.

In industrials, we switched out of a convertible issued by Lyft, into another issued by the US ride-hailing company, but with a longer maturity and lower strike price. This position was closed in July. In March, we sold down an equity holding in Itron and began a position in a zero-coupon convertible issued by the same company and in June, we invested in another, recently issued convertible, from the same company. We also began a new position in a convertible issued by Infroneer.

In July, our holding in a convertible issued by Italy-based cable manufacturer Prysmian, was called, forcing its conversion into shares. We decided to keep the position in the equity, albeit scaled back, and bought shares in Nexans, a similar firm to Prysmian, which also enjoys favourable industry dynamics.

## Outlook

Whilst we anticipated a strong pace of new issuance of convertibles in the first half of 2024, we were surprised by the volume of deals coming out of Asia (particularly China), which were driven by corporate/balance sheet restructuring activity.

Looking forward, we understand that there is a pipeline of potential Chinese issuers waiting for the relevant government authorisation to raise funds offshore, which we think could start to materialise from September onwards.

We believe rising share prices for Japanese companies, should increase convertible issuance, which will also

benefit from in moves to improve shareholder returns and balance sheet efficiency through share buybacks.

In Europe, lower interest rates, tight spreads and less elevated equity valuations than the US, do not represent as favourable a background for issuance. We think most new deals will be simple refinancings/exchanges to roll over existing bonds, at terms perhaps not that appealing to investors.

We will continue to sift through the new issues in a highly-selective way to identify the best combination of technical features, credit soundness and equity valuation that can deliver the optimal risk-reward characteristics we seek in convertibles.

## 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 <sup>a</sup>	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Equities</b>	<b>8,811</b>	<b>3.18</b>	<b>1.54</b>
<b>Europe</b>	<b>7,250</b>	<b>2.61</b>	<b>0.55</b>
<b>European equities</b>	<b>7,250</b>	<b>2.61</b>	<b>0.55</b>
24,614 Aptiv PLC	1,680	0.60	
12,411 Nexans SA	1,609	0.58	
5,073 Nice Ltd. ADR	921	0.33	
44,176 Prysmian SpA	3,040	1.10	
50,379 Severstal PAO GDR <sup>b</sup>	0	0.00	
<b>North America</b>	<b>683</b>	<b>0.25</b>	<b>0.52</b>
<b>North American equities</b>	<b>683</b>	<b>0.25</b>	<b>0.52</b>
6,709 Itron, Inc.	683	0.25	
<b>Asia Pacific</b>	<b>878</b>	<b>0.32</b>	<b>0.47</b>
<b>Asia Pacific equities</b>	<b>878</b>	<b>0.32</b>	<b>0.47</b>
942,000 CIMC Enric Holdings Ltd.	878	0.32	
<b>Fixed income</b>	<b>262,283</b>	<b>94.63</b>	<b>98.96</b>
<b>United Kingdom</b>	<b>26,691</b>	<b>9.63</b>	<b>6.70</b>
<b>Investment grade corporate bonds</b>	<b>9,668</b>	<b>3.49</b>	<b>1.55</b>
US\$3,826,000 Barclays Bank PLC 0% 18/02/2025 (Visa, Inc.)	4,070	1.47	
US\$5,432,000 Barclays Bank PLC 1% 16/02/2029 (Microsoft Corp.)	5,598	2.02	
<b>Below investment grade corporate bonds</b>	<b>7,972</b>	<b>2.88</b>	<b>0.80</b>
US\$3,800,000 HTA Group Ltd. 2.875% 18/03/2027 (Helios Towers PLC)	3,551	1.28	
US\$826,000 HTA Group Ltd. 7.5% 04/06/2029	828	0.30	
US\$1,414,000 Immunocore Holdings PLC 2.5% 01/02/2030 (Immunocore Holdings PLC)	1,229	0.45	
£1,994,000 Ocado Group PLC 3.875% 08/10/2026	2,364	0.85	
<b>Corporate bonds with no credit rating</b>	<b>9,051</b>	<b>3.26</b>	<b>4.35</b>
£3,600,000 Shaftesbury Capital PLC 2% 30/03/2026 (Shaftesbury Capital PLC)	4,382	1.58	
£3,900,000 WH Smith PLC 1.625% 07/05/2026 (WH Smith PLC)	4,669	1.68	
<b>Denmark</b>	<b>0</b>	<b>0.00</b>	<b>0.32</b>
<b>Corporate bonds with no credit rating</b>	<b>0</b>	<b>0.00</b>	<b>0.32</b>
<b>France</b>	<b>4,089</b>	<b>1.48</b>	<b>4.22</b>
<b>Investment grade corporate bonds</b>	<b>2,787</b>	<b>1.01</b>	<b>2.70</b>
€2,000,000 BNP Paribas SA 0% 13/05/2025 (BNP Paribas SA)	2,787	1.01	

# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Fixed income (continued)</b>			
<b>France (continued)</b>			
<b>Corporate bonds with no credit rating</b>			
€1,224,739 SOITEC 0% 01/10/2025 (SOITEC)	1,302	0.47	1.52
<b>Germany</b>			
<b>Investment grade corporate bonds</b>			
<b>Corporate bonds with no credit rating</b>			
€2,800,000 Duerr AG 0.75% 15/01/2026 (Duerr AG)	2,868	1.04	
€4,800,000 RAG-Stiftung 1.875% 16/11/2029 (Evonik Industries AG)	5,721	2.06	
€2,900,000 Zalando SE 0.625% 06/08/2027 (Zalando SE)	2,800	1.01	
<b>Ireland</b>			
<b>Below investment grade corporate bonds</b>			
US\$7,037,000 Jazz Investments I Ltd. 2% 15/06/2026 (Jazz Pharmaceuticals PLC)	6,879	2.48	2.71
<b>Italy</b>			
<b>Investment grade corporate bonds</b>			
<b>Below investment grade corporate bonds</b>			
€2,100,000 Nexi SpA 1.75% 24/04/2027 (Nexi SpA)	2,104	0.76	
€3,200,000 Saipem SpA 2.875% 11/09/2029 (Saipem SpA)	4,647	1.68	
<b>Netherlands</b>			
<b>Corporate bonds with no credit rating</b>			
€1,400,000 Davide Campari-Milano NV 2.375% 17/01/2029 (Davide Campari-Milano NV)	1,519	0.55	
€900,000 Pharming Group NV 4.5% 25/04/2029 (Pharming Group NV)	963	0.35	
<b>Spain</b>			
<b>Investment grade corporate bonds</b>			
€6,100,000 Cellnex Telecom SA 0.5% 05/07/2028 (Cellnex Telecom SA)	6,815	2.46	2.76
<b>Switzerland</b>			
<b>Investment grade corporate bonds</b>			
US\$5,200,000 STMicroelectronics NV 0% 04/08/2027 (STMicroelectronics NV)	5,233	1.89	2.11
<b>United States</b>			
<b>Investment grade corporate bonds</b>			
US\$2,389,000 BofA Finance LLC 0.6% 25/05/2027 (Merck & Co., Inc.)	2,668	0.96	4.88

# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Fixed income (continued)</b>			
<b>United States (continued)</b>			
<b>Investment grade corporate bonds (continued)</b>			
US\$5,415,000 Global Payments, Inc. 1.5% 01/03/2031 (Global Payments, Inc.)	5,105	1.84	
US\$3,700,000 Goldman Sachs Finance Corp. International Ltd. 0% 15/03/2027 (Tencent Holdings Ltd.)	4,085	1.47	
US\$1,513,000 NextEra Energy Partners LP 0% 15/11/2025 (NextEra Energy Partners LP)	1,385	0.50	
US\$2,837,000 Rexford Industrial Realty LP 4.125% 15/03/2029 (Rexford Industrial Realty, Inc.)	2,872	1.04	
US\$5,767,000 Southwest Airlines Co. 1.25% 01/05/2025 (Southwest Airlines Co.)	5,708	2.06	
	<b>15,916</b>	<b>5.74</b>	<b>5.70</b>
<b>Below investment grade corporate bonds</b>			
US\$2,683,000 Spirit AeroSystems, Inc. 3.25% 01/11/2028 (Spirit AeroSystems Holdings, Inc.)	3,799	1.37	
US\$739,000 Uber Technologies, Inc. 0.01% 15/12/2025 (Uber Technologies, Inc.)	754	0.27	
US\$7,865,000 Uber Technologies, Inc. 0.875% 01/12/2028 (Uber Technologies, Inc.)	8,699	3.14	
US\$2,651,000 Uber Technologies, Inc. 8% 01/11/2026	2,664	0.96	
	<b>71,618</b>	<b>25.84</b>	<b>29.93</b>
<b>Corporate bonds with no credit rating</b>			
US\$3,456,000 Advanced Energy Industries, Inc. 2.5% 15/09/2028 (Advanced Energy Industries, Inc.)	3,617	1.30	
US\$6,467,000 Akamai Technologies, Inc. 0.375% 01/09/2027 (Akamai Technologies, Inc.)	6,556	2.37	
US\$1,644,000 Amphastar Pharmaceuticals, Inc. 2% 15/03/2029 (Amphastar Pharmaceuticals, Inc.)	1,627	0.59	
US\$6,024,000 Box, Inc. 0% 15/01/2026 (Box, Inc.)	7,115	2.57	
US\$1,691,000 Exact Sciences Corp. 1.75% 15/04/2031 (Exact Sciences Corp.)	1,414	0.51	
US\$1,518,000 Exact Sciences Corp. 2% 01/03/2030 (Exact Sciences Corp.)	1,410	0.51	
US\$4,480,000 Halozyme Therapeutics, Inc. 1% 15/08/2028 (Halozyme Therapeutics, Inc.)	5,166	1.86	
US\$1,411,000 InterDigital, Inc. 3.5% 01/06/2027 (InterDigital, Inc.)	2,281	0.82	
US\$591,000 Itron, Inc. 0.01% 15/03/2026 (Itron, Inc.)	600	0.22	
US\$6,148,000 Itron, Inc. 1.375% 15/07/2030 (Itron, Inc.)	6,168	2.23	
€5,800,000 JPMorgan Chase Financial Co. LLC 0% 29/04/2025 (Deutsche Telekom AG)	7,797	2.81	

# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Fixed income (continued)</b>			
<b>United States (continued)</b>			
<b>Corporate bonds with no credit rating (continued)</b>			
US\$6,868,000 Lantheus Holdings, Inc. 2.625% 15/12/2027 (Lantheus Holdings, Inc.)	10,606	3.83	
US\$5,240,000 Live Nation Entertainment, Inc. 3.125% 15/01/2029 (Live Nation Entertainment, Inc.)	5,882	2.12	
US\$1,887,000 MACOM Technology Solutions Holdings, Inc. 0.25% 15/03/2026 (MACOM Technology Solutions Holdings, Inc.)	2,384	0.86	
US\$3,505,000 MP Materials Corp. 3% 01/03/2030 (MP Materials Corp.)	3,188	1.15	
US\$1,368,000 Nutanix, Inc. 0.25% 01/10/2027 (Nutanix, Inc.)	1,477	0.53	
US\$989,000 Stride, Inc. 1.125% 01/09/2027 (Stride, Inc.)	1,510	0.54	
US\$2,222,000 Vertex, Inc. 0.75% 01/05/2029 (Vertex, Inc.)	2,820	1.02	
<b>Mexico</b>	<b>0</b>	<b>0.00</b>	<b>1.34</b>
<b>Investment grade corporate bonds</b>	<b>0</b>	<b>0.00</b>	<b>1.34</b>
<b>Japan</b>	<b>8,379</b>	<b>3.02</b>	<b>1.28</b>
<b>Corporate bonds with no credit rating</b>	<b>8,379</b>	<b>3.02</b>	<b>1.28</b>
¥280,000,000 INFRONEER Holdings, Inc. 0.01% 30/03/2029 (INFRONEER Holdings, Inc.)	1,838	0.66	
¥520,000,000 Park24 Co. Ltd. 0% 24/02/2028 (Park24 Co. Ltd.)	3,230	1.17	
¥360,000,000 Sanrio Co. Ltd. 0% 14/12/2028 (Sanrio Co. Ltd.)	3,311	1.19	
<b>Australia</b>	<b>4,615</b>	<b>1.66</b>	<b>1.20</b>
<b>Investment grade corporate bonds</b>	<b>4,615</b>	<b>1.66</b>	<b>1.20</b>
AU\$6,800,000 DEXUS Finance Pty. Ltd. 3.5% 24/11/2027 (Dexus)	4,615	1.66	
<b>China</b>	<b>43,873</b>	<b>15.83</b>	<b>12.84</b>
<b>Investment grade corporate bonds</b>	<b>15,226</b>	<b>5.49</b>	<b>2.90</b>
US\$5,873,000 JD.com, Inc. 0.25% 01/06/2029 (JD.com, Inc.)	5,505	1.99	
US\$1,144,000 Lenovo Group Ltd. 2.5% 26/08/2029 (Lenovo Group Ltd.)	1,458	0.52	
US\$9,100,000 Meituan 0% 27/04/2028 (Meituan)	8,263	2.98	
<b>Below investment grade corporate bonds</b>	<b>3,159</b>	<b>1.14</b>	<b>0.70</b>
US\$1,737,000 Longfor Group Holdings Ltd. 3.85% 13/01/2032	1,124	0.41	
US\$2,817,000 Longfor Group Holdings Ltd. 3.95% 16/09/2029	2,035	0.73	
<b>Corporate bonds with no credit rating</b>	<b>25,488</b>	<b>9.20</b>	<b>9.24</b>
US\$5,082,000 H World Group Ltd. 3% 01/05/2026 (H World Group Ltd.)	5,141	1.86	

# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Fixed income (continued)</b>			
<b>China (continued)</b>			
<b>Corporate bonds with no credit rating (continued)</b>			
US\$3,800,000 Ping An Insurance Group Co. of China Ltd. 0.875% 22/07/2029 (Ping An Insurance Group Co. of China Ltd.)	3,720	1.34	
HK\$26,000,000 Sail Vantage Ltd. 0% 13/01/2027 (China Meidong Auto)	3,378	1.22	
US\$2,867,000 Trip.com Group Ltd. 1.5% 01/07/2027 (H World Group Ltd.)	2,940	1.06	
HK\$31,000,000 Zhongsheng Group Holdings Ltd. 0% 21/05/2025 (Zhongsheng Group Holdings Ltd.)	4,434	1.60	
US\$6,177,000 ZTO Express Cayman, Inc. 1.5% 01/09/2027 (ZTO Express Cayman, Inc.)	5,875	2.12	
<b>Hong Kong</b>	<b>3,069</b>	<b>1.11</b>	<b>1.27</b>
<b>Corporate bonds with no credit rating</b>	<b>3,069</b>	<b>1.11</b>	<b>1.27</b>
HK\$24,000,000 CIMC Enric Holdings Ltd. 0% 30/11/2026 (CIMC Enric Holdings Ltd.)	3,069	1.11	
<b>India</b>	<b>0</b>	<b>0.00</b>	<b>1.12</b>
<b>Investment grade corporate bonds</b>	<b>0</b>	<b>0.00</b>	<b>1.12</b>
<b>New Zealand</b>	<b>3,303</b>	<b>1.19</b>	<b>0.00</b>
<b>Corporate bonds with no credit rating</b>	<b>3,303</b>	<b>1.19</b>	<b>0.00</b>
US\$3,175,000 Xero Investments Ltd. 1.625% 12/06/2031 (Xero Ltd.)	3,303	1.19	
<b>South Korea</b>	<b>3,780</b>	<b>1.36</b>	<b>1.47</b>
<b>Investment grade corporate bonds</b>	<b>2,393</b>	<b>0.86</b>	<b>1.47</b>
US\$1,400,000 SK Hynix, Inc. 1.75% 11/04/2030 (SK Hynix, Inc.)	2,393	0.86	
<b>Corporate bonds with no credit rating</b>	<b>1,387</b>	<b>0.50</b>	<b>0.00</b>
€800,000 Delivery Hero SE 1% 23/01/2027 (Delivery Hero SE)	724	0.26	
€700,000 Delivery Hero SE 3.25% 21/02/2030 (Delivery Hero SE)	663	0.24	
<b>Israel</b>	<b>5,122</b>	<b>1.85</b>	<b>3.92</b>
<b>Corporate bonds with no credit rating</b>	<b>5,122</b>	<b>1.85</b>	<b>3.92</b>
US\$1,220,000 CyberArk Software Ltd. 0% 15/11/2024 (CyberArk Software Ltd.)	2,001	0.72	
US\$3,298,000 Nice Ltd. 0% 15/09/2025 (Nice Ltd.)	3,121	1.13	
<b>Cayman Islands</b>	<b>10,456</b>	<b>3.77</b>	<b>3.50</b>
<b>Below investment grade corporate bonds</b>	<b>10,456</b>	<b>3.77</b>	<b>3.50</b>
US\$7,872,000 Seagate HDD Cayman 3.5% 01/06/2028 (Seagate Technology Holdings PLC)	10,456	3.77	
<b>Portfolio of investments</b>	<b>271,094</b>	<b>97.81</b>	

# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Share class hedging</b>	<b>(12)</b>	<b>(0.01)</b>	<b>0.00</b>
<b>Forward currency contracts for share class hedging</b>	<b>(12)</b>	<b>(0.01)</b>	<b>0.00</b>
£18,336 Bought for AUD35,088 (expires 14.08.24)	1	0.00	
£175,529 Bought for €208,565 (expires 14.08.24)	(1)	0.00	
£44,815 Bought for HKD453,607 (expires 14.08.24)	0	0.00	
£30,427 Bought for ¥6,216,806 (expires 14.08.24)	(2)	0.00	
AU\$2,112 Bought for £1,095 (expires 14.08.24)	0	0.00	
€12,863 Bought for £10,853 (expires 14.08.24)	0	0.00	
HK\$26,565 Bought for £2,634 (expires 14.08.24)	0	0.00	
¥439,113 Bought for £2,183 (expires 14.08.24)	0	0.00	
£767,828 Bought for US\$996,371 (expires 14.08.24)	(10)	(0.01)	
£(58,613) Sold for US\$75,734 (expires 14.08.24)	0	0.00	
<b>Total portfolio</b>	<b>271,082</b>	<b>97.80</b>	<b>100.50</b>
<b>Net other assets/(liabilities)</b>	<b>6,091</b>	<b>2.20</b>	<b>(0.50)</b>
<b>Net assets attributable to shareholders</b>	<b>277,173</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> The underlying stock for each convertible bond is shown in brackets.

<sup>b</sup> M&G's Valuation Sub Committee are valuing these securities at £nil until further notice

# Portfolio statement

## Top ten portfolio transactions for the six months to 31 July 2024

Largest purchases	\$'000
Itron, Inc. 1.375% 15/07/2030 (Itron, Inc.)	6,201
JD.com, Inc. 0.25% 01/06/2029 (JD.com, Inc.)	5,852
Barclays Bank PLC 1% 16/02/2029 (Microsoft Corp.)	5,821
Global Payments, Inc. 1.5% 01/03/2031 (Global Payments, Inc.)	5,457
Goldman Sachs Finance Corp. International Ltd. 0% 15/03/2027 (Tencent Holdings Ltd.)	4,224
Ping An Insurance Group Co. of China Ltd. 0.875% 22/07/2029 (Ping An Insurance Group Co. of China Ltd.)	3,800
Itron, Inc. 0% 15/03/2026 (Itron, Inc.)	3,769
MP Materials Corp. 3% 01/03/2030 (MP Materials Corp.)	3,464
Xero Investments Ltd. 1.625% 12/06/2031 (Xero Ltd.)	3,192
Rexford Industrial Realty LP 4.125% 15/03/2029 (Rexford Industrial Realty, Inc.)	2,854
Other purchases	56,792
<b>Total purchases</b>	<b>101,426</b>

Largest sales	\$'000
Prysmian SpA 0% 02/02/2026 (Prysmian SpA)	10,504
MP Materials Corp. 0.25% 01/04/2026 (MP Materials Corp.)	4,775
BNP Paribas SA 0% 13/05/2025 (BNP Paribas SA)	3,788
Itron, Inc. 0% 15/03/2026 (Itron, Inc.)	3,152
Shockwave Medical, Inc. 1% 15/08/2028 (Shockwave Medical, Inc.)	3,141
Fomento Economico Mexicano SAB de CV 2.625% 24/02/2026 (Heineken Holding NV)	3,103
Lyft, Inc. 1.5% 15/05/2025 (Lyft, Inc.)	3,014
Pharmaron Beijing Co. Ltd. 0% 18/06/2026 (Pharmaron Beijing Co. Ltd.)	3,000
MACOM Technology Solutions Holdings, Inc. 0.25% 15/03/2026 (MACOM Technology Solutions Holdings, Inc.)	2,941
Bharti Airtel Ltd. 1.5% 17/02/2025 (Bharti Airtel Ltd.)	2,672
Other sales	37,463
<b>Total sales</b>	<b>77,553</b>

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](http://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 'Comparative tables' for the share class launch dates.

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+4.5	-0.2	+1.4	+4.3
Class 'A' Accumulation	+4.5	-0.2	+1.3	+4.3
Class 'A-H' Accumulation	+5.7	-2.2	+2.4	+1.9
Class 'I' Income	+4.7	+0.2	+1.8	+4.9
Class 'I' Accumulation	+4.7	+0.2	+1.8	+4.9
Class 'I-H' Accumulation	+6.0	-1.5	+3.0	+2.5
Class 'PP' Income	+4.8	+0.3	n/a	n/a
Class 'PP' Accumulation	+4.8	+0.3	+1.9	n/a
Class 'R' Income	+4.6	-0.1	+1.6	+4.6
Class 'R' Accumulation	+4.6	-0.1	+1.5	+4.6
Class 'R-H' Accumulation	+5.8	-2.0	+2.6	+2.3
<b>Benchmark unhedged</b>	<b>+1.9</b>	<b>-2.6</b>	<b>+1.2</b>	<b>+4.7</b>
<b>Benchmark hedged</b>	<b>+3.4</b>	<b>-3.4</b>	<b>+2.9</b>	<b>+2.9</b>

<sup>a</sup> Not annualised.

## Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

# Financial highlights

## Sterling Class 'A' Income shares

The share class was launched on 13 July 2007.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	222,215	181,701	149,566
Number of shares	106,529,345	91,868,025	73,557,766
Closing NAV per share (UK p)	162.43	155.90	164.99
Operating charges (%)	1.25	1.25	1.25

## Sterling Class 'A' Accumulation shares

The share class was launched on 13 July 2007.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	1,473	1,596	2,223
Number of shares	487,895	557,616	787,869
Closing NAV per share (UK p)	235.14	225.67	228.92
Operating charges (%)	1.25	1.25	1.25

## Sterling Class 'A-H' Accumulation shares

The share class was launched on 28 September 2012.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	11	27	94
Number of shares	6,000	15,841	56,593
Closing NAV per share (UK p)	144.31	136.90	134.88
Operating charges (%)	1.28	1.28	1.28

## Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	4,390	4,944	12,763
Number of shares	246,361	293,163	739,241
Closing NAV per share (UK p)	1,387.74	1,329.32	1,400.97
Operating charges (%)	0.85	0.85	0.85

## Sterling Class 'I' Accumulation shares

The share class was launched on 13 July 2007.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	43,536	41,976	40,863
Number of shares	13,085,862	13,335,117	13,225,597
Closing NAV per share (UK p)	259.07	248.13	250.71
Operating charges (%)	0.85	0.85	0.85

## Sterling Class 'I-H' Accumulation shares

The share class was launched on 28 September 2012.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	1,245	1,432	3,326
Number of shares	623,505	767,149	1,883,984
Closing NAV per share (UK p)	155.46	147.11	143.23
Operating charges (%)	0.88	0.88	0.88

# Financial highlights

## Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	3,660	996	721
Number of shares	3,048,301	877,566	621,000
Closing NAV per share (UK p)	93.51	89.51	94.18
Operating charges (%)	0.70	0.70	0.70

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	109	128	119
Number of shares	62,515	77,269	69,462
Closing NAV per share (UK p)	135.99	130.43	137.80
Operating charges (%)	1.10	1.10	1.10

## Sterling Class 'R-H' Accumulation shares

The share class was launched on 28 September 2012.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	22	49	50
Number of shares	11,396	26,729	28,729
Closing NAV per share (UK p)	151.73	143.81	141.19
Operating charges (%)	1.13	1.13	1.13

## Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	232	227	233
Number of shares	149,538	155,000	162,000
Closing NAV per share (UK p)	120.80	115.61	116.63
Operating charges (%)	0.70	0.70	0.70

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	280	337	364
Number of shares	119,833	152,057	167,159
Closing NAV per share (UK p)	182.14	174.66	176.91
Operating charges (%)	1.10	1.10	1.10

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 31 July	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Net capital gains/(losses)		9,415		1,014
Revenue	5,176		5,261	
Expenses	(1,439)		(1,449)	
Interest payable and similar charges	0		(6)	
Net revenue/(expense) before taxation	3,737		3,806	
Taxation	(1)		0	
Net revenue/(expense) after taxation		3,736		3,806
<b>Total return before equalisation</b>		<b>13,151</b>		<b>4,820</b>
Equalisation		510		172
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>13,661</b>		<b>4,992</b>

### Statement of change in net assets attributable to shareholders

for the six months to 31 July	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>233,413</b>		<b>210,322</b>
Amounts received on issue of shares	33,090		72,636	
Amounts paid on cancellation of shares	(3,081)		(14,097)	
		30,009		58,539
Dilution adjustments		90		362
Change in net assets attributable to shareholders from investment activities (see above)		13,661		4,992
<b>Closing net assets attributable to shareholders</b>		<b>277,173</b>		<b>274,215</b>

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 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 2024 \$'000	31 January 2024 \$'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	271,095	234,581
<b>Current assets</b>		
Debtors	1,378	1,326
Cash and bank balances	288	301
Cash equivalents	4,788	6,028
<b>Total assets</b>	<b>277,549</b>	<b>242,236</b>
<b>Liabilities</b>		
Investment liabilities	(13)	(3)
<b>Creditors</b>		
Distribution payable	0	(8,170)
Other creditors	(363)	(650)
<b>Total liabilities</b>	<b>(376)</b>	<b>(8,823)</b>
<b>Net assets attributable to shareholders</b>	<b>277,173</b>	<b>233,413</b>

# 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

For the purposes of these financial statements, the Prospectus dated 26 April 2024 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the Bloomberg Global Aggregate Corporate Index (GBP Hedged) over any five-year period.

## Investment policy

At least 80% of the fund is invested directly in investment grade corporate bonds including investment grade asset-backed securities. These securities may be issued by companies that are domiciled in any country, including emerging markets.

The investment grade corporate bonds may be denominated in any currency and currency exposure is typically hedged back to GBP.

The fund may also invest in:

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

The fund may invest in unrated debt securities, and the fund manager's opinion of the credit rating shall be used for the purposes of the above tests.

Investments in asset-backed securities are limited to 20% of the fund. Investments in contingent convertible debt securities are limited to 20% of the fund.

Derivatives (including total return swaps) may be used for investment purposes, efficient portfolio management and hedging.

## Investment approach

The fund is globally diversified and seeks to provide exposure to a broad range of issuers across a variety of sectors.

The fund managers have the flexibility to adjust the fund's credit exposure, sector positioning and regional allocations based on the assessment of current market valuations and the macroeconomic environment.

Individual credit selection based on bottom-up analysis of the global corporate bond market by in-house credit analysts complements the fund managers' views.

## Benchmark

Bloomberg Global Aggregate Corporate Index (GBP Hedged)

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

The fund is actively managed and within the given constraints the fund managers have 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 each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

# Authorised Corporate Director's Report

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 period from 19 January 2024 (the launch date of the fund) to 31 July 2024

**Performance against objective**

As the fund was launched less than 12 months ago, on 19 January 2024, this report does not include performance. It is too early to state whether the fund has met its objective, to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the Bloomberg Global Aggregate Corporate Index (GBP Hedged) over any five-year period.

**Market review**

Following the global bond market rally late in 2023, the subsequent six months were characterised by lacklustre performance as markets adjusted their expectations regarding the path of interest rates. As the timing of the expected rate cuts was pushed out, government bond prices declined over the period before recovering in July on signals from the US Federal Reserve (Fed) that a cut was in view. US Treasuries were up 1.6% over the period, while UK and German government bonds were up 1.3% and 0.2%, respectively.

Corporate bonds performed well over much of the period. Returns from global investment grade bonds were 2.4% in the period under review, while high yield global bonds returned 5.2%. The global investment grade index closed the period with a yield of 4.7%.

Building on a strong performance from the previous year, hard currency emerging market corporate and government bonds sustained their positive momentum in the first half of 2024. Over the six-month period to the end of July, emerging markets hard currency government bonds returned 5.3% while hard currency corporate bonds delivered 4.8%. Local currency debt recorded flat returns over the same period.

**Fund positioning**

The fund has around 80% invested in investment grade corporate bond funds, just over 1% in high yield bonds and around 10% in government bonds. We continue to seek to position the fund so that it can benefit from incoming interest rate cuts, having lowered our corporate bond allocation and increased our government bond exposure since the beginning of the six-month review period. We expected the Bank of England and the European Central Bank to cut interest rates first, and wanted the fund to be in a position to benefit from subsequent market reaction. Therefore, during the period under review, we increased our exposure to UK and European government bonds at the expense of US government bonds.

While being close to fully invested, the fund remains light on credit risk, meaning we are currently holding higher rated, and therefore less risky, investment grade bonds. We have increased the overall credit rating of the fund over the period. During the period, we moved away from bonds with maturities between one and three years and those with maturities longer than 15 years, as we saw fewer opportunities in these types of bonds, preferring instead maturities between three and 10 years.

**Investment activities**

Most of our activity over the period focused on improving the credit quality of what the fund holds and



# Authorised Corporate Director's Report

switching out of longer-dated bonds in favour of bonds of shorter maturities.

We bought new issues offering attractive premia, including bonds from Swiss healthcare manufacturer Lonza Finance, European diagnostics firm Werfen, and aerospace company Boeing. We reduced our exposure to some French bank paper following volatility caused by the snap elections that were called in June by President Macron.

## Outlook

In our view, the macroeconomic environment remains supportive for the investment grade corporate bonds. Inflationary pressures are slowly easing, while growth remains supported by a healthy labour market. Many investment-grade companies remain in a solid position, having taken proactive measures to hedge against rising inflation during the COVID period.

We think the main opportunity remains in duration (exposure to the risk of changes in interest rates) and we retain a long position here. We believe that the more likely scenario for this year is not a soft landing, but a slowdown followed by central banks cutting interest rates. Therefore, we want to be exposed to government bonds that have longer duration, which we would expect to perform well in such a scenario. We continue to favour shorter-dated bonds across all regions, both for government and corporate bonds.

## Ben Lord and Mario Eisenegger

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 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income</b>	<b>257,627</b>	<b>98.43</b>
<b>Debt securities</b>	<b>256,729</b>	<b>98.09</b>
<b>'AAA' credit rated bonds</b>	<b>25,522</b>	<b>9.75</b>
€300,000 Banco BPI SA 3.25% 22/03/2030	255	0.10
£1,400,000 Bayerische Landesbank 1% 20/12/2024	1,376	0.53
€700,000 BPCE SFH SA 3.125% 22/05/2034	597	0.23
€460,000 Bundesrepublik Deutschland Bundesanleihe 2.3% 15/02/2033	390	0.15
€1,500,000 Commerzbank AG 3% 13/03/2034	1,274	0.49
€1,000,000 Credit Agricole Home Loan SFH SA 3% 01/12/2030	846	0.32
€1,500,000 Credit Agricole Home Loan SFH SA 3% 11/12/2032	1,270	0.49
€917,000 Johnson & Johnson 3.2% 01/06/2032	788	0.30
US\$2,632,000 Kreditanstalt fuer Wiederaufbau 1.25% 31/01/2025	2,010	0.77
£1,227,000 Kreditanstalt fuer Wiederaufbau 1.375% 09/12/2024	1,211	0.46
£1,015,000 Lloyds Bank PLC 4.875% 30/03/2027	1,023	0.39
£2,500,000 Lloyds Bank PLC 5.125% 07/03/2025	2,500	0.95
£1,350,000 National Australia Bank Ltd. FRN 5.8335% 17/06/2026	1,354	0.52
€1,500,000 Nationwide Building Society 3.309% 02/05/2034	1,300	0.50
€701,000 New York Life Global Funding 0.25% 04/10/2028	527	0.20
€1,879,000 New York Life Global Funding 3.625% 09/01/2030	1,627	0.62
US\$5,032,000 New York Life Global Funding 4.9% 13/06/2028	3,929	1.50
£1,101,000 Northwestern Mutual Global Funding 4.88% 12/12/2029	1,120	0.43
US\$1,500,000 Northwestern Mutual Global Funding 5.16% 28/05/2031	1,190	0.45
€751,000 Santander U.K. PLC 3% 12/03/2029	636	0.24
€350,000 TSB Bank PLC 3.319% 05/03/2029	299	0.11
<b>'AA' credit rated bonds</b>	<b>58,125</b>	<b>22.21</b>
€1,600,000 Banca Monte dei Paschi di Siena SpA 3.375% 16/07/2030	1,361	0.52
€300,000 Banco Santander SA 3.125% 28/05/2029	255	0.10
€800,000 Banco Santander Totta SA 3.25% 15/02/2031	682	0.26
€600,000 Banque Federative du Credit Mutuel SA 3.125% 14/09/2027	505	0.19
US\$1,141,000 Banque Federative du Credit Mutuel SA 4.753% 13/07/2027	883	0.34
£1,200,000 Banque Federative du Credit Mutuel SA 5.375% 25/05/2028	1,227	0.47
US\$2,082,000 BNP Paribas SA Var 5.335% 12/06/2029	1,639	0.63
US\$1,000,000 Cisco Systems, Inc. 4.85% 26/02/2029	789	0.30

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>		
<b>Debt securities (continued)</b>		
<b>'AA' credit rated bonds (continued)</b>		
US\$1,000,000 Cisco Systems, Inc. 4.95% 26/02/2031	790	0.30
€500,000 Credit Agricole Italia SpA 3.5% 15/07/2033	434	0.17
€800,000 Credit Agricole Italia SpA 3.5% 11/03/2036	691	0.26
€1,800,000 Credit Agricole SA 4.125% 07/03/2030	1,579	0.60
€358,000 Iccrea Banca SpA 3.5% 04/03/2032	307	0.12
€2,502,000 MassMutual Global Funding II 3.75% 19/01/2030	2,157	0.82
US\$1,500,000 MassMutual Global Funding II 5.15% 30/05/2029	1,186	0.45
US\$3,416,000 Meta Platforms, Inc. 3.85% 15/08/2032	2,505	0.96
€1,149,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	1,022	0.39
US\$2,301,000 Metropolitan Life Global Funding I 2.95% 09/04/2030	1,620	0.62
US\$240,000 Metropolitan Life Global Funding I 3% 19/09/2027	177	0.07
US\$1,299,000 Metropolitan Life Global Funding I 4.3% 25/08/2029	984	0.38
US\$3,006,000 Metropolitan Life Global Funding I 5.15% 28/03/2033	2,350	0.90
US\$1,191,000 Metropolitan Life Global Funding I 5.4% 12/09/2028	948	0.36
US\$916,000 NBN Co. Ltd. 5.75% 06/10/2028	740	0.28
£1,460,000 Nestle Capital Corp. 4.5% 22/03/2029	1,466	0.56
€751,000 Novo Nordisk Finance Netherlands BV 3.25% 21/01/2031	641	0.25
US\$744,000 Protective Life Global Funding 5.215% 12/06/2029	586	0.22
US\$2,632,000 Roche Holdings, Inc. 1.93% 13/12/2028	1,834	0.70
US\$510,000 Siemens Financieringsmaatschappij NV 1.7% 11/03/2028	359	0.14
€500,000 Siemens Financieringsmaatschappij NV 3.625% 22/02/2044	421	0.16
£4,400,000 U.K. Gilts 0.625% 22/10/2050	1,805	0.69
US\$9,287,200 U.S. Treasury Bonds 1.125% 15/08/2040	4,528	1.73
US\$9,182,100 U.S. Treasury Bonds 1.25% 15/05/2050	3,637	1.39
US\$613,100 U.S. Treasury Inflation-Indexed Bonds 0.625% 15/02/2043	500	0.19
US\$7,750,000 U.S. Treasury Notes 0.5% 31/10/2027	5,373	2.05
US\$2,035,000 U.S. Treasury Notes 0.625% 15/05/2030	1,307	0.50
US\$12,650,000 U.S. Treasury Notes 1.125% 29/02/2028	8,877	3.39
€671,000 UBS AG 7.75% 10/03/2026	700	0.27
US\$1,600,000 Westpac New Zealand Ltd. 5.195% 28/02/2029	1,260	0.48

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>		
<b>Debt securities (continued)</b>		
<b>'A' credit rated bonds</b>		
	<b>77,753</b>	<b>29.71</b>
US\$1,897,000 AbbVie, Inc. 3.2% 21/11/2029	1,378	0.53
€800,000 Aena SME SA 4.25% 13/10/2030	707	0.27
€800,000 Air Liquide Finance SA 3.375% 29/05/2034	683	0.26
US\$1,916,000 American Water Capital Corp. 3.75% 01/09/2028	1,437	0.55
US\$460,000 American Water Capital Corp. 6.593% 15/10/2037	406	0.15
€840,000 Anheuser-Busch InBev SA 3.75% 22/03/2037	720	0.27
€436,000 Arion Banki Hf. 4.625% 21/11/2028	376	0.14
€1,000,000 Avinor AS 3.5% 29/05/2034	848	0.32
€600,000 Ayvens SA 3.875% 22/02/2027	512	0.20
€1,000,000 Banco de Sabadell SA 3.25% 05/06/2034	855	0.33
£800,000 Banco Santander SA 5.375% 17/01/2031	817	0.31
US\$800,000 Banco Santander SA 6.938% 07/11/2033	693	0.26
US\$713,000 Bank of America Corp. Var 1.53% 06/12/2025	547	0.21
£729,000 Bank of America Corp. Var 1.667% 02/06/2029	649	0.25
US\$1,597,000 Bank of America Corp. Var 2.087% 14/06/2029	1,118	0.43
US\$1,311,000 Bank of America Corp. Var 4.271% 23/07/2029	994	0.38
US\$1,173,000 Bank of America Corp. Var 5.202% 25/04/2029	920	0.35
US\$1,861,000 Barclays PLC Var 7.437% 02/11/2033	1,627	0.62
€400,000 Belfius Bank SA 3.75% 22/01/2029	342	0.13
US\$1,000,000 BPCE SA Var 2.277% 20/01/2032	639	0.24
US\$1,032,000 CenterPoint Energy Resources Corp. 5.4% 01/07/2034	807	0.31
US\$1,700,000 Cintas Corp. No. 2 4% 01/05/2032	1,259	0.48
US\$865,000 Citigroup, Inc. Var 3.98% 20/03/2030	643	0.25
US\$1,221,000 Comcast Corp. 3.25% 01/11/2039	745	0.28
US\$1,349,000 Comcast Corp. 3.4% 01/04/2030	979	0.37
US\$1,891,000 Comcast Corp. 3.75% 01/04/2040	1,213	0.46
US\$1,201,000 Credit Agricole SA Var 5.335% 10/01/2030	939	0.36
US\$1,201,000 CSL Finance PLC 3.85% 27/04/2027	911	0.35
US\$520,000 CSL Finance PLC 4.625% 27/04/2042	367	0.14
US\$1,600,000 Deutsche Bank AG 5.414% 10/05/2029	1,263	0.48

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>		
<b>Debt securities (continued)</b>		
<b>'A' credit rated bonds (continued)</b>		
€586,000 DSM BV 3.625% 02/07/2034	501	0.19
US\$1,700,000 Duke Energy Progress LLC 5.1% 15/03/2034	1,335	0.51
€461,000 East Japan Railway Co. 4.11% 22/02/2043	404	0.15
US\$1,605,000 Eli Lilly & Co. 3.375% 15/03/2029	1,195	0.46
US\$1,241,000 Entergy Texas, Inc. 1.75% 15/03/2031	795	0.30
US\$87,000 FirstEnergy Pennsylvania Electric Co. 5.15% 30/03/2026	68	0.03
US\$62,000 FirstEnergy Pennsylvania Electric Co. 5.2% 01/04/2028	49	0.02
US\$1,149,000 GlaxoSmithKline Capital, Inc. 3.875% 15/05/2028	873	0.33
US\$1,009,000 Goldman Sachs Group, Inc. Var 1.992% 27/01/2032	647	0.25
€750,000 Hamburg Commercial Bank AG 4.75% 02/05/2029	658	0.25
€1,082,000 Honeywell International, Inc. 3.375% 01/03/2030	918	0.35
£850,000 HSBC Holdings PLC Var 3% 29/05/2030	776	0.30
€748,000 Illinois Tool Works, Inc. 3.375% 17/05/2032	638	0.24
US\$700,000 Intel Corp. 5.2% 10/02/2033	553	0.21
US\$927,000 John Deere Capital Corp. 5.1% 11/04/2034	732	0.28
US\$2,000,000 JPMorgan Chase & Co. Var 2.069% 01/06/2029	1,403	0.54
US\$2,000,000 JPMorgan Chase & Co. Var 2.739% 15/10/2030	1,399	0.53
US\$1,500,000 JPMorgan Chase & Co. Var 3.782% 01/02/2028	1,135	0.43
€711,000 JT International Financial Services BV 3.625% 11/04/2034	593	0.23
US\$936,000 KBC Group NV Var 5.796% 19/01/2029	742	0.28
US\$2,728,000 Morgan Stanley Var 0.985% 10/12/2026	2,002	0.76
€915,000 Morgan Stanley Var 3.79% 21/03/2030	783	0.30
US\$749,000 Morgan Stanley Var 4.21% 20/04/2028	571	0.22
US\$1,600,000 Morgan Stanley Var 5.656% 18/04/2030	1,278	0.49
€845,000 Motability Operations Group PLC 3.625% 24/07/2029	721	0.28
£654,000 Motability Operations Group PLC 5.75% 17/06/2051	686	0.26
£154,000 National Gas Transmission PLC 5.75% 05/04/2035	156	0.06
US\$1,241,000 National Rural Utilities Cooperative Finance Corp. 5.8% 15/01/2033	1,016	0.39
£601,000 Nationwide Building Society Var 6.178% 07/12/2027	616	0.24
€1,000,000 NatWest Group PLC Var 3.673% 05/08/2031	848	0.32

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>		
<b>Debt securities (continued)</b>		
<b>'A' credit rated bonds (continued)</b>		
US\$1,561,000 NatWest Group PLC Var 5.808% 13/09/2029	1,246	0.48
€636,000 Oncor Electric Delivery Co. LLC 3.5% 15/05/2031	540	0.21
US\$150,000 Pfizer Investment Enterprises Pte. Ltd. 4.45% 19/05/2028	116	0.04
€2,079,000 Philip Morris International, Inc. 1.875% 06/11/2037	1,363	0.52
US\$1,597,000 Philip Morris International, Inc. 4.875% 15/02/2028	1,247	0.48
US\$915,000 Philip Morris International, Inc. 5.25% 07/09/2028	724	0.28
US\$829,000 Philip Morris International, Inc. 5.625% 17/11/2029	670	0.26
US\$1,600,000 Potomac Electric Power Co. 5.2% 15/03/2034	1,270	0.49
€834,000 Prologis Euro Finance LLC 4% 05/05/2034	717	0.27
€415,000 Prologis International Funding II SA 4.375% 01/07/2036	362	0.14
US\$900,000 Saudi Arabian Oil Co. 1.625% 24/11/2025	668	0.26
€1,500,000 Schneider Electric SE 3.125% 13/10/2029	1,275	0.49
€100,000 Skandinaviska Enskilda Banken AB 4% 09/11/2026	85	0.03
US\$250,000 Skandinaviska Enskilda Banken AB 5.375% 05/03/2029	197	0.08
US\$1,761,000 SMBC Aviation Capital Finance DAC 5.7% 25/07/2033	1,383	0.53
€600,000 Societe Generale SA 6.25% 22/06/2033	645	0.25
US\$3,427,000 Southern California Edison Co. 2.25% 01/06/2030	2,304	0.88
US\$990,000 Southern California Edison Co. 2.85% 01/08/2029	703	0.27
US\$1,500,000 Southwestern Public Service Co. 6% 01/06/2054	1,184	0.45
US\$475,000 Svenska Handelsbanken AB 5.5% 15/06/2028	376	0.14
£350,000 Swedbank AB Var 5.875% 24/05/2029	360	0.14
€912,000 Swisscom Finance BV 3.5% 29/11/2031	783	0.30
€577,000 Swisscom Finance BV 3.875% 29/05/2044	498	0.19
US\$701,000 U.S. Bancorp Var 5.384% 23/01/2030	554	0.21
US\$2,251,000 UBS Group AG Var 3.126% 13/08/2030	1,598	0.61
US\$1,597,000 UBS Group AG Var 5.428% 08/02/2030	1,256	0.48
US\$380,000 UBS Group AG Var 6.246% 22/09/2029	308	0.12
US\$2,500,000 Union Pacific Corp. 2.8% 14/02/2032	1,710	0.65
€478,000 Volkswagen Financial Services Overseas AG 3.875% 10/09/2030	406	0.16
US\$945,000 Wells Fargo & Co. Var 2.188% 30/04/2026	718	0.27

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>		
<b>Debt securities (continued)</b>		
<b>'A' credit rated bonds (continued)</b>		
US\$1,371,000 Wells Fargo & Co. Var 2.572% 11/02/2031	939	0.36
US\$506,000 Wells Fargo & Co. Var 4.478% 04/04/2031	382	0.15
US\$1,300,000 Wells Fargo & Co. Var 5.574% 25/07/2029	1,031	0.39
£624,000 Yorkshire Building Society Var 7.375% 12/09/2027	650	0.25
<b>'BBB' credit rated bonds</b>		
	<b>93,897</b>	<b>35.88</b>
US\$1,492,000 AEP Texas, Inc. 3.95% 01/06/2028	1,118	0.43
US\$1,000,000 AEP Texas, Inc. 5.45% 15/05/2029	792	0.30
US\$1,000,000 AEP Texas, Inc. 5.7% 15/05/2034	789	0.30
US\$981,000 AerCap Ireland Capital DAC/AerCap Global Aviation Trust 3% 29/10/2028	703	0.27
US\$1,500,000 AIB Group PLC Var 5.871% 28/03/2035	1,189	0.45
US\$1,747,000 American International Group, Inc. 5.125% 27/03/2033	1,363	0.52
US\$631,000 Aptiv PLC 3.1% 01/12/2051	304	0.12
€1,068,000 Aptiv PLC/Aptiv Global Financing Ltd. 4.25% 11/06/2036	916	0.35
€1,000,000 Arkema SA 4.25% 20/05/2030	880	0.34
£820,000 Aaroundtown SA 3% 16/10/2029	679	0.26
€685,000 Australia Pacific Airports Melbourne Pty. Ltd. 4% 07/06/2034	589	0.23
US\$1,400,000 Banco Bilbao Vizcaya Argentaria SA Var 6.138% 14/09/2028	1,121	0.43
US\$966,000 Bank of Ireland Group PLC Var 2.029% 30/09/2027	701	0.27
US\$1,149,000 BAT Capital Corp. 2.259% 25/03/2028	812	0.31
US\$1,095,000 BAT Capital Corp. 6.421% 02/08/2033	911	0.35
£1,134,000 BAT International Finance PLC 2.25% 26/06/2028	1,021	0.39
US\$1,101,000 Bayer U.S. Finance LLC 6.25% 21/01/2029	886	0.34
US\$921,000 Bayer U.S. Finance II LLC 4.625% 25/06/2038	617	0.24
US\$293,000 Bimbo Bakeries USA, Inc. 5.375% 09/01/2036	227	0.09
US\$850,000 Boeing Co. 5.805% 01/05/2050	608	0.23
US\$1,300,000 Boeing Co. 6.388% 01/05/2031	1,049	0.40
US\$1,345,000 CaixaBank SA Var 6.208% 18/01/2029	1,076	0.41
US\$1,341,000 CaixaBank SA Var 6.684% 13/09/2027	1,071	0.41
€616,000 CBRE Global Investors Open-Ended Funds SCA SICAV-SIF-Pan European Core Fund 4.75% 27/03/2034	545	0.21
US\$1,305,000 Celanese U.S. Holdings LLC 6.35% 15/11/2028	1,057	0.40

# Portfolio statement

## Investments (continued)

Holding		as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
US\$500,000	Charter Communications Operating LLC/Charter Communications Operating Capital 2.3% 01/02/2032	306	0.12
US\$942,000	Charter Communications Operating LLC/Charter Communications Operating Capital 5.25% 01/04/2053	588	0.22
US\$2,088,000	Concentrix Corp. 6.6% 02/08/2028	1,667	0.64
US\$1,221,000	Constellation Energy Generation LLC 6.5% 01/10/2053	1,032	0.39
€734,000	Corning, Inc. 4.125% 15/05/2031	642	0.25
€800,000	Crelan SA Var 5.25% 23/01/2032	719	0.27
€736,000	DCC Group Finance Ireland DAC 4.375% 27/06/2031	626	0.24
€900,000	Deutsche Bank AG Var 4.125% 04/04/2030	769	0.29
€500,000	Deutsche Pfandbriefbank AG 7.625% 08/12/2025	484	0.18
US\$550,000	Dominion Energy, Inc. 2.25% 15/08/2031	357	0.14
US\$1,427,000	Dominion Energy, Inc. 3.375% 01/04/2030	1,021	0.39
US\$1,041,000	Dominion Energy, Inc. 5.375% 15/11/2032	819	0.31
€700,000	Electricite de France SA 5.5% 25/01/2035	683	0.26
US\$407,000	Electricite de France SA 6.9% 23/05/2053	349	0.13
US\$1,561,000	Elevance Health, Inc. 4.625% 15/05/2042	1,087	0.42
US\$1,300,000	Enel Finance International NV 7.5% 14/10/2032	1,142	0.44
€500,000	Engie SA 3.875% 06/03/2036	429	0.16
US\$1,600,000	Engie SA 5.625% 10/04/2034	1,264	0.48
€1,000,000	Engie SA 7% 30/10/2028	1,084	0.41
US\$1,882,000	Essential Utilities, Inc. 2.704% 15/04/2030	1,299	0.50
US\$1,192,000	Essential Utilities, Inc. 5.375% 15/01/2034	932	0.36
US\$2,422,000	Eversource Energy 5.5% 01/01/2034	1,889	0.72
US\$360,000	Exelon Corp. 4.45% 15/04/2046	237	0.09
US\$1,500,000	Fox Corp. 6.5% 13/10/2033	1,246	0.48
US\$1,500,000	Fresenius Medical Care U.S. Finance III, Inc. 2.375% 16/02/2031	943	0.36
US\$1,939,000	General Electric Co. 6.75% 15/03/2032	1,679	0.64
US\$1,300,000	General Motors Financial Co., Inc. 5.4% 08/05/2027	1,021	0.39
€313,000	Goodman Australia Finance Pty. Ltd. 4.25% 03/05/2030	272	0.10
US\$1,221,000	HCA, Inc. 4.375% 15/03/2042	793	0.30



# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>		
<b>Debt securities (continued)</b>		
<b>'BBB' credit rated bonds (continued)</b>		
US\$1,371,000 HCA, Inc. 5.125% 15/06/2039	1,008	0.39
£556,000 Hiscox Ltd. 6% 22/09/2027	568	0.22
€435,000 IHG Finance LLC 4.375% 28/11/2029	381	0.15
€1,400,000 Imerys SA 4.75% 29/11/2029	1,225	0.47
€1,216,000 Imperial Brands Finance Netherlands BV 5.25% 15/02/2031	1,091	0.42
US\$2,572,000 Intesa Sanpaolo SpA 4% 23/09/2029	1,877	0.72
US\$1,269,000 JBS USA Holding Lux SARL/ JBS USA Food Co./ JBS Lux Co. SARL 5.75% 01/04/2033	990	0.38
US\$3,096,000 KeySpan Gas East Corp. 5.994% 06/03/2033	2,461	0.94
€1,019,000 Koninklijke Philips NV 3.75% 31/05/2032	870	0.33
€168,000 Landsbankinn Hf. 6.375% 12/03/2027	150	0.06
US\$1,061,000 Lenovo Group Ltd. 3.421% 02/11/2030	744	0.28
US\$701,000 Liberty Utilities Co. 5.577% 31/01/2029	554	0.21
US\$981,000 Liberty Utilities Co. 5.869% 31/01/2034	777	0.30
€534,000 Lonza Finance International NV 3.875% 24/04/2036	455	0.17
US\$1,600,000 Microchip Technology, Inc. 5.05% 15/03/2029	1,254	0.48
€709,000 Molson Coors Beverage Co. 3.8% 15/06/2032	611	0.23
£921,000 National Grid Electricity Transmission PLC 1.375% 16/09/2026	855	0.33
US\$650,000 NextEra Energy Capital Holdings, Inc. 2.25% 01/06/2030	438	0.17
US\$1,671,000 Norfolk Southern Corp. 5.05% 01/08/2030	1,317	0.50
€600,000 Orano SA 4% 12/03/2031	509	0.19
€204,000 P3 Group SARL 4.625% 13/02/2030	176	0.07
US\$671,440 Pacific Gas & Electric Co. 4.55% 01/07/2030	503	0.19
US\$920,672 Pacific Gas & Electric Co. 4.95% 01/07/2050	606	0.23
US\$2,662,000 Parker-Hannifin Corp. 3.25% 14/06/2029	1,934	0.74
€577,000 Permanent TSB Group Holdings PLC Var 6.625% 25/04/2028	519	0.20
US\$1,000,000 Piedmont Operating Partnership LP 6.875% 15/07/2029	787	0.30
US\$1,000,000 Public Service Enterprise Group, Inc. 5.2% 01/04/2029	788	0.30
US\$1,035,000 Public Service Enterprise Group, Inc. 6.125% 15/10/2033	851	0.33
€388,000 PVH Corp. 4.125% 16/07/2029	331	0.13
€200,000 Raiffeisen Bank International AG Var 4.625% 21/08/2029	170	0.06

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>		
<b>Debt securities (continued)</b>		
<b>'BBB' credit rated bonds (continued)</b>		
US\$2,361,000 Republic Services, Inc. 5% 15/12/2033	1,835	0.70
£1,244,000 Santander U.K. Group Holdings PLC Var 2.421% 17/01/2029	1,140	0.44
US\$771,000 Santander U.K. Group Holdings PLC Var 2.469% 11/01/2028	560	0.21
€400,000 Sartorius Finance BV 4.5% 14/09/2032	350	0.13
€300,000 Solvay SA 4.25% 03/10/2031	258	0.10
£607,000 SW Finance I PLC 7% 16/04/2040	532	0.20
£453,000 SW Finance I PLC 7.375% 12/12/2041	406	0.16
US\$786,000 Takeda Pharmaceutical Co. Ltd. 3.025% 09/07/2040	451	0.17
€400,000 Teleperformance SE 5.75% 22/11/2031	358	0.14
£1,731,000 Tesco PLC FRN 6.5896% 05/11/2025	3,399	1.30
£1,500,000 Time Warner Cable LLC 5.75% 02/06/2031	1,450	0.55
€1,010,000 Timken Co. 4.125% 23/05/2034	851	0.33
US\$1,600,000 Tyson Foods, Inc. 5.4% 15/03/2029	1,262	0.48
€707,000 UniCredit SpA Var 1.25% 16/06/2026	584	0.22
€1,227,000 UniCredit SpA Var 4.8% 17/01/2029	1,081	0.41
US\$1,507,000 Verizon Communications, Inc. 2.1% 22/03/2028	1,072	0.41
US\$1,241,000 Verizon Communications, Inc. 2.55% 21/03/2031	833	0.32
US\$460,000 Verizon Communications, Inc. 2.65% 20/11/2040	251	0.10
€1,043,000 Verizon Communications, Inc. 3.5% 28/06/2032	885	0.34
US\$400,000 Warnermedia Holdings, Inc. 4.279% 15/03/2032	269	0.10
€378,000 Warnermedia Holdings, Inc. 4.302% 17/01/2030	318	0.12
US\$1,041,000 Warnermedia Holdings, Inc. 5.05% 15/03/2042	634	0.24
US\$624,000 Warnermedia Holdings, Inc. 5.141% 15/03/2052	359	0.14
US\$2,000,000 Waste Connections, Inc. 2.2% 15/01/2032	1,293	0.49
€300,000 Werfen SA 4.25% 03/05/2030	259	0.10
US\$1,000,000 Weyerhaeuser Co. 4% 15/11/2029	743	0.28
£187,000 Whitbread Group PLC 2.375% 31/05/2027	172	0.07
€500,000 Worldline SA 4.125% 12/09/2028	424	0.16
£694,000 Yorkshire Water Finance PLC 5.25% 28/04/2030	665	0.25

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Fixed income (continued)</b>		
<b>Debt securities (continued)</b>		
<b>'BB' credit rated bonds</b>		
€961,000 Eurobank SA Var 4.875% 30/04/2031	839	0.32
£951,000 Thames Water Utilities Finance PLC 2.375% 22/04/2040	593	0.22
<b>Debt derivatives</b>		
<b>Credit default swaps</b>		
US\$(1,980,000) America Movil SAB de CV 20/12/2025	10	0.00
€(1,501,400) British American Tobacco 20/12/2026	(21)	(0.01)
US\$(3,603,400) CDX.NA.IG.S39 20/12/2027	(58)	(0.02)
€(660,000) Deutsche Bank AG 20/06/2026	(7)	0.00
€(1,801,700) iTraxx Europe S38 20/12/2027	30	0.01
€(1,000,000) Vodafone Group PLC 20/06/2028	18	0.01
<b>Interest rate swaps</b>		
£760,000 Pay 2.0547% Receive VAR 21/04/2029	63	0.02
£5,800,000 Pay VAR Receive 3.8141% 12/03/2029	(32)	(0.01)
£5,800,000 Pay VAR Receive 3.8557% 11/03/2029	(22)	(0.01)
<b>Interest rate futures</b>		
308 CBOT 2 Year U.S. Treasury Notes Futures Sep 2024	325	0.12
16 CBOT 5 Year U.S. Treasury Notes Futures Sep 2024	10	0.00
52 CBOT 10 Year U.S. Treasury Notes Futures Sep 2024	63	0.02
50 CBOT U.S. Long Bond Futures Sep 2024	122	0.05
69 CBOT Ultra Long-Term U.S. Treasury Bond Futures Sep 2024	186	0.07
37 Eurex 5 Year Euro BOBL Futures Sep 2024	13	0.01
(53) Eurex 10 Year Euro BUND Futures Sep 2024	(81)	(0.03)
1 Eurex 30 Year Euro BUXL Futures Sep 2024	5	0.00
306 Eurex 2 Year Euro SCHATZ Futures Sep 2024	205	0.08
(55) Long Gilt Futures Sep 2024	(95)	(0.04)
48 Montreal Exchange 5 Year Canadian Bond Futures Sep 2024	14	0.01
84 Montreal Exchange 10 Year Canadian Bond Futures Sep 2024	177	0.07
(23) Ultra 10 Year U.S. Treasury Notes Futures Sep 2024	(27)	(0.01)

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 £'000	as at 31.07.24 %
<b>Currency</b>	(1,235)	(0.47)
<b>Forward currency contracts</b>	(1,235)	(0.47)
€(65,179,546) Sold for £54,948,828 (expires 21.08.24)	(76)	(0.03)
US\$(218,923,288) Sold for £169,291,701 (expires 21.08.24)	(1,159)	(0.44)
<b>Total portfolio</b>	<b>256,392</b>	<b>97.96</b>
<b>Net other assets/(liabilities)</b>	<b>5,326</b>	<b>2.04</b>
<b>Net assets attributable to shareholders</b>	<b>261,718</b>	<b>100.00</b>

# Portfolio statement

## Top ten portfolio transactions for the period to 31 July 2024

Largest purchases	£'000
U.S. Treasury Notes 1.125% 29/02/2028	8,933
U.S. Treasury Inflation-Indexed Bonds 0.375% 15/01/2027	5,352
U.S. Treasury Notes 0.5% 31/10/2027	5,314
U.S. Treasury Bonds 1.125% 15/08/2040	4,504
New York Life Global Funding 4.9% 13/06/2028	3,996
U.S. Treasury Bonds 1.25% 15/05/2050	3,675
Tesco PLC FRN 6.5896% 05/11/2025	3,471
Waste Connections, Inc. 2.2% 15/01/2032	3,448
Union Pacific Corp. 2.8% 14/02/2032	3,158
Bundesrepublik Deutschland Bundesanleihe 2.3% 15/02/2033	2,572
Other purchases	316,765
<b>Total purchases</b>	<b>361,188</b>

Largest sales	£'000
U.S. Treasury Inflation-Indexed Bonds 0.375% 15/01/2027	5,390
Wells Fargo & Co. 3.35% Var 02/03/2033	2,493
Bundesrepublik Deutschland Bundesanleihe 2.3% 15/02/2033	2,171
Waste Connections, Inc. 2.2% 15/01/2032	2,136
Morgan Stanley 2.943% Var 21/01/2033	2,043
Lloyds Banking Group PLC 1.627% Var 11/05/2027	1,746
Royal Bank of Canada 5.2% 01/08/2028	1,646
Charter Communications Operating LLC/Charter Communications Operating Capital 2.8% 01/04/2031	1,629
Imperial Brands Finance 3.875% 26/07/2029	1,621
Eversource Energy 3.375% 01/03/2032	1,571
Other sales	81,593
<b>Total sales</b>	<b>104,039</b>

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](https://mandg.com/investments)

## Long-term performance by share class

As the fund has not yet operated for a 12-month period, the long-term performance figures have not been calculated. Please refer to 'Comparative tables' for the share class launch dates.

## Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

# Financial highlights

## Sterling Class 'A' Income shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	34
Number of shares	34,046
Closing NAV per share (UK p)	100.14
Operating charges (%)	0.85

## Sterling Class 'A' Accumulation shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	9
Number of shares	9,000
Closing NAV per share (UK p)	102.81
Operating charges (%)	0.85

## Sterling Class 'I' Accumulation shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	9
Number of shares	8,817
Closing NAV per share (UK p)	100.36
Operating charges (%)	0.45

## Sterling Class 'I' Accumulation shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	102
Number of shares	98,927
Closing NAV per share (UK p)	103.03
Operating charges (%)	0.45

## Sterling Class 'L' Income shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	254,696
Number of shares	257,560,051
Closing NAV per share (UK p)	98.89
Operating charges (%)	0.25

## Sterling Class 'L' Accumulation shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	9
Number of shares	9,049
Closing NAV per share (UK p)	103.14
Operating charges (%)	0.25

## Sterling Class 'PP' Income shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	6,790
Number of shares	6,762,876
Closing NAV per share (UK p)	100.40
Operating charges (%)	0.35

## Sterling Class 'PP' Accumulation shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	9
Number of shares	9,000
Closing NAV per share (UK p)	103.08
Operating charges (%)	0.35

# Financial highlights

## Sterling Class 'R' Income shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	12
Number of shares	11,616
Closing NAV per share (UK p)	100.22
Operating charges (%)	0.70

## Sterling Class 'R' Accumulation shares

The share class was launched on 19 January 2024.

	31.07.24
Closing NAV (£'000)	48
Number of shares	46,588
Closing NAV per share (UK p)	102.90
Operating charges (%)	0.70



# Financial statements and notes

## Financial statements

### Statement of total return

for the period to 31 July	2024	
	£'000	£'000
<b>Income</b>		
Net capital gains/(losses)		1,443
Revenue	6,745	
Expenses	(342)	
Interest payable and similar charges	(1)	
Net revenue/(expense) before taxation	6,402	
Taxation	0	
Net revenue/(expense) after taxation		6,402
<b>Total return before distributions</b>		<b>7,845</b>
Distributions		(6,744)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,101</b>

### Statement of change in net assets attributable to shareholders

for the period to 31 July	2024	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>0</b>
Amounts received on issue of shares	266,385	
Amounts paid on cancellation of shares	(5,951)	
		260,434
Dilution adjustments		179
Change in net assets attributable to shareholders from investment activities (see above)		1,101
Retained distributions on Accumulation shares		4
<b>Closing net assets attributable to shareholders</b>		<b>261,718</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at	31 July 2024 £'000
<b>Assets</b>	
<b>Fixed assets</b>	
Investments	257,970
<b>Current assets</b>	
Debtors	3,190
Cash and bank balances	3,324
Cash equivalents	2,999
<b>Total assets</b>	<b>267,483</b>
<b>Liabilities</b>	
Investment liabilities	(1,578)
<b>Creditors</b>	
Overdrawn positions at futures clearing houses and collateral manager	(60)
Distribution payable	(3,267)
Other creditors	(860)
<b>Total liabilities</b>	<b>(5,765)</b>
<b>Net assets attributable to shareholders</b>	<b>261,718</b>

# 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.

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 26 April 2024 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the MSCI 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

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 each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 2024

### Performance against objective

Over the reporting period the fund delivered positive returns across all share classes. However, it underperformed its benchmark, the MSCI Emerging Markets Index, which returned +12.4% over the same period.

Over five years, the fund has achieved its objective, which is to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average of the MSCI Emerging Markets Index over any five-year period. The index returned 2.8% pa over the 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

Emerging market equities recorded a positive return in sterling terms over the review period, with strong performance seen in the larger markets such as China, India and Taiwan. In EMEA, Middle Eastern stockmarkets generally underperformed, as the oil price drifted lower towards the end of the review period. However, better performing markets included Turkey and South Africa. Latin America was dragged down by heavyweight markets Brazil and Mexico which gave back strong gains seen in 2023.

Against this backdrop, the fund ended the period in positive territory, but underperformed its benchmark, the MSCI Emerging Markets Index.

Stock picking in South Korean companies dominated relative performance. South Korea's market was boosted during the review period, after authorities proposed the introduction of measures to increase shareholder returns. Above benchmark positions (overweights) in SK Square, Samsung Fire & Marine Insurance, Samsung Life Insurance and Hana Financial, were among the largest contributors.

By contrast, overweights in Mexican real estate investment trust Fibras Administracion and Brazilian sugar and ethanol producer Raizen, were key detractors. The poor performance of these stocks was a reflection of weakness in their respective domestic markets. A below-benchmark exposure to Taiwan Semiconductor Manufacturing (TSMC), which rallied sharply, and not holding Tencent, a world-leading internet and technology company, also detracted.

### Investment activities

We were active during the review period and began several new positions at what we felt were attractive prices. Prosus, Vale, Bank Rakyat Indonesia, Localiza and MRV Engenharia were amongst the largest positions we initiated.

Prosus is a global internet and entertainment group and one of the largest technology investors in the world (Naspers is the majority shareholder). Its listed investments include stakes in Tencent, Delivery Hero, Meituan, Trip.com and Remitly. We think the solid balance sheet capacity allows Prosus to drive organic growth and cost-cutting initiatives to narrow the discount to net asset value.

Brazilian miner Vale trades at a 40-50% discount to the majors partly because of historic governance issues involving safety measures at two dams, Sanmarco and Brumadinho. Despite these challenges, it offers an attractive dividend yield and remains one of the lowest-cost premium iron ore producers globally.

Indonesia's Bank Rakyat sold off aggressively during the second quarter of 2024 due to unexpected rate hikes and higher credit costs. However, the bank has a strong core capital ratio, high coverage of non-performing loans and strong underlying profitability.

Localiza, one of Latin America's largest car rental companies, benefits from significant market leadership and competitive advantages. The company became too large following its merger with Unidas in 2022 causing some disruption in the used car market. We believe that the weakness in the used car market is temporary, and the company is expected to recover and normalise price spreads.

# Authorised Corporate Director's Report

MRV Engenharia is a Brazil-based company engaged in real estate development. The management is implementing a series of measures to recover profitability. These include pricing actions and changes in their land acquisition strategy, supported by improved affordability and favourable government policies.

Holdings to leave the portfolio during the review period included China Construction Bank (CCB) and China Merchants Bank (CMB). CCB had been the standout performer in the China banking space. While still lowly valued we felt reallocating capital after strong performance was prudent. CMB had not performed as strongly as CCB, but the stock had rerated and was trading just below book value, which we felt was at the top end of reasonable valuation range.

We sold Silicon Motion Technology as the company was not quite executing on our original asset growth thesis and its valuation had begun to look stretched to us after a period of good performance. Hon Hai Precision Industry was also sold on valuation grounds, following a period of strong performance on the back of artificial intelligence (AI) euphoria.

## Outlook

Overall, while AI has been the bull trade during the period, we may see the market shift focus in the remaining part of the year. Potential tailwinds for emerging market (EM) assets would be, if we start to see US rates coming down and Chinese corporate and policy measures taking effect.

Historically, US Federal Reserve (Fed) rate cuts are expected to boost EM performance. While the US economy has remained more robust than observers expected, the risks from elevated rates have increased and the Fed could start a cutting cycle as early as September.

Despite volatility in Chinese assets, recent moves to stabilise the real estate sector are seen as positive. We continue to be highly selective in adding to our China positions and have trimmed earlier adds during the rally to May. Overall we do see compelling value in Chinese equities and it is becoming noticeable how many

companies are guiding towards paying higher dividends or buying back their own stock.

## 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 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Equities</b>	<b>776,390</b>	<b>99.07</b>	<b>99.65</b>
<b>Brazil</b>	<b>82,460</b>	<b>10.52</b>	<b>9.78</b>
1,641,353 3R Petroleum Oleo E Gas SA	7,827	1.00	
1,856,069 Banco Bradesco SA	3,713	0.47	
1,372,879 Banco Bradesco SA Preference Shares	3,033	0.39	
1,095,018 Banco do Brasil SA	5,255	0.67	
1,231,931 Braskem SA Preference Shares	3,909	0.50	
5,480,967 CCR SA	11,883	1.52	
1,467,565 Centrais Eletricas Brasileiras SA Preference Shares	11,087	1.41	
1,025,237 Localiza Rent a Car SA	7,678	0.98	
10,359 Localiza Rent a Car SA Rights 06/08/2024	18	0.00	
5,347,309 MRV Engenharia e Participacoes SA	6,192	0.79	
19,439,537 Raizen SA Preference Shares	10,354	1.32	
1,073,061 Vale SA	11,511	1.47	
<b>Canada</b>	<b>23,610</b>	<b>3.01</b>	<b>2.87</b>
327,319 First Quantum Minerals Ltd.	3,803	0.48	
1,040,043 Lithium Americas Argentina Corp.	3,108	0.40	
348,405 Teck Resources Ltd.	16,699	2.13	
<b>Chile</b>	<b>0</b>	<b>0.00</b>	<b>0.10</b>
<b>China</b>	<b>154,709</b>	<b>19.74</b>	<b>20.50</b>
361,925 Alibaba Group Holding Ltd. ADR	28,614	3.65	
161,370 Atour Lifestyle Holdings Ltd. ADR	2,677	0.34	
122,529 Baidu, Inc. ADR	11,028	1.41	
81,496 BeiGene Ltd. ADR	13,262	1.69	
211,500 BYD Co. Ltd.	6,166	0.79	
20,120,000 China Communications Services Corp. Ltd.	10,330	1.32	
73,836,000 China Tower Corp. Ltd.	9,068	1.16	
11,714,500 China Yongda Automobiles Services Holdings Ltd.	2,327	0.30	
4,267,036 Horizon Construction Development Ltd.	815	0.10	
566,354 JD.com, Inc. ADR	15,127	1.93	
653,995 KE Holdings, Inc. ADR	9,051	1.16	
452,723 OneConnect Financial Technology Co. Ltd. ADR	717	0.09	
3,598,500 Ping An Insurance Group Co. of China Ltd.	15,688	2.00	

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Equities (continued)</b>			
<b>China (continued)</b>			
552,519 Prosus NV	19,283	2.46	
181,233 Trip.com Group Ltd. ADR	7,840	1.00	
171,600 Zai Lab Ltd.	329	0.04	
128,907 Zai Lab Ltd. ADR	2,387	0.30	
<b>Colombia</b>	<b>8,847</b>	<b>1.13</b>	<b>1.45</b>
651,617 Banco Davivienda SA Preference Shares	2,846	0.36	
183,097 Bancolombia SA ADR	6,001	0.77	
<b>Egypt</b>	<b>2,031</b>	<b>0.26</b>	<b>0.45</b>
1,237,059 Commercial International Bank - Egypt (CIB) GDR	2,031	0.26	
<b>Guernsey</b>	<b>3,561</b>	<b>0.45</b>	<b>0.60</b>
17,329,793 Grit Real Estate Income Group Ltd.	3,561	0.45	
<b>Hong Kong</b>	<b>70,277</b>	<b>8.97</b>	<b>9.14</b>
3,019,000 AIA Group Ltd.	20,242	2.58	
18,742,000 Far East Horizon Ltd.	12,729	1.62	
20,332,652 First Pacific Co. Ltd.	9,054	1.16	
21,626,000 Greatview Aseptic Packaging Co. Ltd.	6,551	0.84	
1,517,825 HUTCHMED China Ltd. <sup>a</sup>	5,863	0.75	
9,624,000 Kunlun Energy Co. Ltd.	9,322	1.19	
993,700 VTech Holdings Ltd.	6,516	0.83	
<b>India</b>	<b>32,961</b>	<b>4.21</b>	<b>2.54</b>
406,403 Axis Bank Ltd.	5,666	0.72	
1,224,531 HDFC Bank Ltd.	23,657	3.02	
631,211 ReNew Energy Global PLC	3,638	0.47	
<b>Indonesia</b>	<b>25,281</b>	<b>3.23</b>	<b>2.09</b>
12,075,100 Bank Mandiri Persero Tbk. PT	4,753	0.61	
32,893,700 Bank Rakyat Indonesia Persero Tbk. PT	9,447	1.20	
61,203,400 Ciputra Development Tbk. PT	4,705	0.60	
9,687,900 Indofood Sukses Makmur Tbk. PT	3,649	0.47	
104,072,300 Pakuwon Jati Tbk. PT	2,727	0.35	
<b>Kazakhstan</b>	<b>5,068</b>	<b>0.65</b>	<b>0.00</b>
729,228 Air Astana JSC GDR	5,068	0.65	



# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Equities (continued)</b>			
<b>Mexico</b>	<b>27,044</b>	<b>3.45</b>	<b>5.26</b>
17,367,827 Alfa SAB de CV	9,786	1.25	
16,512,093 Controladora AXTEL SAB de CV	310	0.04	
12,577,789 Fibra Uno Administracion SA de CV	15,594	1.99	
10,633,904 Nematik SAB de CV	1,354	0.17	
<b>Pakistan</b>	<b>0</b>	<b>0.00</b>	<b>0.52</b>
<b>Peru</b>	<b>3,820</b>	<b>0.49</b>	<b>0.34</b>
22,005 Credicorp Ltd.	3,820	0.49	
<b>Philippines</b>	<b>7,958</b>	<b>1.01</b>	<b>1.41</b>
787,373 GT Capital Holdings, Inc.	7,958	1.01	
<b>Romania</b>	<b>0</b>	<b>0.00</b>	<b>0.88</b>
<b>Russia</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
211,733 LUKOIL PJSC <sup>b</sup>	0	0.00	
331,615 Novatek PJSC <sup>b</sup>	0	0.00	
3,426,524 Sberbank of Russia PJSC <sup>b</sup>	0	0.00	
<b>Saudi Arabia</b>	<b>10,770</b>	<b>1.37</b>	<b>0.00</b>
1,466,604 Saudi Arabian Oil Co.	10,770	1.37	
<b>South Africa</b>	<b>47,093</b>	<b>6.01</b>	<b>4.80</b>
1,594,315 Absa Group Ltd.	13,912	1.77	
2,206,377 Motus Holdings Ltd.	12,580	1.61	
78,317 Naspers Ltd.	15,123	1.93	
795,000 SPAR Group Ltd.	5,478	0.70	
<b>South Korea</b>	<b>131,726</b>	<b>16.81</b>	<b>18.76</b>
232,211 Hana Financial Group, Inc.	10,896	1.39	
15,538 Hyundai Motor Co.	2,810	0.36	
16,231 Hyundai Motor Co. 2nd Preference Shares	1,963	0.25	
58,679 Hyundai Motor Co. Preference Shares	7,028	0.90	
632,296 Samsung Electronics Co. Ltd.	38,487	4.91	
445,489 Samsung Electronics Co. Ltd. Preference Shares	20,968	2.67	
50,547 Samsung Fire & Marine Insurance Co. Ltd.	13,621	1.74	
5,772 Samsung Fire & Marine Insurance Co. Ltd. Preference Shares	1,187	0.15	
105,832 Samsung Life Insurance Co. Ltd.	7,418	0.95	

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Equities (continued)</b>			
<b>South Korea (continued)</b>			
312,644 Shinhan Financial Group Co. Ltd.	13,580	1.73	
43,708 SK Hynix, Inc.	6,178	0.79	
121,513 SK Square Co. Ltd.	7,590	0.97	
<b>Taiwan</b>	<b>38,404</b>	<b>4.90</b>	<b>7.40</b>
1,353,000 Taiwan Semiconductor Manufacturing Co. Ltd.	38,404	4.90	
<b>Thailand</b>	<b>20,589</b>	<b>2.63</b>	<b>2.23</b>
1,579,000 Bangkok Bank PCL	6,046	0.77	
1,967,600 Kasikornbank PCL	7,259	0.93	
5,166,700 Thai Oil PCL	7,284	0.93	
<b>United Kingdom</b>	<b>55,655</b>	<b>7.10</b>	<b>6.24</b>
312,645 Anglo American PLC	9,493	1.21	
753,496 Energean PLC	9,753	1.24	
1,368,514 Inchcape PLC	14,674	1.87	
210,250 Prudential PLC (HK listing)	1,869	0.24	
986,985 Prudential PLC (UK listing)	8,821	1.13	
336,300 Standard Chartered PLC (HK listing)	3,331	0.43	
778,277 Standard Chartered PLC (UK listing)	7,714	0.98	
<b>United States</b>	<b>24,526</b>	<b>3.13</b>	<b>2.29</b>
265,720 Autohome, Inc. ADR	6,611	0.84	
168,290 HUTCHMED China Ltd. ADR	3,051	0.39	
2,737,479 Kosmos Energy Ltd.	14,864	1.90	
<b>Portfolio of investments</b>	<b>776,390</b>	<b>99.07</b>	<b>99.65</b>
<b>Share class hedging</b>	<b>(16)</b>	<b>0.00</b>	<b>0.00</b>
<b>Forward currency contracts for share class hedging</b>	<b>(16)</b>	<b>0.00</b>	<b>0.00</b>
£1,227,601 Bought for US\$1,592,994 (expires 14.08.24)	(16)	0.00	
£(56,597) Sold for US\$73,169 (expires 14.08.24)	0	0.00	

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
Total portfolio	776,374	99.07	99.65
<b>Net other assets/(liabilities)</b>	<b>7,305</b>	<b>0.93</b>	<b>0.35</b>
Net assets attributable to shareholders	783,679	100.00	100.00

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

<sup>a</sup> AIM quoted.

<sup>b</sup> M&G's Valuation Sub Committee are valuing these securities at £nil until further notice.

# Portfolio statement

## Top ten portfolio transactions for the six months to 31 July 2024

Largest purchases	\$'000
Prosus NV	20,679
AIA Group Ltd.	15,347
Samsung Electronics Co. Ltd. Preference Shares	15,299
Vale SA	13,606
Saudi Arabian Oil Co.	10,887
Kosmos Energy Ltd.	9,978
Bank Rakyat Indonesia Persero Tbk. PT	9,631
Localiza Rent a Car SA	8,482
Motus Holdings Ltd.	7,541
MRV Engenharia e Participacoes SA	7,365
Other purchases	124,883
<b>Total purchases</b>	<b>243,698</b>

Largest sales	\$'000
Taiwan Semiconductor Manufacturing Co. Ltd.	18,940
Naspers Ltd.	18,342
China Construction Bank Corp.	17,539
SK Square Co. Ltd.	13,695
Hana Financial Group, Inc.	12,667
Samsung Life Insurance Co. Ltd.	11,856
Samsung Fire & Marine Insurance Co. Ltd.	10,286
Hon Hai Precision Industry Co. Ltd.	9,483
Trip.com Group Ltd. ADR	8,984
China Railway Signal & Communication Corp. Ltd.	8,570
Other sales	157,388
<b>Total sales</b>	<b>287,750</b>

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](http://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 'Comparative tables' for the share class launch dates.

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+10.5	+5.1	+3.6	+5.2
Class 'A' Accumulation	+10.5	+5.1	+3.6	+5.2
Class 'I' Income	+10.7	+5.5	+4.0	+5.8
Class 'I' Accumulation	+10.7	+5.5	+4.1	+5.9
Class 'I-H' Income	+11.5	+1.2	n/a	n/a
Class 'I-H' Accumulation	+11.6	+1.2	n/a	n/a
Class 'PP' Income	+10.8	+5.7	n/a	n/a
Class 'PP' Accumulation	+10.8	+5.7	+4.2	n/a
Class 'PP-H' Income	+11.7	+1.3	n/a	n/a
Class 'PP-H' Accumulation	+11.7	+1.4	n/a	n/a
Class 'R' Income	+10.6	+5.3	+3.8	+5.6
Class 'R' Accumulation	+10.6	+5.3	+3.8	+5.6
<b>Benchmark</b>	<b>+12.4</b>	<b>+0.3</b>	<b>+2.8</b>	<b>+5.9</b>

<sup>a</sup> Not annualised.

## Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

# Financial highlights

## Sterling Class 'A' Income shares

The share class was launched on 5 February 2009.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	86,816	77,900	82,158
Number of shares	23,621,871	23,653,530	23,828,591
Closing NAV per share (UK p)	286.20	259.61	279.76
Operating charges (%)	1.17	1.15	1.15

## Sterling Class 'I' Income shares

The share class was launched on 5 February 2009.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	16,648	46,073	45,750
Number of shares	4,330,801	13,402,140	12,763,943
Closing NAV per share (UK p)	299.34	270.99	290.84
Operating charges (%)	0.77	0.75	0.75

## Sterling Class 'I-H' Income shares

The share class was launched on 6 December 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	79	78	20
Number of shares	59,243	66,040	16,909
Closing NAV per share (UK p)	103.24	92.83	97.73
Operating charges (%)	0.80	0.78	0.78

## Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	38,708	539	730
Number of shares	27,439,444	427,891	555,946
Closing NAV per share (UK p)	109.85	99.40	106.57
Operating charges (%)	0.67	0.65	0.65

## Sterling Class 'A' Accumulation shares

The share class was launched on 5 February 2009.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	362,968	325,276	329,287
Number of shares	74,821,274	74,793,591	74,804,393
Closing NAV per share (UK p)	377.77	342.82	357.19
Operating charges (%)	1.17	1.15	1.15

## Sterling Class 'I' Accumulation shares

The share class was launched on 5 February 2009.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	207,483	238,843	198,867
Number of shares	38,714,586	49,810,691	41,136,757
Closing NAV per share (UK p)	417.34	377.98	392.27
Operating charges (%)	0.77	0.75	0.75

## Sterling Class 'I-H' Accumulation shares

The share class was launched on 6 December 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	1,353	1,219	319
Number of shares	868,708	881,374	233,062
Closing NAV per share (UK p)	121.29	109.00	110.91
Operating charges (%)	0.80	0.78	0.78

## Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	65,338	57,250	2,017
Number of shares	39,294,866	38,501,828	1,346,730
Closing NAV per share (UK p)	129.49	117.22	121.52
Operating charges (%)	0.67	0.65	0.65

# Financial highlights

## Sterling Class 'PP-H' Income shares

The share class was launched on 6 December 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	12	22	22
Number of shares	9,000	18,150	18,150
Closing NAV per share (UK p)	105.03	94.26	99.28
Operating charges (%)	0.70	0.68	0.68

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	490	532	530
Number of shares	252,670	306,093	292,073
Closing NAV per share (UK p)	151.06	136.91	147.32
Operating charges (%)	1.02	1.00	1.00

## Sterling Class 'PP-H' Accumulation shares

The share class was launched on 6 December 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	12	25	25
Number of shares	8,000	18,100	18,100
Closing NAV per share (UK p)	120.83	108.52	110.22
Operating charges (%)	0.70	0.68	0.68

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	3,772	3,633	3,559
Number of shares	1,471,267	1,581,646	1,533,264
Closing NAV per share (UK p)	199.67	181.06	188.36
Operating charges (%)	1.02	1.00	1.00

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 31 July	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Net capital gains/(losses)		71,399		28,969
Revenue	19,045		18,579	
Expenses	(3,810)		(3,463)	
Interest payable and similar charges	(15)		0	
Net revenue/(expense) before taxation	15,220		15,116	
Taxation	(1,862)		(1,818)	
Net revenue/(expense) after taxation		13,358		13,298
<b>Total return before equalisation</b>		<b>84,757</b>		<b>42,267</b>
Equalisation		(387)		853
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>84,370</b>		<b>43,120</b>

### Statement of change in net assets attributable to shareholders

for the six months to 31 July	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>751,390</b>		<b>663,284</b>
Amounts received on issue of shares	55,499		139,762	
Amounts paid on cancellation of shares	(107,803)		(28,229)	
		(52,304)		111,533
Dilution adjustments		223		469
Change in net assets attributable to shareholders from investment activities (see above)		84,370		43,120
<b>Closing net assets attributable to shareholders</b>		<b>783,679</b>		<b>818,406</b>

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 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 2024 \$'000	31 January 2024 \$'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	776,390	748,786
<b>Current assets</b>		
Debtors	6,036	3,258
Cash and bank balances	1,976	4,660
Cash equivalents	1,802	4,209
<b>Total assets</b>	<b>786,204</b>	<b>760,913</b>
<b>Liabilities</b>		
Investment liabilities	(16)	(4)
<b>Creditors</b>		
Bank overdrafts	(1,003)	0
Distribution payable	0	(4,353)
Other creditors	(1,189)	(4,931)
Deferred tax provision	(317)	(235)
<b>Total liabilities</b>	<b>(2,525)</b>	<b>(9,523)</b>
<b>Net assets attributable to shareholders</b>	<b>783,679</b>	<b>751,390</b>

# 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

For the purposes of these financial statements, the Prospectus dated 26 April 2024 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the 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 managers have 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

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.

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

# Authorised Corporate Director's Report

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 2024

### Performance against objective

Over the six months ending 31 July 2024, the fund delivered positive returns (the combination of capital growth and income) across all its sterling share classes but underperformed its benchmark, the ICE BofAML Global Floating Rate High Yield Index (3% Constrained) GBP Hedged which returned 3.9% over the period.

Over five years, the fund delivered positive returns across its share classes, but did not achieve its objective of providing a higher total return, net of the ongoing charge figure, than the benchmark, over a five-year period, which returned 6.1% pa over the 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 M&G Global Floating Rate High Yield Fund is designed 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 will benefit from a higher income as coupons are automatically adjusted upwards (equally, should interest rates fall, then the coupons will be adjusted downwards).

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.

Global bond markets delivered positive returns in the period under review despite having a volatile start to 2024 as markets adjusted their expectations for the path of interest rates. The year began with market participants confident that rate cuts were on the horizon, with the first US Federal Reserve (Fed) cut expected in March, which was later pushed to June. However, June's Fed meeting saw the central bank maintain interest rates for the seventh consecutive time and adjust its forecast to only one interest rate cut in 2024. Furthermore, other developed market central banks began to unwind their monetary tightening campaigns, with Canada, Sweden, and the European Central Bank (ECB) easing policy.

Against this backdrop, global high yield markets rose helped by a generally healthy risk appetite against a resilient macroeconomic environment. High yield FRNs too performed strongly, given their low sensitivity to interest rate changes.

Inflation embarked on its downward journey across the global economy from the start of 2024, showing signs of improvement. US consumer price inflation (CPI) was weaker than expected at 3%, substantially down from its June 2022 peak of 9.1% year-on-year, and consequently, expectations regarding the Fed cutting

# Authorised Corporate Director's Report

rates in September increased. The strong dollar, coupled with economic weakness in China, pushed down goods' prices, reaching their lowest year-on-year level since 2004.

The fund underperformed its benchmark, mainly a result of its defensive positioning towards more stressed sectors and issuers.

Security selection detracted, mainly due to our lack of exposure to issuers in the banking and financial (debt recovery) sector, which had good performance over the period. Securities issued by banks within the high yield floating rate note (HY FRN) universe are typically of lower seniority and have more expensive valuations than other sectors resulting in a less attractive risk-reward, in our view. On the other hand, sector allocation contributed positively. In particular, the fund benefited from its above benchmark (overweight) exposure to services, where companies like Cedacri Mergerco (an entity incorporated by investor, ION Group, for the leveraged buyout of Cedacri), EVOCA (vending machines) or Multiversity (education, issued under Paganini Spa) delivered strong returns. Our below benchmark (underweight) position in the capital goods sector also added value, during the period.

Finally, our off-benchmark credit default swap (CDS) index position, held for liquidity purposes, also proved beneficial for relative returns.

In relative terms, the fund detracted from its lack of exposure to Banca Monte Dei Paschi Di Siena (bank), and Anarafe (freight). Other relative detractors included SGL Group (transportation), Iqera Group (debt recovery) and New York Community Bancorp (bank). Conversely, the biggest relative contributor was Garfunkelux (holding company of debt recoverer Lowell Financial). A small overweight to EVOCA (vending machines) also contributed.

## Investment activities

We maintained a high level of physical FRN exposure, which we felt offered better value than synthetic equivalents. The fund is more defensively positioned than its benchmark and remains focused on resilient businesses, with low-cost structures and manageable

refinancings, and avoids more stressed sectors. We remain at an underweight position in financial services (debt recovery) and hold zero exposure to banking.

The first half of the review period was active in the primary market despite no new issues in February. In March, we participated in three new issues by EVOCA (vending machines), Italian cardboard packaging maker Reno De Medici, and SGL (transportation). There were a few new deals in April, which we played selectively: 888 Acquisitions (online betting firm), La Doria (food), Multiversity (education), IMA Industria Macchine Automatiche (automobiles), and Novafives\* (industrial). In the secondary market, we reduced our holdings in Selecta\* (retail), and Pfeleiderer\* (manufacturing). We increased our holdings in Miller Homes (construction, issued under Castle UK Finco), Golden Goose (retail), Guala (packaging), and Lottomatica (gaming). We further augmented our holdings in several of the current investments, such as Fiber Bidco (paper), and Neopharmed Gentili (pharma).

With the primary FRN market picking up, we participated in various new deals in the remainder of the period, including Burger King\* (fast food chain), Picard (frozen food), Travelodge (TVL Finance - hotel), BestSecret (discount retailer, issued under PrestigeBidCo), Assemblin (services), Infopro Digital (data management, issued under IPD 3 B.V.). In the secondary markets, we put inflows to work by topping up existing holdings like, Bite (known as PLT VII Finance, a Latvian telecoms group), David Lloyd (gyms, issued under Deuce Finco), and Bertrand (fast food).

\* Securities bought and resold within the period under review.

## Outlook

Timing the rate cycle has become increasingly difficult. Resilient growth could mean bond yields remain elevated for some time. Furthermore, high yield company fundamentals have stayed firm and defaults in the high yield space are expected to remain mild over the next 12 months.

# Authorised Corporate Director's Report

In our view, HY FRNs continue to provide an attractive risk-reward in fixed income, allowing investors to capture elevated front-end yields with minimal interest rate risk.

From a portfolio perspective, we believe that as spreads – a measure of the difference between the yield of a corporate bond and a government bond of the same maturity – continue to tighten, selectivity is crucial. We remain focused on resilient businesses, with low cost structures and avoid more stressed sectors. The main risks remain defaults in commercial property and/or a recession, but we believe our sector positioning (below benchmark positions in banks, other financials and real estate) should cushion the downside risk.

## **James Tomlins, Lu Yu and Stefan Isaacs**

Co-fund managers

Employees of M&G FA Limited which is an associate of M&G Securities Limited. Please note that effective from 5 February 2024, Lu Yu and Stefan Isaacs were appointed as co-fund managers.

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 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Fixed income</b>	<b>268,274</b>	<b>89.66</b>	<b>88.79</b>
<b>Debt securities</b>	<b>266,556</b>	<b>89.09</b>	<b>88.19</b>
<b>'AA' credit rated bonds</b>	<b>26,796</b>	<b>8.95</b>	<b>8.22</b>
US\$12,000,000 U.S. Treasury Floating Rate Notes FRN 5.3527% 31/10/2024	12,000	4.01	
US\$4,800,000 U.S. Treasury Floating Rate Notes FRN 5.3627% 30/04/2026	4,797	1.60	
US\$10,000,000 U.S. Treasury Floating Rate Notes FRN 5.3827% 31/10/2025	9,999	3.34	
<b>'BBB' credit rated bonds</b>	<b>3,826</b>	<b>1.28</b>	<b>0.00</b>
€3,527,000 Ford Motor Credit Co. LLC FRN 4.488% 01/12/2024	3,826	1.28	
<b>'BB' credit rated bonds</b>	<b>21,577</b>	<b>7.21</b>	<b>9.00</b>
€1,056,000 Arena Luxembourg Finance SARL FRN 5.631% 01/02/2027	1,128	0.38	
€3,851,000 Deutsche Lufthansa AG 4.382% 12/08/2075	4,112	1.37	
£1,316,000 Encore Capital Group, Inc. 4.25% 01/06/2028	1,479	0.49	
€1,665,000 Encore Capital Group, Inc. FRN 7.935% 15/01/2028	1,804	0.60	
US\$5,451,000 Energy Transfer LP FRN 8.5267% 01/11/2066	5,256	1.76	
€138,000 Loarre Investments SARL FRN 8.828% 15/05/2029	150	0.05	
€1,937,000 Lottomatica SpA FRN 7.05% 01/06/2031	2,119	0.71	
€2,664,000 Lottomatica SpA FRN 7.788% 15/12/2030	2,912	0.97	
€2,402,000 SCIL IV LLC/SCIL USA Holdings LLC FRN 8.006% 01/11/2026	2,617	0.88	
<b>'B' credit rated bonds</b>	<b>207,121</b>	<b>69.23</b>	<b>69.72</b>
€5,600,000 888 Acquisitions Ltd. FRN 9.185% 15/07/2028	6,008	2.01	
€278,000 APCOA Parking Holdings GmbH 4.625% 15/01/2027	294	0.10	
€3,691,000 APCOA Parking Holdings GmbH FRN 8.685% 15/01/2027	4,011	1.34	
€5,191,000 Assemblin Caverion Group AB FRN 7.195% 01/07/2031	5,604	1.87	
€3,934,000 Bach Bidco SpA FRN 7.935% 15/10/2028	4,274	1.43	
€2,487,000 Bertrand Franchise Finance SAS FRN 7.489% 18/07/2030	2,703	0.90	
€1,095,000 Bormioli Pharma SpA FRN 9.328% 15/05/2028	1,192	0.40	
€8,910,000 Cedacri Mergeco SpA FRN 8.453% 15/05/2028	9,604	3.21	
€7,997,000 Cerved Group SpA FRN 8.969% 15/02/2029	8,529	2.85	
€3,535,000 Cheplapharm Arzneimittel GmbH FRN 8.578% 15/05/2030	3,851	1.29	
€5,322,000 Cirsia Finance International SARL FRN 8.136% 31/07/2028	5,819	1.94	
€4,476,000 Conceria Pasubio SpA FRN 8.195% 30/09/2028	4,623	1.54	
€2,397,000 Cullinan Holdco SCSp FRN 8.435% 15/10/2026	2,285	0.76	
£571,000 Deuce Finco PLC 5.5% 15/06/2027	702	0.23	

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'B' credit rated bonds (continued)</b>			
€4,205,000 Deuce Finco PLC FRN 8.469% 15/06/2027	4,583	1.53	
€2,308,000 Duomo Bidco SpA FRN 7.803% 15/07/2031	2,536	0.85	
€4,975,000 EVOCA SpA FRN 8.962% 09/04/2029	5,462	1.83	
€1,494,000 Fiber Bidco SpA FRN 7.695% 15/01/2030	1,624	0.54	
€3,010,000 Flos B&b Italia SpA FRN 8.078% 15/05/2026	3,261	1.09	
€1,038,000 Galaxy Bidco Ltd. FRN 8.647% 31/07/2026	1,124	0.38	
€4,880,000 Golden Goose SpA FRN 8.703% 14/05/2027	5,312	1.78	
€1,400,000 Goldstory SAS FRN 7.631% 01/02/2030	1,516	0.51	
€4,905,000 Guala Closures SpA FRN 7.719% 29/06/2029	5,323	1.78	
€2,650,000 HSE Finance SARL FRN 9.578% 15/10/2026	1,164	0.39	
£277,000 Iceland Bondco PLC 4.375% 15/05/2028	305	0.10	
€2,525,000 Iceland Bondco PLC FRN 9.328% 15/12/2027	2,775	0.93	
€417,000 IMA Industria Macchine Automatiche SpA 3.75% 15/01/2028	436	0.15	
€2,826,000 IMA Industria Macchine Automatiche SpA FRN 7.435% 15/04/2029	3,089	1.03	
€3,366,000 IPD 3 BV FRN 7.086% 15/06/2031	3,640	1.22	
€4,666,000 Italmatch Chemicals SpA FRN 9.195% 06/02/2028	5,101	1.70	
€6,039,000 Kapla Holding SAS FRN 7.219% 31/07/2030	6,541	2.19	
€1,396,000 Kepler SpA FRN 9.469% 15/05/2029	1,521	0.51	
€2,305,000 La Doria SpA FRN 8.155% 12/11/2029	2,532	0.85	
€2,941,000 Lion/Polaris Lux 4 SA FRN 7.334% 01/07/2029	3,199	1.07	
€1,737,000 Mangrove Luxco III Sarl FRN 8.674% 15/07/2029	1,878	0.63	
€4,652,000 Miller Homes Group Finco PLC FRN 9.078% 15/05/2028	5,052	1.69	
€2,596,000 Monitchem HoldCo 3 SA FRN 8.969% 01/05/2028	2,826	0.94	
€6,401,000 Mooney Group SpA FRN 7.594% 17/12/2026	6,923	2.31	
€7,570,000 Multiversity SpA FRN 7.905% 30/10/2028	8,229	2.75	
€3,601,000 Neopharmed Gentili SpA FRN 7.935% 08/04/2030	3,942	1.32	
US\$368,000 New York Community Bancorp, Inc. 8.3775% 06/11/2028	330	0.11	
€3,913,000 Nova Alexandre III SAS FRN 8.914% 15/07/2029	4,260	1.42	
€847,000 Pachelbel Bidco SpA FRN 8.066% 17/05/2031	925	0.31	
€278,000 Picard Groupe SAS 3.875% 01/07/2026	299	0.10	



# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %	
<b>Fixed income (continued)</b>				
<b>Debt securities (continued)</b>				
<b>'B' credit rated bonds (continued)</b>				
€3,078,000 PLT VII Finance SARL FRN 7.239% 15/06/2031	3,329	1.11		
€1,800,000 PrestigeBidCo GmbH FRN 7.459% 01/07/2029	1,961	0.66		
€2,500,000 RAY Financing LLC FRN 7.435% 15/07/2031	2,714	0.91		
€4,112,000 Reno de Medici SpA FRN 8.719% 15/04/2029	4,468	1.49		
€1,380,000 Rino Mastrotto Group SpA FRN 8.438% 31/07/2031	1,497	0.50		
€3,095,000 SGL Group ApS FRN 8.438% 22/04/2030	3,361	1.12		
£555,000 Sherwood Financing PLC 6% 15/11/2026	620	0.21		
€4,299,000 Sherwood Financing PLC FRN 8.453% 15/11/2027	4,251	1.42		
€3,420,000 Stonegate Pub Co. Financing 2019 PLC FRN 9.578% 31/07/2025	3,691	1.23		
€4,447,000 TeamSystem SpA FRN 7.186% 31/07/2031	4,816	1.61		
€7,211,000 TeamSystem SpA FRN 7.435% 15/02/2028	7,832	2.62		
€4,206,000 Transcom Holding AB FRN 8.969% 15/12/2026	3,043	1.02		
€3,010,000 Trivium Packaging Finance BV FRN 7.578% 15/08/2026	3,259	1.09		
€2,500,000 TVL Finance PLC FRN 7.448% 30/06/2030	2,708	0.90		
€4,018,000 United Group BV FRN 8.078% 15/02/2031	4,364	1.46		
<b>'CCC' credit rated bonds</b>		<b>7,113</b>	<b>2.38</b>	<b>1.21</b>
€4,557,000 Garfunkelux Holdco 3 SA FRN 9.881% 01/05/2026	3,103	1.04		
€1,287,000 Iqera Group SAS FRN 10.328% 15/02/2027	847	0.28		
€1,042,000 Oriflame Investment Holding PLC FRN 8.078% 04/05/2026	272	0.09		
€3,173,000 PCF GmbH FRN 8.435% 15/04/2026	2,891	0.97		
<b>'C' credit rated bonds</b>		<b>121</b>	<b>0.04</b>	<b>0.00</b>
US\$1,924,000 Yuzhou Group Holdings Co. Ltd. 0% 13/01/2027	121	0.04		
<b>'D' credit rated bonds</b>		<b>0</b>	<b>0.00</b>	<b>0.04</b>
<b>Bonds with no credit rating</b>		<b>2</b>	<b>0.00</b>	<b>0.00</b>
£3,118,000 House of Fraser Funding PLC 0% 30/12/2050 <sup>a</sup>	2	0.00		
<b>Debt derivatives</b>		<b>1,718</b>	<b>0.57</b>	<b>0.60</b>
<b>Credit default swaps</b>		<b>1,718</b>	<b>0.57</b>	<b>0.60</b>
US\$(27,440,000) CDX.NA.HY.S39 20/12/2027	1,718	0.57		

# Portfolio statement

## Investments (continued)

Holding	as at 31.07.24 \$'000	as at 31.07.24 %	as at 31.01.24 %
<b>Currency</b>	<b>1,845</b>	<b>0.62</b>	<b>0.37</b>
<b>Forward currency contracts</b>	<b>1,845</b>	<b>0.62</b>	<b>0.37</b>
€3,837,765 Bought for US\$4,180,083 (expires 14.08.24)	(20)	0.00	
€(220,700,192) Sold for US\$241,049,030 (expires 14.08.24)	1,832	0.61	
£(2,528,185) Sold for US\$3,280,350 (expires 14.08.24)	33	0.01	
<b>Share class hedging</b>	<b>(3,142)</b>	<b>(1.05)</b>	<b>(0.33)</b>
<b>Forward currency contracts for share class hedging</b>	<b>(3,142)</b>	<b>(1.05)</b>	<b>(0.33)</b>
£238,173,686 Bought for US\$309,052,621 (expires 14.08.24)	(3,168)	(1.06)	
£(2,941,320) Sold for US\$3,803,725 (expires 14.08.24)	26	0.01	
<b>Total portfolio</b>	<b>266,977</b>	<b>89.23</b>	<b>88.83</b>
<b>Net other assets/(liabilities)</b>	<b>32,216</b>	<b>10.77</b>	<b>11.17</b>
<b>Net assets attributable to shareholders</b>	<b>299,193</b>	<b>100.00</b>	<b>100.00</b>

<sup>a</sup> Defaulted bond.

# Portfolio statement

## Top ten portfolio transactions for the six months to 31 July 2024

Largest purchases	\$'000
Assemblin Caverion Group AB FRN 7.195% 01/07/2031	5,859
EVOCA SpA FRN 8.962% 09/04/2029	5,552
Kapla Holding SAS FRN 7.219% 31/07/2030	5,143
U.S. Treasury Floating Rate Notes FRN 5.3827% 31/10/2025	5,002
TeamSystem SpA FRN 7.186% 31/07/2031	4,861
U.S. Treasury Floating Rate Notes FRN 5.3627% 30/04/2026	4,799
Reno de Medici SpA FRN 8.719% 15/04/2029	4,369
Nova Alexandre III SAS FRN 8.914% 15/07/2029	4,154
Neopharmed Gentili SpA FRN 7.935% 08/04/2030	3,864
IPD 3 BV FRN 7.086% 15/06/2031	3,619
Other purchases	59,012
<b>Total purchases</b>	<b>106,234</b>

Largest sales	\$'000
Lion/Polaris Lux 4 SA FRN 7.925% 01/07/2026	8,606
EVOCA SpA 8.147% FRN 01/11/2026	7,456
Allwyn Entertainment Financing U.K. PLC FRN 8.127% 15/02/2028	5,859
TK Elevator Midco GmbH FRN 8.692% 15/07/2027	5,854
Reno de Medici SpA FRN 9.175% 14/12/2026	5,536
Q-Park Holding I BV FRN 5.975% 01/03/2026	5,144
Lottomatica SpA FRN 8.1% 01/06/2028	4,865
U.S. Treasury Floating Rate Notes FRN 5.3165% 31/07/2024	4,800
U.S. Treasury Floating Rate Notes FRN 5.2045% 30/04/2024	4,799
Parts Europe SA FRN 7.97% 20/07/2027	4,649
Other sales	64,445
<b>Total sales</b>	<b>122,013</b>

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](http://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 'Comparative tables' for the share class launch dates.

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A-H' Income	+2.7	+5.6	+4.3	n/a
Class 'A-H' Accumulation	+2.7	+5.7	+4.3	n/a
Class 'E-H' Income	+3.0	+6.2	+4.9	n/a
Class 'E-H' Accumulation	+3.0	+6.3	+5.0	n/a
Class 'I-H' Income	+2.9	+6.0	+4.7	n/a
Class 'I-H' Accumulation	+2.9	+6.1	+4.7	n/a
Class 'PP-H' Income	+3.0	+6.1	n/a	n/a
Class 'PP-H' Accumulation	+2.9	+6.2	+4.9	n/a
Class 'R-H' Income	+2.8	+5.8	+4.5	n/a
Class 'R-H' Accumulation	+2.8	+5.8	+4.4	n/a
<b>Benchmark<sup>b</sup></b>	<b>+3.9</b>	<b>+7.2</b>	<b>+6.1</b>	<b>n/a</b>

<sup>a</sup> Not annualised.

<sup>b</sup> 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 (USD Hedged) Index.

## Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

# Financial highlights

## Sterling Class 'A-H' Income shares

The share class was launched on 11 September 2014.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	2,273	2,564	2,873
Number of shares	2,068,681	2,335,624	2,778,009
Closing NAV per share (UK p)	85.55	86.52	83.91
Operating charges (%)	1.03	1.03	1.03

## Sterling Class 'A-H' Accumulation shares

The share class was launched on 11 September 2014.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	4,436	4,502	3,927
Number of shares	2,537,621	2,690,196	2,712,079
Closing NAV per share (UK p)	136.11	131.92	117.49
Operating charges (%)	1.03	1.03	1.03

## Sterling Class 'E-H' Income shares

The share class was launched on 3 October 2014.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	39,806	5,785	8,711
Number of shares	34,233,998	4,994,211	8,031,872
Closing NAV per share (UK p)	90.55	91.31	88.01
Operating charges (%)	0.43	0.43	0.43

## Sterling Class 'E-H' Accumulation shares

The share class was launched on 11 September 2014.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	5,970	2,422	2,640
Number of shares	3,183,393	1,353,027	1,713,929
Closing NAV per share (UK p)	146.03	141.12	124.98
Operating charges (%)	0.43	0.43	0.43

## Sterling Class 'I-H' Income shares

The share class was launched on 11 September 2014.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	50,192	44,602	59,786
Number of shares	43,953,298	39,170,461	55,968,483
Closing NAV per share (UK p)	88.92	89.76	86.68
Operating charges (%)	0.63	0.63	0.63

## Sterling Class 'I-H' Accumulation shares

The share class was launched on 11 September 2014.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	172,027	190,143	138,861
Number of shares	93,803,672	108,489,046	91,921,700
Closing NAV per share (UK p)	142.81	138.15	122.57
Operating charges (%)	0.63	0.63	0.63

## Sterling Class 'PP-H' Income shares

The share class was launched on 5 August 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	18,075	59,059	81,606
Number of shares	14,885,763	48,818,999	71,963,537
Closing NAV per share (UK p)	94.56	95.37	92.02
Operating charges (%)	0.53	0.53	0.53

## Sterling Class 'PP-H' Accumulation shares

The share class was launched on 8 April 2019.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	4,985	13,164	8,854
Number of shares	3,041,117	8,407,456	6,568,457
Closing NAV per share (UK p)	127.65	123.42	109.38
Operating charges (%)	0.53	0.53	0.53

# Financial highlights

## Sterling Class 'R-H' Income shares

The share class was launched on 11 September 2014.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	888	791	339
Number of shares	796,884	710,878	324,495
Closing NAV per share (UK p)	86.79	87.71	84.90
Operating charges (%)	0.88	0.88	0.88

## Sterling Class 'R-H' Accumulation shares

The share class was launched on 11 September 2014.

	31.07.24	31.01.24	31.01.23
Closing NAV (\$'000)	541	444	191
Number of shares	303,683	260,687	129,555
Closing NAV per share (UK p)	138.63	134.26	119.38
Operating charges (%)	0.88	0.88	0.88

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 31 July	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Net capital gains/(losses)		1,847		18,000
Revenue	13,310		13,054	
Expenses	(940)		(944)	
Interest payable and similar charges	(3)		(3)	
Net revenue/(expense) before taxation	12,367		12,107	
Taxation	0		0	
Net revenue/(expense) after taxation		12,367		12,107
<b>Total return before distributions</b>		<b>14,214</b>		<b>30,107</b>
Distributions		(12,678)		(12,535)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,536</b>		<b>17,572</b>

### Statement of change in net assets attributable to shareholders

for the six months to 31 July	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>323,476</b>		<b>307,788</b>
Amounts received on issue of shares	54,802		40,382	
Amounts paid on cancellation of shares	(88,253)		(30,933)	
		(33,451)		9,449
Dilution adjustments		130		210
Change in net assets attributable to shareholders from investment activities (see above)		1,536		17,572
Retained distributions on Accumulation shares		7,502		6,468
<b>Closing net assets attributable to shareholders</b>		<b>299,193</b>		<b>341,487</b>

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 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 2024 \$'000	31 January 2024 \$'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	270,165	288,411
<b>Current assets</b>		
Debtors	7,997	7,796
Cash and bank balances	11,989	10,937
Cash equivalents	21,079	31,071
<b>Total assets</b>	<b>311,230</b>	<b>338,215</b>
<b>Liabilities</b>		
Investment liabilities	(3,188)	(1,061)
<b>Creditors</b>		
Overdrawn positions at futures clearing houses and collateral manager	(1,874)	(2,131)
Distribution payable	(2,415)	(2,513)
Other creditors	(4,560)	(9,034)
<b>Total liabilities</b>	<b>(12,037)</b>	<b>(14,739)</b>
<b>Net assets attributable to shareholders</b>	<b>299,193</b>	<b>323,476</b>



# 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.

