

M&G Investment Funds (10)

**Annual Long Report and audited Financial Statements
for the year ended 31 March 2022**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (10) presents its Annual Long Report and audited Financial Statements for the year ended 31 March 2022.

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

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

Company information

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

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

The Company's principal activity is to carry on business as an OEIC. The Company is structured as an umbrella company, and different funds may be established by

the ACD from time to time with the agreement of the Depositary and approval from the FCA. The funds are operated separately and the assets of each fund are managed in accordance with the investment objective and policy applicable to that fund.

As at 31 March 2022, none of the funds held shares of the other funds within this OEIC.

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

Fund managers

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

M&G Absolute Return Bond Fund

Jim Leaviss and Wolfgang Bauer

M&G Better Health Solutions Fund

Jasveet Brar

M&G Climate Solutions Fund

Randeep Somel

M&G Global Enhanced Equity Premia Fund

Gautam Samarth and Marc Beckenstrater

M&G Global High Yield ESG Bond Fund

James Tomlins and Stefan Isaacs

M&G Global Listed Infrastructure Fund

Alex Araujo

M&G Positive Impact Fund

John William Olsen

M&G UK Inflation Linked Corporate Bond Fund

Ben Lord

Authorised Corporate Director's Report

ACD

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

Directors of the ACD

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

* Appointed 19 May 2021.

Investment manager

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

Registrar

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

Depository

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

Independent auditor

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

Annual value assessment

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

Important information

On 17 June 2021, the M&G Better Health Solutions Fund was launched as a sub-fund of M&G Investment Funds (10).

On 20 July 2021, the investment objective and benchmark were changed for M&G Absolute Return Bond Fund.

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

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

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

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

Authorised Corporate Director's Report

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

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

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

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, costs and charges illustration, the latest Annual or Interim Investment Report and Financial Statements as well as a list of purchases and sales are available free of charge on request from the following 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 long 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
19 May 2022

Depository's Responsibilities and Report

Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Investment Funds (10) ('the Company') for the year ended 31 March 2022

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

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

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

The Depository must ensure that:

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

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

The financial statements have been prepared on the going concern basis unless it is inappropriate to presume that the funds will continue in operation.

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

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

Edinburgh
19 May 2022

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

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

Opinion

We have audited the financial statements of M&G Investment Funds (10) ("the Company") comprising each of its sub-funds for the year ended 31 March 2022, which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 March 2022, and of the net revenue and the net capital gains/losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ("the ACD") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

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

Independent Auditor's Report

We have nothing to report in this regard.

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the ACD

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent Auditor's Report

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Accepted Accounting Practice (UK GAAP), the Investment Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists

where appropriate, to identify non-compliance with the applicable laws and regulations.

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

Use of our report

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

Edinburgh
19 May 2022

Ernst & Young LLP
Statutory Auditor

Financial statements and notes

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

Notes to the financial statements

1 Statement of compliance

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

2 Summary of significant accounting policies

a. Basis of preparation

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

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

b. Functional and presentational currency

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

c. Exchange rates

Transactions in currencies other than each fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 31 March 2022 being the last business day of the accounting period.

d. Investments – recognition and valuation

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

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 31 March 2022, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. Interest accrued is not included in the fair value. The methods of determining fair value for the principal classes of investment are:

- Equities and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.

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- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
- Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.
- Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
- Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
- Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
- Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
- Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.

e. Recognition of income and expenses

- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.

- Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
- Interest on debt securities is recognised on an effective interest rate basis. Bank interest is recognised on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Revenue from derivatives is recognised on an accruals basis.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.

f. Treatment of income and expenses

- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains/(losses).
- The value of any enhancement to a stock dividend is treated as capital.
- Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
- Special dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.
- Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.

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- Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the shares and treated as capital.
- Other interest income, such as bank interest is treated as revenue.
- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.
- The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
- Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
- Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.

g. Tax

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

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

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed by the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average rate of tax expected to apply in the period in which it expects the deferred tax to be realised or settled. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

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

h. Allocation of returns to share classes

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

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

Financial statements and notes

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

3 Risk management policies

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

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

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

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

a. Market risk

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

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

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

b. Commitment approach

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

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

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

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

c. Value at Risk approach

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

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

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

VaR does have limitations in its ability to present valid levels of risk in extreme market conditions. Accordingly, the Risk Analysis team also carries out monthly stress testing and scenario based analysis. Stress testing allows for extreme sets of market circumstances which may not be reflected in historical data sets thereby enabling further assessment of combinations of market movements which may cause serious damage to portfolio values. The key element to the scenario based analysis is challenging the correlation assumptions implicit within statistical based models such as VaR.

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

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

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

d. Liquidity risk

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

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

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

Cashflow liquidity is managed in each fund on a daily basis using reports that include subscription and redemption information as well as the impact of trading, derivative lifecycle events and corporate action activity. In addition to the daily reporting, the fund managers are provided with

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reporting that highlights the impact of reasonably predictable events in the portfolio, including an allowance for the potential future exposures that might result from derivative exposures.

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

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

e. Credit risk

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

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

Funds investing in derivatives are exposed to counterparty risk. This is the risk that the other party to the transaction fails to fulfil their obligations, either by failing to pay or failing to deliver securities. To minimise this risk, carefully selected, financially strong and well-established counterparties are selected following a thorough due diligence review and collateral is posted daily

(in the form of cash or high-quality government bonds). Derivative positions are valued on a mark-to-market basis (revalued to reflect prevailing market prices) daily and collateral moves from one counterparty to the other to reflect movements in the unrealised profit or loss. As a result, the maximum loss to the fund would be limited to that day's price movements in affected derivatives contracts.

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

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Investment objective up to 19 July 2021

The fund aims to achieve a total return (the combination of income and capital growth) of at least 2.5% per annum above the 3-month GBP LIBOR rate, before any charges are taken, in any market conditions and over any three year period. LIBOR is the rate at which banks borrow money from each other.

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 3-month GBP LIBOR plus 2.5%.

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

Investment objective from 20 July 2021

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

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

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

Investment policy

The fund invests at least 70% in fixed and variable rate securities (including, but not limited to, corporate bonds

and government and public securities), currencies, cash, near cash and deposits. These may be from anywhere in the world and denominated in any currency.

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

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

Investment approach

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

Benchmark up to 19 July 2021

Benchmark: 3-month GBP LIBOR + 2.5%.

The benchmark is a target which the fund seeks to achieve. The rate has been chosen as the fund's benchmark as it is an achievable performance target and best reflects the scope of the fund's investment policy. The benchmark is used solely to measure the

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fund's performance objective and does not constrain the fund's portfolio construction.

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

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

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

Benchmark from 20 July 2021

Benchmark: SONIA + 2.5%.

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

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

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

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

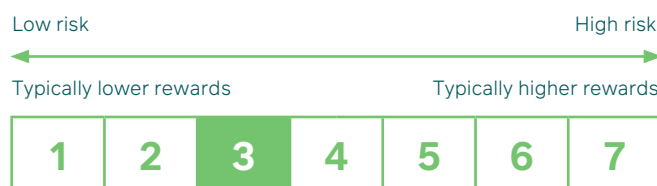
Risk profile

The fund is a flexible bond fund which invests in a range of fixed income securities and in currencies. The fund is therefore subject to the price volatility of global bond markets and fluctuations in currency exchange rates.

The fund's exposure to fixed income securities may be gained through the use of derivatives. In association with the use of derivatives, including those instruments not traded through an exchange, collateral is deposited in order to mitigate the risk that a counterparty may default on its obligations or become insolvent.

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The blend of assets held in the fund is regularly adjusted depending on where the managers see the most value and to manage risks, including liquidity, credit, currency and market risks. The fund's risks are measured and managed as an integral part of the investment process.

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

As at 1 April 2022, for the year ended 31 March 2022

Performance against objective

Between 1 April 2021 (the start of the review period) and 1 April 2022, the M&G Absolute Return Bond Fund delivered a negative total return (the combination of capital growth and income) and was behind the Sterling Overnight Index Average (SONIA) + 2.5% across all its share classes.

The fund's objective is to achieve a total return of at least 2.5% per annum above the SONIA, before any charges are taken, in any market condition and over any three-year period. Over a three-year period, the fund's annualised returns were behind SONIA +2.5%, which returned 2.9% pa. The fund is therefore not meeting its investment objective.

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

Prior to 19 July 2021 the fund's investment objective was to deliver a combination of capital growth and income ahead of three-month GBP LIBOR plus 2.5% a year, before charges, over any three-year period. LIBOR, or the London Interbank Offered Rate, has been discontinued following a series of scandals regarding its manipulation.

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

Performance review

The 12-month period under review saw heightened volatility across global bond markets, with the majority of fixed income assets (as bonds are also known) delivering negative returns over the period. The downturn mainly occurred in the first quarter of 2022 and was driven by concerns that interest rates would need to be raised more aggressively and purchases of bonds from financial markets stopped earlier to tackle surging inflation. The Russian invasion of Ukraine on 24 February became the dominant theme in the latter weeks of the period, with a surge in wheat and energy prices expected to put even further pressure on inflation.

The volatility in the early months of 2022 contrasted with the relatively subdued market conditions which persisted throughout much of 2021. While concerns about rising inflation had weighed on sentiment, the general view was that inflation would prove to be temporary, with moves in fixed income markets relatively contained. Investors also appeared to be reassured by the successful rollout of the COVID-19 vaccination programme, along with the gradual reopening of businesses and economies.

However, as it became apparent that inflation was likely to prove more persistent than originally thought, fixed income markets came under pressure in the final weeks of 2021. Around this time, the world's central banks took an increasingly assertive stance as they outlined their

plans to curb inflationary pressures. In December, the Bank of England unexpectedly raised its key interest rate for the first time in three years, while the US Federal Reserve indicated that a series of interest rate hikes would need to be implemented in 2022 and 2023.

Against this backdrop, core government bonds delivered negative returns across the board as yields (which move in the opposite direction to bond prices) rose sharply from December onwards. Corporate bonds also experienced negative returns, with returns for these assets held back by a combination of rising government bond yields and deteriorating investor sentiment. High yield bonds (which have a low credit rating and are therefore considered riskier) generally held up better than higher-rated bonds, which was mainly due to their lower sensitivity to movements in interest rates.

Emerging market bonds also came under pressure, with rising US Treasury yields acting as a headwind to the asset class. Usually, when US government bond yields increase, bonds in emerging markets suffer because some investors reallocate money to the US debt market, which is seen as safer than the smaller and riskier developing countries' markets.

One bright spot in fixed income markets was inflation-linked bonds (a type of bond whose cashflows are adjusted in line with a measure of inflation and can therefore offer some protection from price rises). Expectations of higher inflation led to a rise in breakeven rates (a measure of investors' expectations for inflation) across the US, Europe and the UK, and this proved helpful for the asset class.

In currencies, the US dollar performed strongly, benefiting from its perceived safe-haven credentials amid heightened geopolitical uncertainty, while the Japanese yen and the euro performed poorly. While emerging market currencies were weak overall, a number of Latin American currencies, such as the Brazilian real, saw strong gains.

The fund delivered a negative return over the review period, with performance held back by the overall weakness across fixed income markets. Losses were

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mitigated by the fund's low sensitivity to movements in interest rates (also known as duration, and measured in years) and defensive credit positioning. From a currency perspective, the fund's US dollar proved helpful, although the Japanese yen allocation detracted.

Investment activities

The fund remains cautiously positioned in terms of its duration stance (meaning, it keeps duration relatively short, as generally bonds with longer maturity dates are more sensitive to changes in interest rates), as we think the more persistent inflationary backdrop will put further upward pressure on yields. This is especially the case in the US, where the Federal Reserve has flagged that a number of interest rate rises are to be expected over the next couple of years.

Within corporate bonds, we continue to be cautiously positioned with a focus on higher quality investment grade names. We also maintain a significant allocation to short-dated corporate bonds, which tend to have a low sensitivity to movements in interest rates. During the period, we took the opportunity to scale back some of the fund's higher risk positions following strong performance, including a number of high yield bonds, financials and emerging market bonds.

We continue to see high levels of activity in the primary corporate bond market - as the market for newly-issued bonds is known. We remain selective in this area, given our assessment of valuations, although we did participate in new deals from a number of companies, such as Dutch residential investor Vesteda and multinational banking corporation ING Group.

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

Outlook

Despite ongoing geopolitical uncertainty, we remain cautiously optimistic on corporate bonds as we think investor demand for assets able to generate a positive real yield should provide support to valuations. We also expect default rates to remain low, as the benign

funding conditions of the last couple of years have allowed many issuers to reduce funding costs and strengthen balance sheets.

However, given current valuations, we think security selection will remain the key to generating value in fixed income markets. We maintain our view of not taking on excessive credit risk, particularly given the prospect of higher interest rates over the coming years. In this environment, an active and risk-controlled investment approach to the asset class remains crucial, in our opinion.

Jim Leaviss & Wolfgang Bauer 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.

Investments

Portfolio statement

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income	15,621	91.81	93.87
Debt securities	15,225	89.48	94.39
'AAA' credit rated bonds	2,005	11.78	17.06
AU\$775,000 Australia (Commonwealth of) 1.75% 21/06/2051	321	1.89	
£100,000 European Investment Bank FRN 1.6577% 08/09/2025	103	0.60	
£118,157 Finsbury Square 2020-1 FRN 1.0773% 16/03/2070	118	0.69	
€158,000 Germany (Federal Republic of) IL 0.5% 15/04/2030	184	1.08	
€353,000 Harvest VIII FRN 0.73% 15/01/2031	297	1.75	
£157,262 London Wall Mortgage Capital FRN 0.8966% 15/05/2051	156	0.92	
NOK1,400,000 Norway (Kingdom of) 1.75% 17/02/2027	118	0.69	
NOK2,000,000 Norway (Kingdom of) 2% 24/05/2023	175	1.03	
£54,948 Precise Mortgage Funding 2020-1B FRN 1.3751% 16/10/2056	55	0.32	
US\$250,000 RIN II FRN 2.353% 10/09/2030	190	1.12	
€232,000 Sound Point Euro III Funding FRN 0.95% 15/04/2033	194	1.14	
£93,973 Towd Point Mortgage Funding 2019-Vantage 2 FRN 1.3739% 20/02/2054	94	0.55	
'AA' credit rated bonds	757	4.45	9.21
£191,000 Metropolitan Life Global Funding I 0.625% 08/12/2027	171	1.00	
€171,000 New York Life Global Funding 0.25% 23/01/2027	136	0.80	
£200,000 New York Life Global Funding 0.75% 14/12/2028	177	1.04	
US\$150,000 US Treasury 0.625% 15/05/2030	100	0.59	
US\$100,000 US Treasury IL 3.875% 15/04/2029	173	1.02	
'A' credit rated bonds	2,871	16.87	15.61
€100,000 Allianz Var. Rate 3.375% Perpetual	87	0.51	
€300,000 Bank of America FRN 0.513% 22/09/2026	255	1.50	
€350,000 BP Capital Markets 1.104% 15/11/2034	261	1.53	
€189,000 Chubb 0.875% 15/12/2029	149	0.88	
£101,000 Close Brothers Finance 1.625% 03/12/2030	92	0.54	
US\$67,000 Comcast 2.987% 01/11/2063	42	0.25	
€200,000 Crédit Agricole Var. Rate 0.5% 21/09/2029	155	0.91	
US\$400,000 HCL America 1.375% 10/03/2026	280	1.65	
¥88,500,000 Japan (Govt. of) IL 0.1% 10/03/2029	590	3.47	
£250,000 JPMorgan Chase Var. Rate 0.991% 28/04/2026	236	1.39	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
US\$100,000 JPMorgan Chase Var. Rate 1.045% 19/11/2026	70	0.41	
US\$224,338 Project Silver 3.967% 15/07/2044	160	0.94	
€126,000 State Grid Overseas Investment 0.797% 05/08/2026	101	0.59	
€100,000 State Grid Overseas Investment 1.375% 02/05/2025	84	0.49	
€300,000 Svenska Handelsbanken 0.01% 02/12/2027	234	1.37	
€100,000 Vesteda Finance 0.75% 18/10/2031	75	0.44	
'BBB' credit rated bonds	6,810	40.03	40.26
€145,000 Acef 0.75% 14/06/2028	111	0.65	
€100,000 Acef 1.25% 26/04/2030	76	0.45	
US\$101,000 Altria 3.4% 06/05/2030	74	0.44	
€150,000 ASR Nederland Var. Rate 5% Perpetual	135	0.79	
£100,000 BNP Paribas Var. Rate 2% 24/05/2031	94	0.55	
US\$244,000 Boeing 2.196% 04/02/2026	176	1.04	
US\$145,000 Boeing 3.25% 01/02/2035	99	0.58	
US\$32,000 Broadcom 1.95% 15/02/2028	22	0.13	
£110,000 Bunzl Finance 1.5% 30/10/2030	99	0.58	
€247,000 CBRE Global Investors 0.5% 27/01/2028	188	1.11	
€200,000 Channel Link Enterprises Finance Var. Rate 1.761% 30/06/2050	169	0.99	
€125,000 Commerzbank 0.375% 01/09/2027	99	0.58	
£100,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	93	0.55	
€180,000 Credit Suisse 0.625% 18/01/2033	123	0.72	
€100,000 CTP 0.75% 18/02/2027	76	0.45	
£200,000 Deutsche Pfandbriefbank 1.75% 21/11/2022	199	1.17	
€110,000 DH Europe Finance II 1.8% 18/09/2049	86	0.51	
£156,000 DP World 4.25% 25/09/2030	161	0.95	
US\$34,000 DXC Technology 1.8% 15/09/2026	24	0.14	
€32,000 ENGIE 5.95% 16/03/2111	43	0.25	
€163,000 Fraport Frankfurt Airport Services Worldwide 1.875% 31/03/2028	133	0.78	
€325,000 Goldman Sachs FRN 0.506% 23/09/2027	273	1.61	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£150,000 Hammerson 6% 23/02/2026	157	0.92	
€141,000 Heathrow Funding 1.875% 14/03/2034	109	0.64	
€200,000 ING Var. Rate 0.375% 29/09/2028	157	0.92	
£184,000 Legal & General Var. Rate 3.75% 26/11/2049	179	1.05	
£100,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	93	0.55	
€100,000 Logikor Financing 1.625% 15/07/2027	81	0.48	
£100,000 Logikor Financing 2.75% 15/01/2030	95	0.56	
€100,000 Mexico (United Mexican States) 1.125% 17/01/2030	75	0.44	
€207,000 Mexico (United Mexican States) 1.45% 25/10/2033	147	0.86	
US\$225,000 Mexico (United Mexican States) 4.5% 31/01/2050	162	0.95	
MXN3,480,000 Mexico (United Mexican States) 10% 05/12/2024	138	0.81	
US\$46,489 Mitchells & Butlers Finance FRN 1.276% 15/12/2030	33	0.19	
€115,000 Mondelēz International 0.25% 17/03/2028	90	0.53	
€218,000 National Grid 0.163% 20/01/2028	169	0.99	
US\$200,000 NatWest Var. Rate 4.892% 18/05/2029	157	0.92	
€100,000 Peugeot Invest 1.875% 30/10/2026	83	0.49	
€160,850 Portugal (Republic of) 1% 12/04/2052	105	0.62	
€300,000 Prosus 1.288% 13/07/2029	211	1.24	
€100,000 Quadient 2.25% 03/02/2025	83	0.49	
€70,000 Romania (Republic of) 3.875% 29/10/2035	55	0.32	
€44,000 Romania (Republic of) 4.625% 03/04/2049	36	0.21	
€255,000 Santander Var. Rate 0.603% 13/09/2029	196	1.15	
US\$449,839 S-Jets 2017-1 3.967% 15/08/2042	303	1.78	
€300,000 Sofina 1% 23/09/2028	226	1.33	
€200,000 Traton Finance Luxembourg 0.75% 24/03/2029	154	0.91	
€300,000 Unibail-Rodamco-Westfield 0.875% 29/03/2032	218	1.28	
€100,000 UniCredit Leasing 0.502% 18/10/2022	85	0.50	
US\$67,961 US Bancorp Var. Rate 5.3% Perpetual	51	0.30	
€171,000 Verizon Communications 0.75% 22/03/2032	131	0.77	
US\$28,000 Vodafone 5% 30/05/2038	23	0.14	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€300,000 Volkswagen Financial Services 0.125% 12/02/2027	233	1.37	
€100,000 Vonovia 0.625% 14/12/2029	75	0.44	
€100,000 Vonovia 1.625% 01/09/2051	65	0.38	
€103,000 WPC Eurobond 1.35% 15/04/2028	82	0.48	
'BB' credit rated bonds	2,341	13.76	9.28
€400,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	304	1.79	
€100,000 Bayer Var. Rate 2.375% 02/04/2075	85	0.50	
COP200,000,000 Bogota Distrito Capital 9.75% 26/07/2028	38	0.22	
€100,000 Cellnex Finance 2% 15/02/2033	72	0.42	
US\$32,000 Cheniere Energy Partners 3.25% 31/01/2032	22	0.13	
US\$50,000 Energy Transfer FRN 3.3341% 01/11/2066	31	0.18	
€149,000 GTC Aurora Luxembourg 2.25% 23/06/2026	114	0.67	
€100,000 Heimstaden 4.375% 06/03/2027	79	0.47	
€100,000 Heimstaden Bostad Var. Rate 3.248% Perpetual	79	0.47	
€200,000 Iccrea Banca Var. Rate 2.125% 17/01/2027	162	0.95	
€300,000 Iliad 1.875% 11/02/2028	227	1.34	
€100,000 Iliad 2.375% 17/06/2026	82	0.48	
€300,000 Mahle 2.375% 14/05/2028	215	1.26	
£300,000 Petroleos Mexicanos 3.75% 16/11/2025	276	1.62	
€300,000 SES Var. Rate 2.875% Perpetual	235	1.38	
US\$78,000 TEGNA 4.625% 15/03/2028	59	0.35	
£100,000 Vodafone Var. Rate 4.875% 03/10/2078	101	0.59	
€106,000 Wabtec Transportation Netherlands 1.25% 03/12/2027	85	0.50	
€100,000 ZF Europe Finance 3% 23/10/2029	75	0.44	
'B' credit rated bonds	330	1.94	2.97
£100,000 Boparan Finance 7.625% 30/11/2025	81	0.48	
€150,000 Egypt (Arab Republic of) 5.625% 16/04/2030	107	0.63	
US\$214,000 Pilgrim's Pride 3.5% 01/03/2032	142	0.83	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt securities (continued)			
'CCC' credit rated bonds	90	0.53	0.00
US\$200,000 NAK Naftogaz Ukraine 7.625% 08/11/2026	46	0.27	
€130,000 Ukraine (Republic of) 6.75% 20/06/2026	44	0.26	
'CC' credit rated bonds	2	0.01	0.00
RUB7,500,000 Russia (Federation of) 8.15% 03/02/2027	2	0.01	
'D' credit rated bonds	19	0.11	0.00
US\$200,000 China Evergrande 7.5% 28/06/2023	19	0.11	
Debt derivatives	396	2.33	(0.52)
Credit default swaps	(109)	(0.64)	(1.12)
US\$250,000 Amgen Jun 2023	(2)	(0.01)	
€250,000 Anglo American Capital Jun 2022	2	0.01	
€100,000 Glencore Finance Europe Jun 2022	1	0.01	
€400,000 Glencore Finance Europe Jun 2023	18	0.10	
US\$150,000 Italy (Republic of) Dec 2022	1	0.01	
US\$4,000,000 Markit CDX North American Investment Grade Series 38 5 Year Jun 2027	(51)	(0.30)	
€600,000 Markit iTraxx Europe Senior Financial Series 37 V1 5 Year Jun 2027	(5)	(0.03)	
€8,600,000 Markit iTraxx Europe Series 37 V1 5 Year Jun 2027	(101)	(0.59)	
€1,100,000 Markit iTraxx Europe Series 37 V1 10 Year Jun 2032	7	0.04	
€950,000 Markit iTraxx Europe Subordinated Financials Series 37 V1 5 Year Jun 2027	21	0.12	
US\$200,000 Pfizer Jun 2022	0	0.00	
Interest rate swaps	154	0.91	0.36
€355,000 Pay 0.0472% Receive VAR Aug 2050	76	0.45	
£150,000 Pay 0.649% Receive VAR Jun 2022	0	0.00	
£200,000 Pay 0.799% Receive VAR May 2022	(1)	(0.01)	
£300,000 Pay 0.81% Receive VAR Sep 2049	0	0.00	
US\$400,000 Pay 1.0817% Receive VAR Sep 2050	79	0.47	
Interest rate futures	351	2.06	0.24
(2) 10 Year US Treasury Note Jun 2022	5	0.03	
(26) 5 Year US Treasury Note Jun 2022	54	0.32	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt derivatives (continued)			
Interest rate futures (continued)			
(27) Euro Bobl Jun 2022	97	0.57	
(21) Euro Bund Jun 2022	149	0.88	
(2) Euro-Bono Sp Gov Jun 2022	11	0.06	
(3) Euro-Btp Jun 2022	16	0.09	
(4) Euro-Schatz Jun 2022	4	0.02	
(8) UK Long Gilt Jun 2022	15	0.09	
Currency	(236)	(1.39)	0.15
Forward currency contracts	(236)	(1.39)	0.15
€641,281 Bought for £535,716 (expires 06.04.22)	6	0.04	
€(10,978,822) Sold for £9,058,217 (expires 06.04.22)	(223)	(1.31)	
¥19,774,672 Bought for £129,253 (expires 06.04.22)	(5)	(0.03)	
¥(3,908,205) Sold for £25,714 (expires 06.04.22)	1	0.01	
US\$126,931 Bought for £97,382 (expires 06.04.22)	(1)	(0.01)	
US\$93,156 Bought for £85,582 (expires 06.04.22)	(1)	(0.01)	
US\$(3,004,174) Sold for £2,276,041 (expires 06.04.22)	(13)	(0.08)	
Portfolio of investments	15,385	90.42	94.02
Cash equivalents	1,119	6.58	2.73
'AAA' rated money market funds^a	1,119	6.58	2.73
1,119,000 Northern Trust Global Fund - Sterling	1,119	6.58	
Total portfolio (notes 2c & 2d on pages 9 and 10)	16,504	97.00	96.75
Net other assets/(liabilities)	510	3.00	3.25
Net assets attributable to shareholders	17,014	100.00	100.00

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

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

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.

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

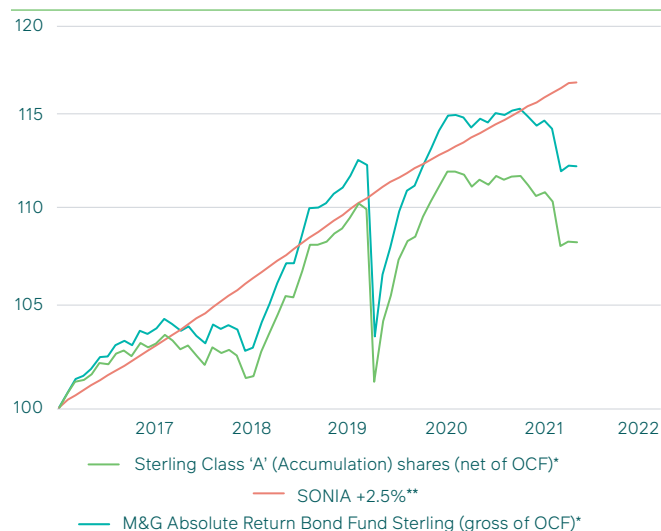
Fund level performance

Fund net asset value as at	31.03.22 £'000	31.03.21 £'000	31.03.20 £'000
Fund net asset value (NAV)	17,014	27,286	52,563

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares.

December 2016 = 100, plotted monthly
Chart date 1 April 2022



Source: Morningstar, Inc. and M&G

* Income reinvested

** Benchmark prior to 20 July 2021 was 3-month GBP LIBOR +2.5%.
Thereafter it is SONIA +2.5%.

The past performance shown here is for both gross returns (before the ongoing charges figure is taken) in line with the objective of the fund and net returns (after the ongoing charges figure has been taken) to illustrate how charges affected the performance. Investors should note that the net return is what they would receive and is therefore the more relevant figure.

Financial highlights

Long-term performance by share class

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

Share class	One year 01.04.21 % ^a	Three years 01.04.19 % pa	Five years 03.04.17 % pa	Since launch % pa
Sterling				
Class 'A'	-2.6	+1.1	+1.3	+1.5
Class 'I'	-2.3	+1.4	+1.6	+1.7
Class 'L'	-2.1	+1.5	+1.7	+1.9
Class 'PP'	-2.1	n/a	n/a	+1.4

^a Not annualised.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. As the fund invests mainly in fixed interest securities, the direct transaction costs paid on other

Financial highlights

investments are too small to be reflected in the following table. To give an indication of the indirect portfolio dealing costs the table shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

as at 31 March Indirect portfolio transaction costs	2022 %	2021 %	2020 %	Average ^a %
Average portfolio dealing spread	0.60	0.45	1.36	0.80

^a Average of first three columns.

Specific share class performance

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

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

Sterling Class 'A' Income share performance

The share class was launched on 13 December 2016.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	99.64	91.58	98.54
Return before operating charges	(1.81)	10.79	(3.11)
Operating charges	(0.79)	(0.79)	(0.84)
Return after operating charges	(2.60)	10.00	(3.95)
Distributions	(1.59)	(1.94)	(3.01)
Closing NAV	95.45	99.64	91.58
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.01	0.01
Operating charges ^c	0.80	0.80	0.83
Return after charges	-2.61	+10.92	-4.01
Distribution yield	1.73	1.71	3.00
Other information			
Closing NAV (£'000)	976	918	782
Closing NAV (%)	5.73	3.36	1.49
Number of shares	1,022,111	921,455	854,192
Highest share price (UK p)	100.59	101.78	103.24
Lowest share price (UK p)	95.68	92.45	91.91

Financial highlights

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 December 2016.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	110.85	99.97	104.25
Return before operating charges	(2.02)	11.75	(3.38)
Operating charges	(0.89)	(0.87)	(0.90)
Return after operating charges	(2.91)	10.88	(4.28)
Distributions	(0.88)	(1.26)	(2.34)
Retained distributions	0.88	1.26	2.34
Closing NAV	107.94	110.85	99.97
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.01	0.01
Operating charges ^c	0.80	0.80	0.83
Return after charges	-2.63	+10.88	-4.11
Distribution yield	0.92	0.91	2.19
Other information			
Closing NAV (£'000)	693	688	502
Closing NAV (%)	4.07	2.52	0.96
Number of shares	641,803	620,542	502,474
Highest share price (UK p)	111.91	112.18	110.60
Lowest share price (UK p)	107.29	100.60	98.46

Sterling Class 'I' Income share performance

The share class was launched on 13 December 2016.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	100.42	92.20	98.99
Return before operating charges	(1.82)	10.74	(3.12)
Operating charges	(0.45)	(0.58)	(0.64)
Return after operating charges	(2.27)	10.16	(3.76)
Distributions	(1.61)	(1.94)	(3.03)
Closing NAV	96.54	100.42	92.20
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.01	0.01
Operating charges ^c	0.45	0.58	0.63
Return after charges	-2.26	+11.02	-3.80
Distribution yield	1.73	1.71	3.00
Other information			
Closing NAV (£'000)	1,961	5,612	8,067
Closing NAV (%)	11.53	20.57	15.35
Number of shares	2,031,027	5,588,610	8,749,817
Highest share price (UK p)	101.49	102.53	103.91
Lowest share price (UK p)	96.75	93.07	92.52

Financial highlights

Sterling Class 'I' Accumulation share performance

The share class was launched on 13 December 2016.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	111.84	100.65	104.75
Return before operating charges	(2.07)	11.83	(3.42)
Operating charges	(0.50)	(0.64)	(0.68)
Return after operating charges	(2.57)	11.19	(4.10)
Distributions	(1.29)	(1.48)	(2.58)
Retained distributions	1.29	1.48	2.58
Closing NAV	109.27	111.84	100.65
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.01	0.01
Operating charges ^c	0.45	0.59	0.63
Return after charges	-2.30	+11.12	-3.91
Distribution yield	1.27	1.26	2.39
Other information			
Closing NAV (£'000)	13,251	18,498	40,128
Closing NAV (%)	77.89	67.79	76.34
Number of shares	12,126,529	16,539,890	39,869,954
Highest share price (UK p)	113.03	113.12	111.33
Lowest share price (UK p)	108.61	101.29	99.12

Sterling Class 'L' Income share performance

The share class was launched on 13 December 2016.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	100.89	92.49	99.22
Return before operating charges	(1.84)	10.81	(3.14)
Operating charges	(0.26)	(0.47)	(0.55)
Return after operating charges	(2.10)	10.34	(3.69)
Distributions	(1.60)	(1.94)	(3.04)
Closing NAV	97.19	100.89	92.49
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.01	0.01
Operating charges ^c	0.25	0.48	0.53
Return after charges	-2.08	+11.18	-3.72
Distribution yield	1.73	1.71	3.00
Other information			
Closing NAV (£'000)	19	1,430	1,906
Closing NAV (%)	0.11	5.24	3.63
Number of shares	20,034	1,417,027	2,060,538
Highest share price (UK p)	102.06	102.98	104.24
Lowest share price (UK p)	97.38	93.38	92.82

Financial highlights

Sterling Class 'L' Accumulation share performance

The share class was launched on 13 December 2016.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	112.41	101.04	105.05
Return before operating charges	(2.08)	11.92	(3.46)
Operating charges	(0.28)	(0.55)	(0.55)
Return after operating charges	(2.36)	11.37	(4.01)
Distributions	(1.52)	(1.33)	(2.70)
Retained distributions	1.52	1.33	2.70
Closing NAV	110.05	112.41	101.04
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.01	0.01
Operating charges ^c	0.25	0.48	0.54
Return after charges	-2.10	+11.25	-3.82
Distribution yield	1.47	1.46	2.49
Other information			
Closing NAV (£'000)	75	88	1,100
Closing NAV (%)	0.44	0.33	2.09
Number of shares	68,496	78,112	1,088,536
Highest share price (UK p)	113.71	113.66	111.75
Lowest share price (UK p)	109.37	101.69	99.51

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	98.16	89.94	100.00
Return before operating charges	(1.79)	10.61	(6.79)
Operating charges	(0.34)	(0.47)	(0.33)
Return after operating charges	(2.13)	10.14	(7.12)
Distributions	(1.56)	(1.92)	(2.94)
Closing NAV	94.47	98.16	89.94
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.01	0.01
Operating charges	0.35	0.48	0.50
Return after charges	-2.17	+11.27	-7.12
Distribution yield	1.73	1.71	2.48
Other information			
Closing NAV (£'000)	19	19	18
Closing NAV (%)	0.11	0.07	0.03
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	99.26	100.21	101.37
Lowest share price (UK p)	94.66	90.80	90.27

Financial highlights

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March	2022	2021	2020
Change in NAV per share	UK p	UK p	UK p
Opening NAV	106.38	95.64	100.00
Return before operating charges	(1.97)	11.24	(3.84)
Operating charges	(0.37)	(0.50)	(0.52)
Return after operating charges	(2.34)	10.74	(4.36)
Distributions	(1.33)	(1.50)	(2.55)
Retained distributions	1.33	1.50	2.55
Closing NAV	104.04	106.38	95.64
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.01	0.01
Operating charges ^c	0.35	0.48	0.53
Return after charges	-2.20	+11.23	-4.36
Distribution yield	1.37	1.36	2.49
Other information			
Closing NAV (£'000)	20	33	34
Closing NAV (%)	0.12	0.12	0.06
Number of shares	19,690	30,552	35,314
Highest share price (UK p)	107.57	107.58	105.75
Lowest share price (UK p)	103.41	96.25	94.19

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

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

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Statement of total return

		2022		2021	
for the year to 31 March	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(633)		4,356
Revenue	5	369		809	
Expenses	6	(108)		(219)	
Interest payable		0		(18)	
Net revenue/(expense) before taxation		261		572	
Taxation	7	(2)		0	
Net revenue/(expense) after taxation			259		572
Total return before distributions			(374)		4,928
Distributions	8		(285)		(625)
Change in net assets attributable to shareholders from investment activities			(659)		4,303

Statement of change in net assets attributable to shareholders

for the year to 31 March	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		27,286		52,563
Amounts received on issue of shares	2,529		6,705	
Amounts paid on cancellation of shares	(12,332)		(36,642)	
		(9,803)		(29,937)
Dilution adjustments		9		113
Change in net assets attributable to shareholders from investment activities (see above)		(659)		4,303
Retained distributions on Accumulation shares		181		244
Closing net assets attributable to shareholders		17,014		27,286

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Balance sheet

as at 31 March	Note	2022 £'000	2021 £'000
Assets			
Fixed assets			
Investments		15,788	26,089
Current assets			
Debtors	9	160	238
Cash and bank balances	10	856	941
Cash equivalents		1,119	744
Total assets		17,923	28,012
Liabilities			
Investment liabilities		(403)	(433)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(284)	(21)
Distribution payable		(25)	(63)
Other creditors	11	(197)	(209)
Total liabilities		(909)	(726)
Net assets attributable to shareholders		17,014	27,286

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2022 £'000	2021 £'000
Non-derivative securities	(1,239)	4,424
Derivative contracts	543	77
Currency gains/(losses)	63	(145)
Net capital gains/(losses)	(633)	4,356

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 26 and 27.

for the year to 31 March	2022 £'000	2021 £'000		
a) Purchases				
Debt securities ^a	6,982	25,033		
b) Sales				
Debt securities ^a	15,958	52,379		
Other transaction types				
Corporate actions	408	455		
Total sales	16,366	52,834		
	2022 £'000	% of average NAV	2021 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Derivatives	1	0.00	1	0.00
Taxes paid				
Derivatives	1	0.00	1	0.00
Total direct portfolio transaction costs ^b	2	0.00	2	0.00

Financial statements and notes

	%	%
d) Indirect portfolio transaction costs		
Portfolio dealing spread ^c	0.60	0.45

^a These transaction types do not attract direct portfolio transaction costs

^b Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

^c Average portfolio dealing spread at the balance sheet date.

5 Revenue

for the year to 31 March	2022 £'000	2021 £'000
Bank interest	6	1
Derivative revenue	(30)	17
Interest distributions	0	1
Interest on debt securities	393	790
Total revenue	369	809

6 Expenses

for the year to 31 March	2022 £'000	2021 £'000
Payable to the ACD or associate		
Annual charge	108	222
Other expenses		
Safe custody charge ^a	0	(3)
Total expenses	108	219

Audit fees for the financial year ending 2022 were £12,000 (2021: £9,000) (including VAT), which are covered by the annual charge.

^a This amount relates to refunds received in respect of charges to the fund before the single annual charge took effect.

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7 Taxation

for the year to 31 March	2022 £'000	2021 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	2	0
Deferred tax (note 7c)	0	0
Total taxation	2	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	261	572
Corporation tax at 20%	52	114
Effects of:		
Interest distributions	(52)	(114)
Withholding tax	2	0
Total tax charge (note 7a)	2	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset in the current financial year (2021: same).

8 Distributions

for the year to 31 March	2022		2021	
Interest distributions	Inc ^a £'000	Acc ^b £'000	Inc ^a £'000	Acc ^b £'000
Interim	35	100	102	146
Final	25	81	63	98
Total net distributions	241	409		
Income deducted on cancellation of shares		50		245
Income received on issue of shares		(6)		(29)
Distributions	285	625		
Net revenue/(expense) per statement of total return	259	572		
Expenses offset against capital	26	53		
Distributions	285	625		

^a Distributions payable on Income shares.

^b Retained distributions on Accumulation shares.

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9 Debtors

as at 31 March	2022 £'000	2021 £'000
Amounts receivable on issues of shares	29	68
Debt security interest receivable	118	157
Derivative revenue receivable	1	1
Due from M&G Securities Limited	7	7
Other debtors	5	5
Total debtors	160	238

10 Cash and bank balances

as at 31 March	2022 £'000	2021 £'000
Amounts held at futures clearing houses and collateral manager	604	334
Cash held as bank balances	252	607
Total cash and bank balances	856	941

11 Other creditors

as at 31 March	2022 £'000	2021 £'000
Amounts payable on cancellation of shares	186	49
Annual charge payable	2	3
Bank overdraft interest payable	0	7
Derivative expense payable	9	5
Purchases awaiting settlement	0	145
Total other creditors	197	209

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2021: same).

Financial statements and notes

13 Shares in issue

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

Share class	Opening 01.04.21	Issued	Movements Cancelled	Closing 31.03.22
Sterling				
Class 'A' Income	921,455	221,689	(121,033)	1,022,111
Class 'A' Accumulation	620,542	220,737	(199,476)	641,803
Class 'I' Income	5,588,610	611,216	(4,168,799)	2,031,027
Class 'I' Accumulation	16,539,890	1,287,880	(5,701,241)	12,126,529
Class 'L' Income	1,417,027	0	(1,396,993)	20,034
Class 'L' Accumulation	78,112	1,994	(11,610)	68,496
Class 'PP' Income	20,000	0	0	20,000
Class 'PP' Accumulation	30,552	4,453	(15,315)	19,690

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

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

^a The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 0.00% (2021: 0.00%) of the fund's shares.

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16 Events after the balance sheet date

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

17 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2022	Liabilities 2022	Assets 2021	Liabilities 2021
Basis of valuation	£'000	£'000	£'000	£'000
Level 1	1,398	0	1,294	(1)
Level 2	14,388	(403)	24,795	(432)
Level 3	2	0	0	0
	15,788	(403)	26,089	(433)

18 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

19 Market risk sensitivity and exposure

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

The VaR limit set during the financial year to 31 March 2022 was 6% (2021: 3.3%).

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The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 March 2022 and 31 March 2021.

for the year to 31 March	2022 % of VaR	2022 Utilisation of VaR ^a 6%	2021 % of VaR	2021 Utilisation of VaR ^a 3.3%
Lowest	1.04	17.33	1.36	40.84
Highest	1.56	26.00	6.77	203.30 ^b
Average	1.23	20.58	3.33	99.92

^a The VaR on the fund has been divided by its maximum limit.

^b Due to market volatility caused by the COVID-19 pandemic there was a passive breach on the internally set upper VaR limit. The volatility was more abrupt than the 2008-09 crisis on which these limits were initially modelled. The VaR levels on all funds remained below the regulatory upper VaR limit and are being monitored with increased oversight.

20 Credit risk

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

as at 31 March	2022 £'000	2021 £'000
Investment grade securities	12,443	22,413 ^a
Below investment grade securities	2,782	3,343
Unrated securities	0	0 ^a
Other investments	160	(100)
Total	15,385	25,656

^a Restated.

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

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

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as at 31 March 2021	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	65
Barclays Bank	(244)	3	0
Citigroup	(7)	(4)	0
Goldman Sachs	46	(23)	0
HSBC	0	17	0
JPMorgan	0	1	0
State Street Bank	0	(5)	0
UBS	(2)	53	0
Total	(207)	42	65

Net exposure represents the mark-to-market value of derivative contracts less any cash collateral held. Positive exposure represents the fund's exposure to that counterparty. Negative amounts are not an exposure to the fund.

21 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2022 and 31 March 2021 are disclosed in the table below.

for the year to 31 March	2022 ^a £'000	2022 ^a % ^b	2021 ^a £'000	2021 ^a % ^b
Lowest	36,851	179.25	24,580	174.89
Highest	89,730	362.14	53,435	525.05
Average	48,893	219.43	37,611	244.53

^a Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings.

^b Expressed as a percentage over fund valuation.

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22 Interest distribution tables

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

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.04.21	30.09.21	01.10.21	30.11.21
Final	01.10.21	31.03.22	01.04.22	31.05.22

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

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

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

Sterling Class 'A' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Interim	0.3677	0.4258	0.7935	1.1460
Final	0.2665	0.5261	0.7926	0.7940

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Interim	0.1264	0.3204	0.4468	0.8404
Final	0.0801	0.3578	0.4379	0.4245

Sterling Class 'I' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Interim	0.5039	0.2965	0.8004	1.1444
Final	0.3969	0.4170	0.8139	0.7907

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Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.4108	0.2329	0.6437	0.9122
Final	0.2473	0.3954	0.6427	0.5715

Sterling Class 'L' Income shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.8043	0.0000	0.8043	1.1508
Final	0.7999	0.0000	0.7999	0.7858

Sterling Class 'L' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.6714	0.0886	0.7600	0.7186
Final	0.7613	0.0000	0.7613	0.6094

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.7856	0.0000	0.7856	1.1264
Final	0.7777	0.0000	0.7777	0.7950

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.2247	0.4419	0.6666	0.9504
Final	0.6662	0.0000	0.6662	0.5543

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Investment objective

The fund has two aims:

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

Investment policy

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

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

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

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

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

References to "assessed" above mean assessment in accordance with the ESG criteria and impact criteria

document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the fund can be found in the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

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

Derivatives may be used for efficient portfolio management and hedging.

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

Investment approach

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

The fund invests in companies that deliver solutions to the challenge of better health and/or better well-being. As further described in the impact criteria, these can be understood by reference to the United Nations Sustainable Development Goals framework as companies such as those which are focused on sustainable development goals such as health and well-being; zero hunger; clean water and sanitation; sustainable cities and communities; responsible consumption and production; or other companies which

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the investment manager considers appropriate to invest in, in pursuit of the non-financial investment objective.

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

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

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

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

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

ESG Information

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

- ESG criteria and impact criteria, which includes the fund's exclusions approach.

- Annual Impact Report providing an assessment of the fund's sustainable objective will also be published when available.
- Other periodic reporting on the sustainable objective of the fund.

Benchmark

Benchmark: MSCI World Index.

The benchmark is a target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the financial aspects of the fund's investment policy. The benchmark does not constrain the fund's portfolio construction.

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

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

Risk profile

The fund invests globally in the shares of listed companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates. The fund's focus is on businesses that aim to deliver solutions to the better health and well-being challenge. The fund is a concentrated portfolio, usually holding fewer than 40 stocks. The fund mainly invests in the shares of large and medium-sized companies, which are normally traded with relative ease, however these stocks could potentially experience a degree of illiquidity in times of market distress. The fund may also invest in emerging markets which are generally more sensitive to economic and political factors, and where investments may be less easily bought and sold. Diversification across

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countries, industries and market capitalisation is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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.

Investment review

As at 1 April 2022, for the period from 17 June 2021 (the launch date of the fund) to 31 March 2022

As the fund was launched less than a year ago, there is insufficient data to show one year of performance.

Performance review

With ageing populations, rising obesity and a global shortage of staff, there is an increasing strain on healthcare services. Furthermore, the COVID-19 pandemic has created new challenges while highlighting the importance of healthy lifestyles and environments. The M&G Better Health Solutions Fund seeks to invest in companies making positive, intentional and measurable impacts in this area.

At the end of the reporting period, around two thirds of the portfolio was invested in companies promoting better healthcare, while the remainder focused on better well-being (which is split into better lifestyle, and better hygiene and safety). The former includes the likes of pharmaceutical, biotechnology and healthcare

equipment companies, while the latter ranges from sportswear and sustainable agriculture firms to businesses that promote clean water and air.

Before a company can be held in the fund, it must go through our 'triple I' process. This involves our Positive Impact Team analysing its Investment quality, Intentionality and positive societal Impact. If the business is deemed suitable for the fund, it can be added to the watchlist. The fund currently maintains a watchlist of around 150 impactful companies, which can then be purchased if the time and price are right.

From this watchlist, the fund generally holds fewer than 40 global companies, which are categorised as either 'stable growth' or 'opportunities' companies. What we deem as stable growth companies tend to be larger, with stable cashflows and established business models, while what we consider to be opportunities companies may have newer business models, with a higher potential risk/reward.

The fund's underlying holdings are each mapped to one or several of the UN's Sustainable Development Goals (SDGs)*. The SDGs are a collection of 17 interconnected goals that collectively aim to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. We will then establish key impact indicators (KIs) for each company, such as the number of patients treated, helping us to assess and quantify their contribution to the goal.

Companies in the portfolio are also classified as pioneers, enablers or leaders. Leaders are companies which spearhead sustainability in their industries, enablers provide the tools for others to deliver positive social or environmental impact, and pioneers offer products or services that seek to have a transformational effect on society or the environment.

One of the companies held in the portfolio during the reporting period was Novo Nordisk. This Danish company is a world leader in diabetes treatment, supplying 50% of the world's insulin and spearheading the obesity treatment market. Another example was Ecolab, a speciality cleaning chemicals company which enables its customers to manage and monitor hygiene

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and sanitation levels in more than three million locations, thereby reducing the prevalence of infections. A third company held in the portfolio was Puretech, which pioneers research to discover, develop and commercialise medicines for underserved diseases.

*While we support the UN SDGs, we are not associated with the UN and our funds are not endorsed by them.

Jasveet Brar

Fund manager

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

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

Investments

Portfolio statement

Holding	as at 31.03.22 \$'000	as at 31.03.22 %
Equities	15,675	97.30
Chemicals	983	6.10
2,675 DSM	488	3.03
2,744 Ecolab	495	3.07
Commercial services & supplies	534	3.31
22,020 Marlowe ^a	259	1.61
2,024 MSA Safety	275	1.70
Professional services	630	3.91
8,974 Intertek	630	3.91
Auto components	494	3.07
6,430 Autoliv	494	3.07
Leisure products	829	5.15
2,900 Shimano	672	4.17
19,394 Technogym	157	0.98
Hotels, restaurants & leisure	151	0.94
60,377 Gym	151	0.94
Internet & direct marketing retail	118	0.73
184,000 Alibaba Health Information Technology	118	0.73
Household products	577	3.58
7,540 Colgate-Palmolive	577	3.58
Health care equipment & supplies	2,034	12.63
6,937 Alcon	556	3.45
2,746 Becton Dickinson	740	4.59
2,275 DiaSorin	359	2.23
1,468 Masimo	206	1.28
6,013 Xvivo Perfusion	173	1.08
Health care providers & services	1,896	11.77
6,884 Fresenius Medical Care	463	2.87
4,852 Quest Diagnostics	675	4.19
1,454 UnitedHealth	758	4.71
Health care technology	1,290	8.01
7,372 Cerner	690	4.28
5,927 Tabula Rasa HealthCare	34	0.21

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %
Equities (continued)		
Health care technology (continued)		
2,171 Teladoc Health	161	1.00
1,892 Veeva Systems	405	2.52
Biotechnology	593	3.68
35,372 Grifols Preference Shares	412	2.56
67,088 PureTech Health	181	1.12
Pharmaceuticals	3,298	20.47
20,780 ALK-Abelló	471	2.93
4,925 AstraZeneca	661	4.10
36,847 GlaxoSmithKline	804	4.99
8,947 Novo Nordisk	1,020	6.33
1,788 Zoetis	342	2.12
Life sciences tools & services	1,756	10.90
2,872 Agilent Technologies	389	2.41
1,112 Illumina	391	2.43
15,841 Oxford Nanopore Technologies	84	0.52
1,497 Thermo Fisher Scientific	892	5.54
Insurance	492	3.05
9,762 AMERISAFE	492	3.05
Total portfolio (notes 2c & 2d on pages 9 and 10)	15,675	97.30
Net other assets/(liabilities)	435	2.70
Net assets attributable to shareholders	16,110	100.00

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

^a AIM quoted.

Investments

Top ten portfolio transactions for the period to 31 March 2022

Largest purchases	\$'000
Novo Nordisk	757
GlaxoSmithKline	742
Thermo Fisher Scientific	724
Intertek	682
Shimano	670
Becton Dickinson	665
Autoliv	647
Quest Diagnostics	627
Colgate-Palmolive	613
Grifols Preference Shares	608
Other purchases	9,997
Total purchases	16,732

Please note that there were no sales during the period.

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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.

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value as at	31.03.22 \$'000
Fund net asset value (NAV)	16,110

Performance since launch

As the fund has not yet operated for a 12-month period, the performance since launch graph and long-term performance figures have not been calculated.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).

- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

Investments are bought or sold by a fund when changes are made to the investment portfolio and in

Financial highlights

response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The following table shows direct portfolio transaction costs paid by the fund before and after that part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

for the period to 31 March Direct portfolio transaction costs ^a	2022 %
Broker commission	0.03
Taxes	0.13
Costs before dilution adjustments	0.16
Dilution adjustments ^b	(0.03)
Total direct portfolio transaction costs	0.13
as at 31 March Indirect portfolio transaction costs	2022 %
Average portfolio dealing spread	0.10

^a As a percentage of average net asset value.

^b In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

Specific share class performance

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

The closing NAV per share shown may diverge from the highest and lowest share prices (used for dealing

purposes) as at the balance sheet date due to accounting and valuation adjustments.

Historic yields for the current period are calculated as at 8 April 2022.

Sterling Class 'A' Income share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.01
Operating charges	(0.87)
Return after operating charges	(0.86)
Distributions	(1.03)
Closing NAV	98.11
Direct transaction costs	UK p
Costs before dilution adjustments	0.12
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.10
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	1.10
Return after charges	-0.86
Historic yield	0.00
Other information	
Closing NAV (\$'000)	61
Closing NAV (%)	0.38
Number of shares	47,585
Highest share price (UK p)	107.95
Lowest share price (UK p)	91.08

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Sterling Class 'A' Accumulation share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.01
Operating charges	(0.86)
Return after operating charges	(0.85)
Distributions	(0.12)
Retained distributions	0.12
Closing NAV	99.15
Direct transaction costs	UK p
Costs before dilution adjustments	0.12
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.10
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	1.10
Return after charges	-0.85
Historic yield	0.00
Other information	
Closing NAV (\$'000)	149
Closing NAV (%)	0.92
Number of shares	114,364
Highest share price (UK p)	107.95
Lowest share price (UK p)	91.08

Sterling Class 'I' Income share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.02
Operating charges	(0.55)
Return after operating charges	(0.53)
Distributions	(1.04)
Closing NAV	98.43
Direct transaction costs	UK p
Costs before dilution adjustments	0.12
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.10
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	0.70
Return after charges	-0.53
Historic yield	0.00
Other information	
Closing NAV (\$'000)	45
Closing NAV (%)	0.28
Number of shares	34,909
Highest share price (UK p)	108.18
Lowest share price (UK p)	91.33

Financial highlights

Sterling Class 'I' Accumulation share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.02
Operating charges	(0.56)
Return after operating charges	(0.54)
Distributions	(0.46)
Retained distributions	0.46
Closing NAV	99.46
Direct transaction costs	UK p
Costs before dilution adjustments	0.12
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.10
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	0.70
Return after charges	-0.54
Historic yield	0.00
Other information	
Closing NAV (\$'000)	370
Closing NAV (%)	2.30
Number of shares	283,265
Highest share price (UK p)	108.18
Lowest share price (UK p)	91.33

Sterling Class 'PP' Income share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.01
Operating charges	(0.47)
Return after operating charges	(0.46)
Distributions	(1.04)
Closing NAV	98.50
Direct transaction costs	UK p
Costs before dilution adjustments	0.12
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.10
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	0.60
Return after charges	-0.46
Historic yield	0.00
Other information	
Closing NAV (\$'000)	26
Closing NAV (%)	0.16
Number of shares	20,070
Highest share price (UK p)	108.24
Lowest share price (UK p)	91.39

Financial highlights

Sterling Class 'PP' Accumulation share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.01
Operating charges	(0.47)
Return after operating charges	(0.46)
Distributions	(0.54)
Retained distributions	0.54
Closing NAV	99.54
Direct transaction costs	UK p
Costs before dilution adjustments	0.13
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.11
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	0.60
Return after charges	-0.46
Historic yield	0.00
Other information	
Closing NAV (\$'000)	26
Closing NAV (%)	0.16
Number of shares	20,060
Highest share price (UK p)	108.24
Lowest share price (UK p)	91.39

Sterling Class 'R' Income share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.01
Operating charges	(0.74)
Return after operating charges	(0.73)
Distributions	(1.03)
Closing NAV	98.24
Direct transaction costs	UK p
Costs before dilution adjustments	0.51
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.49
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	0.95
Return after charges	-0.73
Historic yield	0.00
Other information	
Closing NAV (\$'000)	34
Closing NAV (%)	0.21
Number of shares	26,748
Highest share price (UK p)	108.04
Lowest share price (UK p)	91.18

Financial highlights

Sterling Class 'R' Accumulation share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.01
Operating charges	(0.75)
Return after operating charges	(0.74)
Distributions	(0.25)
Retained distributions	0.25
Closing NAV	99.26
Direct transaction costs	UK p
Costs before dilution adjustments	0.12
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.10
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	0.95
Return after charges	-0.74
Historic yield	0.00
Other information	
Closing NAV (\$'000)	267
Closing NAV (%)	1.66
Number of shares	204,973
Highest share price (UK p)	108.04
Lowest share price (UK p)	91.17

Sterling Class 'Z' Accumulation share performance

The share class was launched on 17 June 2021.

for the period to 31 March Change in NAV per share	2022 UK p
Opening NAV	100.00
Return before operating charges	0.01
Operating charges	0.00
Return after operating charges	0.01
Distributions	(1.04)
Retained distributions	1.04
Closing NAV	100.01
Direct transaction costs	UK p
Costs before dilution adjustments	0.13
Dilution adjustments ^a	(0.02)
Total direct transaction costs	0.11
Performance and charges	%
Direct portfolio transaction costs ^b	0.13
Operating charges	0.00
Return after charges	+0.01
Historic yield	0.00
Other information	
Closing NAV (\$'000)	15,132
Closing NAV (%)	93.93
Number of shares	11,527,229
Highest share price (UK p)	108.59
Lowest share price (UK p)	91.77

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

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Statement of total return

for the period to 31 March	Note	2022	
		\$'000	\$'000
Income			
Net capital gains/(losses)	3		(1,089)
Revenue	5	169	
Expenses	6	(4)	
Net revenue/(expense) before taxation		165	
Taxation	7	(19)	
Net revenue/(expense) after taxation			146
Total return before distributions			(943)
Distributions	8		(147)
Change in net assets attributable to shareholders from investment activities			(1,090)

Statement of change in net assets attributable to shareholders

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

Financial statements and notes

Financial statements

Balance sheet

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

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

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

2 Distribution policy

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

3 Net capital gains/(losses)

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

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 51 and 52.

for the period to 31 March	2022 \$'000	% of transaction
a) Purchases		
Equities		
Equities before transaction costs	16,714	
Commissions	3	0.02
Taxes	15	0.09
Total purchases after transaction costs	16,732	
b) There were no sales during the period		
	2022 \$'000	% of average NAV
c) Direct portfolio transaction costs		
Commissions paid		
Equities	3	0.03
Taxes paid		
Equities	15	0.13
Total direct portfolio transaction costs^a	18	0.16

Financial statements and notes

	%
d) Indirect portfolio transaction costs	
Portfolio dealing spread ^b	0.10

^a Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

^b Average portfolio dealing spread at the balance sheet date.

5 Revenue

for the period to 31 March	2022 \$'000
Dividends from equity investments: non-taxable	167
Stock dividends	2
Total revenue	169

6 Expenses

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

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

Financial statements and notes

7 Taxation

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

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

8 Distributions

for the period to 31 March	2022	
Dividend distributions	Inc ^a \$'000	Acc ^b \$'000
Final	2	160
Total net distributions		162
Income received on issue of shares		(15)
Distributions		147
Net revenue/(expense) per statement of total return		146
Expenses offset against capital		1
Distributions		147

^a Distributions payable on Income shares.

^b Retained distributions on Accumulation shares.

Financial statements and notes

9 Debtors

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

10 Cash and bank balances

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

11 Other creditors

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

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date.

13 Shares in issue

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

Share class	Opening 17.06.21	Issued	Movements Cancelled	Closing 31.03.22
Sterling				
Class 'A' Income	0	47,585	0	47,585
Class 'A' Accumulation	0	116,364	(2,000)	114,364
Class 'I' Income	0	38,050	(3,141)	34,909
Class 'I' Accumulation	0	293,455	(10,190)	283,265
Class 'PP' Income	0	20,070	0	20,070
Class 'PP' Accumulation	0	20,060	0	20,060
Class 'R' Income	0	31,948	(5,200)	26,748
Class 'R' Accumulation	0	217,565	(12,592)	204,973
Class 'Z' Accumulation	0	11,527,229	0	11,527,229

Financial statements and notes

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

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

^a The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

15 Related parties

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

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

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

16 Events after the balance sheet date

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

17 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Financial statements and notes

Level 3: Valuation technique using unobservable inputs

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

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

18 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

19 Market risk sensitivity

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

20 Currency risk sensitivity and exposure

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

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

Financial statements and notes

21 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	17.06.21	31.03.22	01.04.22	31.05.22

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the period to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p
Final	0.7047	0.3294	1.0341

Sterling Class 'A' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p
Final	0.0459	0.0783	0.1242

Sterling Class 'I' Income shares

Ordinary distributions for the period to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p
Final	0.5646	0.4711	1.0357

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Sterling Class 'I' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p
Final	0.3025	0.1535	0.4560

Sterling Class 'PP' Income shares

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

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p
Final	0.5391	0.0000	0.5391

Sterling Class 'R' Income shares

Ordinary distributions for the period to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p
Final	0.6072	0.4273	1.0345

Sterling Class 'R' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p
Final	0.1458	0.1026	0.2484

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p
Final	0.9518	0.0874	1.0392

Authorised Corporate Director's Report

Investment objective

The fund has two aims:

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

Investment policy

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

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

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

To assist this assessment process, investments which are considered to conflict with the fund's aim to invest in companies that aim to deliver solutions to climate change are excluded from the investment universe. When considering the extraction of fossil fuels, the fund excludes companies that are involved in the extraction of thermal coal, oil, and gas and those that use and/or produce hydraulic fracking technologies.

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

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

In addition, the following are excluded:

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

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

Investments that no longer meet the above criteria for investment will be divested as per the ESG (Environmental, Social and Corporate Governance) Policy and Process Document.

Authorised Corporate Director's Report

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

The fund invests in three categories of climate solution companies:

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

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

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

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

Further information about the fund's ESG criteria including information on M&G's approach to impact investing can be found on the M&G website under the Fund Literature section (M&G Climate Solutions Fund – ESG Policy and Process).

Benchmark

Benchmark: MSCI World Index.

The benchmark is a target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the financial aspects of the fund's investment policy. The benchmark does not constrain the fund's portfolio construction.

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

The benchmark is shown in the share class currency.

Authorised Corporate Director's Report

Risk profile

The fund invests globally in the shares of listed companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates.

The fund's focus is on businesses that aim to deliver solutions to the challenge of climate change.

The fund is a concentrated portfolio, usually holding fewer than 40 stocks.

The fund mainly invests in the shares of large and medium-sized companies, which are normally traded with relative ease, however these stocks could potentially experience a degree of illiquidity in times of market distress.

The fund may also invest in emerging markets which are generally more sensitive to economic and political factors, and where investments may be less easily bought and sold.

Diversification across countries, industries and market capitalisation is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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

As at 1 April 2022, for the year ended 31 March 2022

Performance against objective

Between 1 April 2021 (the start of the review period) and 1 April 2022, the M&G Climate Solutions Fund delivered a positive total return (the combination of income and growth of capital) across all of its sterling share classes. Fund performance was behind the average return from the fund's benchmark, the MSCI World Index, which was 15.6% over the same period under review.

The fund was launched in November 2020, and thus cannot yet be measured on its five-year performance objective.

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

Performance review

Global stockmarkets rose in the 12 months under review, as investors juggled the COVID-19 pandemic, rising inflation, the prospect of central banks increasing interest rates, and the war in Ukraine.

The fund rose over the reporting period, but underperformed its benchmark, the MSCI World Index. Performance was negatively impacted by stockpicking in the technology and materials sectors. The fund's lack of holdings in the energy sector, which performed strongly, was also negative for performance, as was its above-benchmark exposure to the industrials sector.

The biggest individual detractor was IPG Photonics. The efficient laser manufacturer's share price fell steadily over the period, as its supply chains were disrupted by COVID-19 and the company faced growing competition in China. Wind power firm Ørsted and 3D design software company Autodesk also negatively impacted performance over the period.

On the positive side, the fund benefited from its lack of holdings in the communication services and consumer discretionary sectors, both of which fell in the period.

Authorised Corporate Director's Report

Stock selection in the consumer staples sector was also positive for performance.

The biggest individual contributor was semiconductor manufacturer onsemi. The company's share price rose strongly in the lead-up to each of its earnings report releases in the period, posting a 50% gain across the 12 months. As a manufacturer of semiconductors, the business stands to benefit from the growing shift towards electric vehicles and renewable energy.

Other positive stocks included Austrian renewable energy company Verbund, and US waste management specialist Republic Services.

Investment activities

We run a concentrated portfolio of around 30 holdings, maintaining a watchlist of sustainable, impactful companies that we would like to own when we believe the timing and price are right. We monitor our watchlist closely, waiting patiently for short-term issues to create buying opportunities.

We did not identify any such opportunities during the reporting period, and there were no new purchases or complete sales.

Outlook

Towards the end of the reporting period, at the COP26 summit there were renewed pledges to tackle climate change. These included fresh commitments to reduce emissions and reach net zero, and new promises to stop deforestation, cut methane emissions and phase out coal power. On the back of this, we expect to see growing investment, and increased incentivisation for the transition to net zero, providing opportunities for the areas in which the fund invests.

Rising geopolitical tensions have also highlighted that energy decarbonisation goes hand in hand with energy security. At the end of the period we saw European countries bring forward domestic renewable energy plans to replace energy imports sooner. We expect this transition to be favourable for the companies held in the fund.

Randeep Somel

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.

Investments

Portfolio statement

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities	25,962	95.46	94.82
Chemicals	1,886	6.94	7.22
4,115 Linde	1,335	4.91	
12,754 Umicore	551	2.03	
Containers & packaging	1,989	7.31	5.98
13,039 Ball	1,193	4.38	
186,984 DS Smith	796	2.93	
Building products	2,332	8.58	9.26
17,689 Johnson Controls International	1,187	4.37	
1,929 ROCKWOOL International	660	2.43	
6,889 Trex	485	1.78	
Electrical equipment	1,885	6.93	8.87
21,960 Ceres Power ^a	212	0.78	
27,389 ITM Power ^a	126	0.46	
6,145 Schneider Electric	1,037	3.81	
17,090 Vestas Wind Systems	510	1.88	
Machinery	1,636	6.02	5.57
3,055 Spirax-Sarco Engineering	501	1.84	
11,433 Westinghouse Air Brake Technologies	1,135	4.18	
Commercial services & supplies	3,033	11.15	10.12
123,557 Brambles	916	3.37	
9,631 Republic Services	1,298	4.77	
4,491 UniFirst	819	3.01	
Food products	1,205	4.43	3.55
14,972 Darling Ingredients	1,205	4.43	
Software	1,578	5.80	6.47
2,418 Ansys	774	2.84	
3,632 Autodesk	804	2.96	
Electronic equipment, instruments & components	1,169	4.30	5.06
13,700 Horiba	754	2.77	
3,663 IPG Photonics	415	1.53	
Semiconductors & semiconductor equipment	2,669	9.81	7.90
17,319 Infineon Technologies	598	2.20	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
Semiconductors & semiconductor equipment (continued)			
19,368 ON Semiconductor	1,259	4.63	
2,582 SolarEdge Technologies	812	2.98	
Electric utilities	1,338	4.92	5.93
6,441 Ørsted	801	2.95	
5,046 Verbund	537	1.97	
Independent power and renewable electricity producers	3,281	12.06	12.49
117,119 AES Brasil Energia	301	1.11	
14,835 Atlantica Sustainable Infrastructure	517	1.90	
19,856 Boralex	634	2.33	
22,428 Brookfield Renewable	975	3.58	
33,410 EDP Renovaveis	854	3.14	
Equity real estate investment trusts (REITs)	1,961	7.21	6.40
1,259 Equinix	949	3.49	
26,243 Weyerhaeuser	1,012	3.72	
Total portfolio (notes 2c & 2d on pages 9 and 10)	25,962	95.46	94.82
Net other assets/(liabilities)	1,236	4.54	5.18
Net assets attributable to shareholders	27,198	100.00	100.00

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

^a AIM quoted.

Investments

Top ten portfolio transactions for the year to 31 March 2022

Largest purchases	\$'000
DS Smith	327
Ball	320
UniFirst	302
Brookfield Renewable	275
Darling Ingredients	250
Ceres Power ^a	250
IPG Photonics	238
Ørsted	225
ROCKWOOL International	223
Weyerhaeuser	204
Other purchases	2,777
Total purchases	5,391

Largest sales	\$'000
Verbund	606
ITM Power ^a	383
EDP Renovaveis	363
Umicore	337
Linde	293
Johnson Controls International	280
Trex	252
Republic Services	245
Westinghouse Air Brake Technologies	235
Schneider Electric	227
Other sales	3,799
Total sales	7,020

^a AIM quoted.

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.

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

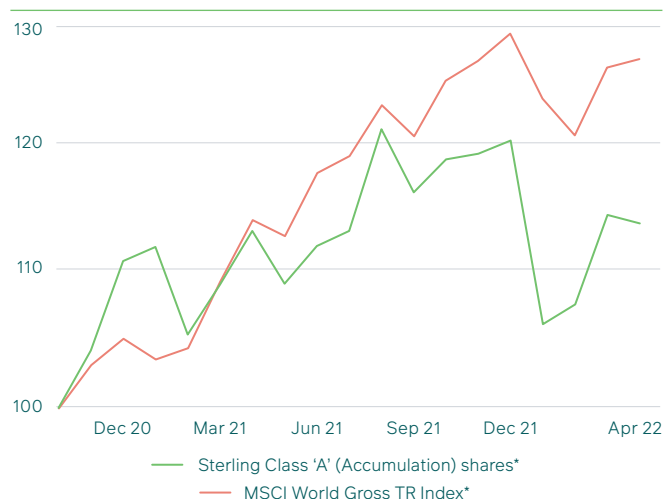
Fund level performance

Fund net asset value as at	31.03.22 \$'000	31.03.21 \$'000
Fund net asset value (NAV)	27,198	29,193

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares.

November 2020 = 100, plotted monthly
Chart date 1 April 2022



Source: Morningstar, Inc. and M&G

* Income reinvested

Long-term performance by share class

To give an indication of the performance of the fund, the following table shows the compound rate of return,

per annum, over the period. Calculated on a price to price basis with income reinvested. Please refer to 'Specific share class performance' tables for the share class launch dates.

Share class	One year 01.04.21 % ^a	Three years 01.04.19 % pa	Five years 03.04.17 % pa	Since launch % pa
Sterling				
Class 'A'	+3.5	n/a	n/a	+9.5
Class 'I'	+3.9	n/a	n/a	+10.0
Class 'PP'	+4.0	n/a	n/a	+10.1
Class 'R'	+3.7	n/a	n/a	+9.7
Class 'Z'	+4.6	n/a	n/a	+10.7

^a Not annualised.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

Financial highlights

- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The following table shows direct portfolio transaction costs paid by the fund before and after that

part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

for the year/period to 31 March	2022	2021	Average ^a
Direct portfolio transaction costs ^b	%	%	%
Broker commission	0.01	0.07	0.03
Taxes	0.01	0.11	0.04
Costs before dilution adjustments	0.02	0.18	0.07
Dilution adjustments ^c	(0.02)	0.00	(0.01)
Total direct portfolio transaction costs	0.00	0.18	0.06
as at 31 March	2022	2021	Average ^a
Indirect portfolio transaction costs	%	%	%
Average portfolio dealing spread	0.08	0.09	0.06

^a Average of first two columns.

^b As a percentage of average net asset value.

^c In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

Financial highlights

Specific share class performance

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

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

Historic yields for the current year are calculated as at 8 April 2022.

Sterling Class 'A' Income share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March	2022	2021
Change in NAV per share	UK p	UK p
Opening NAV	108.33	100.00
Return before operating charges	6.58	9.21
Operating charges	(1.24)	(0.50)
Return after operating charges	5.34	8.71
Distributions	(1.14)	(0.38)
Closing NAV	112.53	108.33
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	1.10	1.10
Return after charges	+4.93	+8.71
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	2,197	1,297
Closing NAV (%)	8.08	4.44
Number of shares	1,487,145	869,930
Highest share price (UK p)	123.09	118.37
Lowest share price (UK p)	99.94	99.63

Financial highlights

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March Change in NAV per share	2022 UK p	2021 UK p
Opening NAV	108.71	100.00
Return before operating charges	6.61	9.22
Operating charges	(1.24)	(0.51)
Return after operating charges	5.37	8.71
Distributions	0.00	0.00
Retained distributions	0.00	0.00
Closing NAV	114.08	108.71
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	1.10	1.10
Return after charges	+4.94	+8.71
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	962	284
Closing NAV (%)	3.54	0.97
Number of shares	642,826	190,127
Highest share price (UK p)	123.53	118.37
Lowest share price (UK p)	100.29	99.63

Sterling Class 'I' Income share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March Change in NAV per share	2022 UK p	2021 UK p
Opening NAV	108.51	100.00
Return before operating charges	6.58	9.21
Operating charges	(0.79)	(0.32)
Return after operating charges	5.79	8.89
Distributions	(1.13)	(0.38)
Closing NAV	113.17	108.51
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	0.70	0.70
Return after charges	+5.34	+8.89
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	633	422
Closing NAV (%)	2.33	1.45
Number of shares	426,434	282,230
Highest share price (UK p)	123.60	118.45
Lowest share price (UK p)	100.46	99.64

Financial highlights

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March Change in NAV per share	2022 UK p	2021 UK p
Opening NAV	108.88	100.00
Return before operating charges	6.65	9.20
Operating charges	(0.80)	(0.32)
Return after operating charges	5.85	8.88
Distributions	(0.34)	(0.09)
Retained distributions	0.34	0.09
Closing NAV	114.73	108.88
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	0.70	0.70
Return after charges	+5.37	+8.88
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	4,340	9,766
Closing NAV (%)	15.96	33.45
Number of shares	2,881,910	6,517,045
Highest share price (UK p)	124.06	118.45
Lowest share price (UK p)	100.83	99.64

Sterling Class 'PP' Income share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March Change in NAV per share	2022 UK p	2021 UK p
Opening NAV	108.54	100.00
Return before operating charges	6.62	9.20
Operating charges	(0.68)	(0.28)
Return after operating charges	5.94	8.92
Distributions	(1.14)	(0.38)
Closing NAV	113.34	108.54
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	0.60	0.60
Return after charges	+5.47	+8.92
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	35	30
Closing NAV (%)	0.13	0.10
Number of shares	23,273	20,070
Highest share price (UK p)	123.74	118.48
Lowest share price (UK p)	100.60	99.64

Financial highlights

Sterling Class 'PP' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March Change in NAV per share	2022 UK p	2021 UK p
Opening NAV	108.93	100.00
Return before operating charges	6.62	9.20
Operating charges	(0.68)	(0.27)
Return after operating charges	5.94	8.93
Distributions	(0.45)	(0.13)
Retained distributions	0.45	0.13
Closing NAV	114.87	108.93
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	0.60	0.60
Return after charges	+5.45	+8.93
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	81	84
Closing NAV (%)	0.30	0.29
Number of shares	54,064	55,738
Highest share price (UK p)	124.17	118.48
Lowest share price (UK p)	100.95	99.64

Sterling Class 'R' Income share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March Change in NAV per share	2022 UK p	2021 UK p
Opening NAV	108.39	100.00
Return before operating charges	6.59	9.21
Operating charges	(1.07)	(0.44)
Return after operating charges	5.52	8.77
Distributions	(1.13)	(0.38)
Closing NAV	112.78	108.39
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	0.95	0.95
Return after charges	+5.09	+8.77
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	451	328
Closing NAV (%)	1.66	1.12
Number of shares	304,365	220,081
Highest share price (UK p)	123.29	118.40
Lowest share price (UK p)	100.13	99.63

Financial highlights

Sterling Class 'R' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March Change in NAV per share	2022 UK p	2021 UK p
Opening NAV	108.78	100.00
Return before operating charges	6.61	9.22
Operating charges	(1.08)	(0.44)
Return after operating charges	5.53	8.78
Distributions	(0.05)	0.00
Retained distributions	0.05	0.00
Closing NAV	114.31	108.78
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	0.95	0.95
Return after charges	+5.08	+8.78
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	3,284	1,925
Closing NAV (%)	12.07	6.60
Number of shares	2,188,490	1,285,977
Highest share price (UK p)	123.72	118.40
Lowest share price (UK p)	100.49	99.63

Sterling Class 'Z' Accumulation share performance

The share class was launched on 5 November 2020.

for the year/period to 31 March Change in NAV per share	2022 UK p	2021 UK p
Opening NAV	109.17	100.00
Return before operating charges	6.61	9.17
Operating charges	0.00	0.00
Return after operating charges	6.61	9.17
Distributions	(1.17)	(0.38)
Retained distributions	1.17	0.38
Closing NAV	115.78	109.17
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.08
Dilution adjustments ^a	(0.02)	0.00
Total direct transaction costs	0.00	0.08
Performance and charges	%	%
Direct portfolio transaction costs ^b	0.00	0.18
Operating charges	0.00	0.00
Return after charges	+6.05	+9.17
Historic yield	0.00	0.00
Other information		
Closing NAV (\$'000)	15,215	15,057
Closing NAV (%)	55.93	51.58
Number of shares	10,012,080	10,020,080
Highest share price (UK p)	124.92	118.59
Lowest share price (UK p)	101.72	99.65

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

Financial statements and notes

Financial statements

Statement of total return

		2022		2021	
for the year/period to 31 March	Note	\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(11)		1,536
Revenue	5	297		87	
Expenses	6	(98)		(22)	
Net revenue/(expense) before taxation		199		65	
Taxation	7	(32)		(7)	
Net revenue/(expense) after taxation			167		58
Total return before distributions			156		1,594
Distributions	8		(210)		(62)
Change in net assets attributable to shareholders from investment activities			(54)		1,532

Statement of change in net assets attributable to shareholders

for the year/period to 31 March	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		29,193		0
Amounts received on issue of shares	6,218		28,151	
Amounts paid on cancellation of shares	(8,340)		(571)	
		(2,122)		27,580
Dilution adjustments		13		20
Change in net assets attributable to shareholders from investment activities (see above)		(54)		1,532
Retained distributions on Accumulation shares		168		61
Closing net assets attributable to shareholders		27,198		29,193

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2022 \$'000	2021 \$'000
Assets			
Fixed assets			
Investments		25,962	27,681
Current assets			
Debtors	9	284	353
Cash and bank balances	10	1,090	1,496
Total assets		27,336	29,530
Liabilities			
Creditors			
Distribution payable		(34)	(7)
Other creditors	11	(104)	(330)
Total liabilities		(138)	(337)
Net assets attributable to shareholders		27,198	29,193

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year/period to 31 March	2022 \$'000	2021 \$'000
Non-derivative securities	(23)	1,479
Currency gains/(losses)	12	57
Net capital gains/(losses)	(11)	1,536

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 74 and 75.

for the year/period to 31 March	2022 \$'000	% of transaction	2021 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	5,387		26,618	
Commissions	1	0.02	6	0.02
Taxes	3	0.05	10	0.04
Total purchases after transaction costs	5,391		26,634	
b) Sales				
Equities				
Equities before transaction costs	7,022		426	
Commissions	(2)	0.02	0	0.00
Total sales after transaction costs	7,020		426	

Financial statements and notes

	2022 \$'000	% of average NAV	2021 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	3	0.01	6	0.07
Taxes paid				
Equities	3	0.01	10	0.11
Total direct portfolio transaction costs^a	6	0.02	16	0.18
		%		%
d) Indirect portfolio transaction costs				
Portfolio dealing spread ^b		0.08		0.09

^a Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

^b Average portfolio dealing spread at the balance sheet date.

5 Revenue

for the year/period to 31 March	2022 \$'000	2021 \$'000
Dividends from equity investments: non-taxable	281	82
Dividends from equity investments: taxable	1	0
Property distribution: taxable	15	5
Total revenue	297	87

6 Expenses

for the year/period to 31 March	2022 \$'000	2021 \$'000
Payable to the ACD or associate		
Annual charge	98	22
Total expenses	98	22

Audit fees for the financial year ending 2022 were £11,000 (2021: £9,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year/period to 31 March	2022 \$'000	2021 \$'000
a) Analysis of charge in the year/period		
Corporation tax	0	0
Withholding tax	32	7
Deferred tax (note 7c)	0	0
Total taxation	32	7
b) Factors affecting taxation charge for the year/period		
Net revenue/(expense) before taxation	199	65
Corporation tax at 20%	40	13
Effects of:		
Dividends from equity investments: non-taxable	(56)	(16)
Capital gains tax (US)	13	1
Current year expenses not utilised	6	2
Withholding tax	32	7
Overseas tax expensed	(3)	0
Total tax charge (note 7a)	32	7
c) Provision for deferred taxation		
Provision at the start of the year/period	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year/period	0	0

The fund has not recognised a deferred tax asset of \$8,000 (2021: \$2,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future

Financial statements and notes

8 Distributions

for the year/period to 31 March	2022		2021	
Dividend distributions	Inc ^a	Acc ^b	Inc ^a	Acc ^b
	\$'000	\$'000	\$'000	\$'000
Final	34	168	7	61
Total net distributions		202		68
Income deducted on cancellation of shares		16		0
Income received on issue of shares		(8)		(6)
Distributions		210		62
Net revenue/(expense) per statement of total return		167		58
Expenses offset against capital		28		4
Capital gains tax offset against capital		13		0
Income deficit transferred to capital		2		0
Distributions		210		62

^a Distributions payable on Income shares.

^b Retained distributions on Accumulation shares.

9 Debtors

as at 31 March	2022	2021
	\$'000	\$'000
Amounts receivable on issues of shares	159	293
Currency deals outstanding	96	40
Dividends receivable	20	19
Withholding tax recoverable	9	1
Total debtors	284	353

10 Cash and bank balances

as at 31 March	2022	2021
	\$'000	\$'000
Cash held as bank balances	1,090	1,496
Total cash and bank balances	1,090	1,496

Financial statements and notes

11 Other creditors

as at 31 March	2022 \$'000	2021 \$'000
Amounts payable on cancellation of shares	5	246
Annual charge payable	3	2
Currency deals outstanding	96	41
Purchases awaiting settlement	0	41
Total other creditors	104	330

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2021: same).

13 Shares in issue

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

Share class	Opening 01.04.21	Issued	Movements Cancelled	Closing 31.03.22
Sterling				
Class 'A' Income	869,930	689,936	(72,721)	1,487,145
Class 'A' Accumulation	190,127	497,136	(44,437)	642,826
Class 'I' Income	282,230	190,975	(46,771)	426,434
Class 'I' Accumulation	6,517,045	1,343,647	(4,978,782)	2,881,910
Class 'PP' Income	20,070	4,203	(1,000)	23,273
Class 'PP' Accumulation	55,738	18,019	(19,693)	54,064
Class 'R' Income	220,081	176,867	(92,583)	304,365
Class 'R' Accumulation	1,285,977	1,076,610	(174,097)	2,188,490
Class 'Z' Accumulation	10,020,080	0	(8,000)	10,012,080

Financial statements and notes

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

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

^a The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 55.49% (2021: 51.38%) of the fund's shares.

16 Events after the balance sheet date

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

17 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

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Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2022 \$'000	Liabilities 2022 \$'000	Assets 2021 \$'000	Liabilities 2021 \$'000
Basis of valuation				
Level 1	25,962	0	27,681	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	25,962	0	27,681	0

18 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

19 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$1,298,000 (2021: \$1,384,000). A five per cent decrease would have an equal and opposite effect.

20 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$560,000 (2021: \$662,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2022 \$'000	2021 \$'000
Currency exposure in respect of the fund		
Australian dollar	930	1,041
Bangladesh taka	0	2
Brazilian real	301	385
Canadian dollar	634	660
Danish krone	1,973	2,458
Euro	4,920	5,603
Japanese yen	754	869
Sterling	1,692	2,228
US dollar	15,994	15,947
Total	27,198	29,193

Financial statements and notes

21 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.21	31.03.22	01.04.22	31.05.22

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.7292	0.4136	1.1428	0.3842

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'I' Income shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.6572	0.4758	1.1330	0.3828

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Sterling Class 'I' Accumulation shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.2087	0.1264	0.3351	0.0904

Sterling Class 'PP' Income shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.4245	0.7115	1.1360	0.3829

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.1701	0.2792	0.4493	0.1304

Sterling Class 'R' Income shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.6312	0.5006	1.1318	0.3826

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.0491	0.0000	0.0491	0.0000

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the year/period to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	1.1732	0.0000	1.1732	0.3821

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Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the MSCI ACWI NUK Index over any five-year period.

Investment policy

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

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

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

As part of the portfolio construction process, differences between the fund's characteristics and those of its benchmark (such as sector, country or risk

factor weightings) may be constrained. Managing the fund in this way limits the magnitude by which the fund is expected to deviate from the benchmark.

Benchmark

Benchmark: MSCI ACWI NUK Index.

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used to measure the fund's performance and acts as a constraint on the fund's portfolio construction, as certain limits, such as constraints on sector or geographic exposure, may apply at any given time.

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

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

Risk profile

The fund invests globally in the shares of listed companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates.

Given its direct and indirect exposure to emerging markets, the fund may be more volatile compared to a fund that invests mainly in the securities of companies in developed countries. The reasons for this greater volatility include: the financial infrastructure in emerging markets is typically less mature, the regulatory systems and disclosure standards are less developed and adverse market and political circumstances are more likely to occur in these markets.

However, the fund is mainly invested in the shares of large and medium-sized companies, which are normally traded with relative ease. Moreover, the fund is

Authorised Corporate Director's Report

diversified across countries, industries and market capitalisation, which is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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



The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has changed during this period. From 1 April 2021 to 3 April 2021 the risk number was 6.

Investment review

As at 1 April 2022, for the year ended 31 March 2022

Performance against objective

Between 1 April 2021 (the start of the review period) and 1 April 2022, the M&G Global Enhanced Equity Premia Fund delivered a positive total return (the combination of income and growth of capital) across all its sterling share classes. Fund performance was ahead of the fund's benchmark, the MSCI ACWI NUK Index, which rose by 12.1% over the same period under review.

Since inception on 12 November 2019, the fund generated an annualised positive total return across its sterling share classes, but lagged its benchmark, which returned 12.9% pa over this period. The fund was launched in November 2019 and thus cannot yet be measured on its five-year performance objective.

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

Performance review

While many stockmarkets generated solid gains during the 12 months under review, investor sentiment deteriorated later in the period and volatility in equity markets increased notably.

Initially stockmarkets rallied strongly, buoyed by the widespread rollout of COVID-19 vaccination programmes which aided the reopening of economies. Share prices also benefited from the view that government support and stimulus measures by central banks would not be withdrawn any time soon. This all helped the global economy to recover and also contributed to a healthy growth in corporate earnings, enabling share prices around the world to reach record levels.

However, many stockmarkets dipped in September 2021, as a range of fears spooked investors. In China, power supply shortages and doubts over the health of the property sector upset investor appetite. In the US, UK and Europe, fears over persistently high inflation and various discussions about the potentially imminent withdrawal of central bank support measures also contributed to volatile financial markets. However, despite the persistence of the COVID-19 pandemic into the final quarter of the year, equities enjoyed a buoyant end to 2021.

So far in 2022, stockmarkets have been dominated by global inflationary fears, which were exacerbated by Russia's invasion of Ukraine. Many of the world's central banks responded to higher inflation by increasing interest rates. The US Federal Reserve, which usually sets the tone for global markets, raised its interest rate in March 2022 for the first time since 2018.

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

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The fund's relative performance was strongest over the past six months, which broadly coincides with the period when value and small-cap stocks outperformed the benchmark (see the section below for an explanation of factor investing).

Investment activities

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

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

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

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

As part of the portfolio construction process, differences between the fund's characteristics and the index (such as stock, sector, country or risk factor weightings) may be constrained. Managing the fund in

this way limits the magnitude by which the fund is expected to deviate from the benchmark.

Factor investing is a well-established practice and supported by large bodies of academic research. It is cost-effective, with the potential to achieve excess returns. By combining factors, we mitigate the risk of any single factor being out of favour at a given time. Factors generally have low levels of correlation – they often do not move in the same direction as the market or as each other. In some cases in the past, factors have even displayed negative correlation, moving in opposite directions to the markets and/or each other.

Throughout the review period, the fund maintained an elevated exposure to the value factor (ie above the 'typical' 20% weighting), and increased its exposure to the momentum factor in June 2021. Both factors contributed to active returns over the review period. The overweight to value was particularly beneficial from November 2021 onwards, when the value factor outperformed the broader market.

Despite the recent outperformance of value, its valuation remains elevated from a historical perspective in our view. At the same time, we believe the momentum factor has started to look more attractive relative to its history.

Thus, the fund maintains a higher-than-typical exposure to both these factors, allowing it to benefit from a sustained recovery in value stocks, while also gaining diversification via its exposure to momentum.

Outlook

Russia's military action in Ukraine has led to heightened anxiety across financial markets. Rather than second-guess the course of the geopolitical situation, we prefer to focus our attention on our systematic investment approach to select stocks. As at 31 March 2022, the fund had three Russian holdings which were each valued at \$nil.

The era post the global financial crisis has been characterised by a regime of lower interest rates, benign inflation outcomes and the growth factor outperforming value for most of the time.

Authorised Corporate Director's Report

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

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

Gautam Samarth and Marc Beckenstrater

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.

Investments

Portfolio statement

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities	98,162	99.38	99.68
United Kingdom	2,009	2.03	3.03
31,223 3i	570	0.58	
27,632 Auto Trader	233	0.23	
29,260 BAE Systems	275	0.28	
3,991 Berkeley	198	0.20	
113,412 BT	271	0.27	
6,369 Bunzl	248	0.25	
1,556 Ferguson	214	0.22	
Austria	269	0.27	0.00
8,860 Voestalpine	269	0.27	
Belgium	0	0.00	1.25
Czech Republic	907	0.92	0.00
221,580 Moneta Money Bank	907	0.92	
Denmark	213	0.22	0.23
72 A.P. Møller – Mærsk	213	0.22	
Finland	196	0.20	0.00
20,712 Wartsila	196	0.20	
France	1,105	1.12	0.84
1,676 Arkema	204	0.21	
6,561 Michelin	901	0.91	
Germany	1,589	1.61	3.98
11,397 Bayerische Motoren Werke Preference Shares	901	0.91	
1,033 Merck	221	0.22	
3,927 Siemens Healthineers	244	0.25	
81,315 Telefónica Deutschland	223	0.23	
Greece	247	0.25	0.49
16,961 OPAP	247	0.25	
Hungary	0	0.00	0.70
Ireland	3,426	3.47	0.98
3,185 Accenture	1,078	1.09	
11,517 DCC	899	0.91	
12,803 Vanguard FTSE All-World	1,449	1.47	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
Italy	218	0.22	0.99
4,227 Recordati Industria Chimica e Farmaceutica	218	0.22	
Netherlands	2,275	2.30	2.33
5,100 IMCD	880	0.89	
14,869 Koninklijke Ahold Delhaize	485	0.49	
17,623 NN	910	0.92	
Norway	1,054	1.07	0.73
19,946 Yara International	1,054	1.07	
Poland	1,141	1.15	0.81
128,341 Cyfrowy Polsat	864	0.87	
182,886 PGNiG	277	0.28	
Portugal	255	0.26	0.00
10,607 Jerónimo Martins	255	0.26	
Russia^a	0	0.00	0.30
8,190,600 Inter Rao Ues	0	0.00	
44,225 PhosAgro GDR	0	0.00	
10,559 Severstal PAO	0	0.00	
Sweden	1,156	1.17	1.24
22,747 Boliden	1,156	1.17	
Switzerland	1,404	1.42	1.76
3,089 Kuehne + Nagel International	890	0.90	
646 Roche (Non-votings Rights)	260	0.26	
575 Roche (Voting Rights)	254	0.26	
United States	56,183	56.88	53.25
13,361 A O Smith	885	0.90	
9,123 AbbVie	1,496	1.51	
4,094 Advance Auto Parts	868	0.88	
169 Alphabet 'A' Shares	480	0.49	
503 Alphabet 'C' Shares	1,436	1.45	
360 Amazon.com	1,199	1.21	
6,872 AmerisourceBergen	1,068	1.08	
1,652 Analog Devices	275	0.28	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
United States (continued)			
527 Anthem	265	0.27	
18,245 Apple	3,249	3.29	
8,309 Applied Materials	1,135	1.15	
7,686 Arrow Electronics	927	0.94	
5,316 Automatic Data Processing	1,212	1.23	
479 AutoZone	990	1.00	
5,411 BorgWarner	214	0.22	
513 Broadcom	324	0.33	
1,403 Broadridge Financial Solutions	219	0.22	
3,568 Brown & Brown	260	0.26	
9,721 Bunge	1,064	1.08	
5,411 CDW	969	0.98	
10,512 CH Robinson Worldwide	1,154	1.17	
4,118 Cisco Systems	232	0.23	
4,454 CVS Health	461	0.47	
4,002 Danaher	1,190	1.20	
16,522 Dell Technologies	879	0.89	
6,202 Dover	997	1.01	
1,556 Eaton	242	0.24	
9,171 Expeditors International of Washington	963	0.97	
20,185 Fidelity National Financial	1,006	1.02	
5,579 Fox	223	0.23	
7,710 Genuine Parts	993	1.01	
3,879 Gilead Sciences	232	0.23	
2,873 Henry Schein	253	0.26	
56,365 Hewlett Packard Enterprise	972	0.98	
28,039 HP	1,048	1.06	
4,796 Huntington Ingalls Industries	975	0.99	
1,892 International Business Machines	250	0.25	
26,650 Interpublic	973	0.99	
6,920 J M Smucker	934	0.95	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
United States (continued)			
5,124 JB Hunt Transport Services	1,057	1.07	
27,967 Juniper Networks	1,052	1.07	
2,849 KLA	1,067	1.08	
17,719 Knight Swift Transportation	928	0.94	
15,348 LKQ	718	0.73	
862 McKesson	265	0.27	
16,091 Merck	1,327	1.34	
9,578 Microsoft	3,018	3.06	
120 NVR	561	0.57	
3,711 Omnicom	320	0.32	
3,951 ON Semiconductor	257	0.26	
15,085 Oracle	1,259	1.27	
1,556 Packaging Corp of America	244	0.25	
8,537 Paychex	1,170	1.18	
27,656 Pfizer	1,450	1.47	
527 Pool	237	0.24	
20,017 PulteGroup	872	0.88	
2,011 Republic Services	271	0.27	
2,257 Robert Half International	268	0.27	
7,686 Seagate Technology	703	0.71	
1,101 Snap-on	230	0.23	
14,989 Steel Dynamics	1,256	1.27	
287 Tesla	315	0.32	
7,040 Texas Instruments	1,321	1.34	
1,820 Thermo Fisher Scientific	1,084	1.10	
4,597 Tractor Supply	1,072	1.09	
10,703 Tyson Foods	950	0.96	
766 UnitedHealth	399	0.40	
Canada	3,403	3.45	3.79
14,821 Bank of Nova Scotia	1,082	1.10	
1,868 Canadian Imperial Bank of Commerce	232	0.24	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
Canada (continued)			
8,465 Canadian Utilities	258	0.26	
2,179 George Weston	267	0.27	
6,728 IGM Financial	241	0.24	
3,323 Loblaw	294	0.30	
4,502 Metro	257	0.26	
3,113 Nutrien	317	0.32	
6,939 Power Corp of Canada	216	0.22	
10,009 Quebecor	239	0.24	
Brazil	1,203	1.22	0.69
150,178 Hypera	1,203	1.22	
Colombia	262	0.26	0.00
40,705 Interconexion Electrica	262	0.26	
Mexico	0	0.00	0.98
Japan	4,800	4.86	5.28
12,000 Bridgestone	468	0.47	
36,400 Iida	632	0.64	
48,800 Japan Post Bank	395	0.40	
47,900 Japan Tobacco	822	0.83	
4,800 Lawson	184	0.19	
27,100 Obayashi	200	0.20	
9,600 TIS	226	0.23	
14,400 Tosoh	214	0.22	
18,600 Trend Micro	1,093	1.11	
33,500 USS	566	0.57	
Australia	1,945	1.97	1.66
122,834 Dexus REIT	1,008	1.02	
35,270 Sonic Healthcare	937	0.95	
China	3,972	4.02	3.92
335,200 Bank of Jiangsu	372	0.38	
55,100 China Resources Sanjiu Medical & Pharmaceutical	394	0.40	
96,000 China Shenhua Energy	307	0.31	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
China (continued)			
371,100 Chongqing Rural Commercial Bank	232	0.23	
192,000 Dongyue	264	0.27	
832,000 PICC Property & Casualty	850	0.86	
287,300 Shandong Buchang Pharmaceuticals	1,076	1.09	
122,100 Shanghai Pharmaceuticals	235	0.24	
288,000 Zhejiang Expressway	242	0.24	
Hong Kong	351	0.35	1.61
670,000 China Traditional Chinese Medicine	351	0.35	
India	418	0.42	0.00
193,948 Oil & Natural Gas	418	0.42	
Indonesia	227	0.23	0.00
550,700 Indofood Sukses Makmur	227	0.23	
Malaysia	263	0.27	1.03
56,800 Hong Leong Financial	263	0.27	
New Zealand	0	0.00	0.22
Singapore	0	0.00	0.23
South Korea	2,976	3.01	2.76
104,870 Industrial Bank of Korea	935	0.95	
26,530 Samsung Securities	917	0.93	
6,766 Shinhan Financial	231	0.23	
70,755 Woori Financial	893	0.90	
Taiwan	3,022	3.06	3.23
144,000 Asia Cement	244	0.25	
718,000 Pou Chen	790	0.80	
1,532,000 SinoPac Financial	984	0.99	
383,000 Synnex Technology International	1,004	1.02	
Thailand	253	0.26	0.00
445,400 Thai Union	253	0.26	
Israel	0	0.00	0.37
South Africa	1,147	1.16	1.00
76,893 Exxaro Resources	1,147	1.16	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
Türkiye	273	0.28	0.00
47,398 BİM Birleşik Mağazalar	273	0.28	
Portfolio of investments	98,162	99.38	99.68
Cash equivalents	76	0.08	0.33
'AAA' rated money market funds^b	76	0.08	0.33
76,071 Northern Trust Global Fund - US dollar	76	0.08	
Total portfolio (notes 2c & 2d on pages 9 and 10)	98,238	99.46	100.01
Net other assets/(liabilities)	530	0.54	(0.01)
Net assets attributable to shareholders	98,768	100.00	100.00

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

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

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

Investments

Top ten portfolio transactions for the year to 31 March 2022

Largest purchases	\$'000
Vanguard FTSE All-World	3,278
Pfizer	1,330
Walmart	1,293
Merck	1,230
PulteGroup	1,195
CH Robinson Worldwide	1,189
China Medical System	1,185
Oracle	1,119
Automatic Data Processing	1,066
Bank of Nova Scotia	1,066
Other purchases	95,371
Total purchases	109,322

Largest sales	\$'000
Vanguard FTSE All-World	2,330
Brenntag	1,682
Nucor	1,588
Sichuan Road & Bridge Co	1,586
Johnson & Johnson	1,553
Resmed	1,438
Microsoft	1,346
Archer Daniels Midland	1,262
Vifor Pharma	1,261
Walmart	1,260
Other sales	95,019
Total sales	110,325

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.

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'I' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

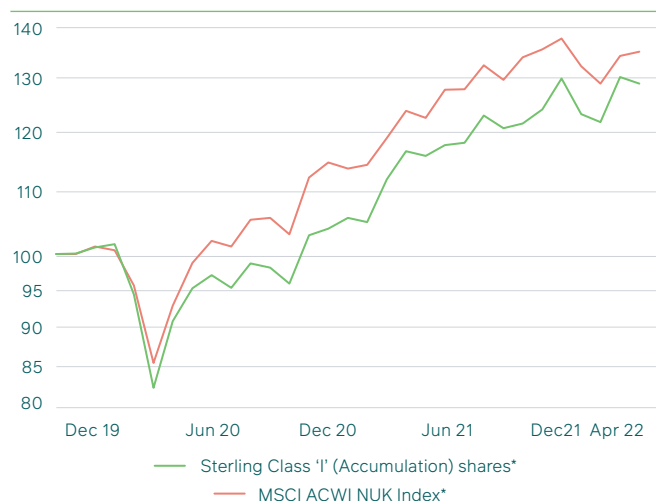
Fund level performance

Fund net asset value as at	31.03.22 \$'000	31.03.21 \$'000	31.03.20 \$'000
Fund net asset value (NAV)	98,768	91,922	66,636

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'I' (Accumulation) shares.

November 2019 = 100, plotted monthly
Chart date 1 April 2022



Source: Morningstar, Inc. and M&G

* Income reinvested

Long-term performance by share class

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

Share class	One year 01.04.21 % ^a	Three years 01.04.19 % pa	Five years 03.04.17 % pa	Since launch % pa
Sterling				
Class 'I'	+15.0	n/a	n/a	+11.2
Class 'PP'	+15.1	n/a	n/a	+11.2
Class 'Z'	+15.3	n/a	n/a	+11.5

^a Not annualised.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

Financial highlights

- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The following table shows direct portfolio transaction costs paid by the fund before and after that

part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

for the year to 31 March	2022	2021	2020	Average ^a
Direct portfolio transaction costs ^b	%	%	%	%
Broker commission	0.05	0.08	0.06	0.07
Taxes	0.07	0.10	0.07	0.08
Costs before dilution adjustments	0.12	0.18	0.13	0.15
Dilution adjustments ^c	0.00	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.12	0.17	0.12	0.14
as at 31 March	2022	2021	2020	Average ^a
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.08	0.12	0.19	0.13

^a Average of first three columns.

^b As a percentage of average net asset value.

^c In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

Specific share class performance

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

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

Historic yields for the current year are calculated as at 8 April 2022.

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 12 November 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	108.41	81.24	100.00
Return before operating charges	18.06	29.65	(17.78)
Operating charges	(0.35)	(0.30)	(0.11)
Return after operating charges	17.71	29.35	(17.89)
Distributions	(3.34)	(2.18)	(0.87)
Closing NAV	122.78	108.41	81.24
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.18	0.13
Dilution adjustments ^a	0.00	(0.01)	(0.01)
Total direct transaction costs	0.14	0.17	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.12	0.17	0.12
Operating charges	0.30	0.30	0.30
Return after charges	+16.34	+36.13	-17.89
Historic yield	1.84	0.79	1.05
Other information			
Closing NAV (\$'000)	32	30	20
Closing NAV (%)	0.03	0.03	0.03
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	126.32	110.53	105.08
Lowest share price (UK p)	108.60	77.75	74.96

Sterling Class 'I' Accumulation share performance

The share class was launched on 12 November 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	111.78	82.12	100.00
Return before operating charges	18.61	29.96	(17.77)
Operating charges	(0.36)	(0.30)	(0.11)
Return after operating charges	18.25	29.66	(17.88)
Distributions	(3.12)	(1.94)	(0.78)
Retained distributions	3.12	1.94	0.78
Closing NAV	130.03	111.78	82.12
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.18	0.13
Dilution adjustments ^a	0.00	(0.01)	(0.01)
Total direct transaction costs	0.15	0.17	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.12	0.17	0.12
Operating charges	0.30	0.30	0.30
Return after charges	+16.33	+36.12	-17.88
Historic yield	1.55	0.69	0.90
Other information			
Closing NAV (\$'000)	34	31	20
Closing NAV (%)	0.03	0.03	0.03
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	130.23	111.72	105.08
Lowest share price (UK p)	111.96	78.59	74.96

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 12 November 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	108.47	81.25	100.00
Return before operating charges	18.07	29.65	(17.78)
Operating charges	(0.29)	(0.25)	(0.10)
Return after operating charges	17.78	29.40	(17.88)
Distributions	(3.34)	(2.18)	(0.87)
Closing NAV	122.91	108.47	81.25
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.18	0.13
Dilution adjustments ^a	0.00	(0.01)	(0.01)
Total direct transaction costs	0.14	0.17	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.12	0.17	0.12
Operating charges	0.25	0.25	0.25
Return after charges	+16.39	+36.18	-17.88
Historic yield	1.84	0.79	1.05
Other information			
Closing NAV (\$'000)	33	30	20
Closing NAV (%)	0.03	0.03	0.03
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	126.44	110.59	105.10
Lowest share price (UK p)	108.66	77.77	74.98

Sterling Class 'PP' Accumulation share performance

The share class was launched on 12 November 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	111.84	82.12	100.00
Return before operating charges	18.61	29.97	(17.78)
Operating charges	(0.30)	(0.25)	(0.10)
Return after operating charges	18.31	29.72	(17.88)
Distributions	(3.17)	(1.98)	(0.79)
Retained distributions	3.17	1.98	0.79
Closing NAV	130.15	111.84	82.12
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.18	0.13
Dilution adjustments ^a	0.00	(0.01)	(0.01)
Total direct transaction costs	0.15	0.17	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.12	0.17	0.12
Operating charges	0.25	0.25	0.25
Return after charges	+16.37	+36.19	-17.88
Historic yield	1.58	0.70	0.92
Other information			
Closing NAV (\$'000)	34	31	21
Closing NAV (%)	0.03	0.03	0.03
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	130.35	111.78	105.10
Lowest share price (UK p)	112.02	78.61	74.98

Financial highlights

Sterling Class 'Z' Accumulation share performance

The share class was launched on 12 November 2019.

for the year to 31 March	2022	2021	2020
Change in NAV per share	UK p	UK p	UK p
Opening NAV	112.17	82.18	100.00
Return before operating charges	18.64	29.99	(17.82)
Operating charges	0.00	0.00	0.00
Return after operating charges	18.64	29.99	(17.82)
Distributions	(3.44)	(2.19)	(0.87)
Retained distributions	3.44	2.19	0.87
Closing NAV	130.81	112.17	82.18
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.18	0.13
Dilution adjustments ^a	0.00	(0.01)	(0.01)
Total direct transaction costs	0.15	0.17	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.12	0.17	0.12
Operating charges	0.00	0.00	0.00
Return after charges	+16.62	+36.49	-17.82
Historic yield	1.74	0.77	1.04
Other information			
Closing NAV (\$'000)	98,635	91,800	66,555
Closing NAV (%)	99.88	99.88	99.88
Number of shares	57,450,326	59,461,000	65,519,000
Highest share price (UK p)	131.01	112.09	105.17
Lowest share price (UK p)	112.33	78.69	75.05

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

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Statement of total return

		2022		2021	
for the year to 31 March	Note	\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		7,538		30,468
Revenue	5	2,983		2,086	
Expenses	6	(2)		(2)	
Net revenue/(expense) before taxation		2,981		2,084	
Taxation	7	(351)		(244)	
Net revenue/(expense) after taxation			2,630		1,840
Total return before distributions			10,168		32,308
Distributions	8		(2,640)		(1,840)
Change in net assets attributable to shareholders from investment activities			7,528		30,468

Statement of change in net assets attributable to shareholders

for the year to 31 March	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		91,922		66,636
Amounts paid on cancellation of shares	(3,278)		(6,989)	
		(3,278)		(6,989)
Dilution adjustments		4		10
Change in net assets attributable to shareholders from investment activities (see above)		7,528		30,468
Retained distributions on Accumulation shares		2,592		1,797
Closing net assets attributable to shareholders		98,768		91,922

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2022 \$'000	2021 \$'000
Assets			
Fixed assets			
Investments		98,162	91,626
Current assets			
Debtors	9	364	206
Cash and bank balances	10	928	4
Cash equivalents		76	307
Total assets		99,530	92,143
Liabilities			
Creditors			
Bank overdrafts		(752)	(207)
Distribution payable		(2)	(1)
Other creditors	11	(8)	(13)
Total liabilities		(762)	(221)
Net assets attributable to shareholders		98,768	91,922

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2022 \$'000	2021 \$'000
Non-derivative securities	7,561	30,456
Currency gains/(losses)	(24)	11
Rebate of ongoing charges from underlying funds taken to capital	1	1
Net capital gains/(losses)	7,538	30,468

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 104 and 105.

for the year to 31 March	2022 \$'000	% of transaction	2021 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	105,982		135,544	
Commissions	22	0.02	30	0.02
Taxes	40	0.04	49	0.04
Equities after transaction costs	106,044		135,623	
Collective investment schemes	3,278		1,650	
Total purchases after transaction costs	109,322		137,273	
b) Sales				
Equities				
Equities before transaction costs	108,049		141,266	
Commissions	(24)	0.02	(32)	0.02
Taxes	(30)	0.03	(30)	0.02
Equities after transaction costs	107,995		141,204	
Collective investment schemes	2,330		1,321	
Total sales after transaction costs	110,325		142,525	
	2022 \$'000	% of average NAV	2021 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	46	0.05	62	0.08
Taxes paid				
Equities	70	0.07	79	0.10
Total direct portfolio transaction costs^a	116	0.12	141	0.18
		%		%
d) Indirect portfolio transaction costs				
Portfolio dealing spread ^b		0.08		0.12

^a Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

^b Average portfolio dealing spread at the balance sheet date.

Financial statements and notes

5 Revenue

for the year to 31 March	2022 \$'000	2021 \$'000
Bank interest	0	2
Distributions from collective investment schemes: non-taxable	7	0
Dividends from equity investments: non-taxable	2,756	1,919
Dividends from equity investments: taxable	145	165
HM Revenue & Customs interest	1	0
Property distribution: taxable	57	0
Stock dividends	17	0
Total revenue	2,983	2,086

6 Expenses

for the year to 31 March	2022 \$'000	2021 \$'000
Other expenses		
Interest payable	2	2
Total expenses	2	2

Audit fees for the financial year ending 2022 were £11,000 (2021: £9,000) (including VAT), which are covered by M&G.

Financial statements and notes

7 Taxation

for the year to 31 March	2022 \$'000	2021 \$'000
a) Analysis of charge in the year		
Corporation tax	41	34
Withholding tax	324	232
Current double taxation relief	(24)	(21)
Capital gains tax (India)	10	0
Deferred tax (note 7c)	0	(1)
Total taxation	351	244
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	2,981	2,084
Corporation tax at 20%	596	417
Effects of:		
Dividends from equity investments: non-taxable	(552)	(383)
Stock dividends not taxable	(3)	0
Total double taxation relief	(24)	(21)
Withholding tax	324	232
Capital gains tax (India)	10	0
Deferred tax prior year adjustment	0	(1)
Total tax charge (note 7a)	351	244
c) Provision for deferred taxation		
Provision at the start of the year	1	2
Deferred tax in profit and loss account (note 7a)	0	(1)
Provision at the end of the year	1	1

The fund has not recognised a deferred tax asset in the current financial year (2021: same).

Financial statements and notes

8 Distributions

for the year to 31 March	2022		2021	
Dividend distributions	Inc ^a	Acc ^b	Inc ^a	Acc ^b
	\$'000	\$'000	\$'000	\$'000
Final	2	2,592	1	1,797
Total net distributions		2,594		1,798
Income deducted on cancellation of shares		46		42
Distributions		2,640		1,840
Net revenue/(expense) per statement of total return		2,630		1,840
Capital gains tax offset against capital		10		0
Distributions		2,640		1,840

^a Distributions payable on Income shares.

^b Retained distributions on Accumulation shares.

9 Debtors

as at 31 March	2022	2021
	\$'000	\$'000
Currency deals outstanding	2	0
Dividends receivable	286	166
Withholding tax recoverable	76	40
Total debtors	364	206

10 Cash and bank balances

as at 31 March	2022	2021
	\$'000	\$'000
Cash held as bank balances	928	4
Total cash and bank balances	928	4

11 Other creditors

as at 31 March	2022	2021
	\$'000	\$'000
Corporation tax payable	6	13
Currency deals outstanding	2	0
Total other creditors	8	13

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2021: same).

Financial statements and notes

13 Shares in issue

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

Share class	Opening 01.04.21	Issued	Movements Cancelled	Closing 31.03.22
Sterling				
Class 'I' Income	20,000	0	0	20,000
Class 'I' Accumulation	20,000	0	0	20,000
Class 'PP' Income	20,000	0	0	20,000
Class 'PP' Accumulation	20,000	0	0	20,000
Class 'Z' Accumulation	59,461,000	0	(2,010,674)	57,450,326

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

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

^a The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 99.84% (2021: 99.84%) of the fund's shares.

16 Events after the balance sheet date

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

Financial statements and notes

17 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2022 \$'000	Liabilities 2022 \$'000	Assets 2021 \$'000	Liabilities 2021 \$'000
Basis of valuation				
Level 1	98,162	0	91,626	0
Level 2	0	0	0	0
Level 3	0 ^a	0	0	0
	98,162	0	91,626	0

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

18 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

19 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$4,908,000 (2021: \$4,581,000). A five per cent decrease would have an equal and opposite effect.

Financial statements and notes

20 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$1,987,000 (2021: \$2,027,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2022 \$'000	2021 \$'000
Currency exposure in respect of the fund		
Australian dollar	1,945	1,524
Brazilian real	1,211	641
Canadian dollar	3,414	3,507
Chinese yuan	2,074	1,270
Colombian peso	262	0
Czech koruna	907	0
Danish krone	216	213
Euro	6,185	8,107
Hong Kong dollar	2,249	3,585
Hungarian forint	0	642
Indian rupee	418	0
Indonesian rupiah	227	0
Israeli shekel	0	340
Japanese yen	4,850	4,896
Malaysian ringgit	263	949
Mexican peso	0	896
New Zealand dollar	0	204
Norwegian krone	1,054	674
Polish zloty	1,145	744
Russian ruble	0	278
Singapore dollar	0	207
South African rand	1,147	920
South Korean won	3,124	2,575
Sterling	2,908	3,009
Swedish krona	1,156	1,141
Swiss franc	1,437	1,224
Taiwan dollar	3,022	2,968
Thailand baht	259	19
Turkish lira	273	0
US dollar	59,022	51,389
Total	98,768	91,922

Financial statements and notes

21 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.21	31.03.22	01.04.22	31.05.22

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

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

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

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	3.3381	0.0000	3.3381	2.1773

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	3.1159	0.0000	3.1159	1.9383

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	3.3408	0.0000	3.3408	2.1780

Financial statements and notes

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.2729	2.8969	3.1698	1.9764

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	3.4356	0.0000	3.4356	2.1939

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Investment objective

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

Investment policy

At least 80% of the fund is invested directly in high yield bonds issued by companies that are domiciled in any country, including emerging markets. These bonds may be denominated in any currency and currency exposure is typically hedged back to US dollar.

The fund invests in securities that meet the fund manager's environmental, social and governance (ESG) criteria. This is achieved through the use of third party ESG information and/or proprietary analysis. However, some securities which meet the ESG criteria may not provide as good an ESG outcome as others.

In addition, the fund aims to exclude securities issued by:

- companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment and anti-corruption;
- companies that derive any revenue from defence and weapons; and
- companies that derive revenue of more than 5% for producers, and 10% for distributors, from the following industries: tobacco, alcohol, adult entertainment, gambling, nuclear power or thermal coal.

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

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

Derivatives, other transferable securities, cash and near cash may not be subject to the same ESG restrictions as other securities held in the portfolio.

Investment approach

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

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

Individual credit selection is carried out in conjunction with the in-house team of credit analysts, which provides bottom-up analysis of the corporate bond markets to complement the fund manager's views.

ESG characteristics are assessed as part of the analysis of bond issuers, driving security selection and acting as an additional filter to the fund's hard ESG exclusion policies.

Further information about the Investment Manager's ESG criteria applied to the fund can be found on the M&G website under the Fund Literature section (M&G Global High Yield ESG Bond Fund – Applying ESG Criteria).

Benchmark

Benchmark: ICE BofAML Global High Yield Index (USD hedged).

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

The fund is actively managed. The fund manager has complete freedom in choosing which investments to

Authorised Corporate Director's Report

buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

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

Risk profile

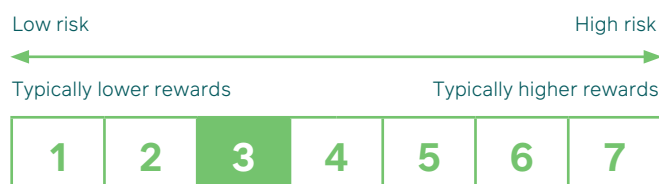
The fund invests mainly in higher yielding fixed income securities, which may be denominated in any currency. It is, therefore, subject to the price volatility of the global bond market as well as the performance of individual issuers. In addition, the fund is subject to fluctuations in currency exchange rates, although currency exposure is typically hedged back to the US dollar.

The fund's focus on higher yielding debt securities implies that it may experience greater volatility than a fund that invests primarily in investment grade debt securities as higher risk assets could potentially experience a degree of illiquidity in times of market distress.

The fund's exposure to debt securities may be gained through the use of derivatives. In association with the use of derivatives, including those instruments not traded through an exchange, collateral is deposited in order to mitigate the risk that a counterparty may default on its obligations or become insolvent.

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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

As at 1 April 2022, for the year ended 31 March 2022

Performance against objective

Between 1 April 2021 (the start of the review period) and 1 April 2022, the M&G Global High Yield ESG Bond Fund delivered a negative total return (the combination of income and growth of capital) across all its share classes. Returns varied by share class, with fund performance either slightly behind or in line with the fund's benchmark, which declined by 3.9% over the same period under review.

The fund was launched on 25 February 2020, so it is too early to say whether it has met its objective to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than the ICE BofAML Global High Yield Index (USD hedged) over any five-year period.

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

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Performance review

The 12 month period under review saw heightened volatility across global bond markets, with the majority of fixed income assets delivering negative returns over the period. The downturn mainly occurred in the first quarter of 2022 and was driven by concerns that monetary policy would need to be tightened more aggressively to tackle surging inflation. The Russian invasion of Ukraine on 24 February became the dominant theme in the latter weeks of the period, with a surge in wheat and energy prices expected to put even further pressure on inflation.

The volatility which characterised the early months of 2022 contrasted with the relatively subdued market conditions which persisted throughout much of 2021. While concerns about rising inflation had weighed on sentiment, the general view was that inflation would prove to be transient, with moves in fixed income markets relatively contained. Meanwhile, investors appeared to be reassured by the successful rollout of the COVID-19 vaccination programme, along with the gradual reopening of businesses and economies.

However, as it became apparent that inflation was likely to prove more persistent than originally thought, fixed income markets came under pressure in the final weeks of 2021. Around this time, the world's central banks took an increasingly assertive stance as they outlined their plans to curb inflationary pressures. In December, the Bank of England unexpectedly raised its key interest rate for the first time in three years, while the US Federal Reserve indicated that a series of interest rate hikes would need to be implemented in 2022 and 2023.

Against this backdrop, core government bonds delivered negative returns across the board as yields (which move in the opposite direction to bond prices) rose sharply from December onwards. Corporate bonds also experienced negative returns, with returns for these assets held back by a combination of rising government bond yields and deteriorating investor sentiment. High yield bonds (which have a low credit rating and are therefore considered riskier) generally

held up better than higher-rated bonds, which was mainly due to their lower sensitivity to movements in interest rates.

Emerging market bonds also came under pressure, with rising US Treasury yields acting as a headwind to the asset class. Usually, when US government bond yields increase, bonds in emerging markets suffer because some investors reallocate money to the US debt market, which is seen as safer than the smaller and riskier developing countries' markets.

One bright spot in fixed income markets was inflation-linked bonds (a type of bond whose cashflows are adjusted in line with a measure of inflation and can therefore offer some protection from price rises). Expectations of higher inflation led to a rise in breakeven rates (a measure of the bond market's expectation for inflation) across the US, Europe and the UK, and this proved helpful for the asset class.

In currencies, the US dollar performed strongly, benefiting from its perceived safe-haven credentials amid heightened geopolitical uncertainty, while the Japanese yen and the euro performed poorly. While emerging market currencies were weak overall, a number of Latin American currencies, such as the Brazilian real, saw strong gains.

The fund delivered a negative return across share classes. Relative performance was helped by our defensive credit positioning as high yield markets sold off in the latter stages of the review period. However, this was offset by the fund's lack of energy exposure and the fund's bias towards European high yield issuers, which lagged the US high yield market over the period.

Investment activities

The fund has broadly maintained a cautious stance towards cyclical sectors during the period, with a continued preference for more defensive areas of the market. Our bottom-up investment process ensures we seek a higher level of compensation when investing in more cyclical and lower-rated parts of the market. In many cases, we haven't felt sufficiently compensated for the level of risk present among many cyclical credits,

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which is why we have focused our cyclical exposure on issuers with healthy balance sheets or on new debt issues with a stronger overall security package.

Throughout 2021, we saw high levels of activity in the primary market, as the market for newly-issued bonds is known, although this quietened considerably in the first quarter of 2022. We remained selective in this area, although we did participate in new deals from a number of companies, including record label conglomerate Warner Music, medical equipment company AdaptHealth, electrical distributor Rexel and UK discount retailer B&M.

In the secondary market, we added a number of travel-focused names that we think should benefit from a reopening of the global economy, such as Delta Air Lines, Royal Caribbean Cruises and Hilton. Later in the period we added US department store chain Macy's and Mexican building material company Cemex.

In terms of sales, we closed our position in meat-processing company MHP, while reducing the fund's exposure to the Chinese property sector given uncertainty in this area. Towards the end of the period, we sold some names that had performed well, such as telecom companies KPN and Ziggo.

ESG engagement

As investors who embed ESG considerations into our investment processes, it is important for us to understand the various unique risks involved across all of the different industries we invest in. As such, as part of our ongoing assessment of our holdings' ESG credentials, we attempted to engage with several companies held to gain granular insight into how these firms are adapting to various ESG criteria. This exercise enables us to compare and contrast different approaches to ESG and sustainability, to better identify ESG leaders, and also to ultimately encourage best practice in the companies in which we invest.

Outlook

Despite ongoing geopolitical uncertainty, we remain cautiously optimistic for high yield bonds as we think investor demand for assets able to generate a positive real yield should provide support to the asset class. We

also expect default rates to remain low, as the benign funding conditions of the last couple of years have allowed many issuers to reduce funding costs and strengthen balance sheets. Given its relatively low sensitivity to movements in interest rates, we also think high yield is well placed to withstand an environment of higher interest rates and inflation going forward.

However, given current valuations, we think credit selection will remain key to generating value in the asset class. We maintain our view of not taking on excessive credit risk, particularly given the prospect of tighter monetary policy over the coming years. In this environment, an active and risk-controlled investment approach to the asset class remains crucial in our opinion.

James Tomlins and Stefan Isaacs

Co-fund managers

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

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

Investments

Portfolio statement

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Debt securities	42,686	95.97	93.26
Corporate bonds	41,606	93.54	91.26
Investment grade corporate bonds	1,641	3.69	6.11
US\$81,000 Dell International 8.1% 15/07/2036	106	0.24	
US\$82,000 HCA 4.75% 01/05/2023	84	0.19	
£101,000 Legal & General Var. Rate 5.375% 27/10/2045	141	0.32	
US\$400,000 Lenovo 5.875% 24/04/2025	417	0.94	
€100,000 Merck Var. Rate 1.625% 25/06/2079	111	0.25	
US\$88,000 NGPL PipeCo 4.875% 15/08/2027	92	0.21	
US\$300,000 PVH 4.625% 10/07/2025	307	0.69	
€100,000 Smurfit Kappa Treasury ULC 1.5% 15/09/2027	109	0.24	
US\$225,000 Stora Enso 7.25% 15/04/2036	274	0.61	
Below investment grade corporate bonds	39,965	89.85	85.15
€200,000 ABN AMRO Bank Var. Rate 4.75% Perpetual	222	0.50	
US\$328,000 AdaptHealth 5.125% 01/03/2030	304	0.68	
€100,000 ADLER 1.875% 14/01/2026	92	0.21	
US\$568,000 Ashton Woods 4.625% 01/08/2029	504	1.13	
€350,000 Avantor Funding 3.875% 15/07/2028	389	0.87	
US\$100,000 Avantor Funding 3.875% 01/11/2029	95	0.21	
€200,000 Axalta Coating Systems Dutch 3.75% 15/01/2025	218	0.49	
£100,000 B&M European Value Retail 3.625% 15/07/2025	128	0.29	
£200,000 B&M European Value Retail 4% 15/11/2028	246	0.55	
€109,000 Banca Monte dei Paschi di Siena Var. Rate 8.5% 10/09/2030	84	0.19	
€400,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6% Perpetual	458	1.03	
€200,000 Banco de Sabadell Var. Rate 6.5% Perpetual	223	0.50	
US\$200,000 Barclays Var. Rate 8% Perpetual	212	0.48	
US\$215,000 Bath & Body Works 6.625% 01/10/2030	221	0.50	
US\$200,000 Bath & Body Works 6.75% 01/07/2036	206	0.46	
US\$400,000 Bausch Health 5% 15/02/2029	313	0.70	
US\$200,000 Bausch Health 7% 15/01/2028	180	0.40	
€206,000 Belden 3.375% 15/07/2027	222	0.50	
€200,000 Belden 3.375% 15/07/2031	206	0.46	
US\$600,000 Berry Global 4.875% 15/07/2026	606	1.36	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
€140,000 Burger King FRN 4.75% 01/11/2026	155	0.35	
€100,000 Casino Guichard Perrachon 3.58% 07/02/2025	96	0.22	
€100,000 Casino Guichard Perrachon 5.25% 15/04/2027	94	0.21	
€341,000 Casino Guichard Perrachon 6.625% 15/01/2026	344	0.77	
€100,000 Cellnex Finance 2% 15/02/2033	94	0.21	
US\$250,000 Cellnex Finance 3.875% 07/07/2041	202	0.45	
US\$300,000 Cemex 5.45% 19/11/2029	303	0.68	
US\$200,000 Centene 2.5% 01/03/2031	176	0.40	
US\$400,000 Centene 3.375% 15/02/2030	375	0.84	
US\$90,000 Cheniere Energy Partners 3.25% 31/01/2032	81	0.18	
US\$97,000 Cheniere Energy Partners 4.5% 01/10/2029	96	0.22	
US\$200,000 CHS 4.75% 15/02/2031	187	0.42	
US\$200,000 CHS 6.875% 15/04/2029	195	0.44	
€221,000 Citycon Var. Rate 3.625% Perpetual	210	0.47	
€200,000 Commerzbank Var. Rate 6.125% Perpetual	227	0.51	
US\$200,000 CommScope 8.25% 01/03/2027	195	0.44	
€300,000 CPI Property Var. Rate 4.875% Perpetual	302	0.68	
£300,000 CPUK Finance 6.5% 28/08/2026	396	0.89	
US\$350,000 Crown Americas Capital 4.25% 30/09/2026	350	0.79	
US\$300,000 CSC 4.5% 15/11/2031	266	0.60	
€144,000 Cullinan 4.625% 15/10/2026	150	0.34	
€250,000 Dana Financing Luxembourg 3% 15/07/2029	252	0.57	
US\$350,000 DaVita 3.75% 15/02/2031	304	0.68	
US\$272,000 Del Monte Foods 11.875% 15/05/2025	299	0.67	
US\$298,000 Delta Air Lines 3.75% 28/10/2029	271	0.61	
€116,000 Derichebourg 2.25% 15/07/2028	126	0.28	
€100,000 Deutsche Bank Var. Rate 4% 24/06/2032	111	0.25	
€184,000 Dometic 2% 29/09/2028	183	0.41	
US\$200,000 Drax Finco 6.625% 01/11/2025	202	0.45	
€300,000 Eagle Intermediate Global 5.375% 01/05/2023	313	0.70	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$200,000 EQM Midstream Partners 4.5% 15/01/2029	188	0.42	
US\$200,000 EQM Midstream Partners 6.5% 01/07/2027	208	0.47	
US\$324,000 Glatfelter 4.75% 15/11/2029	277	0.62	
US\$200,000 Greenko Solar Mauritius 5.55% 29/01/2025	201	0.45	
€212,000 Grifols 2.25% 15/11/2027	224	0.50	
€200,000 Grifols Escrow Issuer 3.875% 15/10/2028	211	0.47	
US\$200,000 Hanesbrands 4.625% 15/05/2024	203	0.46	
US\$200,000 Hanesbrands 4.875% 15/05/2026	201	0.45	
US\$400,000 HCA 3.5% 01/09/2030	383	0.86	
US\$100,000 HCA 5.375% 01/09/2026	105	0.24	
US\$100,000 HCA 5.625% 01/09/2028	108	0.24	
£250,000 Heathrow Finance 4.375% 01/03/2027	301	0.68	
US\$250,000 Hilton Worldwide Finance 4.875% 01/04/2027	252	0.57	
£200,000 Iceland Bondco 4.375% 15/05/2028	219	0.49	
US\$115,000 iHeartCommunications 8.375% 01/05/2027	119	0.27	
€165,000 Iliad 5.125% 15/10/2026	185	0.42	
€200,000 Infineon Technologies Var. Rate 3.625% Perpetual	222	0.50	
€100,000 Infrastrutture Wireless Italiane 1.875% 08/07/2026	109	0.25	
€200,000 Intertrust 3.375% 15/11/2025	221	0.50	
€412,000 Intesa Sanpaolo Var. Rate 6.25% Perpetual	477	1.07	
€250,000 Intrum 3% 15/09/2027	255	0.57	
€100,000 Intrum 3.5% 15/07/2026	106	0.24	
€200,000 Italmatch Chemicals FRN 4.75% 30/09/2024	210	0.47	
US\$600,000 Jazz Securities 4.375% 15/01/2029	578	1.30	
US\$100,000 KB Home 4% 15/06/2031	90	0.20	
US\$500,000 KB Home 4.8% 15/11/2029	481	1.08	
€400,000 KBC Var. Rate 4.25% Perpetual	436	0.98	
€300,000 Kraft Heinz Foods 2.25% 25/05/2028	340	0.76	
US\$412,000 KUO 5.75% 07/07/2027	405	0.91	
US\$200,000 LCPR Senior Secured Financing 6.75% 15/10/2027	204	0.46	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
€450,000 Levi Strauss 3.375% 15/03/2027	500	1.12	
US\$200,000 Levi Strauss 3.5% 01/03/2031	182	0.41	
US\$200,000 Liquid Telecommunications Financing 5.5% 04/09/2026	192	0.43	
€200,000 Lloyds Banking Var. Rate 4.947% Perpetual	229	0.52	
US\$750,000 Macy's Retail 5.875% 01/04/2029	750	1.69	
US\$5,000 Macy's Retail 5.875% 15/03/2030	5	0.01	
US\$237,000 Marriott Ownership Resorts 6.125% 15/09/2025	243	0.55	
US\$350,000 McGraw-Hill Education 8% 01/08/2029	332	0.75	
US\$130,000 Meritage Homes 3.875% 15/04/2029	123	0.28	
US\$600,000 Millicom International Cellular 4.5% 27/04/2031	559	1.26	
US\$120,000 Mozart Debt Merger Sub 5.25% 01/10/2029	112	0.25	
US\$200,000 Netflix 3.625% 15/06/2025	200	0.45	
€400,000 Netflix 3.625% 15/06/2030	470	1.06	
US\$500,000 Network i2i Var. Rate 3.975% Perpetual	463	1.04	
US\$265,000 Network i2i Var. Rate 5.65% Perpetual	263	0.59	
US\$303,000 New Red Finance 3.875% 15/01/2028	286	0.64	
US\$450,000 Nielsen Finance 5.625% 01/10/2028	450	1.01	
€300,000 Nobian Finance 3.625% 15/07/2026	302	0.68	
£339,000 Ocado 3.875% 08/10/2026	396	0.89	
US\$200,000 Occidental Petroleum 6.625% 01/09/2030	229	0.52	
€100,000 OI European 2.875% 15/02/2025	109	0.25	
US\$112,000 Owens & Minor 6.625% 01/04/2030	112	0.25	
US\$100,000 Owens-Brockway Glass Container 6.375% 15/08/2025	102	0.23	
US\$150,000 Owens-Brockway Glass Container 6.625% 13/05/2027	149	0.34	
US\$214,000 Pilgrim's Pride 3.5% 01/03/2032	187	0.42	
US\$450,000 Pilgrim's Pride 4.25% 15/04/2031	415	0.93	
US\$100,000 Pilgrim's Pride 5.875% 30/09/2027	101	0.23	
US\$200,000 PRA Health Sciences 2.875% 15/07/2026	190	0.43	
£165,000 Premier Foods Finance 3.5% 15/10/2026	201	0.45	
US\$383,000 Prestige Brands 3.75% 01/04/2031	341	0.77	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$28,000 Range Resources 8.25% 15/01/2029	31	0.07	
€200,000 Renault 2.5% 02/06/2027	204	0.46	
US\$250,000 Renewable Energy 5.875% 01/06/2028	269	0.60	
€267,000 Repsol International Finance Var. Rate 4.5% 25/03/2075	308	0.69	
€400,000 Rexel 2.125% 15/12/2028	419	0.94	
US\$238,000 Royal Caribbean Cruises 5.375% 15/07/2027	225	0.51	
US\$200,000 Royal Caribbean Cruises 5.5% 01/04/2028	190	0.43	
US\$400,000 Sally Capital 5.625% 01/12/2025	405	0.91	
€424,000 Sappi Papier 3.625% 15/03/2028	446	1.00	
€248,550 Selecta 8% 01/04/2026	275	0.62	
€49,786 Selecta 10% 01/07/2026	53	0.12	
US\$108,000 Service Corporation International 3.375% 15/08/2030	97	0.22	
US\$85,000 Service Corporation International 5.125% 01/06/2029	86	0.19	
£150,000 Sherwood Financing 6% 15/11/2026	186	0.42	
US\$400,000 Simpar Europe 5.2% 26/01/2031	358	0.81	
US\$400,000 Sirius XM Radio 4.125% 01/07/2030	373	0.84	
US\$400,000 Sirius XM Radio 5% 01/08/2027	397	0.89	
US\$46,000 SM Energy 10% 15/01/2025	50	0.11	
€300,000 SoftBank 3.875% 06/07/2032	278	0.63	
US\$200,000 Southwestern Energy 7.75% 01/10/2027	211	0.47	
US\$200,000 Southwestern Energy 8.375% 15/09/2028	219	0.49	
US\$700,000 Sprint 7.875% 15/09/2023	742	1.67	
US\$150,000 Taylor Morrison Communities 5.125% 01/08/2030	149	0.34	
US\$98,000 Taylor Morrison Communities 5.875% 15/06/2027	102	0.23	
US\$265,000 TEGNA 4.625% 15/03/2028	262	0.59	
€200,000 Telecom Italia 3.625% 25/05/2026	221	0.50	
€400,000 Telefónica Europe Var. Rate 4.375% Perpetual	459	1.03	
US\$800,000 Tenet Healthcare 6.125% 01/10/2028	812	1.83	
€300,000 TI Automotive Finance 3.75% 15/04/2029	300	0.67	
US\$200,000 T-Mobile USA 2.625% 15/02/2029	182	0.41	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$400,000 T-Mobile USA 2.875% 15/02/2031	357	0.80	
US\$400,000 Triton Water 6.25% 01/04/2029	343	0.77	
US\$250,000 Uber Technologies 7.5% 15/05/2025	260	0.58	
€350,000 UniCredit Var. Rate 7.5% Perpetual	419	0.94	
€224,000 Verisure 5.25% 15/02/2029	229	0.52	
US\$334,000 Vertiv 4.125% 15/11/2028	301	0.68	
£300,000 Virgin Media Vendor Financing Notes III 4.875% 15/07/2028	371	0.83	
US\$600,000 Vodafone Var. Rate 7% 04/04/2079	659	1.48	
£150,000 Voyage Care BondCo 5.875% 15/02/2027	193	0.43	
€500,000 WMG Acquisition 2.25% 15/08/2031	489	1.10	
€169,000 WP/AP Telecom III 5.5% 15/01/2030	176	0.40	
US\$150,000 Yum! Brands 4.625% 31/01/2032	143	0.32	
US\$246,000 Yum! Brands 5.375% 01/04/2032	246	0.55	
US\$200,000 Yuzhou 6.35% 13/01/2027	24	0.05	
US\$200,000 Yuzhou 7.85% 12/08/2026	25	0.06	
US\$200,000 Yuzhou 8.3% 27/05/2025	25	0.06	
Corporate bonds with no credit rating	0	0.00	0.00
US\$34,000 JC Penney 6.375% 15/10/2036 ^a	0	0.00	
Government bonds	1,080	2.43	2.00
Investment grade government bonds	1,080	2.43	2.00
US\$1,165,000 US Treasury 0.5% 28/02/2026	1,080	2.43	
Debt derivatives	23	0.05	0.00
Interest rate futures	23	0.05	0.00
24 5 Year US Treasury Note Jun 2022	(67)	(0.15)	
(19) Euro Bobl Jun 2022	90	0.20	
Currency	(250)	(0.56)	0.48
Forward currency contracts	(250)	(0.56)	0.48
€596,006 Bought for \$654,832 (expires 06.04.22)	7	0.02	
€(13,247,547) Sold for \$14,424,817 (expires 06.04.22)	(275)	(0.62)	
£219,095 Bought for \$287,287 (expires 06.04.22)	0	0.00	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Currency (continued)			
Forward currency contracts (continued)			
£(2,399,920) Sold for \$3,168,022 (expires 06.04.22)	18	0.04	
Portfolio of investments	42,459	95.46	93.74
Share class hedging	(120)	(0.27)	(1.45)
Forward currency contracts for share class hedging	(120)	(0.27)	(1.45)
£33,989,598 Bought for \$44,724,908 (expires 04.05.22)	(120)	(0.27)	
£(469,682) Sold for \$616,914 (expires 04.05.22)	0	0.00	
Total portfolio (notes 2c & 2d on pages 9 and 10)	42,339	95.19	92.29
Net other assets/(liabilities)	2,138	4.81	7.71
Net assets attributable to shareholders	44,477	100.00	100.00

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

^a Defaulted bond.

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.

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A-H' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

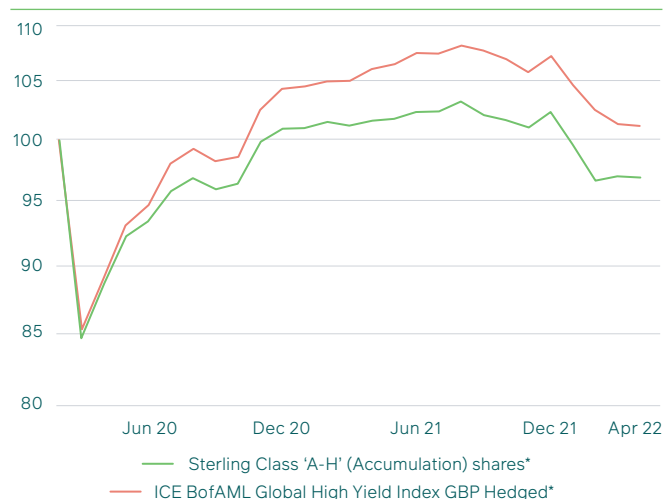
Fund level performance

Fund net asset value as at	31.03.22 \$'000	31.03.21 \$'000	31.03.20 \$'000
Fund net asset value (NAV)	44,477	37,818	16,977

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A-H' (Accumulation) shares.

February 2020 = 100, plotted monthly
Chart date 1 April 2022



Source: Morningstar, Inc. and M&G

* Income reinvested

Long-term performance by share class

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

Share class	One year 01.04.21 % ^a	Three years 01.04.19 % pa	Five years 03.04.17 % pa	Since launch % pa
Sterling				
Class 'A-H'	-4.4	n/a	n/a	-1.5
Class 'I-H'	-4.0	n/a	n/a	-0.9
Class 'L-H'	-3.8	n/a	n/a	-0.9
Class 'PP-H'	-3.9	n/a	n/a	-0.9
Class 'R-H'	-4.2	n/a	n/a	-1.3

^a Not annualised.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

Financial highlights

- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. As the fund invests mainly in fixed interest securities, the direct transaction costs paid on other

investments are too small to be reflected in the following table. To give an indication of the indirect portfolio dealing costs the table shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

as at 31 March Indirect portfolio transaction costs	2022 %	2021 %	2020 %	Average ^a %
Average portfolio dealing spread	0.88	0.65	1.66	1.06

^a Average of first three columns.

Specific share class performance

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

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

Financial highlights

Sterling Class 'A-H' Income share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	95.71	82.93	100.00
Return before operating charges	(3.01)	18.19	(16.51)
Operating charges	(0.96)	(1.13)	(0.12)
Return after operating charges	(3.97)	17.06	(16.63)
Distributions	(3.99)	(4.28)	(0.44)
Closing NAV	87.75	95.71	82.93
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	1.03	1.20	1.23
Return after charges	-4.15	+20.57	-16.63
Distribution yield	4.44	4.58	5.55
Other information			
Closing NAV (\$'000)	49	26	20
Closing NAV (%)	0.11	0.07	0.12
Number of shares	42,536	20,010	20,010
Highest share price (UK p)	97.54	98.20	100.00
Lowest share price (UK p)	87.91	83.89	79.05

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	100.60	83.37	100.00
Return before operating charges	(3.41)	18.39	(16.51)
Operating charges	(1.03)	(1.16)	(0.12)
Return after operating charges	(4.44)	17.23	(16.63)
Distributions	(3.21)	(3.21)	(0.33)
Retained distributions	3.21	3.21	0.33
Closing NAV	96.16	100.60	83.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	1.03	1.20	1.23
Return after charges	-4.41	+20.67	-16.63
Distribution yield	3.31	3.54	4.44
Other information			
Closing NAV (\$'000)	44	28	21
Closing NAV (%)	0.10	0.07	0.12
Number of shares	34,930	20,000	20,000
Highest share price (UK p)	103.47	102.04	100.00
Lowest share price (UK p)	95.27	84.34	79.05

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	96.19	82.97	100.00
Return before operating charges	(3.03)	18.19	(16.52)
Operating charges	(0.60)	(0.68)	(0.07)
Return after operating charges	(3.63)	17.51	(16.59)
Distributions	(4.01)	(4.29)	(0.44)
Closing NAV	88.55	96.19	82.97
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	0.63	0.71	0.73
Return after charges	-3.77	+21.10	-16.59
Distribution yield	4.43	4.58	5.55
Other information			
Closing NAV (\$'000)	6,519	3,612	21
Closing NAV (%)	14.66	9.55	0.12
Number of shares	5,608,602	2,728,144	20,050
Highest share price (UK p)	98.15	98.63	100.00
Lowest share price (UK p)	88.69	83.94	79.08

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	101.31	83.56	100.00
Return before operating charges	(3.41)	18.45	(16.38)
Operating charges	(0.64)	(0.70)	(0.06)
Return after operating charges	(4.05)	17.75	(16.44)
Distributions	(3.65)	(3.69)	(0.37)
Retained distributions	3.65	3.69	0.37
Closing NAV	97.26	101.31	83.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	0.63	0.71	0.73
Return after charges	-4.00	+21.24	-16.44
Distribution yield	3.75	3.94	4.90
Other information			
Closing NAV (\$'000)	16,983	12,530	1,345
Closing NAV (%)	38.18	33.13	7.92
Number of shares	13,303,324	8,986,142	1,302,583
Highest share price (UK p)	104.44	102.71	100.00
Lowest share price (UK p)	96.34	84.54	79.43

Financial highlights

Sterling Class 'L-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	101.29	83.42	100.00
Return before operating charges	(3.41)	18.41	(16.53)
Operating charges	(0.44)	(0.54)	(0.05)
Return after operating charges	(3.85)	17.87	(16.58)
Distributions	(3.86)	(3.84)	(0.39)
Retained distributions	3.86	3.84	0.39
Closing NAV	97.44	101.29	83.42
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	0.43	0.56	0.58
Return after charges	-3.80	+21.42	-16.58
Distribution yield	3.96	4.14	5.03
Other information			
Closing NAV (\$'000)	19,221	20,941	15,487
Closing NAV (%)	43.21	55.37	91.22
Number of shares	15,028,159	15,020,000	15,020,000
Highest share price (UK p)	104.47	102.67	100.00
Lowest share price (UK p)	96.51	84.40	79.09

Sterling Class 'PP-H' Income share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	96.38	82.98	100.00
Return before operating charges	(3.03)	18.23	(16.53)
Operating charges	(0.51)	(0.54)	(0.05)
Return after operating charges	(3.54)	17.69	(16.58)
Distributions	(4.02)	(4.29)	(0.44)
Closing NAV	88.82	96.38	82.98
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	0.53	0.57	0.58
Return after charges	-3.67	+21.32	-16.58
Distribution yield	4.43	4.58	5.55
Other information			
Closing NAV (\$'000)	23	27	21
Closing NAV (%)	0.05	0.07	0.13
Number of shares	20,070	20,070	20,070
Highest share price (UK p)	98.39	98.82	100.00
Lowest share price (UK p)	88.96	83.95	79.09

Financial highlights

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	101.29	83.42	100.00
Return before operating charges	(3.37)	18.45	(16.53)
Operating charges	(0.54)	(0.58)	(0.05)
Return after operating charges	(3.91)	17.87	(16.58)
Distributions	(3.75)	(3.83)	(0.39)
Retained distributions	3.75	3.83	0.39
Closing NAV	97.38	101.29	83.42
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	0.53	0.56	0.58
Return after charges	-3.86	+21.42	-16.58
Distribution yield	3.85	4.04	5.03
Other information			
Closing NAV (\$'000)	1,374	516	21
Closing NAV (%)	3.09	1.37	0.13
Number of shares	1,075,275	370,397	20,060
Highest share price (UK p)	104.46	102.68	100.00
Lowest share price (UK p)	96.45	84.40	79.09

Sterling Class 'R-H' Income share performance

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	95.95	82.95	100.00
Return before operating charges	(3.02)	18.19	(16.52)
Operating charges	(0.83)	(0.91)	(0.09)
Return after operating charges	(3.85)	17.28	(16.61)
Distributions	(4.00)	(4.28)	(0.44)
Closing NAV	88.10	95.95	82.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	0.88	0.96	0.98
Return after charges	-4.01	+20.83	-16.61
Distribution yield	4.44	4.58	5.55
Other information			
Closing NAV (\$'000)	82	64	20
Closing NAV (%)	0.19	0.17	0.12
Number of shares	71,301	48,350	20,030
Highest share price (UK p)	97.81	98.42	100.00
Lowest share price (UK p)	88.26	83.92	79.06

Financial highlights

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 25 February 2020.

for the year to 31 March	2022	2021	2020
Change in NAV per share	UK p	UK p	UK p
Opening NAV	100.85	83.39	100.00
Return before operating charges	(3.34)	18.41	(16.52)
Operating charges	(0.88)	(0.95)	(0.09)
Return after operating charges	(4.22)	17.46	(16.61)
Distributions	(3.37)	(3.44)	(0.35)
Retained distributions	3.37	3.44	0.35
Closing NAV	96.63	100.85	83.39
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	0.88	0.96	0.98
Return after charges	-4.18	+20.94	-16.61
Distribution yield	3.48	3.69	4.66
Other information			
Closing NAV (\$'000)	182	74	21
Closing NAV (%)	0.41	0.20	0.12
Number of shares	143,088	53,273	20,020
Highest share price (UK p)	103.84	102.28	100.00
Lowest share price (UK p)	95.66	84.36	79.06

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

Financial statements and notes

Financial statements

Statement of total return

		2022		2021	
for the year to 31 March	Note	\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(6,018)		6,147
Revenue	5	1,895		1,254	
Expenses	6	(246)		(168)	
Net revenue/(expense) before taxation		1,649		1,086	
Taxation	7	0		0	
Net revenue/(expense) after taxation			1,649		1,086
Total return before distributions			(4,369)		7,233
Distributions	8		(1,683)		(1,099)
Change in net assets attributable to shareholders from investment activities			(6,052)		6,134

Statement of change in net assets attributable to shareholders

for the year to 31 March	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		37,818		16,977
Amounts received on issue of shares	18,994		13,827	
Amounts paid on cancellation of shares	(7,861)		(246)	
		11,133		13,581
Dilution adjustments		85		54
Change in net assets attributable to shareholders from investment activities (see above)		(6,052)		6,134
Retained distributions on Accumulation shares		1,493		1,072
Closing net assets attributable to shareholders		44,477		37,818

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2022 \$'000	2021 \$'000
Assets			
Fixed assets			
Investments		42,801	35,466
Current assets			
Debtors	9	1,021	1,924
Cash and bank balances	10	1,688	2,911
Total assets		45,510	40,301
Liabilities			
Investment liabilities		(462)	(563)
Creditors			
Distribution payable		(76)	(42)
Other creditors	11	(495)	(1,878)
Total liabilities		(1,033)	(2,483)
Net assets attributable to shareholders		44,477	37,818

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2022 \$'000	2021 \$'000
Non-derivative securities	(4,927)	3,831
Derivative contracts	(1,181)	2,182
Currency gains/(losses)	90	134
Net capital gains/(losses)	(6,018)	6,147

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 132 and 133.

for the year to 31 March	2022 \$'000	2021 \$'000
a) Purchases		
Debt securities ^a	33,770	31,007
b) Sales		
Debt securities ^a	21,474	15,549
c) There were no direct portfolio transaction costs		
	%	%
d) Indirect portfolio transaction costs		
Portfolio dealing spread ^b	0.88	0.65

^a These transaction types do not attract direct portfolio transaction costs

^b Average portfolio dealing spread at the balance sheet date.

Financial statements and notes

5 Revenue

for the year to 31 March	2022 \$'000	2021 \$'000
Bank interest	0	1
Derivative revenue	5	0
Interest on debt securities	1,898	1,245
Share class hedging revenue	(8)	8
Total revenue	1,895	1,254

Revenue includes currency gains/losses.

6 Expenses

for the year to 31 March	2022 \$'000	2021 \$'000
Payable to the ACD or associate		
Annual charge	245	167
Other expenses		
Interest payable	1	1
Total expenses	246	168

Audit fees for the financial year ending 2022 were £12,000 (2021: £9,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2022 \$'000	2021 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	1,649	1,086
Corporation tax at 20%	330	217
Effects of:		
Interest distributions	(330)	(217)
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset in the current financial year (2021: same).

Financial statements and notes

8 Distributions

for the year to 31 March	2022		2021	
	Inc ^a	Acc ^b	Inc ^a	Acc ^b
Interest distributions	\$'000	\$'000	\$'000	\$'000
First interim	49	348	17	212
Second interim	52	339	21	238
Third interim	63	434	25	291
Final	76	372	42	331
Total net distributions		1,733		1,177
Income deducted on cancellation of shares		43		2
Income received on issue of shares		(93)		(80)
Distributions		1,683		1,099
Net revenue/(expense) per statement of total return		1,649		1,086
Expenses offset against capital		34		13
Distributions		1,683		1,099

^a Distributions payable on Income shares.

^b Retained distributions on Accumulation shares.

9 Debtors

as at 31 March	2022 \$'000	2021 \$'000
Amounts receivable on issues of shares	101	580
Bank interest receivable	0	1
Currency deals outstanding	217	684
Debt security interest receivable	619	483
Futures interest receivable	4	0
Sales awaiting settlement	80	176
Total debtors	1,021	1,924

10 Cash and bank balances

as at 31 March	2022 \$'000	2021 \$'000
Amounts held at futures clearing houses and collateral manager	23	0
Cash held as bank balances	1,665	2,911
Total cash and bank balances	1,688	2,911

Financial statements and notes

11 Other creditors

as at 31 March	2022 \$'000	2021 \$'000
Amounts payable on cancellation of shares	26	0
Annual charge payable	7	5
Currency deals outstanding	216	682
Purchases awaiting settlement	246	1,191
Total other creditors	495	1,878

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2021: same).

13 Shares in issue

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

Share class	Opening 01.04.21	Issued	Movements Cancelled	Closing 31.03.22
Sterling				
Class 'A-H' Income	20,010	33,526	(11,000)	42,536
Class 'A-H' Accumulation	20,000	14,930	0	34,930
Class 'I-H' Income	2,728,144	3,172,585	(292,127)	5,608,602
Class 'I-H' Accumulation	8,986,142	9,864,718	(5,547,536)	13,303,324
Class 'L-H' Accumulation	15,020,000	8,159	0	15,028,159
Class 'PP-H' Income	20,070	0	0	20,070
Class 'PP-H' Accumulation	370,397	713,878	(9,000)	1,075,275
Class 'R-H' Income	48,350	22,951	0	71,301
Class 'R-H' Accumulation	53,273	94,842	(5,027)	143,088

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14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

Share class	Annual charge ^a %
Sterling	
Class 'A-H'	1.03
Class 'I-H'	0.63
Class 'L-H'	0.43
Class 'PP-H'	0.53
Class 'R-H'	0.88

^a The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 42.46% (2021: 55.01%) of the fund's shares.

16 Events after the balance sheet date

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

17 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

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Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2022 \$'000	Liabilities 2022 \$'000	Assets 2021 \$'000	Liabilities 2021 \$'000
Basis of valuation				
Level 1	1,168	(71)	755	0
Level 2	41,633	(391)	34,711	(563)
Level 3	0	0	0	0
	42,801	(462)	35,466	(563)

18 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

19 Market risk sensitivity and exposure

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

The VaR limit set during the financial year to 31 March 2022 was 20% (2021: 20%).

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 March 2022 and 31 March 2021.

for the year to 31 March	2022 % of VaR	2022 Utilisation of VaR ^a 20%	2021 % of VaR	2021 Utilisation of VaR ^a 20%
Lowest	2.04	10.20	3.08	15.40
Highest	3.19	15.95	13.75	68.75
Average	2.49	12.46	6.36	31.81

^a The VaR on the fund has been divided by its maximum limit.

20 Credit risk

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

as at 31 March	2022 \$'000	2021 \$'000
Investment grade securities	2,721	3,067
Below investment grade securities	39,965	32,203
Other investments	(347)	(367)
Total	42,339	34,903

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

as at 31 March 2022	Forward currency contracts \$'000	Futures \$'000
Bank of America Merrill Lynch	0	23
HSBC	3	0
JPMorgan	(273)	0
Merrill Lynch	(1)	0
State Street Bank	(99)	0
Total	(370)	23

as at 31 March 2021	Forward currency contracts \$'000
Citigroup	2
JPMorgan	179
State Street Bank	(548)
Total	(367)

21 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2022 and 31 March 2021 are disclosed in the table below.

for the year to 31 March	2022 ^a \$'000	2022 ^a % ^b	2021 ^a \$'000	2021 ^a % ^b
Lowest	50,533	176.23	24,492	163.21
Highest	204,668	600.56	144,522	617.31
Average	85,007	254.07	49,079	236.10

^a Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings.

^b Expressed as a percentage over fund valuation.

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22 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on pages 125 and 131.

23 Interest distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.04.21	30.06.21	01.07.21	31.08.21
Second interim	01.07.21	30.09.21	01.10.21	30.11.21
Third interim	01.10.21	31.12.21	04.01.22	28.02.22
Final	01.01.22	31.03.22	01.04.22	31.05.22

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

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

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

Sterling Class 'A-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
First interim	0.1122	0.8894	1.0016	1.0538
Second interim	0.4550	0.5049	0.9599	1.0742
Third interim	0.3614	0.6685	1.0299	1.0631
Final	0.6601	0.3357	0.9958	1.0846

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Sterling Class 'A-H' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
First interim	0.7966	0.0000	0.7966	0.7914
Second interim	0.7545	0.0000	0.7545	0.7927
Third interim	0.5306	0.3081	0.8387	0.7889
Final	0.2803	0.5397	0.8200	0.8367

Sterling Class 'I-H' Income shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
First interim	0.4360	0.5693	1.0053	1.0567
Second interim	0.5914	0.3755	0.9669	1.0762
Third interim	0.5645	0.4733	1.0378	1.0667
Final	0.5811	0.4233	1.0044	1.0886

Sterling Class 'I-H' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
First interim	0.4914	0.4103	0.9017	0.9016
Second interim	0.4293	0.4359	0.8652	0.9182
Third interim	0.3951	0.5561	0.9512	0.9167
Final	0.4397	0.4917	0.9314	0.9564

Sterling Class 'L-H' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
First interim	0.9513	0.0000	0.9513	0.9346
Second interim	0.9171	0.0000	0.9171	0.9536
Third interim	0.5696	0.4344	1.0040	0.9537
Final	0.4170	0.5663	0.9833	1.0010

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Sterling Class 'PP-H' Income shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	1.0088	0.0000	1.0088	1.0556
Second interim	0.9678	0.0000	0.9678	1.0771
Third interim	1.0403	0.0000	1.0403	1.0682
Final	1.0067	0.0000	1.0067	1.0906

Sterling Class 'PP-H' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.4013	0.5254	0.9267	0.9340
Second interim	0.4689	0.4224	0.8913	0.9531
Third interim	0.2428	0.7351	0.9779	0.9556
Final	0.4950	0.4624	0.9574	0.9883

Sterling Class 'R-H' Income shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.5556	0.4466	1.0022	1.0550
Second interim	0.3488	0.6143	0.9631	1.0761
Third interim	0.5454	0.4876	1.0330	1.0650
Final	0.7119	0.2875	0.9994	1.0830

Sterling Class 'R-H' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.5391	0.2965	0.8356	0.8462
Second interim	0.4070	0.3888	0.7958	0.8545
Third interim	0.3461	0.5348	0.8809	0.8518
Final	0.2134	0.6490	0.8624	0.8882

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Investment objective

The fund has two aims:

- To deliver a higher total return (the combination of income and growth of capital), net of the ongoing charges figure, than that of the MSCI ACWI Index over any five-year period and;
- To deliver an income stream that increases every year in sterling terms.

Investment policy

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

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

Sustainability considerations play an important role in assessing business models. Companies that derive more than 30% of their revenue from coal-fired and nuclear power are excluded from the investment universe. Industries including tobacco, alcohol, adult entertainment, gambling, and controversial weapons are also excluded. United Nations Global Compact principles on human rights, labour, environmental and anti-corruption are also considered in the analysis of companies.

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

Investment approach

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

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

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

Benchmark

Benchmark: MSCI ACWI Index.

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

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

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

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Risk profile

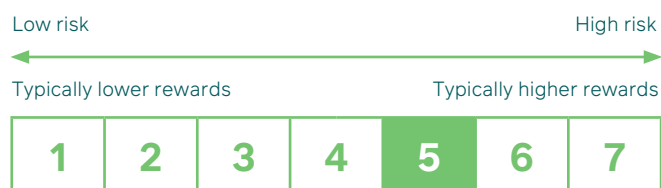
The fund invests globally in the shares of infrastructure companies, including emerging markets, and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies.

The fund may also be subject to fluctuations in currency exchange rates.

The fund's focus is on shares of companies that have the potential to grow their dividends over the long term. Income distributions from the fund's holdings, however, are not guaranteed and may vary.

The fund usually invests in fewer than 50 companies, but is mainly invested in the shares of large and medium-sized companies, which are normally traded with relative ease. Diversification across industry, geography, infrastructure class and market capitalisation is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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. Please note that from 1 April 2021 to 12 December 2021 the risk number was 6.

Investment review

As at 1 April 2022, for the year ended 31 March 2022

Distribution summary

Over the 12-month review period to 1 April 2022, the fund distributed income of 3.7897 pence per Sterling Class 'A' (Income) share. This is 5.7% lower than the distribution for the previous financial year.

The shortfall reflects a challenging comparison with last year, when the distribution rose 7.7%, despite the extreme pressure on dividends in the wake of the pandemic. (Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.) The COVID-driven market downturn provided an exceptional opportunity to invest in companies with compelling long-term growth prospects on valuations which are rarely seen. Our actions to capitalise on these opportunities ultimately laid the foundations for a distribution increase during a year when dividend cuts were commonplace. The strength of sterling during the past 12 months, particularly against the US dollar, also provided an unhelpful obstacle for distributions paid in sterling. The US remains a key source of the fund's income. That being said, the progress in dividends from the fund's underlying holdings remained as solid as ever.

Despite the damaging effects on the global economy in the immediate aftermath of the health crisis, corporate cashflows have improved quickly, with the result that dividends and dividend growth have been restored widely as a signal of future confidence. The fund benefited from this backdrop, with higher dividends from across the spectrum of listed infrastructure as well as a broad range of countries. The majority of holdings delivered dividend increases in the region of 5-10% in local currency, in line with previous years.

In the fund's 'economic' infrastructure category, utilities demonstrated the resilient nature of their business models, with our holdings continuing to deliver more impressive growth than the pedestrian progress more commonly associated with the sector. Atmos Energy, a natural gas distributor, raised its dividend by 9%, while

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Enel, a transition business undergoing rapid decarbonisation, increased its payment by 6%. NextEra Energy Partners, a pure renewables company, continued its policy of growing the dividend each quarter, with an annualised growth rate of 15%. In transportation infrastructure, railroads company Union Pacific boosted its dividend by 10% on two occasions. Vinci and Ferrovial, which own and operate toll roads and airports, resumed dividend growth after reducing their payments in 2020.

The fund's 'social' infrastructure category also provided a source of reliable dividends. SDCL Energy Efficiency Trust raised its dividend by 10% for the previous financial year and reiterated its commitment to dividend growth this year. Home REIT, which provides accommodation for the homeless, delivered on its dividend target stated at its initial public offering (IPO).

The 'evolving' infrastructure category, which invests in the physical networks that support our increasingly digital economy, provided a more exciting source of growth. Visa, which owns and operates physical payment networks that enable digital transactions, stepped up its pace of dividend growth to 17%, up from 7% in the previous year. American Tower continued its sequence of raising the dividend each quarter with an annualised growth rate of 13%. PrairieSky reported two dividend increases during the review period as the royalty company took steps to restore the dividend to pre-Covid levels. The dividend was given a 33% boost in February, following a 38% hike in July.

The fund was not immune to dividend cuts, however, as Transurban reduced its payment for the fiscal year ended 30 June 2021. The final dividend was 34% higher than last year but not enough to recoup the halving of the interim dividend. Transurban, which owns and operates toll roads in Australia and North America, remains committed to its dividend and well placed for long-term growth with an attractive pipeline of new opportunities. We envisage a return to dividend growth at the appropriate time.

While a dividend cut should never be taken lightly, this disappointment was an exception rather than the rule.

The majority of holdings continued to deliver dividend growth, at a rate which we believe is sustainable over the long term. We remain confident that the vast majority of our holdings can keep growing their dividends in the core 5-10% range. We are conscious that a rising income stream is important to many of our investors. We remain focused on meeting this objective.

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

Performance against objective

Between 1 April 2021 (the start of the review period) and 1 April 2022, the M&G Global Listed Infrastructure Fund delivered a positive total return (the combination of income and growth of capital) across all its share classes, and outperformed its benchmark, the MSCI ACWI Index, which returned 12.6% in sterling. The fund delivered on its objective of outperforming the MSCI ACWI Index over this short timeframe, but did not increase the income stream in sterling. The fund's success in meeting its objective was therefore mixed.

It is not possible to assess the fund's performance against its objective over five years because the fund was only launched on 5 October 2017.

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

Performance review

Global stockmarkets rose during the 12 months under review, with the MSCI ACWI Index reaching an all-time high in November before retreating from its peak as concerns about inflation were exacerbated by geopolitical risk culminating in Russia's invasion of Ukraine. The US led the gains as the major indices – the S&P 500 Index, Dow Jones Industrial Average and Nasdaq Composite – touched new highs. Europe delivered a positive return, but did not keep up with the MSCI ACWI Index. Japan posted a negative return. Asia

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Pacific ex Japan and emerging markets led the laggards as China floundered on regulatory pressure aimed at the internet giants of Alibaba and Tencent.

Energy was the standout sector as the oil price exceeded \$100 per barrel and natural gas prices spiked. Financials and materials also outperformed among the more economically sensitive areas of the market, but industrials underperformed. Healthcare and utilities led the gains among defensive sectors. Technology outperformed as the strength in semiconductors and hardware offset the relative weakness in software. Communication services brought up the rear as Meta Platforms, formerly Facebook, slumped. Consumer discretionary underperformed as Amazon.com struggled in a rising market.

Against this backdrop, the fund generated a positive return and outperformed the MSCI ACWI Index. CoreSite made the biggest contribution to fund performance after the data centre company was taken over. CCR, the Brazilian toll road company, also rallied strongly after 15% of the company changed hands at a premium. These examples of corporate activity are symbolic events which, in our view, highlight the latent value in listed infrastructure. We believe that these developments provide a clear indication that the reliable and growing cashflows from infrastructure assets are going cheap in the stockmarket.

PrairieSky added value in a buoyant energy sector. The Canadian company, which receives royalties from oil & gas bearing lands, remains well placed for long-term growth following a recent acquisition which is transformational and highly accretive. We continue to believe that the cashflows running into perpetuity with minimal operating costs, capital commitment or environmental liabilities present a compelling opportunity for long-term investors.

ONEOK, TC Energy and Keyera outperformed among our holdings in energy infrastructure. We remain convinced about the critical importance of pipelines, storage terminals and processing facilities, and the pivotal role these strategic assets play in the smooth functioning of the global economy.

China Gas Holdings led the detractors as the shares drifted lower with the weakness in China. We own the Hong Kong-listed stock. We continue to view the gas distributor as a beneficiary of a structural trend, namely China's shift away from coal towards gas in its attempts to combat climate change. This irreversible initiative is a multi-decade theme, in our view.

Enel performed in a similar vein as European utilities struggled, in stark contrast to their US counterparts. The Italian utility has a pivotal role to play in the energy transition to combat climate change. The long-term investment case remains intact for us.

Not owning Apple, Microsoft, NVIDIA, Tesla and Alphabet also held back performance relative to the MSCI ACWI Index. These new economy stocks are simply not infrastructure businesses and are therefore ineligible for our strategy, although the explosive growth in some of these businesses is reflected in our digital infrastructure exposures.

Investment activities

We made two new purchases during the period under review. Three stocks left the portfolio following corporate activity. The number of holdings fell to 46, compared to our typical range of 40-50.

The market's aversion to perceived interest rate sensitivity provided an opportunity to initiate a new holding in Eversource Energy, a multi-utility operating in the US northeast. Eversource is a company we know well and have tracked for many years. We felt the stock's underperformance provided a buying opportunity for a company with reliable growth (earnings and dividends are projected to grow at 5-7% per annum) and strong sustainability credentials (target for carbon neutrality by 2030, with a strong focus on growth in solar and offshore wind power).

We also bought Xinyi Energy, a pure solar power company that provides exposure to the structural growth in Chinese renewables with the additional benefit of what we consider to be an attractive yield.

We sold Naturgy Energy, which performed strongly after IFM Global Infrastructure Fund, which is owned by

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Australian pension funds, offered to pay a 20% premium for a stake in the Spanish utility. We believe that IFM's offer values the company fairly and took advantage of the share price rally to exit. CoreSite and Sydney Airport left the portfolio after we tendered our shares to takeover bids. The proceeds were recycled into valuation opportunities that are more compelling, in our view.

Outlook

Russia's military intervention in Ukraine has led to heightened anxiety across financial markets, but we strongly believe that the increased volatility is presenting buying opportunities for investors with a long-term time horizon.

The geopolitical situation has highlighted Europe's heavy reliance on Russian gas, much of which is channelled through pipelines crossing Ukraine and other Eastern bloc countries, and propelled the issue of energy security to the front of the political agenda. The consequent surge in gas prices has underscored the importance of not just alternative sources of supply, but alternative sources of energy. Infrastructure is uniquely positioned to provide long-term solutions, in our view.

We continue to believe that natural gas has a critical role to play as a key transition fuel in the displacement of coal to combat climate change, but it is also abundantly clear that renewables provide a more sustainable source of power generation over the long term. The fund has no direct exposure to Russia or Ukraine, but has meaningful exposure to the structural growth in natural gas by way of distributors and midstream companies that own and operate pipelines. We are also exposed to the multi-decade theme of renewables by way of wind and solar power generators, as well as transition businesses undergoing rapid decarbonisation.

With the oil price reaching \$100 per barrel, inflation concerns that were already rife before the Russian invasion have continued to spook investors. Inflation is often cited as a potential risk for listed infrastructure, and we would agree that strategies focused on bond proxies with no growth and high yields may struggle in

an environment of rising rates and higher bond yields. We expect the long-term effects for our growth-focused strategy to be considerably different. We are not investing in bond proxies, which by their very nature are more susceptible to the market's capricious views on interest rates.

We welcome inflation. We welcome a world of economic growth with controlled inflation, which provides many listed infrastructure companies, whether directly or indirectly, with a vital source of growth. Inflation-linked revenue is a key feature of the asset class and a key driver of the growing cashflows and dividends we seek. We aim to invest in companies with the potential for dividend growth ahead of G7 inflation.

But inflation is not the only source of growth. Listed infrastructure is a beneficiary of long-term structural trends, such as renewable energy, clean transportation and digital connectivity – powerful themes that we believe will endure for many years to come.

We continue to invest with a long-term view and remain confident that the portfolio is in good shape not only to weather the current environment, but to capture inflation-beating growth over the long term. We take comfort from the resilience and reliable growth provided by the fund's holdings and we are as excited as ever about the long-term opportunities in listed infrastructure.

Alex Araujo

Fund manager

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

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

Investments

Portfolio statement

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Equities	503,282	98.78	98.87
United Kingdom	78,972	15.50	15.48
5,325,962 ContourGlobal	10,204	2.00	
7,181,914 HICL Infrastructure	12,741	2.50	
8,599,643 Home REIT	10,621	2.08	
7,281,011 International Public Partnerships	12,494	2.45	
889,320 National Grid	10,481	2.06	
12,797,387 SDCL Energy Efficiency Income Trust	14,909	2.93	
643,157 Unite REIT	7,522	1.48	
Belgium	5,296	1.04	1.59
45,270 Elia	5,296	1.04	
Denmark	8,080	1.58	1.13
85,283 Ørsted	8,080	1.58	
France	15,131	2.97	2.61
192,480 Vinci	15,131	2.97	
Germany	25,546	5.01	5.19
1,708,664 E.ON	15,472	3.03	
371,231 Vantage Towers	10,074	1.98	
Italy	43,851	8.61	7.52
9,831,518 A2A	13,015	2.56	
3,526,810 Enel	18,434	3.62	
1,430,647 Infrastrutture Wireless Italiane	12,402	2.43	
Spain	12,573	2.47	4.00
621,527 Ferrovial	12,573	2.47	
Switzerland	4,990	0.98	1.48
36,312 Flughafen Zurich	4,990	0.98	
United States	173,527	34.06	33.92
533,937 AES	10,354	2.03	
55,336 American Tower REIT	10,571	2.07	
40,794 American Water Works	5,157	1.01	
84,653 Atmos Energy	7,769	1.53	
39,503 CME	7,282	1.43	
110,363 Crown Castle International REIT	15,522	3.05	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
United States (continued)			
260,506 CSX	7,511	1.47	
294,074 Edison International	15,572	3.06	
18,310 Equinix REIT	10,511	2.06	
153,278 Eversource Energy	10,354	2.03	
36,991 MasterCard	10,203	2.00	
77,757 NextEra Energy	5,047	0.99	
197,493 NextEra Energy Partners	12,716	2.50	
185,003 ONEOK	10,033	1.97	
48,647 Republic Services	4,996	0.98	
79,534 Sempra Energy	10,169	2.00	
48,307 Union Pacific	10,239	2.01	
55,938 Visa	9,521	1.87	
Canada	82,929	16.28	14.02
149,145 Franco-Nevada	18,241	3.58	
1,117,295 Gibson Energy	16,968	3.33	
786,352 Keyera	15,225	2.99	
1,634,682 PrairieSky Royalty	17,239	3.38	
349,685 TC Energy	15,256	3.00	
Brazil	10,513	2.06	1.99
4,827,219 CCR	10,513	2.06	
Australia	15,266	3.00	4.71
1,981,823 Transurban	15,266	3.00	
China	11,689	2.29	2.47
4,829,600 China Gas	4,706	0.92	
15,124,000 Xinyi Energy	6,983	1.37	
Hong Kong	4,979	0.98	0.90
1,208,624 MTR	4,979	0.98	
Singapore	9,940	1.95	1.86
18,120,100 NetLink NBN Trust	9,940	1.95	
Portfolio of investments	503,282	98.78	98.87

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Cash equivalents	2,407	0.47	0.63
'AAA' rated money market funds^a	2,407	0.47	0.63
2,407,000 Northern Trust Global Fund - Sterling	2,407	0.47	
Share class hedging	(5)	0.00	0.00
Forward currency contracts for share class hedging	(5)	0.00	0.00
AU\$(371,944) Sold for £212,599 (expires 04.05.22)	0	0.00	
BRL36,183 Bought for £5,723 (expires 04.05.22)	0	0.00	
BRL(991,935) Sold for £157,327 (expires 04.05.22)	0	0.00	
CA\$38,390 Bought for £23,411 (expires 04.05.22)	0	0.00	
CA\$(1,586,555) Sold for £966,262 (expires 04.05.22)	1	0.00	
CHF(86,610) Sold for £71,112 (expires 04.05.22)	0	0.00	
DKK(973,720) Sold for £110,932 (expires 04.05.22)	0	0.00	
€(1,680,917) Sold for £1,424,159 (expires 04.05.22)	2	0.00	
HK\$(2,438,672) Sold for £236,874 (expires 04.05.22)	(1)	0.00	
SG\$1,740 Bought for £978 (expires 04.05.22)	0	0.00	
SG\$(252,411) Sold for £141,668 (expires 04.05.22)	0	0.00	
US\$(3,449,190) Sold for £2,621,278 (expires 04.05.22)	(7)	0.00	
Total portfolio (notes 2c & 2d on pages 9 and 10)	505,684	99.25	99.50
Net other assets/(liabilities)	3,811	0.75	0.50
Net assets attributable to shareholders	509,495	100.00	100.00

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

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

Investments

Top ten portfolio transactions for the year to 31 March 2022

Largest purchases	£'000
Enel	12,381
Eversource Energy	10,917
Franco-Nevada	10,176
Vinci	9,934
Ørsted	9,307
E.ON	9,147
Keyera	8,690
PrairieSky Royalty	8,355
Home REIT	8,075
Crown Castle International REIT	7,974
Other purchases	186,656
Total purchases	281,612

Largest sales	£'000
CoreSite Realty REIT	20,842
Sydney Airport	7,346
TC Energy	6,202
Crown Castle International REIT	5,841
PrairieSky Royalty	5,785
Elia	5,507
Naturgy Energy	5,255
CCR	5,113
Home REIT	5,033
E.ON	5,003
Other sales	90,609
Total sales	162,536

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.

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value as at	31.03.22 £'000	31.03.21 £'000	31.03.20 £'000
Fund net asset value (NAV)	509,495	322,931	218,793

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares.

October 2017 = 100, plotted monthly
Chart date 1 April 2022



Source: Morningstar, Inc. and M&G

* Income reinvested

Long-term performance by share class

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

Share class	One year 01.04.21 % ^a	Three years 01.04.19 % pa	Five years 03.04.17 % pa	Since launch % pa
Sterling				
Class 'A'	+18.1	+13.1	n/a	+11.3
Class 'I'	+18.6	+13.4	n/a	+11.6
Class 'I-H'	+14.5	n/a	n/a	+7.6
Class 'L'	+18.8	+13.7	n/a	+11.9
Class 'PP'	+18.7	n/a	n/a	+13.0
Class 'PP-H'	+15.0	n/a	n/a	+7.4

^a Not annualised.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

Financial highlights

- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The following table shows direct portfolio transaction costs paid by the fund before and after that

part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

for the year to 31 March	2022	2021	2020	Average ^a
Direct portfolio transaction costs ^b	%	%	%	%
Broker commission	0.03	0.04	0.06	0.04
Taxes	0.05	0.05	0.11	0.07
Costs before dilution adjustments	0.08	0.09	0.17	0.11
Dilution adjustments ^c	(0.05)	(0.05)	(0.17)	(0.09)
Total direct portfolio transaction costs	0.03	0.04	0.00	0.02
as at 31 March	2022	2021	2020	Average ^a
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.20	0.18	0.32	0.23

^a Average of first three columns.

^b As a percentage of average net asset value.

^c In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

Specific share class performance

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

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

Historic yields for the current year are calculated as at 8 April 2022.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	121.32	99.28	106.29
Return before operating charges	23.77	27.34	(1.96)
Operating charges	(1.42)	(1.28)	(1.32)
Return after operating charges	22.35	26.06	(3.28)
Distributions	(3.79)	(4.02)	(3.73)
Closing NAV	139.88	121.32	99.28
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.10	0.21
Dilution adjustments ^a	(0.06)	(0.06)	(0.21)
Total direct transaction costs	0.05	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges ^c	1.10	1.10	1.12
Return after charges	+18.42	+26.25	-3.09
Historic yield	2.64	3.33	3.59
Other information			
Closing NAV (£'000)	1,034	605	534
Closing NAV (%)	0.20	0.19	0.24
Number of shares	739,098	498,513	538,070
Highest share price (UK p)	141.12	122.98	131.99
Lowest share price (UK p)	122.14	96.41	91.96

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	135.93	107.51	111.44
Return before operating charges	27.03	29.83	(2.53)
Operating charges	(1.61)	(1.41)	(1.40)
Return after operating charges	25.42	28.42	(3.93)
Distributions	(2.68)	(3.01)	(2.57)
Retained distributions	2.68	3.01	2.57
Closing NAV	161.35	135.93	107.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.11	0.22
Dilution adjustments ^a	(0.07)	(0.07)	(0.22)
Total direct transaction costs	0.05	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges ^c	1.10	1.10	1.12
Return after charges	+18.70	+26.43	-3.53
Historic yield	1.61	2.25	2.29
Other information			
Closing NAV (£'000)	1,370	4,174	622
Closing NAV (%)	0.27	1.29	0.28
Number of shares	849,375	3,070,894	578,400
Highest share price (UK p)	161.93	136.68	141.79
Lowest share price (UK p)	136.87	104.41	98.79

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	122.27	99.81	106.60
Return before operating charges	24.03	27.48	(2.02)
Operating charges	(0.91)	(0.97)	(1.03)
Return after operating charges	23.12	26.51	(3.05)
Distributions	(3.83)	(4.05)	(3.74)
Closing NAV	141.56	122.27	99.81
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.10	0.21
Dilution adjustments ^a	(0.07)	(0.06)	(0.21)
Total direct transaction costs	0.04	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges ^c	0.70	0.83	0.89
Return after charges	+18.91	+26.56	-2.86
Historic yield	2.63	3.33	3.58
Other information			
Closing NAV (£'000)	60,315	51,064	37,912
Closing NAV (%)	11.84	15.81	17.33
Number of shares	42,607,228	41,763,506	37,984,956
Highest share price (UK p)	142.82	123.84	132.65
Lowest share price (UK p)	123.11	96.92	92.45

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	137.02	108.09	111.77
Return before operating charges	27.32	30.00	(2.57)
Operating charges	(1.04)	(1.07)	(1.11)
Return after operating charges	26.28	28.93	(3.68)
Distributions	(3.30)	(3.37)	(2.88)
Retained distributions	3.30	3.37	2.88
Closing NAV	163.30	137.02	108.09
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.11	0.22
Dilution adjustments ^a	(0.07)	(0.07)	(0.22)
Total direct transaction costs	0.05	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges ^c	0.70	0.83	0.88
Return after charges	+19.18	+26.76	-3.29
Historic yield	1.94	2.46	2.54
Other information			
Closing NAV (£'000)	283,195	168,388	120,921
Closing NAV (%)	55.58	52.13	55.27
Number of shares	173,420,348	122,888,688	111,876,045
Highest share price (UK p)	163.87	137.77	142.50
Lowest share price (UK p)	137.96	104.97	99.31

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	97.09	75.58	100.00
Return before operating charges	15.67	25.36	(23.76)
Operating charges	(0.76)	(0.77)	(0.15)
Return after operating charges	14.91	24.59	(23.91)
Distributions	(3.00)	(3.08)	(0.51)
Closing NAV	109.00	97.09	75.58
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.08	0.03
Dilution adjustments ^a	(0.05)	(0.05)	(0.03)
Total direct transaction costs	0.04	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges	0.73	0.87	0.88
Return after charges	+15.36	+32.54	-23.91
Historic yield	2.69	3.09	3.58
Other information			
Closing NAV (£'000)	4,973	67	15
Closing NAV (%)	0.98	0.02	0.01
Number of shares	4,562,636	69,461	20,010
Highest share price (UK p)	109.98	98.10	103.22
Lowest share price (UK p)	97.81	73.79	66.53

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	101.76	76.11	100.00
Return before operating charges	16.10	26.44	(23.75)
Operating charges	(0.80)	(0.79)	(0.14)
Return after operating charges	15.30	25.65	(23.89)
Distributions	(2.38)	(2.36)	(0.36)
Retained distributions	2.38	2.36	0.36
Closing NAV	117.06	101.76	76.11
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.08	0.03
Dilution adjustments ^a	(0.05)	(0.05)	(0.03)
Total direct transaction costs	0.04	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges	0.73	0.87	0.88
Return after charges	+15.04	+33.70	-23.89
Historic yield	1.96	2.28	2.52
Other information			
Closing NAV (£'000)	1,200	989	68
Closing NAV (%)	0.24	0.31	0.03
Number of shares	1,024,760	971,964	89,418
Highest share price (UK p)	117.47	102.26	103.16
Lowest share price (UK p)	102.52	74.25	66.49

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	123.33	100.43	107.01
Return before operating charges	24.27	27.66	(2.09)
Operating charges	(0.66)	(0.69)	(0.72)
Return after operating charges	23.61	26.97	(2.81)
Distributions	(3.86)	(4.07)	(3.77)
Closing NAV	143.08	123.33	100.43
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.10	0.21
Dilution adjustments ^a	(0.07)	(0.06)	(0.21)
Total direct transaction costs	0.04	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges ^c	0.50	0.59	0.64
Return after charges	+19.14	+26.85	-2.63
Historic yield	2.63	3.25	3.59
Other information			
Closing NAV (£'000)	14,110	11,901	8,047
Closing NAV (%)	2.77	3.69	3.68
Number of shares	9,861,478	9,649,357	8,012,055
Highest share price (UK p)	144.35	124.83	133.45
Lowest share price (UK p)	124.18	97.52	93.02

Sterling Class 'L' Accumulation share performance

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	138.21	108.76	112.19
Return before operating charges	27.58	30.21	(2.64)
Operating charges	(0.75)	(0.76)	(0.79)
Return after operating charges	26.83	29.45	(3.43)
Distributions	(3.63)	(3.71)	(3.20)
Retained distributions	3.63	3.71	3.20
Closing NAV	165.04	138.21	108.76
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.11	0.22
Dilution adjustments ^a	(0.07)	(0.07)	(0.22)
Total direct transaction costs	0.06	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges ^c	0.50	0.59	0.64
Return after charges	+19.41	+27.08	-3.06
Historic yield	2.12	2.75	2.81
Other information			
Closing NAV (£'000)	60,169	59,029	46,020
Closing NAV (%)	11.81	18.28	21.03
Number of shares	36,457,874	42,709,953	42,314,416
Highest share price (UK p)	165.62	138.96	143.35
Lowest share price (UK p)	139.16	105.63	99.92

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	101.02	82.30	100.00
Return before operating charges	19.86	22.68	(15.18)
Operating charges	(0.65)	(0.62)	(0.40)
Return after operating charges	19.21	22.06	(15.58)
Distributions	(3.16)	(3.34)	(2.12)
Closing NAV	117.07	101.02	82.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.09	0.11
Dilution adjustments ^a	(0.05)	(0.05)	(0.11)
Total direct transaction costs	0.04	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges	0.60	0.64	0.65
Return after charges	+19.02	+26.80	-15.58
Historic yield	2.63	3.32	3.59
Other information			
Closing NAV (£'000)	41,591	6,751	3,698
Closing NAV (%)	8.16	2.09	1.69
Number of shares	35,525,660	6,682,942	4,492,893
Highest share price (UK p)	118.11	102.26	109.38
Lowest share price (UK p)	101.71	79.92	76.23

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	120.51	94.88	100.00
Return before operating charges	24.03	26.36	(4.42)
Operating charges	(0.78)	(0.73)	(0.70)
Return after operating charges	23.25	25.63	(5.12)
Distributions	(3.03)	(3.15)	(2.76)
Retained distributions	3.03	3.15	2.76
Closing NAV	143.76	120.51	94.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.10	0.18
Dilution adjustments ^a	(0.07)	(0.06)	(0.18)
Total direct transaction costs	0.04	0.04	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges ^c	0.60	0.64	0.68
Return after charges	+19.29	+27.01	-5.12
Historic yield	2.04	2.63	2.78
Other information			
Closing NAV (£'000)	40,624	19,849	926
Closing NAV (%)	7.97	6.15	0.42
Number of shares	28,258,188	16,470,771	975,955
Highest share price (UK p)	144.27	121.17	125.07
Lowest share price (UK p)	121.34	92.15	87.18

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	97.05	75.60	100.00
Return before operating charges	15.50	25.13	(23.77)
Operating charges	(0.65)	(0.60)	(0.12)
Return after operating charges	14.85	24.53	(23.89)
Distributions	(3.00)	(3.08)	(0.51)
Closing NAV	108.90	97.05	75.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.08	0.03
Dilution adjustments ^a	(0.05)	(0.05)	(0.03)
Total direct transaction costs	0.04	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges	0.63	0.67	0.68
Return after charges	+15.30	+32.45	-23.89
Historic yield	2.69	3.09	3.59
Other information			
Closing NAV (£'000)	22	19	15
Closing NAV (%)	0.00	0.01	0.01
Number of shares	20,030	20,030	20,030
Highest share price (UK p)	109.87	98.06	103.22
Lowest share price (UK p)	97.78	73.81	66.55

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	100.90	76.10	100.00
Return before operating charges	16.30	25.42	(23.78)
Operating charges	(0.68)	(0.62)	(0.12)
Return after operating charges	15.62	24.80	(23.90)
Distributions	(2.48)	(2.52)	(0.39)
Retained distributions	2.48	2.52	0.39
Closing NAV	116.52	100.90	76.10
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.08	0.03
Dilution adjustments ^a	(0.05)	(0.05)	(0.03)
Total direct transaction costs	0.04	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.03	0.04	0.00
Operating charges	0.63	0.67	0.68
Return after charges	+15.48	+32.59	-23.90
Historic yield	2.06	2.46	2.76
Other information			
Closing NAV (£'000)	892	95	15
Closing NAV (%)	0.18	0.03	0.01
Number of shares	765,785	93,740	20,020
Highest share price (UK p)	116.94	101.39	103.22
Lowest share price (UK p)	101.65	74.32	66.55

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

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

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Statement of total return

		2022		2021	
for the year to 31 March	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		65,128		53,875
Revenue	5	12,968		10,686	
Expenses	6	(2,687)		(2,240)	
Net revenue/(expense) before taxation		10,281		8,446	
Taxation	7	(1,127)		(799)	
Net revenue/(expense) after taxation			9,154		7,647
Total return before distributions			74,282		61,522
Distributions	8		(9,733)		(8,175)
Change in net assets attributable to shareholders from investment activities			64,549		53,347

Statement of change in net assets attributable to shareholders

for the year to 31 March	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		322,931		218,793
Amounts received on issue of shares	184,738		131,938	
Amounts paid on cancellation of shares	(70,482)		(87,496)	
		114,256		44,442
Dilution adjustments		419		330
Change in net assets attributable to shareholders from investment activities (see above)		64,549		53,347
Retained distributions on Accumulation shares		7,340		6,019
Closing net assets attributable to shareholders		509,495		322,931

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Balance sheet

as at 31 March	Note	2022 £'000	2021 £'000
Assets			
Fixed assets			
Investments		503,285	319,298
Current assets			
Debtors	9	6,847	3,798
Cash and bank balances	10	1,392	872
Cash equivalents		2,407	2,036
Total assets		513,931	326,004
Liabilities			
Investment liabilities		(8)	(10)
Creditors			
Distribution payable		(653)	(394)
Other creditors	11	(3,775)	(2,669)
Total liabilities		(4,436)	(3,073)
Net assets attributable to shareholders		509,495	322,931

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Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2022 £'000	2021 £'000
Non-derivative securities	65,152	53,637
Derivative contracts	(220)	203
Currency gains/(losses)	196	35
Net capital gains/(losses)	65,128	53,875

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4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 160 and 161.

for the year to 31 March	2022 £'000	% of transaction	2021 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	268,189		188,522	
Commissions	86	0.03	59	0.03
Taxes	174	0.06	130	0.07
Equities after transaction costs	268,449		188,711	
Collective investment schemes				
Collective investment schemes before transaction costs	13,126		7,951	
Commissions	6	0.05	3	0.04
Taxes	31	0.24	13	0.16
Collective investment schemes after transaction costs	13,163		7,967	
Total purchases after transaction costs	281,612		196,678	
b) Sales				
Equities before transaction costs	160,616		137,908	
Commissions	(43)	0.03	(42)	0.03
Taxes	(3)	0.00	(6)	0.00
Equities after transaction costs	160,570		137,860	
Collective investment schemes				
Collective investment schemes before transaction costs	1,967		9,056	
Commissions	(1)	0.03	(4)	0.04
Collective investment schemes after transaction costs	1,966		9,052	
Total sales after transaction costs	162,536		146,912	

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	2022 £'000	% of average NAV	2021 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	129	0.03	101	0.04
Collective investment schemes	7	0.00	7	0.00
Total commissions paid	136	0.03	108	0.04
Taxes paid				
Equities	177	0.04	136	0.04
Collective investment schemes	31	0.01	13	0.01
Total taxes paid	208	0.05	149	0.05
Total direct portfolio transaction costs^a	344	0.08	257	0.09
		%		%
d) Indirect portfolio transaction costs				
Portfolio dealing spread ^b		0.20		0.18

^a Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

^b Average portfolio dealing spread at the balance sheet date.

5 Revenue

for the year to 31 March	2022 £'000	2021 £'000
Bank interest	0	1
Dividends from equity investments: non-taxable	11,422	9,386
Dividends from equity investments: taxable	297	836
Interest distributions	2	2
Property distribution: non-taxable	10	0
Property distribution: taxable	1,048	0
Rebate of ongoing charges from underlying funds	2	1
Share class hedging revenue	1	(1)
Stock dividends	186	461
Total revenue	12,968	10,686

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6 Expenses

for the year to 31 March	2022 £'000	2021 £'000
Payable to the ACD or associate		
Annual charge	2,679	2,237
Other expenses		
Interest payable	8	4
Safe custody charge ^a	0	(1)
	8	3
Total expenses	2,687	2,240

Audit fees for the financial year ending 2022 were £11,000 (2021: £9,000) (including VAT), which are covered by the annual charge.

^a This amount relates to refunds received in respect of charges to the fund before the single annual charge took effect.

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7 Taxation

for the year to 31 March	2022 £'000	2021 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	1,118	799
Capital gains tax (US)	9	0
Deferred tax (note 7c)	0	0
Total taxation	1,127	799
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	10,281	8,446
Corporation tax at 20%	2,056	1,689
Effects of:		
Dividends from equity investments: non-taxable	(2,286)	(1,877)
Stock dividends not taxable	(37)	(76)
Capital income subject to taxation	12	0
Current year expenses not utilised	302	286
Withholding tax	1,118	799
Withholding tax expensed	(30)	(22)
Capital gains tax (US)	9	0
Prior year adjustment to expenses not utilised	(17)	0
Total tax charge (note 7a)	1,127	799
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £718,000 (2021: £416,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

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8 Distributions

for the year to 31 March Dividend distributions	2022		2021	
	Inc ^a £'000	Acc ^b £'000	Inc ^a £'000	Acc ^b £'000
First interim	779	2,576	783	2,135
Second interim	597	1,829	650	1,657
Third interim	536	1,476	534	1,277
Final	653	1,459	394	950
Total net distributions		9,905		8,380
Income deducted on cancellation of shares		170		185
Income received on issue of shares		(342)		(390)
Distributions		9,733		8,175
Net revenue/(expense) per statement of total return		9,154		7,647
Expenses offset against capital		570		528
Capital gains tax offset against capital		9		0
Distributions		9,733		8,175

^a Distributions payable on Income shares.

^b Retained distributions on Accumulation shares.

9 Debtors

as at 31 March	2022 £'000	2021 £'000
Amounts receivable on issues of shares	2,798	1,256
Currency deals outstanding	767	489
Distributions receivable	1	0
Dividends receivable	917	552
Sales awaiting settlement	2,119	1,286
Tax recoverable	73	47
Withholding tax recoverable	172	168
Total debtors	6,847	3,798

10 Cash and bank balances

as at 31 March	2022 £'000	2021 £'000
Cash held as bank balances	1,392	872
Total cash and bank balances	1,392	872

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11 Other creditors

as at 31 March	2022 £'000	2021 £'000
Amounts payable on cancellation of shares	1,900	351
Annual charge payable	86	48 ^a
Currency deals outstanding	768	491
Purchases awaiting settlement	1,021	1,779
Total other creditors	3,775	2,669

^a Restated.

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2021: same).

13 Shares in issue

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

Share class	Opening 01.04.21	Issued	Movements Cancelled	Closing 31.03.22
Sterling				
Class 'A' Income	498,513	313,385	(72,800)	739,098
Class 'A' Accumulation	3,070,894	2,212,427	(4,433,946)	849,375
Class 'I' Income	41,763,506	9,886,762	(9,043,040)	42,607,228
Class 'I' Accumulation	122,888,688	64,194,206	(13,662,546)	173,420,348
Class 'I-H' Income	69,461	4,788,047	(294,872)	4,562,636
Class 'I-H' Accumulation	971,964	903,609	(850,813)	1,024,760
Class 'L' Income	9,649,357	1,023,649	(811,528)	9,861,478
Class 'L' Accumulation	42,709,953	11,670,092	(17,922,171)	36,457,874
Class 'PP' Income	6,682,942	29,950,394	(1,107,676)	35,525,660
Class 'PP' Accumulation	16,470,771	12,311,009	(523,592)	28,258,188
Class 'PP-H' Income	20,030	0	0	20,030
Class 'PP-H' Accumulation	93,740	708,045	(36,000)	765,785

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14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

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

^a The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 2.52% (2021: 3.95%) of the fund's shares.

16 Events after the balance sheet date

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

17 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

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Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2022 £'000	Liabilities 2022 £'000	Assets 2021 £'000	Liabilities 2021 £'000
Basis of valuation				
Level 1	503,282	0	319,293	0
Level 2	3	(8)	5	(10)
Level 3	0	0	0	0
	503,285	(8)	319,298	(10)

18 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

19 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £25,164,000 (2021: £15,964,000). A five per cent decrease would have an equal and opposite effect.

20 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by £21,006,000 (2021: £13,501,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2022 £'000	2021 £'000
Currency exposure in respect of the fund		
Australian dollar	15,054	15,156
Brazilian real	10,361	6,404
Canadian dollar	67,273	33,960
Danish krone	7,987	3,644
Euro	101,122	67,576
Hong Kong dollar	16,431	11,016
Singapore dollar	9,799	6,797
Sterling	89,367	52,911
Swiss franc	4,921	4,771
US dollar	187,180	120,696
Total	509,495	322,931

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21 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on pages 156 and 158.

22 Dividend distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.04.21	30.06.21	01.07.21	31.08.21
Second interim	01.07.21	30.09.21	01.10.21	30.11.21
Third interim	01.10.21	31.12.21	04.01.22	28.02.22
Final	01.01.22	31.03.22	01.04.22	31.05.22

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
First interim	0.8488	0.4507	1.2995	1.3903
Second interim	0.6929	0.2561	0.9490	1.0724
Third interim	0.5492	0.2441	0.7933	0.8786
Final	0.4082	0.3397	0.7479	0.6759

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Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.5760	0.5026	1.0786	1.1826
Second interim	0.4223	0.2467	0.6690	0.8210
Third interim	0.3563	0.1357	0.4920	0.6224
Final	0.3092	0.1324	0.4416	0.3826

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.8634	0.4471	1.3105	1.3982
Second interim	0.5382	0.4194	0.9576	1.0791
Third interim	0.4985	0.3033	0.8018	0.8836
Final	0.4438	0.3131	0.7569	0.6845

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.6958	0.5304	1.2262	1.2632
Second interim	0.5094	0.3144	0.8238	0.9069
Third interim	0.5290	0.1201	0.6491	0.7017
Final	0.3939	0.2058	0.5997	0.4956

Sterling Class 'I-H' Income shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.7665	0.2706	1.0371	1.0380
Second interim	0.2946	0.4523	0.7469	0.8196
Third interim	0.5908	0.0410	0.6318	0.6857
Final	0.3301	0.2587	0.5888	0.5377

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Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.2486	0.6499	0.8985	0.8714
Second interim	0.2020	0.3893	0.5913	0.6345
Third interim	0.4053	0.0614	0.4667	0.4963
Final	0.3365	0.0913	0.4278	0.3585

Sterling Class 'L' Income shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.8174	0.5049	1.3223	1.4073
Second interim	0.5249	0.4418	0.9667	1.0867
Third interim	0.6203	0.1895	0.8098	0.8933
Final	0.4817	0.2828	0.7645	0.6871

Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.7561	0.5508	1.3069	1.3458
Second interim	0.5256	0.3809	0.9065	0.9949
Third interim	0.5997	0.1324	0.7321	0.7943
Final	0.3887	0.2946	0.6833	0.5767

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.3123	0.7705	1.0828	1.1532
Second interim	0.4478	0.3437	0.7915	0.8904
Third interim	0.4915	0.1714	0.6629	0.7323
Final	0.5717	0.0540	0.6257	0.5618

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Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.5385	0.5704	1.1089	1.1611
Second interim	0.4804	0.2773	0.7577	0.8551
Third interim	0.4994	0.1052	0.6046	0.6553
Final	0.3566	0.2049	0.5615	0.4803

Sterling Class 'PP-H' Income shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	1.0370	0.0000	1.0370	1.0382
Second interim	0.7472	0.0000	0.7472	0.8203
Third interim	0.6306	0.0000	0.6306	0.6856
Final	0.5874	0.0000	0.5874	0.5369

Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution	
			2022 UK p	2021 UK p
First interim	0.6548	0.2629	0.9177	0.9085
Second interim	0.4615	0.1540	0.6155	0.6799
Third interim	0.4632	0.0290	0.4922	0.5426
Final	0.3356	0.1172	0.4528	0.3921

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Investment objective

The fund has two aims:

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

Investment policy

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

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

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

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

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

The fund invests in three categories of positive impact companies:

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

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

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

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

Benchmark

Benchmark: MSCI ACWI Index.

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

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

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

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

Risk profile

The fund invests globally in the shares of listed companies and is, therefore, subject to the price volatility of the global stockmarket and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates.

The fund's focus is on businesses that have a positive impact on society through addressing the world's major social and/or environmental challenges.

The fund is a concentrated portfolio, usually holding fewer than 40 stocks. The fund mainly invests in the

shares of large and medium-sized companies, which are normally traded with relative ease, however these stocks could potentially experience a degree of illiquidity in times of market distress.

The fund may also invest in emerging markets which are generally more sensitive to economic and political factors, and where investments may be less easily bought and sold.

Diversification across countries, industries and market capitalisation is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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

As at 1 April 2022, for the year ended 31 March 2022

Performance against objective

Between 1 April 2021 (the start of the review period) and 1 April 2022, the M&G Positive Impact Fund delivered a positive total return (the combination of income and growth of capital) across all of its sterling share classes. Fund performance was behind the average return from the fund's benchmark, the MSCI ACWI Index, which was 12.6% over the same period under review.

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

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

In terms of the fund's second objective – to invest in companies that have a positive impact on society through addressing the world's major social and/or environmental challenges – please see the fund's 2021 Annual Impact Report on the M&G website.

Performance review

Global stockmarkets rose in the 12 months under review, as investors juggled the COVID-19 pandemic, rising inflation, the prospect of central banks increasing interest rates, and the war in Ukraine.

The fund itself rose over the reporting period but finished behind its benchmark, the MSCI ACWI Index. Relative underperformance was primarily due to stock selection in the financial, technology and utilities sectors.

Looking at individual companies, the largest individual detractor was IPG Photonics. The efficient laser manufacturer's share price fell steadily over the period, as its supply chains were disrupted by COVID-19 and the company faced growing competition in China. Wind power firm Ørsted and biotechnology company Puretech Health also negatively impacted performance over the period.

On the positive side, the fund benefited from having a larger share of holdings in the healthcare sector than the wider market, as represented by the fund's benchmark. The fund's below-benchmark exposure to the consumer discretionary sector, which struggled over the period, was also positive for performance.

The biggest individual contributor was Danish pharmaceuticals firm Novo Nordisk, which saw its share price more than double in the reporting period. The company released a series of strong earnings reports which were well-received by investors. Other positive holdings included US semiconductor manufacturer onsemi, and healthcare services provider UnitedHealth Group.

Investment activities

In August 2021, we took out a new position in Japanese business KATITAS. The company purchases and sells used and vacant homes at affordable prices, primarily to the country's low to middle income groups. Japan has a significant vacant home issue as a result of a shrinking and ageing population. KATITAS purchases these homes and refurbishes/remodels them, before selling them on. This results in more affordable housing – typically half the price of a new-build property – with mortgage rates typically lower than the average rent in rural areas.

During the month we also closed the positions in rail operator East Japan Railway and South African financial services group Sanlam.

In September 2021 we added British DNA sequencing specialist Oxford Nanopore to the fund. The company leases sequencing equipment to customers and then receives a recurring stream of high-margin revenue. Their goal is to disrupt the way that biological analyses are currently performed, and open up new applications that have a profound, positive impact on society.

Outlook

With rising energy prices and geopolitical issues in Russia (a major fossil fuel producer), we believe there is currently the potential for an accelerating shift towards clean energy and energy security. This shift could see increased demand for renewable energy, and also for

Authorised Corporate Director's Report

energy efficiency solutions – such as insulation or heat pumps – which can help to reduce reliance on fossil fuels while lowering energy bills. The fund has substantial exposure to companies in this area, so this trend could prove to be beneficial.

Overall, we remain confident in the quality of the stocks within our portfolio, and believe they will continue to deliver positive impacts to society, as well as financial returns.

John William Olsen

Fund manager

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

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

Investments

Portfolio statement

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities	268,095	97.86	94.46
Containers & packaging	5,764	2.10	2.75
1,354,174 DS Smith	5,764	2.10	
Building products	22,314	8.15	8.24
208,969 Johnson Controls International	14,017	5.12	
24,235 ROCKWOOL International	8,297	3.03	
Electrical equipment	15,079	5.50	5.53
334,087 Ceres Power ^a	3,227	1.18	
70,199 Schneider Electric	11,852	4.32	
Commercial services & supplies	19,863	7.25	6.68
792,774 Brambles	5,878	2.15	
66,756 Republic Services	8,999	3.28	
27,348 UniFirst	4,986	1.82	
Road & rail	0	0.00	1.33
Diversified consumer services	6,248	2.28	2.79
41,316 Bright Horizons Family Solutions	5,551	2.03	
1,154,685 Cogna Educação	697	0.25	
Health care equipment & supplies	9,207	3.36	3.00
34,149 Becton Dickinson	9,207	3.36	
Health care providers & services	28,677	10.47	9.00
88,847 Fresenius Medical Care	5,976	2.18	
67,545 Quest Diagnostics	9,394	3.43	
25,535 UnitedHealth	13,307	4.86	
Biotechnology	8,125	2.97	4.19^b
379,564 Grifols Preference Shares	4,422	1.62	
1,376,135 PureTech Health	3,703	1.35	
Pharmaceuticals	25,916	9.46	7.27
452,720 ALK-Abelló	10,252	3.74	
137,373 Novo Nordisk	15,664	5.72	
Life sciences tools & services	30,539	11.15	8.75^b
57,292 Agilent Technologies	7,765	2.84	
20,142 Illumina	7,087	2.59	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 \$'000	as at 31.03.22 %	as at 31.03.21 %
Equities (continued)			
Life sciences tools & services (continued)			
507,624 Oxford Nanopore Technologies	2,692	0.98	
21,812 Thermo Fisher Scientific	12,995	4.74	
Banks	15,404	5.62	6.03
272,853 Bank of Georgia	4,326	1.58	
181,040 HDFC Bank ADR	11,078	4.04	
Insurance	4,579	1.67	3.04
90,852 AMERISAFE	4,579	1.67	
Software	9,345	3.41	3.46
29,189 Ansys	9,345	3.41	
Electronic equipment, instruments & components	10,552	3.85	5.58
106,700 Horiba	5,871	2.14	
41,320 IPG Photonics	4,681	1.71	
Semiconductors & semiconductor equipment	31,221	11.40	7.75
289,178 ON Semiconductor	18,794	6.86	
39,509 SolarEdge Technologies	12,427	4.54	
Diversified telecommunication services	4,440	1.62	1.83
2,901,373 Helios Towers	4,440	1.62	
Wireless telecommunication services	6,211	2.27	2.69
21,070,675 Safaricom	6,211	2.27	
Electric utilities	10,380	3.79	4.55
83,479 Ørsted	10,380	3.79	
Real estate management & development	4,231	1.54	0.00
152,500 KATITAS	4,231	1.54	
Total portfolio (notes 2c & 2d on pages 9 and 10)	268,095	97.86	94.46
Net other assets/(liabilities)	5,858	2.14	5.54
Net assets attributable to shareholders	273,953	100.00	100.00

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

^a AIM quoted.

^b The comparative sector weightings have been re-analysed to reflect changes to the sector classifications.

Investments

Top ten portfolio transactions for the year to 31 March 2022

Largest purchases	\$'000
KATITAS	5,470
HDFC Bank ADR	5,104
ON Semiconductor	4,985
Johnson Controls International	4,943
Novo Nordisk	4,475
Ørsted	4,317
SolarEdge Technologies	4,260
ALK-Abelló	4,223
Thermo Fisher Scientific	4,133
Schneider Electric	3,970
Other purchases	60,778
Total purchases	106,658

Largest sales	\$'000
ALK-Abelló	4,309
Sanlam	3,159
East Japan Railway	2,951
ON Semiconductor	2,616
Johnson Controls International	2,174
Novo Nordisk	1,966
Thermo Fisher Scientific	1,862
Schneider Electric	1,784
UnitedHealth	1,694
Safaricom	1,521
Other sales	21,687
Total sales	45,723

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.

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

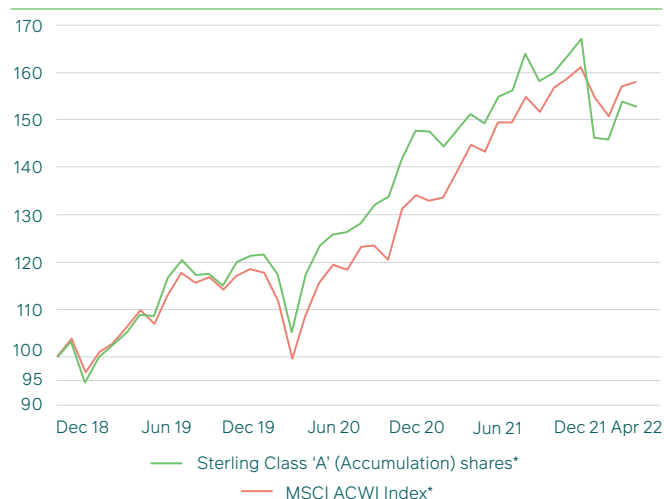
Fund level performance

Fund net asset value as at	31.03.22 \$'000	31.03.21 \$'000	31.03.20 \$'000
Fund net asset value (NAV)	273,953	223,073	75,565

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares.

November 2018 = 100, plotted monthly
Chart date 1 April 2022



Source: Morningstar, Inc. and M&G

* Income reinvested

Long-term performance by share class

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

Share class	One year 01.04.21 % ^a	Three years 01.04.19 % pa	Five years 03.04.17 % pa	Since launch % pa
Sterling				
Class 'A'	+2.8	+12.8	n/a	+13.4
Class 'I'	+3.2	+13.4	n/a	+14.0
Class 'L'	+3.4	+13.6	n/a	+14.2
Class 'PP'	+3.3	n/a	n/a	+12.9
Class 'R'	+2.9	+13.1	n/a	+13.7

^a Not annualised.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

Financial highlights

- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The following table shows direct portfolio transaction costs paid by the fund before and after that

part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

for the year to 31 March	2022	2021	2020	Average ^a
Direct portfolio transaction costs ^b	%	%	%	%
Broker commission	0.02	0.03	0.06	0.04
Taxes	0.03	0.06	0.09	0.06
Costs before dilution adjustments	0.05	0.09	0.15	0.10
Dilution adjustments ^c	(0.05)	(0.05)	(0.14)	(0.08)
Total direct portfolio transaction costs	0.00	0.04	0.01	0.02
as at 31 March	2022	2021	2020	Average ^a
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.11	0.11	0.18	0.13

^a Average of first three columns.

^b As a percentage of average net asset value.

^c In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

Specific share class performance

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

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

Historic yields for the current year are calculated as at 8 April 2022.

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	143.11	102.67	104.48
Return before operating charges	7.32	43.47	1.50
Operating charges	(1.66)	(1.75)	(1.60)
Return after operating charges	5.66	41.72	(0.10)
Distributions	(1.65)	(1.28)	(1.71)
Closing NAV	147.12	143.11	102.67
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.13	0.17
Dilution adjustments ^a	(0.07)	(0.07)	(0.16)
Total direct transaction costs	0.00	0.06	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	1.10	1.30	1.46
Return after charges	+3.95	+40.64	-0.10
Historic yield	0.90	1.19	1.61
Other information			
Closing NAV (\$'000)	2,560	2,225	447
Closing NAV (%)	0.93	1.00	0.59
Number of shares	1,325,887	1,129,519	352,220
Highest share price (UK p)	163.15	151.77	128.15
Lowest share price (UK p)	134.30	99.59	98.73

Sterling Class 'A' Accumulation share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	147.38	104.75	104.86
Return before operating charges	7.52	44.42	1.60
Operating charges	(1.69)	(1.79)	(1.71)
Return after operating charges	5.83	42.63	(0.11)
Distributions	0.00	0.00	0.00
Retained distributions	0.00	0.00	0.00
Closing NAV	153.21	147.38	104.75
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.13	0.17
Dilution adjustments ^a	(0.07)	(0.08)	(0.16)
Total direct transaction costs	0.00	0.05	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	1.10	1.30	1.47
Return after charges	+3.96	+40.70	-0.10
Historic yield	0.00	0.00	0.00
Other information			
Closing NAV (\$'000)	793	241	30
Closing NAV (%)	0.29	0.11	0.04
Number of shares	394,087	118,591	23,368
Highest share price (UK p)	168.02	154.93	128.62
Lowest share price (UK p)	138.31	101.67	99.09

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	145.03	103.56	104.76
Return before operating charges	7.42	43.88	1.46
Operating charges	(1.07)	(1.12)	(0.94)
Return after operating charges	6.35	42.76	0.52
Distributions	(1.67)	(1.29)	(1.72)
Closing NAV	149.71	145.03	103.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.13	0.16
Dilution adjustments ^a	(0.07)	(0.07)	(0.15)
Total direct transaction costs	0.00	0.06	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	0.70	0.82	0.87
Return after charges	+4.38	+41.29	+0.50
Historic yield	0.91	1.18	1.61
Other information			
Closing NAV (\$'000)	17,150	13,753	4,420
Closing NAV (%)	6.26	6.17	5.85
Number of shares	8,727,773	6,889,460	3,453,258
Highest share price (UK p)	165.81	153.68	129.18
Lowest share price (UK p)	136.61	100.45	99.57

Sterling Class 'I' Accumulation share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	149.37	105.65	105.14
Return before operating charges	7.63	44.85	1.52
Operating charges	(1.10)	(1.13)	(1.01)
Return after operating charges	6.53	43.72	0.51
Distributions	(0.58)	(0.26)	(0.68)
Retained distributions	0.58	0.26	0.68
Closing NAV	155.90	149.37	105.65
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.13	0.17
Dilution adjustments ^a	(0.08)	(0.07)	(0.16)
Total direct transaction costs	0.00	0.06	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	0.70	0.83	0.88
Return after charges	+4.37	+41.38	+0.49
Historic yield	0.17	0.45	0.62
Other information			
Closing NAV (\$'000)	108,737	89,274	48,891
Closing NAV (%)	39.70	40.03	64.70
Number of shares	53,140,180	43,423,623	37,437,214
Highest share price (UK p)	170.75	156.88	129.65
Lowest share price (UK p)	140.68	102.54	99.92

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	145.89	103.91	104.85
Return before operating charges	7.46	44.09	1.51
Operating charges	(0.77)	(0.81)	(0.73)
Return after operating charges	6.69	43.28	0.78
Distributions	(1.68)	(1.30)	(1.72)
Closing NAV	150.90	145.89	103.91
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.13	0.17
Dilution adjustments ^a	(0.07)	(0.08)	(0.16)
Total direct transaction costs	0.00	0.05	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	0.50	0.58	0.63
Return after charges	+4.59	+41.65	+0.74
Historic yield	0.89	1.17	1.61
Other information			
Closing NAV (\$'000)	98,097	82,716	3,448
Closing NAV (%)	35.81	37.08	4.56
Number of shares	49,529,314	41,192,766	2,684,848
Highest share price (UK p)	167.02	154.51	129.58
Lowest share price (UK p)	137.66	100.80	99.90

Sterling Class 'L' Accumulation share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	150.24	106.02	105.23
Return before operating charges	7.67	45.02	1.53
Operating charges	(0.79)	(0.80)	(0.74)
Return after operating charges	6.88	44.22	0.79
Distributions	(0.91)	(0.57)	(0.98)
Retained distributions	0.91	0.57	0.98
Closing NAV	157.12	150.24	106.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.13	0.17
Dilution adjustments ^a	(0.08)	(0.07)	(0.16)
Total direct transaction costs	0.00	0.06	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	0.50	0.59	0.63
Return after charges	+4.58	+41.71	+0.75
Historic yield	0.38	0.65	0.90
Other information			
Closing NAV (\$'000)	30,142	29,764	17,621
Closing NAV (%)	11.00	13.34	23.32
Number of shares	14,616,038	14,393,332	13,447,028
Highest share price (UK p)	171.99	157.71	130.05
Lowest share price (UK p)	141.76	102.89	100.26

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	125.31	89.30	100.00
Return before operating charges	6.40	37.86	(8.80)
Operating charges	(0.79)	(0.73)	(0.44)
Return after operating charges	5.61	37.13	(9.24)
Distributions	(1.45)	(1.12)	(1.46)
Closing NAV	129.47	125.31	89.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.11	0.10
Dilution adjustments ^a	(0.06)	(0.06)	(0.09)
Total direct transaction costs	0.00	0.05	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges	0.60	0.64	0.65
Return after charges	+4.48	+41.58	-9.24
Historic yield	0.90	1.16	1.59
Other information			
Closing NAV (\$'000)	30	33	30
Closing NAV (%)	0.01	0.01	0.04
Number of shares	17,550	19,223	27,000
Highest share price (UK p)	143.35	132.73	111.34
Lowest share price (UK p)	118.13	86.63	85.83

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	138.19	97.57	100.00
Return before operating charges	7.04	41.47	(1.71)
Operating charges	(0.85)	(0.85)	(0.72)
Return after operating charges	6.19	40.62	(2.43)
Distributions	(0.68)	(0.46)	(0.85)
Retained distributions	0.68	0.46	0.85
Closing NAV	144.38	138.19	97.57
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.13	0.16
Dilution adjustments ^a	(0.07)	(0.07)	(0.14)
Total direct transaction costs	0.00	0.06	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	0.60	0.64	0.68
Return after charges	+4.48	+41.63	-2.43
Historic yield	0.33	0.61	0.84
Other information			
Closing NAV (\$'000)	11,869	1,103	60
Closing NAV (%)	4.33	0.49	0.08
Number of shares	6,262,820	579,929	49,464
Highest share price (UK p)	158.10	145.09	119.70
Lowest share price (UK p)	130.28	94.69	92.27

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	144.18	103.20	104.67
Return before operating charges	7.38	43.72	1.55
Operating charges	(1.45)	(1.45)	(1.31)
Return after operating charges	5.93	42.27	0.24
Distributions	(1.66)	(1.29)	(1.71)
Closing NAV	148.45	144.18	103.20
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.13	0.17
Dilution adjustments ^a	(0.07)	(0.07)	(0.16)
Total direct transaction costs	0.00	0.06	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	0.95	1.07	1.12
Return after charges	+4.11	+40.96	+0.23
Historic yield	0.90	1.18	1.61
Other information			
Closing NAV (\$'000)	601	942	320
Closing NAV (%)	0.22	0.42	0.42
Number of shares	308,650	474,803	250,556
Highest share price (UK p)	164.55	152.86	128.78
Lowest share price (UK p)	135.50	100.11	99.23

Sterling Class 'R' Accumulation share performance

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	148.50	105.30	105.04
Return before operating charges	7.57	44.71	1.58
Operating charges	(1.48)	(1.51)	(1.32)
Return after operating charges	6.09	43.20	0.26
Distributions	(0.16)	0.00	(0.38)
Retained distributions	0.16	0.00	0.38
Closing NAV	154.59	148.50	105.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.13	0.17
Dilution adjustments ^a	(0.08)	(0.08)	(0.16)
Total direct transaction costs	0.00	0.05	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.04	0.01
Operating charges ^c	0.95	1.06	1.13
Return after charges	+4.10	+41.03	+0.25
Historic yield	0.00	0.25	0.35
Other information			
Closing NAV (\$'000)	3,974	3,022	298
Closing NAV (%)	1.45	1.35	0.40
Number of shares	1,958,376	1,478,362	229,267
Highest share price (UK p)	169.47	156.04	129.24
Lowest share price (UK p)	139.54	102.19	99.59

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

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

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Statement of total return

		2022		2021	
for the year to 31 March	Note	\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(3,862)		56,943
Revenue	5	3,167		1,701	
Expenses	6	(1,655)		(1,095)	
Net revenue/(expense) before taxation		1,512		606	
Taxation	7	(316)		(187)	
Net revenue/(expense) after taxation			1,196		419
Total return before distributions			(2,666)		57,362
Distributions	8		(1,887)		(764)
Change in net assets attributable to shareholders from investment activities			(4,553)		56,598

Statement of change in net assets attributable to shareholders

for the year to 31 March	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		223,073		75,565
Amounts received on issue of shares	129,074		98,692	
Amounts paid on cancellation of shares	(74,591)		(8,211)	
		54,483		90,481
Dilution adjustments		313		160
Change in net assets attributable to shareholders from investment activities (see above)		(4,553)		56,598
Retained distributions on Accumulation shares		637		269
Closing net assets attributable to shareholders		273,953		223,073

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Balance sheet

as at 31 March	Note	2022 \$'000	2021 \$'000
Assets			
Fixed assets			
Investments		268,095	210,722
Current assets			
Debtors	9	15,840	1,465
Cash and bank balances	10	20,129	12,155
Total assets		304,064	224,342
Liabilities			
Creditors			
Distribution payable		(1,322)	(888)
Other creditors	11	(28,789)	(381)
Total liabilities		(30,111)	(1,269)
Net assets attributable to shareholders		273,953	223,073

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2022 \$'000	2021 \$'000
Non-derivative securities	(3,561)	56,907
Currency gains/(losses)	(301)	36
Net capital gains/(losses)	(3,862)	56,943

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 190 and 191.

for the year to 31 March	2022 \$'000	% of transaction	2021 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	106,544		101,467	
Commissions	35	0.03	41	0.04
Taxes	79	0.07	86	0.08
Total purchases after transaction costs	106,658		101,594	
b) Sales				
Equities before transaction costs	45,742		18,163	
Commissions	(13)	0.03	(8)	0.04
Taxes	(6)	0.01	(8)	0.04
Total sales after transaction costs	45,723		18,147	

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	2022 \$'000	% of average NAV	2021 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	48	0.02	49	0.03
Taxes paid				
Equities	85	0.03	94	0.06
Total direct portfolio transaction costs^a	133	0.05	143	0.09
		%		%
d) Indirect portfolio transaction costs				
Portfolio dealing spread ^b		0.11		0.11

^a Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

^b Average portfolio dealing spread at the balance sheet date.

5 Revenue

for the year to 31 March	2022 \$'000	2021 \$'000
Dividends from equity investments: non-taxable	3,179	1,701
Dividends from equity investments: taxable	(12)	0
Total revenue	3,167	1,701

Revenue includes currency gains/losses.

6 Expenses

for the year to 31 March	2022 \$'000	2021 \$'000
Payable to the ACD or associate		
Annual charge	1,654	1,095
Other expenses		
Interest payable	1	0
Total expenses	1,655	1,095

Audit fees for the financial year ending 2022 were £11,000 (2021: £9,000) (including VAT), which are covered by the annual charge.

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7 Taxation

for the year to 31 March	2022 \$'000	2021 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	316	187
Deferred tax (note 7c)	0	0
Total taxation	316	187
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	1,512	606
Corporation tax at 20%	302	121
Effects of:		
Dividends from equity investments: non-taxable	(636)	(340)
Current year expenses not utilised	334	219
Withholding tax	316	187
Total tax charge (note 7a)	316	187
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of \$622,000 (2021: \$288,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

8 Distributions

for the year to 31 March	2022		2021	
Dividend distributions	Inc ^a \$'000	Acc ^b \$'000	Inc ^a \$'000	Acc ^b \$'000
Final	1,322	637	888	269
Total net distributions	1,959		1,157	
Income deducted on cancellation of shares	583		26	
Income received on issue of shares	(655)		(419)	
Distributions	1,887		764	
Net revenue/(expense) per statement of total return	1,196		419	
Expenses offset against capital	691		343	
Income deficit transferred to capital	0		2	
Distributions	1,887		764	

^a Distributions payable on Income shares.

^b Retained distributions on Accumulation shares.

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9 Debtors

as at 31 March	2022 \$'000	2021 \$'000
Amounts receivable on issues of shares	782	1,262
Currency deals outstanding	14,146	0
Dividends receivable	192	127
Sales awaiting settlement	576	0
Withholding tax recoverable	144	76
Total debtors	15,840	1,465

10 Cash and bank balances

as at 31 March	2022 \$'000	2021 \$'000
Cash held as bank balances	20,129	12,155
Total cash and bank balances	20,129	12,155

11 Other creditors

as at 31 March	2022 \$'000	2021 \$'000
Amounts payable on cancellation of shares	14,577	348
Annual charge payable	47	33
Currency deals outstanding	14,165	0
Total other creditors	28,789	381

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2021: same).

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13 Shares in issue

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

Share class	Opening 01.04.21	Movements Issued	Cancelled	Closing 31.03.22
Sterling				
Class 'A' Income	1,129,519	408,125	(211,757)	1,325,887
Class 'A' Accumulation	118,591	322,133	(46,637)	394,087
Class 'I' Income	6,889,460	2,680,950	(842,637)	8,727,773
Class 'I' Accumulation	43,423,623	11,199,607	(1,483,050)	53,140,180
Class 'L' Income	41,192,766	39,554,688	(31,218,140)	49,529,314
Class 'L' Accumulation	14,393,332	1,337,710	(1,115,004)	14,616,038
Class 'PP' Income	19,223	3,327	(5,000)	17,550
Class 'PP' Accumulation	579,929	5,810,888	(127,997)	6,262,820
Class 'R' Income	474,803	135,570	(301,723)	308,650
Class 'R' Accumulation	1,478,362	652,373	(172,359)	1,958,376

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

Share class	Annual charge ^a %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'L'	0.50
Class 'PP'	0.60
Class 'R'	0.95

^a The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

15 Related parties

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

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

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At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 18.54% (2021: 18.28%) of the fund's shares.

16 Events after the balance sheet date

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

17 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2022	Liabilities 2022	Assets 2021	Liabilities 2021
Basis of valuation	\$'000	\$'000	\$'000	\$'000
Level 1	268,095	0	210,722	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	268,095	0	210,722	0

18 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

19 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$13,405,000 (2021: \$10,536,000). A five per cent decrease would have an equal and opposite effect.

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20 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$5,658,000 (2021: \$4,952,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2022 \$'000	2021 \$'000
Currency exposure in respect of the fund		
Australian dollar	6,157	5,195
Brazilian real	697	511
Danish krone	44,012	34,751
Euro	22,039	18,468
Hong Kong dollar	0	221
Japanese yen	10,365	8,677
Kenyan shilling	6,357	6,056
South African rand	0	2,900
Sterling	23,535	22,262
US dollar	160,791	124,032
Total	273,953	223,073

21 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.21	31.03.22	01.04.22	31.05.22

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	1.0232	0.6244	1.6476	1.2790

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Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Final	0.7152	0.9577	1.6729	1.2931

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Final	0.2403	0.3353	0.5756	0.2552

Sterling Class 'L' Income shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Final	0.7084	0.9759	1.6843	1.2992

Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Final	0.4004	0.5089	0.9093	0.5698

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Final	0.3970	1.0483	1.4453	1.1163

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Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.1770	0.5074	0.6844	0.4564

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.8942	0.7670	1.6612	1.2871

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Final	0.0125	0.1522	0.1647	0.0000

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Investment objective

The fund aims to protect the value of capital and income from inflation by providing a total return (the combination of capital growth and income), net of the ongoing charge figure, that is consistent with or higher than UK inflation (as measured by the UK Consumer Prices Index), over any three-year period. There is no guarantee that the fund will achieve its objective over this, or any other, period. The income distributions and the value of your investment may rise and fall, and investors may not recoup the original amount they invested.

Investment policy

At least 70% of the fund is invested, directly or indirectly, in investment grade corporate debt securities (typically inflation-linked corporate bonds and floating rate notes), denominated in sterling or hedged back to sterling. These securities can be issued by companies from anywhere in the world, including emerging markets.

The fund's indirect exposure to inflation-linked corporate bonds is achieved by investing through a combination of instruments. These include a combination of inflation-linked government bonds with credit derivatives, such as credit default swaps (CDS) to create synthetic positions.

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

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

Investment approach

The fund typically seeks to maintain a low sensitivity to movements in interest rates to help mitigate the negative impact of rising bond yields which are common during periods of rising inflation.

The fund manager believes that "synthetic" inflation-linked corporate bonds can offer a similar return profile to physical inflation-linked corporate bonds while benefiting from enhanced market depth and liquidity.

The fund's investment style combines top-down and bottom-up analysis, and the fund manager is assisted in the selection of individual bonds by a team of credit analysts.

Benchmark

Benchmark: UK Consumer Prices Index.

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

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

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

Risk profile

The fund invests in fixed interest assets that would be expected to perform well in an inflationary environment, such as inflation-linked bonds issued by companies and governments. It is therefore subject to the price volatility of the global bond market as well as the performance of individual issuers.

The fund's focus is on investment grade, or high-quality corporate bonds, which are securities that are normally traded with relative ease. The fund's exposure to index-linked bonds may be achieved either directly or by investing in a combination of assets, including government securities and credit derivatives. In association with the use of derivatives, including those instruments not traded through an exchange, collateral

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is deposited in order to mitigate the risk that a counterparty may default on its obligations or become insolvent.

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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. Please note that from 1 April 2021 to 11 October 2021 the risk number was 3.

Investment review

As at 1 April 2022, for the year ended 31 March 2022

Performance against objective

Between 1 April 2021 (the start of the review period) and 1 April 2022, the M&G UK Inflation Linked Corporate Bond Fund delivered a positive total return (the combination of income and growth of capital) across all its share classes. The fund seeks to match or exceed the change in the UK Consumer Prices Index (CPI) over a rolling three-year period. Over a three-year period, the fund's annualised returns were behind the change in the CPI, which stood at 2.8% pa. The fund is therefore not meeting its investment objective.

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

Performance review

The fund invests in a range of instruments that can help to mitigate the potentially damaging effects of inflation. It is mainly invested in inflation-linked bonds issued by high-quality companies, where both the value of the loan and the interest payments are adjusted in line with inflation until they mature. Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as 'corporate bonds', while those issued by governments are called 'government bonds'. Inflation-linked bonds are those whose regular interest payments fluctuate with the rate of inflation.

The 12-month period under review saw heightened volatility across global bond markets, with the majority of fixed income assets – as bonds are also known - delivering negative returns over the period. The downturn mainly occurred in the first quarter of 2022 and was driven by concerns that central banks will have to raise interest rates more aggressively and stop their purchases of bonds from the markets earlier than expected, in order to tackle surging inflation. The Russian invasion of Ukraine on 24 February became the dominant theme in the latter weeks of the period, with a surge in wheat and energy prices expected to put even further pressure on inflation.

The volatility in the early months of 2022 contrasted with the relatively subdued market conditions that persisted throughout much of 2021. While concerns about rising inflation had weighed on sentiment, the general view was that inflation would prove to be transient, with moves in fixed income markets relatively contained. Investors also appeared to be reassured by the successful rollout of the COVID-19 vaccination programme, along with the gradual reopening of businesses and economies.

However, as it became apparent that inflation was likely to prove more persistent than originally thought, fixed

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income markets came under pressure in the final weeks of 2021. Around this time, the world's central banks took an increasingly assertive stance as they outlined their plans to curb inflationary pressures. In December, the Bank of England unexpectedly raised its key interest rate for the first time in three years, while the US Federal Reserve indicated that a series of interest rate hikes would need to be implemented in 2022 and 2023.

Against this backdrop, core government bonds delivered negative returns across the board as yields (which move in the opposite direction to bond prices) rose sharply from December onwards. Corporate bonds also experienced negative returns, with returns for these assets held back by a combination of rising government bond yields and deteriorating investor sentiment. High yield bonds (which have a low credit rating and are therefore considered riskier) generally held up better than higher-rated bonds, which was mainly due to their lower sensitivity to movements in interest rates.

Emerging market bonds also came under pressure, with rising US Treasury yields acting as a headwind to the asset class. Usually, when US government bond yields increase, bonds in emerging markets suffer because some investors reallocate money to the US debt market, which is seen as safer than the smaller and riskier developing countries' markets.

One bright spot in fixed income markets was inflation-linked bonds. Expectations of higher inflation led to a rise in breakeven rates (a measure of investors' expectations for inflation) across the US, Europe and the UK, and this proved helpful for the asset class overall.

In currencies, the US dollar performed strongly, benefiting from its perceived safe-haven credentials amid heightened geopolitical uncertainty, while the Japanese yen and the euro performed poorly. While emerging market currencies were weak overall, a number of Latin American currencies, such as the Brazilian real, saw strong gains.

The fund delivered a modest positive return during the review period, with performance driven by a rise in

inflation expectations. In addition, the fund's low sensitivity to movements in interest rates helped mitigate the negative impact of rising government bond yields.

Investment activities

Following the escalation of events in Ukraine, we increased the fund's exposure to UK inflation breakeven rates, as we think the latest spike in energy is likely to put further upward pressure on inflation. The fund is now positioned for an environment of elevated inflation over the next couple of years, as we think 2021 inflation will feed into this and next year's inflation through a number of second-order effects, such as wages and rents.

The fund remains cautiously positioned from a duration (sensitivity to interest rates) perspective, given the prospect of rising UK interest rates. Despite the events in Ukraine and their potential impact on global growth, we believe the Bank of England will push ahead with its rate hiking plans, and in this environment we do not want to be holding too much interest rate risk.

The fund remains defensively positioned in terms of its corporate bond exposure, with a focus on highly rated names carrying low levels of debt. However, following recent weakness in credit markets, we took the opportunity to add a small amount of credit risk in both the European investment grade and high yield spaces.

Outlook

Inflation was undoubtedly the main story of 2021 as surging energy prices and supply chain bottlenecks saw consumer prices rise at their fastest pace for nearly 40 years. While some of these cost pressures are expected to ease in 2022, we do not think investors should be complacent and assume that inflation will automatically fall back to earlier levels. We believe there are a number of second and third order effects (such as wages, rents and utility bills) which need to be considered, under which high inflation in 2021 could feed into higher inflation in 2022 and beyond.

In the US, we see increasing evidence of a tightening labour market, which is likely to put further upward pressure on wages. The potential for elevated wage

Authorised Corporate Director's Report

increases is probably the main factor that prompted the US Federal Reserve to signal a future tightening of monetary policy – meaning interest rate hikes and a stop to bond purchases from the markets - at the end of last year. It is worth noting that wage cycles tend to last for years, rather than months, so we think central banks are right to be mindful of this risk.

Against this, we need to acknowledge some of the longer-term factors that could see inflationary pressures subside as stimulus packages unwind, such as the potential long-term economic damage caused by the pandemic. However, with the emergence of several forces that are likely to put sustained upward pressure on inflation, we think it prudent to include at least some inflation-linked protection within a well-balanced portfolio.

Ben Lord

Fund manager

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

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

Investments

Portfolio statement

Holding		as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income		1,156,990	95.83	95.81
Debt securities		1,150,844	95.32	94.43
'AAA' credit rated bonds		50,178	4.16	6.72
£3,878,000	Canada Square Funding FRN 1.3491% 17/01/2059	3,857	0.32	
£2,994,868	Elstree Funding No. 2 FRN 1.0993% 21/12/2054	2,984	0.25	
£3,191,467	European Investment Bank 2.9516% 31/03/2034	8,266	0.68	
£148,000	European Investment Bank IL 2.1% 22/11/2022	237	0.02	
£1,102,792	Gemgarto 2021-1 FRN 0.8673% 16/12/2067	1,098	0.09	
£3,589,247	Harbour FRN 0.954% 28/01/2054	3,567	0.30	
£826,345	Hops Hill No. 1 FRN 1.4301% 27/05/2054	826	0.07	
US\$7,500,000	International Bank for Reconstruction & Development FRN 0.5522% 11/02/2031	5,699	0.47	
£4,334,919	Jupiter Mortgage No. 1 FRN 0.8916% 20/07/2060	4,324	0.36	
£1,662,134	Lanebrook Mortgage Transaction 2021-1 FRN 0.7319% 20/07/2058	1,643	0.14	
£1,578,340	London Wall Mortgage Capital FRN 0.8966% 15/05/2051	1,567	0.13	
£4,978,180	Polaris 2022-1 FRN 1.2334% 23/10/2059	4,960	0.41	
£6,236,249	Taurus 2021-4 FRN 1.1052% 17/08/2031	6,203	0.51	
£5,000,000	Towd Point Mortgage Funding 2019 - Granite4 FRN 0.7616% 20/10/2051	4,947	0.41	
'AA' credit rated bonds		692,951	57.39	54.94
£3,333,000	DNB Bank Var. Rate 1.375% 02/12/2025	3,227	0.27	
£994,000	Jupiter Mortgage No. 1 FRN 1.4916% 20/07/2060	992	0.08	
£5,134,000	New York Life Global Funding 0.75% 14/12/2028	4,545	0.38	
£3,036,000	New York Life Global Funding 1.25% 17/12/2026	2,856	0.24	
€1,500,000	SNCF Réseau 2.45% 28/02/2023	1,827	0.15	
£663,436	Telereal Securitisation 1.3657% 10/12/2031	631	0.05	
£199,548,761	UK Treasury IL 0.125% 22/03/2024	287,517	23.81	
£76,182,517	UK Treasury IL 0.125% 22/03/2026	107,904	8.94	
£50,000	UK Treasury IL 0.125% 10/08/2028	69	0.00	
£25,000	UK Treasury IL 0.125% 22/03/2029	41	0.00	
£182,517	UK Treasury IL 1.25% 22/11/2027	381	0.03	
£75,900,000	UK Treasury IL 2.5% 17/07/2024	282,961	23.44	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds	56,511	4.68	4.91
£4,350,000 Anglian Water Services Financing IL 3.666% 30/07/2024	9,044	0.75	
£14,081 Baglan Moor Healthcare IL 3.92% 30/04/2029	33	0.00	
£7,800,000 Banco Santander 1.375% 31/07/2024	7,578	0.63	
€6,642,000 Bank of America FRN 0.513% 22/09/2026	5,639	0.47	
£2,495,000 Bank of America Var. Rate 1.667% 02/06/2029	2,315	0.19	
€2,980,000 Comcast 0% 14/09/2026	2,393	0.20	
£5,276,000 Cooperatieve Rabobank IL 2.25% 22/11/2022	8,675	0.72	
£4,129,000 JPMorgan Chase Var. Rate 0.991% 28/04/2026	3,901	0.32	
£598,898 Nationwide Building Society 4.25% 23/02/2024	1,988	0.17	
US\$2,439,000 NatWest Markets FRN 1.7476% 22/03/2025	1,862	0.15	
US\$2,870,628 Project Silver 3.967% 15/07/2044	2,054	0.17	
£2,712,000 Realty Income 1.125% 13/07/2027	2,498	0.21	
£2,936,000 Toronto-Dominion Bank 2.875% 05/04/2027	2,931	0.24	
£2,212,000 Toyota Motor Credit 0.75% 19/11/2026	2,059	0.17	
US\$2,538,000 UBS FRN 0.6381% 09/08/2024	1,916	0.16	
€1,923,000 UBS Var. Rate 1% 21/03/2025	1,625	0.13	
'BBB' credit rated bonds	295,467	24.47	22.68
US\$2,273,000 AerCap Ireland Capital DAC 2.45% 29/10/2026	1,598	0.13	
US\$2,000,000 AerCap Ireland Capital DAC 3% 29/10/2028	1,398	0.12	
£2,923,000 Australia & New Zealand Banking Var. Rate 1.809% 16/09/2031	2,701	0.22	
£3,800,000 Banco Santander 1.5% 14/04/2026	3,576	0.30	
£7,100,000 Banco Santander Var. Rate 2.25% 04/10/2032	6,537	0.54	
£1,400,000 Banco Santander Var. Rate 3.125% 06/10/2026	1,396	0.12	
€2,300,000 Bankinter Var. Rate 1.25% 23/12/2032	1,778	0.15	
€2,890,000 Barclays FRN 0.472% 12/05/2026	2,459	0.20	
€3,000,000 BAT Netherlands Finance 2.375% 07/10/2024	2,586	0.21	
€1,300,000 Bayerische Landesbank Var. Rate 1% 23/09/2031	1,023	0.08	
£3,000,000 BNP Paribas Var. Rate 2% 24/05/2031	2,808	0.23	
US\$1,220,000 Boeing 2.196% 04/02/2026	879	0.07	
US\$2,500,000 Boeing 2.75% 01/02/2026	1,851	0.15	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£5,000,000 BP Capital Markets Var. Rate 4.25% Perpetual	4,938	0.41	
£2,800,000 BPCE Var. Rate 2.5% 30/11/2032	2,626	0.22	
£2,200,000 CaixaBank Var. Rate 3.5% 06/04/2028	2,199	0.18	
€2,948,000 Citigroup Var. Rate 1.25% 06/07/2026	2,481	0.21	
£1,290,000 Cooperatieve Rabobank 4.625% 23/05/2029	1,392	0.11	
£1,300,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	1,206	0.10	
€3,000,000 Davide Campari-Milano 1.25% 06/10/2027	2,365	0.20	
£10,000,000 Deutsche Pfandbriefbank 1.75% 21/11/2022	9,968	0.83	
€4,000,000 Enel Var. Rate 1.375% Perpetual	3,039	0.25	
US\$9,126,000 Energy Transfer 4.05% 15/03/2025	7,028	0.58	
£3,819,000 Goldman Sachs 1.5% 07/12/2027	3,503	0.29	
€4,057,000 Goldman Sachs FRN 0.453% 30/04/2024	3,443	0.28	
€5,000,000 Goldman Sachs FRN 0.506% 23/09/2027	4,205	0.35	
US\$5,000,000 Goldman Sachs FRN 1.0931% 10/09/2027	3,714	0.31	
US\$3,077,000 Goldman Sachs FRN 1.3513% 24/02/2028	2,248	0.19	
US\$3,712,000 Goldman Sachs FRN 2.1317% 15/03/2028	2,886	0.24	
£1,524,000 GSK Consumer Healthcare Capital UK 2.875% 29/10/2028	1,538	0.13	
£3,816,000 Hammerson 3.5% 27/10/2025	3,708	0.31	
US\$4,000,000 HCA 3.125% 15/03/2027	2,989	0.25	
€1,333,000 Holding d'Infrastructures et des Metiers de l'Environnement 0.125% 16/09/2025	1,080	0.09	
£10,000,000 Imperial Brands Finance 5.5% 28/09/2026	10,815	0.90	
€5,000,000 InterContinental Hotels 1.625% 08/10/2024	4,247	0.35	
£3,000,000 KBC Var. Rate 1.25% 21/09/2027	2,780	0.23	
£4,259,000 Leeds Building Society Var. Rate 1.5% 16/03/2027	4,005	0.33	
£10,000,000 Lloyds Banking Var. Rate 1.875% 15/01/2026	9,687	0.80	
£2,359,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	2,198	0.18	
£2,562,000 Lloyds Banking Var. Rate 2% 12/04/2028	2,423	0.20	
US\$5,000,000 Lloyds Banking Var. Rate 3.511% 18/03/2026	3,792	0.31	
€1,000,000 Logicor Financing 0.625% 17/11/2025	808	0.07	
€1,440,000 Logicor Financing 1.5% 13/07/2026	1,185	0.10	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$6,250,000 Magallanes FRN 2.0617% 15/03/2024	4,802	0.40	
US\$4,000,000 Magallanes 3.638% 15/03/2025	3,068	0.25	
US\$5,000,000 Morgan Stanley FRN 0% 24/01/2025	3,770	0.31	
€7,002,000 Morgan Stanley Var. Rate 0.406% 29/10/2027	5,600	0.46	
US\$5,000,000 Nationwide Building Society FRN 1.4983% 16/02/2028	3,736	0.31	
£7,500,000 NatWest Var. Rate 2.875% 19/09/2026	7,427	0.61	
£2,829,000 NatWest Var. Rate 3.125% 28/03/2027	2,824	0.23	
£2,150,000 NatWest Var. Rate 3.619% 29/03/2029	2,173	0.18	
£2,072,000 Nordea Bank Var. Rate 1.625% 09/12/2032	1,881	0.16	
€5,000,000 Orange Var. Rate 5% Perpetual	4,712	0.39	
£9,103,000 Ørsted 0.375% 16/05/2034	11,238	0.93	
US\$685,000 Pacific Gas and Electric FRN 1.3514% 14/11/2022	522	0.04	
US\$1,366,000 Pacific Gas and Electric 1.7% 15/11/2023	1,013	0.08	
US\$5,000,000 Pacific Gas and Electric 2.95% 01/03/2026	3,647	0.30	
€5,737,000 Prosus 1.288% 13/07/2029	4,025	0.33	
€3,000,000 Quadient 2.25% 03/02/2025	2,499	0.21	
US\$2,273,000 Rogers Communications 2.95% 15/03/2025	1,720	0.14	
€1,646,000 Ryanair 0.875% 25/05/2026	1,334	0.11	
€5,000,000 Ryanair 2.875% 15/09/2025	4,415	0.37	
€1,800,000 Safran 0.125% 16/03/2026	1,435	0.12	
£3,517,000 Southern Water Services Finance 1.625% 30/03/2027	3,338	0.28	
£1,452,000 Southern Water Services Finance IL 3.816% 31/03/2023	2,724	0.23	
£3,722,000 Swedbank Var. Rate 1.375% 08/12/2027	3,443	0.28	
€7,500,000 Terna Rete Elettrica Nazionale 2.731% 15/09/2023	8,408	0.70	
£15,608,000 Tesco IL 3.322% 05/11/2025	34,152	2.83	
€7,500,000 TotalEnergies Var. Rate 2.625% Perpetual	6,360	0.53	
€1,800,000 Traton Finance Luxembourg 0.125% 24/03/2025	1,467	0.12	
€992,000 Tritax EuroBox 0.95% 02/06/2026	789	0.07	
€8,900,000 Upjohn Finance 1.023% 23/06/2024	7,470	0.62	
€2,042,000 Volkswagen Financial Services 0% 12/02/2025	1,655	0.14	

Investments

Portfolio statement (continued)

Holding		as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
£2,100,000	Volkswagen Financial Services 1.125% 18/09/2023	2,057	0.17	
€3,509,000	Volkswagen Financial Services 3% 06/04/2025	3,094	0.26	
€1,700,000	Volkswagen International Finance Var. Rate 3.748% Perpetual	1,431	0.12	
€1,714,000	Volkswagen Leasing 0.25% 12/01/2026	1,370	0.11	
€2,582,000	Volkswagen Leasing 0.375% 20/07/2026	2,050	0.17	
£5,000,000	Whitbread 2.375% 31/05/2027	4,732	0.39	
'BB' credit rated bonds		50,680	4.20	5.18
€4,200,000	Banco de Sabadell Var. Rate 0.875% 16/06/2028	3,192	0.26	
€1,400,000	Cellnex Finance 0.75% 15/11/2026	1,096	0.09	
€3,300,000	Cellnex Finance 1% 15/09/2027	2,524	0.21	
£7,495,000	Ford Motor Credit 4.535% 06/03/2025	7,491	0.62	
€1,868,000	GTC Aurora Luxembourg 2.25% 23/06/2026	1,426	0.12	
€4,000,000	Iliad 0.75% 11/02/2024	3,262	0.27	
€3,500,000	Iliad 2.375% 17/06/2026	2,855	0.24	
€2,800,000	Mahle 2.375% 14/05/2028	2,008	0.17	
€1,447,000	NatWest Var. Rate 1.043% 14/09/2032	1,121	0.09	
£2,496,000	NatWest Var. Rate 2.105% 28/11/2031	2,324	0.19	
£7,500,000	NGG Finance Var. Rate 5.625% 18/06/2073	7,650	0.63	
£3,000,000	Petroleos Mexicanos 3.75% 16/11/2025	2,764	0.23	
€3,000,000	Rolls-Royce 1.625% 09/05/2028	2,241	0.19	
US\$3,159,000	United Airlines 4.375% 15/04/2026	2,357	0.20	
£5,000,000	Vodafone Var. Rate 4.875% 03/10/2078	5,050	0.42	
€4,000,000	ZF Finance 3% 21/09/2025	3,319	0.27	
'B' credit rated bonds		2,365	0.20	0.00
€2,766,000	Iliad 5.125% 15/10/2026	2,365	0.20	
Bonds with no credit rating		2,692	0.22	0.00
€3,191,000	Fraport Frankfurt Airport Services Worldwide 1.625% 09/07/2024	2,692	0.22	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt derivatives	6,146	0.51	1.38
Credit default swaps	14,458	1.20	1.31
€(12,500,000) Airbus Jun 2025	178	0.01	
US\$(17,500,000) America Movil Dec 2023	161	0.01	
€(7,500,000) Anglo American Capital Jun 2024	650	0.05	
€(8,100,000) Anglo American Capital Dec 2025	1,054	0.09	
€(2,500,000) Anglo American Capital Jun 2026	356	0.03	
€(13,500,000) Anheuser-Busch InBev Dec 2023	136	0.01	
€(5,000,000) Anheuser-Busch InBev Dec 2025	81	0.01	
€(5,000,000) Aroundtown Dec 2022	24	0.00	
US\$(5,000,000) AT&T Dec 2025	40	0.00	
€(5,000,000) Bayer Jun 2024	63	0.01	
€(5,000,000) Bayer Dec 2024	68	0.01	
€(7,500,000) BNP Paribas Dec 2025	99	0.01	
US\$(3,000,000) Boeing Jun 2025	(14)	0.00	
US\$(3,700,000) Boeing Jun 2026	(38)	0.00	
€(10,000,000) BP Capital Markets Jun 2025	159	0.01	
US\$(15,000,000) Comcast Dec 2026	268	0.02	
€(7,500,000) Credit Agricole Dec 2025	108	0.01	
US\$(5,000,000) CVS Health Dec 2025	93	0.01	
US\$(7,500,000) CVS Health Dec 2027	144	0.01	
€(18,000,000) Dailmer AG Dec 2025	209	0.02	
€(12,500,000) Electricite De France Dec 2025	118	0.01	
€(10,000,000) Enel Societa Per Azioni Dec 2025	108	0.01	
US\$(5,000,000) Energy Transfer Operating Dec 2024	32	0.00	
US\$(5,000,000) Energy Transfer Operating Dec 2025	24	0.00	
US\$(10,500,000) Fedex Jun 2026	143	0.01	
US\$(7,000,000) Firstenergy Corporation Dec 2025	69	0.01	
US\$(5,000,000) General Electric Dec 2023	41	0.00	
US\$(5,000,000) General Electric Dec 2025	49	0.00	
US\$(7,500,000) General Electric Dec 2028	(22)	0.00	
US\$(5,000,000) General Motors Dec 2024	389	0.03	

Investments

Portfolio statement (continued)

Holding		as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)				
Debt derivatives (continued)				
Credit default swaps (continued)				
US\$(5,000,000)	General Motors Dec 2025	481	0.04	
€(6,300,000)	Glencore Finance Europe Dec 2025	761	0.06	
US\$(8,000,000)	Markit CDX North American High Yield Series 37 5 Year Dec 2026	391	0.03	
US\$(236,000,000)	Markit CDX North American Investment Grade Series 37 3 Year Dec 2024	2,989	0.25	
US\$(32,000,000)	Markit CDX North American Investment Grade Series 37 5 Year Dec 2026	425	0.04	
€(13,500,000)	Markit iTraxx Europe Crossover Series 36 V1 5 Year Dec 2026	915	0.08	
€(87,000,000)	Markit iTraxx Europe Series 35 V1 5 Year Jun 2024	1,045	0.09	
€(3,750,000)	Markit iTraxx Europe Series 36 V1 3 Year Dec 2024	49	0.00	
€(36,000,000)	Markit iTraxx Europe Series 36 V1 5 Year Dec 2026	483	0.04	
€(6,000,000)	Next Group Jun 2026	29	0.00	
US\$(5,000,000)	Omnicom Group Dec 2025	90	0.01	
US\$8,000,000	Oracle Dec 2026	(51)	0.00	
€(5,000,000)	Orange Dec 2025	105	0.01	
US\$(5,000,000)	Verizon Communications Dec 2025	46	0.00	
€(7,500,000)	Vodafone Dec 2024	111	0.01	
€(4,000,000)	Volkswagen International Finance Dec 2025	25	0.00	
€(13,100,000)	Wendel Dec 2025	1,774	0.15	
Interest rate swaps		(8,738)	(0.72)	0.04
£100,000,000	Pay 0.3776% Receive VAR May 2025	4,587	0.38	
£5,000,000	Pay 0.457% Receive VAR Feb 2070	1,520	0.13	
£65,000,000	Pay 0.5084% Receive VAR June 2026	3,511	0.29	
£24,500,000	Pay 1.0037% Receive VAR Dec 2026	914	0.08	
£35,000,000	Pay 1.3177% Receive VAR Mar 2027	899	0.07	
£25,000,000	Pay 1.60766% Receive VAR Mar 2027	304	0.02	
US\$40,000,000	Pay 2.84125% Receive VAR Oct 2026	1,715	0.14	
US\$40,000,000	Pay 3.0275% Receive VAR Oct 2026	1,425	0.12	
€37,000,000	Pay 3.2792% Receive VAR Mar 2027	(7)	0.00	
£17,500,000	Pay 3.89% Receive VAR Sep 2024	596	0.05	

Investments

Portfolio statement (continued)

Holding	as at 31.03.22 £'000	as at 31.03.22 %	as at 31.03.21 %
Fixed income (continued)			
Debt derivatives (continued)			
Interest rate swaps (continued)			
€35,000,000 Pay VAR Receive 2.5622% Mar 2027	1,134	0.09	
£5,000,000 Pay VAR Receive 3.281% Jun 2071	(1,812)	(0.15)	
£75,000,000 Pay VAR Receive 3.595% Jun 2026	(8,831)	(0.73)	
£25,000,000 Pay VAR Receive 3.9% Sep 2031	(2,814)	(0.23)	
£50,000,000 Pay VAR Receive 3.953% Sep 2031	(5,307)	(0.44)	
£25,000,000 Pay VAR Receive 3.974% Sep 2031	(2,590)	(0.21)	
£25,000,000 Pay VAR Receive 4.01% Oct 2031	(2,448)	(0.20)	
£25,000,000 Pay VAR Receive 4.023% Sep 2026	(2,182)	(0.18)	
£25,000,000 Pay VAR Receive 4.7173% Mar 2032	648	0.05	
Interest rate futures	426	0.03	0.03
(40) 10 Year US Treasury Note Jun 2022	104	0.01	
(148) 2 Year US Treasury Note June 2022	322	0.02	
Currency	(3,790)	(0.31)	0.05
Forward currency contracts	(3,790)	(0.31)	0.05
€20,322,615 Bought for £17,081,107 (expires 06.04.22)	99	0.01	
€(180,148,951) Sold for £148,640,304 (expires 06.04.22)	(3,658)	(0.30)	
US\$2,460,697 Bought for £1,872,030 (expires 06.04.22)	3	0.00	
US\$(95,498,855) Sold for £72,525,413 (expires 06.04.22)	(234)	(0.02)	
Portfolio of investments	1,153,200	95.52	95.86
Cash equivalents	46,177	3.82	1.54
'AAA' rated money market funds^a	46,177	3.82	1.54
46,177,000 Northern Trust Global Fund - Sterling	46,177	3.82	
Total portfolio (notes 2c & 2d on pages 9 and 10)	1,199,377	99.34	97.40
Net other assets/(liabilities)	7,951	0.66	2.60
Net assets attributable to shareholders	1,207,328	100.00	100.00

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

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

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.

The following chart and tables reflect the key financial information of a representative share class, Sterling Class 'A' (Accumulation) shares. As different share classes have different attributes, for example charging structures and minimum investments, please be aware that their performance may be different. For more information on the different share classes in this fund please refer to the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

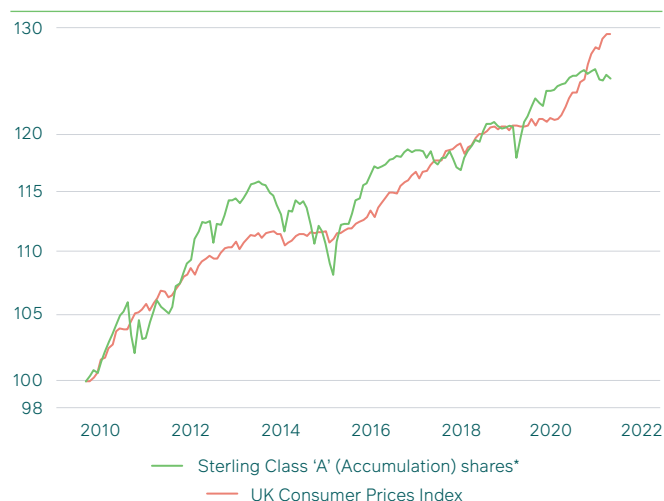
Fund level performance

Fund net asset value as at	31.03.22 £'000	31.03.21 £'000	31.03.20 £'000
Fund net asset value (NAV)	1,207,328	977,033	640,731

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares.

September 2010 = 100, plotted monthly
Chart date 1 April 2022



Source: Morningstar, Inc. and M&G

* Income reinvested

Long-term performance by share class

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

Share class	One year 01.04.21 % ^a	Three years 01.04.19 % pa	Five years 03.04.17 % pa	Since launch % pa
Sterling				
Class 'A'	+0.4	+1.7	+1.3	+2.0
Class 'I'	+0.8	+2.1	+1.8	+2.4
Class 'PP'	+0.9	n/a	n/a	+2.2
Class 'R'	+0.6	+1.9	+1.5	+2.0

^a Not annualised.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

Financial highlights

- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. As the fund invests mainly in fixed interest securities, the direct transaction costs paid on other

investments are too small to be reflected in the following table. To give an indication of the indirect portfolio dealing costs the table shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs

as at 31 March Indirect portfolio transaction costs	2022 %	2021 %	2020 %	Average ^a %
Average portfolio dealing spread	0.28	0.22	0.47	0.32

^a Average of first three columns.

Specific share class performance

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	118.31	112.29	114.10
Return before operating charges	1.76	7.35	0.32
Operating charges	(1.00)	(1.30)	(1.39)
Return after operating charges	0.76	6.05	(1.07)
Distributions	(0.12)	(0.03)	(0.74)
Closing NAV	118.95	118.31	112.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges ^c	0.84	1.11	1.15
Return after charges	+0.64	+5.39	-0.94
Distribution yield	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	2,147	2,268	2,547
Closing NAV (%)	0.18	0.23	0.40
Number of shares	1,805,283	1,916,807	2,267,975
Highest share price (UK p)	120.42	118.66	116.14
Lowest share price (UK p)	117.96	111.99	111.07

Sterling Class 'A' Accumulation share performance

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	124.46	118.09	119.18
Return before operating charges	1.85	7.74	0.31
Operating charges	(1.05)	(1.37)	(1.40)
Return after operating charges	0.80	6.37	(1.09)
Distributions	0.00	0.00	0.00
Retained distributions	0.00	0.00	0.00
Closing NAV	125.26	124.46	118.09
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges ^c	0.84	1.11	1.15
Return after charges	+0.64	+5.39	-0.91
Distribution yield	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	23,807	18,545	20,042
Closing NAV (%)	1.97	1.90	3.13
Number of shares	19,006,714	14,900,129	16,971,111
Highest share price (UK p)	126.81	124.83	121.36
Lowest share price (UK p)	124.22	117.77	116.57

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	122.35	115.55	116.80
Return before operating charges	1.82	7.58	0.30
Operating charges	(0.54)	(0.75)	(0.77)
Return after operating charges	1.28	6.83	(0.47)
Distributions	(0.13)	(0.03)	(0.78)
Closing NAV	123.50	122.35	115.55
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges ^c	0.44	0.62	0.65
Return after charges	+1.05	+5.91	-0.40
Distribution yield	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	585,158	629,862	349,131
Closing NAV (%)	48.47	64.47	54.49
Number of shares	473,800,438	514,805,754	302,141,204
Highest share price (UK p)	124.89	122.71	119.23
Lowest share price (UK p)	122.45	115.25	114.28

Sterling Class 'I' Accumulation share performance

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	130.62	123.33	123.84
Return before operating charges	1.94	8.09	0.31
Operating charges	(0.58)	(0.80)	(0.82)
Return after operating charges	1.36	7.29	(0.51)
Distributions	0.00	0.00	(0.17)
Retained distributions	0.00	0.00	0.17
Closing NAV	131.98	130.62	123.33
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges ^c	0.44	0.62	0.65
Return after charges	+1.04	+5.91	-0.41
Distribution yield	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	279,381	310,375	267,522
Closing NAV (%)	23.14	31.77	41.75
Number of shares	211,680,724	237,625,417	216,918,305
Highest share price (UK p)	133.46	130.99	126.49
Lowest share price (UK p)	130.86	123.01	121.72

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	103.20	97.31	100.00
Return before operating charges	1.51	6.36	(1.71)
Operating charges	(0.34)	(0.44)	(0.33)
Return after operating charges	1.17	5.92	(2.04)
Distributions	(0.10)	(0.03)	(0.65)
Closing NAV	104.27	103.20	97.31
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges	0.33	0.47	0.50
Return after charges	+1.13	+6.08	-2.04
Distribution yield	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	216,447	2,281	244
Closing NAV (%)	17.93	0.23	0.04
Number of shares	207,574,823	2,210,648	250,312
Highest share price (UK p)	105.41	103.49	100.32
Lowest share price (UK p)	103.38	97.06	96.24

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	105.46	99.44	100.00
Return before operating charges	1.56	6.52	(0.06)
Operating charges	(0.35)	(0.50)	(0.50)
Return after operating charges	1.21	6.02	(0.56)
Distributions	0.00	0.00	(0.21)
Retained distributions	0.00	0.00	0.21
Closing NAV	106.67	105.46	99.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges ^c	0.33	0.47	0.50
Return after charges	+1.15	+6.05	-0.56
Distribution yield	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	99,319	12,946	288
Closing NAV (%)	8.22	1.32	0.04
Number of shares	93,105,141	12,275,516	290,074
Highest share price (UK p)	107.84	105.77	101.98
Lowest share price (UK p)	105.76	99.18	98.14

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	114.88	108.77	110.22
Return before operating charges	1.70	7.14	0.29
Operating charges	(0.79)	(1.00)	(1.01)
Return after operating charges	0.91	6.14	(0.72)
Distributions	(0.12)	(0.03)	(0.73)
Closing NAV	115.67	114.88	108.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges ^c	0.69	0.88	0.90
Return after charges	+0.79	+5.64	-0.65
Distribution yield	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	209	208	401
Closing NAV (%)	0.02	0.02	0.06
Number of shares	181,092	180,942	368,700
Highest share price (UK p)	117.05	115.21	112.37
Lowest share price (UK p)	114.70	108.48	107.59

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 March Change in NAV per share	2022 UK p	2021 UK p	2020 UK p
Opening NAV	119.55	113.17	113.93
Return before operating charges	1.77	7.41	0.29
Operating charges	(0.82)	(1.03)	(1.05)
Return after operating charges	0.95	6.38	(0.76)
Distributions	0.00	0.00	(0.02)
Retained distributions	0.00	0.00	0.02
Closing NAV	120.50	119.55	113.17
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments ^a	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^b	0.00	0.00	0.00
Operating charges ^c	0.68	0.87	0.90
Return after charges	+0.79	+5.64	-0.67
Distribution yield	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	860	548	556
Closing NAV (%)	0.07	0.06	0.09
Number of shares	713,634	458,449	491,438
Highest share price (UK p)	121.94	119.90	116.14
Lowest share price (UK p)	119.49	112.87	111.70

^a In respect of direct portfolio transaction costs.

^b As a percentage of average net asset value.

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

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Statement of total return

		2022		2021	
for the year to 31 March	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(37,696)		36,172
Revenue	5	52,623		4,660	
Expenses	6	(4,838)		(4,339)	
Net revenue/(expense) before taxation		47,785		321	
Taxation	7	0		0	
Net revenue/(expense) after taxation			47,785		321
Total return before distributions			10,089	36,493	
Distributions	8		(725)		(637)
Change in net assets attributable to shareholders from investment activities			9,364	35,856	

Statement of change in net assets attributable to shareholders

for the year to 31 March	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		977,033		640,731
Amounts received on issue of shares	569,675		377,484	
Amounts paid on cancellation of shares	(349,184)		(77,517)	
		220,491		299,967
Dilution adjustments		440		479
Change in net assets attributable to shareholders from investment activities (see above)		9,364		35,856
Closing net assets attributable to shareholders		1,207,328		977,033

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Balance sheet

as at 31 March	Note	2022 £'000	2021 £'000
Assets			
Fixed assets			
Investments		1,183,208	938,875
Current assets			
Debtors	9	9,340	33,829
Cash and bank balances	10	18,637	25,886
Cash equivalents		46,177	15,056
Total assets		1,257,362	1,013,646
Liabilities			
Investment liabilities		(30,008)	(2,280)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(7,836)	(2,882)
Other creditors	11	(12,190)	(31,451)
Total liabilities		(50,034)	(36,613)
Net assets attributable to shareholders		1,207,328	977,033

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 Distribution policy

To contribute to the preservation of the share value in real terms, the amount available for distribution has been calculated to disregard the change in the Retail Prices Index during the accounting period in respect of interest from index-linked gilt-edged securities.

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

3 Net capital gains/(losses)

for the year to 31 March	2022 £'000	2021 £'000
Non-derivative securities	(17,138)	14,404
Derivative contracts	(20,767)	22,218
Currency gains/(losses)	209	(450)
Net capital gains/(losses)	(37,696)	36,172

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on pages 220 and 221.

for the year to 31 March	2022 £'000	2021 £'000		
a) Purchases				
Debt securities ^a	547,007	616,725		
b) Sales				
Debt securities ^a	342,800	330,236		
	2022 £'000	% of average NAV	2021 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Derivatives	4	0.00	3	0.00
Taxes paid				
Derivatives	4	0.00	3	0.00
Total direct portfolio transaction costs ^b	8	0.00	6	0.00

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	%	%
d) Indirect portfolio transaction costs		
Portfolio dealing spread ^c	0.28	0.22

^a These transaction types do not attract direct portfolio transaction costs

^b Costs before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

^c Average portfolio dealing spread at the balance sheet date.

5 Revenue

for the year to 31 March	2022 £'000	2021 £'000
Bank interest	33	3
Derivative revenue	5,789	2,907
Dividends from equity investments: taxable	12	33
Interest distributions	10	9
Interest on debt securities	46,763	1,701
Rebate of ongoing charges from underlying funds	16	7
Total revenue	52,623	4,660

6 Expenses

for the year to 31 March	2022 £'000	2021 £'000
Payable to the ACD or associate		
Annual charge	4,797	4,327
Other expenses		
Interest payable	41	16
Safe custody charge ^a	0	(4)
	41	12
Total expenses	4,838	4,339

Audit fees for the financial year ending 2022 were £13,000 (2021: £9,000) (including VAT), which are covered by the annual charge.

^a This amount relates to refunds received in respect of charges to the fund before the single annual charge took effect.

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7 Taxation

for the year to 31 March	2022 £'000	2021 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	47,785	321
Corporation tax at 20%	9,557	64
Effects of:		
Retail Prices Index adjustments to gilts	(10,669)	(1,016)
Current year expenses not utilised	1,112	952
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £2,064,000 (2021: £952,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

8 Distributions

for the year to 31 March	2022		2021	
Interest distributions	Inc ^a £'000	Acc ^b £'000	Inc ^a £'000	Acc ^b £'000
Interim	816	0	100	0
Final	0	0	0	0
Total net distributions	816	0	100	0
Income deducted on cancellation of shares	(103)		(124)	
Income received on issue of shares	12		661	
Distributions	725		637	
Net revenue/(expense) per statement of total return	47,785		321	
Expenses offset against capital	3,116		2,447	
Effective yield adjustment not distributed	(53,347)		(5,082)	
Income deficit transferred to capital	3,171		2,951	
Distributions	725		637	

^a Distributions payable on Income shares.

^b Retained distributions on Accumulation shares.

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9 Debtors

as at 31 March	2022 £'000	2021 £'000
Amounts receivable on issues of shares	3,792	18,564
Currency deals outstanding	0	11,246
Debt security interest receivable	4,847	3,895
Derivative revenue receivable	221	124
Distributions receivable	4	0
Sales awaiting settlement	476	0
Total debtors	9,340	33,829

10 Cash and bank balances

as at 31 March	2022 £'000	2021 £'000
Amounts held at futures clearing houses and collateral manager	13,563	286
Cash held as bank balances	5,074	25,600
Total cash and bank balances	18,637	25,886

11 Other creditors

as at 31 March	2022 £'000	2021 £'000
Amounts payable on cancellation of shares	5,472	0
Annual charge payable	137	107
Currency deals outstanding	0	11,254
Derivative expense payable	56	22
Purchases awaiting settlement	6,525	20,068
Total other creditors	12,190	31,451

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2021: same).

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13 Shares in issue

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

Share class	Opening 01.04.21	Movements Issued	Cancelled	Closing 31.03.22
Sterling				
Class 'A' Income	1,916,807	339,997	(451,521)	1,805,283
Class 'A' Accumulation	14,900,129	6,225,889	(2,119,304)	19,006,714
Class 'I' Income	514,805,754	126,556,448	(167,561,764)	473,800,438
Class 'I' Accumulation	237,625,417	78,731,953	(104,676,646)	211,680,724
Class 'PP' Income	2,210,648	206,688,876	(1,324,701)	207,574,823
Class 'PP' Accumulation	12,275,516	81,102,301	(272,676)	93,105,141
Class 'R' Income	180,942	64,597	(64,447)	181,092
Class 'R' Accumulation	458,449	314,901	(59,716)	713,634

14 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class.

Share class	Annual charge ^a %
Sterling	
Class 'A'	0.85
Class 'I'	0.45
Class 'PP'	0.35
Class 'R'	0.70

^a The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 0.04% (2021: 0.03%) of the fund's shares.

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16 Events after the balance sheet date

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

17 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2022	Liabilities 2022	Assets 2021	Liabilities 2021
Basis of valuation	£'000	£'000	£'000	£'000
Level 1	679,299	0	537,534	0
Level 2	503,909	(30,008)	401,341	(2,280)
Level 3	0	0	0	0
	1,183,208	(30,008)	938,875	(2,280)

18 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

19 Market risk sensitivity and exposure

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

The VaR limit set during the financial year to 31 March 2022 was 15% (2021: 15%).

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The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 March 2022 and 31 March 2021.

for the year to 31 March	2022 % of VaR	2022 Utilisation of VaR ^a 15%	2021 % of VaR	2021 Utilisation of VaR ^a 15%
Lowest	0.68	4.53	1.21	8.07
Highest	1.61	10.73	4.38	29.20
Average	1.01	6.73	2.03	13.51

^a The VaR on the fund has been divided by its maximum limit.

20 Credit risk

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

as at 31 March	2022 £'000	2021 £'000
Investment grade securities	1,095,107	868,626
Below investment grade securities	53,045	50,576
Unrated securities	2,692	3,410
Other investments	2,356	13,983
Total	1,153,200	936,595

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

as at 31 March 2022	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	664	21	426
Barclays Bank	21,127	74	0
BNP Paribas	92	0	0
Citigroup	(1,962)	0	0
Goldman Sachs	2,613	0	0
HSBC	0	(3,570)	0
JPMorgan	1,731	(4)	0
Standard Chartered Bank	0	(19)	0
State Street Bank	0	(289)	0
UBS	(18,545)	(3)	0
Total	5,720	(3,790)	426

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as at 31 March 2021	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	19,946	0	307
Barclays Bank	22,886	(49)	0
BNP Paribas	(214)	24	0
Citigroup	(36,005)	14	0
Goldman Sachs	35,162	0	0
JPMorgan	(22,941)	389	0
Standard Chartered Bank	0	43	0
State Street Bank	0	153	0
UBS	(5,619)	(113)	0
Total	13,215	461	307

Net exposure represents the mark-to-market value of derivative contracts less any cash collateral held. Positive exposure represents the fund's exposure to that counterparty. Negative amounts are not an exposure to the fund.

21 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2022 and 31 March 2021 are disclosed in the table below.

for the year to 31 March	2022 ^a £'000	2022 ^a % ^b	2021 ^a £'000	2021 ^a % ^b
Lowest	979,510	100.19	631,581	98.98
Highest	2,093,337	173.08	977,652	163.74
Average	1,415,548	123.96	681,325	120.11

^a Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings.

^b Expressed as a percentage over fund valuation.

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22 Interest distribution tables

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

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.04.21	30.09.21	01.10.21	30.11.21
Final	01.10.21	31.03.22	01.04.22	31.05.22

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

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

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

Sterling Class 'A' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Interim	0.0000	0.1214	0.1214	0.0290
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'I' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2022 UK p	2022 UK p	2022 UK p	2021 UK p
Interim	0.0000	0.1256	0.1256	0.0305
Final	0.0000	0.0000	0.0000	0.0000

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Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.0029	0.0994	0.1023	0.0251
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'R' Income shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.0444	0.0738	0.1182	0.0281
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 March	Income 2022 UK p	Group 2 Equalisation 2022 UK p	Group 1 & 2 Distribution 2022 UK p	2021 UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	0.0000	0.0000	0.0000	0.0000

Other regulatory disclosures

Remuneration

In line with the requirements of the Undertakings for Collective Investments in Transferable Securities (UCITS) V, M&G Securities Limited is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the UCITS Directive.

The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives of the UCITS funds managed by the UCITS Management Company. Further details of the remuneration policy can be found here: <https://www.mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies>. The remuneration policy and its implementation is reviewed on an annual basis, or more frequently where required, and is approved by the M&G plc Board Remuneration Committee.

M&G Securities Limited is required under UCITS to make quantitative disclosures of remuneration. These disclosures are made in line with M&G's interpretation of currently available guidance on quantitative remuneration disclosures. As market or regulatory guidance evolves, M&G may consider it appropriate to make changes to the way in which quantitative disclosures are calculated.

The 'Identified Staff' of M&G Securities Limited are those who could have a material impact on the risk profile of M&G Securities Limited or the UCITS funds it manages and generally includes senior management, risk takers and control functions. 'Identified Staff' typically provide both UCITS and non-UCITS related services and have a number of areas of responsibility. Therefore, only the portion of remuneration for those individuals' services which may be attributable to UCITS is included in the remuneration figures disclosed. Accordingly the figures are not representative of any individual's actual remuneration.

The amounts shown below reflect payments made in respect of the financial year 1 January 2021 to 31 December 2021.

	Fixed Remuneration £000	Variable Remuneration £000	Total £000
Senior Management	497	1,157	1,654
Other Identified Staff	5,706	20,483	26,189

Glossary

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

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

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

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

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

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

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

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

Bunds Fixed income securities issued by the German government.

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

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

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

Cash equivalents Deposits or investments with similar characteristics to cash.

Charity Authorised Investment Fund (CAIF) An investment entity that is both a registered charity and an authorised investment fund. The CAIF must comply with charity law as well as financial services laws and regulations, and is usually treated as a registered charity for tax purposes.

Comparative sector A group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the Investment Association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

Consumer Prices Index (CPI) An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

Convertible bonds Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

Corporate bonds Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

Coupon The interest paid by the government or company that has raised a loan by selling bonds.

Credit The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

Credit default swaps (CDS) Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

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

Credit rating agency A company that analyses the financial strength of issuers of fixed income securities and attaches a rating to their debt. Examples include Standard & Poor's and Moody's.

Credit risk Risk that a financial obligation will not be paid and a loss will result for the lender.

Glossary

Credit selection The process of evaluating a fixed income security, also called a bond, in order to ascertain the ability of the borrower to meet its debt obligations. This research seeks to identify the appropriate level of default risk associated with investing in that particular bond.

Credit spread The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value.

Default When a borrower does not maintain interest payments or repay the amount borrowed when due.

Defaulted bond When a bond issuer does not maintain interest payments or repay the amount borrowed when due.

Default risk Risk that a debtholder will not receive interest and full repayment of the loan when due.

Derivatives Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

Developed economy/market Well-established economies with a high degree of industrialisation, standard of living and security.

Dilution adjustments The dilution adjustment is used to protect ongoing investors against the transaction charges incurred in investing or divesting in respect of creations and cancellations. The dilution adjustment is made up of the direct and indirect transaction charges. In the financial statements the direct transaction charges as a percentage of average NAV will be disclosed. This percentage will take account of those direct transaction charges that have been recovered through the dilution adjustment leaving a percentage that just represents the costs incurred in portfolio management.

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

Distribution yield Expresses the amount that is expected to be distributed by the fund over the next 12 months as a percentage of the share price as at a certain date. It is based on the expected gross income less the ongoing charges.

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

Dividend Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

Duration A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Duration risk The longer a fixed income security, also called a bond, or bond fund's duration, the more sensitive and therefore at risk it is to changes in interest rates.

Emerging economy or market Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Equities Shares of ownership in a company.

Exchange traded Usually refers to investments traded on an exchange, such as company shares on a stock exchange.

Ex-dividend, ex-distribution or XD date The date on which declared distributions officially belong to underlying investors.

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

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

Floating rate notes (FRNs) Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

Foreign exchange The exchange of one currency for another, or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as 'forex' and occasionally as 'FX'.

Glossary

Foreign exchange (FX) strategy Currencies can be an asset class in its own right, along with company shares, fixed income securities, property and cash. Foreign exchange strategy can therefore be a source of investment returns.

Forward contract A contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Examples include forward currency contracts.

Fundamentals (company) A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

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

Futures A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a predetermined price at a future date. Futures are traded on a regulated exchange.

Gilts Fixed income securities issued by the UK government.

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

Hedging A method of reducing unnecessary or unintended risk.

High water mark (HWM) The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

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

Historic yield The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown.

Income yield Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

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

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

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

Index tracking A fund management strategy that aims to match the returns from a particular index.

Index-linked bonds Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

Inflation The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

Inflation risk The risk that inflation will reduce the return of an investment in real terms.

Initial public offering (IPO) The first sale of shares by a private company to the public.

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

Interest rate swap An agreement between two parties to swap a fixed interest payment with a variable interest payment over a specified period of time.

Investment Association (IA) The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

Investment grade bonds Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Issuer An entity that sells securities, such as fixed income securities and company shares.

Glossary

Leverage When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

Liquidity A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

Long position Refers to ownership of a security held in the expectation that the security will rise in value.

Macroeconomic Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

Maturity The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

Modified duration A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Monetary easing When central banks lower interest rates or buy securities on the open market to increase the money in circulation.

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

Monetary tightening When central banks raise interest rates or sell securities on the open market to decrease the money in circulation.

Morningstar™ A provider of independent investment research, including performance statistics and independent fund ratings.

Near cash Deposits or investments with similar characteristics to cash.

Net asset value (NAV) A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

Ongoing Charge Figure The ongoing charge figure represents the operating costs investors can reasonably expect to pay under normal circumstances.

Open-ended investment company (OEIC) A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Options Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

Over-the-counter (OTC) Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

Overweight If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

Payment date The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

Physical assets An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

Portfolio transaction cost The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

Preference shares Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

Principal The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

Private placement An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

Property Expense Ratio (PER) Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

Glossary

Real yield The return of an investment, adjusted for changes in prices in an economy.

Retail Prices Index (RPI) A UK inflation index that measures the rate of change in prices for a basket of goods and services in the UK, including mortgage payments and council tax.

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

Risk management The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

Risk premium The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

Risk-free asset An asset that notionally carries no risk of nonpayment by the borrower such as a high-quality fixed income security issued by a government or cash.

Risk/reward ratio A ratio comparing the expected returns of an investment with the amount of risk undertaken.

Safe-haven assets Refers to assets that investors perceive to be relatively safe from suffering a loss in times of market turmoil.

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

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

Share class hedging Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

Short position A way for a fund manager to express his or her view that the market might fall in value.

Short selling This often refers to the practice whereby an investor sells an asset they do not own. The investor borrows the asset from someone who does own it and pays a fee. The investor must eventually return the borrowed asset by buying it in the open market. If the asset has fallen in price, the investor buys it for less than they sold it for, thus making a profit. The contrary may also occur.

Short-dated corporate bonds Fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds Fixed income securities issued by governments and repaid over relatively short periods.

Sovereign debt Debt of a government. Also referred to as government bonds.

Sub-investment grade bonds Fixed income securities issued by a company with a low rating from a recognised credit rating agency. They are considered to be at higher risk from default than those issued by companies with higher credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Suspended Temporarily halting the trading of a listed security on the stock exchange. It can be voluntary (requested by the issuing company) or imposed by regulators. Typically, trading suspensions are introduced ahead of important news announcements, following technical glitches, or due to regulatory concerns.

Swing pricing Swing pricing is a method of protecting long-term shareholders in the fund from bearing the costs of transactions carried out by shorter-term investors. When investors buy or sell shares in the fund, the fund manager has to buy or sell underlying securities to either invest the cash obtained from investors, or to provide them with cash in exchange for their shares. Swing pricing essentially adjusts the fund shares' daily price to take into account the costs of buying or selling the underlying securities held by the fund. This ensures that transaction costs such as brokerage fees and administrative charges are borne by those investors who trade shares in the fund, not by those who remain invested in the fund. (Also see dilution adjustment).

Top-down investing An investment approach that analyses economic factors, ie surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at which industries are likely to generate the best returns in certain economic conditions and limit the search to that area.

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

Treasuries Fixed income securities issued by the US government.

Glossary

Triple A or AAA rated The highest possible rating a fixed income security, also called a bond, can be assigned by credit rating agencies. Bonds that are rated AAA are perceived to have the lowest risk of default. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

UCITS Stands for Undertakings for Collective Investment in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

Unconstrained The term used to describe the mandate of a fund whereby the manager has the freedom to invest according to his or her own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

Underlying value The fundamental value of a company, reflecting both tangible and intangible assets, rather than the current market value.

Underlying yield Refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

Underweight If a portfolio is 'underweight' a stock, it holds a smaller proportion of that stock than the comparable index or sector.

Unit trust A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Unit/share type Type of units/shares held by investors in a trust or fund (unit/share types differ by features such as whether income is to be paid out as cash or reinvested on the payment date).

Unlisted/unquoted stocks Shares of ownership in companies that are not listed on a public exchange, known as private companies.

Valuation The worth of an asset or company based on its current price.

Volatile When the value of a particular share, market or sector swings up and down fairly frequently and/or significantly, it is considered volatile.

Volatility The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

Warrant A security issued by a company that gives the holder the right to buy shares in that company at a specified price and within a certain timeframe.

Yield This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (equity) Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (bonds) This refers to the interest received from a fixed income security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

Yield (income) Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

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