

# M&G Strategic Corporate Bond Fund

**Annual report and audited financial statements  
for the year ended 31 August 2024**

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# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Strategic Corporate Bond Fund presents its annual report and audited financial statements for the year ended 31 August 2024.

The audited financial statements of M&G Strategic Corporate Bond Fund, the Authorised Corporate Director's Reports including the portfolio statement, financial highlights and the audited financial statements and notes of the fund are presented in their individual sections of this report as set out in the contents page.

Please note that an explanation of key investment terminology is available on our website at [mandg.com/private-investor/glossary](https://mandg.com/private-investor/glossary). A printed copy of the glossary is available upon request by calling customer services and administration as shown within the 'Investor information' section of this report.

## Company information

This Open-Ended Investment Company (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 Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The Company 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 FCA.

The Company was authorised on 12 June 2009 and the fund was launched on 1 September 2009.

The Company's principal activity is to carry out business as an 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.

## Co-fund managers

Richard Woolnough & Ben Lord are employed by M&G FA Limited which is an associate of M&G Securities Limited.

## ACD

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

## Directors of the ACD

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

## Investment manager

M&G Investment Management Limited  
10 Fenchurch Avenue, London EC3M 5AG, UK  
(Authorised and regulated by the Financial Conduct Authority)

## Registrar

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

## Depository

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

## Independent auditor

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

# Authorised Corporate Director's Report

## Annual value assessment

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

## Climate-related Financial Disclosures (TCFD)

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

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

## Important information

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

From January 2025 the operating charge figure will not include the underlying charges for closed-ended-funds, such as investment trusts and real estate investment trusts. There is no change to what you are currently being charged, this is a presentational change to align with the latest industry guidance issued by the Investment Association.

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

## Investor information

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

## Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

# Authorised Corporate Director's Report

## Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim reports for the Company. The ACD must ensure that the financial statements contained in this report for the fund, 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 FCA.

M&G Securities Limited  
7 November 2024

# Depository's Responsibilities and Report

## Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Strategic Corporate Bond Fund ('the Company') for the year ended 31 August 2024

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh  
7 November 2024

NatWest Trustee and  
Depository Services Limited

# Independent Auditor's Report

## Independent Auditor's Report to the shareholders of M&G Strategic Corporate Bond Fund

### Opinion

We have audited the financial statements of M&G Strategic Corporate Bond Fund ("the Company") for the year ended 31 August 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 August 2024 and of the net revenue and the net capital gains on the scheme property of the Company 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 require us to report to you if, in our opinion:

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

## Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 3, 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 Generally Accepted Accounting Practice (UK GAAP), the Investment Management 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 administrators 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.
- 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 to identify non-compliance with the applicable laws and regulations.

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

## Use of our report

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

Edinburgh  
7 November 2024

Ernst & Young LLP  
Statutory Auditor

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 14 June 2024 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average return of the iBoxx Sterling Corporates GBP Index, over any five-year period.

## Investment policy

At least 70% of the fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities including investment grade asset-backed securities. These securities can be issued by companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

Other investments may include:

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

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

The fund aims to hedge any non-sterling assets to sterling.

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

## Investment approach

The fund is diversified across a range of investment grade debt securities from a variety of sectors and geographies. The fund's investment approach is based on the principle that returns from corporate bond markets are driven by a combination of macroeconomic, asset class, sector, geographic and stock-level factors. As different factors dominate returns at different stages of the economic cycle, the managers apply a flexible investment approach, changing the blend of duration and credit exposure in the portfolio to weight them appropriately.

The fund managers have the freedom to take a high-conviction approach when selecting credits for the fund. Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund managers' views.

## Benchmark

iBoxx Sterling Corporates GBP Index

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

The fund is actively managed. The fund managers have complete freedom in choosing which investments to buy, hold and sell in the fund.

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

# Authorised Corporate Director's Report

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 31 to 33.

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



### The above number:

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

## Investment review

For the year ended 31 August 2024

### Performance against objective

Between 1 September 2023 and 31 August 2024 (the period under review), the M&G Strategic Corporate Bond Fund delivered a positive total return (the combination of income and capital growth) across all its sterling share classes. The fund comfortably outperformed its benchmark, which returned 10.5% over the period.

The fund has achieved its objective to provide a combination of capital growth and income, net of the ongoing charge figure, higher than the average return of the benchmark over any five-year period, for all sterling share classes. Over the five-year period, the benchmark returned -0.2% pa. Prior to 6 March 2023, the benchmark was the IA Sterling Corporate Bond sector, thereafter it is the iBoxx Sterling Corporates GBP index.

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 fixed income (bonds) markets generated positive results during the period, marked by resilient macroeconomic environment data across developed markets, with easing inflation concerns. The review period started with global bonds enjoying a remarkable rally in the last two months of 2023, dragging fixed income markets out of a potential third consecutive year of declines. However, at the beginning of 2024, this rally in bond markets faded as investors pushed back their timing of potential interest rate cuts by central banks.

Inflation and central bank policy decisions continued to remain in focus for the corporate bond market as the period progressed. The global economy showed signs of improvement in the second quarter of 2024, with disinflationary trends resuming and steering clear of a recession. At the end of the period, credit spreads started widening owing to underwhelming economic data out of the US. Credit spreads measure the difference between the yield of a corporate bond and a government bond of the same maturity. However, despite the slight overall weakness in spreads, credit markets ended on a positive note given the move lower in government bond yields. A move lower in interest rates increases the prices of fixed-rate assets, such as bonds, which move in the opposite direction to yields.

Against this backdrop, the global investment grade market (for corporate bonds with a low risk of default) performed positively, with US and euro corporate bonds marginally behind their UK counterparts. Given that investment grade corporate bonds make up the bulk of our holdings, their performance was beneficial for the fund. High-yield bonds (which compensate investors for greater risk) performed better, with both US and European indices in positive territory, further contributing to the performance of the fund. Core government bonds generally posted positive returns over the year, as yields (which move in the opposite direction to bond prices) fell.

# Authorised Corporate Director's Report

The fund delivered positive returns, outperforming its benchmark. Fund performance was driven by the underlying performance of holdings in quality corporate bonds issued by utility and consumer goods companies. Both credit positioning and yield curve positioning (the yield curve plots the yield – or interest rate – of bonds with different maturity dates) contributed positively. On the latter, we focus on bonds of particular maturities in order to benefit from expected changes in interest rates across the yield curve. Within credit, asset allocation had a positive impact, but security selection was the key driver of relative performance. At the sector level, investment grade bonds from non-financial companies made the biggest relative contribution, followed by those from financial companies.

One of the key drivers of a bond fund's performance is its ability to adjust the portfolio's sensitivity to changes in interest rates, known as 'duration' and it is measured in years. Being longer in duration means a fund is relatively more sensitive to interest rate changes than shorter-duration funds. We maintained a significant overweight of 1.4 years over and above the benchmark duration of 5.8 years at the end of the review period. Our duration positioning, especially in US dollar and euro, has been a positive contributor to relative performance.

## Investment activities

At the start of the period, as credit spreads tightened, we reduced our exposure to some recent strong performers. This included long-dated bonds from energy provider SSE and Gatwick Funding. We also reduced our holdings in Ørsted, Broadcom, Thames Water, Hammerson, Legal & General, Mondelēz International, and Shell International Finance. Conversely, we acquired attractive assets such as ABN AMRO, Barclays, HSBC, Aviva, NatWest, British American Tobacco (BAT International Finance), and Berkshire Hathaway.

In the primary market, we engaged with a covered bond issue from UK bank HSBC and purchased sterling bonds from Suez, Southern Gas, and Leeds Building Society. During a period of market weakness in

October, we strategically added selective credits to our portfolio, including Apple.

We also realised profits from our positions in Ford Motor and McDonald's, strategically lightening our credit risk exposure through US banks and certain long-dated bonds that had shown strong performance.

In the first quarter of 2024, we capitalised on market dislocations through relative value trades, focusing on companies like French utility firm EDF and British American Tobacco (BAT International Finance). We also sought opportunities within longer-dated UK gilts and expanded our holdings in the financial sector by purchasing bonds from Nationwide, Lloyds, and Santander.

Finally, we adjusted our portfolio by reducing our exposure to the water utilities sector. This involved selling our positions in Wales & West Utilities Finance and Engie, thereby rebalancing our investments in line with our strategic objectives.

## Outlook

Globally, inflation has continued to trend in the right direction. Rhetoric from central banks remains supportive for further monetary easing and rate cuts. We believe the macroeconomic backdrop is positive for fixed income, save for any significant inflationary shocks which could potentially derail central banks from their path of monetary easing. Credit spreads are not necessarily attractive from a historical perspective, as they reflect solid credit fundamentals and a supportive policy backdrop. However, investors are being well compensated for default risk. The all-in yield on offer remains compelling. We also expect anticipated rate cuts to be supportive for high-yield issuers and markets.

## Richard Woolnough & Ben Lord

Co-fund managers

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Equities</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
103,500 Codere SA <sup>a</sup>	0	0.00	
<b>Fixed income</b>	<b>1,197,022</b>	<b>95.65</b>	<b>93.19</b>
<b>Debt securities</b>	<b>1,198,256</b>	<b>95.75</b>	<b>92.91</b>
<b>'AAA' credit rated bonds</b>	<b>183,984</b>	<b>14.70</b>	<b>2.33</b>
£5,000,000 Bank of Montreal FRN 5.6300% 02/09/2027	5,018	0.40	
£10,000,000 Barclays Bank U.K. PLC FRN 5.6044% 13/03/2029	10,008	0.80	
£2,065,000 Clydesdale Bank PLC FRN 5.7051% 22/09/2028	2,071	0.16	
£25,000,000 European Investment Bank 4.875% 16/12/2030	26,173	2.09	
£931,000 HSBC U.K. Bank PLC FRN 5.4797% 25/08/2028	933	0.07	
£15,000,000 Inter-American Development Bank 4.75% 05/10/2029	15,496	1.24	
£1,500,000 Inter-American Development Bank 5% 20/07/2030	1,573	0.13	
£15,000,000 Kreditanstalt fuer Wiederaufbau 4.875% 03/02/2031	15,738	1.26	
£9,000,000 Leeds Building Society FRN 5.5566% 04/04/2029	9,011	0.72	
£15,000,000 Lloyds Bank PLC 6% 08/02/2029	15,967	1.28	
US\$5,000,000 Microsoft Corp. 3.45% 08/08/2036	3,477	0.28	
£5,000,000 National Australia Bank Ltd. FRN 5.7234% 17/06/2026	5,015	0.40	
£5,000,000 National Westminster Bank PLC FRN 5.5414% 28/03/2029	5,001	0.40	
£19,000,000 Nationwide Building Society FRN 5.6916% 24/10/2030	19,092	1.53	
£8,796,000 Permanent Master Issuer PLC FRN 5.5963% 15/07/2073	8,822	0.70	
£14,000,000 Santander U.K. PLC 5.25% 16/02/2029	14,528	1.16	
£4,000,000 TSB Bank PLC FRN 5.4751% 22/06/2028	3,980	0.32	
£12,000,000 Wellcome Trust Finance PLC 4.625% 25/07/2036	12,048	0.96	
£5,000,000 Westpac Banking Corp. FRN 5.6891% 03/07/2028	5,003	0.40	
£5,000,000 Westpac Banking Corp. FRN 5.8073% 11/01/2028	5,030	0.40	
<b>'AA' credit rated bonds</b>	<b>222,081</b>	<b>17.75</b>	<b>8.28</b>
£25,000,000 Apple, Inc. 3.05% 31/07/2029	23,809	1.90	
£5,000,000 Land Securities Capital Markets PLC 2.399% 08/02/2031	4,545	0.36	
£6,000,000 Land Securities Capital Markets PLC 4.75% 18/09/2031	6,012	0.48	
£786,376 Metrocentre Partnership FRN 16.2% 04/12/2024	786	0.06	
£5,000,000 Metropolitan Life Global Funding I 0.625% 08/12/2027	4,391	0.35	
£5,000,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	4,448	0.36	
£7,000,000 Metropolitan Life Global Funding I 5% 10/01/2030	7,102	0.57	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'AA' credit rated bonds (continued)</b>			
£5,000,000 Nestle Capital Corp. 4.5% 22/03/2029	5,028	0.40	
£5,000,000 New York Life Global Funding 4.875% 30/04/2031	5,067	0.40	
£5,000,000 New York Life Global Funding 4.95% 07/12/2029	5,101	0.41	
£3,000,000 Pacific Life Global Funding II 5.375% 30/11/2028	3,077	0.25	
€4,700,000 SNCF Reseau 4.125% 22/03/2062	4,014	0.32	
£115,000,000 U.K. Gilts 0.625% 22/10/2050	48,121	3.85	
£35,000,000 U.K. Gilts 0.875% 31/01/2046	17,970	1.44	
£25,000,000 U.K. Gilts 1.5% 31/07/2053	13,060	1.04	
£40,000,000 U.K. Gilts 1.75% 22/07/2057	21,682	1.73	
£7,500,000 U.K. Gilts 3.75% 22/10/2053	6,598	0.53	
£45,000,000 U.K. Gilts 4% 22/10/2063	41,270	3.30	
<b>'A' credit rated bonds</b>	<b>159,057</b>	<b>12.71</b>	<b>12.49</b>
£4,000,000 Anglian Water Services Financing PLC 2.75% 26/10/2029	3,569	0.29	
£7,000,000 Australia & New Zealand Banking Group Ltd. Var 1.809% 16/09/2031	6,502	0.52	
£800,000 Banco Santander SA 5.125% 25/01/2030	809	0.06	
£1,000,000 Banco Santander SA 5.375% 17/01/2031	1,019	0.08	
£1,900,000 Banco Santander SA Var 4.75% 30/08/2028	1,893	0.15	
£10,000,000 Bank of America Corp. Var 1.667% 02/06/2029	8,908	0.71	
US\$2,500,000 Bank of America Corp. Var 2.572% 20/10/2032	1,640	0.13	
£18,000,000 Berkshire Hathaway Finance Corp. 2.375% 19/06/2039	13,078	1.05	
£10,000,000 BP Capital Markets PLC 5.773% 25/05/2038	10,638	0.85	
£5,000,000 Credit Agricole SA Var 6.375% 14/06/2031	5,311	0.42	
£4,000,000 East Japan Railway Co. 5.25% 22/04/2033	4,109	0.33	
£2,100,000 Housing Finance Corp. Ltd. 5% 30/09/2027	2,065	0.16	
£2,000,000 HSBC Holdings PLC Var 3% 29/05/2030	1,823	0.15	
£2,000,000 International Business Machines Corp. 4.875% 06/02/2038	1,929	0.15	
£8,000,000 JPMorgan Chase & Co. Var 1.895% 28/04/2033	6,586	0.53	
US\$5,000,000 JPMorgan Chase & Co. Var 2.739% 15/10/2030	3,476	0.28	
€4,000,000 JT International Financial Services BV 3.625% 11/04/2034	3,326	0.27	
£2,000,000 KBC Group NV Var 5.5% 20/09/2028	2,028	0.16	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
£1,000,000 Leeds Building Society 1.375% 06/10/2027	902	0.07	
£10,000,000 Morgan Stanley Var 5.789% 18/11/2033	10,479	0.84	
US\$1,500,000 National Australia Bank Ltd. Var 3.347% 12/01/2037	994	0.08	
£3,000,000 Notting Hill Genesis 3.75% 20/12/2032	2,755	0.22	
€10,000,000 Philip Morris International, Inc. 1.45% 01/08/2039	5,787	0.46	
€12,000,000 Philip Morris International, Inc. 1.875% 06/11/2037	7,780	0.62	
€7,500,000 Philip Morris International, Inc. 2% 09/05/2036	5,159	0.41	
£5,000,000 Royal Bank of Canada 5% 24/01/2028	5,037	0.40	
£5,000,000 Shell International Finance BV 1% 10/12/2030	4,091	0.33	
£2,500,000 Society of Lloyd's Var 4.875% 07/02/2047	2,445	0.20	
£4,000,000 Toronto-Dominion Bank 2.875% 05/04/2027	3,802	0.30	
€6,000,000 TotalEnergies SE Var 2.125% Perpetual	4,260	0.34	
£4,054,000 UBS Group AG Var 1.875% 03/11/2029	3,577	0.29	
£5,000,000 UBS Group AG Var 2.25% 09/06/2028	4,625	0.37	
£7,500,000 UBS Group AG Var 7.375% 07/09/2033	8,500	0.68	
£10,500,000 Zurich Finance Ireland Designated Activity Co. Var 5.125% 23/11/2052	10,155	0.81	
<b>'BBB' credit rated bonds</b>	<b>619,199</b>	<b>49.48</b>	<b>67.11</b>
£6,000,000 ABN AMRO Bank NV 5.125% 22/02/2028	6,053	0.48	
US\$3,000,000 AerCap Ireland Capital DAC/AerCap Global Aviation Trust 3.3% 30/01/2032	2,024	0.16	
€10,000,000 Altria Group, Inc. 3.125% 15/06/2031	7,972	0.64	
£4,000,000 America Movil SAB de CV 4.948% 22/07/2033	3,978	0.32	
£2,569,000 Annington Funding PLC 2.308% 06/10/2032	2,019	0.16	
£2,910,000 Annington Funding PLC 2.924% 06/10/2051	1,705	0.14	
£6,000,000 Annington Funding PLC 3.685% 12/07/2034	5,058	0.40	
£2,500,000 Annington Funding PLC 3.935% 12/07/2047	1,851	0.15	
£2,000,000 APA Infrastructure Ltd. 2.5% 15/03/2036	1,469	0.12	
£2,000,000 APA Infrastructure Ltd. 3.125% 18/07/2031	1,752	0.14	
£3,000,000 Aroundtown SA 3% 16/10/2029	2,495	0.20	
US\$2,000,000 Aroundtown SA 5.375% 21/03/2029	1,418	0.11	



# Portfolio statement

## Investments (continued)

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£12,000,000 AT&T, Inc. 4.375% 14/09/2029	11,707	0.94	
£5,000,000 AT&T, Inc. 5.2% 18/11/2033	5,003	0.40	
£7,000,000 Aviva PLC Var 4% 03/06/2055	5,800	0.46	
£7,000,000 Aviva PLC Var 4.375% 12/09/2049	6,544	0.52	
£7,000,000 Aviva PLC Var 5.125% 04/06/2050	6,732	0.54	
£3,000,000 Banco Bilbao Vizcaya Argentaria SA Var 3.104% 15/07/2031	2,854	0.23	
£10,000,000 Banco Santander SA Var 2.25% 04/10/2032	9,020	0.72	
US\$1,400,000 Banco Santander SA Var 3.225% 22/11/2032	916	0.07	
£10,000,000 Barclays PLC Var 6.369% 31/01/2031	10,469	0.84	
£2,000,000 Barclays PLC Var 8.407% 14/11/2032	2,127	0.17	
€25,000,000 BAT International Finance PLC 4.125% 12/04/2032	21,105	1.69	
£3,900,000 BNP Paribas SA 2.875% 24/02/2029	3,574	0.29	
£9,000,000 BNP Paribas SA 5.75% 13/06/2032	9,295	0.74	
US\$2,000,000 Boeing Co. 5.15% 01/05/2030	1,514	0.12	
US\$5,000,000 Boeing Co. 5.805% 01/05/2050	3,615	0.29	
US\$2,000,000 Boeing Co. 5.93% 01/05/2060	1,441	0.12	
£9,000,000 BPCE SA 5.25% 16/04/2029	8,884	0.71	
£4,100,000 BPCE SA Var 2.5% 30/11/2032	3,689	0.29	
£8,000,000 British Telecommunications PLC 3.125% 21/11/2031	7,105	0.57	
£5,000,000 British Telecommunications PLC 6.375% 23/06/2037	5,398	0.43	
£3,000,000 BUPA Finance PLC 4.125% 14/06/2035	2,489	0.20	
£3,000,000 BUPA Finance PLC 5% 08/12/2026	2,977	0.24	
£5,000,000 Cadent Finance PLC 2.625% 22/09/2038	3,557	0.28	
£4,400,000 CaixaBank SA Var 3.5% 06/04/2028	4,224	0.34	
£2,500,000 CaixaBank SA Var 6.875% 25/10/2033	2,576	0.21	
US\$941,000 Celanese U.S. Holdings LLC 6.379% 15/07/2032	757	0.06	
£3,568,000 Centrica PLC 7% 19/09/2033	4,019	0.32	
£5,000,000 Channel Link Enterprises Finance PLC Var 3.043% 30/06/2050	4,467	0.36	
£7,000,000 Cooperatieve Rabobank UA 4.625% 23/05/2029	6,815	0.54	
£3,000,000 Coventry Building Society 2% 20/12/2030	2,482	0.20	



# Portfolio statement

## Investments (continued)

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£3,500,000 CPUK Finance Ltd. 3.69% 28/02/2047	3,263	0.26	
£2,000,000 Credit Agricole SA Var 1.874% 09/12/2031	1,845	0.15	
£5,000,000 Danske Bank AS Var 2.25% 14/01/2028	4,680	0.37	
£730,284 Delamare Finance PLC 5.5457% 19/02/2029	737	0.06	
£2,500,000 Deutsche Bank AG Var 6.125% 12/12/2030	2,569	0.21	
£2,261,000 DWR Cymru Financing U.K. PLC 2.375% 31/03/2034	1,627	0.13	
£600,000 E.ON International Finance BV 4.75% 31/01/2034	582	0.05	
£2,800,000 E.ON International Finance BV 5.875% 30/10/2037	2,926	0.23	
£2,000,000 E.ON International Finance BV 6.25% 03/06/2030	2,130	0.17	
£3,000,000 E.ON International Finance BV 6.375% 07/06/2032	3,248	0.26	
US\$600,000 Electricite de France SA 4.5% 04/12/2069	347	0.03	
£2,750,000 Electricite de France SA 5.125% 22/09/2050	2,383	0.19	
£4,500,000 Electricite de France SA 5.5% 25/01/2035	4,404	0.35	
£2,000,000 Electricite de France SA 5.5% 27/03/2037	1,932	0.15	
£3,100,000 Electricite de France SA 5.5% 17/10/2041	2,917	0.23	
£3,500,000 Electricite de France SA 6% 23/01/2114	3,285	0.26	
£2,500,000 Electricite de France SA 6.125% 02/06/2034	2,593	0.21	
€887,000 Engie SA 5.95% 16/03/2111	928	0.07	
€356,000 Eni SpA Var 3.375% Perpetual	285	0.02	
£1,865,000 ENW Finance PLC 4.893% 24/11/2032	1,859	0.15	
£2,000,000 Eversholt Funding PLC 3.529% 07/08/2042	1,616	0.13	
£15,462,000 Gatwick Funding Ltd. 3.125% 28/09/2041	11,691	0.93	
£2,000,000 Gatwick Funding Ltd. 4.625% 27/03/2036	1,895	0.15	
£4,000,000 Gatwick Funding Ltd. 5.5% 04/04/2042	3,942	0.31	
£1,000,000 Gatwick Funding Ltd. 5.75% 23/01/2039	1,022	0.08	
£5,000,000 General Motors Financial Co., Inc. 5.5% 12/01/2030	5,048	0.40	
£2,000,000 Goldman Sachs Group, Inc. Var 3.625% 29/10/2029	1,904	0.15	
£3,500,000 Grainger PLC 3% 03/07/2030	3,026	0.24	
£1,594,688 Greene King Finance PLC 4.0643% 15/03/2035	1,473	0.12	
£1,502,199 Greene King Finance PLC 5.318% 15/09/2031	1,483	0.12	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£2,500,000 Hammerson PLC 7.25% 21/04/2028	2,632	0.21	
£10,000,000 Heathrow Funding Ltd. 2.75% 13/10/2031	9,089	0.73	
£3,000,000 Heathrow Funding Ltd. 6.45% 10/12/2033	3,223	0.26	
£8,000,000 Heathrow Funding Ltd. 7.075% 04/08/2030	8,561	0.68	
£8,000,000 HJ Heinz Finance U.K. PLC 6.25% 18/02/2030	8,406	0.67	
£5,000,000 Holcim Sterling Finance Netherlands BV 3% 12/05/2032	4,335	0.35	
£3,000,000 HSBC Holdings PLC 7% 07/04/2038	3,274	0.26	
£3,000,000 HSBC Holdings PLC Var 8.201% 16/11/2034	3,295	0.26	
€4,000,000 Iberdrola International BV Var 2.25% Perpetual	3,089	0.25	
£25,000,000 Imperial Brands Finance PLC 4.875% 07/06/2032	23,915	1.91	
£4,000,000 ING Groep NV Var 6.25% 20/05/2033	4,078	0.33	
£7,000,000 InterContinental Hotels Group PLC 3.375% 08/10/2028	6,595	0.53	
£5,000,000 Intesa Sanpaolo SpA 2.5% 15/01/2030	4,380	0.35	
£2,000,000 Intesa Sanpaolo SpA 6.625% 31/05/2033	2,137	0.17	
£822,000 Koninklijke KPN NV 5.75% 17/09/2029	852	0.07	
£4,000,000 La Banque Postale SA Var 5.625% 21/09/2028	4,022	0.32	
£5,000,000 Legal & General Group PLC Var 4.5% 01/11/2050	4,617	0.37	
£7,000,000 Legal & General Group PLC Var 5.125% 14/11/2048	6,880	0.55	
£350,000 Lloyds Bank PLC 11.75% Perpetual	570	0.05	
£12,500,000 Lloyds Banking Group PLC Var 2.707% 03/12/2035	10,401	0.83	
£1,562,000 Logisor Financing SARL 2.75% 15/01/2030	1,335	0.11	
£1,750,000 Longstone Finance PLC 4.896% 19/04/2036	1,639	0.13	
£10,000,000 Manchester Airport Group Funding PLC 4.75% 31/03/2034	9,822	0.78	
£4,000,000 McDonald's Corp. 5.875% 23/04/2032	4,299	0.34	
£18,666,000 Mexico Government International Bonds 5.625% 19/03/2114	13,860	1.11	
£858,120 Mitchells & Butlers Finance PLC 5.574% 15/12/2030	857	0.07	
£2,438,040 Mitchells & Butlers Finance PLC FRN 5.9632% 15/12/2033	2,239	0.18	
£9,000,000 National Gas Transmission PLC 1.125% 14/01/2033	6,477	0.52	
£5,000,000 National Gas Transmission PLC 1.375% 07/02/2031	3,971	0.32	
£2,000,000 National Gas Transmission PLC 5.75% 05/04/2035	2,032	0.16	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£7,000,000 National Grid Electricity Distribution West Midlands PLC 5.75% 16/04/2032	7,237	0.58	
£2,000,000 National Grid Electricity Transmission PLC 1.125% 07/07/2028	1,743	0.14	
£3,000,000 National Grid Electricity Transmission PLC 2% 16/09/2038	2,005	0.16	
£2,000,000 Nationwide Building Society Var 6.178% 07/12/2027	2,048	0.16	
£5,000,000 NatWest Group PLC Var 2.105% 28/11/2031	4,658	0.37	
£658,000 NatWest Group PLC Var 3.619% 29/03/2029	628	0.05	
£1,669,000 NatWest Group PLC Var 3.622% 14/08/2030	1,644	0.13	
£2,500,000 NIE Finance PLC 5.875% 01/12/2032	2,642	0.21	
£3,000,000 Nordea Bank Abp Var 1.625% 09/12/2032	2,677	0.21	
£3,000,000 Northern Gas Networks Finance PLC 5.625% 23/03/2040	3,010	0.24	
£1,286,000 Northumbrian Water Finance PLC 5.5% 02/10/2037	1,223	0.10	
£2,500,000 Northumbrian Water Finance PLC 5.625% 29/04/2033	2,454	0.20	
£10,000,000 Pearson Funding PLC 3.75% 04/06/2030	9,309	0.74	
US\$8,000,000 Republic of Italy Government International Bonds 3.875% 06/05/2051	4,424	0.35	
£1,500,000 Republic of Italy Government International Bonds 6% 04/08/2028	1,547	0.12	
£4,000,000 Santander U.K. Group Holdings PLC Var 2.421% 17/01/2029	3,669	0.29	
£1,714,000 Severn Trent Utilities Finance PLC 2% 02/06/2040	1,072	0.09	
£2,285,000 Severn Trent Utilities Finance PLC 2.75% 05/12/2031	1,940	0.15	
£3,500,000 Severn Trent Utilities Finance PLC 6.25% 07/06/2029	3,635	0.29	
£2,620,000 Skipton Building Society Var 6.25% 25/04/2029	2,691	0.22	
US\$2,000,000 Societe Generale SA Var 7.132% 19/01/2055	1,538	0.12	
£2,930,000 Southern Gas Networks PLC 1.25% 02/12/2031	2,268	0.18	
£5,000,000 Southern Gas Networks PLC 3.1% 15/09/2036	3,950	0.32	
£1,500,000 Southern Water Services Finance Ltd. 2.375% 28/05/2028	1,195	0.10	
£5,000,000 Southern Water Services Finance Ltd. 3% 28/05/2037	3,304	0.26	
£6,000,000 SSE PLC 8.375% 20/11/2028	6,796	0.54	
US\$2,000,000 Stora Enso OYJ 7.25% 15/04/2036	1,634	0.13	
£2,000,000 Suez SACA 6.625% 05/10/2043	2,192	0.18	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£1,564,000 Swedbank AB Var 1.375% 08/12/2027	1,449	0.12	
£1,846,000 Swedbank AB Var 7.272% 15/11/2032	1,924	0.15	
£5,000,000 Tesco Corporate Treasury Services PLC 5.5% 27/02/2035	5,046	0.40	
US\$5,000,000 Tesco PLC 6.15% 15/11/2037	3,944	0.32	
£1,768,840 Tesco Property Finance 3 PLC 5.744% 13/04/2040	1,788	0.14	
£1,797,415 Tesco Property Finance 4 PLC 5.8006% 13/10/2040	1,819	0.15	
£4,625,943 Tesco Property Finance 5 PLC 5.6611% 13/10/2041	4,639	0.37	
£6,152,871 Tesco Property Finance 6 PLC 5.4111% 13/07/2044	6,025	0.48	
£600,000 Trafford Centre Finance Ltd. FRN 5.8521% 28/07/2038	473	0.04	
£6,000,000 Verizon Communications, Inc. 1.875% 19/09/2030	5,097	0.41	
£10,000,000 Verizon Communications, Inc. 4.75% 17/02/2034	9,767	0.78	
US\$5,000,000 Vodafone Group PLC 5.875% 28/06/2064	3,848	0.31	
£10,000,000 Volkswagen International Finance NV 4.125% 17/11/2031	9,362	0.75	
US\$2,000,000 Warnermedia Holdings, Inc. 4.279% 15/03/2032	1,332	0.11	
€2,000,000 Warnermedia Holdings, Inc. 4.302% 17/01/2030	1,665	0.13	
£5,000,000 Wells Fargo & Co. 2.125% 24/09/2031	4,180	0.33	
£5,000,000 Wells Fargo & Co. 3.5% 12/09/2029	4,699	0.38	
£4,000,000 Wells Fargo & Co. 4.875% 29/11/2035	3,748	0.30	
£4,000,000 Welltower OP LLC 4.8% 20/11/2028	3,958	0.32	
£4,000,000 Westfield America Management Ltd. 2.625% 30/03/2029	3,543	0.28	
£5,000,000 Whitbread Group PLC 2.375% 31/05/2027	4,624	0.37	
£5,000,000 Whitbread Group PLC 3% 31/05/2031	4,353	0.35	
£9,000,000 WPP Finance 2017 3.75% 19/05/2032	8,090	0.65	
£1,500,000 Yorkshire Building Society Var 1.5% 15/09/2029	1,301	0.10	
£2,000,000 Yorkshire Water Finance PLC 5.25% 28/04/2030	1,921	0.15	
<b>'BB' credit rated bonds</b>	<b>13,915</b>	<b>1.11</b>	<b>2.37</b>
£4,500,000 Bank of Ireland Group PLC Var 7.594% 06/12/2032	4,692	0.37	
£1,600,000 Daily Mail & General Trust PLC 6.375% 21/06/2027	1,528	0.12	
£1,214,000 Intesa Sanpaolo SpA 5.148% 10/06/2030	1,146	0.09	
£2,000,000 Intesa Sanpaolo SpA 8.505% 20/09/2032	2,218	0.18	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.24 £'000	as at 31.08.24 %	as at 31.08.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
£2,000,000 Lloyds Banking Group PLC Var 7.875% Perpetual	2,043	0.16	
£348,863 Marston's Issuer PLC Var 6.4856% 15/10/2027	330	0.03	
£1,250,000 Thames Water Utilities Finance PLC 4% 19/06/2025	1,008	0.08	
€1,500,000 Thames Water Utilities Finance PLC 4% 18/04/2027	950	0.08	
<b>'CCC' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>0.33</b>
<b>'D' credit rated bonds</b>	<b>20</b>	<b>0.00</b>	<b>0.00</b>
€350,000 Lehman Brothers Holdings, Inc. 0% 26/09/2040 <sup>b</sup>	0	0.00	
€602,115 Silverback Finance DAC 3.1261% 25/02/2037	20	0.00	
<b>Debt derivatives</b>	<b>(1,234)</b>	<b>(0.10)</b>	<b>0.28</b>
<b>Interest rate swaps</b>	<b>(25)</b>	<b>0.00</b>	<b>0.21</b>
£2,300,000 Pay 3.9077% Receive VAR 15/11/2053	(25)	0.00	
<b>Interest rate futures</b>	<b>(1,209)</b>	<b>(0.10)</b>	<b>0.07</b>
(246) CBOT U.S. Long Bond Futures Dec 2024	99	0.01	
(500) Eurex 10 Year Euro BUND Futures Sep 2024	(1,276)	(0.10)	
540 Long Gilt Futures Dec 2024	(32)	(0.01)	
<b>Currency</b>	<b>1,479</b>	<b>0.12</b>	<b>(0.02)</b>
<b>Forward currency contracts</b>	<b>1,479</b>	<b>0.12</b>	<b>(0.02)</b>
€1,185,315 Bought for £1,006,738 (expires 18.09.24)	(9)	0.00	
€(83,741,501) Sold for £71,328,904 (expires 18.09.24)	853	0.07	
US\$(54,049,041) Sold for £41,660,982 (expires 18.09.24)	635	0.05	
<b>Total portfolio</b>	<b>1,198,501</b>	<b>95.77</b>	<b>93.17</b>
<b>Net other assets/(liabilities)</b>	<b>52,930</b>	<b>4.23</b>	<b>6.83</b>
<b>Net assets attributable to shareholders</b>	<b>1,251,431</b>	<b>100.00</b>	<b>100.00</b>

<sup>a</sup> Suspended/delisted.<sup>b</sup> Defaulted bond.

# Portfolio statement

## Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	£'000
U.K. Gilts 4% 22/10/2063	41,182
U.K. Gilts 0.625% 22/10/2050	33,491
U.K. Gilts 4.25% 07/12/2046	26,226
European Investment Bank 4.875% 16/12/2030	25,209
U.K. Gilts 0.875% 31/01/2046	25,171
Apple, Inc. 3.05% 31/07/2029	23,388
U.K. Gilts 1.75% 22/07/2057	22,036
U.K. Gilts 1.625% 22/10/2071	21,796
BAT International Finance PLC 4.125% 12/04/2032	20,889
Nationwide Building Society 5.6916% 24/10/2030	19,057
Other purchases	398,164
<b>Total purchases</b>	<b>656,609</b>

Largest sales	£'000
U.K. Gilts 4.25% 07/12/2046	41,223
U.K. Gilts 0.625% 22/10/2050	33,316
U.K. Gilts 1.625% 22/10/2071	21,554
U.K. Gilts 3.75% 22/07/2052	17,844
BAT International Finance PLC 2.25% 09/09/2052	14,446
Engie SA 5.95% 16/03/2111	14,381
U.K. Gilts 1.5% 22/07/2047	13,832
U.K. Gilts 0.875% 31/01/2046	10,321
BP Capital Markets PLC 4.25% 22/03/2027	9,375
BAT International Finance PLC 4% 23/11/2055	8,559
Other sales	355,675
<b>Total sales</b>	<b>540,526</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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 % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+11.5	-1.3	+0.8	+2.2
Class 'A' Accumulation	+11.5	-1.4	+0.8	+2.2
Class 'I' Income	+12.0	-0.9	+1.2	+2.6
Class 'I' Accumulation	+12.0	-1.0	+1.2	+2.6
Class 'PP' Income	+12.1	-0.8	+1.3	n/a
Class 'PP' Accumulation	+12.1	-0.9	+1.3	n/a
Class 'R' Income	+11.7	-1.2	+1.0	+2.4
Class 'R' Accumulation	+11.7	-1.2	+1.0	+2.4
<b>Benchmark<sup>b</sup></b>	<b>+10.5</b>	<b>-2.7</b>	<b>-0.2</b>	<b>+2.4</b>

<sup>a</sup> Not annualised.

<sup>b</sup> Prior to the 6 March 2023, the benchmark was the IA Sterling Corporate Bond sector. Thereafter it is the iBoxx Sterling Corporates GBP Index.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income shares

The share class was launched on 20 February 2004.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	61.79	64.12	77.43
Return before operating charges*	7.40	1.06	(10.61)
Operating charges	(0.54)	(0.52)	(0.59)
Return after operating charges*	6.86	0.54	(11.20)
Distributions	(3.14)	(2.87)	(2.11)
Closing NAV	65.51	61.79	64.12
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	11.10	0.84	(14.46)
<b>Other information</b>			
Closing NAV (£'000)	31,913	32,589	51,927
Number of shares	48,718,071	52,743,680	80,990,064
Operating charges	0.83	0.83	0.82
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	66.97	66.62	77.46
Lowest share price	60.42	56.33	64.50

## Sterling Class 'A' Accumulation shares

The share class was launched on 20 February 2004.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	115.56	114.58	134.23
Return before operating charges*	14.04	1.92	(18.60)
Operating charges	(1.02)	(0.94)	(1.05)
Return after operating charges*	13.02	0.98	(19.65)
Distributions	(4.95)	(4.27)	(2.66)
Retained distributions	4.95	4.27	2.66
Closing NAV	128.58	115.56	114.58
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	11.27	0.86	(14.64)
<b>Other information</b>			
Closing NAV (£'000)	120,867	118,366	315,308
Number of shares	94,004,543	102,425,444	275,197,671
Operating charges	0.83	0.83	0.82
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	129.47	120.28	134.29
Lowest share price	113.00	100.67	114.09



# Financial highlights

## Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	926.15	957.17	1,151.27
Return before operating charges*	110.96	16.01	(158.04)
Operating charges	(4.16)	(4.05)	(4.56)
Return after operating charges*	106.80	11.96	(162.60)
Distributions	(47.12)	(42.98)	(31.50)
Closing NAV	985.83	926.15	957.17
*after direct transaction cost of	0.01	0.02	0.02
<b>Performance</b>			
Return after charges (%)	11.53	1.25	(14.12)
<b>Other information</b>			
Closing NAV (£'000)	205,660	225,652	266,822
Number of shares	20,861,626	24,364,569	27,876,057
Operating charges	0.43	0.43	0.42
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	1,005.08	996.23	1,151.82
Lowest share price	906.13	841.37	962.84

## Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,315.00	1,298.58	1,515.26
Return before operating charges*	159.95	22.01	(210.63)
Operating charges	(6.03)	(5.59)	(6.05)
Return after operating charges*	153.92	16.42	(216.68)
Distributions	(62.10)	(53.71)	(35.85)
Retained distributions	62.10	53.71	35.85
Closing NAV	1,468.92	1,315.00	1,298.58
*after direct transaction cost of	0.02	0.03	0.03
<b>Performance</b>			
Return after charges (%)	11.70	1.26	(14.30)
<b>Other information</b>			
Closing NAV (£'000)	690,420	635,671	549,655
Number of shares	47,001,810	48,340,161	42,327,189
Operating charges	0.43	0.43	0.42
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	1,478.70	1,365.58	1,517.17
Lowest share price	1,286.52	1,141.51	1,293.11

# Financial highlights

## Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	83.07	85.77	103.06
Return before operating charges*	9.96	1.43	(14.16)
Operating charges	(0.29)	(0.28)	(0.31)
Return after operating charges*	9.67	1.15	(14.47)
Distributions	(4.23)	(3.85)	(2.82)
Closing NAV	88.51	83.07	85.77
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	11.64	1.34	(14.04)
<b>Other information</b>			
Closing NAV (£'000)	131,797	63,496	64,815
Number of shares	148,903,842	76,436,827	75,571,427
Operating charges	0.33	0.33	0.33
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	90.18	89.30	103.11
Lowest share price	81.29	75.40	86.27

## Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	99.96	98.61	114.95
Return before operating charges*	12.18	1.67	(15.99)
Operating charges	(0.36)	(0.32)	(0.35)
Return after operating charges*	11.82	1.35	(16.34)
Distributions	(4.83)	(4.18)	(2.83)
Retained distributions	4.83	4.18	2.83
Closing NAV	111.78	99.96	98.61
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	11.82	1.37	(14.21)
<b>Other information</b>			
Closing NAV (£'000)	62,187	1,807	1,455
Number of shares	55,635,458	1,807,277	1,475,177
Operating charges	0.33	0.33	0.32
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	112.51	103.74	115.13
Lowest share price	97.81	86.69	98.20

# Financial highlights

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	91.01	94.29	113.70
Return before operating charges*	10.89	1.58	(15.58)
Operating charges	(0.65)	(0.63)	(0.72)
Return after operating charges*	10.24	0.95	(16.30)
Distributions	(4.62)	(4.23)	(3.11)
Closing NAV	96.63	91.01	94.29
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	11.25	1.01	(14.34)
<b>Other information</b>			
Closing NAV (£'000)	4,712	4,955	5,510
Number of shares	4,876,372	5,444,137	5,843,539
Operating charges	0.68	0.68	0.67
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	98.68	98.04	113.75
Lowest share price	89.01	82.86	94.85

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	128.23	126.94	148.50
Return before operating charges*	15.58	2.15	(20.62)
Operating charges	(0.93)	(0.86)	(0.94)
Return after operating charges*	14.65	1.29	(21.56)
Distributions	(5.71)	(4.93)	(3.16)
Retained distributions	5.71	4.93	3.16
Closing NAV	142.88	128.23	126.94
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	11.42	1.02	(14.52)
<b>Other information</b>			
Closing NAV (£'000)	3,875	3,511	3,607
Number of shares	2,711,693	2,737,968	2,841,344
Operating charges	0.68	0.68	0.67
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	143.86	133.35	148.58
Lowest share price	125.41	111.56	126.41

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August		2024		2023	
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	5		73,034		(40,794)
Revenue	7	55,929		54,093	
Expenses	8	(5,486)		(5,846)	
Interest payable and similar charges		(5)		(3)	
Net revenue/(expense) before taxation		50,438		48,244	
Taxation	9	0		2	
Net revenue/(expense) after taxation			50,438		48,246
<b>Total return before distributions</b>			<b>123,472</b>		<b>7,452</b>
Distributions	10		(51,913)		(49,978)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>71,559</b>		<b>(42,526)</b>

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

for the year to 31 August		2024		2023	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>			<b>1,086,047</b>		<b>1,259,099</b>
Amounts received on issue of shares		199,278		293,783	
Amounts paid on cancellation of shares		(142,091)		(481,764)	
Transfer from M&G European Corporate Bond Fund		0		23,980	
			57,187		(164,001)
Dilution adjustments			676		1,455
Change in net assets attributable to shareholders from investment activities (see above)			71,559		(42,526)
Retained distributions on Accumulation shares			35,961		32,014
Unclaimed distributions			1		6
<b>Closing net assets attributable to shareholders</b>			<b>1,251,431</b>		<b>1,086,047</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		1,199,843	1,012,166
<b>Current assets</b>			
Debtors	11	21,834	33,098
Cash and bank balances	12	15,456	28,272
Cash equivalents		25,133	28,405
<b>Total assets</b>		<b>1,262,266</b>	<b>1,101,941</b>
<b>Liabilities</b>			
Investment liabilities		(1,342)	(307)
<b>Creditors</b>			
Bank overdrafts		(370)	0
Overdrawn positions at futures clearing houses and collateral manager		0	(1,741)
Distribution payable		(4,471)	(4,133)
Other creditors	13	(4,652)	(9,713)
<b>Total liabilities</b>		<b>(10,835)</b>	<b>(15,894)</b>
<b>Net assets attributable to shareholders</b>		<b>1,251,431</b>	<b>1,086,047</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Statement of compliance

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017, except in relation to the separate disclosure in note 15.

### 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 a period of twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of the fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections and key service provider's operational resilience.

The financial statements of M&G Strategic Corporate Bond Fund 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

The functional and presentational currency of M&G Strategic Corporate Bond Fund is UK sterling.

#### c. Exchange rates

Transactions in currencies other than the 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 30 August 2024 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 classified 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 30 August 2024 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:

- 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.
- 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.

# Financial statements and notes

- 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 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.
- Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
- Over the counter 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**

- 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).
- Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.
- Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the shares and treated as capital.
- Other interest income, such as bank interest is treated as revenue.
- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.

# Financial statements and notes

- The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
- Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
- Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.

## g. Operating charges

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

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

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

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

## h. Portfolio transaction costs

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

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

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

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



# Financial statements and notes

## i. Tax

Where applicable income receivable is 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.

## j. Allocation of returns to share classes

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

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

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

## 3 Risk management policies

The ACD is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which the fund is 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 fund, with specific risk disclosures set out in notes 20 to 22 in this report.

### 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 the fund. The fund is subject to an investment oversight process in accordance with the type and nature of the fund. In addition the fund is monitored for compliance within regulatory limits.

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

# Financial statements and notes

## b. 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.

When VaR is used, it may be calculated using the Absolute VaR approach or the Relative VaR approach.

Absolute VaR is the VaR expressed as a percentage of the Net Asset Value of a fund which must not exceed an absolute limit. Under the Absolute VaR approach, the VaR limit is set as a percentage of the Net Asset Value of the relevant fund. The absolute 20-day VaR based on a 99% confidence interval must not exceed 20% of the fund's Net Asset Value.

Under the Relative VaR approach, the VaR limit for a fund is set as a multiple of the VaR of the fund's reference portfolio. The 20-day VaR of the fund based on a 99% confidence interval must not exceed twice the VaR of the fund's reference portfolio. The Investment Manager monitors this limit by ensuring that the VaR of the fund divided by the VaR of the reference portfolio is not greater than 200%.

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

Market (or distribution-related) considerations include an assessment of asset demand, fund growth, client concentration and the persistency of the client base. Supplementary to this, market liquidity stress tests are carried out on a monthly basis for all sophisticated 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. The fund has not been escalated for remedial action.

## d. 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.

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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.

## 4 Distribution policy

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

## 5 Net capital gains/(losses)

for the year to 31 August	2024 £'000	2023 £'000
Non-derivative securities	69,656	(63,531)
Derivative contracts	3,225	26,518
Currency gains/(losses)	153	(3,781)
<b>Net capital gains/(losses)</b>	<b>73,034</b>	<b>(40,794)</b>

# Financial statements and notes

## 6 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' on page 30. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 £'000	% of transaction	2023 £'000	% of transaction
<b>a) Purchases</b>				
Debt securities	656,609		737,206	
<b>b) Sales</b>				
Debt securities	503,892		787,021	
<b>Other transaction types</b>				
Corporate actions	36,634		56,718	
<b>Total sales</b>	<b>540,526</b>		<b>843,739</b>	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Derivatives	7	0.00	15	0.00
<b>Taxes paid</b>				
Derivatives	7	0.00	16	0.00
<b>Total direct portfolio transaction costs</b>	<b>14</b>	<b>0.00</b>	<b>31</b>	<b>0.00</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.47		0.68

## 7 Revenue

for the year to 31 August	2024 £'000	2023 £'000
Bank interest	75	90
Derivative revenue	574	687
Interest distributions	1,502	1,212
Interest on debt securities	53,764	52,084
Rebate of ongoing charges from underlying funds	14	20
<b>Total revenue</b>	<b>55,929</b>	<b>54,093</b>

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## 8 Expenses

for the year to 31 August	2024 £'000	2023 £'000
<b>Payable to the ACD or associate</b>		
Annual charge	5,486	5,846
<b>Total expenses</b>	<b>5,486</b>	<b>5,846</b>

Audit fees for the financial year ending 2024 were £13,000 (2023: £12,000) (including VAT), which are covered by the annual charge.

## 9 Taxation

for the year to 31 August	2024 £'000	2023 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	0	(2)
Deferred tax (note 9c)	0	0
<b>Total taxation</b>	<b>0</b>	<b>(2)</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	50,438	48,244
Corporation tax at 20%	10,088	9,649
<b>Effects of:</b>		
Interest distributions	(10,088)	(9,649)
Withholding tax	0	(2)
<b>Total tax charge (note 9a)</b>	<b>0</b>	<b>(2)</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 9a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset in the current financial year (2023: same).

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## 10 Distributions

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

for the year to 31 August	2024		2023	
	Inc	Acc	Inc	Acc
Interest distributions	£'000	£'000	£'000	£'000
First interim	3,872	8,463	4,021	7,279
Second interim	3,779	8,593	4,191	7,306
Third interim	3,894	9,579	4,477	8,878
Final	4,471	9,326	4,133	8,551
Total net distributions		51,977		48,836
Income deducted on cancellation of shares		815		2,828
Income received on issue of shares		(879)		(1,686)
<b>Distributions</b>		<b>51,913</b>		<b>49,978</b>
Net revenue/(expense) per statement of total return		50,438		48,246
Expenses offset against capital		1,475		1,732
<b>Distributions</b>		<b>51,913</b>		<b>49,978</b>

## 11 Debtors

as at 31 August	2024	2023
	£'000	£'000
Amounts receivable on issues of shares	642	7,323
Debt security interest receivable	21,102	21,783
Distributions receivable	90	148
Rebate of ongoing charges from underlying funds	0	1
Sales awaiting settlement	0	3,843
<b>Total debtors</b>	<b>21,834</b>	<b>33,098</b>

## 12 Cash and bank balances

as at 31 August	2024	2023
	£'000	£'000
Amounts held at futures clearing houses and collateral manager	12,441	21,998
Cash held as bank balances	3,015	6,274
<b>Total cash and bank balances</b>	<b>15,456</b>	<b>28,272</b>

# Financial statements and notes

## 13 Other creditors

as at 31 August	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	3,014	9,568
Annual charge payable	177	145
Purchases awaiting settlement	1,461	0
<b>Total other creditors</b>	<b>4,652</b>	<b>9,713</b>

## 14 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

## 15 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 16.

Share class	Opening 01.09.23	Issued	Movements Cancelled	Converted	Closing 31.08.24
<b>Sterling</b>					
Class 'A' Income	52,743,680	2,201,460	(6,227,069)	0	48,718,071
Class 'A' Accumulation	102,425,444	1,408,997	(9,829,898)	0	94,004,543
Class 'I' Income	24,364,569	2,208,597	(5,711,540)	0	20,861,626
Class 'I' Accumulation	48,340,161	3,135,265	(4,473,616)	0	47,001,810
Class 'PP' Income	76,436,827	78,243,867	(5,776,852)	0	148,903,842
Class 'PP' Accumulation	1,807,277	55,962,996	(2,134,815)	0	55,635,458
Class 'R' Income	5,444,137	300,833	(868,598)	0	4,876,372
Class 'R' Accumulation	2,737,968	269,300	(295,575)	0	2,711,693

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

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## 16 Charging structure

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

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	0.85
Class 'I'	0.45
Class 'PP'	0.35
Class 'R'	0.70

## 17 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 10. Amounts due to/from M&G Securities Limited in respect of share transactions at the for the year to end are disclosed in notes 11 and 13 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 8. Amounts due at the year end in respect of the annual charge are disclosed in note 13.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in note 7. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates 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 4.70% (2023: 6.54%) of the fund's shares.

## 18 Fair value analysis

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

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

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

### Level 2: Valuation technique using observable market data

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



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## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Basis of valuation				
Level 1	154,771	(1,308)	72,448	0
Level 2	1,044,266	(34)	939,024	(307)
Level 3	806	0	694	0
	<b>1,199,843</b>	<b>(1,342)</b>	<b>1,012,166</b>	<b>(307)</b>

Level 3 assets include Silverback Finance and Metrocentre Partnership (2023: Silverback Finance and Metrocentre Partnership).

## 19 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 31 to 33.

## 20 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 Fund changed from using absolute VaR to relative VaR with effect 6 March 2023. As a result of this change the below limits were applied during the period;

The VaR limit set during the period up to 5 March 2023 was 15% (2023: 15%).

The VaR limit set for periods after 6 March 2023 was 200%.

The lowest, highest and average utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 August 2024 and 31 August 2023.

for the year ended 31 August	2024 Utilisation of VaR 200%	from 6 March 2023 to 31 August 2023 Utilisation of VaR 200%	from 1 September 2022 to 5 March 2023 Utilisation of VaR 15%
Lowest	54.46	48.95	29.93
Highest	61.03	58.15	55.20
Average	57.47	53.93	46.90

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## 21 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 August	2024 £'000	2023 £'000
Investment grade securities	1,184,321	979,689
Below investment grade securities	13,935	29,410
Other investments	245	2,760
<b>Total</b>	<b>1,198,501</b>	<b>1,011,859</b>

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 August 2024	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	(1,209)
Barclays Bank	(25)	0	0
Royal Bank of Canada	0	635	0
UBS	0	844	0
<b>Total</b>	<b>(25)</b>	<b>1,479</b>	<b>(1,209)</b>

as at 31 August 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	753
Barclays Bank	2,264	0	0
Citigroup	0	(13)	0
JPMorgan	0	(58)	0
State Street Bank	0	(186)	0
<b>Total</b>	<b>2,264</b>	<b>(257)</b>	<b>753</b>

## 22 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 August 2024 and 31 August 2023 are disclosed in the table below. Leverage has been

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

for the year to 31 August	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	184,423	15.96	0	0.00
Highest	786,988	65.90	1,160,654	100.14
Average	271,962	23.96	522,137	44.22

## 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	01.09.23	30.11.23	01.12.23	31.01.24
Second interim	01.12.23	29.02.24	01.03.24	30.04.24
Third interim	01.03.24	31.05.24	03.06.24	31.07.24
Final	01.06.24	31.08.24	02.09.24	31.10.24

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 August	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.2116	0.5703	0.7819	0.6631
Second interim	0.3214	0.4583	0.7797	0.6783
Third interim	0.2274	0.5647	0.7921	0.7494
Final	0.3527	0.4306	0.7833	0.7820

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## Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 August	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	0.4116	0.8102	1.2218	0.9575
Second interim	0.5746	0.6457	1.2203	0.9863
Third interim	0.6740	0.5821	1.2561	1.1235
Final	0.5879	0.6685	1.2564	1.2047

## Sterling Class 'I' Income shares

Interest distributions for the year to 31 August	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	5.7444	5.9805	11.7249	9.9038
Second interim	4.0954	7.6098	11.7052	10.1422
Third interim	6.8194	5.0830	11.9024	11.2151
Final	5.1720	6.6109	11.7829	11.7160

## Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 August	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	6.4120	8.8166	15.2286	12.0988
Second interim	5.6008	9.7099	15.3107	12.4992
Third interim	10.0890	5.6772	15.7662	14.1002
Final	7.6914	8.0987	15.7901	15.0141

## Sterling Class 'PP' Income shares

Interest distributions for the year to 31 August	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	0.5426	0.5093	1.0519	0.8875
Second interim	0.4892	0.5610	1.0502	0.9091
Third interim	0.2905	0.7777	1.0682	1.0056
Final	0.7555	0.3023	1.0578	1.0507

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## Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0143	1.1685	1.1828	0.9425
Second interim	0.9516	0.2392	1.1908	0.9743
Third interim	0.8681	0.3586	1.2267	1.0966
Final	1.1309	0.0979	1.2288	1.1661

## Sterling Class 'R' Income shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.4779	0.6740	1.1519	0.9754
Second interim	0.1696	0.9794	1.1490	0.9982
Third interim	0.4735	0.6943	1.1678	1.1031
Final	0.7435	0.4118	1.1553	1.1516

## Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.6290	0.7752	1.4042	1.1064
Second interim	0.7651	0.6410	1.4061	1.1412
Third interim	0.2048	1.2428	1.4476	1.2948
Final	0.6769	0.7716	1.4485	1.3845

## 24 Events after the balance sheet date

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

# Other regulatory disclosures

## Remuneration

The below disclosure is made in accordance with Undertakings for Collective Investment in Transferable Securities ('UCITS') V and the Guidelines on sound remuneration policies under the UCITS issued by the European Securities and Markets Authority ('ESMA Guidelines').

M&G Securities Limited (the 'UCITS Management Company') is subject to a remuneration policy which is consistent with the principles outlined in the ESMA Guidelines.

The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives of the UCITS funds managed by the UCITS Management Company. Further details of the remuneration policy can be found on our website: [mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies](https://mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies)

The remuneration policy and its implementation is reviewed on an annual basis, or more frequently where required, and is approved by the M&G plc Board Remuneration Committee. The most recent review found no fundamental issues with no material changes made to the policy.

M&G Securities Limited is required under UCITS to make quantitative disclosures of remuneration. These disclosures are made in line with M&G's interpretation of currently available guidance on quantitative remuneration disclosures. As market or regulatory guidance evolves, M&G may consider it appropriate to make changes to the way in which quantitative disclosures are calculated.

The 'Identified Staff' of M&G Securities Limited are those who could have a material impact on the risk profile of M&G Securities Limited or the UCITS funds it manages and generally includes senior management, risk takers and control functions. 'Identified Staff' typically provide both UCITS and non-UCITS related services and have a number of areas of responsibility. Therefore, only the portion of remuneration for those individuals' services which may be attributable to UCITS

is included in the remuneration figures disclosed.

Accordingly the figures are not representative of any individual's actual remuneration. The information needed to provide a further breakdown of remuneration is not readily available and would not be relevant or reliable.

The amounts shown below reflect payments made in respect of the financial year 1 January 2023 to 31 December 2023.

	Fixed Remuneration £'000	Variable Remuneration £'000	Total £'000	Beneficiaries
Senior Management	522	1,466	1,988	11
Other Identified Staff	4,419	18,110	22,529	37

