

M&G Investment Funds (11)

**Interim report and unaudited financial statements
for the six months ended 31 October 2023**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (11) presents its interim report and unaudited financial statements for the six months ended 31 October 2023.

The unaudited financial statements of M&G Investment Funds (11), 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. 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 (11) is an umbrella Open-Ended Investment Company (OEIC) and contains two sub-funds, hereinafter referred to as 'funds' in the rest of this report. The Company is a non-UCITS Retail Scheme (NURS) and, for the purposes of the AIFMD, qualifies as an alternative investment fund (AIF), 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 1 October 2010, the M&G Episode Income Fund was launched on 11 November 2010 and the M&G Global Target Return Fund was launched on 13 December 2016.

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 October 2023, none of the funds held shares of the other funds within this OEIC.

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

Fund managers

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

M&G Episode Income Fund

Steven Andrew & Stefano Amato

M&G Global Target Return Fund

Tristan Hanson

ACD

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

Directors of the ACD

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

Investment manager

M&G Investment Management Limited,
10 Fenchurch Avenue, London EC3M 5AG, UK
(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)

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Depositary

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

Independent auditor

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

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2023 can be found on our website at 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 at mandg.com/footer/sustainability-disclosures

Important information

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

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

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

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
21 December 2023

Financial statements and notes

The financial statements for M&G Investment Funds (11) 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, 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 30 April, 2023. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 August 2023 has been used.

Investment objective

The Fund aims to provide:

- a growing level of income over any three-year period; and
- capital growth of 2-4% per annum, net of the ongoing charge figure, over any three-year period.

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

Investment policy

The fund manager adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets. Central to this approach is the identification of episodes, which are periods of time during which, in the fund manager's view, asset prices become over- or under-stated, relative to objective valuation measures, due to the emotional reaction of investors to events. These episodes can exist over both the short and medium term. The fund invests in transferable securities, fixed income assets (including, but not limited to, corporate bonds and government and public securities), warrants, cash, and near cash. Exposure to these assets, and to property, may be gained via collective investment schemes and derivatives (including equity index futures, currency forwards, interest rate swaps, and other liquid derivatives). The manager may seek to minimise currency risk through the combination of diversification and hedging. Derivatives may also be used for efficient portfolio management purposes. More than 70% of the fund will be in sterling or hedged back to sterling.

Investment approach

The fund manager seeks to achieve the fund's objectives whilst managing risk by investing globally across multiple asset classes, sectors, currencies and countries. Where the fund manager believes opportunities are limited to a few areas, the portfolio may be very concentrated in certain assets or markets. The fund manager will typically take investment positions in individual shares or bonds, but may also take positions at an index or sector level via derivatives.

The fund manager looks to generate a growing level of income by investing in assets that offer a regular income such as dividend-paying equities, corporate bonds and government bonds. The fund will typically invest 20-50% of its assets in equities, 40-80% in bonds and up to 20% in other assets, which can include convertibles.

Benchmark

Benchmark: None.

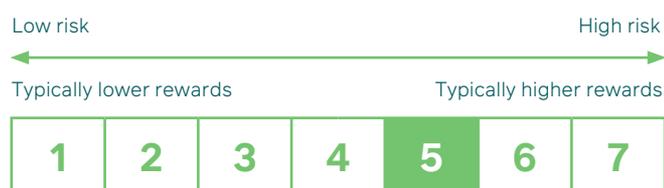
The fund is actively managed and it has no benchmark. Investors can assess the performance of the fund by its objective to provide a growing level of income and capital growth of 2 to 4% per annum, both measured over any three-year period. The fund's annual report for each financial year will include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

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' shares.



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has changed during this period. From 1 May 2023 to 24 September 2023 the risk number was 4.

Investment review

For the six months ended 31 October 2023

Distribution summary

The fund distributed six monthly payments totalling 2.28p per Sterling Class 'A' Income share over the six months under review. This represents an increase of 21.3% from the 1.88p distributed during the same period a year earlier. As at the end of the reporting period, the payout represented a yield (distributed income as a percentage of the class's share price on 31 October 2022) of 4.1%.

In respect of the Sterling Class 'I' Income shares, the fund distributed six monthly payments totalling 23.18p per Sterling Class 'I' Income share over the six months under review. This represents an increase of 21.8% from the 19.03p distributed during the same period a year earlier. As at the end of the reporting period, the payout

represented a yield (distributed income as a percentage of the share price at the end of the period) of 4.02%.

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

Performance against objective.

The M&G Episode Income Fund produced a negative total return (the combination of income and growth of capital) across all of its share classes in the six month period under review.

The fund's distribution declined by 5.4% per annum (pa) over the three-year period to 31 October 2023. Therefore, during that period, the fund did not meet its objective of generating a growing level of income over any three-year period.

The fund's annualised capital growth fell by 5.0% pa over the three-year period to 31 October 2023. Therefore, it did not meet its objective of providing capital growth of between 2% and 4% on average each year over any three-year period.

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

Performance review

The six months under review saw both bonds and equities deliver negative returns. Having initially been encouraged by signs of falling inflation, investors turned progressively more negative during the period as central bankers signalled that interest rates were likely to stay high for longer.

The likelihood that interest rates were going to stay elevated weighed heavily on developed market government bonds, particularly those with longer maturities, since they are more sensitive to interest rate increases. Bond yields, which move in the opposite direction to prices, rose to multi-year highs. The falls

Authorised Corporate Director's Report

were led by US government bonds, although UK gilts also fell sharply. European sovereign bonds and emerging market government bonds declined too but not as far. Corporate bonds issued by investment grade companies reflected this weakness, although high yield bonds held up much better.

The rise in yields in bond markets led to falls in the prices of other assets and, in general, stockmarkets declined over the period. The weakest markets included Hong Kong, the UK, China and Germany, although there were some pockets of strength. For example, the Nikkei in Japan rose, along with the technology-dominated Nasdaq in the US and the Italian stockmarket.

In terms of industry sectors, real estate was hit hard by the probability of interest rates staying high, with utilities and consumer staples companies also falling. On the other hand, technology, communication services and energy stocks improved.

In the currency market, most major currencies declined relative to the US dollar, which was supported by the higher for longer rhetoric surrounding interest rates. The Bank of Japan indicated that interest rates were unlikely to be raised in Japan, which weakened the yen. Weaker economic data raised hopes that interest rates may not rise further in the UK and Europe, causing sterling and the euro to weaken.

Against this generally negative background, the fund delivered a negative total return across all of its share classes, with losses mainly from the allocation to core government bonds. Although the strength of the US dollar against sterling over the period was beneficial, boosting the value of assets from the US, the fund missed out on some of that strength due to our hedging activities; at least 70% of the fund has to be held in, or hedged back to, sterling.

Our holdings of long-dated US government bonds were the largest contributor to the fund's negative return, as rising interest rates caused severe weakness at the long end of the US yield curve. UK government bonds also detracted.

The return from our allocation to equities was more mixed, with losses in Europe and Asia offset by gains in US technology stocks and holdings in Japan. The largest positive contribution, however, came from emerging market government bonds, where bonds from Colombia, Brazil and Mexico generated positive returns, which were boosted by strength in their currencies.

Investment activities

In a very busy period for investment activity, we concentrated mainly on two themes; increasing the income generated by the portfolio and reducing risk.

As part of the process of optimising income we switched out of some stocks that had paid their annual dividends into other shares with similar characteristics but still to pay. The aim was to generate more distributable income while leaving the overall positioning and risk profile little changed.

The risk reduction exercise included the sale of a small position in Chinese property developer Country Garden as, in our view, the stock had become too risky. We also sold all our corporate bonds as their credit spreads had remained resilient despite the rise in cash yields. While this resilience benefited the performance of the fund, in our opinion, it meant that the yields available no longer reflected the potential risk of rising defaults. The proceeds were invested in six-month US Treasury bills (classified as near cash), which provide a similar level of income.

Towards the end of the review period, we attempted to remove further risk from the portfolio by reducing the allocation to equity and increasing bonds. We sold several individual stock holdings and established short exposure to the stockmarkets of the US, Japan and Europe via futures. We purchased five-year US Treasuries and long-dated UK gilts. Overall, this should reduce equity risk without reducing income.

We adjusted our exposure to emerging market government bonds markedly during the period. Initially, we sold a global emerging market bond fund and our South African bonds while introducing positions in bonds issued by the European Bank for Reconstruction and Development denominated in Philippine pesos and

Authorised Corporate Director's Report

Indonesian rupiah. Exposure to bonds issued by Brazil, Colombia, Chile and Mexico was then reduced while we added to bonds from Peru.

Later we rebalanced our holdings of emerging market bonds in response to the steep inversion of yield curves, which meant we could get higher yields from shorter-dated bonds in Brazil, Mexico, Chile and Indonesia. This reduced duration and should increase income.

Outlook

The close relationship between bond and equity price moves has intensified recently, as the yield on US Treasuries rose sharply. While the acceptance of the 'higher-for-longer' belief around policy rates may be thought of as the cause of the persistent bond sell-off, this can be questioned since higher short rates for a longer period could actually be considered good news for long-dated bond prices. Furthermore, the shifting day-to-day rationale for the high volatility in bond markets – shifting from geopolitical developments to policymakers' comments and then to economic data – suggests that investors are acting on emotions rather than focusing on fundamentals.

For this reason, we have become much more positive on the bond market, believing that the price weakness offers an opportunity to add to US Treasuries and also gilts and bunds, where the yield moves appear at odds to economic data. In particular, the longer end of the yield curve appears more attractive after a meaningful steepening over the last four months.

We remain positive on emerging market government bonds since the levels of yields in our opinion offer appropriate compensation in an environment where inflation remains well behaved and some emerging market central banks have begun to reduce interest rates.

In equity markets, there seems little expectation that earnings could come under pressure from the deterioration in consumer and corporate balance sheets. This possible complacency makes us somewhat

cautious. Although valuations are undoubtedly more attractive, we think cost of capital renders equities vulnerable.

We have reduced the allocation to equities and increased exposure to bonds, which we see as offering a good level of yield and potential diversification if the growth outlook deteriorates. We also have a reasonably high holding of cash and near-cash instruments, such as US Treasury bills, since they provide an attractive level of yield and should provide an uncorrelated source of income for the portfolio. We are prepared to respond dynamically and tactically should further opportunities present themselves.

Steven Andrew and Stefano Amato

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 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Equities	170,272	40.69	45.50
United Kingdom	6,868	1.64	1.31
UK equities	6,868	1.64	1.31
1,224,254 BT	1,385	0.33	
4,085,314 Home REIT ^a	1,554	0.37	
768,324 Sainsbury (J)	1,981	0.47	
31,017 SSE	508	0.12	
398,561 Tesco	1,081	0.26	
469,221 Vodafone	359	0.09	
Belgium	1,234	0.29	0.33
Belgian equities	1,234	0.29	0.33
26,916 KBC	1,234	0.29	
Denmark	2,445	0.58	0.33
Danish equities	2,445	0.58	0.33
1,793 A.P. Møller – Mærsk	2,445	0.58	
France	415	0.10	2.22
French equities	415	0.10	2.22
42,705 Orange	415	0.10	
Germany	0	0.00	0.40
German equities	0	0.00	0.40
Ireland	2,853	0.68	0.42
Irish equities	2,853	0.68	0.42
28,519 DCC	1,302	0.31	
26,864 Medtronic	1,551	0.37	
Italy	2,084	0.50	0.32
Italian equities	2,084	0.50	0.32
968,512 Intesa Sanpaolo	2,084	0.50	
Netherlands	1,537	0.37	0.35
Dutch equities	1,537	0.37	0.35
11,083 NXP Semiconductors	1,537	0.37	

Portfolio statement

Investments (continued)

Holding	as at 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Equities (continued)			
Spain	1,006	0.24	0.24
Spanish equities	1,006	0.24	0.24
35,755 Enagas	502	0.12	
32,066 Endesa	504	0.12	
Sweden	0	0.00	0.68
Swedish equities	0	0.00	0.68
Switzerland	2,682	0.64	1.39
Swiss equities	2,682	0.64	1.39
18,498 Novartis	1,433	0.34	
5,869 Roche	1,249	0.30	
United States	117,246	28.02	28.39
US equities	117,246	28.02	28.39
14,253 AbbVie	1,662	0.40	
44,108 Alphabet	4,519	1.08	
9,162 Amgen	1,974	0.47	
131,563 Annaly Capital Management REIT	1,636	0.39	
30,765 Apple	4,283	1.02	
316,771 AT&T	3,970	0.95	
24,970 Blackstone	1,904	0.46	
21,091 Boston Properties REIT	934	0.22	
32,709 Bristol-Myers Squibb	1,368	0.33	
5,668 Broadcom	3,921	0.94	
44,053 Chesapeake Energy	3,100	0.74	
111,046 Cisco Systems	4,714	1.13	
84,771 Conagra Brands	1,883	0.45	
135,060 Coterra Energy	3,038	0.73	
30,231 CVS Health	1,685	0.40	
25,289 Darden Restaurants	2,981	0.71	
57,939 Dell Technologies	3,169	0.76	
27,729 Dow	1,103	0.26	
25,086 Edison International	1,293	0.31	
52,937 Fastenal	2,536	0.61	

Portfolio statement

Investments (continued)

Holding	as at 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Equities (continued)			
United States (continued)			
US equities (continued)			
27,830	Gilead Sciences	1,778	0.42
62,339	Hasbro	2,285	0.55
169,338	HP	3,645	0.87
39,443	International Business Machines	4,621	1.10
43,079	International Paper	1,182	0.28
12,287	Johnson & Johnson	1,491	0.36
36,524	Kellanova	1,511	0.36
63,315	Kraft Heinz	1,647	0.39
16,295	LyondellBasell Industries	1,215	0.29
184,834	Medical Properties Trust REIT	744	0.18
20,414	Merck	1,727	0.41
16,904	Microsoft	4,706	1.12
51,149	NetApp	2,987	0.71
369,453	Newell Brands	2,119	0.51
55,087	Pfizer	1,377	0.33
16,481	Pioneer Natural Resources	3,243	0.78
28,642	Prudential Financial	2,117	0.51
10,950	Simon Property REIT	957	0.23
12,629	Snap-on	2,642	0.63
24,547	Southern	1,347	0.32
29,086	Texas Instruments	3,363	0.80
14,857	Union Pacific	2,514	0.60
19,682	United Parcel Service	2,243	0.54
69,416	US Bancorp	1,771	0.42
136,052	Verizon Communications	3,878	0.93
202,189	Viatis	1,444	0.35
92,249	Walgreens Boots Alliance	1,603	0.38
340,757	Western Union	3,073	0.73
27,809	Whirlpool	2,343	0.56

Portfolio statement

Investments (continued)

Holding	as at 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Equities (continued)			
Canada	6,652	1.59	2.14
Canadian equities	6,652	1.59	2.14
212,050 Algonquin Power & Utilities	888	0.21	
53,101 Bank of Nova Scotia	1,772	0.42	
61,497 Canadian Imperial Bank of Commerce	1,782	0.43	
27,326 Canadian Tire	2,210	0.53	
Japan	13,726	3.28	2.40
Japanese equities	13,726	3.28	2.40
45,200 AGC	1,266	0.30	
59,200 Aisin	1,694	0.40	
31,600 Brother Industries	406	0.10	
21,600 Canon	420	0.10	
140,900 Isuzu Motors	1,291	0.31	
679 Japan Metropolitan Fund REIT	361	0.09	
38,300 JFE	439	0.10	
10,600 Kao	318	0.08	
26,400 Kirin	306	0.07	
49,000 Komatsu	933	0.22	
101,900 Mitsui OSK Lines	2,160	0.52	
21,900 MS&AD Insurance	659	0.16	
33,400 Otsuka	923	0.22	
49,000 SBI	867	0.21	
33,100 Seiko Epson	377	0.09	
38,700 Takeda Pharmaceutical	860	0.20	
4,100 Tokyo Electron	446	0.11	
Australia	6,006	1.44	1.12
Australian equities	6,006	1.44	1.12
81,055 ANZ	1,046	0.25	
87,165 Coles	695	0.17	
128,247 Dexus REIT	434	0.10	
20,650 Rio Tinto	1,268	0.30	
29,472 Sonic Healthcare	443	0.11	

Portfolio statement

Investments (continued)

Holding	as at 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Equities (continued)			
Australia (continued)			
Australian equities (continued)			
788,503 South32	1,368	0.33	
41,998 Woodside Energy	752	0.18	
China	314	0.07	1.48
Chinese equities	314	0.07	1.48
376,000 COSCO SHIPPING	314	0.07	
Hong Kong	1,456	0.35	0.07
Hong Kong equities	1,456	0.35	0.07
1,522,000 Lenovo	1,456	0.35	
South Korea	3,748	0.90	0.91
South Korean equities	3,748	0.90	0.91
35,534 Kia	1,662	0.40	
170,188 LG Uplus	1,045	0.25	
48,592 Samsung Securities	1,041	0.25	
Taiwan	0	0.00	1.00
Taiwanese equities	0	0.00	1.00
Equity derivatives	594	0.14	0.00
Other	594	0.14	0.00
Other equity futures	594	0.14	
(114) S&P 500 E Mini Dec 2023	565	0.13	
(83) Euro Stoxx 50 Dec 2023	23	0.01	
(17) TOPIX Index Dec 2023	6	0.00	
Fixed income	225,328	53.84	41.14
United Kingdom	49,785	11.90	9.75
Government bonds	44,225	10.57	8.42
£24,500,000 UK Treasury 0.5% 22/10/2061	6,540	1.56	
£25,229,877 UK Treasury 3.25% 31/01/2033	22,903	5.48	
£18,137,207 UK Treasury 3.75% 22/10/2053	14,782	3.53	
Investment grade corporate bonds	5,560	1.33	1.05
PHP392,300,000 European Bank for Reconstruction & Development 5.5% 10/03/2026	5,560	1.33	

Portfolio statement

Investments (continued)

Holding	as at 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Fixed income (continued)			
United Kingdom (continued)			
Below investment grade corporate bonds	0	0.00	0.28
Germany	13,766	3.29	4.95
Government bonds	13,766	3.29	4.60
€16,300,827 Germany (Federal Republic of) 2.3% 15/02/2033	13,766	3.29	
Below investment grade corporate bonds	0	0.00	0.35
Luxembourg	0	0.00	0.29
Below investment grade corporate bonds	0	0.00	0.29
Netherlands	0	0.00	0.41
Below investment grade corporate bonds	0	0.00	0.41
United States	100,786	24.08	11.84
Government bonds	100,786	24.08	10.69
US\$61,300,000 US Treasury 0% 21/03/2024	49,283	11.78	
US\$24,616,000 US Treasury 3% 15/08/2052	14,084	3.36	
US\$30,398,100 US Treasury 3.5% 15/02/2033	22,497	5.38	
US\$18,290,000 US Treasury 4.625% 30/09/2028	14,922	3.56	
Below investment grade corporate bonds	0	0.00	1.15
Corporate bonds with no credit rating	0	0.00	0.00
US\$1,869,000 TRU Taj 12% 30/03/2040 ^b	0	0.00	
£150,000 Washington Mutual Bank 5.5% 10/06/2059 ^b	0	0.00	
Brazil	11,349	2.71	3.10
Government bonds	11,349	2.71	3.10
BRL70,242,000 Brazil (Federal Republic of) 10% 01/01/2025	11,349	2.71	
Chile	11,141	2.66	0.50
Government bonds	11,141	2.66	0.50
CLP12,390,000,000 Chile (Republic of) 5.8% 01/06/2024	11,141	2.66	
Colombia	11,285	2.70	2.92
Government bonds	11,285	2.70	2.92
COP68,068,400,000 Colombia (Republic of) 6% 28/04/2028	11,285	2.70	
Mexico	11,111	2.65	3.05
Government bonds	11,111	2.65	3.05
MXN246,374,700 Mexico (United Mexican States) 10% 05/12/2024	11,111	2.65	

Portfolio statement

Investments (continued)

Holding	as at 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Fixed income (continued)			
Peru	7,397	1.77	1.02
Government bonds	7,397	1.77	1.02
PEN35,321,000 Peru (Republic of) 6.95% 12/08/2031	7,397	1.77	
Indonesia	6,699	1.60	0.00
Government bonds	6,699	1.60	0.00
IDR130,716,000,000 Indonesia (Republic of) 6.5% 15/06/2025	6,699	1.60	
Philippines	2,009	0.48	0.45
Government bonds	2,009	0.48	0.45
PHP148,000,000 Philippines (Republic of) 6.25% 14/01/2036	2,009	0.48	
South Africa	0	0.00	2.86
Government bonds	0	0.00	2.86
Fixed income portfolios	0	0.00	9.08
Other	0	0.00	9.08
Currency	1,130	0.27	0.17
Forward currency contracts	1,130	0.27	0.17
US\$5,436,941 Bought for KRW7,318,430,701 (expires 24.01.24)	(7)	0.00	
AU\$(13,240,571) Sold for £6,953,096 (expires 31.01.24)	18	0.01	
CAS\$(11,345,257) Sold for £6,789,737 (expires 31.01.24)	47	0.01	
CHF(3,141,991) Sold for £2,909,137 (expires 31.01.24)	24	0.01	
DKK(13,356,675) Sold for £1,566,699 (expires 31.01.24)	(6)	0.00	
€(21,870,906) Sold for £19,122,499 (expires 31.01.24)	(85)	(0.02)	
HK\$(15,807,467) Sold for £1,669,451 (expires 31.01.24)	9	0.00	
¥(2,725,675,113) Sold for £15,203,994 (expires 31.01.24)	143	0.03	
US\$(230,689,217) Sold for £190,277,509 (expires 31.01.24)	979	0.23	
US\$5,457,443 Bought for TWD174,537,088 (expires 31.01.24)	13	0.00	
TW\$170,525,633 Bought for \$5,322,722 (expires 31.01.24)	(5)	0.00	
Total portfolio	397,324	94.94	95.89
Net other assets/(liabilities)	21,160	5.06	4.11
Net assets attributable to shareholders	418,484	100.00	100.00

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

^a Suspended/delisted.

^b Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the six months to 31 October 2023

Largest purchases	£'000
US Treasury 0% 21/03/2024	48,790
UK Treasury 0.625% 07/06/2025	35,536
Germany (Federal Republic of) 0% Treasury 22/11/2033	24,042
US Treasury 4.625% 30/09/2028	14,873
Brazil (Federal Republic of) 10% 01/01/2025	11,462
Chile (Republic of) 5.8% 01/06/2024	11,370
Mexico (United Mexican States) 10% 05/12/2024	11,163
Germany (Federal Republic of) 0% Treasury 18/10/2033	11,040
UK Treasury 0% 02/04/2024	11,010
UK Treasury 0% 22/01/2024	8,765
Other purchases	68,917
Total purchases	256,968

Largest sales	£'000
UK Treasury 0.625% 07/06/2025	36,352
Germany (Federal Republic of) 0% Treasury 22/11/2033	23,782
Brazil (Federal Republic of) 10% 01/01/2029	15,442
Mexico (United Mexican States) 5% 06/03/2025	14,908
South Africa (Republic of) 6.25% 31/03/2036	11,938
UK Treasury 0% 02/04/2024	11,036
Germany (Federal Republic of) 0% Treasury 18/10/2033	10,790
US Treasury 0% 25/05/2023	9,759
UK Treasury 0% 22/01/2024	8,775
European Bank for Reconstruction & Development 4.25% 07/02/2028	8,748
Other sales	142,351
Total sales	293,881

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-2.0	+2.8	+1.7	+3.4
Class 'A' Accumulation	-2.0	+2.8	+1.7	+3.4
Class 'I' Income	-1.9	+3.1	+2.1	+3.9
Class 'I' Accumulation	-1.9	+3.1	+2.1	+3.9
Class 'PP' Income	-1.8	+3.2	n/a	n/a
Class 'PP' Accumulation	-1.8	+3.2	n/a	n/a
Class 'R' Income	-2.0	+2.9	+1.9	+3.7
Class 'R' Accumulation	-2.0	+2.9	+1.9	+3.7

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 11 November 2010.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	115.27	122.75	125.78
Return before operating charges	(1.67)	(2.08)	2.54
Operating charges	(0.62)	(1.23)	(1.36)
Return after operating charges	(2.29)	(3.31)	1.18
Distributions	(2.28)	(4.17)	(4.21)
Closing NAV	110.70	115.27	122.75
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.05	0.02
Dilution adjustments	0.00	(0.01)	(0.01)
Total direct transaction costs	0.02	0.04	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.03	0.01
Operating charges	1.06	1.06	1.05
Return after charges	-1.99	-2.70	+0.94
Other information			
Closing NAV (£'000)	50,829	54,831	54,814
Number of shares	45,915,579	47,565,581	44,656,476
Highest share price (UK p)	118.40	123.50	133.94
Lowest share price (UK p)	110.68	108.88	122.89

Sterling Class 'A' Accumulation share performance

The share class was launched on 11 November 2010.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	180.23	185.14	183.62
Return before operating charges	(2.72)	(3.03)	3.53
Operating charges	(0.97)	(1.88)	(2.01)
Return after operating charges	(3.69)	(4.91)	1.52
Distributions	(3.27)	(4.52)	(4.24)
Retained distributions	3.27	4.52	4.24
Closing NAV	176.54	180.23	185.14
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.07	0.03
Dilution adjustments	(0.01)	(0.02)	(0.01)
Total direct transaction costs	0.03	0.05	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.03	0.01
Operating charges	1.06	1.06	1.05
Return after charges	-2.05	-2.65	+0.83
Other information			
Closing NAV (£'000)	13,603	14,900	16,104
Number of shares	7,704,987	8,267,327	8,698,039
Highest share price (UK p)	186.34	186.29	198.35
Lowest share price (UK p)	175.93	166.44	181.09

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	1,170.29	1,241.14	1,266.70
Return before operating charges	(17.51)	(21.79)	24.37
Operating charges	(3.91)	(7.76)	(8.48)
Return after operating charges	(21.42)	(29.55)	15.89
Distributions	(23.18)	(41.30)	(41.45)
Closing NAV	1,125.69	1,170.29	1,241.14
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.25	0.47	0.21
Dilution adjustments	(0.03)	(0.13)	(0.08)
Total direct transaction costs	0.22	0.34	0.13
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.03	0.01
Operating charges	0.66	0.66	0.65
Return after charges	-1.83	-2.38	+1.25
Other information			
Closing NAV (£'000)	102,244	123,699	192,987
Number of shares	9,082,831	10,569,922	15,549,186
Highest share price (UK p)	1,202.94	1,249.12	1,351.39
Lowest share price (UK p)	1,125.43	1,102.60	1,241.68

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	1,694.49	1,735.14	1,715.39
Return before operating charges	(26.25)	(29.66)	31.38
Operating charges	(5.70)	(10.99)	(11.63)
Return after operating charges	(31.95)	(40.65)	19.75
Distributions	(33.52)	(47.78)	(45.39)
Retained distributions	33.52	47.78	45.39
Closing NAV	1,662.54	1,694.49	1,735.14
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.36	0.67	0.28
Dilution adjustments	(0.05)	(0.19)	(0.12)
Total direct transaction costs	0.31	0.48	0.16
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.03	0.01
Operating charges	0.66	0.66	0.65
Return after charges	-1.89	-2.34	+1.15
Other information			
Closing NAV (£'000)	233,021	253,203	302,818
Number of shares	14,015,959	14,942,720	17,452,117
Highest share price (UK p)	1,753.30	1,746.39	1,856.14
Lowest share price (UK p)	1,656.67	1,562.26	1,692.06

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	93.46	99.02	100.96
Return before operating charges	(1.42)	(1.77)	1.91
Operating charges	(0.26)	(0.54)	(0.57)
Return after operating charges	(1.68)	(2.31)	1.34
Distributions	(1.85)	(3.25)	(3.28)
Closing NAV	89.93	93.46	99.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.04	0.02
Dilution adjustments	0.00	(0.01)	(0.01)
Total direct transaction costs	0.02	0.03	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.03	0.01
Operating charges	0.56	0.56	0.55
Return after charges	-1.80	-2.33	+1.33
Other information			
Closing NAV (£'000)	675	608	18,686
Number of shares	750,007	650,327	18,871,306
Highest share price (UK p)	96.08	99.66	107.76
Lowest share price (UK p)	89.91	88.00	99.04

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	109.52	112.06	110.69
Return before operating charges	(1.71)	(1.94)	2.01
Operating charges	(0.31)	(0.60)	(0.64)
Return after operating charges	(2.02)	(2.54)	1.37
Distributions	(2.21)	(3.17)	(3.02)
Retained distributions	2.21	3.17	3.02
Closing NAV	107.50	109.52	112.06
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.04	0.02
Dilution adjustments	0.00	(0.01)	(0.01)
Total direct transaction costs	0.02	0.03	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.03	0.01
Operating charges	0.56	0.56	0.55
Return after charges	-1.84	-2.27	+1.24
Other information			
Closing NAV (£'000)	9,172	10,352	18,660
Number of shares	8,532,354	9,452,025	16,652,157
Highest share price (UK p)	113.35	112.79	119.83
Lowest share price (UK p)	107.12	100.94	109.19

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	114.16	121.38	124.19
Return before operating charges	(1.67)	(2.09)	2.46
Operating charges	(0.53)	(1.04)	(1.15)
Return after operating charges	(2.20)	(3.13)	1.31
Distributions	(2.26)	(4.09)	(4.12)
Closing NAV	109.70	114.16	121.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.05	0.02
Dilution adjustments	0.00	(0.01)	(0.02)
Total direct transaction costs	0.02	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.03	0.01
Operating charges	0.91	0.91	0.90
Return after charges	-1.93	-2.58	+1.05
Other information			
Closing NAV (£'000)	5,431	5,631	6,229
Number of shares	4,950,416	4,932,474	5,132,191
Highest share price (UK p)	117.29	122.14	132.34
Lowest share price (UK p)	109.68	107.73	121.48

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	165.95	170.27	168.67
Return before operating charges	(2.52)	(2.83)	3.18
Operating charges	(0.77)	(1.49)	(1.58)
Return after operating charges	(3.29)	(4.32)	1.60
Distributions	(3.11)	(4.36)	(4.11)
Retained distributions	3.11	4.36	4.11
Closing NAV	162.66	165.95	170.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.07	0.03
Dilution adjustments	0.00	(0.02)	(0.01)
Total direct transaction costs	0.04	0.05	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.03	0.01
Operating charges	0.91	0.91	0.90
Return after charges	-1.98	-2.54	+0.95
Other information			
Closing NAV (£'000)	3,509	3,711	3,997
Number of shares	2,157,482	2,236,028	2,347,733
Highest share price (UK p)	171.63	171.35	182.32
Lowest share price (UK p)	162.09	153.16	166.36

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 October	2023		2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(16,627)		(54,506)
Revenue	11,971		11,856	
Expenses	(1,638)		(2,005)	
Interest payable and similar charges	(25)		(16)	
Net revenue/(expense) before taxation	10,308		9,835	
Taxation	(1,553)		(1,553)	
Net revenue/(expense) after taxation		8,755		8,282
Total return before distributions		(7,872)		(46,224)
Distributions		(8,942)		(8,742)
Change in net assets attributable to shareholders from investment activities		(16,814)		(54,966)

Statement of change in net assets attributable to shareholders

for the six months to 31 October	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		466,935		622,752
Amounts received on issue of shares	5,934		11,823	
Amounts paid on cancellation of shares	(42,983)		(88,265)	
		(37,049)		(76,442)
Dilution adjustments		44		136
Change in net assets attributable to shareholders from investment activities (see above)		(16,814)		(54,966)
Retained distributions on Accumulation shares		5,362		4,664
Unclaimed distributions		6		6
Closing net assets attributable to shareholders		418,484		496,150

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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 October 2023 £'000	30 April 2023 £'000
Assets		
Fixed assets		
Investments	397,427	447,800
Current assets		
Debtors	4,390	17,331
Cash and bank balances	19,774	18,350
Total assets	421,591	483,481
Liabilities		
Investment liabilities	(103)	(47)
Creditors		
Distribution payable	(1,083)	(966)
Other creditors	(1,920)	(15,526)
Deferred tax provision	(1)	(7)
Total liabilities	(3,107)	(16,546)
Net assets attributable to shareholders	418,484	466,935

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 4.

Distribution policy

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

In determining the amount available for distribution 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 15 August 2023 has been used.

Investment objective

The fund aims to achieve a total return (the combination of income and capital growth) of at least 2-4% per annum above the Sterling Overnight Index Average (SONIA), before any charges are taken, in any market conditions and over any three year period.

The fund aims to achieve this while seeking to minimise the degree to which the value of the fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the fund in this way reduces its ability to achieve returns significantly above SONIA plus 2-4%.

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

Investment policy

The fund has a highly flexible investment approach with the freedom to invest in different types of investment assets from anywhere in the world. The fund manager's approach combines in-depth research to determine the value of assets over the medium to long term, together with analysis of market reactions to events, to identify investment opportunities.

The fund may at any one time invest in the following asset classes: fixed income securities (including, but not limited to, corporate bonds and government and public securities), company shares, currencies, cash, near cash and deposits. The fund will mostly gain exposure to these assets by investing through derivatives, but may also invest directly, or by investing through other funds. Derivatives are financial contracts whose value is derived from an underlying asset. In cases where the fund manager believes that investment opportunities are limited to a few areas, or where available investment opportunities would add too much risk, the fund may hold a high level of cash. At any one

time the geographical range of the fund may be more focused rather than globally diversified.

The fund may also invest in other transferable securities and warrants (allowing the fund manager to buy stocks for a fixed price until a certain date) which may be from anywhere in the world and denominated in any currency.

The fund may take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, and groups of securities. The fund also has the flexibility to gain exposure to investments exceeding the net asset value of the fund in order to increase potential returns in both rising and falling markets.

Derivatives can be used to meet the fund's investment objective and for efficient portfolio management.

Investment approach

The fund manager adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets, guided by a robust valuation framework. The fund manager seeks to respond to opportunities created by asset prices moving away from a reasonable sense of 'fair' value due to investors reacting emotionally to events. The blend of investments held in the fund is actively adjusted depending on where the fund manager sees the most value and to manage risks in order to limit monthly losses. The fund manager will seek to manage risk by combining diversified and relatively uncorrelated assets (which are assets affected by market conditions in different ways) and by employing derivative strategies to help protect or profit from falling markets. In cases where the fund manager believes that investment opportunities are limited to a few areas, or where the available investment opportunities would add too much risk to the fund, the fund may hold high levels of cash.

The fund manager believes that this approach has the potential to limit monthly losses to less than 3% in

Authorised Corporate Director's Report

normal to stressed times and less than 6% in highly stressed times. The fund manager believes the fund has the potential to deliver an annualised volatility (the degree to which the value of the fund fluctuates over any 12-month period) of between 3% and 7%. The fund manager will ensure the fund's 1-month 99% VaR remains below 6%.

Benchmark

Benchmark: SONIA + 2-4%

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

The fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the fund.

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

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.

Investment review

For the six months ended 31 October 2023

Performance against objective

The fund aims to provide a combination of capital growth and income of at least the Sterling Overnight Index Average (SONIA) plus 2-4% per annum (pa) before charges over any three-year period and in any market condition.

Prior to 20 July 2021, the fund's benchmark was 3-month GBP LIBOR plus 4% pa. The fund's historical benchmark performance is calculated using a weighted average of the two benchmarks according to the length of time each was applicable during the review period. The benchmark figure from 20 July 2021 onwards is calculated using SONIA plus 2% pa, which represents the lower threshold for the current benchmark.

Between 1 May 2023 (the start of the review period) and 31 October 2023, the fund underperformed its benchmark, which returned 3.6% over the same period.

Authorised Corporate Director's Report

Four of the fund's five share classes recorded a small negative return during this time.

Over three years, the fund has produced positive returns across all share classes. Four of the fund's five share classes outperformed the benchmark, which returned 4.3% pa over this period, while Sterling 'A' Accumulation shares underperformed the benchmark.

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. Please note that share class performance is shown after charges, while the benchmark for the fund is a comparison to be made before charges.

Performance review

Concerns over interest rates and macroeconomic growth dominated investor sentiment during the period under review. On the other hand, inflation in major economies gradually began trending down, raising hopes that the aggressive interest rate hiking cycle may be nearing an end. However, progress was slower than expected, with data from the US economy displaying continued resilience. Central bank policymakers continued to increase interest rates and cautioned that interest rates would stay elevated for a prolonged period.

In this environment, government bond yields rose (particularly on longer-dated bonds) and conversely, their prices fell as investors sold down exposure.

Stockmarkets also experienced volatility during the period. Initially, stockmarkets recovered strongly from weakness relating to US bank failures in March, but towards the end of the period, shares declined as higher interest rates and geopolitical concerns made the safety of cash deposits more appealing.

Government bonds were the largest negative contributor to performance during the period. As yields (which move inversely to bond prices) rose, we decided to increase exposure to government bonds in the US and UK, although longer-dated bonds remained under pressure throughout the period. Bucking the trend, exposure to two-year UK interest rates benefited the

fund, with a new position taken out as short-term interest rate expectations appeared to have peaked.

Corporate bonds contributed positively, particularly our holdings in select M&G credit funds. Our basket of alternative investments, which included infrastructure investment trusts declined during the period.

Equities contributed positively, helped by our decision to reduce exposure in early August to a slightly negative net exposure, and by outperformance of holdings in Asia. Overall, the portfolio maintained a positive exposure to shares and indices outside of the US, balanced by a negative exposure to the popular US index, the S&P 500.

Investment activities

We continued to adjust our positions in accordance with our investment views and response to market behaviour, focusing on managing risk while taking advantage of volatility.

We added some US ultra-long Treasury futures (contracts with terms of at least 25 years) at the beginning of the period, for diversification and an attractive real yield. In May, we marginally increased the fund's interest rate risk (duration) through adding gilts and South African bonds following a market sell-off, recycling the proceeds from Mexican bonds that had performed relatively well.

In June, we began adding EU banks offering a high earnings yield and attractive profit outlooks. With a sharp repricing of UK interest rate expectations, and the two-year rate approaching 6%, we bought a UK two-year interest rate swap. We closed this position at a profit in September as investor expectations moved lower.

With interest rate fears sparking a sell-off of long-dated government bonds, we saw the opportunity to add to our positions and further increase duration risk. In September, and again in October, we increased our 30-year gilt exposure, as well as adding some US TIPS (Treasury Inflation-Protected Securities) for diversification, and some 30-year German government bonds (bunds).

Authorised Corporate Director's Report

We maintained a significant allocation to cash for flexibility and its currently attractive yields.

Outlook

The surprise of 2023 has been the resilience of the US economy despite the rapid rise in interest rates, banking crises and geopolitical events. This resilience has led to an upward reassessment of interest rates, putting pressure on bond markets and, latterly, stock markets. The weakness in bonds has, of late, been compounded by concerns over government deficits and loss aversion, sending long-term yields higher still.

We have increased bond exposure in the fund in the belief that recent losses in the bond market may prove temporary and subject to reversal. While the backward-looking data show strength, we believe there is evidence to suggest the US economy is beginning to weaken. Moreover, UK and European data already suggest the region is close to, if not already in, recession. If correct, we believe the pressure on financial market valuations from ever-higher interest rates may abate.

The picture for investors looking ahead is generally brighter, in our view, with returns expected by investors in much of the world positive after expected inflation for cash, bonds and equities. As such, we believe that diversified exposure to a range of asset classes looks more attractive today than it has done for most of the post-global financial crisis period. As ever, the future remains uncertain, as do the correlation properties of the major asset classes. However, improved starting point valuations at least improve prospects for future returns, in our opinion.

The strategy of the fund remains focused on generating a positive, above-cash return for investors with relatively low volatility. We continue to seek opportunities both of a medium-term and tactical basis, evaluating exposures on a dynamic basis.

The fund also has the flexibility to take short positions, which seek to benefit when the value of an asset falls, in assets whose prices we consider to be vulnerable to economic and market developments.

Tristan Hanson

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 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Equities	6,317	10.06	5.95
Software & computer services	0	0.00	0.35
Telecommunication service providers	305	0.48	0.00
615,100 NetLink NBN Trust	305	0.48	
Banks	1,477	2.35	0.81
246,500 BOC Hong Kong	537	0.85	
21,606 Hana Financial	514	0.82	
13,642 KB Financial	426	0.68	
Closed-ended investments	1,668	2.66	1.83
1,056,917 Greencoat Renewables ^a	806	1.29	
634,190 Greencoat UK Wind	862	1.37	
Automobiles & parts	483	0.77	0.32
1,286,000 Brilliance China Automotive	483	0.77	
Construction & materials	599	0.95	0.48
1,465,500 Sinopec Engineering	599	0.95	
Industrial transportation	1,304	2.08	1.23
572,245 COSCO SHIPPING Ports	284	0.45	
2,336,000 Pacific Basin Shipping	556	0.89	
1,722,000 Sinotrans	464	0.74	
Oil & gas	481	0.77	0.93
1,486,000 Sinopec Kantons	481	0.77	
Equity derivatives	811	1.29	(0.05)
Equity futures contracts	811	1.29	(0.05)
432 Euro-Stoxx Dec 2023	(6)	(0.01)	
14 FTSE 100 Index Dec 2023	(26)	(0.04)	
(69) S&P 500 E Mini Dec 2023	879	1.40	
8 TOPIX Index Dec 2023	(36)	(0.06)	
Equity portfolios	2,560	4.08	2.82
74,245 iShares Core MSCI Emerging Markets Investable Market Index ETF	1,729	2.76	
61,580 Xtrackers MSCI USA Banks UCITS ETF	831	1.32	

Portfolio statement

Investments (continued)

Holding	as at 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Fixed income	88,574	141.08	86.13
Debt securities	83,818	133.50	80.95
'AAA' credit rated bonds	6,033	9.61	7.16
£109,552 CMF 2020-1 FRN 5.7979% 16/01/2057	109	0.17	
£877,000 Coventry Building Society FRN 5.7399% 15/01/2025	878	1.40	
£152,856 Darrowby No. 5 FRN 5.7497% 20/12/2057	153	0.24	
£1,650,000 Export Development Canada FRN 5.5503% 17/01/2025	1,653	2.63	
£122,850 Lanark Master Issuer FRN 5.7894% 22/12/2069	123	0.20	
£876,000 Leeds Building Society FRN 5.7599% 15/01/2025	877	1.40	
£612,000 Royal Bank of Canada FRN 5.6903% 30/01/2025	612	0.98	
£798,000 Royal Bank of Canada FRN 5.9703% 18/01/2028	800	1.27	
£828,000 TSB Bank FRN 5.8191% 14/02/2027	828	1.32	
'AA' credit rated bonds	71,052	113.17	66.48
£2,884,000 UK Treasury 0% 06/11/2023	2,881	4.59	
£5,940,000 UK Treasury 0% 04/12/2023	5,911	9.41	
£6,870,000 UK Treasury 0% 02/01/2024	6,808	10.84	
£5,790,000 UK Treasury 0% 22/01/2024	5,721	9.11	
£8,558,000 UK Treasury 0% 05/02/2024	8,439	13.44	
£8,144,000 UK Treasury 0% 04/03/2024	7,997	12.74	
£10,210,000 UK Treasury 0% 18/03/2024	10,006	15.94	
£3,280,000 UK Treasury 0% 02/04/2024	3,207	5.11	
£8,670,000 UK Treasury 0% 15/04/2024	8,462	13.48	
£6,479,500 UK Treasury 3.75% 22/10/2053	5,280	8.41	
US\$4,299,300 US Treasury IL 0.125% 15/02/2052	2,066	3.29	
US\$5,662,000 US Treasury IL 1.375% 15/07/2033	4,274	6.81	
'BBB' credit rated bonds	496	0.79	2.36
€808,000 Mexico (United Mexican States) 1.45% 25/10/2033	496	0.79	
'BB' credit rated bonds	6,237	9.93	4.95
BRL11,674,000 Brazil (Federal Republic of) 10% 01/01/2029	1,798	2.86	
ZAR137,145,516 South Africa (Republic of) 8.5% 31/01/2037	4,439	7.07	
Debt derivatives	(1,031)	(1.64)	0.06
Credit default swaps	70	0.11	0.06
€4,629,691 Markit iTraxx Europe Crossover Series 37 V1 5 Year Jun 2027	70	0.11	

Portfolio statement

Investments (continued)

Holding	as at 31.10.23 £'000	as at 31.10.23 %	as at 30.04.23 %
Fixed income (continued)			
Debt derivatives (continued)			
Interest rate futures			
21 Euro-Buxl 30 Years Bond Dec 2023	1	0.00	
99 US Ultra Bond Dec 2023	(1,102)	(1.75)	
Fixed income portfolios			
25,432 M&G Total Return Credit Investment Fund Euro Class 'A' Accumulation ^b	2,949	4.70	
281,207 M&G Short Dated Corporate Bond Fund Sterling Class 'I' Income ^b	2,838	4.52	
Currency			
Forward currency contracts			
US\$1,184,935 Bought for BRL6,091,184 (expires 24.01.24)	(13)	(0.02)	
US\$2,148,205 Bought for KRW2,891,605,695 (expires 24.01.24)	(3)	0.00	
HUF194,646,410 Bought for £436,990 (expires 31.01.24)	3	0.01	
MXN18,573,248 Bought for £832,248 (expires 31.01.24)	3	0.00	
€(6,850,882) Sold for £5,989,820 (expires 31.01.24)	(27)	(0.04)	
HK\$(37,673,454) Sold for £3,978,753 (expires 31.01.24)	21	0.03	
SG\$(553,421) Sold for £334,571 (expires 31.01.24)	1	0.00	
CHF(1,086,469) Sold for £1,005,950 (expires 31.01.24)	8	0.01	
THB(40,852,023) Sold for £936,286 (expires 31.01.24)	(4)	(0.01)	
US\$(14,934,390) Sold for £12,312,605 (expires 31.01.24)	58	0.09	
ZAR(79,789,024) Sold for £3,458,775 (expires 31.01.24)	(7)	(0.01)	
US\$1,547,780 Bought for TWD49,500,134 (expires 31.01.24)	4	0.01	
CLP434,841,462 Bought for \$457,237 (expires 24.01.24)	19	0.03	
Total portfolio	98,325	156.61	94.93
Net other assets/(liabilities)	(35,541)	(56.61)	5.07
Net assets attributable to shareholders	62,784	100.00	100.00

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

^a AIM quoted.

^b Related party.

Portfolio statement

Top ten portfolio transactions for the six months to 31 October 2023

Largest purchases	£'000
UK Treasury 0% 18/03/2024	9,937
UK Treasury 0% 15/04/2024	8,445
UK Treasury 0% 05/02/2024	8,343
UK Treasury 0% 04/03/2024	7,938
UK Treasury 0% 06/11/2023	6,827
UK Treasury 0% 02/01/2024	6,696
UK Treasury 0% 04/12/2023	5,806
UK Treasury 0% 22/01/2024	5,639
UK Treasury 3.75% 22/10/2053	5,430
US Treasury IL 1.375% 15/07/2033	4,333
Other purchases	19,728
Total purchases	89,122

Largest sales	£'000
UK Treasury 0% 25/09/2023	9,082
UK Treasury 0% 23/10/2023	8,141
UK Treasury 0% 16/10/2023	7,729
UK Treasury 0% 29/08/2023	6,702
UK Treasury 0% 18/09/2023	5,903
US Treasury 0% 17/08/2023	5,292
UK Treasury 0% 24/07/2023	5,220
US Treasury 0% 06/07/2023	4,815
UK Treasury 0% 15/05/2023	4,235
UK Treasury 0% 06/11/2023	4,093
Other sales	17,755
Total sales	78,967

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Accumulation	-0.2	+4.1	+3.0	n/a
Class 'I' Accumulation	-0.1	+4.4	+3.2	n/a
Class 'L' Accumulation	+0.0	+4.6	+3.4	n/a
Class 'PP' Income	+0.0	+4.5	n/a	n/a
Class 'PP' Accumulation	+0.0	+4.5	n/a	n/a
Benchmark^b	+3.6	+4.3	+4.4	+0.0

^a Not annualised.

^b Prior to 19 July 2021, the benchmark was the 3-month GBP LIBOR +4%. Thereafter it is the SONIA +2%.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	117.81	110.70	107.74
Return before operating charges	0.33	8.10	3.89
Operating charges	(0.52)	(0.99)	(0.93)
Return after operating charges	(0.19)	7.11	2.96
Distributions	n/a	(2.31)	(0.95)
Retained distributions	n/a	2.31	0.95
Closing NAV	117.62	117.81	110.70
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.00	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.02	0.02
Operating charges	0.87	0.87	0.85
Return after charges	-0.16	+6.42	+2.75
Other information			
Closing NAV (£'000)	1,783	1,716	1,062
Number of shares	1,515,815	1,456,415	959,499
Highest share price (UK p)	118.77	117.91	111.44
Lowest share price (UK p)	116.54	109.51	107.64

Financial highlights

Sterling Class 'I' Accumulation share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	119.27	111.77	108.35
Return before operating charges	0.29	8.10	3.97
Operating charges	(0.31)	(0.60)	(0.55)
Return after operating charges	(0.02)	7.50	3.42
Distributions	n/a	(2.66)	(1.27)
Retained distributions	n/a	2.66	1.27
Closing NAV	119.25	119.27	111.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.00	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.02	0.02
Operating charges	0.52	0.52	0.50
Return after charges	-0.02	+6.71	+3.16
Other information			
Closing NAV (£'000)	30,862	27,415	8,373
Number of shares	25,880,777	22,984,825	7,491,439
Highest share price (UK p)	120.38	119.36	112.47
Lowest share price (UK p)	118.15	110.63	108.38

Financial highlights

Sterling Class 'L' Accumulation share performance

The share class was launched on 24 February 2017.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	120.22	112.43	108.90
Return before operating charges	0.28	8.11	3.81
Operating charges	(0.16)	(0.32)	(0.28)
Return after operating charges	0.12	7.79	3.53
Distributions	n/a	(2.91)	(1.50)
Retained distributions	n/a	2.91	1.50
Closing NAV	120.34	120.22	112.43
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.00	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.02	0.02
Operating charges	0.27	0.27	0.25
Return after charges	+0.10	+6.93	+3.24
Other information			
Closing NAV (£'000)	29,974	63,018	59,212
Number of shares	24,907,983	52,417,999	52,664,699
Highest share price (UK p)	121.43	120.30	113.12
Lowest share price (UK p)	119.20	111.33	108.81

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	109.68	105.54	104.02
Return before operating charges	0.25	7.63	3.66
Operating charges	(0.23)	(0.46)	(0.42)
Return after operating charges	0.02	7.17	3.24
Distributions	n/a	(3.03)	(1.72)
Closing NAV	109.70	109.68	105.54
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.00	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.02	0.02
Operating charges	0.42	0.42	0.40
Return after charges	+0.02	+6.79	+3.11
Other information			
Closing NAV (£'000)	22	22	21
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	110.73	112.79	107.93
Lowest share price (UK p)	108.69	104.48	103.92

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.10.23 UK p	Year to 30.04.23 UK p	Year to 30.04.22 UK p
Opening NAV	115.67	108.30	105.06
Return before operating charges	0.27	7.85	3.67
Operating charges	(0.25)	(0.48)	(0.43)
Return after operating charges	0.02	7.37	3.24
Distributions	n/a	(2.67)	(1.33)
Retained distributions	n/a	2.67	1.33
Closing NAV	115.69	115.67	108.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.00	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.02	0.02
Operating charges	0.42	0.42	0.40
Return after charges	+0.02	+6.81	+3.08
Other information			
Closing NAV (£'000)	143	168	40
Number of shares	123,081	145,348	37,329
Highest share price (UK p)	116.77	115.74	108.97
Lowest share price (UK p)	114.62	107.22	104.93

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 October	2023		2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(1,997)		483
Revenue	2,654		980	
Expenses	(175)		(108)	
Interest payable and similar charges	0		(2)	
Net revenue/(expense) before taxation	2,479		870	
Taxation	(457)		(149)	
Net revenue/(expense) after taxation		2,022		721
Total return before equalisation		25		1,204
Equalisation		(775)		26
Change in net assets attributable to shareholders from investment activities		(750)		1,230

Statement of change in net assets attributable to shareholders

for the six months to 31 October	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		92,339		68,708
Amounts received on issue of shares	18,438		7,124	
Amounts paid on cancellation of shares	(47,266)		(1,789)	
		(28,828)		5,335
Dilution adjustments		23		0
Change in net assets attributable to shareholders from investment activities (see above)		(750)		1,230
Closing net assets attributable to shareholders		62,784		75,273

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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 October 2023 £'000	30 April 2023 £'000
Assets		
Fixed assets		
Investments	99,549	87,811
Current assets		
Debtors	424	1,859
Cash and bank balances	4,305	3,805
Total assets	104,278	93,475
Liabilities		
Investment liabilities	(1,224)	(153)
Creditors		
Distribution payable	0	(1)
Other creditors	(40,270)	(982)
Total liabilities	(41,494)	(1,136)
Net assets attributable to shareholders	62,784	92,339

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 4.

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.

