

# M&G Investment Funds (2)

**Interim report and unaudited financial statements  
for the six months ended 30 November 2022**

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# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (2) presents its interim report and unaudited financial statements for the six months ended 30 November 2022.

The unaudited financial statements of M&G Investment Funds (2) and the investment report and unaudited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

## Company information

M&G Investment Funds (2) is an umbrella Open-Ended Investment Company (OEIC) and contains seven sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 1 August 2001 and was launched on 24 January 2002, following the conversion of a series of authorised unit trusts.

The Company's principal activity is to carry on business as an OEIC. The Company is structured as an umbrella company, and different funds may be established by the ACD from time to time with the agreement of the Depositary and approval from the FCA. The funds are operated separately and the assets of each fund are managed in accordance with the investment objective and policy applicable to that fund.

As at 30 November 2022 none of the funds held shares of the other funds within this OEIC.

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

## Fund managers

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

### M&G Gilt & Fixed Interest Income Fund

Miles Tym

### M&G Global High Yield Bond Fund

Stefan Isaacs & James Tomlins

### M&G Index-Linked Bond Fund

Miles Tym

### M&G Index Tracker Fund

Richard O'Connor

### M&G Short Dated Corporate Bond Fund

Matthew Russell

### M&G UK Income Distribution Fund

Elina Symon

### M&G UK Sustain Paris Aligned Fund (formerly M&G UK Select Fund)

Rory Alexander

## 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

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## Investment manager

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

## Registrar

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

## Depositary

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

## Independent auditor

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

## Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2022 can be found on our website at [mandg.co.uk/valueassessment](https://mandg.co.uk/valueassessment)

## Important information

COVID-19 continues to bring uncertainties. The ACD continues to monitor the ongoing operational risks that are posed to the Company and its service providers.

The events in Ukraine continue to shock and bring widespread condemnation. Western nations responded to Russia's attack which started on 24 February 2022, with sweeping sanctions: the US, the UK and the European Union have imposed sanctions on Russian

banks, state-owned enterprises (SOEs) and individuals with close links to President Putin.

From the perspective of financial markets, Russia's attack has sparked considerable volatility. There have been direct impacts, particularly with Russian exposed assets and indirect impacts affecting asset classes globally with commodity prices surging. Given the uncertainty around the continuing conflict, it is likely that financial markets will remain volatile as investors react to developments.

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

On 24 June 2022 all the Sterling Class 'X' Income and Sterling Class 'X' Accumulation shares were merged into the equivalent Sterling Class 'A' Income and Sterling Class 'A' Accumulation shares.

Following shareholder approval, on 13 July 2022 the M&G UK Select Fund changed its name to the M&G UK Sustain Paris Aligned Fund and adopted a new investment objective, policy, approach and benchmark as at the same date.

From January 2023 the Operating Charge figure will include the underlying charges for closed ended funds, such as investment trusts and REITs. 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.

# Authorised Corporate Director's Report

## Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, costs and charges illustration, the latest annual or interim investment report and financial statements as well as a list of purchases and sales are available free of charge on request from the following addresses. 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.

### Customer services and administration for non-UK clients:

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

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

Telephone: +352 2605 9944

Email: [csmandg@rbc.com](mailto:csmandg@rbc.com)

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

### Swiss paying agent and representative:

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

# Authorised Corporate Director's Report

## Authorised Corporate Director's Responsibilities

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

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

## Directors' statement

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

M&G Securities Limited  
25 January 2022

# Financial statements and notes

The financial statements for M&G Investment Funds (2) comprise the individual financial statements for each fund and the notes below.

## Notes to the financial statements

### Accounting policies

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

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

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the FTSE Actuaries UK Conventional Gilts All Stocks Index over any five-year period.

## Investment policy

At least 70% of the fund is invested, directly or through derivatives, in investment grade short, medium and long-dated gilts. These securities are issued or guaranteed by the UK government, and denominated in sterling.

Other investments may include transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

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

## Investment approach

The fund is diversified across a range of UK government debt securities. The fund's investment approach is based on the principle that returns from government bonds are driven by a combination of macroeconomic factors such as expectations on interest rates, inflation and economic growth. As different factors dominate returns at different stages of the economic cycle, the manager applies a flexible investment approach, adjusting fund duration as deemed appropriate.

The fund manager seeks to take advantage of 'relative value' opportunities within the UK government bond market, which involves buying the bonds that offer the best value.

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

## Benchmark

Benchmark: FTSE Actuaries UK Conventional Gilts All Stocks Index.

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

The fund is actively managed.

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

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

## Risk profile

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

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



### The above number:

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



# Authorised Corporate Director's Report

## Investment review

For the six months ended 30 November 2022

### Performance against objective

Between 1 June 2022 (the start of the review period) and 30 November 2022, the M&G Gilt & Fixed Interest Income Fund's Sterling Class 'A' and 'I' shares delivered a total return (the combination of income and growth of capital) of -9.5% and -9.3%, respectively. The fund was in line with its benchmark, the FTSE Actuaries UK Conventional Gilts All Stocks Index, for the Class 'I' shares and behind for the Class 'A' shares. The benchmark returned -9.3% over the same period.

Over five years, the fund delivered a negative return and did not meet its objective of returning more the FTSE Actuaries UK Conventional Gilts All Stocks Index, net of the ongoing charge figure, as the fund was behind the benchmark index, which returned -2.3% pa over this period.

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

### Performance review

UK government bonds (also known as gilts) delivered negative returns in the six months to the end of November 2022.

Investor sentiment has been volatile over much of the past six months, with confidence buffeted by soaring inflation rates, the prospect of higher interest rates and the ongoing war in Ukraine. There were significant political events in the UK too with the departure of two prime ministers and considerable disquiet over the government's policy approach leading to turmoil in financial markets and political U-turns.

The war in Ukraine shows no signs of ending in the near term and the global economic outlook has deteriorated markedly. This is partly due to economic sanctions and other measures against Russia by the West as well as disruption to supply chains.

The opening of domestic and many other economies post COVID-related shutdowns have led to price rises,

while constraints on gas supplies across Europe have sent energy prices soaring. Despite the weaker economic backdrop, worries about sharply rising inflation have led many central banks to raise interest rates. In the UK, interest rates stood at 3.0% at the end of November 2022, compared with 1.0% at the start of the period under review. Shortly after the end of the review period, the Bank of England raised interest rates by a further 0.5 percentage points.

In August, the expectation of continued restrictive policy in the US following a hawkish message from the US Federal Reserve led to sharp declines in government bond prices.

In UK political developments, Prime Minister Boris Johnson lost the support of his MPs and Liz Truss became prime minister in early September. There followed a deeply unsettling period as the new prime minister sought to pursue her ambitious low-tax, pro-economic growth agenda, an unfunded plan that was badly received by financial markets. Sterling plummeted and the Bank of England (BoE) was forced to intervene by buying long-dated gilts in a brief, temporary measure to stabilise the gilt market and to protect certain pension funds, which came under pressure too. The BoE also noted its concerns over future growth, inflation and the housing market, all of which suggested the possibility of higher-than-previously-expected future inflation. UK government bond yields, which move inversely to prices, rose sharply at this time.

In a series of fast-moving events, the government then reversed most of its recently proposed measures, Liz Truss resigned in October and Rishi Sunak subsequently became prime minister. These developments led to healthy gains for UK government bonds as the market turmoil subsided.

Gilt prices rose towards the end of the period under review as the unrest stemming from September's 'mini-budget' continued to unwind. In his Autumn Statement in November, Chancellor Jeremy Hunt announced tax rises and initial spending cuts with a view to supporting the UK's finances. An above-benchmark position in 15-

# Authorised Corporate Director's Report

20 year government bonds supported the fund's relative performance at this time.

## Investment activities

Early in the period we reduced the fund's exposure to index-linked gilts. (Index-linked gilts refer to government bonds where the value of the loan and the interest payments are adjusted in line with inflation over the life of the security.) Although elevated levels of inflation are advantageous to holders of these bonds, we were concerned by the lack of interest from pension fund investors, particularly as we felt that sooner or later investors will start to anticipate a sharp correction in inflation rates.

We participated in the syndication of 30-year 'green' gilts, with the move supporting the fund's performance. These refer to assets sold by the government with the funds raised targeted at supporting its environmental and climate goals.

The BoE's action in stepping in to buy long-dated gilts, as mentioned earlier, resulted in a severe dislocation, leaving long-dated gilts looking extremely expensive. We therefore reduced exposure to this part of the curve in favour of shorter dated maturities.

The fund's performance is affected by its sensitivity to changes in interest rates, or duration, and is measured in years. In view of the challenging backdrop, we positioned the portfolio to be marginally shorter duration relative to the benchmark (meaning a lower sensitivity to movements in interest rates).

## Outlook

Soaring inflation has led to a cost-of-living crisis with short-term economic growth in question in the UK. A now more fiscally conservative government will have to finance £305 billion in the next fiscal year, a difficult task without the support of the BoE's bond-buying programme. The government has sought to provide some stability following a period of heightened uncertainty earlier in the autumn. Policymakers are hoping that some tax rises, through freezing tax thresholds, and smaller-than-planned rises in public services spending will lead to lower inflation.

## Miles Tym

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income</b>	<b>414,817</b>	<b>98.55</b>	<b>99.58</b>
<b>Debt securities</b>	<b>414,817</b>	<b>98.55</b>	<b>99.58</b>
<b>'AAA' credit rated bonds</b>	<b>94,388</b>	<b>22.42</b>	<b>6.99</b>
£3,500,000 FMS Wertmanagement 1.125% 07/09/2023	3,426	0.82	
£23,336,000 KfW 1.375% 15/12/2025	21,649	5.14	
£6,000,000 Nordic Investment Bank 1.125% 15/12/2023	5,824	1.38	
£2,508,235 UK Treasury 0% 30/01/2023	2,496	0.59	
£62,000,000 UK Treasury 0% 08/05/2023	60,993	14.49	
<b>'AA' credit rated bonds</b>	<b>320,429</b>	<b>76.13</b>	<b>92.59</b>
£4,154,913 PRS Finance 1.75% 24/11/2026	3,802	0.90	
£51,920,743 UK Treasury 0.5% 31/01/2029	43,931	10.44	
£31,689,725 UK Treasury 0.875% 31/01/2046	18,699	4.44	
£85,081,979 UK Treasury 1.125% 31/01/2039	60,462	14.37	
£2,685,896 UK Treasury 1.125% 22/10/2073	1,425	0.34	
£20,135,542 UK Treasury 1.5% 31/07/2053	13,015	3.09	
£75,004,669 UK Treasury 1.75% 07/09/2037	60,224	14.31	
£3,610,851 UK Treasury 1.75% 22/01/2049	2,575	0.61	
£23,106,384 UK Treasury 3.5% 22/01/2045	23,074	5.48	
£5,174,692 UK Treasury 3.5% 22/07/2068	5,669	1.35	
£38,815,751 UK Treasury 4.125% 29/01/2027	39,868	9.47	
£26,670,948 UK Treasury 4.25% 07/09/2039	29,133	6.92	
£13,186,098 UK Treasury 4.25% 07/12/2040	14,476	3.44	
£3,560,252 UK Treasury 4.5% 07/12/2042	4,076	0.97	
<b>Total portfolio</b>	<b>414,817</b>	<b>98.55</b>	<b>99.58</b>
<b>Net other assets/(liabilities)</b>	<b>6,109</b>	<b>1.45</b>	<b>0.42</b>
<b>Net assets attributable to shareholders</b>	<b>420,926</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio statement

Top ten portfolio transactions for the six months to  
30 November 2022

Largest purchases	£'000
UK Treasury 1.125% 31/01/2039	115,850
UK Treasury 1.75% 07/09/2037	79,424
UK Treasury 0.125% 31/01/2023	76,824
UK Treasury 0.5% 31/01/2029	64,134
UK Treasury 0.01% 08/05/2023	60,892
UK Treasury 0.625% 31/07/2035	51,829
UK Treasury 0.375% 22/10/2026	50,486
UK Treasury 0.25% 31/01/2025	44,750
UK Treasury 4.25% 07/09/2039	40,398
UK Treasury 4.125% 29/01/2027	38,008
Other purchases	290,515
<b>Total purchases</b>	<b>913,110</b>

Largest sales	£'000
UK Treasury 0.625% 31/07/2035	111,832
UK Treasury 0.125% 31/01/2024	83,829
UK Treasury 0.125% 31/01/2023	76,782
UK Treasury 1.75% 07/09/2037	69,112
UK Treasury 0.375% 22/10/2026	55,380
UK Treasury 1.125% 31/01/2039	53,565
UK Treasury 0.25% 31/01/2025	45,241
UK Treasury 4.25% 07/12/2049	36,929
UK Treasury 1.75% 07/09/2022	36,623
UK Treasury 0.00% 30/01/2023	33,897
Other sales	307,946
<b>Total sales</b>	<b>911,136</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, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](http://mandg.com/investments)

## Long-term performance by share class

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

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-9.5	-6.9	-2.7	+0.1
Class 'A' Accumulation	-9.5	-6.9	-2.7	+0.1
Class 'I' Income	-9.3	-6.7	-2.4	+0.4
Class 'I' Accumulation	-9.3	-6.7	-2.4	+0.4
Class 'PP' Income	-9.3	n/a	n/a	n/a
Class 'PP' Accumulation	-9.3	n/a	n/a	n/a
<b>Benchmark</b>	<b>-9.3</b>	<b>-7.0</b>	<b>-2.3</b>	<b>0.7</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 9 December 1980.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	89.03	99.76	108.96
Return before operating charges	(8.30)	(9.25)	(7.82)
Operating charges	(0.23)	(0.55)	(0.58)
Return after operating charges	(8.53)	(9.80)	(8.40)
Distributions	(0.99)	(0.93)	(0.80)
Closing NAV	79.51	89.03	99.76
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.55	0.55	0.55
Return after charges	-9.58	-9.82	-7.71
Other information			
Closing NAV (£'000)	17,823	20,840	26,215
Number of shares	22,416,876	23,407,849	26,277,140
Highest share price (UK p)	90.31	104.71	109.36
Lowest share price (UK p)	69.54	89.06	98.37

## Sterling Class 'A' Accumulation share performance

The share class was launched on 9 December 1980.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	526.84	584.70	633.67
Return before operating charges	(49.18)	(54.65)	(45.62)
Operating charges	(1.34)	(3.21)	(3.35)
Return after operating charges	(50.52)	(57.86)	(48.97)
Distributions	(4.52)	(2.24)	(1.31)
Retained distributions	4.52	2.24	1.31
Closing NAV	476.32	526.84	584.70
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.55	0.55	0.55
Return after charges	-9.59	-9.90	-7.73
Other information			
Closing NAV (£'000)	303,200	330,110	371,348
Number of shares	63,654,845	62,658,781	63,510,666
Highest share price (UK p)	534.44	616.09	635.98
Lowest share price (UK p)	413.58	525.19	575.51

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,024.83	1,144.88	1,247.12
Return before operating charges	(95.70)	(106.53)	(89.63)
Operating charges	(1.18)	(2.86)	(3.45)
Return after operating charges	(96.88)	(109.39)	(93.08)
Distributions	(11.37)	(10.66)	(9.16)
Closing NAV	916.58	1,024.83	1,144.88
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.25	0.25	0.29
Return after charges	-9.45	-9.55	-7.46
<b>Other information</b>			
Closing NAV (£'000)	19,130	21,226	27,307
Number of shares	2,087,094	2,071,200	2,385,107
Highest share price (UK p)	1,040.11	1,203.56	1,251.90
Lowest share price (UK p)	801.31	1,024.92	1,128.71

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,137.32	1,258.42	1,360.23
Return before operating charges	(106.20)	(117.95)	(98.04)
Operating charges	(1.31)	(3.15)	(3.77)
Return after operating charges	(107.51)	(121.10)	(101.81)
Distributions	(11.34)	(8.60)	(6.26)
Retained distributions	11.34	8.60	6.26
Closing NAV	1,029.81	1,137.32	1,258.42
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.25	0.25	0.29
Return after charges	-9.45	-9.62	-7.48
<b>Other information</b>			
Closing NAV (£'000)	80,737	88,763	107,178
Number of shares	7,839,988	7,804,549	8,516,848
Highest share price (UK p)	1,154.32	1,328.09	1,365.44
Lowest share price (UK p)	893.80	1,133.56	1,237.69

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 21 April 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Period to 31.05.22 UK p
Opening NAV	98.45	100.00
Return before operating charges	(9.19)	(1.37)
Operating charges	(0.07)	(0.02)
Return after operating charges	(9.26)	(1.39)
Distributions	(1.09)	(0.16)
Closing NAV	88.10	98.45
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00
Operating charges	0.15	0.15
Return after charges	-9.41	-1.39
<b>Other information</b>		
Closing NAV (£'000)	18	20
Number of shares	20,010	20,010
Highest share price (UK p)	99.94	101.83
Lowest share price (UK p)	77.01	98.27

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 21 April 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Period to 31.05.22 UK p
Opening NAV	98.61	100.00
Return before operating charges	(9.21)	(1.37)
Operating charges	(0.07)	(0.02)
Return after operating charges	(9.28)	(1.39)
Distributions	(1.03)	(0.14)
Retained distributions	1.03	0.14
Closing NAV	89.33	98.61
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00
Operating charges	0.15	0.15
Return after charges	-9.41	-1.39
<b>Other information</b>		
Closing NAV (£'000)	18	20
Number of shares	20,000	20,000
Highest share price (UK p)	100.10	101.83
Lowest share price (UK p)	77.52	98.27



# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		(47,871)		21,131
Revenue	5,159		2,162	
Expenses	(1,023)		(1,311)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	4,136		851	
Taxation	0		0	
Net revenue/(expense) after taxation		4,136		851
<b>Total return before distributions</b>		<b>(43,735)</b>		<b>21,982</b>
Distributions		(4,212)		(944)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(47,947)</b>		<b>21,038</b>

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

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>460,979</b>		<b>532,048</b>
Amounts received on issue of shares	21,133		18,954	
Amounts paid on cancellation of shares	(17,011)		(26,911)	
		4,122		(7,957)
Dilution adjustments		21		10
Change in net assets attributable to shareholders from investment activities (see above)		(47,947)		21,038
Retained distributions on Accumulation shares		3,750		732
Unclaimed distributions		1		1
<b>Closing net assets attributable to shareholders</b>		<b>420,926</b>		<b>545,872</b>

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

# Financial statements and notes

## Financial statements

### Balance sheet

as at	30 November 2022 £'000	31 May 2022 £'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	414,817	459,064
<b>Current assets</b>		
Debtors	2,516	2,219
Cash and bank balances	498	37
Cash equivalents	3,481	48
<b>Total assets</b>	<b>421,312</b>	<b>461,368</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distribution payable	(269)	(143)
Other creditors	(117)	(246)
<b>Total liabilities</b>	<b>(386)</b>	<b>(389)</b>
<b>Net assets attributable to shareholders</b>	<b>420,926</b>	<b>460,979</b>

# Financial statements and notes

## Notes to the financial statements

### Accounting policies

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

### Distribution policy

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

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

## Investment objective

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

## Investment policy

At least 80% of the fund is invested, directly or indirectly through derivatives, in below investment grade corporate debt securities. These securities can be issued by companies from anywhere in the world, including emerging markets.

Other investments may include:

- asset-backed securities; and
- other transferable securities, government bonds, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

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

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

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

## Investment approach

The fund is globally diversified across a range of below investment grade (high yield) debt securities from a variety of sectors and geographies. The fund managers focus on the analysis of individual bond issues while remaining aware of macroeconomic developments. Emphasis is placed upon investigating the ability of a bond issuer to meet its interest payments, especially during unfavourable economic conditions.

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

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

## Benchmark

Benchmark: ICE BofAML Global High Yield Index (GBP Hedged).

The benchmark is a target which the fund seeks to outperform.

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

The fund is actively managed.

The fund managers have complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

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

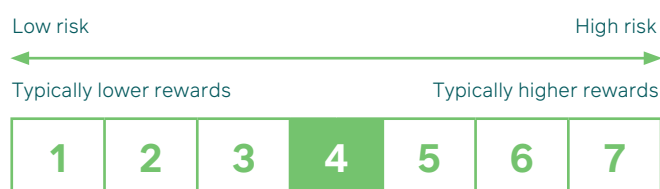
For currency hedged share classes, the benchmark is hedged to the share class currency.

# Authorised Corporate Director's Report

## Risk profile

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

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



### The above number:

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

## Investment review

For the six months ended 30 November 2022

### Performance against objective

The M&G Global High Yield Bond Fund delivered a negative total return (the combination of income and growth of capital) across its sterling share classes for the period under review. Fund performance was broadly in line with the fund's benchmark, the ICE BofAML Global High Yield Index (GBP Hedged), which returned -3.8% over the same period.

Over five years, the fund delivered a negative return in most share classes. The fund also lagged its benchmark index, which returned +0.5% pa over this period. It therefore did not achieve its objective of providing a higher total return, net of the ongoing charge figure, than that of the ICE BofAML Global High Yield Index (GBP Hedged) over any five-year period.

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

### Performance review

The review period began with high yield bond credit spreads widening indicating that investors considered high yield assets to have become riskier. (High yield bonds are debt securities that typically offer higher returns than other corporate bonds because they are considered riskier.) Higher US Treasury yields, an increasingly pessimistic (and inflation-fuelled) global growth outlook and COVID-19 lockdowns in China all hurt sentiment. Although the fund maintained a lower duration than the benchmark index during the period of rising interest rates (in other words, was less sensitive to interest rate changes), a modest overweight position to Europe acted as a headwind to relative performance.

July saw the high yield bond asset class register fairly solid investment returns, driven partly by narrowing credit spreads and also by lower US Treasury bond yields (which move inversely to bond prices), given a weaker economic growth outlook. The US portion of the market saw its biggest monthly gain since July 2009, while issuers in emerging markets and Europe also delivered positive performance. It seemed to us as though a large part of the rally was driven more by technical factors than fundamentals, hence we remained defensively positioned overall.

High yield bond credit spreads widened notably in September and October as a worsening global growth outlook, fears for Europe's energy market and UK fiscal turmoil all weighed on sentiment. At the same time, sovereign yields hurtled towards new highs, pushing total returns in the asset class and fund lower. Despite its more defensive positioning (underweight duration and spread duration), relative performance was hit by a notably poor September due to some disappointing credit selection and issuer-specific news. However, by increasing our exposure to the shorter end of the interest rate curve (in other words, holding bonds with a maturity of less than five years), we mitigated capital losses as bond yields rose.

# Authorised Corporate Director's Report

Our credit positioning contributed positively, with good security selections in the US and UK. Our sector selection in Asian bonds also contributed marginally. However, our overweight position in Europe detracted from performance as credit spreads in investment grade bonds widened over fears of a recession in Europe. As the dollar and euro strengthened against sterling, the fund was able to benefit from its currency exposure.

## Investment activities

The fund maintained an underweight duration position (relative to the fund benchmark) throughout the period as rising inflation rates forced central banks to keep hiking interest rates, thereby increasing recession risk. (Duration, expressed in years, is a measure of the sensitivity of a bond fund to changes in interest rates; the shorter a fund's duration, the less sensitive the fund is to interest rate movements.) Therefore, we maintained a defensive duration position of below 4.0 years by trimming our position in longer-dated (5 to 10 year) bonds.

Within credit, the fund began the review period with a slight underweight spread duration. We gradually reduced our credit exposure as global high yield bonds rebounded in October and November. (Spread duration is a measure of the sensitivity of a bond fund to changes in its credit spread.)

In June, as credit spreads widened, we reduced some of our cyclical exposure to US homebuilders and increased exposure to defensive sectors such as healthcare. We maintained a higher level of cash in anticipation of further falls in the high yield market.

As credit spreads narrowed in the summer, we increased exposure to European issuers. There was a lack of new issuance and market liquidity stayed low, hampering our efforts to add new issues.

In autumn, market sentiment towards risk assets once again turned negative following more hawkish comments from the US Federal Reserve. Although the primary market remained subdued, we participated in a new issue from Ford Motors, security company Verisure and cruise line operator Royal Caribbean. In the

secondary market, we trimmed a position in Dufry after some good performance and used the proceeds to purchase Thyssenkrupp Elevator. We also sold Titan Packaging and added debt securities from T-Mobile.

Towards the end of the period, as sentiment improved and credit spreads tightened, we took the opportunity to trim outperforming issuers including retailers Macy's and Sally Beauty, telecoms business Vodafone and US chemicals firm Olin. We added Eurofins Scientific, which provides a range of analytical testing services to clients across multiple industries and US retailer Nordstrom, both of which had more attractive valuations. Although there was a lack of new issuance in this period (down from about 80% year on year), we added senior secured notes from Spirit AeroSystems, Spirit Airlines and Dish Network.

## Outlook

The outlook for global bonds has improved, especially in high yield as both yields and credit spreads have retracted from recent highs. This positive momentum could continue until the end of the year. After a series of aggressive interest rate hikes by major central banks this year, our view is that the duration downside risk has abated.

Within credit, we feel current spread levels are overly pessimistic as they imply a much higher default rate than historical averages. We feel that all-in yield for this asset class remains attractive (more than 8%) as it provides a good income and some protection to downside risk. Moreover, a lack of new issues and a strong retail flow into the high yield market should provide technical support to the market.

## Stefan Isaacs & James Tomlins

### 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 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
377 Chaparral Energy Warrants 01/10/2024	0	0.00	
377 Chaparral Energy Warrants 01/10/2025	0	0.00	
680,748 Codere <sup>a</sup>	0	0.00	
8,212,459 K2016470219 South Africa <sup>a</sup>	0	0.00	
48,841,504 New World Resources <sup>a</sup>	0	0.00	
<b>Fixed income</b>	<b>1,030,431</b>	<b>89.33</b>	<b>93.29</b>
<b>Debt securities</b>	<b>1,031,193</b>	<b>89.40</b>	<b>93.02</b>
<b>'AA' credit rated bonds</b>	<b>11,301</b>	<b>0.98</b>	<b>1.43</b>
US\$14,002,700 US Treasury 3.25% 30/06/2027	11,301	0.98	
<b>'A' credit rated bonds</b>	<b>2,169</b>	<b>0.19</b>	<b>0.00</b>
€2,655,000 TotalEnergies Var. Rate 3.369% Perpetual	2,169	0.19	
<b>'BBB' credit rated bonds</b>	<b>47,429</b>	<b>4.11</b>	<b>4.39</b>
US\$10,000,000 Celanese 6.165% 15/07/2027	8,092	0.70	
US\$9,082,000 Continental Resources 5.75% 15/01/2031	7,091	0.62	
US\$1,146,000 Dell International 8.1% 15/07/2036	1,087	0.09	
€3,700,000 Deutsche Bank Var. Rate 1.375% 17/02/2032	2,347	0.20	
US\$2,677,000 JBS 3.625% 15/01/2032	1,835	0.16	
US\$5,900,000 NGPL PipeCo 4.875% 15/08/2027	4,634	0.40	
€1,200,000 Orano 4.875% 23/09/2024	1,053	0.09	
US\$4,650,000 Pacific Gas and Electric 4.55% 01/07/2030	3,521	0.31	
US\$5,645,000 Stora Enso 7.25% 15/04/2036	5,045	0.44	
US\$10,000,000 Targa Resources Partners 4% 15/01/2032	7,061	0.61	
US\$6,300,000 Targa Resources Partners 4.875% 01/02/2031	4,761	0.41	
US\$1,152,144 United Airlines 2020-1 Class B Pass Through Trust 4.875% 15/01/2026	902	0.08	
<b>'BB' credit rated bonds</b>	<b>474,907</b>	<b>41.17</b>	<b>46.83</b>
€5,100,000 ABN AMRO Bank Var. Rate 4.75% Perpetual	3,785	0.33	
US\$2,552,000 Albertsons 3.5% 15/03/2029	1,771	0.15	
US\$6,300,000 Albertsons 5.875% 15/02/2028	4,966	0.43	
US\$3,874,936 American Airlines 5.5% 20/04/2026	3,091	0.27	
US\$5,774,000 Antero Midstream Partners/Antero Midstream Finance 5.75% 15/01/2028	4,549	0.40	
£2,700,000 B&M European Value Retail 3.625% 15/07/2025	2,418	0.21	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
£1,752,000 B&M European Value Retail 4% 15/11/2028	1,368	0.12	
€3,800,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6% Perpetual	3,220	0.28	
US\$5,900,000 Bath & Body Works 6.625% 01/10/2030	4,573	0.40	
US\$2,450,000 Bath & Body Works 6.75% 01/07/2036	1,779	0.15	
€6,136,000 Belden 3.375% 15/07/2027	4,852	0.42	
€1,300,000 Belden 3.875% 15/03/2028	1,030	0.09	
US\$5,500,000 Berry Global 4.875% 15/07/2026	4,407	0.38	
€2,397,000 Canpack 2.375% 01/11/2027	1,736	0.15	
US\$4,800,000 Carnival 4% 01/08/2028	3,250	0.28	
€4,000,000 Cellnex Finance 1% 15/09/2027	2,922	0.25	
US\$1,742,000 Cheniere Energy Partners 3.25% 31/01/2032	1,173	0.10	
US\$4,800,000 Cheniere Energy Partners 4.5% 01/10/2029	3,644	0.32	
€4,032,000 Citycon Var. Rate 3.625% Perpetual	1,757	0.15	
€1,000,000 Citycon Var. Rate 4.496% Perpetual	532	0.05	
€5,600,000 Commerzbank Var. Rate 6.125% Perpetual	4,533	0.39	
US\$4,200,000 Country Garden 3.125% 22/10/2025	1,779	0.15	
€6,965,000 CPI Property Var. Rate 4.875% Perpetual	3,120	0.27	
US\$3,565,000 Crown Americas Capital 4.25% 30/09/2026	2,804	0.24	
€2,970,000 Crown European 3.375% 15/05/2025	2,489	0.22	
US\$8,000,000 CSC 4.125% 01/12/2030	5,009	0.43	
US\$1,500,000 CSC 5.5% 15/04/2027	1,140	0.10	
€1,600,000 Deutsche Bank Var. Rate 4% 24/06/2032	1,246	0.11	
€3,536,000 Dometic 2% 29/09/2028	2,329	0.20	
US\$3,429,000 Domtar 6.75% 01/10/2028	2,484	0.22	
€1,489,000 Drax Finco 2.625% 01/11/2025	1,180	0.10	
US\$2,500,000 Drax Finco 6.625% 01/11/2025	1,957	0.17	
US\$3,700,000 DT Midstream 4.125% 15/06/2029	2,697	0.23	
US\$14,189,000 DT Midstream 4.375% 15/06/2031	10,189	0.88	
US\$5,500,000 Ecopetrol 6.875% 29/04/2030	4,088	0.36	
US\$3,200,000 Energy Transfer Var. Rate 6.25% Perpetual	2,269	0.20	



# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
US\$6,372,000 EQM Midstream Partners 4.5% 15/01/2029	4,640	0.40	
US\$2,500,000 EQM Midstream Partners 5.5% 15/07/2028	1,908	0.17	
US\$3,800,000 EQM Midstream Partners 6.5% 01/07/2027	3,100	0.27	
€1,638,000 Eurofins Scientific Var. Rate 3.25% Perpetual	1,247	0.11	
US\$10,656,000 Ford Motor 6.1% 19/08/2032	8,457	0.73	
US\$17,607,000 Ford Motor Credit 4.95% 28/05/2027	13,782	1.20	
£4,018,000 GKN 4.625% 12/05/2032	3,308	0.29	
US\$6,250,000 Greenko Solar Mauritius 5.55% 29/01/2025	4,869	0.42	
€3,335,000 Grifols 2.25% 15/11/2027	2,500	0.22	
US\$5,900,000 HCA 4.5% 15/02/2027	4,700	0.41	
US\$6,940,000 HCA 5.375% 01/09/2026	5,737	0.50	
€5,700,000 Heimstaden Var. Rate 6.75% Perpetual	2,236	0.19	
US\$890,000 Hess Midstream Operations 5.5% 15/10/2030	677	0.06	
€2,700,000 Huhtamaki 4.25% 09/06/2027	2,279	0.20	
€2,642,000 INEOS Quattro Finance 2 2.5% 15/01/2026	1,996	0.17	
€3,800,000 Infineon Technologies Var. Rate 3.625% Perpetual	2,934	0.26	
€2,071,000 Infrastrutture Wireless Italiane 1.875% 08/07/2026	1,644	0.14	
US\$1,675,000 International Game Technology 4.125% 15/04/2026	1,297	0.11	
€2,000,000 Intesa Sanpaolo Var. Rate 5.875% 04/03/2029	1,745	0.15	
€4,258,000 Intesa Sanpaolo Var. Rate 6.25% Perpetual	3,611	0.31	
€6,000,000 Intrum 3.5% 15/07/2026	4,268	0.37	
US\$8,358,000 Jazz Securities 4.375% 15/01/2029	6,251	0.54	
US\$9,500,000 KB Home 4.8% 15/11/2029	6,712	0.58	
€8,000,000 KBC Var. Rate 4.25% Perpetual	5,999	0.52	
US\$6,227,000 KUO 5.75% 07/07/2027	4,752	0.41	
€7,200,000 Leonardo 2.375% 08/01/2026	5,872	0.51	
€8,748,000 Levi Strauss 3.375% 15/03/2027	7,039	0.61	
US\$2,455,000 Levi Strauss 3.5% 01/03/2031	1,670	0.15	
€7,647,000 Lloyds Banking Var. Rate 4.947% Perpetual	6,329	0.55	
US\$6,498,000 Macy's Retail 5.875% 01/04/2029	4,960	0.43	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
US\$1,671,000 Macy's Retail 5.875% 15/03/2030	1,236	0.11	
€3,600,000 Mahle 2.375% 14/05/2028	2,323	0.20	
US\$1,293,000 Marriott Ownership Resorts 6.125% 15/09/2025	1,064	0.09	
US\$2,821,000 Melco Resorts Finance 5.375% 04/12/2029	1,794	0.16	
US\$3,178,000 Meritage Homes 3.875% 15/04/2029	2,231	0.19	
US\$3,848,000 Millicom International Cellular (non-public offering) 4.5% 27/04/2031	2,620	0.23	
US\$5,100,000 Millicom International Cellular 4.5% 27/04/2031	3,471	0.30	
£4,400,000 Nationwide Building Society Var. Rate 5.875% Perpetual	4,150	0.36	
US\$7,900,000 Network i2i Var. Rate 3.975% Perpetual	5,620	0.49	
US\$4,171,000 New Red Finance 3.875% 15/01/2028	3,099	0.27	
US\$2,400,000 Norddeutsche Landesbank-Girozentrale 6.25% 10/04/2024	1,880	0.16	
US\$6,000,000 Nordstrom 4.25% 01/08/2031	3,806	0.33	
US\$2,000,000 Occidental Petroleum 6.45% 15/09/2036	1,661	0.14	
US\$6,050,000 Occidental Petroleum 6.625% 01/09/2030	5,210	0.45	
€1,807,000 OI European 2.875% 15/02/2025	1,503	0.13	
US\$10,300,000 Olin 5% 01/02/2030	7,671	0.67	
US\$7,765,000 Petrobras Global Finance 5.6% 03/01/2031	6,025	0.52	
£4,000,000 Pinewood Finance 3.625% 15/11/2027	3,495	0.30	
€11,792,000 Playtech 4.25% 07/03/2026	9,603	0.83	
US\$3,149,000 PRA Health Sciences 2.875% 15/07/2026	2,371	0.21	
£4,187,000 Premier Foods Finance 3.5% 15/10/2026	3,658	0.32	
US\$3,000,000 Range Resources 8.25% 15/01/2029	2,572	0.22	
US\$4,658,000 Rede D'or Finance 4.95% 17/01/2028	3,525	0.31	
€6,300,000 Repsol International Finance Var. Rate 4.5% 25/03/2075	5,254	0.46	
€7,500,000 Rexel 2.125% 15/12/2028	5,569	0.48	
€10,000,000 Rolls-Royce 1.625% 09/05/2028	6,815	0.59	
€7,675,000 Sappi Papier 3.625% 15/03/2028	5,736	0.50	
€4,900,000 Schaeffler 2.75% 12/10/2025	4,051	0.35	
US\$6,854,000 Simpar Europe 5.2% 26/01/2031	4,197	0.36	
US\$10,040,000 Sirius XM Radio 5% 01/08/2027	7,764	0.67	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
US\$3,094,668 S-Jets 2017-1 5.682% 15/08/2042	1,523	0.13	
€6,000,000 SoftBank 3.875% 06/07/2032	3,533	0.31	
US\$1,155,000 Southwestern Energy 4.75% 01/02/2032	840	0.07	
US\$11,087,000 Southwestern Energy 7.75% 01/10/2027	9,440	0.82	
US\$7,889,546 Spirit Loyalty 8% 20/09/2025	6,618	0.57	
US\$10,190,000 Sprint 7.875% 15/09/2023	8,618	0.75	
US\$556,000 Taylor Morrison Communities 5.875% 15/06/2027	442	0.04	
US\$8,944,000 TEGNA 4.625% 15/03/2028	6,947	0.60	
€5,200,000 Telefónica Europe Var. Rate 4.375% Perpetual	4,317	0.37	
€3,682,000 Tereos Finance I 4.75% 30/04/2027	2,805	0.24	
€3,611,000 Tereos Finance I 7.5% 30/10/2025	3,132	0.27	
€1,740,000 Teva Pharmaceutical Finance Netherlands II 1.625% 15/10/2028	1,151	0.10	
€5,000,000 Teva Pharmaceutical Finance Netherlands II 1.875% 31/03/2027	3,553	0.31	
€1,251,000 Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025	1,042	0.09	
US\$5,000,000 Teva Pharmaceutical Finance Netherlands III 3.15% 01/10/2026	3,560	0.31	
US\$2,300,000 Teva Pharmaceutical Finance Netherlands III 6.75% 01/03/2028	1,838	0.16	
US\$5,110,000 UBS Var. Rate 7% Perpetual	4,217	0.37	
€6,500,000 UniCredit Var. Rate 7.5% Perpetual	5,614	0.49	
US\$3,854,000 United Airlines 4.375% 15/04/2026	2,957	0.26	
US\$2,311,000 United Airlines 4.625% 15/04/2029	1,689	0.15	
£4,500,000 Virgin Media Secured Finance 4.125% 15/08/2030	3,546	0.31	
£8,500,000 Virgin Media Secured Finance 5.25% 15/05/2029	7,412	0.64	
US\$1,500,000 Virgin Media Secured Finance 5.5% 15/05/2029	1,138	0.10	
US\$3,450,000 Vivo Energy Investments 5.125% 24/09/2027	2,574	0.22	
€5,000,000 Vmed O2 UK Financing I 3.25% 31/01/2031	3,474	0.30	
€5,000,000 Vodafone Var. Rate 2.625% 27/08/2080	3,837	0.33	
US\$4,000,000 Vodafone Var. Rate 7% 04/04/2079	3,273	0.28	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
US\$4,100,000 Western Midstream 4.5% 01/03/2028	3,158	0.27	
€4,538,000 WMG Acquisition 2.25% 15/08/2031	3,013	0.26	
€7,118,000 WMG Acquisition 2.75% 15/07/2028	5,458	0.47	
US\$2,400,000 Yum! Brands 4.625% 31/01/2032	1,754	0.15	
US\$4,742,000 Yum! Brands 5.375% 01/04/2032	3,610	0.31	
€900,000 ZF Europe Finance 3% 23/10/2029	618	0.05	
€3,000,000 ZF Finance 2.75% 25/05/2027	2,255	0.20	
€4,500,000 ZF Finance 3.75% 21/09/2028	3,322	0.29	
<b>'B' credit rated bonds</b>	<b>386,122</b>	<b>33.48</b>	<b>30.19</b>
€7,000,000 888 Acquisitions 7.558% 15/07/2027	5,294	0.46	
US\$6,866,000 AdaptHealth 5.125% 01/03/2030	4,854	0.42	
€2,700,000 Altice France 3.375% 15/01/2028	1,853	0.16	
€2,432,000 Altice France 4% 15/07/2029	1,642	0.14	
€2,603,000 Altice France 4.125% 15/01/2029	1,776	0.15	
€9,670,000 Altice France 5.875% 01/02/2027	7,516	0.65	
€5,250,000 Ardagh Packaging Finance 2.125% 15/08/2026	3,846	0.33	
US\$1,800,000 Ardagh Packaging Finance 4.125% 15/08/2026	1,324	0.11	
US\$2,000,000 Ascent Resources Utica 5.875% 30/06/2029	1,491	0.13	
US\$5,000,000 Ascent Resources Utica 8.25% 31/12/2028	4,135	0.36	
US\$10,865,000 Ashton Woods 4.625% 01/08/2029	7,121	0.62	
US\$1,689,000 ASP Unifrax 5.25% 30/09/2028	1,145	0.10	
€7,500,000 Avantor Funding 3.875% 15/07/2028	5,967	0.52	
€4,763,000 Axalta Coating Systems Dutch 3.75% 15/01/2025	3,965	0.34	
£3,000,000 Barclays Var. Rate 8.875% Perpetual	2,964	0.26	
£9,315,000 Bellis Acquisition 3.25% 16/02/2026	7,556	0.66	
£2,878,000 Bellis Acquisition 4.5% 16/02/2026	2,403	0.21	
€4,750,000 Boxer Parent 6.5% 02/10/2025	3,898	0.34	
€3,816,000 Burger King FRN 6.391% 01/11/2026	3,197	0.28	
US\$4,600,000 Caesars Entertainment 6.25% 01/07/2025	3,756	0.33	
US\$3,582,000 Carnival 10.375% 01/05/2028	3,044	0.26	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'B' credit rated bonds (continued)</b>			
£3,363,000 Castle 7% 15/05/2029	2,341	0.20	
€4,000,000 Castle FRN 7.012% 15/05/2028	2,594	0.22	
US\$1,821,000 CCO 4% 01/03/2023	1,511	0.13	
US\$9,000,000 CCO 4.25% 01/02/2031	6,075	0.53	
US\$2,296,000 CCO 4.5% 01/05/2032	1,536	0.13	
US\$4,100,000 CCO 4.5% 15/08/2030	2,829	0.25	
US\$8,906,000 CCO 5.125% 01/05/2027	6,896	0.60	
€4,500,000 Cheplapharm Arzneimittel 4.375% 15/01/2028	3,442	0.30	
US\$5,000,000 CHS 4.75% 15/02/2031	3,056	0.27	
US\$5,931,000 CNX Resources 7.375% 15/01/2031	4,896	0.42	
US\$5,500,000 Comstock Resources 6.75% 01/03/2029	4,384	0.38	
£3,590,000 Constellation Automotive Financing 4.875% 15/07/2027	2,356	0.20	
£1,698,000 CPUK Finance 4.5% 28/08/2027	1,409	0.12	
£3,734,000 CPUK Finance 6.5% 28/08/2026	3,354	0.29	
€2,695,000 Cullinan 4.625% 15/10/2026	2,007	0.17	
US\$1,542,000 DaVita 3.75% 15/02/2031	926	0.08	
£3,979,000 Deuce Finco 5.5% 15/06/2027	3,163	0.27	
US\$3,218,000 DISH DBS 5.25% 01/12/2026	2,251	0.20	
US\$2,718,000 DISH DBS 5.75% 01/12/2028	1,794	0.16	
US\$3,868,000 Dish Network 11.75% 15/11/2027	3,275	0.28	
€2,000,000 Dufry One 3.375% 15/04/2028	1,431	0.12	
US\$4,000,000 EDF Var. Rate 5.625% Perpetual	3,075	0.27	
US\$4,470,000 Genesis Energy 8% 15/01/2027	3,547	0.31	
€4,660,000 Grifols Escrow Issuer 3.875% 15/10/2028	3,312	0.29	
£5,000,000 Heathrow Finance 3.875% 01/03/2027	4,174	0.36	
€3,761,784 Hellas Telecom III 0% 01/01/2049 <sup>b</sup>	0	0.00	
€6,085,000 Iliad 5.125% 15/10/2026	5,019	0.44	
€1,534,000 INEOS Quattro Finance 1 3.75% 15/07/2026	1,122	0.10	
€5,091,000 iQera 4.25% 30/09/2024	3,997	0.35	
US\$6,750,000 Jaguar Land Rover Automotive 7.75% 15/10/2025	5,268	0.46	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'B' credit rated bonds (continued)</b>			
US\$5,137,000 Kenbourne Invest 4.7% 22/01/2028	3,078	0.27	
US\$5,500,000 LCPR Senior Secured Financing 6.75% 15/10/2027	4,303	0.37	
€6,076,000 Lincoln Financing 3.625% 01/04/2024	5,134	0.45	
US\$1,881,000 Liquid Telecommunications Financing 5.5% 04/09/2026	1,090	0.09	
€4,600,000 Lottomatica 5.125% 15/07/2025	3,790	0.33	
€4,345,000 Mauser Packaging Solutions 4.75% 15/04/2024	3,611	0.31	
US\$2,558,000 McGraw-Hill Education 5.75% 01/08/2028	1,869	0.16	
US\$2,390,000 MGM China 4.75% 01/02/2027	1,739	0.15	
US\$7,000,000 NCR 5% 01/10/2028	5,019	0.44	
€5,000,000 Nobian Finance 3.625% 15/07/2026	3,618	0.31	
€2,000,000 Novo Banco Var. Rate 8.5% 06/07/2028	1,604	0.14	
£7,505,000 Ocado 3.875% 08/10/2026	5,847	0.51	
US\$4,500,000 Owens & Minor 4.5% 31/03/2029	3,023	0.26	
US\$1,880,000 Owens & Minor 6.625% 01/04/2030	1,364	0.12	
US\$2,700,000 Owens-Brockway Glass Container 6.375% 15/08/2025	2,148	0.19	
US\$569,000 Owens-Brockway Glass Container 6.625% 13/05/2027	457	0.04	
€4,184,000 PCF 4.75% 15/04/2026	3,028	0.26	
US\$1,597,000 Performance Food 5.5% 15/10/2027	1,286	0.11	
€3,600,000 Petroleos Mexicanos 2.75% 21/04/2027	2,492	0.22	
€5,500,000 Petroleos Mexicanos 4.75% 26/02/2029	3,811	0.33	
US\$22,290,000 Petroleos Mexicanos 6.5% 13/03/2027	16,717	1.45	
US\$9,000,000 Petroleos Mexicanos 6.625% 15/06/2035	5,212	0.45	
US\$10,932,000 Petroleos Mexicanos 6.7% 16/02/2032	6,954	0.60	
US\$4,000,000 PetSmart /PetSmart Finance 4.75% 15/02/2028	2,977	0.26	
US\$5,878,000 Pilgrim's Pride 3.5% 01/03/2032	3,863	0.33	
US\$10,197,000 Pilgrim's Pride 4.25% 15/04/2031	7,357	0.64	
€2,165,000 PLT VII Finance 4.625% 05/01/2026	1,746	0.15	
US\$4,992,000 Prestige Brands 3.75% 01/04/2031	3,424	0.30	
€5,287,000 Promontoria 6.375% 01/03/2027	4,219	0.37	
€12,530,000 Q-Park I 2% 01/03/2027	9,095	0.79	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'B' credit rated bonds (continued)</b>			
US\$4,096,000 Royal Caribbean Cruises 5.375% 15/07/2027	2,803	0.24	
US\$7,800,000 Royal Caribbean Cruises 9.25% 15/01/2029	6,606	0.57	
US\$4,264,000 SCIH Salt 4.875% 01/05/2028	3,112	0.27	
£2,250,000 Sherwood Financing 6% 15/11/2026	1,703	0.15	
US\$4,991,000 Simmons Foods 4.625% 01/03/2029	3,439	0.30	
US\$6,700,000 Spirit AeroSystems 7.5% 15/04/2025	5,466	0.47	
US\$2,250,000 Spirit AeroSystems 9.375% 30/11/2029	1,946	0.17	
US\$10,000,000 Stagwell Global 5.625% 15/08/2029	7,160	0.62	
US\$888,000 Standard Industries 4.375% 15/07/2030	601	0.05	
US\$3,850,000 Staples 7.5% 15/04/2026	2,838	0.25	
US\$1,000,000 Studio City Finance (non-public offering) 6.5% 15/01/2028	607	0.05	
US\$1,600,000 Studio City Finance 6.5% 15/01/2028	974	0.08	
€7,843,770 Summer BidCo 9% 15/11/2025	5,211	0.45	
€4,500,000 Telecom Italia 3.625% 25/05/2026	3,585	0.31	
£5,000,000 Telecom Italia 5.875% 19/05/2023	4,936	0.43	
US\$5,500,000 Tenet Healthcare 4.875% 01/01/2026	4,346	0.38	
US\$6,100,000 Tenet Healthcare 5.125% 01/11/2027	4,685	0.41	
US\$5,125,000 Tenet Healthcare 6.125% 01/10/2028	3,746	0.32	
€3,500,000 TI Automotive Finance 3.75% 15/04/2029	2,331	0.20	
€6,100,000 TK Elevator Midco 4.375% 15/07/2027	4,618	0.40	
US\$4,500,000 Total Play Telecomunicaciones 6.375% 20/09/2028	2,650	0.23	
US\$4,392,000 Townsquare Media 6.875% 01/02/2026	3,393	0.29	
€3,602,000 Trivium Packaging Finance 3.75% 15/08/2026	2,826	0.25	
€671,000 Verisure 9.25% 15/10/2027	606	0.05	
US\$4,942,000 Vertiv 4.125% 15/11/2028	3,501	0.30	
£3,600,000 Virgin Media Vendor Financing Notes III 4.875% 15/07/2028	3,015	0.26	
£4,909,000 Voyage Care 5.875% 15/02/2027	4,168	0.36	
US\$5,000,000 VTR Comunicaciones 4.375% 15/04/2029	2,175	0.19	
US\$2,400,000 Wynn Las Vegas 5.5% 01/03/2025	1,907	0.17	
US\$2,273,000 Wynn Macau 5.625% 26/08/2028	1,506	0.13	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'CCC' credit rated bonds</b>	<b>103,697</b>	<b>8.99</b>	<b>10.05</b>
€5,000,000 Adler 1.875% 14/01/2026	1,865	0.16	
€3,000,000 Adler 2.25% 14/01/2029	1,035	0.09	
€4,100,000 Altice France 4% 15/02/2028	2,370	0.21	
£1,096,000 Ardagh Packaging Finance 4.75% 15/07/2027	767	0.07	
US\$888,000 ASP Unifrax 7.5% 30/09/2029	487	0.04	
€2,505,000 Banca Monte dei Paschi di Siena Var. Rate 8.5% 10/09/2030	1,880	0.16	
US\$1,230,000 Bausch Health 11% 30/09/2028	786	0.07	
US\$245,000 Bausch Health 14% 15/10/2030	118	0.01	
US\$3,500,000 Bausch Health 4.875% 01/06/2028	1,786	0.15	
£2,672,000 Boparan Finance 7.625% 30/11/2025	1,797	0.16	
US\$1,037,000 Caesars Entertainment 4.625% 15/10/2029	711	0.06	
€2,000,000 Casino Guichard-Perrachon 5.25% 15/04/2027	861	0.07	
€5,600,000 Casino Guichard-Perrachon 6.625% 15/01/2026	2,523	0.22	
US\$6,200,000 CHS 6.875% 15/04/2029	2,724	0.24	
US\$4,100,000 CommScope 8.25% 01/03/2027	2,897	0.25	
€3,630,000 Eagle Intermediate Global 5.375% 01/05/2023	2,319	0.20	
US\$5,973,000 Glatfelter 4.75% 15/11/2029	3,295	0.29	
€4,000,000 Herens Midco 5.25% 15/05/2029	2,361	0.20	
£2,152,000 House of Fraser Funding 0% 30/12/2050 <sup>a</sup>	3	0.00	
US\$2,950,000 iHeartCommunications 8.375% 01/05/2027	2,174	0.19	
€3,000,000 Kaixo Bondco Telecom 5.125% 30/09/2029	2,206	0.19	
US\$7,438,000 McGraw-Hill Education 8% 01/08/2029	5,250	0.46	
US\$7,000,000 McLaren Finance 7.5% 01/08/2026	4,698	0.41	
US\$3,344,000 Medline Borrower 5.25% 01/10/2029	2,262	0.20	
€3,285,000 Picard Bondco 5.375% 01/07/2027	2,307	0.20	
€3,900,000 Sani 5.625% 15/12/2026	3,142	0.27	
US\$8,442,000 Scientific Games 6.625% 01/03/2030	5,974	0.52	
US\$6,511,000 SCIH Salt 6.625% 01/05/2029	4,500	0.39	
€1,033,081 Selecta 10% 01/07/2026	597	0.05	
€2,309,805 Selecta 8% 01/04/2026	1,673	0.15	



# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'CCC' credit rated bonds (continued)</b>			
€7,700,000 Sigma Holdco 5.75% 15/05/2026	4,704	0.41	
US\$3,894,000 Staples 10.75% 15/04/2027	2,363	0.21	
€8,245,000 Superior Industries International 6% 15/06/2025	6,614	0.57	
€2,398,452 Techem Verwaltungsgesellschaft 674 6% 30/07/2026	1,956	0.17	
US\$2,958,000 Transocean (non-public offering) 11.5% 30/01/2027	2,448	0.21	
US\$187,000 Transocean 11.5% 30/01/2027	156	0.01	
US\$9,470,000 Triton Water 6.25% 01/04/2029	6,050	0.52	
US\$3,603,000 Trivium Packaging Finance 8.5% 15/08/2027	2,821	0.24	
€7,500,000 Verisure 5.25% 15/02/2029	5,206	0.45	
€7,000,000 WP/AP Telecom III 5.5% 15/01/2030	4,986	0.43	
US\$2,262,000 Zayo 6.125% 01/03/2028	1,025	0.09	
<b>'C' credit rated bonds</b>	<b>546</b>	<b>0.05</b>	<b>0.00</b>
US\$1,543,000 Bausch Health 5% 15/02/2029	546	0.05	
<b>'D' credit rated bonds</b>	<b>483</b>	<b>0.04</b>	<b>0.13</b>
€50,000 Lehman Brothers 0% 26/09/2040 <sup>b</sup>	0	0.00	
US\$3,600,000 Yuzhou 6.35% 13/01/2027	137	0.01	
US\$5,580,000 Yuzhou 7.85% 12/08/2026	213	0.02	
US\$3,500,000 Yuzhou 8.3% 27/05/2025	133	0.01	
<b>Bonds with no credit rating</b>	<b>4,539</b>	<b>0.39</b>	<b>0.00</b>
US\$694,000 1375209 BC 9% 30/01/2028	563	0.05	
US\$1,191,000 JCPenney 6.375% 15/10/2036 <sup>b</sup>	0	0.00	
US\$711,673 K2016470219 South Africa 3% 31/12/2022 <sup>b</sup>	0	0.00	
US\$5,400,000 Kaisa 11.25% 16/04/2025	428	0.04	
US\$2,000,000 KWG 6.3% 13/02/2026	311	0.03	
US\$4,339,000 Par Pharmaceutical 7.5% 01/04/2027	2,730	0.23	
US\$5,650,000 Sunac China 6.5% 10/01/2025	507	0.04	
<b>Debt derivatives</b>	<b>(762)</b>	<b>(0.07)</b>	<b>0.27</b>
<b>Credit default swaps</b>	<b>(2,328)</b>	<b>(0.20)</b>	<b>0.00</b>
US\$3,676,470 American Airlines Jun 2027	(551)	(0.05)	
€2,750,000 Boparan Finance Dec 2025	(730)	(0.06)	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt derivatives (continued)</b>			
<b>Credit default swaps (continued)</b>			
€2,000,000 Casino Guichard-Perrachon Jun 2025	(603)	(0.05)	
€4,000,000 Iceland Bondco Dec 2026	(713)	(0.06)	
US\$13,860,000 Markit CDX North American High Yield Series 38 5 Year Jun 2027	269	0.02	
<b>Interest rate futures</b>	<b>1,566</b>	<b>0.13</b>	<b>0.27</b>
274 10 Year US Treasury Note Mar 2023	69	0.00	
660 5 Year US Treasury Note Mar 2023	79	0.01	
(564) Euro-Bobl Dec 2022	1,278	0.11	
(103) Long Gilt Mar 2023	140	0.01	
<b>Currency</b>	<b>42,788</b>	<b>3.71</b>	<b>(0.05)</b>
<b>Forward currency contracts</b>	<b>42,788</b>	<b>3.71</b>	<b>(0.05)</b>
€4,829,364 Bought for £4,216,271 (expires 07.12.22)	(51)	(0.00)	
€(414,094,622) Sold for £361,125,321 (expires 07.12.22)	3,928	0.34	
US\$7,853,280 Bought for £6,956,836 (expires 07.12.22)	(419)	(0.04)	
US\$(378,678,541) Sold for £340,979,091 (expires 07.12.22)	25,743	2.23	
US\$(363,376,456) Sold for £315,618,533 (expires 18.01.23)	13,587	1.18	
<b>Total portfolio</b>	<b>1,073,219</b>	<b>93.04</b>	<b>93.24</b>
<b>Net other assets/(liabilities)</b>	<b>80,260</b>	<b>6.96</b>	<b>6.76</b>
<b>Net assets attributable to shareholders</b>	<b>1,153,479</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> Suspended.

<sup>b</sup> Defaulted bond.

# Portfolio statement

Top ten portfolio transactions for the six months to  
30 November 2022

Largest purchases	£'000
US Treasury 3.25% 30/06/2027	25,182
Pilgrim's Pride 4.25% 15/04/2031	9,551
Ford Motor 6.1% 19/08/2032	8,864
Celanese 6.165% 15/07/2027	8,340
Royal Caribbean Cruises 9.25% 15/01/2029	6,866
Spirit Loyalty 8% 20/09/2025	6,781
Spirit AeroSystems 7.5% 15/04/2025	5,686
888 Acquisitions 7.558% 15/07/2027	5,053
CNX Resources 7.375% 15/01/2031	5,041
Telecom Italia 5.875% 19/05/2023	4,956
Other purchases	141,599
<b>Total purchases</b>	<b>227,919</b>

Largest sales	£'000
Ford Motor Company 9% 22/04/2025	14,121
US Treasury 3.25% 30/07/2027	14,027
UK Treasury 0.125% 31/01/2023	12,409
Endeavor Energy Resource 6.625% 15/07/2025	11,780
Pilgrim's Pride 4.25% 15/04/2031	8,843
Nielsen Finance 5.625% 01/09/2028	8,540
US Treasury 1.125% 28/02/2025	8,359
Berry Global 4.875% 15/07/2026	6,399
Intertrust Group 3.375% 15/11/2025	5,218
PVH 4.625% 10/07/2025	5,210
Other sales	111,879
<b>Total sales</b>	<b>206,785</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, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](http://mandg.com/investments)

## Long-term performance by share class

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

On 24 June 2022, the Sterling Class 'X' Income and Sterling Class 'X' Accumulation shares were merged into the equivalent Sterling Class 'A' Income and Sterling Class 'A' Accumulation shares.

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-3.7	-2.6	-0.4	2.1
Class 'A' Accumulation	-3.7	-2.6	-0.5	2.1
Class 'I' Income	-3.5	-2.2	0.0	2.6
Class 'I' Accumulation	-3.5	-2.2	0.0	2.6
Class 'PP' Income	-3.4	-2.1	n/a	n/a
Class 'PP' Accumulation	-3.5	-2.1	n/a	n/a
Class 'R' Income	-3.6	-2.5	-0.2	2.3
Class 'R' Accumulation	-3.6	-2.5	-0.2	2.3
Class 'X' Income	-5.2	-3.7	-0.8	2.0
Class 'X' Accumulation	-5.2	-3.7	-0.8	2.0
<b>Benchmark</b>	<b>-3.8</b>	<b>-1.3</b>	<b>0.5</b>	<b>3.3</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 1 October 2002.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	41.71	47.55	44.34
Return before operating charges	(1.37)	(3.21)	5.84
Operating charges	(0.19)	(0.46)	(0.53)
Return after operating charges	(1.56)	(3.67)	5.31
Distributions	(1.12)	(2.17)	(2.10)
Closing NAV	39.03	41.71	47.55
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.98	0.98	1.12
Return after charges	-3.74	-7.72	+11.98
Other information			
Closing NAV (£'000)	276,748	52,702	63,048
Number of shares	709,085,777	126,366,616	132,599,814
Highest share price (UK p)	41.71	48.23	48.44
Lowest share price (UK p)	37.32	41.02	44.79

## Sterling Class 'A' Accumulation share performance

The share class was launched on 1 October 2002.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	133.84	145.52	129.77
Return before operating charges	(4.34)	(10.26)	17.32
Operating charges	(0.63)	(1.42)	(1.57)
Return after operating charges	(4.97)	(11.68)	15.75
Distributions	(3.01)	(5.35)	(4.71)
Retained distributions	3.01	5.35	4.71
Closing NAV	128.87	133.84	145.52
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.98	0.98	1.13
Return after charges	-3.71	-8.03	+12.14
Other information			
Closing NAV (£'000)	300,685	247,184	271,957
Number of shares	233,324,019	184,689,814	186,892,045
Highest share price (UK p)	133.84	148.97	146.43
Lowest share price (UK p)	122.16	131.07	131.06

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	907.71	1,030.66	956.67
Return before operating charges	(29.73)	(70.02)	126.11
Operating charges	(2.50)	(5.86)	(6.61)
Return after operating charges	(32.23)	(75.88)	119.50
Distributions	(24.41)	(47.07)	(45.51)
Closing NAV	851.07	907.71	1,030.66
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.01	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.58	0.58	0.65
Return after charges	-3.55	-7.36	+12.49
<b>Other information</b>			
Closing NAV (£'000)	76,774	74,136	88,537
Number of shares	9,020,924	8,167,434	8,590,299
Highest share price (UK p)	907.76	1,046.49	1,048.77
Lowest share price (UK p)	813.44	892.69	966.27

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,433.66	1,552.46	1,378.00
Return before operating charges	(46.43)	(109.79)	184.18
Operating charges	(3.98)	(9.01)	(9.72)
Return after operating charges	(50.41)	(118.80)	174.46
Distributions	(35.00)	(63.40)	(57.18)
Retained distributions	35.00	63.40	57.18
Closing NAV	1,383.25	1,433.66	1,552.46
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.01	0.02	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.02	0.01
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.58	0.58	0.65
Return after charges	-3.52	-7.65	+12.66
<b>Other information</b>			
Closing NAV (£'000)	87,397	65,976	86,544
Number of shares	6,318,267	4,601,916	5,574,636
Highest share price (UK p)	1,433.72	1,591.28	1,562.29
Lowest share price (UK p)	1,310.59	1,403.90	1,391.79

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	86.89	98.56	91.37
Return before operating charges	(2.84)	(6.71)	12.04
Operating charges	(0.20)	(0.46)	(0.50)
Return after operating charges	(3.04)	(7.17)	11.54
Distributions	(2.34)	(4.50)	(4.35)
Closing NAV	81.51	86.89	98.56
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.48	0.48	0.52
Return after charges	-3.50	-7.27	+12.63
<b>Other information</b>			
Closing NAV (£'000)	1,014	1,084	45
Number of shares	1,244,296	1,247,390	45,390
Highest share price (UK p)	86.89	100.10	100.27
Lowest share price (UK p)	77.89	85.45	92.28

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	101.78	110.10	97.60
Return before operating charges	(3.30)	(7.79)	13.05
Operating charges	(0.23)	(0.53)	(0.55)
Return after operating charges	(3.53)	(8.32)	12.50
Distributions	(2.53)	(4.61)	(4.20)
Retained distributions	2.53	4.61	4.20
Closing NAV	98.25	101.78	110.10
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.48	0.48	0.51
Return after charges	-3.47	-7.56	+12.81
<b>Other information</b>			
Closing NAV (£'000)	380,104	270,915	431,906
Number of shares	386,886,345	266,183,088	392,275,840
Highest share price (UK p)	101.78	112.89	110.80
Lowest share price (UK p)	93.07	99.66	98.58

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	89.25	101.60	94.55
Return before operating charges	(2.92)	(6.89)	12.44
Operating charges	(0.35)	(0.83)	(0.90)
Return after operating charges	(3.27)	(7.72)	11.54
Distributions	(2.40)	(4.63)	(4.49)
Closing NAV	83.58	89.25	101.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.83	0.83	0.90
Return after charges	-3.66	-7.60	+12.21
Other information			
Closing NAV (£'000)	15,672	16,194	18,575
Number of shares	18,750,475	18,142,964	18,281,793
Highest share price (UK p)	89.26	103.09	103.46
Lowest share price (UK p)	79.91	87.79	95.49

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	139.30	151.23	134.56
Return before operating charges	(4.50)	(10.68)	17.98
Operating charges	(0.56)	(1.25)	(1.31)
Return after operating charges	(5.06)	(11.93)	16.67
Distributions	(3.23)	(5.79)	(5.21)
Retained distributions	3.23	5.79	5.21
Closing NAV	134.24	139.30	151.23
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.83	0.83	0.90
Return after charges	-3.63	-7.89	+12.39
Other information			
Closing NAV (£'000)	15,085	16,387	18,445
Number of shares	11,237,384	11,763,586	12,196,380
Highest share price (UK p)	139.31	154.89	152.19
Lowest share price (UK p)	127.23	136.42	135.91



# Financial highlights

## Sterling Class 'X' Income share performance

The share class was launched on 16 October 1998. The class was merged into Sterling Class 'A' Income on 24 June 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	41.72	47.56	44.36
Return before operating charges	(2.15)	(3.21)	5.83
Operating charges	(0.03)	(0.46)	(0.53)
Return after operating charges	(2.18)	(3.67)	5.30
Distributions	n/a	(2.17)	(2.10)
NAV of in specie transfer	(39.54)	n/a	n/a
Closing NAV	0.00	41.72	47.56
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.98	0.98	1.12
Return after charges	-5.23	-7.72	+11.95
<b>Other information</b>			
Closing NAV (£'000)	0	262,578	320,017
Number of shares	0	629,368,857	672,822,850
Highest share price (UK p)	41.72	48.24	48.45
Lowest share price (UK p)	39.54	41.04	44.80

## Sterling Class 'X' Accumulation share performance

The share class was launched on 16 October 1998. The class was merged into Sterling Class 'A' Accumulation on 24 June 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	133.94	145.64	129.87
Return before operating charges	(6.92)	(10.27)	17.34
Operating charges	(0.08)	(1.43)	(1.57)
Return after operating charges	(7.00)	(11.70)	15.77
Distributions	n/a	(5.35)	(4.72)
Retained distributions	n/a	5.35	4.72
NAV of in specie transfer	(126.94)	n/a	n/a
Closing NAV	0.00	133.94	145.64
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.98	0.98	1.12
Return after charges	-5.23	-8.03	+12.14
<b>Other information</b>			
Closing NAV (£'000)	0	103,917	146,103
Number of shares	0	77,586,002	100,321,528
Highest share price (UK p)	133.94	149.09	146.54
Lowest share price (UK p)	126.94	131.17	131.16

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		(66,005)		(28,734)
Revenue	32,420		28,831	
Expenses	(4,421)		(5,381)	
Interest payable and similar charges	(9)		(16)	
Net revenue/(expense) before taxation	27,990		23,434	
Taxation	(17)		(18)	
Net revenue/(expense) after taxation		27,973		23,416
<b>Total return before distributions</b>		<b>(38,032)</b>		<b>(5,318)</b>
Distributions		(29,684)		(25,532)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(67,716)</b>		<b>(30,850)</b>

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

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>1,111,073</b>		<b>1,445,177</b>
Amounts received on issue of shares	160,559		20,193	
Amounts paid on cancellation of shares	(70,215)		(214,312)	
		90,344		(194,119)
Dilution adjustments		754		593
Change in net assets attributable to shareholders from investment activities (see above)		(67,716)		(30,850)
Retained distributions on Accumulation shares		19,015		14,683
Unclaimed distributions		9		8
<b>Closing net assets attributable to shareholders</b>		<b>1,153,479</b>		<b>1,235,492</b>

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

# Financial statements and notes

## Financial statements

### Balance sheet

as at	30 November 2022 £'000	31 May 2022 £'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	1,076,286	1,041,993
<b>Current assets</b>		
Debtors	21,187	21,686
Cash and bank balances	10,555	15,999
Cash equivalents	60,870	45,512
<b>Total assets</b>	<b>1,168,898</b>	<b>1,125,190</b>
<b>Liabilities</b>		
Investment liabilities	(3,067)	(5,997)
<b>Creditors</b>		
Bank overdrafts	(1,885)	0
Overdrawn positions at futures clearing houses and collateral manager	0	(2,305)
Distribution payable	(1,551)	(1,756)
Other creditors	(8,916)	(4,059)
<b>Total liabilities</b>	<b>(15,419)</b>	<b>(14,117)</b>
<b>Net assets attributable to shareholders</b>	<b>1,153,479</b>	<b>1,111,073</b>

# Financial statements and notes

## Notes to the financial statements

### Accounting policies

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

### Distribution policy

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

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the FTSE Actuaries UK Index-Linked Gilts All Stocks Index over any five-year period.

## Investment policy

At least 70% of the fund is invested, directly or indirectly, in inflation-linked debt securities issued or guaranteed by the UK government, and denominated in sterling.

The fund's indirect exposure to inflation-linked debt securities is achieved by investing through a combination of instruments. These include the combination of government bonds or corporate bonds with credit derivatives, such as credit default swaps.

Other investment may include:

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

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

## Investment approach

The fund is diversified across a range of inflation-linked debt securities from a variety of sectors. The fund's investment approach is based on the principle that returns from bond markets are driven by a combination of macroeconomic factors such as expectations on interest rates, inflation and economic growth. As different factors dominate returns at different stages of the economic cycle, the manager applies a flexible investment approach, adjusting the portfolio's duration as deemed appropriate.

The fund manager seeks to take advantage of 'relative value' opportunities within the inflation-linked bond market, which involves buying the inflation-linked bonds that offer the best value.

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

## Benchmark

Benchmark: FTSE Actuaries UK Index-Linked Gilts All Stocks Index.

The benchmark is a target which the fund seeks to outperform.

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

The fund is actively managed.

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

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

# Authorised Corporate Director's Report

## Risk profile

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

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



### The above number:

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

## Investment review

For the six months ended 30 November 2022

### Performance against objective

Between 1 June 2022 (the start of the review period) and 30 November 2022, the M&G Index-Linked Bond Fund's Sterling Class 'A' and 'I' shares delivered a total return (the combination of income and growth of capital) of -17.8% and -17.7%, respectively. This compares with the return of -14.3% from the fund's benchmark, the FTSE Actuaries UK Index-Linked Gilts All Stocks Index, over the same period.

Over five years, the fund was behind or in line with the benchmark. The fund's Sterling Class 'A' shares returned -2.8% pa and the Class 'I' shares returned -2.6% pa, while the benchmark returned -2.6% pa over this period. The fund, therefore, has not achieved its objective across all its share classes.

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

Both UK government bonds (also known as gilts) and index-linked government bonds delivered negative returns in the six months to the end of November 2022. Index-linked bonds refer to bonds where the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. In bond markets, actual or expected declines in interest rates typically support sentiment towards government bonds.

Investor sentiment has been volatile over much of the past six months, with confidence buffeted by soaring inflation rates, the prospect of higher interest rates and the ongoing war in Ukraine. There were significant political events in the UK too with the departure of two prime ministers and considerable disquiet over the government's policy approach leading to turmoil in financial markets and political U-turns.

The war in Ukraine shows no signs of ending in the near term and the global economic outlook has deteriorated markedly. This is partly due to economic sanctions and other measures against Russia by the West as well as disruption to supply chains.

The opening of domestic and many other economies post COVID-related shutdowns have led to price rises, while constraints on gas supplies across Europe have sent energy prices soaring. Despite the weaker economic backdrop, worries about sharply rising inflation have led many central banks to raise interest rates. In the UK, interest rates stood at 3.0% at the end of November 2022, compared with 1.0% at the start of the period under review. Shortly after the end of the review period, the Bank of England raised interest rates by a further 0.5 percentage points.

In August, the expectation of continued restrictive policy in the US following a hawkish message from the US Federal Reserve led to sharp declines in prices for gilts and index-linked government bonds.

# Authorised Corporate Director's Report

In UK political developments, Prime Minister Boris Johnson lost the support of his MPs and Liz Truss became prime minister in early September. There followed a deeply unsettling period as the new prime minister sought to pursue her ambitious low-tax, pro-economic growth agenda, an unfunded plan that was badly received by financial markets. Sterling plummeted and the Bank of England (BoE) was forced to intervene by buying long-dated gilts in a brief, temporary measure to stabilise the gilt market and to protect certain pension funds, which came under pressure too. The BoE also noted its concerns over future growth, inflation and the housing market, all of which suggested the possibility of higher-than-previously-expected future inflation. Yields on gilts and index-linked government bonds, which move inversely to prices, rose sharply at this time.

In a series of fast-moving events, the government then reversed most of its recently proposed measures, Liz Truss resigned in October and Rishi Sunak subsequently became prime minister. Conventional government bonds made healthy gains at this time, although index-linked gilts declined as expectations for UK inflation eased.

The unrest stemming from September's 'mini-budget' continued to unwind and gilts and index-linked gilts gained at the end of the period under review. In his Autumn Statement in November, Chancellor Jeremy Hunt announced tax rises and initial spending cuts with a view to supporting the UK's finances.

## Investment activities

The heightened volatility in September mentioned earlier led to a considerable relative value dislocation in the market (meaning a wide range between assets that we considered to be overvalued and ones we considered undervalued). This presented the opportunity to add to the fund's above-benchmark position in 30-year index-linked gilts.

As a result of the BoE's actions, long-dated government bonds looked extremely expensive and we reduced the allocation to ultra long-dated assets and increased the shorter dated (25-30-year) exposure.

The extreme dislocation in the market has partly corrected and we bought back some longer dated bonds, locking in profits. Nevertheless, various dislocations persist and we currently favour index-linked gilts maturing in 15-25 years, versus those maturing on either side of this time period. We are confident that these dislocations will continue to correct in due course and contribute positively to performance going forward.

The fund's performance is affected by its sensitivity to changes in interest rates, or duration, and is measured in years. In view of the challenging backdrop, we positioned the portfolio to be marginally shorter duration relative to the benchmark (meaning a lower sensitivity to movements in interest rates).

## Outlook

Soaring inflation has led to a cost-of-living crisis with short-term economic growth in question in the UK. A now more fiscally conservative government will have to finance £305 billion in the next fiscal year, a difficult task without the support of the BoE's bond-buying programme. The government has sought to provide some stability following a period of heightened uncertainty earlier in the autumn. Policymakers are hoping that some tax rises, through freezing tax thresholds, and smaller-than-planned rises in public services spending will lead to lower inflation.

## Miles Tym

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income</b>	<b>112,437</b>	<b>98.61</b>	<b>99.33</b>
<b>Debt securities</b>	<b>112,437</b>	<b>98.61</b>	<b>99.33</b>
<b>'AA' credit rated bonds</b>	<b>112,437</b>	<b>98.61</b>	<b>99.33</b>
£820,000 Network Rail Infrastructure Finance IL 1.9618% 01/12/2025	1,754	1.54	
£6,241,704 UK Treasury IL 0.125% 22/03/2024	9,300	8.16	
£963,532 UK Treasury IL 0.125% 10/08/2028	1,253	1.10	
£4,685,384 UK Treasury IL 0.125% 22/03/2029	7,161	6.28	
£10,703,079 UK Treasury IL 0.125% 22/03/2039	12,927	11.34	
£2,491,432 UK Treasury IL 0.125% 10/08/2041	3,161	2.77	
£1,165,713 UK Treasury IL 0.125% 22/03/2046	1,573	1.38	
£8,902,541 UK Treasury IL 0.125% 10/08/2048	11,189	9.81	
£3,302,094 UK Treasury IL 0.125% 22/03/2058	4,598	4.03	
£3,694,853 UK Treasury IL 0.125% 22/03/2068	5,617	4.93	
£1,856,151 UK Treasury IL 0.375% 22/03/2062	3,115	2.73	
£6,423,862 UK Treasury IL 0.625% 22/03/2040	11,453	10.04	
£9,534,996 UK Treasury IL 0.75% 22/11/2047	18,311	16.06	
£1,753,775 UK Treasury IL 1.125% 22/11/2037	3,607	3.16	
£7,943,882 UK Treasury IL 1.25% 22/11/2027	15,633	13.71	
£2,232,000 University of Cambridge IL 0.25% 27/06/2068	1,785	1.57	
<b>Total portfolio</b>	<b>112,437</b>	<b>98.61</b>	<b>99.33</b>
<b>Net other assets/(liabilities)</b>	<b>1,585</b>	<b>1.39</b>	<b>0.67</b>
<b>Net assets attributable to shareholders</b>	<b>114,022</b>	<b>100.00</b>	<b>100.00</b>

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



# Portfolio statement

Top ten portfolio transactions for the six months to  
30 November 2022

Largest purchases	£'000
UK Treasury IL 0.625% 22/03/2040	24,474
UK Treasury IL 0.125% 22/03/2039	20,311
UK Treasury IL 0.125% 10/08/2048	15,488
UK Treasury IL 0.75% 22/11/2047	15,046
UK Treasury IL 0.50% 22/03/2050	11,997
UK Treasury IL 0.125% 22/03/2024	9,332
UK Treasury IL 0.125% 22/03/2029	6,741
UK Treasury IL 0.125% 22/03/2068	6,270
UK Treasury IL 0.125% 22/03/2058	4,440
UK Treasury IL 0.75% 22/03/2034	4,215
Other purchases	16,794
<b>Total purchases</b>	<b>135,108</b>

Largest sales	£'000
UK Treasury IL 1.25% 22/11/2027	21,773
UK Treasury IL 0.75% 22/03/2034	16,826
UK Treasury IL 0.125% 22/11/2056	13,978
UK Treasury IL 0.375% 22/03/2062	13,727
UK Treasury IL 0.125% 22/03/2039	12,339
UK Treasury IL 0.50% 22/03/2050	11,599
UK Treasury IL 0.625% 22/03/2040	9,288
UK Treasury IL 0.75% 22/11/2047	8,388
UK Treasury IL 0.125% 10/08/2048	8,296
UK Treasury IL 4.125% 22/07/2030	6,342
Other sales	27,292
<b>Total sales</b>	<b>149,848</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, 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	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-17.8	-7.2	-2.8	+2.5
Class 'A' Accumulation	-17.8	-7.2	-2.8	+2.5
Class 'I' Income	-17.7	-6.9	-2.6	+2.7
Class 'I' Accumulation	-17.7	-6.9	-2.6	+2.7
Class 'PP' Income	-17.7	n/a	n/a	n/a
Class 'PP' Accumulation	-17.7	n/a	n/a	n/a
<b>Benchmark</b>	<b>-14.3</b>	<b>-7.3</b>	<b>-2.6</b>	<b>2.7</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 4 October 1999.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	146.19	159.26	164.61
Return before operating charges	(25.40)	(12.15)	(4.47)
Operating charges	(0.35)	(0.92)	(0.88)
Return after operating charges	(25.75)	(13.07)	(5.35)
Distributions	n/a	0.00	0.00
Closing NAV	120.44	146.19	159.26
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.55	0.55	0.55
Return after charges	-17.61	-8.21	-3.25
<b>Other information</b>			
Closing NAV (£'000)	7,766	10,233	12,690
Number of shares	6,447,903	6,999,534	7,968,016
Highest share price (UK p)	146.01	183.49	167.50
Lowest share price (UK p)	92.63	144.83	148.00

## Sterling Class 'A' Accumulation share performance

The share class was launched on 4 October 1999.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	167.95	182.94	189.11
Return before operating charges	(29.18)	(13.93)	(5.16)
Operating charges	(0.40)	(1.06)	(1.01)
Return after operating charges	(29.58)	(14.99)	(6.17)
Distributions	n/a	0.00	0.00
Retained distributions	n/a	0.00	0.00
Closing NAV	138.37	167.95	182.94
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.55	0.55	0.55
Return after charges	-17.61	-8.19	-3.26
<b>Other information</b>			
Closing NAV (£'000)	19,496	25,961	32,421
Number of shares	14,090,331	15,458,069	17,722,283
Highest share price (UK p)	167.73	210.79	192.42
Lowest share price (UK p)	106.42	166.39	170.03

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,580.15	1,716.03	1,769.19
Return before operating charges	(274.62)	(131.35)	(48.17)
Operating charges	(1.72)	(4.53)	(4.99)
Return after operating charges	(276.34)	(135.88)	(53.16)
Distributions	n/a	0.00	0.00
Closing NAV	1,303.81	1,580.15	1,716.03
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.25	0.25	0.29
Return after charges	-17.49	-7.92	-3.00
<b>Other information</b>			
Closing NAV (£'000)	17,578	23,822	29,950
Number of shares	1,348,185	1,507,595	1,745,308
Highest share price (UK p)	1,578.96	1,980.44	1,800.47
Lowest share price (UK p)	1,002.34	1,565.20	1,593.68

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,582.22	1,718.27	1,771.50
Return before operating charges	(274.99)	(131.51)	(48.31)
Operating charges	(1.72)	(4.54)	(4.92)
Return after operating charges	(276.71)	(136.05)	(53.23)
Distributions	n/a	0.00	0.00
Retained distributions	n/a	0.00	0.00
Closing NAV	1,305.51	1,582.22	1,718.27
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.25	0.25	0.29
Return after charges	-17.49	-7.92	-3.00
<b>Other information</b>			
Closing NAV (£'000)	69,150	94,746	106,170
Number of shares	5,296,795	5,988,162	6,178,922
Highest share price (UK p)	1,581.03	1,983.04	1,802.83
Lowest share price (UK p)	1,003.65	1,567.24	1,595.77

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 21 April 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Period to 31.05.22 UK p
Opening NAV	95.20	100.00
Return before operating charges	(16.55)	(4.78)
Operating charges	(0.06)	(0.02)
Return after operating charges	(16.61)	(4.80)
Distributions	n/a	0.00
Closing NAV	78.59	95.20
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00
Operating charges	0.15	0.15
Return after charges	-17.45	-4.80
<b>Other information</b>		
Closing NAV (£'000)	16	19
Number of shares	20,010	20,010
Highest share price (UK p)	95.14	102.17
Lowest share price (UK p)	60.41	94.29

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 21 April 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Period to 31.05.22 UK p
Opening NAV	95.20	100.00
Return before operating charges	(16.55)	(4.78)
Operating charges	(0.06)	(0.02)
Return after operating charges	(16.61)	(4.80)
Distributions	n/a	0.00
Retained distributions	n/a	0.00
Closing NAV	78.59	95.20
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00
Operating charges	0.15	0.15
Return after charges	-17.45	-4.80
<b>Other information</b>		
Closing NAV (£'000)	16	19
Number of shares	20,000	20,000
Highest share price (UK p)	95.14	102.17
Lowest share price (UK p)	60.41	94.29

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		(32,843)		19,267
Revenue	6,625		4,859	
Expenses	(203)		(302)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	6,422		4,557	
Taxation	0		1	
Net revenue/(expense) after taxation		6,422		4,558
<b>Total return before equalisation</b>		<b>(26,421)</b>		<b>23,825</b>
Equalisation		86		55
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(26,335)</b>		<b>23,880</b>

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

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>154,800</b>		<b>181,231</b>
Amounts received on issue of shares	2,739		2,645	
Amounts paid on cancellation of shares	(17,212)		(17,026)	
		(14,473)		(14,381)
Dilution adjustments		30		15
Change in net assets attributable to shareholders from investment activities (see above)		(26,335)		23,880
<b>Closing net assets attributable to shareholders</b>		<b>114,022</b>		<b>190,745</b>

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

# Financial statements and notes

## Financial statements

### Balance sheet

as at	30 November 2022 £'000	31 May 2022 £'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	112,437	153,764
<b>Current assets</b>		
Debtors	53	111
Cash and bank balances	83	154
Cash equivalents	1,713	792
<b>Total assets</b>	<b>114,286</b>	<b>154,821</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Other creditors	(264)	(21)
<b>Total liabilities</b>	<b>(264)</b>	<b>(21)</b>
<b>Net assets attributable to shareholders</b>	<b>114,022</b>	<b>154,800</b>

# Financial statements and notes

## Notes to the financial statements

### Accounting policies

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

### Distribution policy

To contribute to the preservation of the share value in real terms, the amount available for distribution has been calculated to disregard the change in the Retail Prices Index during the accounting period in respect of interest from index-linked gilt-edged securities.

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



# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

## Investment objective

The fund aims to track the performance of the FTSE All-Share Index, gross of the ongoing charge figure (OCF). The return received by shareholders will be reduced by the effects of charges.

## Investment policy

The fund aims to be invested in the constituents of the Index. The fund typically invests directly.

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

The fund may hold other transferable securities and other financial instruments where these are held as a consequence of having invested in an Index constituent. The fund can invest in securities joining or likely to join the index.

The fund may use derivatives for efficient portfolio management and hedging only.

## Investment approach

The fund is designed to track the FTSE All-Share Index. The Index represents the performance of small, medium and large companies listed on the London Stock Exchange's main market.

The fund uses a stratified sampling method to track the Index and therefore may not hold all the Index constituents.

The fund will normally hold all of the largest securities in the Index, as well as a selection of the remaining smaller securities to ensure that the fund's capitalisation, sector and industry weights are in line with the Index weightings.

Using a stratified sampling method may affect the fund's ability to track the Index. There are many factors

which do not affect the Index, but do impact on the fund's performance, such as transaction costs, expenses and illiquidity of any security. Cash flows, including income and distributions, into and out of the fund may also have an impact on performance as the fund rebalances, due to the dealing spreads and broker commission incurred. In addition, the Index constituents are not fixed, it rebalances quarterly, and it may take time for the fund to reflect any changes.

The tracking method (combining the stratified sampling technique and the use of derivatives when required for short term efficient portfolio management purposes) does not introduce any counterparty risk.

The tracking error between the performance of the fund (gross of OCF) and that of the Index is anticipated to be up to 0.3% per annum under normal circumstances.

## Benchmark

Benchmark: FTSE All-Share Index.

The fund is passively managed. The Index is used as a target benchmark as the fund aims to track the returns of the Index gross of the ongoing charge figure.

Although the fund's holdings will be predominantly or entirely comprised of benchmark constituents, the weights held in the fund may deviate from the weights of the benchmark's constituents.

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

# Authorised Corporate Director's Report

## Risk profile

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

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



### The above number:

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

## Investment review

For the six months ended 30 November 2022

### Performance against objective

The M&G Index Tracker Fund is designed to track the FTSE All-Share Index. Between 1 June 2022 (the start of the review period) and 30 November 2022, the fund's Sterling Class 'A' and Class 'C' shares produced a total return (the combination of income and growth of capital) of -0.8% and -0.6%, respectively in sterling terms. The fund's benchmark, the FTSE All-Share Index, produced a total return of +0.3% over the same period.

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

### Performance review

There are several factors that can result in the fund underperforming or outperforming the benchmark index over specific periods.

**Price swings** – This is a dilution adjustment within the share price, which aims to protect existing shareholders from a dilution in performance resulting from deals placed to buy or sell shares. This pricing method has the effect of moving the single price up or down from the mid-price. Much of the fund's apparent underperformance was due to price swings.

**Timing** – This reflects the fact that the fund is priced at midday while the index is priced at close of business day.

**Fund charges** – The fees we charge for managing the fund, as well as the costs incurred when we buy and sell underlying investments, will mean the fund's return after charges is below that of the index (which does not reflect the costs of investing).

**Tracking difference** – This refers to the difference in performance, positive or negative, due to the fund not fully replicating the composition of the index.

As the fund tracks the index, its overall performance can largely be explained by market developments during the period under review. It is worth noting that, in the global economy, the fates of individual markets are often closely connected to each other. As a result, the performance and prospects of the UK stockmarket tend to be affected by developments around the world.

Global stockmarkets were volatile over much of the past six months, with sentiment buffeted by soaring inflation rates, the prospect of higher interest rates and the ongoing war in Ukraine. There were significant political events in the UK too with the departure of two prime ministers and considerable disquiet over the government's policy approach leading to turmoil in financial markets and political U-turns.

The war in Ukraine shows no signs of ending in the near term and the global economic outlook has deteriorated markedly. This is partly due to economic sanctions and other measures against Russia by the West, as well as disruption to supply chains.

The opening of domestic and many other economies post COVID-related shutdowns have led to price rises, while constraints on gas supplies across Europe have

# Authorised Corporate Director's Report

sent energy prices soaring. Despite the weaker economic backdrop, worries about sharply rising inflation have led many central banks to raise interest rates. In the UK, interest rates stood at 3.0% at the end of November 2022, compared with 1.0% at the start of the period under review. Shortly after the end of the review period, the Bank of England raised interest rates by a further 0.5 percentage points.

In political developments, Prime Minister Boris Johnson lost the support of his MPs and Liz Truss became prime minister in early September. There followed a deeply unsettling period as the new prime minister sought to pursue her ambitious low-tax, pro-economic growth agenda, an unfunded plan that was badly received by financial markets.

In a series of fast-moving events, the government then reversed most of its recently proposed measures, Liz Truss resigned in October and Rishi Sunak subsequently became prime minister. These developments were favourably received by the markets, which recovered much of the recent declines. In his Autumn Statement in November, Chancellor Jeremy Hunt announced tax rises and initial spending cuts as the government seeks to support the UK's finances.

In terms of sector performance, leading performers included oil & gas, which benefited from continued high prices, technology and consumer goods. Meanwhile, telecommunications, utilities and healthcare trailed behind the broader market.

In a volatile period, the UK stockmarket was driven by the relatively stronger performance of the FTSE 100 Index, compared with its smaller counterparts. The very largest UK companies tend to have a significant international exposure and are less affected by events at home. Sterling has come under pressure for much of the year to date, particularly compared with the US dollar, and this also supported the FTSE 100 Index. Meanwhile smaller companies are more sensitive to developments in the domestic market and trailed behind.

## Investment activities

Some transactions were carried out as a result of merger and acquisition activity. For example, we increased the holdings in pest control business Rentokil Initial and specialist real estate investment trust LXI in connection with their mergers with US pest control company Terminix Global and Secure Income, respectively.

A number of purchases reflected changes made in quarterly balancing reviews as we increased the size of holdings to reflect their higher weighting in the index. Such transactions included consumer goods firm Reckitt Benckiser and real estate investment trust Supermarket Income, with the latter's market capitalisation increasing due to a placing earlier in the year.

Turning to sales, intellectual property commercialisation firm Allied Mind and Cineworld left the index and therefore the portfolio. In the case of cinema chain Cineworld, we sold the stock ahead of its bankruptcy and deletion from the index.

Other significant sales over the period involved oil and gas company Shell and pharmaceutical company AstraZeneca. These transactions were made to reflect large changes in their weighting in the index in the quarterly reviews.

## Outlook

Soaring inflation has led to a cost of living squeeze and living standards are expected to decline further in the near term against the backdrop of a potential recession in the UK. The UK government has sought to provide some stability following a period of heightened uncertainty earlier in the autumn. Policymakers are hoping that some tax rises, through freezing tax thresholds, and smaller-than-planned rises in public services spending, will lead to lower inflation.

Despite the weaker economic outlook, corporate balance sheets are generally stronger than they were pre-pandemic and the government has intervened to help mitigate the impact of rising energy costs, although with a lower cost version than originally envisaged. In addition, the FTSE All-Share Index derives

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the majority of its revenues from outside the UK. All of these factors may provide some support to the UK market.

It is also worth noting that two of the largest UK sectors are in much better shape than they were during the financial crisis 15 years ago. Banks have improved their financial stability and miners now have much lower levels of debt than they did at that time.

Meanwhile, the political backdrop has evolved rapidly in recent months and investors in the UK stockmarket will welcome the prospect of greater stability following the turbulence of late.

## **Richard O'Connor**

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities</b>	<b>528,126</b>	<b>99.19</b>	<b>99.42</b>
<b>Software &amp; computer services</b>	<b>6,671</b>	<b>1.25</b>	<b>1.26</b>
103,205 Ascential	222	0.04	
23,964 Auction Technology	206	0.04	
208,959 Auto Trader	1,187	0.22	
26,869 AVEVA	855	0.16	
56,822 Bytes Technology	235	0.04	
19,346 Computacenter	385	0.07	
86,172 Darktrace	300	0.06	
13,131 Kainos	210	0.04	
76,453 Micro Focus	399	0.08	
120,822 Moneysupermarket.com	229	0.04	
82,474 NCC	173	0.03	
227,355 Sage	1,807	0.34	
29,900 Softcat	387	0.07	
75,704 Trustpilot	76	0.02	
<b>Technology hardware &amp; equipment</b>	<b>261</b>	<b>0.05</b>	<b>0.05</b>
20,524 discoverIE	162	0.03	
59,926 TT Electronics	99	0.02	
<b>Telecommunications equipment</b>	<b>448</b>	<b>0.08</b>	<b>0.07</b>
161,668 Spirent Communications	448	0.08	
<b>Telecommunication service providers</b>	<b>7,875</b>	<b>1.48</b>	<b>2.11</b>
238,142 Airtel Africa	293	0.06	
1,531,455 BT	1,881	0.35	
175,406 Helios Towers	205	0.04	
13,514 Telecom Plus	336	0.06	
5,606,668 Vodafone	5,160	0.97	
<b>Health care providers</b>	<b>653</b>	<b>0.12</b>	<b>0.10</b>
86,708 Mediclinic International	430	0.08	
19,068 NMC Health <sup>a</sup>	0	0.00	
97,630 Spire Healthcare	223	0.04	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Medical equipment &amp; services</b>	<b>2,950</b>	<b>0.55</b>	<b>0.62</b>
372,902 ConvaTec	859	0.16	
193,287 Smith & Nephew	2,091	0.39	
<b>Pharmaceuticals &amp; biotechnology</b>	<b>54,776</b>	<b>10.29</b>	<b>10.53</b>
331,792 AstraZeneca	36,849	6.92	
23,432 Dechra Pharmaceuticals	636	0.12	
14,628 Genus	423	0.08	
887,611 GSK	12,577	2.36	
1,107,749 Haleon	3,117	0.59	
37,707 Hikma Pharmaceuticals	570	0.11	
32,050 Indivior	546	0.10	
15,176 Oxford Biomedica	58	0.01	
<b>Banks</b>	<b>44,479</b>	<b>8.35</b>	<b>8.31</b>
9,819 Bank of Georgia	247	0.05	
3,720,649 Barclays	6,022	1.13	
35,355 Close Brothers	378	0.07	
4,480,061 HSBC	22,790	4.28	
153,351 Investec	798	0.15	
15,649,828 Lloyds Banking	7,352	1.38	
36,424 Metro Bank	35	0.01	
1,105,553 NatWest	2,892	0.54	
558,683 Standard Chartered	3,417	0.64	
1,706 TBC Bank	37	0.01	
294,577 Virgin Money	511	0.09	
<b>Finance &amp; credit services</b>	<b>7,642</b>	<b>1.44</b>	<b>1.31</b>
62,630 International Personal Finance	49	0.01	
82,197 London Stock Exchange	6,712	1.26	
89,423 OSB	426	0.08	
71,804 Paragon Banking	338	0.07	
58,669 Provident Financial	117	0.02	
<b>Investment banking &amp; brokerage services</b>	<b>13,220</b>	<b>2.48</b>	<b>2.68</b>
215,111 3i	2,872	0.54	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Investment banking &amp; brokerage services (continued)</b>			
492,077 abrdn	957	0.18	
71,837 AJ Bell	261	0.05	
105,723 Ashmore	238	0.04	
10,204 Bioscience Investment Trust <sup>a</sup>	0	0.00	
57,956 Bridgepoint	116	0.02	
12,000 City of London Investment	49	0.01	
13,039 Georgia Capital	98	0.02	
83,776 Hargreaves Lansdown	710	0.13	
89,407 IG	732	0.14	
60,745 IntegraFin	178	0.03	
62,152 Intermediate Capital	742	0.14	
260,384 IP	172	0.03	
28,659 JTC	227	0.04	
102,272 Jupiter Fund Management	127	0.02	
13,348 Liontrust Asset Management	147	0.03	
577,200 M&G <sup>b</sup>	1,110	0.21	
323,687 Man	675	0.13	
33,987 Molten Ventures	135	0.03	
97,763 Ninety One	197	0.04	
65,228 Petershill Partners	114	0.02	
21,624 Plus500	407	0.08	
338,239 Quilter	336	0.06	
12,757 Rathbone Brothers	264	0.05	
153,111 Schroders	693	0.13	
115,148 St. James's Place	1,328	0.25	
190,914 TP ICAP	335	0.06	
<b>Closed-ended investments</b>	<b>33,391</b>	<b>6.27</b>	<b>6.20</b>
141,524 3i Infrastructure	459	0.09	
116,127 Aberdeen Diversified Income and Growth Trust	110	0.02	
35,194 Aberdeen New Dawn Investment Trust	95	0.02	
11,695 Aberdeen New India Investment Trust	65	0.01	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Closed-ended investments (continued)</b>			
23,080 Aberforth Smaller Companies Trust	299	0.06	
33,205 abrdn Asia Focus	81	0.02	
48,540 abrdn Asian Income Fund	107	0.02	
13,252 abrdn Equity Income Trust	43	0.01	
87,996 abrdn European Logistics Income	66	0.01	
18,744 abrdn Private Equity Opportunities Trust	77	0.01	
22,055 abrdn UK Smaller Companies Growth Trust	105	0.02	
71,137 Alliance Trust	689	0.13	
96,037 Allianz Technology Trust	208	0.04	
96,096 Apax Global Alpha	169	0.03	
11,508 Artemis Alpha Trust	34	0.01	
28,347 Asia Dragon Trust	115	0.02	
135,918 Avi Global Trust	268	0.05	
16,577 Baillie Gifford China Growth Trust	41	0.01	
124,374 Baillie Gifford European Growth Trust	111	0.02	
20,292 Baillie Gifford Japan Trust	158	0.03	
82,802 Baillie Gifford Shin Nippon	130	0.02	
31,724 Baillie Gifford UK Growth Trust	52	0.01	
59,121 Baillie Gifford US Growth Trust	94	0.02	
271,836 Bankers Investment Trust	277	0.05	
158,125 BBGI Global Infrastructure	249	0.05	
130,695 Bellevue Healthcare Trust	206	0.04	
7,449 BH Macro	344	0.06	
17,657 Biotech Growth Trust	165	0.03	
58,217 BlackRock Frontiers Investment Trust	74	0.01	
15,258 BlackRock Greater Europe Investment Trust	73	0.01	
9,332 BlackRock Latin American Investment Trust	34	0.01	
10,694 BlackRock Smaller Companies Trust	145	0.03	
19,687 BlackRock Throgmorton Trust	117	0.02	
43,823 BlackRock World Mining Trust	299	0.06	
140,165 Bluefield Solar Income Fund	190	0.04	



# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Closed-ended investments (continued)</b>			
4,455 Brown Advisory US Smaller Companies	55	0.01	
7,841 Brunner Investment Trust	79	0.01	
9,521 Caledonia Investments	368	0.07	
5,268 Capital Gearing Trust	261	0.05	
123,914 Chrysalis Investments	82	0.02	
112,294 City of London Investment Trust	459	0.09	
26,813 CT Private Equity Trust	118	0.02	
21,721 CT UK Capital & Income Investment Trust	64	0.01	
71,205 Diverse Income Trust	63	0.01	
35,777 Dunedin Income Growth Investment Trust	102	0.02	
51,882 Ecofin Global Utilities and Infrastructure Trust	109	0.02	
44,678 Edinburgh Investment Trust	280	0.05	
89,587 Edinburgh Worldwide Investment Trust	161	0.03	
12,707 Electric & General Investment Trust <sup>a</sup>	0	0.00	
24,483 European Opportunities Trust	181	0.03	
99,552 European Smaller Companies	148	0.03	
122,109 F&C Investment Trust	1,125	0.21	
15,804 Fidelity Asian Values	75	0.01	
100,483 Fidelity China Special Situations	219	0.04	
20,516 Fidelity Emerging Markets	122	0.02	
105,326 Fidelity European Trust	338	0.06	
64,172 Fidelity Special Values	176	0.03	
46,909 Finsbury Growth & Income Trust	404	0.08	
169,345 Foresight Solar Fund	201	0.04	
5,916 Fundsmith Emerging Equities Trust	73	0.01	
208,676 GCP Infrastructure	204	0.04	
11,497 Global Opportunities Trust	35	0.01	
105,322 Gore Street Energy Storage Fund	119	0.02	
537,685 Greencoat UK Wind	823	0.15	
18,122 HarbourVest Global Private Equity	409	0.08	
12,144 Henderson Alternative Strategies Trust <sup>a</sup>	0	0.00	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Closed-ended investments (continued)</b>			
94,913 Henderson Diversified Income Trust	66	0.01	
70,840 Henderson European Focus Trust	103	0.02	
42,880 Henderson EuroTrust	54	0.01	
30,544 Henderson Far East Income	82	0.02	
28,474 Henderson High Income Trust	48	0.01	
20,490 Henderson Smaller Companies Investment Trust	169	0.03	
14,434 Herald Investment Trust	263	0.05	
96,324 HgCapital Trust	350	0.07	
451,311 HICL Infrastructure	733	0.14	
272,507 Hipgnosis Songs Fund	225	0.04	
18,745 ICG Enterprise Trust	216	0.04	
63,670 Impax Environmental Markets	277	0.05	
13,369 International Biotechnology Trust	90	0.02	
419,631 International Public Partnerships	629	0.12	
14,914 Invesco Asia Trust	48	0.01	
48,073 Invesco Bond Income Plus	79	0.01	
15,845 Invesco Select Trust	25	0.00	
113,644 JLEN Environmental Assets	144	0.03	
48,558 JPMorgan American Investment Trust	351	0.07	
24,510 JPMorgan Asia Growth & Income	86	0.02	
19,027 JPMorgan China Growth & Income	61	0.01	
14,179 JPMorgan Claverhouse Investment Trust	99	0.02	
310,240 JPMorgan Emerging Markets Investment Trust	327	0.06	
41,379 JPMorgan European Discovery Trust	167	0.03	
120,003 JPMorgan European Growth & Income	104	0.02	
69,548 JPMorgan Global Emerging Markets Income Trust	84	0.02	
89,147 JPMorgan Global Growth & Income	391	0.07	
22,883 JPMorgan Indian Investment Trust	196	0.04	
9,427 JPMorgan Japan Small Cap Growth & Income	32	0.01	
37,141 JPMorgan Japanese Investment Trust	178	0.03	
5,848 JPMorgan Mid Cap Investment Trust	53	0.01	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Closed-ended investments (continued)</b>			
26,388 JPMorgan UK Smaller Companies Investment Trust	75	0.01	
22,035 Keystone Positive Change Investment Trust	47	0.01	
28,288 Law Debenture	219	0.04	
95,065 Lowland Investment	110	0.02	
6,893 Majedie Investments	13	0.00	
30,094 Martin Currie Global Portfolio Trust	91	0.02	
178,495 Mercantile Investment Trust	354	0.07	
29,905 Merchants Trust	169	0.03	
44,162 Middlefield Canadian Income Trust	54	0.01	
56,031 Monks Investment Trust	555	0.10	
45,360 Montanaro UK Smaller Companies Investment Trust	49	0.01	
32,346 Murray Income Trust	270	0.05	
29,376 Murray International Trust	392	0.07	
77,620 NB Global Monthly Income Fund	58	0.01	
7,839 NB Private Equity Partners	123	0.02	
155,857 NextEnergy Solar Fund	176	0.03	
42,512 North American Income Trust	134	0.02	
2,904 North Atlantic Smaller Companies Investment Trust	99	0.02	
103,690 Octopus Renewables Infrastructure Trust	104	0.02	
28,349 Pacific Assets Trust	101	0.02	
14,250 Pacific Horizon Investment Trust	82	0.02	
134,415 Pantheon International	364	0.07	
35,492 Pershing Square	1,049	0.20	
81,991 Personal Assets Trust	393	0.07	
76,047 Polar Capital Global Financials Trust	117	0.02	
23,952 Polar Capital Global Healthcare Trust	78	0.01	
32,171 Polar Capital Technology Trust	599	0.11	
560,671 Renewables Infrastructure	733	0.14	
29,347 RIT Capital Partners	635	0.12	
12,710 Riverstone Energy	91	0.02	
74,902 Ruffer Investment Company (Preference shares)	233	0.04	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Closed-ended investments (continued)</b>			
36,275 Schroder Asia Pacific Fund	186	0.03	
18,027 Schroder Asian Total Return Investment	76	0.01	
18,236 Schroder Income Growth Fund	53	0.01	
19,162 Schroder Japan Growth Fund	39	0.01	
58,086 Schroder Oriental Income Fund	148	0.03	
7,670 Schroder UK Mid Cap Fund	42	0.01	
193,141 Schroder UK Public Private	30	0.01	
40,327 Scottish American Investment	208	0.04	
319,718 Scottish Mortgage Investment Trust	2,452	0.46	
8,740 Scottish Oriental Smaller Companies Trust	100	0.02	
223,526 SDCL Energy Efficiency Income Trust	229	0.04	
20,541 Securities Trust of Scotland	47	0.01	
373,869 Sequoia Economic Infrastructure Income Fund	327	0.06	
38,006 Smithson Investment Trust	499	0.09	
106,976 Syncona	189	0.04	
50,000 Taylor Maritime Investments	45	0.01	
70,395 Temple Bar Investment Trust	162	0.03	
269,594 Templeton Emerging Markets Investment Trust	397	0.07	
176,833 The Global Smaller Companies Trust	259	0.05	
72,324 TR Property Investment Trust	227	0.04	
45,234 Troy Income & Growth Trust	32	0.01	
144,145 TwentyFour Income Fund	141	0.03	
5,282 Unbound <sup>c</sup>	0	0.00	
55,768 Utilico Emerging Markets Trust	114	0.02	
17,183 Value and Indexed Property Income Trust	39	0.01	
51,602 Vietnam Enterprise Investments	297	0.06	
58,075 VinaCapital Vietnam Opportunity Fund	254	0.05	
194,911 Witan Investment Trust	434	0.08	
14,216 Worldwide Healthcare Trust	466	0.09	
<b>Life insurance</b>	<b>13,357</b>	<b>2.51</b>	<b>2.56</b>
642,935 Aviva	2,877	0.54	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Life insurance (continued)</b>			
37,868 Chesnara	110	0.02	
217,691 Just	163	0.03	
1,329,497 Legal & General	3,377	0.63	
157,882 Phoenix	932	0.18	
605,886 Prudential	5,898	1.11	
<b>Non-life insurance</b>	<b>4,802</b>	<b>0.90</b>	<b>0.78</b>
64,196 Admiral	1,302	0.25	
150,081 Beazley	968	0.18	
283,969 Direct Line Insurance	599	0.11	
75,958 Hiscox	764	0.14	
63,282 HomeServe	753	0.14	
57,790 Lancashire	344	0.07	
70,926 Sabre Insurance	72	0.01	
<b>Real estate investment &amp; services</b>	<b>2,454</b>	<b>0.46</b>	<b>0.54</b>
51,055 CLS	81	0.01	
93,425 Foxtons	29	0.01	
162,977 Grainger	397	0.07	
29,206 Helical	100	0.02	
28,580 Henry Boot	67	0.01	
23,864 LSL Property Services	55	0.01	
25,308 Phoenix Spree Deutschland	64	0.01	
159,003 Raven Property	0	0.00	
187,435 Rightmove	1,045	0.20	
31,562 Savills	296	0.06	
246,640 Sirius Real Estate	206	0.04	
180,538 Tritax EuroBox	114	0.02	
<b>Real estate investment trusts</b>	<b>11,186</b>	<b>2.10</b>	<b>2.56</b>
93,866 abrdn Property Income Trust	50	0.01	
655,609 Assura	356	0.07	
123,136 Balanced Commercial Property Trust	112	0.02	
38,481 Big Yellow	425	0.08	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Real estate investment trusts (continued)</b>			
204,705 British Land	812	0.15	
170,919 Capital & Counties Properties	175	0.03	
15,985 Capital & Regional	9	0.00	
218,677 Civitas Social Housing	131	0.03	
106,456 CT Property Trust	76	0.02	
23,147 Derwent London	549	0.10	
96,635 Ediston Property Investment	63	0.01	
165,170 Empiric Student Property	143	0.03	
66,745 Great Portland Estates	336	0.06	
1,035,053 Hammerson	254	0.05	
180,998 Home	94	0.02	
160,371 Land Securities	979	0.18	
220,913 LondonMetric Property	395	0.07	
345,593 LXI	398	0.08	
83,812 NewRiver	66	0.01	
126,650 Picton Property Income	109	0.02	
335,275 Primary Health Properties	377	0.07	
117,699 PRS	100	0.02	
48,650 Safestore	447	0.08	
120,865 Schroder Real Estate Investment Trust	54	0.01	
270,304 Segro	2,175	0.41	
70,045 Shaftesbury	251	0.05	
302,773 Supermarket Income	321	0.06	
139,489 Target Healthcare	110	0.02	
441,308 Tritax Big Box	641	0.12	
146,732 UK Commercial Property Trust	87	0.02	
74,690 UNITE	699	0.13	
119,711 Urban Logistics	164	0.03	
90,713 Warehouse	100	0.02	
30,299 Workspace	128	0.02	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Automobiles &amp; parts</b>	<b>152</b>	<b>0.03</b>	<b>0.03</b>
56,515 Aston Martin Lagonda	74	0.01	
62,545 TI Fluid Systems	78	0.02	
<b>Consumer services</b>	<b>7,478</b>	<b>1.40</b>	<b>1.32</b>
397,814 Compass	7,429	1.39	
13,192 Dignity	49	0.01	
<b>Household goods &amp; home construction</b>	<b>5,030</b>	<b>0.95</b>	<b>1.24</b>
224,164 Barratt Developments	897	0.17	
27,576 Bellway	555	0.10	
23,252 Berkeley	885	0.17	
75,076 Crest Nicholson	172	0.03	
10,012 MJ Gleeson	36	0.01	
70,886 Persimmon	905	0.17	
54,436 Redrow	250	0.05	
808,804 Taylor Wimpey	836	0.16	
78,974 Vistry	494	0.09	
<b>Leisure goods</b>	<b>626</b>	<b>0.12</b>	<b>0.11</b>
7,436 Games Workshop	551	0.10	
73,700 ME Group International	75	0.02	
<b>Personal goods</b>	<b>2,765</b>	<b>0.52</b>	<b>0.44</b>
91,971 Burberry	1,990	0.37	
111,573 Dr. Martens	222	0.04	
19,443 Superdry	21	0.01	
52,061 Watches of Switzerland	532	0.10	
<b>Media</b>	<b>16,848</b>	<b>3.16</b>	<b>3.00</b>
6,231 4imprint	259	0.05	
11,949 Bloomsbury Publishing	57	0.01	
25,419 Future	359	0.07	
58,354 Hyve	36	0.01	
326,526 Informa	2,025	0.38	
819,443 ITV	616	0.11	
172,410 Pearson	1,708	0.32	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Media (continued)</b>			
60,376 Reach	70	0.01	
413,346 RELX	9,590	1.80	
244,532 WPP	2,128	0.40	
<b>Retailers</b>	<b>8,280</b>	<b>1.56</b>	<b>1.66</b>
65,350 AO World	39	0.01	
4,000 ASOS	25	0.00	
206,042 B&M European Value Retail	853	0.16	
81,886 Card Factory	61	0.01	
229,412 Currys	185	0.04	
51,420 DFS Furniture	79	0.02	
26,535 Dunelm	268	0.05	
41,427 Frasers	373	0.07	
53,451 Halfords	103	0.02	
133,734 Howden Joinery	796	0.15	
550,933 JD Sports Fashion	694	0.13	
476,979 Kingfisher	1,159	0.22	
457,082 Marks & Spencer	552	0.10	
30,516 Moonpig Group	49	0.01	
28,515 Next	1,666	0.31	
343,719 Pendragon	97	0.02	
109,479 Pets at Home	289	0.05	
34,479 Topps Tiles	15	0.00	
51,506 Travis Perkins	482	0.09	
29,187 WH Smith	415	0.08	
57,207 Wickes	80	0.02	
<b>Travel &amp; leisure</b>	<b>14,891</b>	<b>2.80</b>	<b>2.84</b>
61,470 888	62	0.01	
34,795 Carnival	255	0.05	
104,008 Domino's Pizza	301	0.06	
143,668 easyJet	562	0.11	
130,996 Entain	1,847	0.35	



# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Travel &amp; leisure (continued)</b>			
167,442 FirstGroup	172	0.03	
38,832 Flutter Entertainment	4,712	0.89	
10,583 Fuller Smith & Turner	59	0.01	
24,879 Hostelworld	25	0.01	
40,732 InterContinental Hotels	1,968	0.37	
827,496 International Consolidated Airlines	1,111	0.21	
22,241 J D Wetherspoon	101	0.02	
145,563 Marston's	56	0.01	
91,343 Mitchells & Butlers	128	0.02	
118,671 National Express	205	0.04	
70,122 Playtech	389	0.07	
78,051 Rank	71	0.01	
152,873 Restaurant	46	0.01	
23,187 Saga	23	0.00	
184,082 SSP	394	0.07	
109,211 Trainline	360	0.07	
269,692 TUI	395	0.07	
45,619 Whitbread	1,186	0.22	
20,623 Wizz Air	463	0.09	
<b>Beverages</b>	<b>20,724</b>	<b>3.89</b>	<b>3.73</b>
20,570 A.G. Barr	104	0.02	
56,667 Britvic	464	0.09	
93,655 C&C	169	0.03	
43,317 Coca-Cola HBC	869	0.16	
501,455 Diageo	19,118	3.59	
<b>Food producers</b>	<b>2,794</b>	<b>0.53</b>	<b>0.56</b>
4,261 Anglo-Eastern Plantations	34	0.01	
77,185 Associated British Foods	1,228	0.23	
11,743 Cranswick	363	0.07	
59,812 Devro	183	0.03	
105,636 Greencore	69	0.01	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Food producers (continued)</b>			
15,812 Hilton Food	83	0.02	
159,934 Premier Foods	169	0.03	
90,858 Tate & Lyle	665	0.13	
<b>Tobacco</b>	<b>21,443</b>	<b>4.03</b>	<b>3.96</b>
504,144 British American Tobacco	17,005	3.20	
209,053 Imperial Brands	4,438	0.83	
<b>Personal care, drug &amp; grocery stores</b>	<b>39,318</b>	<b>7.38</b>	<b>6.68</b>
20,523 Greggs	477	0.09	
117,692 Ocado	745	0.14	
53,216 PZ Cussons	111	0.02	
160,449 Reckitt Benckiser	9,585	1.80	
392,276 Sainsbury (J)	869	0.16	
1,689,831 Tesco	3,880	0.73	
570,325 Unilever	23,651	4.44	
<b>Construction &amp; materials</b>	<b>7,454</b>	<b>1.40</b>	<b>1.41</b>
152,717 Balfour Beatty	496	0.09	
171,436 CRH	5,711	1.07	
28,136 Forterra	59	0.01	
24,525 Galliford Try	38	0.01	
55,883 Genuit	177	0.03	
88,261 Ibstock	143	0.03	
18,482 Keller	137	0.03	
94,780 Kier	62	0.01	
54,965 Marshalls	161	0.03	
9,308 Morgan Sindall	147	0.03	
25,649 Norcros	47	0.01	
13,784 Ricardo	61	0.01	
69,710 Severfield	41	0.01	
45,573 Tyman	102	0.02	
20,768 Volution	72	0.01	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Aerospace &amp; defence</b>	<b>8,668</b>	<b>1.63</b>	<b>1.87</b>
6,613 Avon Protection	69	0.01	
117,380 Babcock International	336	0.07	
708,898 BAE Systems	5,786	1.09	
69,138 Chemring	212	0.04	
126,095 QinetiQ	441	0.08	
1,870,937 Rolls-Royce	1,702	0.32	
100,371 Senior	122	0.02	
<b>Electronic &amp; electrical equipment</b>	<b>4,851</b>	<b>0.91</b>	<b>0.93</b>
84,713 Halma	1,827	0.34	
60,841 IMI	826	0.16	
68,993 Morgan Advanced Materials	209	0.04	
8,710 Oxford Instruments	186	0.03	
8,056 Renishaw	296	0.06	
202,349 Rotork	603	0.11	
26,141 Spectris	834	0.16	
3,590 XP Power	70	0.01	
<b>General industrials</b>	<b>9,442</b>	<b>1.77</b>	<b>1.74</b>
75,879 Bunzl	2,331	0.44	
371,907 Coats	250	0.05	
284,909 DS Smith	864	0.16	
963,045 Melrose Industries	1,273	0.24	
108,636 Mondi	1,686	0.31	
83,915 Smiths	1,332	0.25	
57,321 Smurfit Kappa	1,706	0.32	
<b>Industrial engineering</b>	<b>3,230</b>	<b>0.61</b>	<b>0.55</b>
16,347 Spirax-Sarco Engineering	1,850	0.35	
50,113 Vesuvius	192	0.04	
10,069 Videndum	120	0.02	
59,543 Weir	1,068	0.20	
<b>Industrial support services</b>	<b>17,332</b>	<b>3.26</b>	<b>3.08</b>
391,442 Capita	95	0.02	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Industrial support services (continued)</b>			
85,469 Costain	35	0.01	
21,569 DCC	953	0.18	
33,902 De La Rue	26	0.01	
27,536 Diploma	768	0.14	
104,063 Electrocomponents	958	0.18	
59,184 Essentra	144	0.03	
205,470 Experian	5,916	1.11	
22,202 FDM	162	0.03	
49,594 Grafton	389	0.07	
345,623 Hays	406	0.08	
85,446 Inchcape	716	0.13	
36,135 Intertek	1,454	0.27	
176,222 IWG	280	0.05	
25,681 Mears	48	0.01	
271,089 Mitie	208	0.04	
106,939 Network International	358	0.07	
70,595 PageGroup	338	0.06	
15,680 PayPoint	84	0.02	
563,184 Rentokil Initial	3,032	0.57	
16,244 Robert Walters	93	0.02	
66,730 RPS	146	0.03	
285,564 Serco	490	0.09	
192,074 SIG	58	0.01	
134,162 Speedy Hire	55	0.01	
29,153 SThree	120	0.02	
<b>Industrial transportation</b>	<b>5,966</b>	<b>1.12</b>	<b>1.00</b>
99,290 Ashtead	4,998	0.94	
5,592 Clarkson	169	0.03	
146,773 Esken	8	0.00	
199,354 International Distributions Services	455	0.08	
9,975 James Fisher & Sons	33	0.01	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Industrial transportation (continued)</b>			
56,784 Redde Northgate	212	0.04	
24,600 Wincanton	91	0.02	
<b>Industrial metals &amp; mining</b>	<b>40,978</b>	<b>7.70</b>	<b>7.72</b>
269,235 Anglo American	9,119	1.71	
77,019 Antofagasta	1,083	0.20	
42,558 Bodycote	249	0.05	
123,608 Evraz	99	0.02	
67,428 Ferrexpo	97	0.02	
2,934,779 Glencore	16,496	3.10	
18,705 Hill & Smith	225	0.04	
2,710 Kenmare Resources	12	0.00	
241,792 Rio Tinto	13,598	2.56	
<b>Precious metals &amp; mining</b>	<b>1,459</b>	<b>0.27</b>	<b>0.26</b>
259,370 Centamin	275	0.05	
41,054 Endeavour Mining	709	0.13	
47,008 Fresnillo	418	0.08	
81,777 Hochschild Mining	57	0.01	
<b>Chemicals</b>	<b>3,706</b>	<b>0.70</b>	<b>0.73</b>
30,051 Croda International	2,040	0.38	
135,545 Elementis	153	0.03	
40,842 Johnson Matthey	863	0.16	
7,869 RHI Magnesita	173	0.03	
94,395 Synthomer	127	0.03	
19,605 Victrex	350	0.07	
<b>Oil &amp; gas</b>	<b>62,455</b>	<b>11.73</b>	<b>11.32</b>
4,151,024 BP	20,720	3.89	
119,764 Capricorn Energy	300	0.06	
152,742 Diversified Energy	191	0.04	
30,248 Energean	433	0.08	
576,200 EnQuest	138	0.03	
169,178 Harbour Energy	537	0.10	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Oil &amp; gas (continued)</b>			
33,267 Hunting	90	0.02	
139,143 John Wood	187	0.03	
72,037 Petrofac	63	0.01	
57,952 Pharos Energy	14	0.00	
1,635,000 Shell	39,632	7.44	
338,065 Tullow Oil	150	0.03	
<b>Electricity</b>	<b>4,793</b>	<b>0.90</b>	<b>0.89</b>
104,871 Drax	627	0.12	
245,240 SSE	4,166	0.78	
<b>Gas, water &amp; multi-utilities</b>	<b>12,995</b>	<b>2.44</b>	<b>2.62</b>
1,348,784 Centrica	1,264	0.24	
809,091 National Grid	8,184	1.53	
62,938 Pennon	578	0.11	
53,063 Severn Trent	1,427	0.27	
151,119 United Utilities	1,542	0.29	
<b>Waste &amp; disposal services</b>	<b>283</b>	<b>0.05</b>	<b>0.05</b>
49,814 Biffa	203	0.04	
14,548 Renewi	80	0.01	
<b>Equity derivatives</b>	<b>327</b>	<b>0.06</b>	<b>0.05</b>
<b>Equity futures contracts</b>	<b>327</b>	<b>0.06</b>	<b>0.05</b>
132 FTSE 100 Index Dec 2022	327	0.06	
<b>Total portfolio</b>	<b>528,453</b>	<b>99.25</b>	<b>99.47</b>
<b>Net other assets/(liabilities)</b>	<b>3,985</b>	<b>0.75</b>	<b>0.53</b>
<b>Net assets attributable to shareholders</b>	<b>532,438</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> Unlisted/unquoted.

<sup>b</sup> Related party.

<sup>c</sup> AIM quoted.

# Portfolio statement

Top ten portfolio transactions for the six months to  
30 November 2022

Largest purchases	£'000
Reckitt Benckiser	1,270
Rentokil Initial	769
Gen Digital	427
Supermarket Income	390
Vistry	385
Admiral	372
Harbour Energy	368
Vodafone	334
LXI	242
AstraZeneca	240
Other purchases	3,706
<b>Total purchases</b>	<b>8,503</b>

Largest sales	£'000
Meggitt	1,378
Shell	1,370
AstraZeneca	1,274
Avast	1,230
Vodafone	711
Ultra Electronics	562
BP	494
Countryside Partnerships	453
Brewin Dolphin	358
Euromoney Institutional Investor	336
Other sales	1,581
<b>Total sales</b>	<b>9,747</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, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](http://mandg.com/investments)

## Index tracking

The tracking difference between the fund's investment return and that of the FTSE All-Share Index for the 12 month period ending 30 November 2022 was +0.21% (30 November 2021: -0.04%). The investment returns are calculated gross of fees using end of day pricing in order to be comparable with the index.

The historic tracking error of the investment return of the fund relative to the FTSE All-Share Index for the period ending 30 November 2022 was 0.25% (31 May 2022: 0.25%), which falls within the predicted tracking error range of 0.00% to 0.30%. Historic tracking error is a measure of the monthly volatility of the investment returns relative to the index over a 36 month period.

The differences are due to the fund not fully replicating the FTSE All-Share Index.

## Long-term performance by share class

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

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-0.8	+3.3	+3.4	+6.4
Class 'A' Accumulation	-0.8	+3.3	+3.5	+6.4
Class 'C' Income	-0.6	+3.7	+3.9	+6.8
Class 'I' Accumulation	-0.7	n/a	n/a	n/a
Class 'R' Income	-0.8	n/a	n/a	n/a
Class 'R' Accumulation	-0.8	n/a	n/a	n/a
<b>Benchmark</b>	<b>+0.3</b>	<b>+3.9</b>	<b>+4.2</b>	<b>+6.8</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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



# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 27 February 1998.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	76.42	73.22	62.30
Return before operating charges	0.09	6.29	13.33
Operating charges	(0.22)	(0.34)	(0.31)
Return after operating charges	(0.13)	5.95	13.02
Distributions	(1.38)	(2.75)	(2.10)
Closing NAV	74.91	76.42	73.22
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments	0.00	(0.01)	(0.01)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.01	0.02
Operating charges	0.52	0.45	0.46
Return after charges	-0.17	+8.13	+20.90
Other information			
Closing NAV (£'000)	246,234	252,924	273,388
Number of shares	328,685,700	330,974,257	373,360,079
Highest share price (UK p)	76.57	78.66	75.23
Lowest share price (UK p)	68.28	69.95	58.03

## Sterling Class 'A' Accumulation share performance

The share class was launched on 27 February 1998.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	158.82	146.81	121.24
Return before operating charges	0.22	12.70	26.17
Operating charges	(0.46)	(0.69)	(0.60)
Return after operating charges	(0.24)	12.01	25.57
Distributions	(2.52)	(4.87)	(3.52)
Retained distributions	2.52	4.87	3.52
Closing NAV	158.58	158.82	146.81
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.04	0.03
Dilution adjustments	(0.01)	(0.02)	(0.01)
Total direct transaction costs	0.00	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.01	0.02
Operating charges	0.52	0.45	0.46
Return after charges	-0.15	+8.18	+21.09
Other information			
Closing NAV (£'000)	110,227	112,967	172,876
Number of shares	69,510,200	71,129,696	117,754,852
Highest share price (UK p)	159.15	160.43	148.40
Lowest share price (UK p)	141.91	142.66	112.93

# Financial highlights

## Sterling Class 'C' Income share performance

Sterling Class 'C' shares are not generally available to all investors.

The share class was launched on 16 February 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	78.41	74.79	63.34
Return before operating charges	0.11	6.43	13.60
Operating charges	(0.06)	0.00	(0.01)
Return after operating charges	0.05	6.43	13.59
Distributions	(1.42)	(2.81)	(2.14)
Closing NAV	77.04	78.41	74.79
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.02
Dilution adjustments	0.00	(0.01)	(0.01)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.01	0.02
Operating charges	0.07	0.00	0.01
Return after charges	+0.06	+8.60	+21.46
Other information			
Closing NAV (£'000)	40,699	41,809	41,499
Number of shares	52,827,982	53,322,145	55,489,938
Highest share price (UK p)	78.56	80.66	76.81
Lowest share price (UK p)	70.17	71.69	59.11

# Financial highlights

## Sterling Class 'I' Accumulation share performance

The share class was launched on 6 December 2019.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	113.66	104.77	86.31
Return before operating charges	0.16	9.08	18.66
Operating charges	(0.14)	(0.19)	(0.20)
Return after operating charges	0.02	8.89	18.46
Distributions	(2.00)	(3.78)	(2.74)
Retained distributions	2.00	3.78	2.74
Closing NAV	113.68	113.66	104.77
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.01	0.03	0.03
Dilution adjustments	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.00	0.02	0.02
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.01	0.02
Operating charges	0.17	0.17	0.21
Return after charges	+0.02	+8.49	+21.39
<b>Other information</b>			
Closing NAV (£'000)	47,768	47,119	32,674
Number of shares	42,019,476	41,457,374	31,185,324
Highest share price (UK p)	113.89	114.75	105.89
Lowest share price (UK p)	101.69	102.01	80.48

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 21 April 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Period to 31.05.22 UK p
Opening NAV	99.13	100.00
Return before operating charges	0.13	(0.44)
Operating charges	(0.24)	(0.04)
Return after operating charges	(0.11)	(0.48)
Distributions	(1.79)	(0.39)
Closing NAV	97.23	99.13
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.01	0.00
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.01	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.01
Operating charges	0.42	0.35
Return after charges	-0.11	-0.48
<b>Other information</b>		
Closing NAV (£'000)	17,177	16,782
Number of shares	17,666,033	16,930,210
Highest share price (UK p)	99.33	100.15
Lowest share price (UK p)	88.61	93.68

## Sterling Class 'R' Accumulation share performance

The share class was launched on 21 April 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Period to 31.05.22 UK p
Opening NAV	99.52	100.00
Return before operating charges	0.13	(0.44)
Operating charges	(0.24)	(0.04)
Return after operating charges	(0.11)	(0.48)
Distributions	(1.63)	(0.35)
Retained distributions	1.63	0.35
Closing NAV	99.41	99.52
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.01	0.00
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.01	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.01
Operating charges	0.42	0.35
Return after charges	-0.11	-0.48
<b>Other information</b>		
Closing NAV (£'000)	70,333	70,538
Number of shares	70,747,571	70,880,400
Highest share price (UK p)	99.72	100.15
Lowest share price (UK p)	88.96	93.68

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		(9,636)		(53)
Revenue	9,788		9,467	
Expenses	(955)		(1,078)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	8,833		8,389	
Taxation	(11)		(47)	
Net revenue/(expense) after taxation		8,822		8,342
<b>Total return before distributions</b>		<b>(814)</b>		<b>8,289</b>
Distributions		(9,396)		(8,757)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(10,210)</b>		<b>(468)</b>

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

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>542,139</b>		<b>520,437</b>
Amounts received on issue of shares	11,460		16,596	
Amounts paid on cancellation of shares	(14,730)		(22,013)	
		(3,270)		(5,417)
Dilution adjustments		35		35
Change in net assets attributable to shareholders from investment activities (see above)		(10,210)		(468)
Retained distributions on Accumulation shares		3,744		3,295
<b>Closing net assets attributable to shareholders</b>		<b>532,438</b>		<b>517,882</b>

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

# Financial statements and notes

## Financial statements

### Balance sheet

as at	30 November 2022 £'000	31 May 2022 £'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	528,453	539,252
<b>Current assets</b>		
Debtors	2,195	3,607
Cash and bank balances	764	934
Cash equivalents	7,020	4,462
<b>Total assets</b>	<b>538,432</b>	<b>548,255</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distribution payable	(5,600)	(5,671)
Other creditors	(394)	(445)
<b>Total liabilities</b>	<b>(5,994)</b>	<b>(6,116)</b>
<b>Net assets attributable to shareholders</b>	<b>532,438</b>	<b>542,139</b>

# Financial statements and notes

## Notes to the financial statements

### Accounting policies

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

### Distribution policy

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

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged) over any five-year period.

## Investment policy

At least 80% of the fund is invested, directly or indirectly through derivatives, in short-dated investment grade fixed and floating rate corporate debt securities and in 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; and
- other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

The fund aims to hedge any non-sterling assets back 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 fund manager applies a flexible investment approach, changing the blend of

duration and credit exposure in the portfolio to weight them appropriately. The fund manager also maintains a low duration profile through the fund's bias towards short-dated corporate bonds, in order to limit the effect of interest rate movements on the fund's capital value.

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

## Benchmark

Benchmark: Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged).

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

The fund is actively managed.

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

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

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

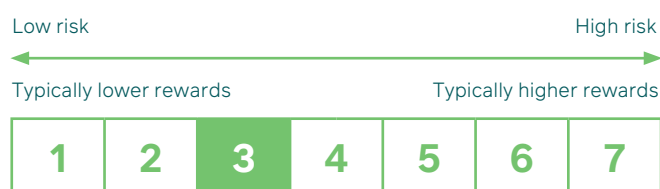


# Authorised Corporate Director's Report

## Risk profile

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

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



### The above number:

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

## Investment review

For the six months ended 30 November 2022

### Performance against objective

The M&G Short Dated Corporate Bond Fund delivered a negative total return (the combination of income and growth of capital) across all share classes during the period under review. The fund was ahead of its benchmark, the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged), which fell -1.3% over the same period.

Performance over five years has been positive across the fund's share classes. However, it is not possible to assess the fund's performance against its objective over five years as the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged) was only introduced as the fund's benchmark on 13 March 2018.

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

Against a difficult investment climate, the fund delivered a negative return over the review period but outperformed its benchmark by around 70 basis points (100 basis points is equivalent to one percentage point). This was achieved by adjusting the portfolio in response to volatile bond markets.

The fund's duration positioning (lower duration than the benchmark), in other words, its sensitivity to changes in interest rates, contributed positively to performance. However, UK assets detracted modestly from returns, notably after gilt markets experienced unprecedented volatility in September and October.

Our shorter-dated European bonds (with a lower sensitivity to interest rate changes) contributed positively in an environment of rising interest rates and inverted yield curves (where the yields on shorter-dated bonds are higher than longer-dated bonds).

By increasing our exposure to the shorter end of the interest rate curve (with a maturity of less than five years), we mitigated capital losses as bond yields rose and reinvested in higher coupon rates offered by shorter-dated bonds.

Our credit positioning weighed slightly on performance as credit spreads widened significantly, particularly in the UK and Europe. While we maintained an underweight position, relative to the fund's benchmark, and a lower spread duration, investment grade corporate bonds modestly detracted (especially financials) as credit spreads widened to more than 200 basis points over fears of a recession in Europe. This fear also impacted our high-quality asset backed securities (ABS) in the UK. (ABS are bonds backed by assets that produce cashflows, such as credit card receivables, car loans and mortgage loans.)

As the dollar and euro strengthened against sterling, the fund was unable to benefit as it hedges its currency exposure. As a result, our foreign currency exposure hampered performance.

# Authorised Corporate Director's Report

## Investment activities

We remained cautiously positioned from a duration perspective throughout the period as we felt rising inflation rates would force central banks to keep hiking interest rates. (Duration is a measure of the sensitivity of a bond fund to changes in interest rates; the shorter a fund's duration, the less sensitive the fund is to interest rate movements.) Therefore, we maintained a low duration position of around 1.5 years, given the poor value attached to most types of government bonds. Within credit, we began with an overweight spread duration but gradually reduced our credit exposure towards the end of the period as spreads narrowed sharply. (Spread duration is a measure of the sensitivity of a bond fund to changes in its credit spread.)

In June, as bond prices fell in a weak credit market, we added lower-rated banks, corporate hybrid bonds and a small position in high yield bonds using credit default swaps (CDS), financial instruments that allow an investor to transfer any default risk of a bond to another investor.

Following an improvement in investor sentiment in the summer, we added credit risk to the portfolio, opting for defensive sectors in the secondary market, including insurance, materials and chemicals.

As the summer rally tapered off, our shorter duration and holdings of higher quality corporate bonds provided a buffer against rising yields. We used the weakness in spreads as an opportunity to add some new issues in the primary market.

Market sentiment towards riskier assets again turned negative in the third quarter, over fears of a global recession and expectations of further interest rate hikes. Financial markets also felt jittery over Putin's threat to escalate the war in Ukraine with nuclear weapons. In the UK, there was significant volatility in gilt markets following the government's mini-budget announcement in late September.

Despite having greater exposure to gilts (UK government bonds) and credit, we selectively added issues that looked attractive following the subsequent rout in gilt markets. These included Heathrow, Gatwick

and Coventry Building Society in the secondary market. Moreover, we added several banking and insurance names in the primary market.

Towards the end of the period, there was greater optimism of slower interest rate hikes from central banks due to better-than-expected US inflation numbers. In an improving credit market, spreads tightened significantly in November, especially in European corporate bonds. We increased our banking and financial positions and identified opportunities in other UK credit names such as RAC, The AA and Center Parcs. Banking, insurance and financial services bonds form the core part of our sector positioning, currently. This view is based on the belief that bonds issued within these markets are good value and the profitability of companies in these markets generally grows as interest rates rise.

## Outlook

We have been cautious about adding too much credit risk to the fund during the period under review, even though valuations have changed somewhat and we noted some interesting opportunities across certain sectors. In this light, we have added corporate bonds on a selective basis during the months under review. As valuations improve, we can act quickly and add more credit risk, but for now we think it is appropriate to remain relatively defensive both in taking extra interest rate risk and adding more corporate bonds to the portfolio. We continue to believe that the short-dated nature of this bond fund (in other words, less sensitive to changes in interest rates) may hold it in good stead during this period of uncertainty.

## Matthew Russell

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income</b>	<b>339,005</b>	<b>94.49</b>	<b>96.23</b>
<b>Debt securities</b>	<b>338,661</b>	<b>94.39</b>	<b>96.04</b>
<b>'AAA' credit rated bonds</b>	<b>78,052</b>	<b>21.75</b>	<b>29.21</b>
€1,151,000 Avoca XXV FRN 2.338% 15/10/2034	943	0.26	
£1,000,000 Barclays Bank FRN 3.5885% 16/11/2027	1,002	0.28	
€1,350,000 Cairn XIV FRN 2.578% 29/10/2034	1,113	0.31	
£1,748,120 Canada Square Funding 2021-1 FRN 3.4154% 17/06/2058	1,706	0.48	
£935,029 Castell 2020-1 FRN 4.2015% 25/03/2053	930	0.26	
£2,129,985 Castell 2021-1 FRN 3.7815% 25/11/2053	2,093	0.58	
£3,614,000 Clydesdale Bank FRN 3.0054% 22/03/2026	3,608	1.01	
£2,500,000 Commonwealth Bank of Australia FRN 3.8652% 01/11/2028	2,519	0.70	
£1,507,411 Elstree Funding No. 1 FRN 4.3309% 20/12/2053	1,498	0.42	
£488,578 Finsbury Square 2019-3 FRN 3.426% 16/12/2069	487	0.14	
€3,000,000 Germany (Federal Republic of) IL 0.1% 15/04/2023	3,209	0.89	
€2,179,805 Glenbeigh 2 Issuer FRN 1.87% 24/03/2046	1,797	0.50	
£1,229,437 Holmes Master Issuer FRN 3.3133% 15/10/2054	1,230	0.34	
£1,105,371 Hops Hill No. 1 FRN 3.8812% 27/05/2054	1,092	0.30	
US\$3,400,000 International Bank for Reconstruction & Development FRN 4.1165% 22/11/2028	2,801	0.78	
€1,001,517 Jubilee Place 2021-1 FRN 2.208% 17/07/2058	853	0.24	
£2,238,861 Jupiter Mortgage No. 1 FRN 3.5676% 20/07/2060	2,208	0.62	
£939,578 Lanebrook Mortgage Transaction 2021-1 FRN 3.4176% 20/07/2058	908	0.25	
£1,565,897 Mortimer BTL 2021-1 FRN 3.1843% 23/06/2053	1,511	0.42	
£1,211,173 Mortimer BTL 2022-1 FRN 3.4694% 23/03/2054	1,181	0.33	
£2,388,000 National Australia Bank FRN 3.4023% 15/12/2025	2,408	0.67	
£2,500,000 Nationwide Building Society FRN 3.3386% 24/02/2031	2,431	0.68	
£391,627 Precise Mortgage Funding 2020-1B FRN 3.8607% 16/10/2056	386	0.11	
US\$4,000,000 RIN II FRN 4.8857% 10/09/2030	3,275	0.91	
£3,600,000 Royal Bank of Canada FRN 3.8002% 22/10/2026	3,637	1.01	
£2,000,000 Santander FRN 3.4883% 12/02/2027	1,991	0.56	
£590,555 Satus 2021-1 FRN 3.6311% 17/08/2028	588	0.16	
£1,401,657 Stratton Mortgage Funding 2021-1 FRN 3.4112% 25/09/2051	1,385	0.39	
£3,031,702 Stratton Mortgage Funding 2021-3 FRN 3.0613% 12/12/2043	2,971	0.83	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'AAA' credit rated bonds (continued)</b>			
£2,441,682 Taurus 2021-4 FRN 3.8885% 17/08/2031	2,326	0.65	
£738,463 Together Asset Backed Securitisation 2019-1 FRN 4.2007% 15/07/2061	735	0.20	
£1,677,139 Together Asset Backed Securitisation 2020-1 FRN 4.3807% 15/12/2061	1,663	0.46	
£3,579,684 Together Asset Backed Securitisation 2021-1st1 FRN 3.4027% 12/07/2063	3,487	0.97	
£2,015,040 Towd Point Mortgage Funding 2019-Auburn 13 FRN 3.6676% 20/07/2045	1,966	0.55	
£1,080,175 Towd Point Mortgage Funding 2019-Vantage 2 FRN 4.1384% 20/02/2054	1,074	0.30	
£1,679,965 Tower Bridge Funding 2021-1 FRN 3.6794% 21/07/2064	1,662	0.46	
£1,470,436 Tower Bridge Funding 2021-2 FRN 3.7184% 20/11/2063	1,441	0.40	
£3,823,379 Tower Bridge Funding 2022-1 FRN 3.1906% 20/12/2063	3,719	1.04	
£3,760,626 Tudor Rose Mortgages FRN 3.0706% 20/06/2048	3,711	1.03	
£2,710,732 Twin Bridges 2021-1 FRN 3.2113% 12/03/2055	2,644	0.74	
€2,255,000 Voya Euro III FRN 2.298% 15/04/2033	1,863	0.52	
<b>'AA' credit rated bonds</b>	<b>62,408</b>	<b>17.39</b>	<b>16.20</b>
£746,000 Jupiter Mortgage No. 1 FRN 4.1676% 20/07/2060	729	0.20	
£2,372,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	2,019	0.56	
£1,443,000 Metropolitan Life Global Funding I 4.125% 02/09/2025	1,423	0.40	
£3,229,000 New York Life Global Funding 1.25% 17/12/2026	2,827	0.79	
£1,591,000 New York Life Global Funding 1.625% 15/12/2023	1,545	0.43	
£368,198 Telereal Securitisation 1.3657% 10/12/2031	319	0.09	
£15,000,000 UK Treasury 0.75% 22/07/2023	14,766	4.11	
£40,000,000 UK Treasury 1% 22/04/2024	38,780	10.81	
<b>'A' credit rated bonds</b>	<b>45,399</b>	<b>12.65</b>	<b>14.65</b>
€2,500,000 Bank of America FRN 2.1% 22/09/2026	2,120	0.59	
US\$100,000 Bank of America Var. Rate 3.841% 25/04/2025	81	0.02	
US\$1,628,000 Bank of America FRN 4.8481% 25/04/2025	1,342	0.37	
£4,000,000 Banque Fédérative du Crédit Mutuel 4.875% 25/09/2025	3,981	1.11	
£2,642,000 BMW International Investment 0.75% 08/03/2024	2,533	0.71	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
€1,401,000 Booking 4% 15/11/2026	1,238	0.34	
US\$1,967,000 Cargill 3.5% 22/04/2025	1,584	0.44	
€2,488,000 Comcast 0% 14/09/2026	1,902	0.53	
€3,100,000 Crédit Agricole 3.375% 28/07/2027	2,669	0.74	
€4,100,000 EssilorLuxottica 0.125% 27/05/2025	3,316	0.92	
US\$2,000,000 Henkel & Co 1.75% 17/11/2026	1,465	0.41	
€2,700,000 International Business Machines 0.375% 31/01/2023	2,322	0.65	
US\$5,400,000 JPMorgan Chase Var. Rate 2.301% 15/10/2025	4,227	1.18	
€1,724,000 Medtronic Global 0% 15/10/2025	1,362	0.38	
US\$2,700,000 Morgan Stanley FRN 4.3643% 24/01/2025	2,208	0.61	
US\$1,376,000 NatWest Markets FRN 4.8731% 22/03/2025	1,134	0.32	
£1,461,000 NatWest Markets 6.375% 08/11/2027	1,503	0.42	
£2,882,000 Nestlé 2.125% 04/04/2027	2,647	0.74	
€1,703,000 PepsiCo 0.25% 06/05/2024	1,419	0.40	
US\$2,400,891 Slam 2021-1 2.434% 15/06/2046	1,640	0.46	
£1,728,000 Toyota Motor Credit 0.75% 19/11/2026	1,494	0.42	
£2,051,000 Toyota Motor Finance 4.625% 08/06/2026	2,049	0.57	
US\$1,415,000 UBS FRN 4.2742% 09/08/2024	1,163	0.32	
<b>'BBB' credit rated bonds</b>	<b>137,322</b>	<b>38.28</b>	<b>30.87</b>
£100,000 AA Bond 4.875% 31/07/2024	95	0.03	
£3,400,000 AA Bond 6.269% 31/07/2025	3,245	0.90	
US\$300,085 AASET 2017-1 Trust 3.967% 16/05/2042	192	0.05	
US\$1,764,000 AerCap Ireland Capital 2.45% 29/10/2026	1,284	0.36	
€2,620,000 AIB Var. Rate 5.75% 16/02/2029	2,337	0.65	
€3,083,000 Altria 1% 15/02/2023	2,649	0.74	
US\$3,400,000 Banco Bilbao Vizcaya Argentaria Var. Rate 5.862% 14/09/2026	2,795	0.78	
£2,800,000 Banco Santander Var. Rate 2.25% 04/10/2032	2,255	0.63	
US\$740,000 Barclays Var. Rate 5.501% 09/08/2028	592	0.16	
US\$4,000,000 Barclays Var. Rate 7.325% 02/11/2026	3,405	0.95	
US\$1,545,000 BAT International Finance 1.668% 25/03/2026	1,135	0.32	

## Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
US\$4,100,000 BNP Paribas 3.5% 01/03/2023	3,397	0.95	
£1,200,000 CaixaBank Var. Rate 3.5% 06/04/2028	1,059	0.30	
US\$4,500,000 Celanese 6.165% 15/07/2027	3,642	1.01	
£1,702,000 Citigroup 2.75% 24/01/2024	1,664	0.46	
US\$2,700,000 Citigroup FRN 4.934% 17/03/2026	2,230	0.62	
US\$1,159,000 CNH Industrial Capital 3.95% 23/05/2025	937	0.26	
€1,700,000 Coca-Cola HBC Finance 1% 14/05/2027	1,336	0.37	
£3,300,000 CPUK Finance 3.588% 28/08/2025	3,079	0.86	
€3,000,000 Credit Suisse FRN 2.984% 01/09/2023	2,542	0.71	
€1,691,000 Credit Suisse Var. Rate 7.75% 01/03/2029	1,442	0.40	
€1,600,000 CTP 0.625% 27/11/2023	1,296	0.36	
US\$2,500,000 Daimler Trucks Finance FRN 4.5615% 05/04/2024	2,069	0.58	
€1,742,000 E.ON 2.875% 26/08/2028	1,472	0.41	
€2,122,000 Enel Var. Rate 1.375% Perpetual	1,461	0.41	
US\$1,089,000 Enel Finance International 6.8% 14/10/2025	934	0.26	
£3,400,000 FirstGroup 6.875% 18/09/2024	3,412	0.95	
£1,550,000 Fiserv 2.25% 01/07/2025	1,448	0.40	
€2,615,000 Fraport Frankfurt Airport Services Worldwide 1.625% 09/07/2024	2,176	0.61	
£3,400,000 Gatwick Funding 5.25% 23/01/2024	3,382	0.94	
US\$4,100,000 General Motors Financial FRN 5.0268% 17/11/2023	3,395	0.95	
US\$3,362,000 Goldman Sachs FRN 4.9475% 24/02/2028	2,649	0.74	
US\$1,885,000 Goldman Sachs FRN 5.1538% 15/03/2028	1,541	0.43	
£1,215,000 GSK Consumer Healthcare Capital 2.875% 29/10/2028	1,097	0.31	
£3,400,000 Heathrow Funding 7.125% 14/02/2024	3,407	0.95	
£3,237,000 Hiscox 2% 14/12/2022	3,234	0.90	
£1,081,000 Hiscox 6% 22/09/2027	1,085	0.30	
€1,700,000 Infineon Technologies 0.75% 24/06/2023	1,450	0.40	
£4,100,000 Informa 3.125% 05/07/2026	3,729	1.04	
£3,400,000 ING Var. Rate 5% 30/08/2026	3,333	0.93	
€2,034,000 InterContinental Hotels 1.625% 08/10/2024	1,678	0.47	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
€2,400,000 Intesa Sanpaolo 4.75% 06/09/2027	2,112	0.59	
£2,500,000 KBC Var. Rate 1.25% 21/09/2027	2,138	0.60	
£2,829,000 Leeds Building Society Var. Rate 1.5% 16/03/2027	2,455	0.68	
£3,571,000 Lloyds Banking Var. Rate 1.875% 15/01/2026	3,284	0.92	
£1,244,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	1,042	0.29	
US\$1,600,000 Lloyds Banking Var. Rate 3.511% 18/03/2026	1,252	0.35	
€1,100,000 Mercialis 4.625% 07/07/2027	857	0.24	
US\$4,100,000 Nationwide Building Society FRN 5.1165% 16/02/2028	3,185	0.89	
£1,424,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	1,428	0.40	
US\$1,458,000 Pacific Gas and Electric 4.95% 08/06/2025	1,187	0.33	
£3,300,000 RAC Bond 4.87% 06/05/2026	3,009	0.84	
£3,400,000 RL Finance Bonds No. 2 Var. Rate 6.125% 30/11/2043	3,385	0.94	
£3,400,000 Scottish Widows 5.5% 16/06/2023	3,399	0.95	
€2,700,000 Signify 2% 11/05/2024	2,273	0.63	
£1,807,000 Southern Water Services Finance 1.625% 30/03/2027	1,556	0.43	
£2,933,000 Swedbank Var. Rate 1.375% 08/12/2027	2,505	0.70	
£1,100,000 Tesco 3.322% 05/11/2025	2,328	0.65	
€2,270,000 UniCredit Var. Rate 5.85% 15/11/2027	2,012	0.56	
€1,000,000 Vier Gas Transport 4% 26/09/2027	867	0.24	
£2,000,000 Volkswagen Financial Services 5.5% 07/12/2026	1,997	0.56	
€3,500,000 Volkswagen International Finance Var. Rate 3.748% Perpetual	2,626	0.73	
€1,200,000 Vonovia 0.375% 16/06/2027	864	0.24	
US\$1,550,000 Warnermedia FRN 5.0838% 15/03/2024	1,286	0.36	
US\$4,100,000 Wells Fargo Var. Rate 2.188% 30/04/2026	3,161	0.88	
£1,700,000 Wells Fargo Var. Rate 3.473% 26/04/2028	1,554	0.43	
<b>'BB' credit rated bonds</b>	<b>12,231</b>	<b>3.41</b>	<b>3.07</b>
£3,400,000 Coventry Building Society Var. Rate 6.875% Perpetual	3,181	0.89	
US\$4,100,000 General Electric Var. Rate 6.6226% Perpetual	3,278	0.91	
£3,000,000 Santander Var. Rate 6.75% Perpetual	2,917	0.81	
€3,400,000 Vodafone Var. Rate 3.1% 03/01/2079	2,855	0.80	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'B' credit rated bonds</b>	<b>3,249</b>	<b>0.91</b>	<b>1.21</b>
US\$4,100,000 Iliad 6.5% 15/10/2026	3,249	0.91	
<b>Bonds with no credit rating</b>	<b>0</b>	<b>0.00</b>	<b>0.83</b>
<b>Debt derivatives</b>	<b>344</b>	<b>0.10</b>	<b>0.19</b>
<b>Credit default swaps</b>	<b>344</b>	<b>0.10</b>	<b>0.19</b>
€(2,100,000) Markit iTraxx Europe Crossover Series 36 V1 5 Year Dec 2026	64	0.02	
€(1,000,000) Markit iTraxx Europe Crossover Series 37 V1 5 Year Jun 2027	25	0.01	
€(26,500,000) Markit iTraxx Europe Series 37 V1 5 Year Jun 2027	152	0.04	
€(25,000,000) Markit iTraxx Europe Series 38 V1 5 Year Dec 2027	103	0.03	
<b>Currency</b>	<b>4,169</b>	<b>1.16</b>	<b>(0.03)</b>
<b>Forward currency contracts</b>	<b>4,169</b>	<b>1.16</b>	<b>(0.03)</b>
€(71,102,249) Sold for £62,112,771 (expires 07.12.22)	780	0.22	
US\$2,647,500 Bought for £2,205,369 (expires 07.12.22)	(1)	0.00	
US\$(84,362,608) Sold for £73,618,697 (expires 07.12.22)	3,390	0.94	
<b>Total portfolio</b>	<b>343,174</b>	<b>95.65</b>	<b>96.20</b>
<b>Net other assets/(liabilities)</b>	<b>15,597</b>	<b>4.35</b>	<b>3.80</b>
<b>Net assets attributable to shareholders</b>	<b>358,771</b>	<b>100.00</b>	<b>100.00</b>

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



# Portfolio statement

Top ten portfolio transactions for the six months to  
30 November 2022

Largest purchases	£'000
UK Treasury 1% 22/04/2024	38,832
UK Treasury 0.75% 22/07/2023	24,659
UK Treasury 1.75% 07/09/2022	4,003
Banque Fédérative du Crédit Mutuel 4.875% 25/09/2025	3,982
UK Treasury 0.125% 31/01/2023	3,962
Celanese 6.165% 15/07/2027	3,745
Tower Bridge Funding 2022-1 FRN 3.1906% 20/12/2063	3,726
Tudor Rose Mortgages FRN 3.0706% 20/06/2048	3,711
Clydesdale Bank FRN 3.0054% 22/03/2026	3,613
Barclays Var. Rate 7.325% 02/11/2026	3,460
Other purchases	99,385
<b>Total purchases</b>	<b>193,078</b>

Largest sales	£'000
UK Treasury 0.125% 31/01/2023	19,856
UK Treasury 0.75% 22/07/2023	9,842
UK Treasury 0.5% 22/07/2022	8,997
UK Treasury 1.75% 07/09/2022	4,000
UK Treasury 0.25% 31/01/2025	2,873
UK Treasury 0.375% 22/10/2026	2,816
Dassault Systemes 0% 16/09/2022	2,531
Genesis Mortgage Funding 2022-1 FRN 2.0944% 15/09/2059	2,210
JBS 5.125% 01/02/2028	2,118
Autostrade per l'Italia 6.25% 09/06/2022	2,000
Other sales	18,338
<b>Total sales</b>	<b>75,581</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, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](http://mandg.com/investments)

## Long-term performance by share class

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

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-0.5	+0.4	+0.8	+1.5
Class 'I' Income	-0.4	n/a	n/a	n/a
Class 'I' Accumulation	-0.4	+0.5	+1.0	+1.7
Class 'PP' Income	-0.3	+0.6	n/a	n/a
Class 'PP' Accumulation	-0.3	+0.6	n/a	n/a
<b>Benchmark</b>	<b>-1.3</b>	<b>-0.5</b>	<b>n/a</b>	<b>n/a</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 29 January 1993.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	25.12	25.96	25.39
Return before operating charges	(0.15)	(0.38)	1.04
Operating charges	(0.06)	(0.13)	(0.13)
Return after operating charges	(0.21)	(0.51)	0.91
Distributions	(0.34)	(0.33)	(0.34)
Closing NAV	24.57	25.12	25.96
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.50	0.50	0.50
Return after charges	-0.84	-1.96	+3.58
Other information			
Closing NAV (£'000)	40,750	43,466	51,553
Number of shares	165,860,946	173,023,568	198,558,032
Highest share price (UK p)	25.17	26.10	26.12
Lowest share price (UK p)	24.24	25.16	25.41

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 9 November 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,014.89	1,046.28	1,021.76
Return before operating charges	(6.10)	(15.49)	42.07
Operating charges	(1.25)	(2.62)	(3.76)
Return after operating charges	(7.35)	(18.11)	38.31
Distributions	(13.72)	(13.28)	(13.79)
Closing NAV	993.82	1,014.89	1,046.28
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.25	0.25	0.36
Return after charges	-0.72	-1.73	+3.75
Other information			
Closing NAV (£'000)	280,843	176,166	178,309
Number of shares	28,259,025	17,358,096	17,042,166
Highest share price (UK p)	1,017.60	1,052.50	1,051.59
Lowest share price (UK p)	980.18	1,016.22	1,022.59

## Sterling Class 'I' Accumulation share performance

The share class was launched on 15 May 2020.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	102.30	104.12	100.35
Return before operating charges	(0.60)	(1.56)	4.04
Operating charges	(0.13)	(0.26)	(0.27)
Return after operating charges	(0.73)	(1.82)	3.77
Distributions	(1.26)	(1.07)	(0.99)
Retained distributions	1.26	1.07	0.99
Closing NAV	101.57	102.30	104.12
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.25	0.25	0.26
Return after charges	-0.71	-1.75	+3.76
Other information			
Closing NAV (£'000)	13,348	2,727	2,222
Number of shares	13,141,875	2,665,244	2,134,206
Highest share price (UK p)	102.57	104.74	104.26
Lowest share price (UK p)	99.37	102.00	100.43

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	98.25	101.18	98.71
Return before operating charges	(0.55)	(1.49)	4.06
Operating charges	(0.07)	(0.15)	(0.26)
Return after operating charges	(0.62)	(1.64)	3.80
Distributions	(1.33)	(1.29)	(1.33)
Closing NAV	96.30	98.25	101.18
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.15	0.15	0.25
Return after charges	-0.63	-1.62	+3.85
<b>Other information</b>			
Closing NAV (£'000)	14,711	9,102	194
Number of shares	15,276,169	9,264,779	192,148
Highest share price (UK p)	98.53	101.81	101.66
Lowest share price (UK p)	94.92	98.37	98.79

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	104.15	105.89	101.96
Return before operating charges	(0.62)	(1.58)	4.17
Operating charges	(0.08)	(0.16)	(0.24)
Return after operating charges	(0.70)	(1.74)	3.93
Distributions	(1.34)	(1.19)	(1.11)
Retained distributions	1.34	1.19	1.11
Closing NAV	103.45	104.15	105.89
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.15	0.15	0.25
Return after charges	-0.67	-1.64	+3.85
<b>Other information</b>			
Closing NAV (£'000)	9,119	784	138
Number of shares	8,815,151	753,136	130,359
Highest share price (UK p)	104.45	106.54	106.03
Lowest share price (UK p)	101.20	103.83	102.04

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		(4,260)		(751)
Revenue	3,896		1,286	
Expenses	(397)		(354)	
Interest payable and similar charges	(1)		0	
Net revenue/(expense) before taxation	3,498		932	
Taxation	(18)		(1)	
Net revenue/(expense) after taxation		3,480		931
<b>Total return before distributions</b>		<b>(780)</b>		<b>180</b>
Distributions		(3,870)		(1,266)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(4,650)</b>		<b>(1,086)</b>

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

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>232,245</b>		<b>232,416</b>
Amounts received on issue of shares	160,543		14,632	
Amounts paid on cancellation of shares	(29,819)		(16,854)	
		130,724		(2,222)
Dilution adjustments		258		31
Change in net assets attributable to shareholders from investment activities (see above)		(4,650)		(1,086)
Retained distributions on Accumulation shares		192		10
Unclaimed distributions		2		1
<b>Closing net assets attributable to shareholders</b>		<b>358,771</b>		<b>229,150</b>

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

# Financial statements and notes

## Financial statements

### Balance sheet

as at	30 November 2022 £'000	31 May 2022 £'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	343,175	224,117
<b>Current assets</b>		
Debtors	9,010	1,430
Cash and bank balances	4,142	2,716
Cash equivalents	14,780	6,166
<b>Total assets</b>	<b>371,107</b>	<b>234,429</b>
<b>Liabilities</b>		
Investment liabilities	(1)	(692)
<b>Creditors</b>		
Overdrawn positions at futures clearing houses and collateral manager	(437)	0
Distribution payable	(2,701)	(981)
Other creditors	(9,197)	(511)
<b>Total liabilities</b>	<b>(12,336)</b>	<b>(2,184)</b>
<b>Net assets attributable to shareholders</b>	<b>358,771</b>	<b>232,245</b>

# Financial statements and notes

## Notes to the financial statements

### Accounting policies

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

### Distribution policy

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



# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

## Investment objective

The fund aims to provide:

- a higher annual yield than the FTSE All-Share Index;
- an income stream that increases annually; and
- a higher total return (capital growth plus income), net of the ongoing charge figure, than a composite index\* over any five year period.

\* 70% FTSE All-Share Index and 30% FTSE Actuaries UK Conventional Gilts All Stocks Index.

## Investment policy

At least 70% of the fund is invested directly in equities and equity-related instruments of companies across any sector and market capitalisation, that are incorporated, domiciled, listed or do most of their business in the UK.

The fund may invest in other transferable securities, including equities and equity-related instruments of non-UK companies, investment grade debt securities, and cash and near cash, directly or via funds (including funds managed by M&G). Debt securities are issued by companies, or issued or guaranteed by government or public issuers, located anywhere in the world, and will be denominated in GBP.

Derivatives may be used for efficient portfolio management and hedging.

## Investment approach

The fund employs a disciplined approach to investment, concentrating on analysis and selection of individual companies.

The fund typically invests in a diversified portfolio of high-yielding UK stocks. This means that there is generally a bias towards out-of-favour, undervalued stocks. From the universe of high-yielding stocks, the

fund manager identifies good-quality companies that are competitive, with a strong business franchise, healthy cashflows and that have attractive dividend growth prospects.

The fund manager also allocates part of the portfolio to debt securities. Investments in debt securities primarily aim to reduce the volatility of the fund, whilst providing an alternative stable source of income.

## Benchmark

Yield – FTSE All-Share Index.

Total return – a composite index comprising:

- 70% FTSE All-Share Index
- 30% FTSE Actuaries UK Conventional Gilts All Stocks Index

The benchmarks are targets which the fund seeks to outperform, and have been chosen as they best reflect the scope of the fund's investment policy. The benchmarks are used solely to measure the fund's performance and do not constrain the fund's portfolio construction.

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

The total return benchmark is shown in the share class currency.

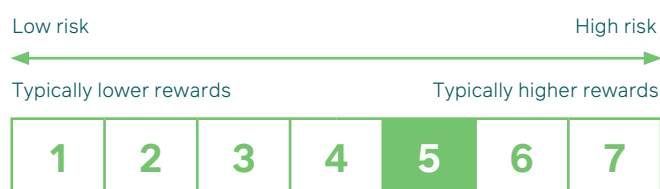
For unhedged share classes, the benchmark is shown in the share class currency.

# Authorised Corporate Director's Report

## Risk profile

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

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



### The above number:

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

## Investment review

For the six months ended 30 November 2022

### Performance against objective

The fund aims to deliver a higher total return (capital growth plus income), net of the ongoing charge figure, than a composite index of 70% FTSE All-Share Index and 30% FTSE Actuaries UK Conventional Gilts All Stocks Index over any five-year period. Between 1 June and 30 November 2022 (the reporting period), the fund delivered negative returns across all share classes, broadly in line with the benchmark, which returned -2.4% over the same period. Over five years, the fund also remains broadly in line with or just behind the benchmark, which returned +2.7% pa over the period, and has therefore not met its objective across all its share classes.

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.

The fund also aims to provide a higher total yield (level of income returned) than the FTSE All-Share Index, as well as an income stream that increases every year. As at 1 December 2022, it yielded between 5.07% (Class I Income) and 5.09% (Class A Income). This represents a premium of around 44% relative to the FTSE All-Share Index at 3.52%, meeting the objective to outperform the benchmark yield. Income distributed for the Sterling Class 'I' shares and the Sterling Class 'A' shares was flat compared to the same period last year. Two quarterly distributions of 6.60p per Sterling Class 'A' (Income) share were declared in respect of the review period, making a total distribution of 13.20p per Income share while distributions of 11.00p per Sterling Class 'I' (Income) share were declared, making a total distribution of 22.00p. This was unchanged from the corresponding period last year. The fund did not, therefore, meet the objective of growing its income over the period.

### Performance review

Both equity and fixed income (bond) markets suffered significant falls during the reporting period, before starting to pick up at the end. The global macroeconomic environment remained complex and uncertain as the war in Ukraine continued. Europe's reliance on Russian gas came to the fore, as supplies were disrupted and prices soared. And while consumers struggled with food and fuel inflation, central banks repeatedly hiked interest rates in an effort to bring down prices. Reduced spending power and dampened investor sentiment led to low and falling growth in major economies, making a global recession increasingly likely.

In the UK, September's ill-fated mini-budget alarmed investors and wreaked havoc on bond markets. Government bond prices fell, and yields shot up, while sterling plummeted to historic lows. Calm returned only after the government, under a new prime minister and cabinet, reversed course. November's Autumn Statement focused on fiscal discipline, and market response was muted.

By the end of the reporting period, the picture looked somewhat brighter. There were signs that inflation,

# Authorised Corporate Director's Report

while still well above target, was reaching its peak and starting to slow, particularly in the US and eurozone. This would enable central banks to loosen monetary policy. Meanwhile, the Chinese government started to reopen its economy following extended and controversial COVID-19 restrictions.

Around three-quarters of the fund is currently allocated to equities. The fund favours mega cap businesses (worth over \$50bn), with overweights in energy and financial companies. Most of the portfolio companies are based, or do most of their business, in the UK, which detracted from performance given sterling's weakness against the US dollar.

The equity portion of the fund delivered a negative absolute return (-1.36%) over the six-month period, behind the FTSE All-Share Index at 0.28%. That said, there were some notable positives – for example, BP (our largest holding) delivered a strong return as oil and gas companies thrived on high prices. Our other top contributors were Imperial Brands and AstraZeneca, and we saw strong performances from Devro (food products), Go Ahead (transport) and technology firm Micro Focus International (boosted by a cash offer from a Canadian rival).

On the downside, housing fared poorly, with housebuilders Persimmon, Watkin Jones and Vistry among the bottom contributors along with sheltered housing investment trust Home REIT. GlaxoSmithKline lost ground following a demerger, and Vodafone suffered in a tough market for telecommunications.

Alongside its equity allocation, the fund currently holds around 22% in bonds. The purpose of the bond allocation has always been to be a stable anchor and dampen volatility and drawdowns of the overall fund. Hence, it is invested in a very conservative manner. We only add risk when the risk/reward profile looks appealing. For most of this period it didn't.

Bond markets had a rocky ride, particularly in the UK, US and eurozone, as interest rate concerns weighed heavy. Higher rates pushed up government bond yields, driving down demand and prices – particularly for long-dated bonds. Towards the end of the period, hopes of a

softer stance on interest rates helped restore sentiment. Credit markets remained weak, however, with the outlook only improving in the final month or so.

Against this backdrop, the bond portion of the fund delivered a negative absolute return but performed better than the FTSE Actuaries UK Conventional Gilts All Stocks Index, a comparator index.

## Investment activities

In the equity market, we bought shares in undervalued BT Group and Woodside Petroleum, which benefited from high oil prices. On the sales side, we divested of a weak Persimmon, as well as NatWest and non-voting shares in Schroders.

In bonds, we maintained our defensive low-interest-rate risk/low-credit risk positioning, a conservative approach that supports our aim of dampening volatility. We made no outright sales in the period but bought some sterling-denominated corporate bonds, many issued by banks, including Bank of America, Lloyds Banking Group and BNP Paribas as we see value in this area. We also added some UK gilts as they became more attractive in November.

## Outlook

After a difficult 2022, investors were hoping for a more upbeat end to the year. By November, spirits were lifted as both equity and fixed income markets strengthened. But this should be seen in context. While the eurozone reported a month with no inflation growth, UK inflation remains at its highest for 40 years: the cost-of-living crisis is deeply entrenched and Brexit is an ongoing challenge. While interest rates should stabilise and reduce in time, it won't happen overnight (moreover, a rushed approach would risk undoing progress). Most major economies are in, or heading for, recession, even if shallower than initially predicted. Also there's no let-up to the macro uncertainty around Ukraine and climate change.

On a more positive note, there are opportunities within high-quality, well capitalised companies, and that quality now comes at a good price. We are seeing better fundamental value than we have since pre-2008. We will maintain a carefully selected, well diversified

# Authorised Corporate Director's Report

basket of UK-based holdings, prioritising defensive, high-yield stocks and those that look undervalued. Our fixed income positioning also remains defensive, with good-quality corporate bonds offering stability and a counterweight to equity market volatility.

## Elina Symon

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities</b>	<b>371,695</b>	<b>77.58</b>	<b>78.66</b>
<b>Software &amp; computer services</b>	<b>7,829</b>	<b>1.63</b>	<b>1.35</b>
700,000 Micro Focus	3,655	0.76	
2,200,000 Moneysupermarket.com	4,174	0.87	
<b>Telecommunication service providers</b>	<b>12,048</b>	<b>2.51</b>	<b>3.01</b>
1,379,312 BT	1,695	0.35	
11,250,000 Vodafone	10,353	2.16	
<b>Pharmaceuticals &amp; biotechnology</b>	<b>40,117</b>	<b>8.37</b>	<b>8.88</b>
177,500 AstraZeneca	19,713	4.11	
1,201,600 GSK	17,027	3.55	
1,200,000 Haleon	3,377	0.71	
<b>Banks</b>	<b>26,548</b>	<b>5.54</b>	<b>4.86</b>
393,125 Close Brothers	4,206	0.88	
1,775,000 HSBC	9,029	1.88	
12,750,000 Lloyds Banking	5,990	1.25	
6,250 Nationwide Building Society 10.25% CCD Non-cum. Irrd. Pref.	780	0.16	
2,135,714 NatWest	5,587	1.17	
900,000 Standard Chartered 8.25% Non-cum. Irrd. Pref.	956	0.20	
<b>Investment banking &amp; brokerage services</b>	<b>23,986</b>	<b>5.01</b>	<b>4.52</b>
1,865,000 abrdn	3,627	0.76	
1,438,734 Ashmore	3,243	0.68	
4,783,694 Duke Royalty <sup>a</sup>	1,626	0.34	
396,429 EF Realisation <sup>b</sup>	0	0.00	
72,698 Hargreaves Lansdown	616	0.13	
313,202 IG	2,565	0.54	
90,000 Intermediate Capital	1,074	0.22	
900,000 Jupiter Fund Management	1,117	0.23	
3,000,000 Lloyds Banking 9.25% Non-cum. Irrd. Pref.	3,915	0.82	
300,000 Schroders	1,357	0.28	
330,000 St. James's Place	3,807	0.79	
750,000 XPS Pensions	1,039	0.22	
<b>Closed-ended investments</b>	<b>2,840</b>	<b>0.59</b>	<b>0.75</b>
433,196 Atrato Onsite Energy	341	0.07	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Closed-ended investments (continued)</b>			
1,200,000 Middlefield Canadian Income Trust	1,476	0.31	
154,000 Pollen Street	1,023	0.21	
<b>Life insurance</b>	<b>29,835</b>	<b>6.23</b>	<b>6.21</b>
1,800,000 Aviva	8,053	1.68	
1,500,000 Aviva 8.375% Cum. Irrd. Pref.	1,740	0.36	
1,700,000 Chesnara	4,921	1.03	
3,000,000 Legal & General	7,620	1.59	
1,270,000 Phoenix	7,501	1.57	
<b>Non-life insurance</b>	<b>14,049</b>	<b>2.93</b>	<b>3.05</b>
500,000 Conduit	2,025	0.42	
2,950,000 Direct Line Insurance	6,225	1.30	
3,800,000 General Accident 7.875% Cum. Irrd. Pref.	4,066	0.85	
1,400,000 General Accident 8.875% Cum. Irrd. Pref.	1,666	0.35	
66,391 Sabre Insurance	67	0.01	
<b>Real estate investment &amp; services</b>	<b>2,521</b>	<b>0.53</b>	<b>0.53</b>
8,403,680 Grit Real Estate Income	2,521	0.53	
<b>Real estate investment trusts</b>	<b>7,412</b>	<b>1.55</b>	<b>2.72</b>
1,710,000 abrdn Property Income Trust	920	0.19	
2,200,000 Channel Islands Property Fund	2,200	0.46	
1,870,260 Home	967	0.20	
2,400,000 NewRiver	1,879	0.39	
1,000,000 Regional	599	0.13	
749,479 Supermarket Income	794	0.17	
47,834 Warehouse	53	0.01	
<b>Household goods &amp; home construction</b>	<b>4,231</b>	<b>0.88</b>	<b>1.75</b>
570,056 Vistry	3,563	0.74	
660,000 Watkin Jones <sup>a</sup>	668	0.14	
<b>Media</b>	<b>11,510</b>	<b>2.40</b>	<b>2.28</b>
4,212,808 ITV	3,165	0.66	
3,300,000 Reach	3,851	0.80	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Media (continued)</b>			
340,000 STV	853	0.18	
418,305 WPP	3,641	0.76	
<b>Retailers</b>	<b>2,818</b>	<b>0.59</b>	<b>0.50</b>
66,143 Dunelm	667	0.14	
684,897 ScS	1,014	0.21	
80,000 WH Smith	1,137	0.24	
<b>Travel &amp; leisure</b>	<b>8,979</b>	<b>1.87</b>	<b>2.60</b>
480,000 Entain	6,768	1.41	
1,280,000 National Express	2,211	0.46	
<b>Food producers</b>	<b>2,815</b>	<b>0.59</b>	<b>0.37</b>
920,000 Devro	2,815	0.59	
<b>Tobacco</b>	<b>33,898</b>	<b>7.08</b>	<b>6.43</b>
560,000 British American Tobacco	18,889	3.94	
707,000 Imperial Brands	15,009	3.14	
<b>Personal care, drug &amp; grocery stores</b>	<b>11,457</b>	<b>2.39</b>	<b>2.28</b>
2,100,000 Tesco	4,822	1.01	
160,000 Unilever	6,635	1.38	
<b>Construction &amp; materials</b>	<b>2,995</b>	<b>0.63</b>	<b>0.60</b>
1,590,000 Kier	1,041	0.22	
101,465 Marshalls	296	0.06	
2,800,000 Severfield	1,658	0.35	
<b>General industrials</b>	<b>3,157</b>	<b>0.66</b>	<b>0.55</b>
1,041,168 DS Smith	3,157	0.66	
<b>Industrial engineering</b>	<b>1,911</b>	<b>0.40</b>	<b>0.32</b>
500,000 Vesuvius	1,911	0.40	
<b>Industrial support services</b>	<b>2,065</b>	<b>0.43</b>	<b>0.42</b>
280,000 PayPoint	1,507	0.31	
1,385,000 Smiths News	558	0.12	
<b>Industrial transportation</b>	<b>5,567</b>	<b>1.16</b>	<b>1.16</b>
913,198 International Distributions Services	2,083	0.43	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Industrial transportation (continued)</b>			
2,500,000 Pacific Basin Shipping	694	0.15	
3,132,267 Taylor Maritime Investments	2,790	0.58	
<b>Industrial metals &amp; mining</b>	<b>28,274</b>	<b>5.90</b>	<b>6.01</b>
82,500 Anglo American	2,794	0.58	
225,000 BHP	5,796	1.21	
350,000 Rio Tinto	19,684	4.11	
<b>Chemicals</b>	<b>2,492</b>	<b>0.52</b>	<b>0.68</b>
525,000 Synthomer	707	0.15	
100,000 Victrex	1,785	0.37	
<b>Oil &amp; gas</b>	<b>52,355</b>	<b>10.93</b>	<b>9.51</b>
6,792,728 BP	33,906	7.08	
5,997,178 Diversified Energy	7,503	1.56	
383,000 Shell	9,284	1.94	
80,000 Woodside Energy	1,662	0.35	
<b>Electricity</b>	<b>12,592</b>	<b>2.63</b>	<b>3.05</b>
555,998 Drax	3,325	0.69	
545,617 SSE	9,267	1.94	
<b>Gas, water &amp; multi-utilities</b>	<b>17,394</b>	<b>3.63</b>	<b>4.27</b>
1,240,000 National Grid	12,542	2.62	
475,431 United Utilities	4,852	1.01	
<b>Fixed income</b>	<b>102,823</b>	<b>21.46</b>	<b>21.84</b>
<b>Debt securities</b>	<b>102,823</b>	<b>21.46</b>	<b>21.84</b>
<b>'AAA' credit rated bonds</b>	<b>8,903</b>	<b>1.86</b>	<b>2.57</b>
£1,186,000 Barclays Bank FRN 3.1037% 09/01/2023	1,186	0.25	
£32,105 Bavarian Sky UK 3 FRN 3.5509% 20/04/2028	32	0.01	
£965,000 Clydesdale Bank FRN 3.198% 22/03/2024	968	0.20	
£647,000 Commonwealth Bank of Australia FRN 3.2933% 16/01/2025	646	0.13	
£222,000 Coventry Building Society FRN 3.2633% 15/01/2025	222	0.05	
£1,000,000 Johnson & Johnson 5.5% 06/11/2024	1,026	0.21	
£1,500,000 KfW 0.75% 07/12/2027	1,283	0.27	
£295,000 Leeds Building Society FRN 3.281% 15/01/2025	295	0.06	



# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'AAA' credit rated bonds (continued)</b>			
£1,997,000 Nordea Eiendomskreditt FRN 2.9147% 18/06/2023	1,997	0.42	
£77,689 Precise Mortgage Funding 2020-1B FRN 3.8607% 16/10/2056	76	0.01	
£905,000 Royal Bank of Canada FRN 3.2099% 03/10/2024	904	0.19	
£269,887 Towd Point Mortgage Funding 2019-Vantage 2 FRN 4.1384% 20/02/2054	268	0.06	
<b>'AA' credit rated bonds</b>	<b>11,308</b>	<b>2.36</b>	<b>2.96</b>
£1,286,000 DNB Bank Var. Rate 2.625% 10/06/2026	1,215	0.25	
£382,000 Euroclear Bank 1.25% 30/09/2024	358	0.08	
£1,306,000 Land Securities Capital Markets 1.974% 08/02/2024	1,261	0.26	
£933,000 MassMutual Global Funding II 1.375% 15/12/2026	822	0.17	
£510,000 Metropolitan Life Global Funding I 2.625% 05/12/2022	510	0.11	
£607,000 New York Life Global Funding 1.25% 17/12/2026	532	0.11	
£3,000,000 Procter & Gamble 1.375% 03/05/2025	2,818	0.59	
£122,733 Telereal Securitisation 1.3657% 10/12/2031	106	0.02	
£1,500,000 UK Treasury 0.125% 31/01/2024	1,445	0.30	
£2,500,000 UK Treasury 0.375% 22/10/2026	2,241	0.47	
<b>'A' credit rated bonds</b>	<b>27,501</b>	<b>5.74</b>	<b>6.37</b>
£1,500,000 Banco Santander 1.375% 31/07/2024	1,416	0.29	
£500,000 Bank of America Var. Rate 1.667% 02/06/2029	413	0.09	
£999,000 Bank of America Var. Rate 3.584% 27/04/2031	890	0.18	
£1,500,000 Bank of Nova Scotia 1.25% 17/12/2025	1,340	0.28	
£1,500,000 Banque Fédérative du Crédit Mutuel 1.875% 26/10/2028	1,260	0.26	
£700,000 BPCE 1.375% 23/12/2026	604	0.13	
£3,000,000 BPCE 2.125% 16/12/2022	2,995	0.62	
£874,000 Canadian Imperial Bank of Commerce 1.625% 25/09/2025	798	0.17	
£824,000 Coventry Building Society 1.5% 23/01/2023	820	0.17	
£2,000,000 Coventry Building Society 1.875% 24/10/2023	1,945	0.41	
£1,100,000 Henkel 1.25% 30/09/2026	986	0.21	
£2,000,000 HSBC Var. Rate 2.256% 13/11/2026	1,802	0.38	
£421,000 HSBC Var. Rate 3% 22/07/2028	367	0.08	
£500,000 HSBC Var. Rate 3% 29/05/2030	418	0.09	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
£1,275,000 JPMorgan Chase Var. Rate 0.991% 28/04/2026	1,152	0.24	
£500,000 Landesbank Baden-Wuerttemberg 1.5% 03/02/2025	460	0.10	
£1,525,000 London Merchant Securities 6.5% 16/03/2026	1,579	0.33	
£627,000 Nestlé 0.625% 18/12/2025	567	0.12	
£918,000 Notting Hill Genesis 3.25% 12/10/2048	670	0.14	
£1,242,000 Realty Income 1.125% 13/07/2027	1,029	0.21	
£1,071,000 Shaftesbury Chinatown 2.348% 30/09/2027	984	0.20	
£1,503,000 TotalEnergies Capital International 1.75% 07/07/2025	1,410	0.29	
£1,343,000 Toyota Motor Credit 0.75% 19/11/2026	1,161	0.24	
£1,231,000 UBS Var. Rate 1.875% 03/11/2029	1,008	0.21	
£1,500,000 Yorkshire Building Society 3.5% 21/04/2026	1,427	0.30	
<b>'BBB' credit rated bonds</b>	<b>53,226</b>	<b>11.11</b>	<b>9.55</b>
£794,000 Akelius Residential Property 2.375% 15/08/2025	720	0.15	
£1,750,000 Amgen 5.5% 07/12/2026	1,819	0.38	
£1,150,000 Anheuser-Busch InBev 9.75% 30/07/2024	1,244	0.26	
£793,000 Annington Funding 2.646% 12/07/2025	731	0.15	
£326,000 Annington Funding 4.75% 09/08/2033	297	0.06	
£1,214,000 Aroundtown 3% 16/10/2029	899	0.19	
£1,000,000 Barclays 3.125% 17/01/2024	976	0.20	
£1,300,000 BNP Paribas 1.875% 14/12/2027	1,091	0.23	
£700,000 CaixaBank Var. Rate 3.5% 06/04/2028	618	0.13	
£846,000 Channel Link Enterprises Finance Var. Rate 3.043% 30/06/2050	717	0.15	
£976,000 Citigroup 2.75% 24/01/2024	954	0.20	
£430,000 CK Hutchison Telecom Finance 2% 17/10/2027	367	0.08	
£1,500,000 Commerzbank 1.5% 22/11/2024	1,390	0.29	
£1,171,000 Credit Suisse Var. Rate 2.125% 12/09/2025	1,043	0.22	
£208,000 Deutsche Telekom 3.125% 06/02/2034	183	0.04	
£1,152,000 Deutsche Telekom International Finance 2.5% 10/10/2025	1,102	0.23	
£178,000 Digital Stout 2.75% 19/07/2024	170	0.03	
£1,000,000 Digital Stout 3.75% 17/10/2030	857	0.18	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£513,000 DP World 4.25% 25/09/2030	473	0.10	
£950,000 EDF 6.125% 02/06/2034	998	0.21	
£459,000 Experian Finance 0.739% 29/10/2025	411	0.09	
£485,000 Experian Finance 2.125% 27/09/2024	464	0.10	
£300,000 FirstGroup 6.875% 18/09/2024	301	0.06	
£1,500,000 Goldman Sachs 3.125% 25/07/2029	1,304	0.27	
£2,000,000 Hammerson 3.5% 27/10/2025	1,730	0.36	
£110,000 Heathrow Funding 2.75% 13/10/2029	93	0.02	
£1,473,000 Heathrow Funding 5.225% 15/02/2023	1,472	0.31	
£926,000 Holcim Sterling Finance (Netherlands) 3% 12/05/2032	747	0.16	
£878,000 Imperial Brands Finance 8.125% 15/03/2024	905	0.19	
£1,007,000 Informa 3.125% 05/07/2026	916	0.19	
£1,300,000 ING 3% 18/02/2026	1,212	0.25	
£454,000 Liberty Living Finance 2.625% 28/11/2024	422	0.09	
£658,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	551	0.11	
£500,000 Lloyds Banking Var. Rate 2% 12/04/2028	424	0.09	
£492,000 Lloyds Banking Var. Rate 2.707% 03/12/2035	368	0.08	
£1,034,000 Logicor Financing 2.75% 15/01/2030	804	0.17	
£369,000 McKesson 3.125% 17/02/2029	327	0.07	
£1,000,000 National Express 2.5% 11/11/2023	974	0.20	
£712,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	714	0.15	
£406,000 NatWest Var. Rate 2.057% 09/11/2028	337	0.07	
£619,000 NatWest Var. Rate 3.125% 28/03/2027	565	0.12	
£205,000 Next 3% 26/08/2025	193	0.04	
£874,000 Rentokil Initial 5% 27/06/2032	849	0.18	
£1,340,000 Santander Var. Rate 7.098% 16/11/2027	1,362	0.28	
£201,000 Severn Trent Utilities Finance 2.625% 22/02/2033	167	0.03	
£368,000 Severn Trent Utilities Finance 4.625% 30/11/2034	362	0.08	
£1,400,000 Société Générale 1.25% 07/12/2027	1,127	0.23	
£1,422,000 SP Transmission 2% 13/11/2031	1,159	0.24	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£241,000 Student Finance 2.6663% 30/09/2024	228	0.05	
£1,384,000 Swedbank Var. Rate 7.272% 15/11/2032	1,410	0.29	
£1,000,000 Telefónica Emisiones 5.375% 02/02/2026	1,005	0.21	
£1,500,000 Tesco Corporate Treasury Services 1.875% 02/11/2028	1,230	0.26	
£101,000 Tesco Corporate Treasury Services 2.5% 02/05/2025	95	0.02	
£422,000 Thames Water Utilities Finance 1.875% 24/01/2024	407	0.08	
£466,000 Thames Water Utilities Finance 5.125% 28/09/2037	447	0.09	
£1,005,000 UNITE 3.5% 15/10/2028	861	0.18	
£1,320,000 United Utilities Water Finance 2% 14/02/2025	1,248	0.26	
£698,000 Virgin Money Var. Rate 3.375% 24/04/2026	638	0.13	
£2,700,000 Volkswagen Financial Services 1.125% 18/09/2023	2,623	0.55	
£1,950,000 Wells Fargo Bank 5.25% 01/08/2023	1,951	0.41	
£2,530,000 Westfield America Management 2.125% 30/03/2025	2,266	0.47	
£157,000 Yorkshire Building Society Var. Rate 3% 18/04/2025	150	0.03	
£1,750,000 Yorkshire Water Finance 6.5876% 21/02/2023	1,758	0.37	
<b>'BB' credit rated bonds</b>	<b>1,885</b>	<b>0.39</b>	<b>0.39</b>
£734,000 Ford Motor Credit 4.535% 06/03/2025	697	0.14	
£1,390,000 Rolls-Royce 3.375% 18/06/2026	1,188	0.25	
<b>Total portfolio</b>	<b>474,518</b>	<b>99.04</b>	<b>100.50</b>
<b>Net other assets/(liabilities)</b>	<b>4,609</b>	<b>0.96</b>	<b>(0.50)</b>
<b>Net assets attributable to shareholders</b>	<b>479,127</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> AIM quoted.

<sup>b</sup> Delisted.

# Portfolio statement

Top ten portfolio transactions for the six months to  
30 November 2022

Largest purchases	£'000
UK Treasury 0.375% 22/10/2026	2,243
BT	1,703
NatWest	1,669
Woodside Energy	1,426
Swedbank Var. Rate 7.272% 15/11/2032	1,384
Intermediate Capital	1,383
Santander Var. Rate 7.098% 16/11/2027	1,340
Vistry	1,217
Société Générale 1.25% 07/12/2027	1,193
Pacific Basin Shipping	950
Other purchases	15,630
<b>Total purchases</b>	<b>30,138</b>

Largest sales	£'000
UK Treasury IL 1.875% 22/11/2022	5,667
Persimmon	2,654
Go-Ahead	2,465
BNP Paribas 1.125% 16/08/2022	2,000
Santander FRN 1.2151% 16/11/2022	1,742
BP	1,583
Drax	1,430
Warehouse	1,393
National Grid	1,242
Land Securities Capital Markets	1,241
Other sales	19,323
<b>Total sales</b>	<b>40,740</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, performance information (including a range of performance graphs) and other documents, please visit our website at [mandg.com/investments](http://mandg.com/investments)

## Long-term performance by share class

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

On 24 June 2022, the Sterling Class 'X' Income and Sterling Class 'X' Accumulation shares were merged into the equivalent Sterling Class 'A' Income and Sterling Class 'A' Accumulation shares.

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-2.4	+1.5	+2.3	+5.5
Class 'A' Accumulation	-2.4	+1.5	+2.3	+5.5
Class 'C' Income	-2.3	+1.7	+2.6	+5.8
Class 'I' Income	-2.2	+2.0	+2.8	+6.1
Class 'I' Accumulation	-2.2	+1.9	+2.8	+6.0
Class 'R' Income	-2.3	+1.7	+2.6	+5.8
Class 'R' Accumulation	-2.3	+1.7	+2.6	+5.8
Class 'X' Income	-5.2	+0.6	+1.9	+5.5
Class 'X' Accumulation	-5.2	+0.6	+1.9	+5.5
<b>Benchmark</b>	<b>-2.4</b>	<b>+1.2</b>	<b>+2.7</b>	<b>+5.9</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 19 November 1973.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	727.33	722.55	639.38
Return before operating charges	(13.52)	48.34	121.52
Operating charges	(4.06)	(8.12)	(8.04)
Return after operating charges	(17.58)	40.22	113.48
Distributions	(13.20)	(35.44)	(30.31)
Closing NAV	696.55	727.33	722.55
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.29	0.34
Dilution adjustments	(0.04)	(0.08)	(0.10)
Total direct transaction costs	0.08	0.21	0.24
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	1.15	1.10	1.20
Return after charges	-2.42	+5.57	+17.75
Other information			
Closing NAV (£'000)	130,212	124,181	130,692
Number of shares	18,693,793	17,073,485	18,087,515
Highest share price (UK p)	729.12	755.86	746.84
Lowest share price (UK p)	638.18	683.12	599.54

## Sterling Class 'A' Accumulation share performance

The share class was launched on 19 November 1973.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	8,165.32	7,728.60	6,541.56
Return before operating charges	(149.36)	524.72	1,270.62
Operating charges	(45.81)	(88.00)	(83.58)
Return after operating charges	(195.17)	436.72	1,187.04
Distributions	(123.35)	(298.66)	(236.62)
Retained distributions	123.35	298.66	236.62
Closing NAV	7,970.15	8,165.32	7,728.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.33	3.16	3.51
Dilution adjustments	(0.48)	(0.85)	(1.01)
Total direct transaction costs	0.85	2.31	2.50
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	1.15	1.10	1.20
Return after charges	-2.39	+5.65	+18.15
Other information			
Closing NAV (£'000)	22,611	21,241	19,884
Number of shares	283,702	260,142	257,274
Highest share price (UK p)	8,185.43	8,231.52	7,870.55
Lowest share price (UK p)	7,233.78	7,507.57	6,199.41

# Financial highlights

## Sterling Class 'C' Income share performance

Sterling Class 'C' shares are not generally available to all investors.

The share class was launched on 1 December 2005.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	870.48	855.39	748.37
Return before operating charges	(16.83)	56.19	141.95
Operating charges	(0.32)	0.00	(0.29)
Return after operating charges	(17.15)	56.19	141.66
Distributions	(15.50)	(41.10)	(34.64)
Closing NAV	837.83	870.48	855.39
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.35	0.40
Dilution adjustments	(0.05)	(0.09)	(0.11)
Total direct transaction costs	0.09	0.26	0.29
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	0.05	0.00	0.03
Return after charges	-1.97	+6.57	+18.93
Other information			
Closing NAV (£'000)	54,301	57,344	61,386
Number of shares	6,481,214	6,587,660	7,176,387
Highest share price (UK p)	872.74	901.07	883.38
Lowest share price (UK p)	766.53	815.39	704.98



# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,211.32	1,198.82	1,056.16
Return before operating charges	(22.65)	79.99	200.99
Operating charges	(4.48)	(8.58)	(8.13)
Return after operating charges	(27.13)	71.41	192.86
Distributions	(22.00)	(58.91)	(50.20)
Closing NAV	1,162.19	1,211.32	1,198.82
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.20	0.48	0.56
Dilution adjustments	(0.07)	(0.13)	(0.16)
Total direct transaction costs	0.13	0.35	0.40
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	0.75	0.70	0.73
Return after charges	-2.24	+5.96	+18.26
<b>Other information</b>			
Closing NAV (£'000)	68,622	71,415	72,371
Number of shares	5,904,549	5,895,624	6,036,903
Highest share price (UK p)	1,214.37	1,257.19	1,238.87
Lowest share price (UK p)	1,064.28	1,136.57	992.31

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,896.35	1,788.15	1,506.89
Return before operating charges	(34.86)	121.18	292.99
Operating charges	(7.04)	(12.98)	(11.73)
Return after operating charges	(41.90)	108.20	281.26
Distributions	(30.75)	(76.19)	(61.64)
Retained distributions	30.75	76.19	61.64
Closing NAV	1,854.45	1,896.35	1,788.15
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.31	0.73	0.81
Dilution adjustments	(0.11)	(0.20)	(0.23)
Total direct transaction costs	0.20	0.53	0.58
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	0.75	0.70	0.73
Return after charges	-2.21	+6.05	+18.66
<b>Other information</b>			
Closing NAV (£'000)	21,992	22,500	29,178
Number of shares	1,185,907	1,186,511	1,631,728
Highest share price (UK p)	1,901.13	1,909.57	1,820.64
Lowest share price (UK p)	1,682.30	1,742.05	1,430.88

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	118.24	117.31	103.60
Return before operating charges	(2.20)	7.83	19.70
Operating charges	(0.58)	(1.14)	(1.07)
Return after operating charges	(2.78)	6.69	18.63
Distributions	(2.15)	(5.76)	(4.92)
Closing NAV	113.31	118.24	117.31
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.05	0.05
Dilution adjustments	(0.01)	(0.01)	(0.02)
Total direct transaction costs	0.01	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	1.00	0.95	0.98
Return after charges	-2.35	+5.70	+17.98
Other information			
Closing NAV (£'000)	160,189	168,960	177,811
Number of shares	141,377,072	142,892,526	151,571,783
Highest share price (UK p)	118.53	122.83	121.25
Lowest share price (UK p)	103.80	111.02	97.24

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	185.25	175.12	147.94
Return before operating charges	(3.40)	11.85	28.73
Operating charges	(0.91)	(1.72)	(1.55)
Return after operating charges	(4.31)	10.13	27.18
Distributions	(2.87)	(7.00)	(5.66)
Retained distributions	2.87	7.00	5.66
Closing NAV	180.94	185.25	175.12
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.07	0.08
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.02	0.05	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	1.00	0.95	0.98
Return after charges	-2.33	+5.78	+18.37
Other information			
Closing NAV (£'000)	21,200	22,022	20,627
Number of shares	11,716,719	11,887,286	11,778,722
Highest share price (UK p)	185.71	186.68	178.32
Lowest share price (UK p)	164.19	170.28	140.33

# Financial highlights

## Sterling Class 'X' Income share performance

The share class was launched on 1 October 2002. The class was merged into Sterling Class 'A' Income on 24 June 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	733.42	728.55	644.65
Return before operating charges	(37.71)	48.79	122.58
Operating charges	(0.80)	(8.18)	(8.11)
Return after operating charges	(38.51)	40.61	114.47
Distributions	n/a	(35.74)	(30.57)
NAV of in specie transfer	(694.91)	n/a	n/a
Closing NAV	0.00	733.42	728.55
Direct transaction costs UK p	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.29	0.34
Dilution adjustments	(0.01)	(0.08)	(0.10)
Total direct transaction costs	0.01	0.21	0.24
Performance and charges %	%	%	%
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	1.15	1.10	1.20
Return after charges	-5.25	+5.57	+17.76
Other information			
Closing NAV (£'000)	0	15,949	17,012
Number of shares	0	2,174,547	2,335,000
Highest share price (UK p)	735.23	762.16	753.04
Lowest share price (UK p)	693.14	688.83	604.50

## Sterling Class 'X' Accumulation share performance

The share class was launched on 1 October 2002. The class was merged into Sterling Class 'A' Accumulation on 24 June 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	8,075.27	7,642.30	6,467.56
Return before operating charges	(415.08)	519.93	1,257.21
Operating charges	(8.89)	(86.96)	(82.47)
Return after operating charges	(423.97)	432.97	1,174.74
Distributions	n/a	(296.43)	(234.99)
Retained distributions	n/a	296.43	234.99
NAV of in specie transfer	(7,651.30)	n/a	n/a
Closing NAV	0.00	8,075.27	7,642.30
Direct transaction costs UK p	UK p	UK p	UK p
Costs before dilution adjustments	0.18	3.12	3.45
Dilution adjustments	(0.07)	(0.84)	(0.99)
Total direct transaction costs	0.11	2.28	2.46
Performance and charges %	%	%	%
Direct portfolio transaction costs	0.02	0.03	0.04
Operating charges	1.15	1.10	1.20
Return after charges	-5.25	+5.67	+18.16
Other information			
Closing NAV (£'000)	0	2,788	2,746
Number of shares	0	34,529	35,939
Highest share price (UK p)	8,095.19	8,140.42	7,782.58
Lowest share price (UK p)	7,631.77	7,424.58	6,129.63

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		(24,415)		(15,519)
Revenue	14,415		12,932	
Expenses	(2,015)		(2,260)	
Interest payable and similar charges	(6)		0	
Net revenue/(expense) before taxation	12,394		10,672	
Taxation	(33)		(53)	
Net revenue/(expense) after taxation		12,361		10,619
<b>Total return before distributions</b>		<b>(12,054)</b>		<b>(4,900)</b>
Distributions		(8,986)		(9,276)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(21,040)</b>		<b>(14,176)</b>

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

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>506,400</b>		<b>531,707</b>
Amounts received on issue of shares	9,660		8,580	
Amounts paid on cancellation of shares	(17,061)		(28,688)	
		(7,401)		(20,108)
Dilution adjustments		75		79
Change in net assets attributable to shareholders from investment activities (see above)		(21,040)		(14,176)
Retained distributions on Accumulation shares		1,055		964
Unclaimed distributions		38		30
<b>Closing net assets attributable to shareholders</b>		<b>479,127</b>		<b>498,496</b>

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

# Financial statements and notes

## Financial statements

### Balance sheet

as at	30 November 2022 £'000	31 May 2022 £'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	474,518	508,938
<b>Current assets</b>		
Debtors	4,272	3,102
Cash and bank balances	16	746
Cash equivalents	6,107	3,615
<b>Total assets</b>	<b>484,913</b>	<b>516,401</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distribution payable	(3,905)	(9,384)
Other creditors	(1,881)	(617)
<b>Total liabilities</b>	<b>(5,786)</b>	<b>(10,001)</b>
<b>Net assets attributable to shareholders</b>	<b>479,127</b>	<b>506,400</b>

# Financial statements and notes

## Notes to the financial statements

### Accounting policies

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

### Distribution policy

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

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

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For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

The M&G UK Sustain Paris Aligned Fund was formerly the M&G UK Select Fund. The fund changed its name, objective, policy and benchmark on 13 July 2022.

## Investment objective

The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the FTSE All-Share Index over any five- year period; and
- To invest in companies that contribute towards the Paris Agreement climate change goal.

## Investment policy

At least 80% of the fund is invested directly in equities and equity related securities of companies, across any sector and of any size, that are incorporated, domiciled or do most of their business, in the United Kingdom. The fund is concentrated and usually holds shares in fewer than 50 companies.

The fund invests in securities that meet the ESG Criteria and Sustainability Criteria.

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

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

- Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria document.

References to "assessed" above mean assessment in accordance with the ESG Criteria and Sustainability Criteria document as referenced in the ESG information section below. Further information on the exclusions applicable to the fund can be found in this in the Prospectus for M&G Investment Funds (2).

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

Derivatives may be used for efficient portfolio management and hedging.

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

## Investment approach

The fund employs a disciplined bottom up stockpicking approach to analyse companies for their potential to deliver sustainable growth. Relevant factors include high returns, robust competitive advantages, balanced capital allocation and an ESG aligned culture. The fund also looks for favourable exposure to sustainable growth themes that are aligned to a lower carbon, healthier, more equal and connected future.

The fund invests in companies which contribute towards the long-term global warming objectives of the Paris Agreement by their low carbon intensity and/or a reducing carbon intensity or (typically up to a cumulative limit of 10% of NAV) delivering solutions to the challenge of climate change (as further described in the ESG Criteria and Sustainability Criteria). Low carbon intensity means a carbon intensity lower than 50% of

# Authorised Corporate Director's Report

the FTSE All-Share Index. Reducing carbon intensity means having science based targets aligned with the Paris Agreement or a commitment to have them in place within a defined time period. The fund will typically have a weighted average carbon intensity of less than half that of the FTSE All-Share index.

Sustainability and ESG considerations are fully integrated into the investment process.

## ESG Information

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

- ESG Criteria and Sustainability Criteria: in the document titled "M&G UK Sustain Paris Aligned Fund – ESG Criteria and Sustainability Criteria" which includes the fund's exclusions approach.
- An Annual ESG Review providing an assessment of the non-financial objective of the fund will also be published when available.

## Benchmark

Benchmark: FTSE All-Share Index.

The benchmark is the target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy.

The benchmark is also used to define a low Carbon Intensity Company. The fund manager considers the fund's weighted average carbon intensity against the benchmark when constructing the portfolio, but the benchmark does not otherwise constrain portfolio construction.

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

benchmark's constituents and as a result the fund's performance may deviate materially from the benchmark.

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

## Risk profile

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

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



### The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.
- is not guaranteed and may change over time and the lowest risk number does not mean risk free.
- has changed during this period. From 1 June 2022 to 12 July 2022 the risk number was 5.

## Investment review

For the six months ended 30 November 2022

### Performance against objective

Between 1 June and 30 November 2022 (the reporting period), the fund delivered a negative total return (the combination of income and growth of capital) across all share classes. Returns were below the benchmark FTSE All-Share Index, which returned +0.3% over the same period.



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Over five years, the fund has delivered a positive return but has not met its objective to outperform the FTSE All-Share Index, which returned 4.2% pa over that period.

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

## Performance review

The reporting period was a turbulent one for equities globally, with most markets experiencing significant falls before picking up towards the end of the period.

The war in Ukraine showed no signs of abating, and continued to put pressure on energy and food prices. European countries were particularly hard hit by disruptions to Russian gas supplies. It was also a period of sustained interest rate rises, as central banks struggled to get a grip on rising inflation. The rate hikes weakened consumer and business spending, and also dampened investor sentiment. A global recession loomed as most countries reported low and falling growth.

The UK faced its own challenges as September's ill-fated mini-budget alarmed investors and wreaked havoc on bond markets. Government bond prices fell, and corresponding yields shot up, while sterling plummeted to a historic low versus the US dollar. Calm returned only after Liz Truss resigned as prime minister and Jeremy Hunt, the newly appointed chancellor, announced that many of the proposed policies would be abandoned, which he followed by delivering a new Autumn Statement focused on fiscal discipline.

There were some bright spots, however. AstraZeneca – our largest holding – delivered a healthy return of 7.6%. Other strong contributors were IQE and Unilever, plus some financials including Charles Schwab, London Stock Exchange and Experian. Detractors included technology companies (Oxford Nanopore Technologies and FDM), power companies (ITM and Ceres) and fashion retailer ASOS.

## Investment activities

Since becoming the UK Sustain Paris Aligned Fund in July, the fund has committed to investing in companies that contribute towards the net-zero goal set out in the 2015 Paris Agreement. The stake we have placed in the ground is that the portfolio must have a carbon intensity less than half of that of the benchmark, which supports the Paris Agreement's near-term goal of achieving a 50% reduction in emissions by 2030. The fund is already achieving the carbon excellence required to be Paris Aligned (as at the end of November it was 78% lower than that of the FTSE All-Share Index).

Within the fund, we look for companies that have a low carbon intensity themselves and/or have a formal net zero carbon strategy aligned to science-based targets (SBT). We have set ourselves the lofty goal of more than 90% of the fund having an SBT submission by 2025. The FTSE All-Share Index was sitting at 28% when we transitioned the fund in July, emphasising the stretching nature of our vision. You will be pleased to hear we are well ahead of the FTSE, with 56% of our investments having an SBTi; so we are well on our way to the 90% level.

Over the reporting period, we bought new holding Spirax Sarco Engineering, a sustainability-focused business that offered strong growth potential at what we felt was a compelling entry point. In our view, the company's recent share price weakness reflects a broader market overselling of growth-oriented, higher-quality names and, over the long term, the company is well-positioned to re-engineer processes to be carbon-neutral.

We also acquired new positions in software company Bytes Technology, where we saw good value and potential returns, and US bank SVB Financial, where we aim to build our holding as the earning outlook improves. Bytes is a leading UK software 'value-added reseller' (VAR). VARs are the unsung heroes of the IT world, essentially forming the outsourced salesforce for large multi-national software companies, such as Microsoft, AWS, Cisco and Darktrace, which don't want to rely on direct sales. Bytes is Microsoft's primary VAR within the UK, accounting for circa 15% of Microsoft's

# Authorised Corporate Director's Report

UK revenues. We also increased our holdings in strong performers Diageo and Games Workshop.

We sold our holding in On the Beach, given that reduced consumer spending is affecting the travel industry. We also sold relatively small exposures to banking group Close Bros and construction equipment provider Ashtead. After two years of close engagement with Ashtead's management team, it became clear that the company would ultimately be unable to reduce its carbon intensity in line with our ambitions, which in our view meant it was no longer eligible for inclusion in the portfolio.

## Outlook

Looking ahead, we believe there are still potential opportunities to find high-quality, well capitalised companies benefiting from structural themes that underpin earnings growth. That quality is now looking cheaper than it has since pre-2008. We are seeing exceptional fundamental value in companies that have been on our watchlist for many years.

Finally, we believe companies that fail to engage with environmental, social and governance (ESG) issues pose long-term material risks to investors. Therefore, we will continue to select investments with a positive ESG impact and engage with our portfolio companies on their climate commitments, supporting our Paris-aligned net-zero ambitions.

## Rory Alexander

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities</b>	<b>429,289</b>	<b>96.17</b>	<b>96.75</b>
<b>Software &amp; computer services</b>	<b>21,975</b>	<b>4.92</b>	<b>2.76</b>
4,259,988 Ascential	9,159	2.05	
155,669 AVEVA	4,952	1.11	
1,901,287 Bytes Technology	7,864	1.76	
<b>Technology hardware &amp; equipment</b>	<b>10,903</b>	<b>2.44</b>	<b>1.73</b>
20,767,357 IQE <sup>a</sup>	10,903	2.44	
<b>Medical equipment &amp; services</b>	<b>9,765</b>	<b>2.19</b>	<b>1.97</b>
51,668 Stryker	9,765	2.19	
<b>Pharmaceuticals &amp; biotechnology</b>	<b>51,572</b>	<b>11.55</b>	<b>10.77</b>
366,123 AstraZeneca	40,661	9.11	
379,127 HutchMed ADR	4,258	0.95	
2,650,497 Oxford Nanopore Technologies	6,653	1.49	
<b>Banks</b>	<b>38,975</b>	<b>8.73</b>	<b>9.76</b>
4,043,356 HSBC	20,568	4.61	
1,970,700 Standard Chartered	12,053	2.70	
34,632 SVB Financial	6,354	1.42	
<b>Finance &amp; credit services</b>	<b>14,567</b>	<b>3.26</b>	<b>3.16</b>
178,388 London Stock Exchange	14,567	3.26	
<b>Investment banking &amp; brokerage services</b>	<b>44,027</b>	<b>9.86</b>	<b>9.57</b>
1,348,274 Burford Capital <sup>a</sup>	10,132	2.27	
127,690 Charles Schwab	8,570	1.92	
2,679,413 IntegraFin	7,851	1.76	
770,825 Izodia <sup>b</sup>	0	0.00	
3,537,214 Man	7,375	1.65	
875,516 St. James's Place	10,099	2.26	
<b>Life insurance</b>	<b>11,070</b>	<b>2.48</b>	<b>2.22</b>
1,317,600 AIA	11,070	2.48	
<b>Household goods &amp; home construction</b>	<b>8,594</b>	<b>1.93</b>	<b>3.60</b>
581,978 Vistry	3,638	0.82	
4,897,532 Watkin Jones <sup>a</sup>	4,956	1.11	
<b>Leisure goods</b>	<b>10,689</b>	<b>2.40</b>	<b>1.94</b>
144,345 Games Workshop	10,689	2.40	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Retailers</b>	<b>6,638</b>	<b>1.49</b>	<b>2.41</b>
468,635 ASOS	2,936	0.66	
6,372,570 Victorian Plumbing <sup>a</sup>	3,702	0.83	
<b>Travel &amp; leisure</b>	<b>8,907</b>	<b>2.00</b>	<b>3.69</b>
4,152,439 Hollywood Bowl	8,907	2.00	
<b>Beverages</b>	<b>30,741</b>	<b>6.89</b>	<b>5.23</b>
565,887 Diageo	21,574	4.83	
778,136 Fevertree Drinks <sup>a</sup>	9,167	2.06	
<b>Food producers</b>	<b>9,794</b>	<b>2.19</b>	<b>1.98</b>
316,341 Cranswick	9,794	2.19	
<b>Personal care, drug &amp; grocery stores</b>	<b>49,063</b>	<b>10.99</b>	<b>9.80</b>
304,796 Reckitt Benckiser	18,208	4.08	
744,023 Unilever	30,855	6.91	
<b>Construction &amp; materials</b>	<b>6,757</b>	<b>1.51</b>	<b>2.01</b>
2,131,462 Genuit	6,757	1.51	
<b>Electronic &amp; electrical equipment</b>	<b>7,321</b>	<b>1.64</b>	<b>2.01</b>
2,458,199 Rotork	7,321	1.64	
<b>General industrials</b>	<b>7,496</b>	<b>1.68</b>	<b>1.95</b>
11,154,933 Coats	7,496	1.68	
<b>Industrial engineering</b>	<b>15,140</b>	<b>3.39</b>	<b>2.46</b>
44,025 Spirax-Sarco Engineering	4,984	1.12	
566,268 Weir	10,156	2.27	
<b>Industrial support services</b>	<b>35,053</b>	<b>7.85</b>	<b>7.80</b>
536,046 Experian	15,432	3.46	
1,239,292 FDM	9,047	2.02	
262,770 Intertek	10,574	2.37	
<b>Industrial transportation</b>	<b>9,396</b>	<b>2.11</b>	<b>4.52</b>
311,139 Clarkson	9,396	2.11	
<b>Chemicals</b>	<b>6,065</b>	<b>1.36</b>	<b>1.74</b>
339,790 Victrex	6,065	1.36	
<b>Oil &amp; gas</b>	<b>8,702</b>	<b>1.95</b>	<b>1.78</b>
85,004 Gaztransport Technigaz	8,702	1.95	

# Portfolio statement

## Investments (continued)

Holding	as at 30.11.22 £'000	as at 30.11.22 %	as at 31.05.22 %
<b>Equities (continued)</b>			
<b>Alternative energy</b>	<b>6,079</b>	<b>1.36</b>	<b>1.89</b>
1,309,261 Ceres Power <sup>a</sup>	4,973	1.11	
1,095,646 ITM Power <sup>a</sup>	1,106	0.25	
<b>Total portfolio</b>	<b>429,289</b>	<b>96.17</b>	<b>96.75</b>
<b>Net other assets/(liabilities)</b>	<b>17,088</b>	<b>3.83</b>	<b>3.25</b>
<b>Net assets attributable to shareholders</b>	<b>446,377</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> AIM quoted.

<sup>b</sup> Suspended.

# Portfolio statement

Top ten portfolio transactions for the six months to  
30 November 2022

Largest purchases	£'000
SVB Financial	9,092
Bytes Technology	7,644
Vistry	7,314
Spirax-Sarco Engineering	4,435
Diageo	4,242
Ascential	2,157
Fevertree Drinks <sup>a</sup>	1,658
Ceres Power <sup>a</sup>	1,581
FDM	854
Games Workshop	854
Other purchases	2,541
<b>Total purchases</b>	<b>42,372</b>

Largest sales	£'000
Ashtead	13,019
Countryside Partnerships	8,684
Close Brothers	7,607
On the Beach	4,835
AstraZeneca	4,363
Standard Chartered	3,568
Weir	3,191
Charles Schwab	3,000
Rotork	3,000
Victrex	2,402
Other sales	11,277
<b>Total sales</b>	<b>64,946</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, 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.

On 24 June 2022, the Sterling Class 'X' Income and Sterling Class 'X' Accumulation shares were merged into the equivalent Sterling Class 'A' Income and Sterling Class 'A' Accumulation shares.

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-4.1	-0.4	+0.9	+4.7
Class 'A' Accumulation	-4.1	-0.4	+0.9	+4.7
Class 'C' Income	-3.6	+0.7	+2.2	n/a
Class 'I' Income	-3.9	+0.0	+1.4	+5.4
Class 'I' Accumulation	-3.9	+0.0	+1.4	+5.4
Class 'PP' Income	-3.9	n/a	n/a	n/a
Class 'PP' Accumulation	-3.9	n/a	n/a	n/a
Class 'R' Income	-4.0	-0.2	+1.2	+5.1
Class 'R' Accumulation	-4.0	-0.2	+1.2	+5.1
Class 'X' Income	-6.0	-1.3	+0.5	+4.7
Class 'X' Accumulation	-6.0	-1.3	+0.5	+4.7
<b>Benchmark</b>	<b>0.3</b>	<b>3.9</b>	<b>4.2</b>	<b>6.8</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 19 October 1982.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	2,882.52	3,267.29	2,715.18
Return before operating charges	(103.70)	(285.69)	650.85
Operating charges	(14.96)	(35.14)	(34.75)
Return after operating charges	(118.66)	(320.83)	616.10
Distributions	(20.00)	(63.94)	(63.99)
Closing NAV	2,743.86	2,882.52	3,267.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.85	2.57	2.92
Dilution adjustments	(0.12)	(0.80)	(0.50)
Total direct transaction costs	0.73	1.77	2.42
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	1.10	1.10	1.17
Return after charges	-4.12	-9.82	+22.69
Other information			
Closing NAV (£'000)	205,939	216,475	229,504
Number of shares	7,505,450	7,509,954	7,024,314
Highest share price (UK p)	2,903.42	3,425.15	3,309.29
Lowest share price (UK p)	2,470.84	2,721.96	2,666.98

## Sterling Class 'A' Accumulation share performance

The share class was launched on 17 December 1968.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	4,985.27	5,531.54	4,505.93
Return before operating charges	(179.42)	(486.56)	1,083.46
Operating charges	(25.89)	(59.71)	(57.85)
Return after operating charges	(205.31)	(546.27)	1,025.61
Distributions	(15.94)	(48.92)	(48.72)
Retained distributions	15.94	48.92	48.72
Closing NAV	4,779.96	4,985.27	5,531.54
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.48	4.37	4.87
Dilution adjustments	(0.21)	(1.36)	(0.83)
Total direct transaction costs	1.27	3.01	4.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	1.10	1.10	1.17
Return after charges	-4.12	-9.88	+22.76
Other information			
Closing NAV (£'000)	142,266	160,904	189,229
Number of shares	2,976,300	3,227,608	3,420,914
Highest share price (UK p)	5,021.31	5,798.22	5,528.23
Lowest share price (UK p)	4,273.19	4,636.91	4,425.73



# Financial highlights

## Sterling Class 'C' Income share performance

Sterling Class 'C' shares are not generally available to all investors.

The share class was launched on 13 March 2013.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	3,112.00	3,488.23	2,865.00
Return before operating charges	(111.60)	(307.53)	691.22
Operating charges	0.00	0.00	0.00
Return after operating charges	(111.60)	(307.53)	691.22
Distributions	(21.64)	(68.70)	(67.99)
Closing NAV	2,978.76	3,112.00	3,488.23
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.92	2.76	3.10
Dilution adjustments	(0.13)	(0.86)	(0.53)
Total direct transaction costs	0.79	1.90	2.57
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	0.00	0.00	0.00
Return after charges	-3.59	-8.82	+24.13
Other information			
Closing NAV (£'000)	11,824	12,328	14,862
Number of shares	396,933	396,133	426,055
Highest share price (UK p)	3,141.38	3,667.92	3,532.94
Lowest share price (UK p)	2,678.44	2,931.01	2,815.72

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,453.18	1,640.48	1,356.85
Return before operating charges	(52.22)	(143.85)	326.11
Operating charges	(4.80)	(11.27)	(10.41)
Return after operating charges	(57.02)	(155.12)	315.70
Distributions	(10.09)	(32.18)	(32.07)
Closing NAV	1,386.07	1,453.18	1,640.48
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.43	1.30	1.46
Dilution adjustments	(0.06)	(0.40)	(0.25)
Total direct transaction costs	0.37	0.90	1.21
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	0.70	0.70	0.70
Return after charges	-3.92	-9.46	+23.27
<b>Other information</b>			
Closing NAV (£'000)	21,296	23,276	30,737
Number of shares	1,536,422	1,601,721	1,873,672
Highest share price (UK p)	1,464.76	1,721.64	1,661.54
Lowest share price (UK p)	1,247.48	1,370.94	1,333.07

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	1,836.00	2,028.98	1,645.04
Return before operating charges	(66.01)	(179.00)	396.28
Operating charges	(6.07)	(13.98)	(12.34)
Return after operating charges	(72.08)	(192.98)	383.94
Distributions	(8.38)	(25.97)	(26.36)
Retained distributions	8.38	25.97	26.36
Closing NAV	1,763.92	1,836.00	2,028.98
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.54	1.61	1.74
Dilution adjustments	(0.08)	(0.50)	(0.29)
Total direct transaction costs	0.46	1.11	1.45
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	0.70	0.70	0.70
Return after charges	-3.93	-9.51	+23.34
<b>Other information</b>			
Closing NAV (£'000)	34,445	38,026	49,938
Number of shares	1,952,757	2,071,119	2,461,212
Highest share price (UK p)	1,850.60	2,129.15	2,027.76
Lowest share price (UK p)	1,576.09	1,706.12	1,616.14

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 19 February 2021.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	93.29	105.16	100.00
Return before operating charges	(3.35)	(9.30)	6.28
Operating charges	(0.24)	(0.51)	(0.15)
Return after operating charges	(3.59)	(9.81)	6.13
Distributions	(0.65)	(2.06)	(0.97)
Closing NAV	89.05	93.29	105.16
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.03	0.07	0.00
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.03	0.05	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	0.55	0.55	0.55
Return after charges	-3.85	-9.33	+6.13
<b>Other information</b>			
Closing NAV (£'000)	1,427	1,544	21
Number of shares	1,602,010	1,655,010	20,010
Highest share price (UK p)	94.06	110.41	106.07
Lowest share price (UK p)	80.13	87.98	98.20

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 19 February 2021.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	96.18	106.13	100.00
Return before operating charges	(3.46)	(9.43)	6.28
Operating charges	(0.25)	(0.52)	(0.15)
Return after operating charges	(3.71)	(9.95)	6.13
Distributions	(0.49)	(1.51)	(0.82)
Retained distributions	0.49	1.51	0.82
Closing NAV	92.47	96.18	106.13
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.03	0.08	0.00
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.03	0.06	0.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	0.55	0.55	0.55
Return after charges	-3.86	-9.38	+6.13
<b>Other information</b>			
Closing NAV (£'000)	1,753	1,712	21
Number of shares	1,896,000	1,780,000	20,000
Highest share price (UK p)	96.97	111.42	106.07
Lowest share price (UK p)	82.61	89.34	98.20

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	143.22	162.09	134.40
Return before operating charges	(5.16)	(14.19)	32.26
Operating charges	(0.64)	(1.51)	(1.40)
Return after operating charges	(5.80)	(15.70)	30.86
Distributions	(0.99)	(3.17)	(3.17)
Closing NAV	136.43	143.22	162.09
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.04	0.13	0.15
Dilution adjustments	(0.01)	(0.04)	(0.02)
Total direct transaction costs	0.03	0.09	0.13
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	0.95	0.95	0.95
Return after charges	-4.05	-9.69	+22.96
<b>Other information</b>			
Closing NAV (£'000)	5,243	5,576	6,543
Number of shares	3,843,081	3,892,995	4,036,403
Highest share price (UK p)	144.30	169.99	164.17
Lowest share price (UK p)	122.83	135.20	132.03

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	179.08	198.41	161.26
Return before operating charges	(6.44)	(17.48)	38.84
Operating charges	(0.80)	(1.85)	(1.69)
Return after operating charges	(7.24)	(19.33)	37.15
Distributions	(0.66)	(2.05)	(2.14)
Retained distributions	0.66	2.05	2.14
Closing NAV	171.84	179.08	198.41
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.05	0.16	0.17
Dilution adjustments	(0.01)	(0.05)	(0.03)
Total direct transaction costs	0.04	0.11	0.14
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	0.95	0.95	0.95
Return after charges	-4.04	-9.74	+23.04
<b>Other information</b>			
Closing NAV (£'000)	22,184	22,982	26,713
Number of shares	12,910,078	12,832,916	13,463,937
Highest share price (UK p)	180.43	208.06	198.29
Lowest share price (UK p)	153.59	166.51	158.41

# Financial highlights

## Sterling Class 'X' Income share performance

The share class was launched on 1 October 2002. The class was merged into Sterling Class 'A' Income on 24 June 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	2,901.74	3,289.07	2,733.29
Return before operating charges	(174.47)	(287.54)	655.17
Operating charges	(2.02)	(35.43)	(34.98)
Return after operating charges	(176.49)	(322.97)	620.19
Distributions	n/a	(64.36)	(64.41)
NAV of in specie transfer	(2,725.25)	n/a	n/a
Closing NAV	0.00	2,901.74	3,289.07
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.12	2.59	2.94
Dilution adjustments	(0.02)	(0.81)	(0.27)
Total direct transaction costs	0.10	1.78	2.67
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	1.10	1.10	1.17
Return after charges	-6.08	-9.82	+22.69
<b>Other information</b>			
Closing NAV (£'000)	0	4,414	5,528
Number of shares	0	152,115	168,058
Highest share price (UK p)	2,908.15	3,447.99	3,331.36
Lowest share price (UK p)	2,664.53	2,740.12	2,684.76

## Sterling Class 'X' Accumulation share performance

The share class was launched on 1 October 2002. The class was merged into Sterling Class 'A' Accumulation on 24 June 2022.

Change in NAV per share	Six months to 30.11.22 UK p	Year to 31.05.22 UK p	Year to 31.05.21 UK p
Opening NAV	4,931.78	5,472.18	4,457.58
Return before operating charges	(296.63)	(481.32)	1,071.83
Operating charges	(3.44)	(59.08)	(57.23)
Return after operating charges	(300.07)	(540.40)	1,014.60
Distributions	n/a	(48.40)	(48.20)
Retained distributions	n/a	48.40	48.20
NAV of in specie transfer	(4,631.71)	n/a	n/a
Closing NAV	0.00	4,931.78	5,472.18
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.20	4.32	4.82
Dilution adjustments	(0.03)	(1.35)	(0.82)
Total direct transaction costs	0.17	2.97	4.00
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.05	0.05	0.08
Operating charges	1.10	1.10	1.17
Return after charges	-6.08	-9.88	+22.76
<b>Other information</b>			
Closing NAV (£'000)	0	3,235	3,880
Number of shares	0	65,600	70,909
Highest share price (UK p)	4,942.57	5,736.00	5,468.90
Lowest share price (UK p)	4,528.52	4,587.15	4,378.24

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		(22,699)		(19,135)
Revenue	4,548		4,616	
Expenses	(2,286)		(2,948)	
Interest payable and similar charges	0		(1)	
Net revenue/(expense) before taxation	2,262		1,667	
Taxation	(18)		12	
Net revenue/(expense) after taxation		2,244		1,679
<b>Total return before distributions</b>		<b>(20,455)</b>		<b>(17,456)</b>
Distributions		(2,626)		(2,488)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(23,081)</b>		<b>(19,944)</b>

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

for the six months to 30 November	2022		2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>490,472</b>		<b>556,976</b>
Amounts received on issue of shares	2,770		34,218	
Amounts paid on cancellation of shares	(24,571)		(22,035)	
		(21,801)		12,183
Dilution adjustments		36		198
Change in net assets attributable to shareholders from investment activities (see above)		(23,081)		(19,944)
Retained distributions on Accumulation shares		733		586
Unclaimed distributions		18		18
<b>Closing net assets attributable to shareholders</b>		<b>446,377</b>		<b>550,017</b>

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

# Financial statements and notes

## Financial statements

### Balance sheet

as at	30 November 2022 £'000	31 May 2022 £'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	429,289	474,531
<b>Current assets</b>		
Debtors	494	1,459
Cash and bank balances	120	253
Cash equivalents	18,840	18,763
<b>Total assets</b>	<b>448,743</b>	<b>495,006</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distribution payable	(1,791)	(4,017)
Other creditors	(575)	(517)
<b>Total liabilities</b>	<b>(2,366)</b>	<b>(4,534)</b>
<b>Net assets attributable to shareholders</b>	<b>446,377</b>	<b>490,472</b>

# Financial statements and notes

## Notes to the financial statements

### Accounting policies

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

### Distribution policy

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

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

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



# Other regulatory disclosures

## Swiss investor information

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

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

## Glossary

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

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

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

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

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

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

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

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

**Bunds** Fixed income securities issued by the German government.

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

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

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

**Cash equivalents** Deposits or investments with similar characteristics to cash.

**Charity Authorised Investment Fund (CAIF)** An investment entity that is both a registered charity and an authorised investment fund. The CAIF must comply with charity law as well as financial services laws and regulations, and is usually treated as a registered charity for tax purposes.

**Comparative sector** A group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the Investment Association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

**Consumer Prices Index (CPI)** An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

**Convertible bonds** Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

**Corporate bonds** Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

**Coupon** The interest paid by the government or company that has raised a loan by selling bonds.

**Credit** The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

**Credit default swaps (CDS)** Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

**Credit rating** An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Credit rating agency** A company that analyses the financial strength of issuers of fixed income securities and attaches a rating to their debt. Examples include Standard & Poor's and Moody's.

**Credit risk** Risk that a financial obligation will not be paid and a loss will result for the lender.

## Glossary

**Credit selection** The process of evaluating a fixed income security, also called a bond, in order to ascertain the ability of the borrower to meet its debt obligations. This research seeks to identify the appropriate level of default risk associated with investing in that particular bond.

**Credit spread** The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value.

**Default** When a borrower does not maintain interest payments or repay the amount borrowed when due.

**Defaulted bond** When a bond issuer does not maintain interest payments or repay the amount borrowed when due.

**Default risk** Risk that a debtholder will not receive interest and full repayment of the loan when due.

**Derivatives** Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

**Developed economy/market** Well-established economies with a high degree of industrialisation, standard of living and security.

**Dilution adjustments** The dilution adjustment is used to protect ongoing investors against the transaction charges incurred in investing or divesting in respect of creations and cancellations. The dilution adjustment is made up of the direct and indirect transaction charges. In the financial statements the direct transaction charges as a percentage of average NAV will be disclosed. This percentage will take account of those direct transaction charges that have been recovered through the dilution adjustment leaving a percentage that just represents the costs incurred in portfolio management.

**Distribution** Distributions represent a share in the income of the fund and are paid out to Income shareholders or reinvested for Accumulation shareholders at set times of the year (monthly, quarterly, half-yearly or annually). They may either be in the form of interest distributions or dividend distributions.

**Distribution yield** Expresses the amount that is expected to be distributed by the fund over the next 12 months as a percentage of the share price as at a certain date. It is based on the expected gross income less the ongoing charges.

**Diversification** The practice of investing in a variety of assets. This is a risk management technique where, in a well-diversified portfolio, any loss from an individual holding should be offset by gains in other holdings, thereby lessening the impact on the overall portfolio.

**Dividend** Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

**Duration** A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Duration risk** The longer a fixed income security, also called a bond, or bond fund's duration, the more sensitive and therefore at risk it is to changes in interest rates.

**Emerging economy or market** Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

**Equities** Shares of ownership in a company.

**Exchange traded** Usually refers to investments traded on an exchange, such as company shares on a stock exchange.

**Ex-dividend, ex-distribution or XD date** The date on which declared distributions officially belong to underlying investors.

**Exposure** The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

**Fixed income security** A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

**Floating rate notes (FRNs)** Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

**Foreign exchange** The exchange of one currency for another, or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as 'forex' and occasionally as 'FX'.

## Glossary

**Foreign exchange (FX) strategy** Currencies can be an asset class in its own right, along with company shares, fixed income securities, property and cash. Foreign exchange strategy can therefore be a source of investment returns.

**Forward contract** A contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Examples include forward currency contracts.

**Fundamentals (company)** A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

**Fundamentals (economic)** A basic principle, rule, law, or the like, that serves as the groundwork of a system. Economic fundamentals are factors such as inflation, employment, economic growth.

**Futures** A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a predetermined price at a future date. Futures are traded on a regulated exchange.

**Gilts** Fixed income securities issued by the UK government.

**Government bonds** Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

**Hedging** A method of reducing unnecessary or unintended risk.

**High water mark (HWM)** The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

**High yield bonds** Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Historic yield** The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown.

**Income yield** Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

**Index** An index represents a particular market or a portion of it, serving as a performance indicator for that market.

**Income shares** A type of share where distributions are paid out as cash on the payment date.

**Income units** A type of unit where distributions are paid out as cash on the payment date.

**Index tracking** A fund management strategy that aims to match the returns from a particular index.

**Index-linked bonds** Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

**Inflation** The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

**Inflation risk** The risk that inflation will reduce the return of an investment in real terms.

**Initial public offering (IPO)** The first sale of shares by a private company to the public.

**Interest rate risk** The risk that a fixed income investment will lose value if interest rates rise.

**Interest rate swap** An agreement between two parties to swap a fixed interest payment with a variable interest payment over a specified period of time.

**Investment Association (IA)** The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

**Investment grade bonds** Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Issuer** An entity that sells securities, such as fixed income securities and company shares.

## Glossary

**Leverage** When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

**Liquidity** A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

**Long position** Refers to ownership of a security held in the expectation that the security will rise in value.

**Macroeconomic** Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

**Maturity** The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

**Modified duration** A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Monetary easing** When central banks lower interest rates or buy securities on the open market to increase the money in circulation.

**Monetary policy** A central bank's regulation of money in circulation and interest rates.

**Monetary tightening** When central banks raise interest rates or sell securities on the open market to decrease the money in circulation.

**Morningstar™** A provider of independent investment research, including performance statistics and independent fund ratings.

**Near cash** Deposits or investments with similar characteristics to cash.

**Net asset value (NAV)** A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

**Ongoing Charge Figure** The ongoing charge figure represents the operating costs investors can reasonably expect to pay under normal circumstances.

**Open-ended investment company (OEIC)** A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

**Options** Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

**Over-the-counter (OTC)** Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

**Overweight** If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

**Payment date** The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

**Physical assets** An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

**Portfolio transaction cost** The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

**Preference shares** Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

**Principal** The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

**Private placement** An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

**Property Expense Ratio (PER)** Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

## Glossary

**Real yield** The return of an investment, adjusted for changes in prices in an economy.

**Retail Prices Index (RPI)** A UK inflation index that measures the rate of change in prices for a basket of goods and services in the UK, including mortgage payments and council tax.

**Risk** The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.

**Risk management** The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

**Risk premium** The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

**Risk-free asset** An asset that notionally carries no risk of non-payment by the borrower such as a high-quality fixed income security issued by a government or cash.

**Risk/reward ratio** A ratio comparing the expected returns of an investment with the amount of risk undertaken.

**Safe-haven assets** Refers to assets that investors perceive to be relatively safe from suffering a loss in times of market turmoil.

**Security** Financial term for a paper asset – usually a share in a company or a fixed income security also known as a bond.

**Share class** Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the Key Investor Information Documents.

**Share class hedging** Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

**Short position** A way for a fund manager to express his or her view that the market might fall in value.

**Short selling** This often refers to the practice whereby an investor sells an asset they do not own. The investor borrows the asset from someone who does own it and pays a fee. The investor must eventually return the borrowed asset by buying it in the open market. If the asset has fallen in price, the investor buys it for less than they sold it for, thus making a profit. The contrary may also occur.

**Short-dated corporate bonds** Fixed income securities issued by companies and repaid over relatively short periods.

**Short-dated government bonds** Fixed income securities issued by governments and repaid over relatively short periods.

**Sovereign debt** Debt of a government. Also referred to as government bonds.

**Sub-investment grade bonds** Fixed income securities issued by a company with a low rating from a recognised credit rating agency. They are considered to be at higher risk from default than those issued by companies with higher credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Suspended** Temporarily halting the trading of a listed security on the stock exchange. It can be voluntary (requested by the issuing company) or imposed by regulators. Typically, trading suspensions are introduced ahead of important news announcements, following technical glitches, or due to regulatory concerns.

**Swing pricing** Swing pricing is a method of protecting long-term shareholders in the fund from bearing the costs of transactions carried out by shorter-term investors. When investors buy or sell shares in the fund, the fund manager has to buy or sell underlying securities to either invest the cash obtained from investors, or to provide them with cash in exchange for their shares. Swing pricing essentially adjusts the fund shares' daily price to take into account the costs of buying or selling the underlying securities held by the fund. This ensures that transaction costs such as brokerage fees and administrative charges are borne by those investors who trade shares in the fund, not by those who remain invested in the fund. (Also see dilution adjustment).

**Top-down investing** An investment approach that analyses economic factors, ie surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at which industries are likely to generate the best returns in certain economic conditions and limit the search to that area.

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

**Treasuries** Fixed income securities issued by the US government.

## Glossary

**Triple A or AAA rated** The highest possible rating a fixed income security, also called a bond, can be assigned by credit rating agencies. Bonds that are rated AAA are perceived to have the lowest risk of default. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**UCITS** Stands for Undertakings for Collective Investment in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

**Unconstrained** The term used to describe the mandate of a fund whereby the manager has the freedom to invest according to his or her own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

**Underlying value** The fundamental value of a company, reflecting both tangible and intangible assets, rather than the current market value.

**Underlying yield** Refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

**Underweight** If a portfolio is 'underweight' a stock, it holds a smaller proportion of that stock than the comparable index or sector.

**Unit trust** A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

**Unit/share type** Type of units/shares held by investors in a trust or fund (unit/share types differ by features such as whether income is to be paid out as cash or reinvested on the payment date).

**Unlisted/unquoted stocks** Shares of ownership in companies that are not listed on a public exchange, known as private companies.

**Valuation** The worth of an asset or company based on its current price.

**Volatile** When the value of a particular share, market or sector swings up and down fairly frequently and/or significantly, it is considered volatile.

**Volatility** The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

**Warrant** A security issued by a company that gives the holder the right to buy shares in that company at a specified price and within a certain timeframe.

**Yield** This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

**Yield (equity)** Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

**Yield (bonds)** This refers to the interest received from a fixed income security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

**Yield (income)** Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

