

M&G Investment Funds (10)

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

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (10) presents its annual report and audited financial statements for the year ended 31 March 2024.

The audited financial statements of M&G Investment Funds (10), the Authorised Corporate Director's Reports including the portfolio statements, financial highlights and the audited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

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

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

5 November 2020, the M&G Better Health Solutions Fund was launched on 17 June 2021, the M&G Sustainable Global Corporate Bond Fund was launched on 18 May 2022 and the M&G Global AI Themes Fund was launched on 17 October 2023.

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

On 7 July 2023, following approval from the FCA, investors were formally notified of the ACD's intention to close M&G Global Enhanced Equity Premia Fund. The fund closed on 8 August 2023. As at the date of publication of this report, no termination date has been set for the fund.

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

As at 31 March 2024, none of the funds held shares of the other funds within this OEIC.

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

Fund managers

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

M&G Absolute Return Bond Fund (closed)

Wolfgang Bauer

M&G Better Health Solutions Fund

Jasveet Brar

M&G Climate Solutions Fund

Michael Rae

Authorised Corporate Director's Report

M&G Global AI Themes Fund

Jeffrey Lin

M&G Global Enhanced Equity Premia Fund (closed)

Gautam Samarth

M&G Global Listed Infrastructure Fund

Alex Araujo

M&G Positive Impact Fund

John William Olsen

M&G Sustainable Global Corporate Bond Fund

Ben Lord and Mario Eisenegger

Please note that effective from 5 February 2024, Mario Eisenegger appointed as co-fund manager.

M&G Sustainable Global High Yield Bond Fund

James Tomlins and Lu Yu

Please note that effective from 15 January 2024, Lu Yu replaced Stefan Isaacs as co-fund manager.

M&G UK Inflation Linked Corporate Bond Fund

Ben Lord and Matthew Russell

Please note that effective from 5 February 2024, Matthew Russell appointed as co-fund manager.

ACD

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

Directors of the ACD

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

Investment manager

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

Registrar

SS&C Financial Services Europe Ltd,
SS&C House, St. Nicholas Lane, Basildon, Essex

SS15 5FS, UK

(Authorised and regulated by the Financial Conduct Authority)

Depository

NatWest Trustee & Depository Services Limited,
House A, Floor 0, 175 Glasgow Road, Gogarburn,
Edinburgh EH12 1HQ, UK

(Authorised and regulated by the Financial Conduct Authority)

Independent auditor

Ernst & Young LLP

Atria One, 144 Morrison Street, Edinburgh EH3 8EX, UK

Annual value assessment

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

Climate-related Financial Disclosures (TCFD)

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

These reports are available via the Sustainability Disclosures page on our website at mandg.com/footer/sustainability-disclosures

Authorised Corporate Director's Report

Important information

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

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

On 7 July 2023, following approval from the FCA, investors were formally notified of the ACD's intention to close M&G Global Enhanced Equity Premia Fund. The fund closed on 8 August 2023. As at the date of publication of this report, no termination date has been set for the fund.

On 17 October 2023, the M&G Global AI Themes Fund was launched within M&G Investment Funds (10).

With effect from 15 January 2024, Lu Yu replaced Stefan Isaacs as co-fund manager of the M&G Sustainable Global High Yield Bond Fund.

With effect from 5 February 2024, Mario Eisenegger appointed as co-fund manager of the M&G Sustainable Global Corporate Bond Fund.

With effect from 5 February 2024, Matthew Russell appointed as co-fund manager of the M&G UK Inflation Linked Corporate Bond Fund.

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

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

For the reasons stated in the ACD's Report and Note 2a, the financial statements of the M&G Absolute Return Bond Fund and the M&G Global Enhanced Equity Premia Fund have not been prepared on a going concern basis.

Directors' statement

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

M&G Securities Limited
4 June 2024

Depository's Responsibilities and Report

Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Investment Funds (10) ('the Company') for the year ended 31 March 2024

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh
4 June 2024

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

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

Opinion

We have audited the financial statements of M&G Investment Funds (10) ("the Company") comprising each of its sub-funds for the year ended 31 March 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 March 2024, and of the net revenue and the net capital gains/(losses) on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 2a to the financial statements which explains that the Authorised Corporate Director ("the ACD") has closed the M&G Absolute Return Bond Fund and the M&G Global Enhanced Equity Premia Fund and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements for these sub-funds only, have been prepared on a basis other than going concern as described in note 2a. The financial statements for the Company as a whole remain prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

The financial statements for the M&G Absolute Return Bond Fund and the M&G Global Enhanced Equity Premia Fund have been prepared on a basis other than going concern as disclosed in note 2a.

In auditing the financial statements of the remaining sub-funds, we have concluded that the ACD's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Independent Auditor's Report

Other information

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

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

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

We have nothing to report in this regard.

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the ACD

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk in relation to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We

tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue return.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

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

Edinburgh
4 June 2024

Ernst & Young LLP
Statutory Auditor

Financial statements and notes

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

Notes to the financial statements

1 Statement of compliance

The financial statements of M&G Investment Funds (10) have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017, except in relation to the separate disclosure in note 13.

2 Summary of significant accounting policies

a. Basis of preparation

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

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

The M&G Absolute Return Bond Fund closed on 13 July 2023 and the M&G Global Enhanced Equity Premia Fund closed on 8 August 2023. As a result, the financial statements of these funds have been prepared on a basis other than going concern. Under this basis, assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the funds will be borne by the ACD.

b. Functional and presentational currency

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

c. Exchange rates

Transactions in currencies other than each fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 28 March 2024 being the last business day of the accounting period. However, investments have been translated into the fund's functional currency using the rate of exchange ruling as at close of business on the 29 March 2024.

d. Investments – recognition and valuation

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

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at close of business on 29 March 2024, being the last valuation point of the accounting period.

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Investments have been translated into the fund's functional currency using the rate of exchange ruling as at close of business on the 29 March 2024.

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

- Equities and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
 - Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
 - Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.
 - Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
 - Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
 - Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
 - Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
 - Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.
- e. Recognition of income and expenses**
- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
 - Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
 - Interest on debt securities is recognised on an effective interest rate basis. Bank interest is recognised on an accruals basis.
 - Underwriting commission is recognised when the issue takes place.
 - Revenue from derivatives is recognised on an accruals basis.
 - Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
 - Expenses are recognised on an accruals basis.
- f. Treatment of income and expenses**
- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains/(losses).
 - The value of any enhancement to a stock dividend is treated as capital.

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

g. Operating charges

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

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

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

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

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

h. Portfolio transaction costs

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

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

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

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

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

i. Tax

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

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

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

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

j. Allocation of returns to share classes

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

All available net revenue accounted for in accordance with the above policies and adjusted where relevant by any specific distribution policies set out in the notes to that fund's financial

Financial statements and notes

statements, is distributed to holders of Income shares or retained and reinvested for holders of Accumulation shares. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

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

3 Risk management policies

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

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

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

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

a. Market risk

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

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

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

b. Commitment approach

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

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

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

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

c. Value at Risk approach

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

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

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

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

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

Fund	Global exposure approach
M&G Absolute Return Bond Fund (closed)	Absolute VaR
M&G Better Health Solutions Fund	Commitment
M&G Climate Solutions Fund	Commitment
M&G Global AI Themes Fund	Commitment
M&G Global Enhanced Equity Premia Fund (closed)	Commitment
M&G Global Listed Infrastructure Fund	Commitment
M&G Positive Impact Fund	Commitment
M&G Sustainable Global Corporate Bond Fund	Relative VaR*
M&G Sustainable Global High Yield Bond Fund	Relative VaR*
M&G UK Inflation Linked Corporate Bond Fund	Absolute VaR

* With effect 6 March 2023 the fund changed from an Absolute to a Relative VaR approach.

d. Liquidity risk

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

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

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

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

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

Liquidity in funds is independently assessed and challenged through the internal governance process at M&G. Fund liquidity is modelled and compared against potential liability scenarios such as severe redemption or collateral calls and any funds with liquidity issues are flagged to the internal committee. Funds flagged to the internal committee are escalated and remedial action

Financial statements and notes

agreed. None of the funds have been escalated for remedial action.

e. Credit risk

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

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

Funds investing in derivatives are exposed to counterparty risk. This is the risk that the other party to the transaction fails to fulfil their obligations, either by failing to pay or failing to deliver securities. To minimise this risk, carefully selected, financially strong and well-established counterparties are selected following a thorough due diligence review and collateral is posted daily (in the form of cash or high-quality government bonds). Derivative positions are valued on a mark-to-market basis (revalued to reflect prevailing market prices) daily and collateral moves from one counterparty to the other to reflect movements in the unrealised profit or loss. As a result, the maximum loss to the fund would be limited to that day's price movements in affected derivatives contracts.

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

swap the fund assumes the credit risk of the underlying security.

Authorised Corporate Director's Report

The M&G Absolute Return Bond Fund closed on 13 July 2023. For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used, covering the period until the fund closed.

Investment objective up to 13 July 2023

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

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

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

Investment policy up to 13 July 2023

The fund invests at least 70% in fixed and variable rate securities (including, but not limited to, corporate bonds and government and public securities), currencies, cash, near cash and deposits. These may be from anywhere in the world and denominated in any currency.

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

of the fund in order to increase potential returns in both rising and falling markets.

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

Investment approach up to 13 July 2023

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

Benchmark up to 13 July 2023

SONIA + 2.5%.

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

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

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

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

Authorised Corporate Director's Report

Risk profile up to 13 July 2023

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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



The above number:

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

Investment review

For the period ending 13 July 2023

Performance against objective

Between 1 April 2023 (the start of the review period) and 13 July 2023, when the fund closed, the M&G Absolute Return Bond Fund delivered a positive total return (the combination of capital growth and income) but was behind the Sterling Overnight Index Average (SONIA) which returned 2.0%, across all its share classes.

The fund's objective is to achieve a total return of at least 2.5% per annum above the SONIA, before any charges are taken, in any market condition and over any three-year period. Over the three-year period, the fund's annualised returns were behind SONIA, which returned 3.9% pa. The fund therefore did not meet its investment objective.

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

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 period began relatively calmly for global bond markets as volatility subsided following a turbulent March. Developed market sovereign bonds were broadly flat except for UK gilts, which fell after higher-than-expected inflation data in the UK. Global bond markets fell in May, shaken by a potential US government debt default and renewed concerns over persistently high core inflation rates (core inflation excludes the more volatile food and energy prices) in developed markets.

Developed market rates came under renewed pressure in June, as inflation (particularly core) remained sticky. While the US Federal Reserve paused its tightening cycle, there were rate increases from both the Bank of England (up 0.5%) and European Central Bank (up 0.25%), and all committee members agreed further hikes were needed. This resulted in a tough period for bond funds.

July was a mixed month for global bond markets. Government bonds generally underperformed amid signs of stronger-than-expected economic growth which prompted concerns that central banks will need to keep rates higher for longer. On the other hand, credit markets fared better as retreating inflation and resilient economic data helped to boost investor sentiment.

Against this backdrop, the fund delivered a positive return over the review period but underperformed its benchmark. Performance was hampered by the overall weakness across bond markets. However, losses were mitigated by the fund's low sensitivity to movements in interest rates (also known as duration, and measured in years) and defensive credit positioning (ie, holding better quality bonds).

Authorised Corporate Director's Report

Investment activities

Within corporate bonds, we remained cautiously positioned with a focus on higher-quality investment grade names. We also maintained a significant allocation to short-dated corporate bonds, which tend to have a low sensitivity to movements in interest rates. At the start of the period, the fund held just over 30% in short-dated bonds and just under 10% in long-dated bonds. Around 13% were held in government bonds and within the corporate bond allocation, banking and financial services were favoured. The fund was similarly positioned at the end of June, prior to its closure.

The fund remained cautiously positioned in terms of its duration stance (meaning, it kept duration relatively short, as generally bonds with longer duration are more sensitive to changes in interest rates), as we felt the persistent inflationary backdrop could put further pressure on yields.

The fund was closed on 13 July 2023 following investor notification.

Wolfgang Bauer

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

Portfolio Statement

The fund had no holdings as at the end of the year.

Top portfolio transactions for the year to 31 March 2024

Purchases	£'000
Total purchases	0

Largest sales	£'000
Japan (Govt. of) IL 0.1% 10/03/2029	424
Harvest VIII FRN 3.907% 15/01/2031	294
Banco de Sabadell Var. Rate 0.875% 16/06/2028	289
Australia (Commonwealth of) 1.75% 21/06/2051	241
JPMorgan Chase Var. Rate 0.991% 28/04/2026	230
Volkswagen Financial Services 0.125% 12/02/2027	223
Iliad 1.875% 11/02/2028	222
SES Var. Rate 2.875% Perpetual	221
BP Capital Markets 1.104% 15/11/2034	219
Svenska Handelsbanken 0.01% 02/12/2027	217
Other sales	9,572
Total sales	12,152

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

Financial highlights

Fund performance

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

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

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

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	For the period to 13.07.23 % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+0.1	-1.0	+0.8	n/a
Class 'A' Accumulation	+0.1	-1.0	+0.7	n/a
Class 'I' Income	+0.2	-0.7	+1.0	n/a
Class 'I' Accumulation	+0.2	-0.7	+1.0	n/a
Class 'L' Income	+0.3	-0.5	+1.2	n/a
Class 'L' Accumulation	+0.3	-0.5	+1.2	n/a
Class 'PP' Income	+0.3	-0.6	n/a	n/a
Class 'PP' Accumulation	+0.3	-0.6	n/a	n/a
Benchmark	+2.0	+3.9	+3.6	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 13 December 2016 and closed on 13 July 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	91.67	95.45	99.64
Return before operating charges	0.74	(1.02)	(1.81)
Operating charges	(0.21)	(0.75)	(0.79)
Return after operating charges	0.53	(1.77)	(2.60)
Distributions	n/a	(2.01)	(1.59)
Return to shareholder as a result of share class closure	(92.20)	n/a	n/a
Closing NAV	0.00	91.67	95.45
After direct transaction cost of	0.00	0.01	0.00
Performance			
Return after charges (%)	0.58	(1.85)	(2.61)
Other information			
Closing NAV (£'000)	0	949	976
Number of shares	0	1,034,979	1,022,111
Operating charges (%)	0.80	0.80	0.80
Direct transaction costs (%)	0.00	0.01	0.00
Prices			
Highest share price	93.03	95.94	100.59
Lowest share price	92.01	90.04	95.68

Sterling Class 'A' Accumulation shares

The share class was launched on 13 December 2016 and closed on 13 July 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	105.93	107.94	110.85
Return before operating charges	0.84	(1.16)	(2.02)
Operating charges	(0.24)	(0.85)	(0.89)
Return after operating charges	0.60	(2.01)	(2.91)
Distributions	n/a	(1.43)	(0.88)
Retained distributions	n/a	1.43	0.88
Return to shareholder as a result of share class closure	(106.53)	n/a	n/a
Closing NAV	0.00	105.93	107.94
After direct transaction cost of	0.00	0.01	0.01
Performance			
Return after charges (%)	0.57	(1.86)	(2.63)
Other information			
Closing NAV (£'000)	0	1,032	693
Number of shares	0	974,336	641,803
Operating charges (%)	0.80	0.80	0.80
Direct transaction costs (%)	0.00	0.01	0.00
Prices			
Highest share price	107.49	108.48	111.91
Lowest share price	106.31	102.72	107.29

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 13 December 2016 and closed on 13 July 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	93.04	96.54	100.42
Return before operating charges	0.75	(1.05)	(1.82)
Operating charges	(0.12)	(0.43)	(0.45)
Return after operating charges	0.63	(1.48)	(2.27)
Distributions	n/a	(2.02)	(1.61)
Return to shareholder as a result of share class closure	(93.67)	n/a	n/a
Closing NAV	0.00	93.04	96.54
After direct transaction cost of	0.00	0.01	0.01
Performance			
Return after charges (%)	0.68	(1.53)	(2.26)
Other information			
Closing NAV (£'000)	0	1,147	1,961
Number of shares	0	1,232,639	2,031,027
Operating charges (%)	0.45	0.45	0.45
Direct transaction costs (%)	0.00	0.01	0.00
Prices			
Highest share price	94.49	97.04	101.49
Lowest share price	93.44	91.25	96.75

Sterling Class 'I' Accumulation shares

The share class was launched on 13 December 2016 and closed on 13 July 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	107.63	109.27	111.84
Return before operating charges	0.86	(1.16)	(2.07)
Operating charges	(0.14)	(0.48)	(0.50)
Return after operating charges	0.72	(1.64)	(2.57)
Distributions	n/a	(1.83)	(1.29)
Retained distributions	n/a	1.83	1.29
Return to shareholder as a result of share class closure	(108.35)	n/a	n/a
Closing NAV	0.00	107.63	109.27
After direct transaction cost of	0.00	0.01	0.01
Performance			
Return after charges (%)	0.67	(1.50)	(2.30)
Other information			
Closing NAV (£'000)	0	10,486	13,251
Number of shares	0	9,742,147	12,126,529
Operating charges (%)	0.45	0.45	0.45
Direct transaction costs (%)	0.00	0.01	0.00
Prices			
Highest share price	109.29	110.12	113.03
Lowest share price	108.08	104.21	108.61

Financial highlights

Sterling Class 'L' Income shares

The share class was launched on 13 December 2016 and closed on 13 July 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	93.86	97.19	100.89
Return before operating charges	0.76	(1.06)	(1.84)
Operating charges	(0.07)	(0.24)	(0.26)
Return after operating charges	0.69	(1.30)	(2.10)
Distributions	n/a	(2.03)	(1.60)
Return to shareholder as a result of share class closure	(94.55)	n/a	n/a
Closing NAV	0.00	93.86	97.19
After direct transaction cost of	0.00	0.01	0.01
Performance			
Return after charges (%)	0.74	(1.34)	(2.08)
Other information			
Closing NAV (£'000)	0	19	19
Number of shares	0	20,034	20,034
Operating charges (%)	0.25	0.25	0.25
Direct transaction costs (%)	0.00	0.01	0.00
Prices			
Highest share price	95.35	97.69	102.06
Lowest share price	94.29	91.97	97.38

Sterling Class 'L' Accumulation shares

The share class was launched on 13 December 2016 and closed on 13 July 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	108.61	110.05	112.41
Return before operating charges	0.87	(1.17)	(2.08)
Operating charges	(0.08)	(0.27)	(0.28)
Return after operating charges	0.79	(1.44)	(2.36)
Distributions	n/a	(2.06)	(1.52)
Retained distributions	n/a	2.06	1.52
Return to shareholder as a result of share class closure	(109.40)	n/a	n/a
Closing NAV	0.00	108.61	110.05
After direct transaction cost of	0.00	0.01	0.01
Performance			
Return after charges (%)	0.73	(1.31)	(2.10)
Other information			
Closing NAV (£'000)	0	75	75
Number of shares	0	69,454	68,496
Operating charges (%)	0.25	0.25	0.25
Direct transaction costs (%)	0.00	0.01	0.00
Prices			
Highest share price	110.33	111.09	113.71
Lowest share price	109.10	105.07	109.37

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019 and closed on 13 July 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	91.14	94.47	98.16
Return before operating charges	0.73	(1.02)	(1.79)
Operating charges	(0.09)	(0.33)	(0.34)
Return after operating charges	0.64	(1.35)	(2.13)
Distributions	n/a	(1.98)	(1.56)
Return to shareholder as a result of share class closure	(91.78)	n/a	n/a
Closing NAV	0.00	91.14	94.47
After direct transaction cost of	0.00	0.01	0.00
Performance			
Return after charges (%)	0.70	(1.43)	(2.17)
Other information			
Closing NAV (£'000)	0	18	19
Number of shares	0	20,000	20,000
Operating charges (%)	0.36	0.35	0.35
Direct transaction costs (%)	0.00	0.01	0.00
Prices			
Highest share price	92.57	94.96	99.26
Lowest share price	91.54	89.34	94.66

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019 and closed on 13 July 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	102.57	104.04	106.38
Return before operating charges	0.82	(1.11)	(1.97)
Operating charges	(0.10)	(0.36)	(0.37)
Return after operating charges	0.72	(1.47)	(2.34)
Distributions	n/a	(1.84)	(1.33)
Retained distributions	n/a	1.84	1.33
Return to shareholder as a result of share class closure	(103.29)	n/a	n/a
Closing NAV	0.00	102.57	104.04
After direct transaction cost of	0.00	0.01	0.01
Performance			
Return after charges (%)	0.70	(1.41)	(2.20)
Other information			
Closing NAV (£'000)	0	20	20
Number of shares	0	19,690	19,690
Operating charges (%)	0.35	0.35	0.35
Direct transaction costs (%)	0.00	0.01	0.00
Prices			
Highest share price	104.18	104.93	107.57
Lowest share price	103.02	99.28	103.41

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Financial statements

Statement of total return

for the year to 31 March	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		34		(563)
Revenue	5	109		344	
Expenses	6	(30)		(79)	
Interest payable and similar charges		0		(1)	
Net revenue/(expense) before taxation		79		264	
Taxation	7	0		0	
Net revenue/(expense) after taxation			79		264
Total return before equalisation/distributions			113		(299)
Equalisation/Distributions	8		(79)		(278)
Change in net assets attributable to shareholders from investment activities			34		(577)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		13,746		17,014
Amounts received on issue of shares	915		3,164	
Amounts paid on cancellation of shares	(14,707)		(6,079)	
		(13,792)		(2,915)
Dilution adjustments		12		11
Change in net assets attributable to shareholders from investment activities (see above)		34		(577)
Retained distributions on Accumulation shares		0		213
Closing net assets attributable to shareholders		0		13,746

The fund closed on 13 July 2023.

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2024 £'000	2023 £'000
Assets			
Current assets			
Investments		0	12,709
Debtors	9	14	138
Cash and bank balances	10	0	910
Cash equivalents		0	487
Total assets		14	14,244
Liabilities			
Investment liabilities		0	(260)
Creditors			
Bank overdrafts		(14)	(56)
Overdrawn positions at futures clearing houses and collateral manager		0	(92)
Distribution payable		0	(28)
Other creditors	11	0	(62)
Total liabilities		(14)	(498)
Net assets attributable to shareholders		0	13,746

The fund closed on 13 July 2023.

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2024 £'000	2023 £'000
Non-derivative securities	(141)	(936)
Derivative contracts	219	411
Currency gains/(losses)	(44)	(38)
Net capital gains/(losses)	34	(563)

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4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 March	2024 £'000	2023 £'000
a) Purchases		
Debt securities	0	833
b) Sales		
Debt securities	12,152	2,397
Other transaction types		
Corporate actions	0	412
Total sales	12,152	2,809
c) There were no direct portfolio transaction costs		
	%	%
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.00	0.93

5 Revenue

for the year to 31 March	2024 £'000	2023 £'000
Bank interest	4	1
Derivative revenue	9	(15)
Interest distributions	5	21
Interest on debt securities	91	336
Rebate of ongoing charges from underlying funds	0	1
Total revenue	109	344

6 Expenses

for the year to 31 March	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	30	79
Total expenses	30	79

Audit fees for the financial year ending 2024 were £7,000 (2023: £13,000) (including VAT), which are covered by the annual charge.

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7 Taxation

for the year to 31 March	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	79	264
Corporation tax at 20%	16	53
Effects of:		
Interest distributions	(16)	(53)
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

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

8 Distributions

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

for the year to 31 March	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
Interim	n/a	n/a	21	93
Final	n/a	n/a	28	120
Total net distributions		0		262
Income deducted on cancellation of shares		82		26
Income received on issue of shares		(3)		(10)
Equalisation/Distributions		79		278
Net revenue/(expense) per statement of total return		79		264
Expenses offset against capital		4		14
Income returned to shareholders via capital redemption		(4)		0
Equalisation/Distributions		79		278

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9 Debtors

as at 31 March	2024 £'000	2023 £'000
Amounts receivable on issues of shares	0	12
Bank interest receivable	1	0
Debt security interest receivable	0	112
Distributions receivable	0	2
Due from M&G Securities Limited	13	7
Other debtors	0	5
Total debtors	14	138

10 Cash and bank balances

as at 31 March	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	0	733
Cash held as bank balances	0	177
Total cash and bank balances	0	910

11 Other creditors

as at 31 March	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	0	60
Annual charge payable	0	2
Total other creditors	0	62

12 Contingent assets, liabilities and outstanding commitments

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

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13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A' Income	1,034,979	72,905	(1,107,884)	0	0
Class 'A' Accumulation	974,336	85,273	(1,059,609)	0	0
Class 'I' Income	1,232,639	135,635	(1,368,274)	0	0
Class 'I' Accumulation	9,742,147	582,250	(10,324,397)	0	0
Class 'L' Income	20,034	0	(20,034)	0	0
Class 'L' Accumulation	69,454	0	(69,454)	0	0
Class 'PP' Income	20,000	0	(20,000)	0	0
Class 'PP' Accumulation	19,690	0	(19,690)	0	0

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

14 Charging structure

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

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

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 0.00% (2023: 0.00%) of the fund's shares.

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16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Basis of valuation				
Level 1	0	0	936	(139)
Level 2	0	0	11,773	(121)
Level 3	0	0	0	0
	0	0	12,709	(260)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity and exposure

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

The VaR limit set during the financial year to 31 March 2024 was 6% (2023: 6%).

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

for the year to 31 March	2024 Utilisation of VaR ^a 6%	2023 Utilisation of VaR 6%
Lowest	0.17	21.00
Highest	33.00	36.83
Average	26.26	29.83

^a The data covers the period up to the fund closure on 13 July 2023.

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19 Credit risk

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

as at 31 March	2024 £'000	2023 £'000
Investment grade securities	0	10,029
Below investment grade securities	0	2,291
Other investments	0	129
Total	0	12,449

There was no exposure to counterparties as at balance sheet date of the current year. The table below show the exposure to counterparties as at the balance sheet date of the prior year. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 31 March 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	(111)
Barclays Bank	265	0	0
Citigroup	0	(1)	0
HSBC	0	(3)	0
JPMorgan	0	21	0
State Street Bank	0	(42)	0
Total	265	(25)	(111)

20 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2024 and 31 March 2023 are disclosed in the table below. Leverage has been

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

for the year to 31 March	2024 ^a £'000	2024 ^a %	2023 £'000	2023 %
Lowest	19,112	101.00	29,464	187.52
Highest	80,578	233.00	59,560	362.99
Average	57,313	209.76	34,878	216.80

^a The data covers the period up to the fund closure on 13 July 2023.

21 Interest distribution tables

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

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.04.23	30.09.23	02.10.23	30.11.23
Final	01.10.23	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A' Income shares

Interest distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	n/a	n/a	n/a	0.8192
Final	n/a	n/a	n/a	1.1859

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	n/a	n/a	n/a	0.4984
Final	n/a	n/a	n/a	0.9311

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Sterling Class 'I' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	n/a	n/a	n/a	0.8126
Final	n/a	n/a	n/a	1.2027

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	n/a	n/a	n/a	0.6943
Final	n/a	n/a	n/a	1.1325

Sterling Class 'L' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	n/a	n/a	n/a	0.8270
Final	n/a	n/a	n/a	1.2054

Sterling Class 'L' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	n/a	n/a	n/a	0.8067
Final	n/a	n/a	n/a	1.2486

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	n/a	n/a	n/a	0.8045
Final	n/a	n/a	n/a	1.1735

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Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	n/a	n/a	n/a	0.7128
Final	n/a	n/a	n/a	1.1232

22 Events after the balance sheet date

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

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For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used.

Investment objective

The fund has two aims:

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

Investment policy

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

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

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

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

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

- Other exclusions: investments assessed to be otherwise in conflict with the ESG criteria and impact criteria.

References to 'assessed' above mean assessment in accordance with the ESG criteria and impact criteria document as disclosed in the ESG information section below. Further information on the exclusions applicable to the fund can be found in the Prospectus, which is available free of charge either from our website at mandg.co.uk/prospectuses or by calling M&G Customer Relations.

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

Derivatives may be used for efficient portfolio management and hedging.

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

Investment approach

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

The fund invests in companies that deliver solutions to the challenge of better health and/or better well-being. As further described in the impact criteria, these can be understood by reference to the United Nations Sustainable Development Goals framework as

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companies such as those which are focused on sustainable development goals such as health and well-being; zero hunger; clean water and sanitation; sustainable cities and communities; responsible consumption and production; or other companies which the investment manager considers appropriate to invest in, in pursuit of the non-financial investment objective.

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

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

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

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

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

ESG Information

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

- ESG criteria and impact criteria, which includes the fund's exclusions approach.
- Annual Impact Report providing an assessment of the fund's sustainable objective will also be published when available.
- Other periodic reporting on the sustainable objective of the fund.

Benchmark

MSCI World Index.

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

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

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

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Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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



The above number:

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

Investment review

For the year ended 31 March 2024

Performance against objective

Between 1 April 2023 (the start of the review period) and 31 March 2024, the M&G Better Health Solutions Fund delivered a positive total return (the combination of income and growth of capital) across all its sterling share classes. However, the fund underperformed its benchmark, the MSCI World Index, which returned 23.1% over the same period.

The fund was launched in June 2021, and therefore cannot yet be measured against its financial objective – to provide a higher total return (capital growth plus income), net of the ongoing charges figure, than the MSCI World Index over any five-year period.

In terms of the fund's second objective – to invest in companies that deliver solutions to the challenge of

better health and well-being – please see the fund's 2023 Annual Impact Report on the M&G website.

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

Performance review

Global equity markets generally performed strongly in the period under review. This was due to a combination of factors, including economic growth, signs of easing inflation and hopes of impending interest rate cuts.

Fears that interest rates would remain higher for longer in the autumn and ongoing geopolitical issues all triggered dips in market performance during the course of the period. However, share prices jumped in December after the US Federal Reserve indicated that rate cuts were likely in 2024.

The tech sector played a crucial role in buoying equity markets. In 2023, the 'Magnificent Seven' mega cap tech stocks delivered exponential returns, largely due to excitement about artificial intelligence (AI). Some of the big tech names continued to perform well into the first quarter of 2024: NVIDIA's shares soared in February after the company released an exceptional earnings report, further stoking investor enthusiasm about AI.

The fund's above-benchmark position in healthcare and lack of exposure to technology proved detrimental to relative performance. Stockpicking in healthcare also dented relative returns. In contrast, stockpicking in materials, consumer staples and industrials boosted relative performance.

Key detractors from relative performance included gene-sequencing company Illumina, laboratory operator Quest Diagnostics and medical equipment manufacturer Thermo Fisher Scientific. In the period under review, Illumina continued to be plagued by issues connected to its acquisition of cancer-screening start-up Grail.

The top contributors to relative performance were Novo Nordisk and Ecolab. Novo Nordisk has become one of Europe's most valuable companies following

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exponential demand for its weight-loss drug, Wegovy and diabetes medication, Ozempic.

Investment activities

During the course of the period, the fund opened a position in pharmaceutical and laboratory equipment manufacturer Sartorius Stedim Biotech. In our view, Sartorius Stedim Biotech is one of the highest-quality business models in the healthcare sector.

We closed our position in Marlowe during the period. Marlowe is a roll-up of business-to-business safety, risk and compliance services. Changes in the debt capital markets led us to believe the roll-up model would be increasingly tested.

ESG engagement

We met Danish pharmaceutical company ALK-Abelló to ensure it was on track to have its near-term climate goals validated by the Science Based Targets initiative (SBTi). We suggested that the business disclose its strategy for achieving these targets and that variable remuneration be tied into milestones. The company confirmed that it was at the last stage of the finalisation process for its 2030 target; this will then need approval from the board before being submitted to the SBTi. The company is seeking to simplify its non-financial remuneration KPIs; in doing so, it will consider embedding climate targets into this KPI framework.

We liaised with Novo Nordisk to establish whether it had appropriate processes and checks in place to prevent misuse of its weight-loss medication, Wegovy. We also sought further information on its temporary suspension from the Association of the British Pharmaceutical Industry (ABPI).

Last year, we met Oxford Nanopore to verify whether it had effective policies and procedures in place to avoid misuse of its equipment, particularly in China and Tibet. In early 2024, we followed up on this meeting. We asked the company to release a public statement about where it will not sell its products and also suggested that the business provide further training to its operations staff to clearly explain why sales restrictions are in place. We believe this would lead to better enforcement.

Outlook

For the first year since the pandemic, COVID-19-related revenues will be negligible for the healthcare industry in 2024. However, the impact of the pandemic continues to unwind in a few ways. We expect the inventory destocking cycle in the life science and tools sector to conclude in the coming quarters. The biotech funding landscape is gaining momentum after some of the toughest conditions in decades. Meanwhile, healthcare systems continue to work through record patient backlogs.

As exemplified by our investment in Sartorius Stedim Biotech, we try to take advantage of cyclical or short-term opportunities where a business becomes available at a price below our estimate of its intrinsic value. We continue to believe in the long-term outlook for winners such as Novo Nordisk, but also prudently trim holdings as valuations bake in more future success. We are comfortable with the concentrated nature of the portfolio and remain confident in the high quality of the companies in which we invest.

Jasveet Brar

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities	18,455	97.44	97.62
Chemicals	1,146	6.05	5.47
3,318 DSM-Firmenich	378	2.00	
3,330 Ecolab	768	4.05	
Commercial services & supplies	476	2.51	3.00
2,458 MSA Safety	476	2.51	
Professional services	685	3.62	3.23
10,889 Intertek	685	3.62	
Auto components	822	4.34	3.73
6,827 Autoliv	822	4.34	
Leisure products	558	2.95	3.50
3,700 Shimano	558	2.95	
Hotels, restaurants & leisure	162	0.85	0.72
111,806 Gym	162	0.85	
Internet & direct marketing retail	88	0.46	0.94
218,000 Alibaba Health Information Technology	88	0.46	
Household products	823	4.34	4.07
9,139 Colgate-Palmolive	823	4.34	
Personal products	504	2.66	2.31
119,714 Haleon	504	2.66	
Health care equipment & supplies	2,335	12.33	13.28
8,411 Alcon	698	3.68	
3,334 Becton Dickinson	825	4.36	
3,782 DiaSorin	365	1.93	
1,767 Masimo	259	1.37	
7,277 Xvivo Perfusion	188	0.99	
Health care providers & services	1,974	10.42	11.83
8,325 Fresenius Medical Care	320	1.69	
5,875 Quest Diagnostics	782	4.13	
1,764 UnitedHealth	872	4.60	
Health care technology	708	3.74	3.45
2,679 Teladoc Health	40	0.21	
2,884 Veeva Systems	668	3.53	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities (continued)			
Biotechnology	1,022	5.40	5.49
5,087 Edwards Lifesciences	486	2.57	
47,502 Grifols Preference Shares	308	1.63	
81,083 PureTech Health	228	1.20	
Pharmaceuticals	4,163	21.98	21.31
25,184 ALK-Abelló	451	2.38	
6,342 AstraZeneca	855	4.52	
35,717 GSK	771	4.07	
13,426 Novo Nordisk	1,718	9.07	
2,173 Zoetis	368	1.94	
Life sciences tools & services	2,397	12.66	11.88
3,749 Agilent Technologies	545	2.88	
1,777 Illumina	244	1.29	
51,438 Oxford Nanopore Technologies	79	0.42	
1,667 Sartorius Stedim Biotech	475	2.51	
1,815 Thermo Fisher Scientific	1,054	5.56	
Insurance	592	3.13	3.41
11,824 AMERISAFE	592	3.13	
Total portfolio	18,455	97.44	97.62
Net other assets/(liabilities)	484	2.56	2.38
Net assets attributable to shareholders	18,939	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2024

Largest purchases	\$'000
Sartorius Stedim Biotech	448
Haleon	128
AstraZeneca	124
Novo Nordisk	118
Thermo Fisher Scientific	90
Shimano	88
UnitedHealth	79
DiaSorin	78
Edwards Lifesciences	78
Becton Dickinson	76
Other purchases	956
Total purchases	2,263

Largest sales	\$'000
Novo Nordisk	503
Marlowe ^a	207
UnitedHealth	42
Thermo Fisher Scientific	36
Becton Dickinson	35
Quest Diagnostics	34
AstraZeneca	32
Shimano	30
Colgate-Palmolive	30
Autoliv	28
Other sales	380
Total sales	1,357

^a AIM quoted.

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+8.9	n/a	n/a	n/a
Class 'A' Accumulation	+8.9	n/a	n/a	n/a
Class 'I' Income	+9.3	n/a	n/a	n/a
Class 'I' Accumulation	+9.3	n/a	n/a	n/a
Class 'PP' Income	+9.4	n/a	n/a	n/a
Class 'PP' Accumulation	+9.4	n/a	n/a	n/a
Class 'R' Income	+9.1	n/a	n/a	n/a
Class 'R' Accumulation	+9.0	n/a	n/a	n/a
Class 'Z' Accumulation	+10.0	n/a	n/a	n/a
Benchmark	+23.1	n/a	n/a	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	92.16	98.11	100.00
Return before operating charges	9.54	(3.60)	0.01
Operating charges	(1.02)	(1.02)	(0.87)
Return after operating charges	8.52	(4.62)	(0.86)
Distributions	(1.33)	(1.33)	(1.03)
Closing NAV	99.35	92.16	98.11
After direct transaction cost of	0.02	0.03	0.12
Performance			
Return after charges (%)	9.24	(4.71)	(0.86)
Other information			
Closing NAV (\$'000)	62	56	61
Number of shares	49,512	49,512	47,585
Operating charges (%)	1.10	1.10	1.10
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	100.64	99.51	107.95
Lowest share price	87.64	89.00	91.08

Sterling Class 'A' Accumulation shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	94.48	99.15	100.00
Return before operating charges	9.76	(3.65)	0.01
Operating charges	(1.04)	(1.02)	(0.86)
Return after operating charges	8.72	(4.67)	(0.85)
Distributions	(0.39)	(0.36)	(0.12)
Retained distributions	0.39	0.36	0.12
Closing NAV	103.20	94.48	99.15
After direct transaction cost of	0.02	0.03	0.12
Performance			
Return after charges (%)	9.23	(4.71)	(0.85)
Other information			
Closing NAV (\$'000)	349	231	149
Number of shares	268,089	197,802	114,364
Operating charges (%)	1.10	1.10	1.10
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	103.13	100.57	107.95
Lowest share price	89.82	89.94	91.08

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	92.80	98.43	100.00
Return before operating charges	9.61	(3.65)	0.02
Operating charges	(0.65)	(0.64)	(0.55)
Return after operating charges	8.96	(4.29)	(0.53)
Distributions	(1.34)	(1.34)	(1.04)
Closing NAV	100.42	92.80	98.43
After direct transaction cost of	0.02	0.03	0.12
Performance			
Return after charges (%)	9.66	(4.36)	(0.53)
Other information			
Closing NAV (\$'000)	71	59	45
Number of shares	55,902	51,418	34,909
Operating charges (%)	0.70	0.70	0.70
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	101.70	99.83	108.18
Lowest share price	88.44	89.46	91.33

Sterling Class 'I' Accumulation shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	95.15	99.46	100.00
Return before operating charges	9.84	(3.66)	0.02
Operating charges	(0.67)	(0.65)	(0.56)
Return after operating charges	9.17	(4.31)	(0.54)
Distributions	(0.75)	(0.73)	(0.46)
Retained distributions	0.75	0.73	0.46
Closing NAV	104.32	95.15	99.46
After direct transaction cost of	0.02	0.03	0.12
Performance			
Return after charges (%)	9.64	(4.33)	(0.54)
Other information			
Closing NAV (\$'000)	672	439	370
Number of shares	510,900	373,091	283,265
Operating charges (%)	0.70	0.70	0.70
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	104.25	100.89	108.18
Lowest share price	90.65	90.41	91.33

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	92.97	98.50	100.00
Return before operating charges	9.63	(3.63)	0.01
Operating charges	(0.56)	(0.56)	(0.47)
Return after operating charges	9.07	(4.19)	(0.46)
Distributions	(1.34)	(1.34)	(1.04)
Closing NAV	100.70	92.97	98.50
After direct transaction cost of	0.02	0.03	0.12
Performance			
Return after charges (%)	9.76	(4.25)	(0.46)
Other information			
Closing NAV (\$'000)	25	23	26
Number of shares	20,070	20,070	20,070
Operating charges (%)	0.60	0.60	0.60
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	101.99	99.92	108.24
Lowest share price	88.65	89.58	91.39

Sterling Class 'PP' Accumulation shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	95.32	99.54	100.00
Return before operating charges	9.84	(3.66)	0.01
Operating charges	(0.57)	(0.56)	(0.47)
Return after operating charges	9.27	(4.22)	(0.46)
Distributions	(0.84)	(0.83)	(0.54)
Retained distributions	0.84	0.83	0.54
Closing NAV	104.59	95.32	99.54
After direct transaction cost of	0.02	0.03	0.13
Performance			
Return after charges (%)	9.73	(4.24)	(0.46)
Other information			
Closing NAV (\$'000)	207	36	26
Number of shares	156,947	30,368	20,060
Operating charges (%)	0.60	0.60	0.60
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	104.52	100.97	108.24
Lowest share price	90.86	90.53	91.39

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	92.41	98.24	100.00
Return before operating charges	9.56	(3.61)	0.01
Operating charges	(0.88)	(0.88)	(0.74)
Return after operating charges	8.68	(4.49)	(0.73)
Distributions	(1.33)	(1.34)	(1.03)
Closing NAV	99.76	92.41	98.24
After direct transaction cost of	0.02	0.03	0.51
Performance			
Return after charges (%)	9.39	(4.57)	(0.73)
Other information			
Closing NAV (\$'000)	55	33	34
Number of shares	43,575	28,748	26,748
Operating charges (%)	0.95	0.95	0.95
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	101.04	99.63	108.04
Lowest share price	87.95	89.17	91.18

Sterling Class 'R' Accumulation shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	94.72	99.26	100.00
Return before operating charges	9.79	(3.66)	0.01
Operating charges	(0.90)	(0.88)	(0.75)
Return after operating charges	8.89	(4.54)	(0.74)
Distributions	(0.52)	(0.49)	(0.25)
Retained distributions	0.52	0.49	0.25
Closing NAV	103.61	94.72	99.26
After direct transaction cost of	0.02	0.03	0.12
Performance			
Return after charges (%)	9.39	(4.57)	(0.74)
Other information			
Closing NAV (\$'000)	634	476	267
Number of shares	485,277	405,791	204,973
Operating charges (%)	0.95	0.95	0.95
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	103.54	100.69	108.04
Lowest share price	90.12	90.11	91.17

Financial highlights

Sterling Class 'Z' Accumulation shares

The share class was launched on 17 June 2021.

for the year/period to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	96.31	100.01	100.00
Return before operating charges	9.97	(3.70)	0.01
Operating charges	0.00	0.00	0.00
Return after operating charges	9.97	(3.70)	0.01
Distributions	(1.39)	(1.37)	(1.04)
Retained distributions	1.39	1.37	1.04
Closing NAV	106.28	96.31	100.01
After direct transaction cost of	0.02	0.03	0.13
Performance			
Return after charges (%)	10.35	(3.70)	0.01
Other information			
Closing NAV (\$'000)	16,864	14,795	15,132
Number of shares	12,580,783	12,412,751	11,527,229
Operating charges (%)	0.00	0.00	0.00
Direct transaction costs (%)	0.03	0.04	0.16
Prices			
Highest share price	106.21	101.46	108.59
Lowest share price	92.11	91.24	91.77

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Financial statements

Statement of total return

for the year to 31 March	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		1,789		(1,739)
Revenue	5	282		250	
Expenses	6	(14)		(10)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		268		240	
Taxation	7	(30)		(28)	
Net revenue/(expense) after taxation			238		212
Total return before distributions			2,027		(1,527)
Distributions	8		(239)		(214)
Change in net assets attributable to shareholders from investment activities			1,788		(1,741)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		16,148		16,110
Amounts received on issue of shares	1,970		1,775	
Amounts paid on cancellation of shares	(1,202)		(216)	
		768		1,559
Dilution adjustments		4		3
Change in net assets attributable to shareholders from investment activities (see above)		1,788		(1,741)
Retained distributions on Accumulation shares		231		217
Closing net assets attributable to shareholders		18,939		16,148

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		18,455	15,764
Current assets			
Debtors	9	39	80
Cash and bank balances	10	460	337
Total assets		18,954	16,181
Liabilities			
Creditors			
Distribution payable		(3)	(2)
Other creditors	11	(12)	(31)
Total liabilities		(15)	(33)
Net assets attributable to shareholders		18,939	16,148

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2024 \$'000	2023 \$'000
Non-derivative securities	1,786	(1,738)
Currency gains/(losses)	3	(1)
Net capital gains/(losses)	1,789	(1,739)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 March	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	2,258		3,001	
Commissions	1	0.02	1	0.02
Taxes	4	0.16	4	0.13
Total purchases after transaction costs	2,263		3,006	
b) Sales				
Equities before transaction costs	1,357		1,177	
Total sales	1,357		1,177	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	1	0.01	1	0.01
Taxes paid				
Equities	4	0.02	4	0.03
Total direct portfolio transaction costs	5	0.03	5	0.04
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.08		0.10

5 Revenue

for the year to 31 March	2024 \$'000	2023 \$'000
Bank interest	5	3
Dividends from equity investments: non-taxable	277	247
Total revenue	282	250

Financial statements and notes

6 Expenses

for the year to 31 March	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	14	10
Total expenses	14	10

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	30	28
Deferred tax (note 7c)	0	0
Total taxation	30	28
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	268	240
Corporation tax at 20%	53	48
Effects of:		
Dividends from equity investments: non-taxable	(55)	(49)
Current year expenses not utilised	2	1
Withholding tax	30	28
Total tax charge (note 7a)	30	28
c) Provision for deferred taxation		
Provision at the start of the period	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the period	0	0

The fund has not recognised a deferred tax asset of \$4,000 (2023: \$2,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 Distributions

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

for the year to 31 March	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	3	231	2	217
Total net distributions		234		219
Income deducted on cancellation of shares		9		1
Income received on issue of shares		(4)		(6)
Distributions		239		214
Net revenue/(expense) per statement of total return		238		212
Expenses offset against capital		1		2
Distributions		239		214

9 Debtors

as at 31 March	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	14	35
Currency deals outstanding	0	31
Dividends receivable	19	10
Withholding tax recoverable	6	4
Total debtors	39	80

10 Cash and bank balances

as at 31 March	2024 \$'000	2023 \$'000
Cash held as bank balances	460	337
Total cash and bank balances	460	337

11 Other creditors

as at 31 March	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	11	0
Annual charge payable	1	0
Currency deals outstanding	0	31
Total other creditors	12	31

Financial statements and notes

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A' Income	49,512	0	0	0	49,512
Class 'A' Accumulation	197,802	70,287	0	0	268,089
Class 'I' Income	51,418	14,202	(9,718)	0	55,902
Class 'I' Accumulation	373,091	202,065	(64,256)	0	510,900
Class 'PP' Income	20,070	0	0	0	20,070
Class 'PP' Accumulation	30,368	136,607	(10,028)	0	156,947
Class 'R' Income	28,748	19,827	(5,000)	0	43,575
Class 'R' Accumulation	405,791	101,686	(22,200)	0	485,277
Class 'Z' Accumulation	12,412,751	1,076,858	(908,826)	0	12,580,783

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

14 Charging structure

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

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

15 Related parties

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

Financial statements and notes

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 88.62% (2023: 91.37%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Basis of valuation				
Level 1	18,455	0	15,764	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	18,455	0	15,764	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$923,000 (2023: \$788,000). A five per cent decrease would have an equal and opposite effect.

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19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$444,000 (2023: \$374,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2024 \$'000	2023 \$'000
Currency exposure		
Danish krone	2,185	1,727
Euro	1,847	1,361
Hong Kong dollar	89	152
Japanese yen	561	569
Sterling	3,310	2,951
Swedish krona	187	159
Swiss franc	698	566
US dollar	10,062	8,663
Total	18,939	16,148

20 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.23	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	0.7502	0.5768	1.3270	1.3348

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Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.1681	0.2213	0.3894	0.3568

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.8505	0.4882	1.3387	1.3418

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.4672	0.2823	0.7495	0.7285

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.3423	0.000	1.3423	1.3437

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.4783	0.3628	0.8411	0.8260

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.5583	0.7738	1.3321	1.3372

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Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.3722	0.1519	0.5241	0.4921

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.1093	0.2797	1.3890	1.3657

21 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used.

Investment objective

The fund has two aims:

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

Investment policy

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

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

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

To assist this assessment process, investments which are considered to conflict with the fund's aim to invest in companies that aim to deliver solutions to climate change are excluded from the investment universe.

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

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

In addition, the following are excluded:

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

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

Investments that no longer meet the above criteria for investment will be divested as per the ESG Policy and Process Document.

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

The fund invests in three categories of climate solution companies:

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

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

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

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

Further information about the fund's ESG criteria including information on M&G's approach to impact investing can be found on the M&G website.

Benchmark

MSCI World Index.

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

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

The benchmark is shown in the share class currency.

An annual impact report to provide an assessment of the fund's non-financial objective will be made available on the M&G website.

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Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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



The above number:

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

Investment review

For the year ended 31 March 2024

Performance against objective

Between 1 April 2023 (the start of the review period) and 31 March 2024, the M&G Climate Solutions Fund delivered a positive total return (the combination of income and growth of capital) across most of its sterling share classes. However, the fund underperformed its benchmark the MSCI World Index, which returned 23.1% over the same period.

The fund was launched in November 2020, and therefore cannot yet be measured on its performance objective to provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the MSCI World Index over any five-year period.

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

Performance review

Global equity markets generally performed strongly in the period under review. This was due to a combination of factors, including economic growth, signs of easing inflation and hopes of impending interest rate cuts.

Fears that interest rates would remain higher for longer in the autumn and ongoing geopolitical issues all triggered dips in market performance during the course of the period. However, share prices jumped in December after the US Federal Reserve indicated that rate cuts were likely in 2024.

The tech sector played a crucial role in buoying equity markets. In 2023, the 'Magnificent Seven' mega cap tech stocks delivered exponential returns, largely due to excitement about artificial intelligence (AI). Some of the big tech names continued to perform well into the first quarter of 2024: NVIDIA's shares soared in February after the company released an exceptional earnings report, further stoking investor enthusiasm about AI.

The fund delivered a positive return across most of its sterling share classes but lagged its benchmark the MSCI World Index. Stock selection in technology, industrials and utilities proved particularly detrimental to relative returns. The fund's above-benchmark position in utilities and materials also had a negative impact on relative performance. In contrast, stockpicking in materials boosted relative returns, as did the fund's lack of exposure to healthcare.

Key detractors from relative performance included SolarEdge Technologies, Ceres Power and Enphase Energy. The poor share price performance of both SolarEdge Technologies and Enphase Energy reflects a beleaguered solar market. High interest rates (dampening demand for solar projects) and reduced incentives in California have dented the solar industry.

The top contributors to relative performance were Trex and Horiba. The former manufactures wood-alternative

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outdoor living products while the latter makes precision instruments for analysis and measurement.

Investment activities

We made a number of changes to the portfolio during the period, opening positions in Elia, Kurita Water Industries, Trimble, Intertek, American Water Works, Synopsys and Verbund. Kurita Water Industries provides water treatment systems to process industries. It has laid out four quantifiable impact goals that it aims to achieve by the end of 2028. These pertain to water wastage, water intensity, customer CO2 emissions and the reach of its business. As a provider of assurance, testing, inspection and certification (ATIC) services, Intertek helps to certify processes in areas such as biodegradability of packaging, biofuel testing, waste-water management, air quality and emissions. It also provides branded Sustainability Certification. American Water Works has a high-quality, growing asset base which is helping to improve the residential water system in the US. Meanwhile, Synopsys is a leading provider of design tools for semiconductor chips, including tools to optimise the energy efficiency of chips.

We sold our positions in Brookfield Renewable, Rockwool, Atlantica Sustainable Infrastructure, Weyerhaeuser, UniFirst and Boralex. Brookfield Renewable announced the acquisition of Westinghouse, a supplier of tech, services and products to the nuclear industry. We viewed Westinghouse as in breach of the fund's exclusion on companies involved in nuclear-based power generation and therefore exited our position in Brookfield Renewable. Recent results from UniFirst have raised questions about its business model, leading us to look for opportunities elsewhere in the clean technology space.

ESG engagements

During the course of the period, we engaged with a number of companies on environmental, social and governance issues. We met German industrial gases company Linde to encourage it to publish a Scope 3 inventory, particularly in relation to use of its products. We also urged the company to publish Scope 3 reduction targets. We further discussed calculation of

its Scope 4 emissions and suggested that it disclose how its capex aligns with its carbon reduction strategy. The company has now published a Scope 3 inventory, with targets to follow. On the governance side, we recommended that Linde increase female representation at board level.

We also encouraged US-listed online marketplace eBay to more explicitly link remuneration KPIs to sustainability targets. In response to our suggestion that it set a net zero target, the company confirmed that it would be doing so and that it planned to seek Science Based Targets initiative (SBTi) validation for this.

We discussed two key issues with Johnson Controls International. The first pertained to a cyberattack carried out on the company last year. In light of this, we wanted to ensure that the business had implemented the requisite systems, controls and procedures to limit damage in case of any future attack. Secondly, we wished to verify that the company was no longer exposed to perfluoroalkyl and polyfluoroalkyl substances (PFAS), often termed 'forever chemicals'.

The company asserted that the cyberattack prompted it to review and strengthen its risk mitigation strategy. It has also hired a new chief information officer and chief technology officer, further bolstering cybersecurity at the business.

Unfortunately, Johnson Controls International is currently the subject of a class action connected to PFAS contamination. The action relates to a product whose chemical composition had been mandated by the US government. The company confirmed that is now selling a compliant version of the product and that nothing else that it sells contains PFAS.

Outlook

Clean technology shares have traced the shape of the theoretical 'Gartner hype cycle' fairly closely over the past few years, with forward indicators now suggesting a more stable and lucrative period ahead. The years 2020-21 marked the 'peak of inflated expectations' with equity markets expecting aggressive growth rates to last in perpetuity, supported by blockbuster policy

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announcements (such as the US Inflation Reduction Act) and a low global interest rate regime.

More recently, 2022-23 has corresponded to the 'trough of disillusionment': higher interest rates impacted both equity valuations and end-demand for consumer products such as solar panels, leading to widespread destocking and questions about the pace of the energy transition as a whole. We see growing evidence that this period of uncertainty is coming to an end and that we are about to embark on a multi-year upcycle in many clean technology end-markets.

Firstly, the headline policy measures are now solidifying. Secondly, destocking is coming to an end and lead indicators in areas such as US residential solar and European EV charging show that demand is clearly improving. Finally, consumer-financing costs are likely to ease as central bank rate cuts come through.

Michael Rae

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities	26,064	96.27	96.06
Chemicals	1,578	5.83	6.61
3,401 Linde	1,578	5.83	
Containers & packaging	2,131	7.87	7.88
10,330 Ball	696	2.57	
27,146 Befesa	935	3.45	
99,813 DS Smith	500	1.85	
Building products	1,404	5.19	7.95
8,727 Johnson Controls International	570	2.11	
8,369 Trex	834	3.08	
Electrical equipment	2,804	10.36	11.94
12,634 Alfen	682	2.52	
178,790 Ceres Power	322	1.19	
4,733 Schneider Electric	1,072	3.96	
26,182 Vestas Wind Systems	728	2.69	
Machinery	1,027	3.79	2.64
18,900 Kurita Water Industries	787	2.91	
1,890 Spirax-Sarco Engineering	240	0.88	
Commercial services & supplies	3,216	11.88	15.39
53,108 Brambles	559	2.07	
8,717 Republic Services	1,668	6.16	
63,372 TOMRA Systems	989	3.65	
Professional services	831	3.07	0.00
13,201 Intertek	831	3.07	
Speciality retail	571	2.11	2.06
10,808 eBay	571	2.11	
Food products	535	1.98	3.46
11,510 Darling Ingredients	535	1.98	
Software	2,712	10.02	7.23
3,319 Ansys	1,151	4.25	
2,989 Autodesk	778	2.88	
1,373 Synopsys	783	2.89	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities (continued)			
Electronic equipment, instruments & components	1,942	7.17	5.23
7,900 Horiba	837	3.09	
2,457 IPG Photonics	222	0.82	
13,721 Trimble	883	3.26	
Semiconductors & semiconductor equipment	2,050	7.57	9.23
18,656 Infineon Technologies	635	2.35	
16,616 onsemi	1,222	4.51	
2,726 SolarEdge Technologies	193	0.71	
Electric utilities	1,771	6.54	2.24
7,466 Elia	806	2.98	
10,416 Ørsted	580	2.14	
5,247 Verbund	385	1.42	
Water utilities	891	3.29	0.00
7,293 American Water Works	891	3.29	
Independent power and renewable electricity producers	1,376	5.08	10.26
27,332 EDP Renovaveis	370	1.37	
8,319 Enphase Energy	1,006	3.71	
Equity real estate investment trusts (REITs)	1,225	4.52	3.94
1,484 Equinix	1,225	4.52	
Total portfolio	26,064	96.27	96.06
Net other assets/(liabilities)	1,011	3.73	3.94
Net assets attributable to shareholders	27,075	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2024

Largest purchases	\$'000
Elia	1,074
American Water Works	967
Intertek	840
Synopsys	811
Kurita Water Industries	706
Befesa	696
Trimble	686
Enphase Energy	673
Trex	506
Infinion Technologies	483
Other purchases	4,556
Total purchases	11,998

Largest sales	\$'000
UniFirst	932
Ball	774
Brambles	772
Schneider Electric	765
Johnson Controls International	763
Linde	724
Trex	645
Spirax-Sarco Engineering	603
Rockwool	574
Autodesk	504
Other sales	4,898
Total sales	11,954

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-0.1	+0.5	n/a	n/a
Class 'A' Accumulation	-0.1	+0.5	n/a	n/a
Class 'I' Income	+0.3	+0.9	n/a	n/a
Class 'I' Accumulation	+0.3	+0.9	n/a	n/a
Class 'PP' Income	+0.4	+1.0	n/a	n/a
Class 'PP' Accumulation	+0.4	+1.0	n/a	n/a
Class 'R' Income	+0.1	+0.7	n/a	n/a
Class 'R' Accumulation	+0.1	+0.7	n/a	n/a
Class 'Z' Accumulation	+1.0	+1.6	n/a	n/a
Benchmark	+23.1	+12.4	n/a	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 5 November 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	107.43	112.53	108.33
Return before operating charges	1.58	(2.33)	6.58
Operating charges	(1.18)	(1.23)	(1.24)
Return after operating charges	0.40	(3.56)	5.34
Distributions	(1.14)	(1.54)	(1.14)
Closing NAV	106.69	107.43	112.53
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	0.37	(3.16)	4.93
Other information			
Closing NAV (\$'000)	1,894	2,100	2,197
Number of shares	1,407,366	1,579,336	1,487,145
Operating charges (%)	1.17	1.14	1.10
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	108.73	116.00	123.09
Lowest share price	87.32	98.95	99.94

Sterling Class 'A' Accumulation shares

The share class was launched on 5 November 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	110.47	114.08	108.71
Return before operating charges	1.61	(2.37)	6.61
Operating charges	(1.21)	(1.24)	(1.24)
Return after operating charges	0.40	(3.61)	5.37
Distributions	(0.05)	(0.29)	0.00
Retained distributions	0.05	0.29	0.00
Closing NAV	110.87	110.47	114.08
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	0.36	(3.16)	4.94
Other information			
Closing NAV (\$'000)	1,486	1,359	962
Number of shares	1,062,879	994,521	642,826
Operating charges (%)	1.17	1.14	1.10
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	111.78	117.61	123.53
Lowest share price	89.78	100.31	100.29

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 5 November 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	108.44	113.17	108.51
Return before operating charges	1.62	(2.35)	6.58
Operating charges	(0.78)	(0.80)	(0.79)
Return after operating charges	0.84	(3.15)	5.79
Distributions	(1.16)	(1.58)	(1.13)
Closing NAV	108.12	108.44	113.17
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	0.77	(2.78)	5.34
Other information			
Closing NAV (\$'000)	749	556	633
Number of shares	549,581	414,050	426,434
Operating charges (%)	0.77	0.74	0.70
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	109.77	116.85	123.60
Lowest share price	88.35	99.60	100.46

Sterling Class 'I' Accumulation shares

The share class was launched on 5 November 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	111.56	114.73	108.88
Return before operating charges	1.65	(2.36)	6.65
Operating charges	(0.81)	(0.81)	(0.80)
Return after operating charges	0.84	(3.17)	5.85
Distributions	(0.47)	(0.86)	(0.34)
Retained distributions	0.47	0.86	0.34
Closing NAV	112.40	111.56	114.73
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	0.75	(2.76)	5.37
Other information			
Closing NAV (\$'000)	4,313	4,413	4,340
Number of shares	3,042,623	3,196,536	2,881,910
Operating charges (%)	0.77	0.74	0.70
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	112.88	118.47	124.06
Lowest share price	90.88	100.99	100.83

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 November 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	108.72	113.34	108.54
Return before operating charges	1.63	(2.36)	6.62
Operating charges	(0.68)	(0.70)	(0.68)
Return after operating charges	0.95	(3.06)	5.94
Distributions	(1.16)	(1.56)	(1.14)
Closing NAV	108.51	108.72	113.34
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	0.87	(2.70)	5.47
Other information			
Closing NAV (\$'000)	37	36	35
Number of shares	26,662	26,662	23,273
Operating charges (%)	0.67	0.64	0.60
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	110.06	117.06	123.74
Lowest share price	88.63	99.76	100.60

Sterling Class 'PP' Accumulation shares

The share class was launched on 5 November 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	111.80	114.87	108.93
Return before operating charges	1.65	(2.36)	6.62
Operating charges	(0.70)	(0.71)	(0.68)
Return after operating charges	0.95	(3.07)	5.94
Distributions	(0.57)	(0.98)	(0.45)
Retained distributions	0.57	0.98	0.45
Closing NAV	112.75	111.80	114.87
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	0.85	(2.67)	5.45
Other information			
Closing NAV (\$'000)	278	61	81
Number of shares	195,226	43,981	54,064
Operating charges (%)	0.67	0.64	0.60
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	113.13	118.65	124.17
Lowest share price	91.13	101.13	100.95

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 5 November 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	107.87	112.78	108.39
Return before operating charges	1.58	(2.32)	6.59
Operating charges	(1.03)	(1.07)	(1.07)
Return after operating charges	0.55	(3.39)	5.52
Distributions	(1.15)	(1.52)	(1.13)
Closing NAV	107.27	107.87	112.78
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	0.51	(3.01)	5.09
Other information			
Closing NAV (\$'000)	539	452	451
Number of shares	398,571	338,443	304,365
Operating charges (%)	1.02	0.99	0.95
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	109.18	116.34	123.29
Lowest share price	87.75	99.22	100.13

Sterling Class 'R' Accumulation shares

The share class was launched on 5 November 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	110.87	114.31	108.78
Return before operating charges	1.63	(2.35)	6.61
Operating charges	(1.06)	(1.09)	(1.08)
Return after operating charges	0.57	(3.44)	5.53
Distributions	(0.21)	(0.54)	(0.05)
Retained distributions	0.21	0.54	0.05
Closing NAV	111.44	110.87	114.31
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	0.51	(3.01)	5.08
Other information			
Closing NAV (\$'000)	3,260	3,436	3,284
Number of shares	2,319,580	2,504,314	2,188,490
Operating charges (%)	1.02	0.99	0.95
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	112.18	117.92	123.72
Lowest share price	90.19	100.56	100.49

Financial highlights

Sterling Class 'Z' Accumulation shares

The share class was launched on 5 November 2020.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	113.34	115.78	109.17
Return before operating charges	1.70	(2.40)	6.61
Operating charges	(0.07)	(0.04)	0.00
Return after operating charges	1.63	(2.44)	6.61
Distributions	(1.21)	(1.60)	(1.17)
Retained distributions	1.21	1.60	1.17
Closing NAV	114.97	113.34	115.78
After direct transaction cost of	0.05	0.03	0.02
Performance			
Return after charges (%)	1.44	(2.11)	6.05
Other information			
Closing NAV (\$'000)	14,519	14,043	15,215
Number of shares	10,012,080	10,012,080	10,012,080
Operating charges (%)	0.07	0.04	0.00
Direct transaction costs (%)	0.05	0.03	0.02
Prices			
Highest share price	114.71	119.87	124.92
Lowest share price	92.70	102.07	101.72

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 March	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		603		(2,457)
Revenue	5	311		394	
Expenses	6	(106)		(101)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		205		293	
Taxation	7	(23)		(37)	
Net revenue/(expense) after taxation			182		256
Total return before distributions			785		(2,201)
Distributions	8		(214)		(293)
Change in net assets attributable to shareholders from investment activities			571		(2,494)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		26,456		27,198
Amounts received on issue of shares	1,083		1,982	
Amounts paid on cancellation of shares	(1,214)		(486)	
		(131)		1,496
Dilution adjustments		1		2
Change in net assets attributable to shareholders from investment activities (see above)		571		(2,494)
Retained distributions on Accumulation shares		178		254
Closing net assets attributable to shareholders		27,075		26,456

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		26,064	25,413
Current assets			
Debtors	9	55	130
Cash and bank balances	10	1,065	1,002
Total assets		27,184	26,545
Liabilities			
Creditors			
Distribution payable		(35)	(45)
Other creditors	11	(74)	(44)
Total liabilities		(109)	(89)
Net assets attributable to shareholders		27,075	26,456

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2024 \$'000	2023 \$'000
Non-derivative securities	606	(2,485)
Capital gains on US REIT	0	27
Currency gains/(losses)	(3)	1
Net capital gains/(losses)	603	(2,457)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 March	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	11,988		6,919	
Commissions	4	0.03	2	0.03
Taxes	6	0.05	3	0.04
Total purchases after transaction costs	11,998		6,924	
b) Sales				
Equities				
Equities before transaction costs	11,957		5,047	
Commissions	(3)	0.03	(2)	0.03
Total sales after transaction costs	11,954		5,045	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	7	0.03	4	0.02
Taxes paid				
Equities	6	0.02	3	0.01
Total direct portfolio transaction costs	13	0.05	7	0.03
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.09		0.09

5 Revenue

for the year to 31 March	2024 \$'000	2023 \$'000
Bank interest	11	6
Dividends from equity investments: non-taxable	276	370
Property distribution: taxable	24	18
Total revenue	311	394

Financial statements and notes

6 Expenses

for the year to 31 March	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	106	101
Total expenses	106	101

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	21	28
Deferred tax (note 7c)	0	0
Tax on US REITs	2	9
Total taxation	23	37
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	205	293
Corporation tax at 20%	41	58
Effects of:		
Dividends from equity investments: non-taxable	(55)	(74)
Capital gains tax (US)	0	6
Current year expenses not utilised	15	11
Withholding tax	21	28
Tax on US REITs	2	9
Overseas tax expensed	(1)	(1)
Total tax charge (note 7a)	23	37
c) Provision for deferred taxation		
Provision at the start of the year/period	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year/period	0	0

The fund has not recognised a deferred tax asset of \$34,000 (2023: \$19,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future

Financial statements and notes

8 Distributions

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

for the year to 31 March	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	35	178	45	253
Total net distributions		213		298
Income deducted on cancellation of shares		6		3
Income received on issue of shares		(5)		(8)
Distributions		214		293
Net revenue/(expense) per statement of total return		182		256
Expenses offset against capital		32		31
Capital gains tax offset against capital		0		6
Distributions		214		293

9 Debtors

as at 31 March	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	0	41
Currency deals outstanding	22	41
Dividends receivable	17	33
Withholding tax recoverable	16	15
Total debtors	55	130

10 Cash and bank balances

as at 31 March	2024 \$'000	2023 \$'000
Cash held as bank balances	1,065	1,002
Total cash and bank balances	1,065	1,002

11 Other creditors

as at 31 March	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	49	0
Annual charge payable	3	3
Currency deals outstanding	22	41
Total other creditors	74	44

Financial statements and notes

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A' Income	1,579,336	7,000	(178,970)	0	1,407,366
Class 'A' Accumulation	994,521	143,269	(74,911)	0	1,062,879
Class 'I' Income	414,050	318,506	(182,975)	0	549,581
Class 'I' Accumulation	3,196,536	107,641	(261,554)	0	3,042,623
Class 'PP' Income	26,662	0	0	0	26,662
Class 'PP' Accumulation	43,981	151,245	0	0	195,226
Class 'R' Income	338,443	60,128	0	0	398,571
Class 'R' Accumulation	2,504,314	18,407	(203,141)	0	2,319,580
Class 'Z' Accumulation	10,012,080	0	0	0	10,012,080

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

14 Charging structure

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

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

15 Related parties

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

Financial statements and notes

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 52.59% (2023: 52.33%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Basis of valuation				
Level 1	26,064	0	25,413	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	26,064	0	25,413	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$1,303,000 (2023: \$1,271,000). A five per cent decrease would have an equal and opposite effect.

Financial statements and notes

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$565,000 (2023: \$553,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2024 \$'000	2023 \$'000
Currency exposure		
Australian dollar	567	1,233
Canadian dollar	0	542
Danish krone	1,317	1,942
Euro	4,893	3,710
Japanese yen	1,655	897
Norwegian krone	1,016	783
Sterling	1,858	1,949
US dollar	15,769	15,400
Total	27,075	26,456

20 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.23	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.5220	0.6226	1.1446	1.5362

Financial statements and notes

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.0000	0.0515	0.0515	0.2916

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.2701	0.8876	1.1577	1.5797

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.1907	0.2760	0.4667	0.8620

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.5081	0.6531	1.1612	1.5623

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.0729	0.5013	0.5742	0.9767

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.8978	0.2525	1.1503	1.5210

Financial statements and notes

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.0364	0.1701	0.2065	0.5410

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.2056	0.0000	1.2056	1.6039

21 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used.

Investment objective

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

Investment policy

The fund invests at least 80% of its net asset value in the equity securities and equity related instruments of companies across any sector and market capitalisation that are domiciled, incorporated, or listed in any country, including emerging markets.

The fund may also invest in collective investment schemes, other transferable securities and may hold cash and near cash for liquidity purposes.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund manager looks for opportunities where Artificial Intelligence (AI) is emerging as a potential driver to long term revenue growth or profit margin expansion. The fund manager will look for innovations through provision or adoption of Artificial Intelligence which it expects will cause changes in the way existing markets or businesses operate as further categorised below.

From the fund's investment universe, the fund manager identifies investment opportunities in the following three categories:

- Artificial Intelligence Enablers – companies providing key underlying Artificial Intelligence services and products (including technology) to Artificial Intelligence Providers enabling them to provide Artificial Intelligence services;
- Artificial Intelligence Providers – companies providing Artificial Intelligence services and products to end users such as consumers or Artificial Intelligence Beneficiaries;
- Artificial Intelligence Beneficiaries – companies that are receiving meaningful benefit from their use of Artificial Intelligence that is expected to drive valuations over the long-term.

In each case, this is in the opinion of the fund manager.

The fund may allocate to these three categories in any proportions but does not typically expect to hold more than 50% of its net asset value in any one category.

In this context, Artificial Intelligence refers to the development or use by a business of computer systems that perform tasks previously requiring human intelligence such as decision-making or audio or visual identification or perception.

The investment approach combines research and financial analysis of individual companies. The fund manager seeks to identify well-managed companies whose long-term prospects are not fully appreciated by the stock market. The fund manager's engagement with technical experts and executive management is a key part of the investment approach. For clarity, given the reference to Artificial Intelligence in the fund's name, the fund is actively managed by human decision-takers.

Benchmark

MSCI ACWI Index.

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

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

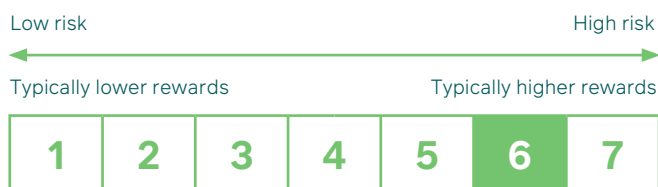
Authorised Corporate Director's Report

In case of currency hedged share classes, the benchmark may be a currency hedged version of the benchmark. For all share classes, the relevant benchmark used for comparison purposes will be shown in the KIID.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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



The above number:

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

Investment review

For the period from 17 October 2023 (launch date of the fund) to 31 March 2024

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

Performance review

As the fund was launched less than a year ago, there is insufficient data to show one year of performance. The period under review, from the fund's launch on 17 October 2023 to 31 March 2024, saw global stockmarkets overall post strong returns. Investor sentiment was bolstered by an easing of inflationary

pressures, optimism over potential interest rate cuts in 2024 by the world's major central banks and evidence of an economic 'soft landing'.

A powerful rally in stockmarkets in the final two months of 2023 continued into 2024, when the US stockmarket registered its best first quarter in five years, driven partly by the continued appetite for artificial intelligence-related stocks.

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

Investment activities

The fund managers of the M&G Global AI Themes Fund look for opportunities where artificial intelligence (AI) is emerging as a potential driver to long-term revenue growth or profit margin expansion by selecting companies, which in the opinion of the fund manager, fall in the three categories of Artificial Intelligence Enablers, Artificial Intelligence Providers, and Artificial Intelligence Beneficiaries.

- Artificial Intelligence Enablers – companies providing key underlying AI technology enabling AI services. Current holdings include Nvidia, Tokyo Electron and SK Hynix;
- Artificial Intelligence Providers – companies providing AI services and products to end users. Current holdings include Meta Platforms, Microsoft and Apple;
- Artificial Intelligence Beneficiaries – companies that are receiving meaningful benefit from their use of AI that is expected to drive valuations over the long-term. Current holdings include Visa, JP Morgan and Toyota Motor.

The fund may invest in these three categories in any proportions, but does not typically expect to hold more than 50% of its net asset value in any one category. The weightings in each category currently (as at 26 March 2024) are approximately 30% in Enablers, 40% Providers and 30% Beneficiaries. The fund is expected to have between 50 and 70 holdings.

Authorised Corporate Director's Report

In this context, Artificial Intelligence refers to the development or use by a business of computer systems that perform tasks previously requiring human intelligence such as decision-making or audio or visual identification or perception. The investment approach combines research and financial analysis of individual companies.

The fund manager seeks to identify well-managed companies whose long-term prospects are not fully appreciated by the stock market. The manager's engagement with technical experts and executive management is a key part of the investment approach.

The expected key drivers of return are: the selection of AI themes over the lifecycle of a disruptive technology, security selection, and risk sizing and managing.

Outlook

At around 50% in terms of weighting, technology holdings represent the most significant sector in the portfolio. Within technology, around a fifth of the portfolio is made of semiconductor companies. The 'chip' sector had a stellar first quarter in 2024, driven by the secular growth for AI, as well as a recovery in other end markets. We expect this strong demand for semiconductors to continue.

While regulations, such as the EU's Artificial Intelligence Act (aimed at protecting fundamental rights, democracy, the rule of law and environmental sustainability), could be seen as limiting the growth potential of AI, we prefer to take the view that the regulations are validation of the potential huge impact AI will have on the global economy. In our opinion, proactive regulation is positive for the broad adoption for AI.

In the US, we believe that the presidential election should not have a major impact on the current policy towards the semiconductor industry. Firstly, the US has already restricted access to semiconductor technology to China under both the Trump and Biden administrations. Secondly, subsidies and support for semiconductor manufacturing in the US (which has bipartisan support), is in both the interests of national security and helps mitigate supply-chain risks.

Whilst there is the possibility of increased regulation on the wider technology sector going forward, we believe that the leading technology companies can make adjustments to satisfy regulations that are not overly burdensome and so maintain their growth potential.

Jeffrey Lin

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.24 \$'000	as at 31.03.24 %
Equities	29,628	96.57
United Kingdom	895	2.92
3,488 AstraZeneca	471	1.54
16,618 Weir	424	1.38
Denmark	471	1.54
3,685 Novo Nordisk	471	1.54
Germany	869	2.83
1,898 SAP	370	1.20
2,608 Siemens	499	1.63
Netherlands	394	1.28
409 ASML	394	1.28
Sweden	265	0.86
14,034 Epiroc	265	0.86
United States	22,060	71.91
892 Adobe	450	1.47
5,296 Alphabet	799	2.61
2,779 Amazon.com	501	1.63
4,809 Apple	825	2.69
2,612 Applied Materials	538	1.75
1,559 Arista Networks	452	1.47
2,147 Axon Enterprise	671	2.19
340 Broadcom	450	1.47
1,362 Caterpillar	499	1.63
11,517 Cisco Systems	574	1.87
10,479 Comcast	454	1.48
994 Deere	408	1.33
964 Elevance Health	500	1.63
3,833 Exxon Mobil	445	1.45
1,978 Honeywell International	406	1.32
458 Humana	159	0.52
10,075 Intel	445	1.45
681 Intuit	442	1.44
672 Intuitive Surgical	268	0.87

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %
Equities (continued)		
United States (continued)		
3,322 JPMorgan Chase	665	2.17
566 Lam Research	549	1.79
2,294 Meta	1,113	3.63
6,794 Micron Technology	801	2.61
2,584 Microsoft	1,085	3.54
5,142 Mobileye Global	165	0.54
2,122 Motorola Solutions	752	2.45
562 Netflix	341	1.11
1,660 NVIDIA	1,498	4.88
2,678 onsemi	197	0.64
2,259 Oracle	284	0.93
1,408 Palo Alto Networks	400	1.30
2,689 PDD ADR	313	1.02
1,242 PepsiCo	217	0.71
1,614 QUALCOMM	273	0.89
1,472 Salesforce	443	1.44
982 ServiceNow	748	2.44
1,548 Snowflake	250	0.82
7,974 Teradata	308	1.00
2,901 Tesla	510	1.66
487 UnitedHealth	241	0.79
2,521 Visa	703	2.29
7,509 Walmart	452	1.47
1,708 Workday	466	1.52
Japan	2,237	7.29
435,300 Nippon Telegraph & Telephone	517	1.69
5,800 Sony	497	1.62
2,700 Tokyo Electron	706	2.30
20,700 Toyota Motor	517	1.68

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %
Equities (continued)		
Hong Kong		
8,700 Alibaba	78	0.25
2,800 Tencent	109	0.36
India		
10,701 Infosys ADR	192	0.62
6,531 Reliance Industries	466	1.52
South Korea		
6,866 Samsung Electronics	420	1.37
4,688 SK Hynix	637	2.08
Taiwan		
22,000 Taiwan Semiconductor Manufacturing	535	1.74
Total portfolio	29,628	96.57
Net other assets/(liabilities)	1,051	3.43
Net assets attributable to shareholders	30,679	100.00

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

Portfolio statement

Top ten portfolio transactions for the period to 31 March 2024

Largest purchases	\$'000
Microsoft	860
Apple	857
Exxon Mobil	745
Meta Platforms	743
Tesla	742
NVIDIA	742
Alphabet	740
Cisco Systems	729
Motorola Solutions	729
AstraZeneca	630
Other purchases	19,342
Total purchases	26,859

Largest sales	\$'000
Humana	343
Exxon Mobil	290
JD.Com ADR	232
UnitedHealth	228
Walmart	206
PepsiCo	177
Comcast	142
AstraZeneca	141
Braze	124
Motorola Solutions	121
Other sales	310
Total sales	2,314

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 17 October 2023.

for the period to 31 March Change in NAV per share	2024 UK p
Opening NAV	100.00
Return before operating charges	17.00
Operating charges	(0.53)
Return after operating charges	16.47
Distributions	(0.49)
Closing NAV	115.98
After direct transaction cost of	0.04
Performance	
Return after charges (%)	16.47
Other information	
Closing NAV (\$'000)	29
Number of shares	20,030
Operating charges (%)	1.10
Direct transaction costs (%)	0.09
Prices	
Highest share price	117.12
Lowest share price	94.72

Sterling Class 'A' Accumulation shares

The share class was launched on 17 October 2023.

for the period to 31 March Change in NAV per share	2024 UK p
Opening NAV	100.00
Return before operating charges	17.01
Operating charges	(0.54)
Return after operating charges	16.47
Distributions	0.00
Retained distributions	0.00
Closing NAV	116.47
After direct transaction cost of	0.04
Performance	
Return after charges (%)	16.47
Other information	
Closing NAV (\$'000)	123
Number of shares	83,508
Operating charges (%)	1.10
Direct transaction costs (%)	0.09
Prices	
Highest share price	117.12
Lowest share price	94.72

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 17 October 2023.

for the period to 31 March Change in NAV per share	2024 UK p
Opening NAV	100.00
Return before operating charges	17.01
Operating charges	(0.33)
Return after operating charges	16.68
Distributions	(0.49)
Closing NAV	116.19
After direct transaction cost of	0.04
Performance	
Return after charges (%)	16.68
Other information	
Closing NAV (\$'000)	29
Number of shares	20,010
Operating charges (%)	0.70
Direct transaction costs (%)	0.09
Prices	
Highest share price	117.32
Lowest share price	94.73

Sterling Class 'I' Accumulation shares

The share class was launched on 17 October 2023.

for the period to 31 March Change in NAV per share	2024 UK p
Opening NAV	100.00
Return before operating charges	17.04
Operating charges	(0.35)
Return after operating charges	16.69
Distributions	(0.17)
Retained distributions	0.17
Closing NAV	116.69
After direct transaction cost of	0.04
Performance	
Return after charges (%)	16.69
Other information	
Closing NAV (\$'000)	713
Number of shares	484,147
Operating charges (%)	0.70
Direct transaction costs (%)	0.09
Prices	
Highest share price	117.33
Lowest share price	94.73

Financial highlights

Sterling Class 'L' Income shares

The share class was launched on 17 October 2023.

for the period to 31 March Change in NAV per share	2024 UK p
Opening NAV	100.00
Return before operating charges	17.02
Operating charges	(0.24)
Return after operating charges	16.78
Distributions	(0.49)
Closing NAV	116.29
After direct transaction cost of	0.04
Performance	
Return after charges (%)	16.78
Other information	
Closing NAV (\$'000)	30
Number of shares	20,000
Operating charges (%)	0.50
Direct transaction costs (%)	0.09
Prices	
Highest share price	117.43
Lowest share price	94.73

Sterling Class 'L' Accumulation shares

The share class was launched on 17 October 2023.

for the period to 31 March Change in NAV per share	2024 UK p
Opening NAV	100.00
Return before operating charges	17.02
Operating charges	(0.24)
Return after operating charges	16.78
Distributions	(0.26)
Retained distributions	0.26
Closing NAV	116.78
After direct transaction cost of	0.04
Performance	
Return after charges (%)	16.78
Other information	
Closing NAV (\$'000)	29,466
Number of shares	20,005,000
Operating charges (%)	0.50
Direct transaction costs (%)	0.09
Prices	
Highest share price	117.43
Lowest share price	94.73

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 17 October 2023.

for the period to 31 March Change in NAV per share	2024 UK p
Opening NAV	100.00
Return before operating charges	17.01
Operating charges	(0.46)
Return after operating charges	16.55
Distributions	(0.50)
Closing NAV	116.05
After direct transaction cost of	0.04
Performance	
Return after charges (%)	16.55
Other information	
Closing NAV (\$'000)	42
Number of shares	28,908
Operating charges (%)	0.95
Direct transaction costs (%)	0.09
Prices	
Highest share price	117.20
Lowest share price	94.72

Sterling Class 'R' Accumulation shares

The share class was launched on 17 October 2023.

for the period to 31 March Change in NAV per share	2024 UK p
Opening NAV	100.00
Return before operating charges	17.03
Operating charges	(0.46)
Return after operating charges	16.57
Distributions	(0.05)
Retained distributions	0.05
Closing NAV	116.57
After direct transaction cost of	0.04
Performance	
Return after charges (%)	16.57
Other information	
Closing NAV (\$'000)	247
Number of shares	168,129
Operating charges (%)	0.95
Direct transaction costs (%)	0.09
Prices	
Highest share price	117.19
Lowest share price	94.72

Financial statements and notes

Financial statements

Statement of total return

for the period to 31 March	Note	2024	
		\$'000	\$'000
Income			
Net capital gains/(losses)	3		5,173
Revenue	5	145	
Expenses	6	(61)	
Interest payable and similar charges		0	
Net revenue/(expense) before taxation		84	
Taxation	7	(17)	
Net revenue/(expense) after taxation			67
Total return before distributions			5,240
Distributions	8		(67)
Change in net assets attributable to shareholders from investment activities			5,173

Statement of change in net assets attributable to shareholders

for the period to 31 March	2024	
	\$'000	\$'000
Opening net assets attributable to shareholders		0
Amounts received on issue of shares	25,410	
Amounts paid on cancellation of shares	0	
		25,410
Dilution adjustments		30
Change in net assets attributable to shareholders from investment activities (see above)		5,173
Retained distributions on Accumulation shares		66
Closing net assets attributable to shareholders		30,679

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2024 \$'000
Assets		
Fixed assets		
Investments		29,628
Current assets		
Debtors	9	61
Cash and bank balances	10	90
Cash equivalents		905
Total assets		30,684
Liabilities		
Creditors		
Distribution payable		(1)
Other creditors	11	(4)
Total liabilities		(5)
Net assets attributable to shareholders		30,679

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the period to 31 March	2024 \$'000
Non-derivative securities	5,084
Currency gains/(losses)	89
Net capital gains/(losses)	5,173

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the period to 31 March	2024 \$'000	% of transaction
a) Purchases		
Equities		
Equities before transaction costs	26,848	
Commissions	5	0.02
Taxes	6	0.02
Total purchases after transaction costs	26,859	
b) Sales		
Equities		
	2,314	
Total sales	2,314	
	2024 \$'000	% of average NAV
c) Direct portfolio transaction costs		
Commissions paid		
Equities	5	0.04
Taxes paid		
Equities	6	0.05
Total direct portfolio transaction costs	11	0.09
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date		0.08

5 Revenue

for the period to 31 March	2024 \$'000
Bank interest	1
Dividends from equity investments: non-taxable	130
Interest distributions	14
Total revenue	145

Financial statements and notes

6 Expenses

for the period to 31 March	2024 \$'000
Payable to the ACD or associate	
Annual charge	61
Total expenses	61

Audit fees for the financial year ending 2024 were £10,000 which are covered by the annual charge.

7 Taxation

for the period to 31 March	2024 \$'000
a) Analysis of charge in the year	
Corporation tax	0
Withholding tax	17
Deferred tax (note 7c)	0
Total taxation	17
b) Factors affecting taxation charge for the year	
Net revenue/(expense) before taxation	84
Corporation tax at 20%	17
Effects of:	
Dividends from equity investments: non-taxable	(26)
Current year expenses not utilised	9
Withholding tax	17
Total tax charge (note 7a)	17
c) Provision for deferred taxation	
Provision at the start of the year	0
Deferred tax in profit and loss account (note 7a)	0
Provision at the end of the year	0

The fund has not recognised a deferred tax asset of \$9,000 arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

8 Distributions

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

for the period to 31 March	2024	
	Inc \$'000	Acc \$'000
Ordinary distributions		
Final	1	66
Total net distributions		67
Distributions		67

Financial statements and notes

9 Debtors

as at 31 March	2024 \$'000
Amounts receivable on issues of shares	25
Distributions receivable	4
Dividends receivable	30
Withholding tax recoverable	2
Total debtors	61

10 Cash and bank balances

as at 31 March	2024 \$'000
Cash held as bank balances	90
Total cash and bank balances	90

11 Other creditors

as at 31 March	2024 \$'000
Annual charge payable	4
Total other creditors	4

12 Contingent assets, liabilities and outstanding commitments

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

Financial statements and notes

13 Shares in issue

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

Share class	Opening 17.10.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A' Income	0	20,030	0	0	20,030
Class 'A' Accumulation	0	83,508	0	0	83,508
Class 'I' Income	0	20,010	0	0	20,010
Class 'I' Accumulation	0	484,147	0	0	484,147
Class 'L' Income	0	20,000	0	0	20,000
Class 'L' Accumulation	0	20,005,000	0	0	20,005,000
Class 'R' Income	0	28,908	0	0	28,908
Class 'R' Accumulation	0	168,129	0	0	168,129

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

14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'L'	0.50
Class 'R'	0.95

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 96.02% of the fund's shares.

Financial statements and notes

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024 \$'000	Liabilities 2024 \$'000
Basis of valuation		
Level 1	29,628	0
Level 2	0	0
Level 3	0	0
	29,628	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$1,481,000. A five per cent decrease would have an equal and opposite effect.

Financial statements and notes

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$350,000. A five per cent decrease would have an equal and opposite effect.

as at 31 March	2024 \$'000
Currency exposure	
Danish krone	475
Euro	1,264
Hong Kong dollar	187
Japanese yen	2,253
South Korean won	1,059
Sterling	950
Swedish krona	265
Taiwan dollar	537
US dollar	23,689
Total	30,679

20 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	17.10.23	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the period to 31 March	Group 2		Group 1 & 2 Distribution 2024 UK p
	Income	Equalisation	
	2024 UK p	2024 UK p	
Final	0.2800	0.2127	0.4927

Financial statements and notes

Sterling Class 'A' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p
Final	0.0000	0.0000	0.0000

Sterling Class 'I' Income shares

Ordinary distributions for the period to 31 March	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p
Final	0.1939	0.2993	0.4932

Sterling Class 'I' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p
Final	0.1287	0.0367	0.1654

Sterling Class 'L' Income shares

Ordinary distributions for the period to 31 March	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p
Final	0.4934	0.0000	0.4934

Sterling Class 'L' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p
Final	0.2592	0.0000	0.2592

Sterling Class 'R' Income shares

Ordinary distributions for the period to 31 March	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p
Final	0.1918	0.3040	0.4958

Financial statements and notes

Sterling Class 'R' Accumulation shares

Ordinary distributions for the period to 31 March	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p
Final	0.0479	0.0000	0.0479

21 Events after the balance sheet date

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

Authorised Corporate Director's Report

The M&G Global Enhanced Equity Premia Fund closed on 8 August 2023. For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used, covering the period until the fund closed.

Investment objective up to 8 August 2023

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

Investment policy up to 8 August 2023

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach up to 8 August 2023

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

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

These rankings are then combined to provide a single 'score' for each stock. The weighting of each factor in

the single score is determined by the fund manager and reflects prevailing market conditions. Stocks with high scores are candidates for inclusion in the fund. Consideration is also given to the sector and country breakdown of the fund's benchmark to ensure a diversified portfolio.

As part of the portfolio construction process, differences between the fund's characteristics and those of its benchmark (such as sector, country or risk factor weightings) may be constrained. Managing the fund in this way limits the magnitude by which the fund is expected to deviate from the benchmark.

Benchmark up to 8 August 2023

MSCI ACWI NUK Index.

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

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

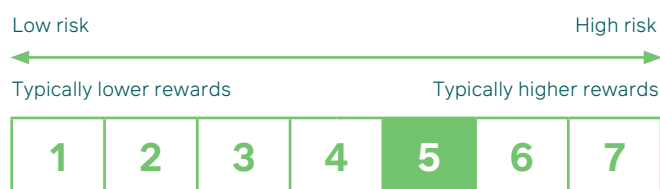
For unhedged and hedged share classes, the benchmark is shown in the share class currency.

Authorised Corporate Director's Report

Risk profile up to 8 August 2023

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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



The above number:

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

Investment review

For the period ended 8 August 2023

Performance against objective

Between 1 April 2023 (the start of the review period) and 8 August 2023 (when the fund closed), the M&G Global Enhanced Equity Premia Fund delivered a positive total return (the combination of income and growth of capital) across all its sterling share classes. Fund performance was marginally behind the fund's benchmark, the MSCI ACWI NUK Index, which returned 4.2% over the same period under review.

The fund was launched in November 2019 and thus cannot be measured on its five-year performance objective to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the MSCI ACWI NUK Index over any five-year period.

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

Stockmarkets recorded a positive return over the review period, benefiting from improving investor risk appetite, despite concerns that higher global interest rates (which have been raised to tame inflation) might tip some economies into recession. However, economic activity and labour markets, in particular, proved resilient during the review period.

The collapse of another US financial group, First Republic Bank, in April added to fears about the banking system, while the US 'debt ceiling' negotiations also caused some anxiety. However, as the banking crisis did not escalate and a deal was reached to avoid the US defaulting on its debt, investor confidence strengthened and stockmarket volatility levels dropped.

The US stockmarket outperformed the fund's benchmark over the review period, whilst Japan also posted solid returns, amid optimism that corporate governance reforms might lead to improved shareholder returns and signs that Japan might be emerging from decades of deflation.

In contrast, the UK stockmarket lagged the broader global market, as did emerging market equities, held back by weakness in China, where the post-pandemic rebound appeared to be losing momentum.

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

There was minimal variation in performance of the underlying factors during the review period. Value marginally outperformed, while there was some modest underperformance in the low volatility and high quality factors. The high momentum and small size factors performed in line with the market over the period.

Investment activities

The M&G Global Enhanced Equity Premia Fund is an active equity (company shares) fund, using a dynamic

Authorised Corporate Director's Report

multi-factor investing approach. Factor investing is based on the premise that a significant portion of returns over time can be explained by the excess return generated by stocks that reflect certain characteristics, or risk factors.

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

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

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

As part of the portfolio construction process, differences between the fund's characteristics and the index (such as stock, sector, country or risk factor weightings) may be constrained. Managing the fund in this way limits the magnitude by which the fund is expected to deviate from the benchmark.

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

or as each other. In some cases, in the past, factors have even displayed negative correlation, moving in opposite directions to the markets and/or each other.

Throughout the review period, the fund maintained an elevated exposure to the value and momentum factors (ie above the 'typical' 20% weighting). The above average exposure to cheap value provided a modest tailwind to the strategy, while positive exposures to high quality and low volatility detracted.

The fund was closed on 8 August 2023.

Gautam Samarth

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities	0	0.00	98.98
United Kingdom	0	0.00	3.42
Belgium	0	0.00	0.36
Czech Republic	0	0.00	0.95
Denmark	0	0.00	0.90
France	0	0.00	1.45
Germany	0	0.00	2.24
Greece	0	0.00	0.89
Hungary	0	0.00	1.68
Ireland	0	0.00	2.35
Netherlands	0	0.00	1.25
Norway	0	0.00	1.30
Russia^a	0	0.00	0.00
8,190,600 Inter RAO Ues	0	0.00	
14,647 PhosAgro	0	0.00	
283 PhosAgro (US listing)	0	0.00	
1 PhosAgro GDR	0	0.00	
10,559 Severstal PAO	0	0.00	
Spain	0	0.00	0.24
Sweden	0	0.00	1.68
Switzerland	0	0.00	0.38
United States	0	0.00	58.43
Canada	0	0.00	3.07
Brazil	0	0.00	0.93
Colombia	0	0.00	0.15
Japan	0	0.00	4.69
Australia	0	0.00	1.85
China	0	0.00	3.79
Hong Kong	0	0.00	0.38
Indonesia	0	0.00	0.48
Malaysia	0	0.00	0.49
South Korea	0	0.00	2.06

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities (continued)			
Taiwan	0	0.00	2.43
South Africa	0	0.00	0.75
Türkiye	0	0.00	0.39
Total portfolio	0	0.00	98.98
Net other assets/(liabilities)	0	0.00	1.02
Net assets attributable to shareholders	0	0.00	100.00

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

^a M&G's Valuation Sub Committee are valuing these securities at £nil until further notice

Portfolio statement

Top portfolio transactions for the year to 31 March 2024

Purchases	\$'000
Boliden	21
Bank of Nova Scotia	7
Canadian Utilities	2
RHB Bank	1
Total purchases	31

Largest sales	\$'000
Apple	2,305
Microsoft	1,957
Broadcom	1,305
Merck	895
Steel Dynamics	881
PACCAR	873
KLA	873
Bayerische Motoren Werke Preference Shares	846
Nucor	844
AbbVie	797
Other sales	48,594
Total sales	60,170

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

Financial highlights

Fund performance

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

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

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

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	For the period to 08.08.23 % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'I' Income	+3.6	+12.0	n/a	n/a
Class 'I' Accumulation	+3.6	+12.0	n/a	n/a
Class 'PP' Income	+3.7	+12.0	n/a	n/a
Class 'PP' Accumulation	+3.7	+12.1	n/a	n/a
Class 'Z' Accumulation	+3.7	+12.3	n/a	n/a
Benchmark	+4.2	+9.5	n/a	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 12 November 2019 and closed on 8 August 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	120.21	122.78	108.41
Return before operating charges	4.44	1.02	18.06
Operating charges	(0.13)	(0.37)	(0.35)
Return after operating charges	4.31	0.65	17.71
Distributions	n/a	(3.22)	(3.34)
Return to shareholder as a result of share class closure	(124.52)	n/a	n/a
Closing NAV	0.00	120.21	122.78
After direct transaction cost of	0.05	0.06	0.14
Performance			
Return after charges (%)	3.59	0.53	16.34
Other information			
Closing NAV (\$'000)	0	30	32
Number of shares	0	20,000	20,000
Operating charges (%)	0.30	0.31	0.30
Direct transaction costs (%)	0.04	0.05	0.12
Prices			
Highest share price	125.98	129.22	126.32
Lowest share price	119.26	111.88	108.60

Sterling Class 'I' Accumulation shares

The share class was launched on 12 November 2019 and closed on 8 August 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	130.81	130.03	111.78
Return before operating charges	4.81	1.17	18.61
Operating charges	(0.14)	(0.39)	(0.36)
Return after operating charges	4.67	0.78	18.25
Distributions	n/a	(3.17)	(3.12)
Retained distributions	n/a	3.17	3.12
Return to shareholder as a result of share class closure	(135.48)	n/a	n/a
Closing NAV	0.00	130.81	130.03
After direct transaction cost of	0.06	0.07	0.15
Performance			
Return after charges (%)	3.57	0.60	16.33
Other information			
Closing NAV (\$'000)	0	32	34
Number of shares	0	20,000	20,000
Operating charges (%)	0.30	0.31	0.30
Direct transaction costs (%)	0.04	0.05	0.12
Prices			
Highest share price	137.07	136.96	130.23
Lowest share price	129.76	118.51	111.96

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 12 November 2019 and closed on 8 August 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	120.37	122.91	108.47
Return before operating charges	4.45	0.99	18.07
Operating charges	(0.11)	(0.31)	(0.29)
Return after operating charges	4.34	0.68	17.78
Distributions	n/a	(3.22)	(3.34)
Return to shareholder as a result of share class closure	(124.71)	n/a	n/a
Closing NAV	0.00	120.37	122.91
After direct transaction cost of	0.05	0.06	0.14
Performance			
Return after charges (%)	3.61	0.55	16.39
Other information			
Closing NAV (\$'000)	0	30	33
Number of shares	0	20,000	20,000
Operating charges (%)	0.25	0.26	0.25
Direct transaction costs (%)	0.04	0.05	0.12
Prices			
Highest share price	126.17	129.38	126.44
Lowest share price	119.43	112.00	108.66

Sterling Class 'PP' Accumulation shares

The share class was launched on 12 November 2019 and closed on 8 August 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	130.98	130.15	111.84
Return before operating charges	4.80	1.16	18.61
Operating charges	(0.12)	(0.33)	(0.30)
Return after operating charges	4.68	0.83	18.31
Distributions	n/a	(3.21)	(3.17)
Retained distributions	n/a	3.21	3.17
Return to shareholder as a result of share class closure	(135.66)	n/a	n/a
Closing NAV	0.00	130.98	130.15
After direct transaction cost of	0.06	0.07	0.15
Performance			
Return after charges (%)	3.57	0.64	16.37
Other information			
Closing NAV (\$'000)	0	32	34
Number of shares	0	20,000	20,000
Operating charges (%)	0.25	0.26	0.25
Direct transaction costs (%)	0.04	0.05	0.12
Prices			
Highest share price	137.26	137.11	130.35
Lowest share price	129.92	118.63	112.02

Financial highlights

Sterling Class 'Z' Accumulation shares

The share class was launched on 12 November 2019 and closed on 8 August 2023.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	131.85	130.81	112.17
Return before operating charges	4.81	1.05	18.64
Operating charges	0.00	(0.01)	0.00
Return after operating charges	4.81	1.04	18.64
Distributions	n/a	(3.44)	(3.44)
Retained distributions	n/a	3.44	3.44
Return to shareholder as a result of share class closure	(136.66)	n/a	n/a
Closing NAV	0.00	131.85	130.81
After direct transaction cost of	0.06	0.07	0.15
Performance			
Return after charges (%)	3.65	0.80	16.62
Other information			
Closing NAV (\$'000)	0	57,180	98,635
Number of shares	0	35,044,326	57,450,326
Operating charges (%)	0.00	0.01	0.00
Direct transaction costs (%)	0.04	0.05	0.12
Prices			
Highest share price	138.26	137.99	131.01
Lowest share price	130.79	119.29	112.33

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Statement of total return

for the year to 31 March	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		3,241		(7,445)
Revenue	5	1,161		2,563	
Expenses	6	0		0	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		1,161		2,563	
Taxation	7	(114)		(361)	
Net revenue/(expense) after taxation			1,047		2,202
Total return before equalisation/distributions			4,288		(5,243)
Equalisation/Distributions	8		(866)		(2,205)
Change in net assets attributable to shareholders from investment activities			3,422		(7,448)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		57,304		98,768
Amounts received on issue of shares	0		1,645	
Amounts paid on cancellation of shares	(60,786)		(37,203)	
		(60,786)		(35,558)
Dilution adjustments		60		47
Change in net assets attributable to shareholders from investment activities (see above)		3,422		(7,448)
Retained distributions on Accumulation shares		0		1,495
Closing net assets attributable to shareholders		0		57,304

The fund closed on 8 August 2023.

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Investments		0	56,718
Debtors	9	52	249
Cash and bank balances	10	126	868
Cash equivalents		0	156
Total assets		178	57,991
Liabilities			
Creditors			
Bank overdrafts		0	(685)
Distribution payable		0	(2)
Other creditors	11	(178)	0
Total liabilities		(178)	(687)
Net assets attributable to shareholders		0	57,304

The fund closed on 8 August 2023.

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2024 \$'000	2023 \$'000
Non-derivative securities	3,241	(7,682)
Capital gains on US REIT	0	(2)
Currency gains/(losses)	0	236
Rebate of ongoing charges from underlying funds taken to capital	0	3
Net capital gains/(losses)	3,241	(7,445)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 March	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	31		23,408	
Commissions	0	0.00	6	0.03
Taxes	0	0.00	11	0.05
Equities after transaction costs	31		23,425	
Collective investment schemes				
Collective investment schemes before transaction costs	0		1,912	
Commissions	0	0.00	1	0.03
Collective investment schemes after transaction costs	0		1,913	
Total purchases after transaction costs	31		25,338	
b) Sales				
Equities				
Equities before transaction costs	60,193		56,238	
Commissions	(12)	0.02	(12)	0.02
Taxes	(11)	0.02	(13)	0.02
Equities after transaction costs	60,170		56,213	
Collective investment schemes				
Collective investment schemes before transaction costs	0		2,887	
Commissions	0	0.00	(1)	0.03
Collective investment schemes after transaction costs	0		2,886	
Total sales after transaction costs	60,170		59,099	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	12	0.02	18	0.02
Collective investment schemes	0	0.00	2	0.00
Total commissions paid	12	0.02	20	0.02
Taxes paid				
Equities	11	0.02	24	0.03
Total direct portfolio transaction costs	23	0.04	44	0.05

Financial statements and notes

	%	%
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.00	0.09

5 Revenue

for the year to 31 March	2024 \$'000	2023 \$'000
Bank interest	5	1
Dividends from equity investments: non-taxable	1,129	2,428
Dividends from equity investments: taxable	6	40
Interest distributions	10	16
Property distribution: taxable	11	42
Rebate of ongoing charges from underlying funds	0	1
Stock dividends	0	35
Total revenue	1,161	2,563

6 Expenses

for the year to 31 March	2024 \$'000	2023 \$'000
Total expenses	0	0

Audit fees for the financial year ending 2024 were £7,000 (2023: £11,000) (including VAT), which are covered by M&G.

Financial statements and notes

7 Taxation

for the year to 31 March	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	5	25
Withholding tax	111	350
Double taxation relief	(2)	(17)
Deferred tax (note 7c)	0	0
Tax on US REITs	0	3
Total taxation	114	361
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	1,161	2,563
Corporation tax at 20%	232	513
Effects of:		
Dividends from equity investments: non-taxable	(227)	(485)
Stock dividends: non-taxable	0	(7)
Capital income subject to taxation	0	4
Double taxation relief	(2)	(17)
Withholding tax	111	350
Tax on US REITs	0	3
Total tax charge (note 7a)	114	361
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

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

Financial statements and notes

8 Distributions

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

for the year to 31 March	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	n/a	n/a	2	1,495
Total net distributions		0		1,497
Income deducted on cancellation of shares		866		719
Income received on issue of shares		0		(11)
Equalisation/Distributions		866		2,205
Net revenue/(expense) per statement of total return		1,047		2,202
Capital gains tax offset against capital		0		3
Income returned to shareholders via capital redemption		(181)		0
Equalisation/Distributions		866		2,205

9 Debtors

as at 31 March	2024 \$'000	2023 \$'000
Bank interest receivable	2	0
Distributions receivable	0	1
Dividends receivable	8	191
Withholding tax recoverable	42	57
Total debtors	52	249

10 Cash and bank balances

as at 31 March	2024 \$'000	2023 \$'000
Cash held as bank balances	126	868
Total cash and bank balances	126	868

11 Other creditors

as at 31 March	2024 \$'000	2023 \$'000
Corporation tax payable	3	0
Other creditors	175	0
Total other creditors	178	0

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12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'I' Income	20,000	0	(20,000)	0	0
Class 'I' Accumulation	20,000	0	(20,000)	0	0
Class 'PP' Income	20,000	0	(20,000)	0	0
Class 'PP' Accumulation	20,000	0	(20,000)	0	0
Class 'Z' Accumulation	35,044,326	0	(35,044,326)	0	0

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

14 Charging structure

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

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

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 0.00% (2023: 99.72%) of the fund's shares.

Financial statements and notes

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Basis of valuation				
Level 1	0	0	56,718	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	0	0	56,718	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$0 (2023: \$2,836,000). A five per cent decrease would have an equal and opposite effect.

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19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$0 (2023: \$1,135,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2024 \$'000	2023 \$'000
Currency exposure		
Australian dollar	8	1,066
Brazilian real	0	548
Canadian dollar	0	1,760
Chinese yuan	10	1,202
Colombian peso	0	83
Czech koruna	0	546
Danish krone	6	547
Euro	36	4,153
Hong Kong dollar	6	1,185
Hungarian forint	0	961
Indonesian rupiah	0	272
Japanese yen	21	2,760
Malaysian ringgit	0	279
Norwegian krone	0	747
Polish zloty	0	4
South African rand	0	439
South Korean won	0	1,288
Sterling	34	2,054
Swedish krona	0	961
Swiss franc	0	230
Taiwan dollar	0	1,393
Turkish lira	0	225
US dollar	(121)	34,601
Total	0	57,304

Financial statements and notes

20 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.23	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	n/a	n/a	n/a	3.2164

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	n/a	n/a	n/a	3.1728

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	n/a	n/a	n/a	3.2198

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Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	n/a	n/a	n/a	3.2118

Sterling Class 'Z' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	n/a	n/a	n/a	3.4437

21 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used.

Investment objective

The fund has two aims:

- To deliver a higher total return (the combination of income and growth of capital), net of the ongoing charges figure, than that of the MSCI ACWI Index over any five-year period and;
- To deliver an income stream that increases every year in sterling terms.

Investment policy

At least 80% of the fund is invested in publicly-listed equity securities issued by infrastructure companies, investment trusts and real estate investment trusts across any market capitalisation that are domiciled in any country. The minimum 80% allocation may include ordinary shares, preference shares and convertible bonds (the fund may hold up to a maximum of 20% in convertibles bonds). Infrastructure companies include those involved in the following business activities: utilities, energy, transport, health, education, security, communications and transactions. The fund is expected to exhibit lower volatility and offer a higher dividend yield than the MSCI ACWI Index which is consistent with the characteristics of infrastructure securities. The fund usually holds fewer than 50 companies.

The fund manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The fund manager believes rising dividends create upward pressure on the value of shares.

Sustainability considerations play an important role in assessing business models. Companies that derive more than 30% of their revenue from coal-fired and nuclear power are excluded from the investment universe. Industries including tobacco, alcohol, adult entertainment, gambling, and controversial weapons

are also excluded. United Nations Global Compact principles on human rights, labour, environmental and anti-corruption are also considered in the analysis of companies.

The fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities and warrants. Derivatives may be used for hedging and efficient portfolio management.

Investment approach

The fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a portfolio with exposure to a broad range of countries and sectors. Stocks with different drivers of dividend growth are selected to construct a portfolio that has the potential to cope in a variety of market conditions.

Sustainability considerations encompassing Environmental, Social and Governance issues are fully integrated into the investment process with a focus on risks specific to infrastructure companies. The monitoring of these risks involves regular engagement with company management.

Benchmark

MSCI ACWI Index.

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

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

Authorised Corporate Director's Report

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. For details of the risk management policies, please refer to pages 13 to 15.

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



The above number:

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

Investment review

For the year ended 31 March 2024

Performance against objective

Between 1 April 2023 (the start of the review period) and 31 March 2024, the M&G Global Listed Infrastructure Fund posted mixed returns (the combination of income and growth of capital) across its share classes and underperformed its benchmark, the MSCI ACWI Index, which returned 21.2% in sterling. The fund's Sterling 'I' share class returned -0.1% over the same period. The fund's success in meeting its objective over this timeframe was mixed. The fund fell short on the objective of outperforming the MSCI ACWI Index, but delivered on its income objective of increasing the income stream in sterling.

Over five years, the fund delivered positive total returns, albeit behind the MSCI ACWI Index, which returned 12.1% pa in sterling. Distributions increased in each financial year with the exception of the year ended 31 March 2022, when the distribution was lower than the previous year. Consequently, the fund did not meet its objectives over this longer timeframe.

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

Performance review

Global stocks rallied in the year under review, fuelled by gains for US technology giants, such as NVIDIA and Microsoft. These shares surged because of optimism about the potential for artificial intelligence (AI). Still, the so-called 'Magnificent Seven' splintered towards the end of the period, with Apple and Tesla, in particular, suffering declines. The technology gains meant that the US was a star market in the review period. Japan also outperformed, with the Nikkei surpassing its previous peak, set in 1989. Europe lagged, with the UK underperforming Germany and France in sterling terms. Emerging markets and Asia ex-Japan were both held back by weakness in China.

The AI excitement meant that information technology was the best performing sector in the MSCI ACWI index during the review period, however, the industry is outside of the fund's remit. Communications services and financials also outperformed. Consumer staples was the biggest laggard as inflation squeezed shoppers' purchasing power. Utilities and real estate were also underperformers, partly because high interest rates dented profit expectations. This was a significant headwind for listed infrastructure strategies.

Against this backdrop, the fund underperformed the MSCI ACWI Index, with utilities and real estate being the biggest detractors at the sector level. The lack of exposure to technology also weighed on returns. The fund benefited from not owning stocks in consumer staples, healthcare and consumer discretionary.

At the stock level, NextEra Energy Partners was the biggest drag on the fund's relative performance. Shares

Authorised Corporate Director's Report

of the renewable energy provider tumbled after the company lowered its distributions growth target because of high interest rates. Telecom tower owner Crown Castle International was a detractor amid declines for revenue and net income. Wind-turbine operator Ørsted also weighed on returns partly due to a writedown caused by the abandonment of two offshore wind farms in the US. Positions in green-energy provider AES and gold company Franco-Nevada also dented relative performance, along with a lack of exposure to chipmaker NVIDIA.

The fund benefited from not holding Apple, Tesla and Tencent, three once-high flying technology-related stocks. An overweight position in ONEOK boosted performance as the natural gas company expanded its operations, raised its dividends and announced a share buyback. PrairieSky Royalty was similarly beneficial, aided by a higher dividend and an increase in royalty-generating oil production. Ferrovial was another boost to active returns, partly because of higher revenues from North American highways. The construction company also plans to list shares in the US to broaden its investor base.

Investment activities

The fund took advantage of attractive entry points for infrastructure businesses generating reliable and growing cashflows in the period. Still, it mainly pursues a low turnover, buy-and-hold strategy.

We entered into a position in Japanese port operator Kamigumi in June, our first investment in the country. The position was exited in January following a review of ESG-related exclusions rules in the fund prospectus, particularly with regards to changes in sustainability regulations.

In August, we initiated a holding in Getlink, the owner and operator of the Eurotunnel. The following month, we opened a position in oil pipeline operator Enbridge, taking advantage of a dip in its share partly caused by new issuance for acquisitions.

Our exits during the year include Hong Kong subway operator MTR and Brazilian toll road company CCR. We also sold our holdings in Singaporean fibre-optic

network operator NetLink because of slow dividend growth. In November, we divested US railroad Union Pacific, partly to fund investment in another US rail company, CSX.

Outlook

Despite the recent challenging backdrop for listed infrastructure, we remain highly enthused by the opportunities in the asset class. The combination of decarbonisation, digitalisation and demographics are driving structural changes that can only be met with significant investment in real assets.

The market has been focused on the undeniably strong earnings power in US technology; but achieving the potential productivity gains these companies promise can only be harnessed with sustainable energy sources, secure supply chains, state of the art data centres and communications networks.

Recent activity in the private infrastructure space has helped to cement our view that this asset class will continue to attract capital. The unceasing drive towards electrification of the economy, re-shoring and enhanced resource security, as well as demographic change with urban migration, along with the need for real income growth – lead us to believe that listed infrastructure has a bright future.

Our companies are broadly delivering as we would have hoped; growing their earnings and dividends whilst continuing to invest in future growth. The valuations we feel do not fully reflect that execution and delivery. We continue to believe that listed infrastructure can continue to offer compounding income growth with economic resilience and inflation protection.

Alex Araujo

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Equities	501,141	99.13	98.90
United Kingdom	63,155	12.49	12.48
13,998,451 HICL Infrastructure	17,638	3.49	
12,860,721 Home ^a	1,826	0.36	
941,291 National Grid	10,030	1.98	
14,925,435 SDCL Energy Efficiency Income Trust	8,821	1.75	
1,930,291 Segro	17,446	3.45	
756,049 Unite	7,394	1.46	
Belgium	7,355	1.46	1.06
86,033 Elia	7,355	1.46	
Denmark	0	0.00	2.59
France	24,550	4.86	2.47
896,527 Getlink	12,095	2.39	
122,731 Vinci	12,455	2.47	
Germany	9,992	1.98	3.55
907,407 E.ON	9,992	1.98	
Guernsey	17,358	3.43	2.45
13,998,327 International Public Partnerships	17,358	3.43	
Italy	32,508	6.43	9.63
5,365,170 A2A	7,665	1.52	
2,387,881 Enel	12,492	2.47	
1,372,014 Infrastrutture Wireless Italiane	12,351	2.44	
Spain	9,755	1.93	1.99
311,078 Ferrovial	9,755	1.93	
Switzerland	7,414	1.47	1.02
41,270 Flughafen Zurich	7,414	1.47	
United States	218,864	43.29	39.29
1,303,280 AES	18,488	3.66	
198,659 Alexandria Real Estate Equities REIT	20,269	4.01	
95,557 American Tower REIT	14,941	2.96	
106,686 American Water Works	10,312	2.04	
56,067 Atmos Energy	5,272	1.04	
29,004 CME	4,941	0.98	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Equities (continued)			
United States (continued)			
237,241 Crown Castle International REIT	19,860	3.93	
342,833 CSX	10,055	1.99	
222,894 Edison International	12,471	2.47	
23,181 Equinix	15,143	2.99	
275,050 Eversource Energy	13,007	2.57	
430,063 Exelon	12,784	2.53	
13,479 MasterCard	5,132	1.01	
252,229 NextEra Energy	12,751	2.52	
563,086 NextEra Energy Partners	13,408	2.65	
158,517 ONEOK	10,056	1.99	
33,335 Republic Services	5,050	1.00	
179,244 Semptra Energy	10,186	2.01	
21,474 Visa	4,738	0.94	
Canada	93,078	18.41	14.62
436,917 Enbridge	12,503	2.47	
190,265 Franco-Nevada	17,937	3.55	
1,247,426 Gibson Energy	16,820	3.33	
628,445 Keyera	12,790	2.53	
1,003,083 PrairieSky Royalty	15,555	3.08	
549,090 TC Energy	17,473	3.45	
Brazil	0	0.00	1.60
Australia	15,269	3.02	2.95
2,219,579 Transurban	15,269	3.02	
China	1,843	0.36	1.00
16,569,638 Xinyi Energy	1,843	0.36	
Hong Kong	0	0.00	0.98
Singapore	0	0.00	1.22
Portfolio of investments	501,141	99.13	98.90
Share class hedging	(4)	0.00	0.03
Forward currency contracts for share class hedging	(4)	0.00	0.03
AU\$(452,137) Sold for £233,823 (expires 24.04.2024)	1	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Share class hedging (continued)			
Forward currency contracts for share class hedging (continued)			
CA\$(1,988,779) Sold for £1,158,087 (expires 24.04.2024)	(2)	0.00	
CA\$(135,411) Sold for £119,689 (expires 24.04.2024)	1	0.00	
DKK(8,014) Sold for £922 (expires 24.04.2024)	0	0.00	
€(1,530,369) Sold for £1,312,773 (expires 24.04.2024)	3	0.00	
HK\$7,012 Bought for £710 (expires 24.04.2024)	0	0.00	
HK\$(287,415) Sold for £29,088 (expires 24.04.2024)	0	0.00	
US\$(4,527,159) Sold for £3,581,401 (expires 24.04.2024)	(7)	0.00	
Total portfolio	501,137	99.13	98.93
Net other assets/(liabilities)	4,403	0.87	1.07
Net assets attributable to shareholders	505,540	100.00	100.00

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

^a Suspended/delisted.

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2024

Largest purchases	£'000
AES	21,817
Getlink	15,126
Alexandria Real Estate Equities REIT	15,001
Enbridge	14,913
Crown Castle International REIT	14,798
Franco-Nevada	14,330
NextEra Energy Partners	13,919
Exelon	12,095
Kamigumi	9,649
Segro	9,548
Other purchases	158,598
Total purchases	299,794

Largest sales	£'000
Enel	17,690
Segro	17,444
Union Pacific	15,781
E.ON	15,365
Ørsted	15,110
A2A	12,402
PrairieSky Royalty	11,890
AES	11,785
Franco-Nevada	11,490
CME	11,016
Other sales	231,278
Total sales	371,251

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-0.5	+4.5	+6.9	n/a
Class 'A' Accumulation	-0.5	+4.5	+6.9	n/a
Class 'I' Income	-0.1	+4.9	+7.2	n/a
Class 'I' Accumulation	-0.1	+4.9	+7.2	n/a
Class 'I-H' Income	+1.6	+2.9	n/a	n/a
Class 'I-H' Accumulation	+1.9	+2.8	n/a	n/a
Class 'L' Income	+0.1	+5.1	+7.5	n/a
Class 'L' Accumulation	+0.1	+5.1	+7.5	n/a
Class 'PP' Income	+0.0	+5.0	n/a	n/a
Class 'PP' Accumulation	+0.0	+5.0	n/a	n/a
Class 'PP-H' Income	+1.6	+2.9	n/a	n/a
Class 'PP-H' Accumulation	+1.6	+3.0	n/a	n/a
Benchmark	+21.2	+10.7	+12.1	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	130.71	139.88	121.32
Return before operating charges	2.75	(2.86)	23.77
Operating charges	(1.85)	(1.82)	(1.42)
Return after operating charges	0.90	(4.68)	22.35
Distributions	(4.76)	(4.49)	(3.79)
Closing NAV	126.85	130.71	139.88
After direct transaction cost of	0.11	0.15	0.11
Performance			
Return after charges (%)	0.69	(3.35)	18.42
Other information			
Closing NAV (£'000)	948	1,063	1,034
Number of shares	747,716	813,556	739,098
Operating charges (%)	1.48	1.33	1.10
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	135.50	145.89	141.12
Lowest share price	112.97	124.04	122.14

Sterling Class 'A' Accumulation shares

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	155.97	161.35	135.93
Return before operating charges	3.42	(3.25)	27.03
Operating charges	(2.23)	(2.13)	(1.61)
Return after operating charges	1.19	(5.38)	25.42
Distributions	(4.09)	(3.63)	(2.68)
Retained distributions	4.09	3.63	2.68
Closing NAV	157.16	155.97	161.35
After direct transaction cost of	0.13	0.18	0.12
Performance			
Return after charges (%)	0.76	(3.33)	18.70
Other information			
Closing NAV (£'000)	2,440	2,027	1,370
Number of shares	1,552,252	1,299,273	849,375
Operating charges (%)	1.48	1.33	1.10
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	161.66	170.18	161.93
Lowest share price	137.70	145.93	136.87

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	132.78	141.56	122.27
Return before operating charges	2.80	(2.88)	24.03
Operating charges	(1.37)	(1.30)	(0.91)
Return after operating charges	1.43	(4.18)	23.12
Distributions	(4.84)	(4.60)	(3.83)
Closing NAV	129.37	132.78	141.56
After direct transaction cost of	0.11	0.16	0.11
Performance			
Return after charges (%)	1.08	(2.95)	18.91
Other information			
Closing NAV (£'000)	52,204	57,287	60,315
Number of shares	40,353,691	43,143,202	42,607,228
Operating charges (%)	1.08	0.93	0.70
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	137.66	147.87	142.82
Lowest share price	115.00	125.81	123.11

Sterling Class 'I' Accumulation shares

The share class was launched on 5 October 2017.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	158.50	163.30	137.02
Return before operating charges	3.51	(3.29)	27.32
Operating charges	(1.66)	(1.51)	(1.04)
Return after operating charges	1.85	(4.80)	26.28
Distributions	(4.78)	(4.17)	(3.30)
Retained distributions	4.78	4.17	3.30
Closing NAV	160.35	158.50	163.30
After direct transaction cost of	0.13	0.18	0.12
Performance			
Return after charges (%)	1.17	(2.94)	19.18
Other information			
Closing NAV (£'000)	290,477	334,129	283,195
Number of shares	181,157,083	210,811,371	173,420,348
Operating charges (%)	1.08	0.93	0.70
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	164.31	172.49	163.87
Lowest share price	140.22	148.00	137.96

Financial highlights

Sterling Class 'I-H' Income shares

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	97.93	109.00	97.09
Return before operating charges	3.70	(6.81)	15.67
Operating charges	(1.05)	(0.98)	(0.76)
Return after operating charges	2.65	(7.79)	14.91
Distributions	(3.60)	(3.28)	(3.00)
Closing NAV	96.98	97.93	109.00
After direct transaction cost of	0.08	0.11	0.09
Performance			
Return after charges (%)	2.71	(7.15)	15.36
Other information			
Closing NAV (£'000)	4,558	3,132	4,973
Number of shares	4,700,289	3,198,036	4,562,636
Operating charges (%)	1.11	0.96	0.73
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	102.21	110.25	109.98
Lowest share price	84.15	88.06	97.81

Sterling Class 'I-H' Accumulation shares

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	108.62	117.06	101.76
Return before operating charges	4.64	(7.40)	16.10
Operating charges	(1.18)	(1.04)	(0.80)
Return after operating charges	3.46	(8.44)	15.30
Distributions	(3.27)	(2.84)	(2.38)
Retained distributions	3.27	2.84	2.38
Closing NAV	112.08	108.62	117.06
After direct transaction cost of	0.09	0.12	0.09
Performance			
Return after charges (%)	3.19	(7.21)	15.04
Other information			
Closing NAV (£'000)	1,667	8,460	1,200
Number of shares	1,487,252	7,789,069	1,024,760
Operating charges (%)	1.11	0.96	0.73
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	113.34	118.40	117.47
Lowest share price	95.23	96.37	102.52

Financial highlights

Sterling Class 'L' Income shares

The share class was launched on 5 October 2017.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	134.42	143.08	123.33
Return before operating charges	2.83	(2.93)	24.27
Operating charges	(1.13)	(1.03)	(0.66)
Return after operating charges	1.70	(3.96)	23.61
Distributions	(4.90)	(4.70)	(3.86)
Closing NAV	131.22	134.42	143.08
After direct transaction cost of	0.11	0.16	0.11
Performance			
Return after charges (%)	1.26	(2.77)	19.14
Other information			
Closing NAV (£'000)	9,718	9,446	14,110
Number of shares	7,405,840	7,027,388	9,861,478
Operating charges (%)	0.88	0.73	0.50
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	139.38	149.57	144.35
Lowest share price	116.54	127.30	124.18

Sterling Class 'L' Accumulation shares

The share class was launched on 5 October 2017.

for the year to 31 March	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	160.49	165.04	138.21
Return before operating charges	3.57	(3.35)	27.58
Operating charges	(1.38)	(1.20)	(0.75)
Return after operating charges	2.19	(4.55)	26.83
Distributions	(5.16)	(4.67)	(3.63)
Retained distributions	5.16	4.67	3.63
Closing NAV	162.68	160.49	165.04
After direct transaction cost of	0.13	0.19	0.13
Performance			
Return after charges (%)	1.36	(2.76)	19.41
Other information			
Closing NAV (£'000)	36,140	47,249	60,169
Number of shares	22,215,646	29,441,190	36,457,874
Operating charges (%)	0.88	0.73	0.50
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	166.39	174.46	165.62
Lowest share price	142.13	149.74	139.16

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	110.02	117.07	101.02
Return before operating charges	2.32	(2.38)	19.86
Operating charges	(1.04)	(0.96)	(0.65)
Return after operating charges	1.28	(3.34)	19.21
Distributions	(4.01)	(3.71)	(3.16)
Closing NAV	107.29	110.02	117.07
After direct transaction cost of	0.09	0.13	0.09
Performance			
Return after charges (%)	1.16	(2.85)	19.02
Other information			
Closing NAV (£'000)	25,530	42,280	41,591
Number of shares	23,794,638	38,430,271	35,525,660
Operating charges (%)	0.98	0.83	0.60
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	114.07	122.34	118.11
Lowest share price	95.33	104.10	101.71

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	139.69	143.76	120.51
Return before operating charges	3.10	(2.89)	24.03
Operating charges	(1.33)	(1.18)	(0.78)
Return after operating charges	1.77	(4.07)	23.25
Distributions	(4.35)	(3.74)	(3.03)
Retained distributions	4.35	3.74	3.03
Closing NAV	141.46	139.69	143.76
After direct transaction cost of	0.12	0.16	0.11
Performance			
Return after charges (%)	1.27	(2.83)	19.29
Other information			
Closing NAV (£'000)	80,231	88,518	40,624
Number of shares	56,716,734	63,368,854	28,258,188
Operating charges (%)	0.98	0.83	0.60
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	144.81	151.91	144.27
Lowest share price	123.65	130.36	121.34

Financial highlights

Sterling Class 'PP-H' Income shares

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	97.66	108.90	97.05
Return before operating charges	3.66	(7.11)	15.50
Operating charges	(0.95)	(0.87)	(0.65)
Return after operating charges	2.71	(7.98)	14.85
Distributions	(3.59)	(3.26)	(3.00)
Closing NAV	96.78	97.66	108.90
After direct transaction cost of	0.08	0.11	0.09
Performance			
Return after charges (%)	2.77	(7.33)	15.30
Other information			
Closing NAV (£'000)	42	42	22
Number of shares	43,180	43,180	20,030
Operating charges (%)	1.01	0.86	0.63
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	101.95	110.17	109.87
Lowest share price	83.92	87.95	97.78

Sterling Class 'PP-H' Accumulation shares

The share class was launched on 24 January 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	108.43	116.52	100.90
Return before operating charges	4.20	(7.15)	16.30
Operating charges	(1.07)	(0.94)	(0.68)
Return after operating charges	3.13	(8.09)	15.62
Distributions	(3.37)	(2.83)	(2.48)
Retained distributions	3.37	2.83	2.48
Closing NAV	111.56	108.43	116.52
After direct transaction cost of	0.09	0.12	0.09
Performance			
Return after charges (%)	2.89	(6.94)	15.48
Other information			
Closing NAV (£'000)	1,585	1,464	892
Number of shares	1,420,610	1,349,726	765,785
Operating charges (%)	1.01	0.86	0.63
Direct transaction costs (%)	0.09	0.11	0.08
Prices			
Highest share price	113.17	117.86	116.94
Lowest share price	95.25	96.09	101.65

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 March	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(15,810)		(33,826)
Revenue	5	22,961		21,281	
Expenses	6	(3,611)		(3,878)	
Interest payable and similar charges		(5)		(8)	
Net revenue/(expense) before taxation		19,345		17,395	
Taxation	7	(2,297)		(2,195)	
Net revenue/(expense) after taxation			17,048		15,200
Total return before distributions			1,238		(18,626)
Distributions	8		(17,727)		(16,195)
Change in net assets attributable to shareholders from investment activities			(16,489)		(34,821)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		595,097		509,495
Amounts received on issue of shares	86,679		237,142	
Amounts paid on cancellation of shares	(173,778)		(129,225)	
		(87,099)		107,917
Dilution adjustments		274		549
Change in net assets attributable to shareholders from investment activities (see above)		(16,489)		(34,821)
Retained distributions on Accumulation shares		13,757		11,957
Closing net assets attributable to shareholders		505,540		595,097

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Balance sheet

as at 31 March	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		501,146	588,736
Current assets			
Debtors	9	2,201	2,915
Cash and bank balances	10	3,426	2,982
Cash equivalents		1,552	2,867
Total assets		508,325	597,500
Liabilities			
Investment liabilities		(9)	(5)
Creditors			
Distribution payable		(783)	(874)
Other creditors	11	(1,993)	(1,524)
Total liabilities		(2,785)	(2,403)
Net assets attributable to shareholders		505,540	595,097

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Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2024 £'000	2023 £'000
Non-derivative securities	(16,456)	(33,666)
Derivative contracts	273	(250)
Capital gains on US REIT	549	633
Currency gains/(losses)	(176)	(543)
Net capital gains/(losses)	(15,810)	(33,826)

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4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 March	2024 £'000	% of transaction	2023 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	283,167		402,944	
Commissions	86	0.03	138	0.03
Taxes	177	0.06	347	0.09
Equities after transaction costs	283,430		403,429	
Collective investment schemes				
Collective investment schemes before transaction costs	16,312		17,727	
Commissions	8	0.05	8	0.04
Taxes	44	0.27	43	0.24
Collective investment schemes after transaction costs	16,364		17,778	
Total purchases after transaction costs	299,794		421,207	
b) Sales				
Equities				
Equities before transaction costs	365,768		293,395	
Commissions	(129)	0.04	(108)	0.04
Taxes	(17)	0.00	(19)	0.01
Equities after transaction costs	365,622		293,268	
Collective investment schemes				
Collective investment schemes before transaction costs	5,632		9,400	
Commissions	(3)	0.05	(5)	0.05
Collective investment schemes after transaction costs	5,629		9,395	
Total sales after transaction costs	371,251		302,663	

Financial statements and notes

	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	215	0.04	246	0.04
Collective investment schemes	11	0.00	13	0.00
Total commissions paid	226	0.04	259	0.04
Taxes paid				
Equities	194	0.04	366	0.06
Collective investment schemes	44	0.01	43	0.01
Total taxes paid	238	0.05	409	0.07
Total direct portfolio transaction costs	464	0.09	668	0.11
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.14		0.15

5 Revenue

for the year to 31 March	2024 £'000	2023 £'000
Bank interest	18	7
Distributions from collective investment schemes: non-taxable	313	0
Distributions from collective investment schemes: taxable	715	0
Dividends from equity investments: non-taxable	17,684	18,111
Dividends from equity investments: taxable	682	722
Interest distributions	119	65
Property distribution: non-taxable	0	605
Property distribution: taxable	3,430	1,771
Rebate of ongoing charges from underlying funds	1	2
Share class hedging revenue	(1)	(2)
Total revenue	22,961	21,281

6 Expenses

for the year to 31 March	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	3,611	3,878
Total expenses	3,611	3,878

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

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7 Taxation

for the year to 31 March	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	2,276	2,098
Deferred tax (note 7c)	0	0
Tax on US REITs	21	97
Total taxation	2,297	2,195
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	19,345	17,395
Corporation tax at 20%	3,869	3,479
Effects of:		
Dividends from equity investments: non-taxable	(3,599)	(3,743)
Capital income subject to taxation	28	129
Current year expenses not utilised	(375)	207
Withholding tax	2,276	2,098
Withholding tax expensed	(84)	(72)
Tax on US REITs	21	97
Prior year adjustment to expenses not utilised	161	0
Total tax charge (note 7a)	2,297	2,195
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £550,000 (2023: £925,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 Distributions

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

for the year to 31 March	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Dividend distributions				
First interim	1,365	4,789	1,699	3,994
Second interim	1,011	3,415	1,240	2,690
Third interim	727	2,760	857	2,449
Final	783	2,793	874	2,824
Total net distributions		17,643		16,627
Income deducted on cancellation of shares		327		224
Income received on issue of shares		(243)		(656)
Distributions		17,727		16,195
Net revenue/(expense) per statement of total return		17,048		15,200
Expenses offset against capital		658		898
Capital gains tax offset against capital		21		97
Distributions		17,727		16,195

9 Debtors

as at 31 March	2024 £'000	2023 £'000
Amounts receivable on issues of shares	282	769
Currency deals outstanding	0	203
Distributions receivable	9	8
Dividends receivable	1,504	1,606
Sales awaiting settlement	213	0
Withholding tax recoverable	193	329
Total debtors	2,201	2,915

10 Cash and bank balances

as at 31 March	2024 £'000	2023 £'000
Cash held as bank balances	3,426	2,982
Total cash and bank balances	3,426	2,982

Financial statements and notes

11 Other creditors

as at 31 March	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	651	707
Annual charge payable	90	113
Currency deals outstanding	0	204
Purchases awaiting settlement	1,252	500
Total other creditors	1,993	1,524

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A' Income	813,556	147,245	(213,085)	0	747,716
Class 'A' Accumulation	1,299,273	499,692	(246,713)	0	1,552,252
Class 'I' Income	43,143,202	5,070,615	(7,860,126)	0	40,353,691
Class 'I' Accumulation	210,811,371	21,939,083	(51,593,371)	0	181,157,083
Class 'I-H' Income	3,198,036	1,889,782	(387,529)	0	4,700,289
Class 'I-H' Accumulation	7,789,069	6,491,765	(12,793,582)	0	1,487,252
Class 'L' Income	7,027,388	2,440,844	(2,062,392)	0	7,405,840
Class 'L' Accumulation	29,441,190	6,071,799	(13,297,343)	0	22,215,646
Class 'PP' Income	38,430,271	6,854,243	(21,489,876)	0	23,794,638
Class 'PP' Accumulation	63,368,854	12,024,259	(18,676,379)	0	56,716,734
Class 'PP-H' Income	43,180	0	0	0	43,180
Class 'PP-H' Accumulation	1,349,726	249,012	(178,128)	0	1,420,610

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

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14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'I-H'	0.73
Class 'L'	0.50
Class 'PP'	0.60
Class 'PP-H'	0.63

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 2.43% (2023: 2.07%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

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Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	499,315	0	583,673	0
Level 2	5	(9)	169	(5)
Level 3	1,826	0	4,894	0
	501,146	(9)	588,736	(5)

Level 3 assets comprise solely of Home (2023: Home) which is held at a discount to estimated NAV.

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £25,057,000 (2023: £29,437,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by £20,810,000 (2023: £24,614,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2024 £'000	2023 £'000
Currency exposure		
Australian dollar	15,036	17,165
Brazilian real	0	9,337
Canadian dollar	75,096	66,260
Danish krone	58	15,168
Euro	83,645	109,595
Hong Kong dollar	1,815	11,553
Singapore dollar	0	7,097
Sterling	89,325	102,812
Swiss franc	7,525	5,910
US dollar	233,040	250,200
Total	505,540	595,097

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20 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on pages 135 to 136.

21 Dividend distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.04.23	30.06.23	03.07.23	31.08.23
Second interim	01.07.23	30.09.23	02.10.23	30.11.23
Third interim	01.10.23	31.12.23	02.01.24	29.02.24
Final	01.01.24	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.1059	0.4312	1.5371	1.5137
Second interim	0.5951	0.5380	1.1331	1.0587
Third interim	0.6968	0.3194	1.0162	0.9186
Final	0.7493	0.3194	1.0687	1.0003

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Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.7787	0.6242	1.4029	1.3171
Second interim	0.8018	0.1507	0.9525	0.7705
Third interim	0.5388	0.2981	0.8369	0.7776
Final	0.7430	0.1584	0.9014	0.7645

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.9945	0.5678	1.5623	1.5327
Second interim	0.7443	0.4087	1.1530	1.0730
Third interim	0.7360	0.2990	1.0350	0.9559
Final	0.6121	0.4775	1.0896	1.0336

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.9741	0.6117	1.5858	1.4916
Second interim	0.7668	0.3566	1.1234	0.9518
Third interim	0.8082	0.1934	1.0016	0.8101
Final	0.7621	0.3100	1.0721	0.9165

Sterling Class 'I-H' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.5188	0.6431	1.1619	1.1351
Second interim	0.3612	0.4910	0.8522	0.7483
Third interim	0.7200	0.0472	0.7672	0.6428
Final	0.4291	0.3854	0.8145	0.7500

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Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.5161	0.5691	1.0852	1.0198
Second interim	0.4133	0.3504	0.7637	0.6105
Third interim	0.6358	0.0450	0.6808	0.5966
Final	0.6233	0.1164	0.7397	0.6090

Sterling Class 'L' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.4339	1.1481	1.5820	1.5496
Second interim	0.6089	0.5593	1.1682	1.0855
Third interim	0.6544	0.3948	1.0492	0.9940
Final	0.5531	0.5520	1.1051	1.0681

Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.9063	0.7805	1.6868	1.5878
Second interim	0.5329	0.6835	1.2164	1.0492
Third interim	0.8959	0.1951	1.0910	0.9935
Final	0.8001	0.3650	1.1651	1.0421

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.8683	0.4263	1.2946	1.2677
Second interim	0.6900	0.2657	0.9557	0.8878
Third interim	0.6186	0.2390	0.8576	0.7253
Final	0.5628	0.3408	0.9036	0.8340

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Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.0241	0.4089	1.4330	1.3480
Second interim	0.7379	0.2865	1.0244	0.8760
Third interim	0.7524	0.1636	0.9160	0.6928
Final	0.6618	0.3177	0.9795	0.8188

Sterling Class 'PP-H' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.1582	0.0000	1.1582	1.1334
Second interim	0.8499	0.0000	0.8499	0.7468
Third interim	0.7652	0.0000	0.7652	0.6502
Final	0.8128	0.0000	0.8128	0.7327

Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.6718	0.4409	1.1127	1.0435
Second interim	0.4834	0.3067	0.7901	0.6360
Third interim	0.4370	0.2693	0.7063	0.5281
Final	0.5856	0.1765	0.7621	0.6257

22 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the MSCI ACWI Index over any five-year period; and
- To invest in companies that aim to have a positive societal impact through addressing the world's major social and environmental challenges.

Investment policy

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

Assessment and measurement of the ability to deliver positive social and/or environmental impact and generate financial returns will be conducted at a company level using M&G's impact assessment methodology. This focuses on three criteria:

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

Certain investments which are considered by M&G to conflict with the fund's aim to invest in companies with a positive societal impact are excluded from the investment universe. The following are excluded:

- Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption; and
- Companies involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, oil sands, nuclear power or coal-fired power, or the provision of gambling services.

The fund manager has discretion to invest in companies with limited exposure to fossil fuels but which are driving or significantly participating in the transition to a more sustainable economy.

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund is a concentrated portfolio of global stocks, investing over the long term in companies that make a positive social and/or environmental impact alongside a financial return, using a disciplined stock selection process. Sustainability and impact considerations are fundamental in determining the fund's investment universe and assessing business models. The fund embraces the United Nations Sustainable Development Goals framework and invests in companies focused on areas including climate action, pollution reduction, circular economy, health and wellbeing, education and innovation, and working conditions.

The fund invests in three categories of positive impact companies:

- 'Pioneers', whose products or services have a transformational effect on society or the environment;
- 'Enablers', which provide the tools for others to deliver positive social or environmental impact; and

Authorised Corporate Director's Report

- 'Leaders', which spearhead the development of sustainability in their industries.

Investing in these categories provides diversification across industries and maturity of business models.

Dialogue with the companies in which the fund invests is fundamental to the investment approach. The objective is to support and influence their contribution to the world's major social and environmental challenges.

Benchmark

MSCI ACWI Index.

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

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

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

An annual report is published to provide an assessment of the positive, societal and environmental impact of each holding in the fund.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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 year ended 31 March 2024

Performance against objective

Between 1 April 2023 (the start of the review period) and 31 March 2024, the M&G Positive Impact Fund delivered a positive total return (the combination of income and growth of capital) across all of its sterling share classes. However, the fund underperformed its benchmark the MSCI ACWI Index which returned 21.2% over the same period.

Over five years, the fund has underperformed its benchmark, which returned 12.1%. It therefore has not met its financial objective which is to provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the MSCI ACWI Index over any five-year period.

For more information about the fund's non-financial objective – to invest in companies that aim to have a positive societal impact through addressing the world's major social and environmental challenges – please see the fund's 2022 Annual Impact Report on the M&G website.

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

Performance review

Global equity markets generally performed strongly in the period under review. This was due to a combination of factors, including economic growth, signs of easing inflation and hopes of impending interest rate cuts.

Fears that interest rates would remain higher for longer in the autumn and ongoing geopolitical issues all triggered dips in market performance during the course of the period. However, share prices jumped in December after the US Federal Reserve indicated that rate cuts were likely in 2024.

The tech sector played a crucial role in buoying equity markets. In 2023, the 'Magnificent Seven' mega cap tech stocks delivered exponential returns, largely due to excitement about artificial intelligence (AI). Some of the

big tech names continued to perform well into the first quarter of 2024: NVIDIA's shares soared in February after the company released an exceptional earnings report, further stoking investor enthusiasm about AI.

Stock selection in technology proved particularly detrimental to relative performance. To a lesser extent, stockpicking in healthcare and utilities also hurt relative returns. The fund's overweight to healthcare had a further negative impact on relative performance. In contrast, the fund's lack of exposure to consumer staples boosted relative returns, as did stockpicking in materials.

Key detractors from relative performance included SolarEdge Technologies, HDFC Bank and onsemi. SolarEdge's poor share price performance over the period reflects a beleaguered solar market. High interest rates (dampening demand for solar projects) and reduced incentives in California have dented the solar industry.

The top contributors to relative performance were Bank of Georgia, Horiba and Novo Nordisk. Novo Nordisk has become one of Europe's most valuable companies following exponential demand for its weight-loss drug, Wegovy and diabetes medication, Ozempic.

Investment activities

During the reporting period, we took out positions in Bank Rakyat Indonesia and Autodesk. Bank Rakyat Indonesia facilitates social inclusion by providing microlending services to underserved communities. Autodesk, a 3D designs and engineering software company, helps its users make better-informed decisions by creating, visualising and simulating object designs before they are applied. We also sold our entire position in Rockwool during the period; this was a result of its deteriorating fundamentals and our wavering belief in the long-term strength of its business model.

ESG engagements

We met Danish pharmaceutical company ALK-Abelló to ensure it was on track to have its near-term climate goals validated by the Science Based Targets initiative (SBTi). We suggested that the business disclose its strategy for achieving these targets and that variable

Authorised Corporate Director's Report

remuneration be tied into milestones. The company confirmed that it was at the last stage of the finalisation process for its 2030 target; this will then need approval from the board before being submitted to the SBTi. The company is seeking to simplify its non-financial remuneration KPIs; in doing so, it will consider embedding climate targets into this KPI framework.

We liaised with Novo Nordisk to establish whether it had appropriate processes and checks in place to prevent misuse of its weight-loss medication, Wegovy. We also sought further information on its temporary suspension from the Association of the British Pharmaceutical Industry (ABPI).

We met semiconductor manufacturer onsemi to discuss its decarbonisation plans. We urged the company to have its targets validated by the Science Based Targets initiative (SBTi). We also encouraged it to align long-term executive remuneration with these targets. We proposed that the company disclose emissions avoided through use of its products in order to demonstrate its positive impact. The company has published its Scope 3 emissions across 12 categories and is developing a climate transition plan.

Last year, we met Oxford Nanopore Technologies to verify whether it had effective policies and procedures in place to avoid misuse of its equipment, particularly in China and Tibet. In early 2024, we followed up on this meeting. We asked the company to release a public statement about where it will not sell its products and also suggested that the business provide further training to its operations staff to clearly explain why sales restrictions are in place. We believe this would lead to better enforcement.

Outlook

We are comfortable with the fund balance and have not felt a need to make major changes. The relative value of the fund now seems even clearer to us as certain parts of the market have become more stretched.

As usual, we are reluctant to make definitive comments on market direction, or which styles will work in the near term. However, we note that there has been a de-rating of the portfolio relative to the benchmark – where

certain groups of large-cap stocks are looking increasingly stretched. We believe that our positive impact companies generally offer good long-term growth prospects. We note that sentiment on many stocks in both the healthcare and renewables sectors is still muted; this should offer a better margin of safety (the difference between the current share price and what we believe to be the intrinsic value of the company) for the portfolio as a whole.

John William Olsen Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities	279,812	98.13	98.24
Containers & packaging	7,089	2.49	2.07
1,416,094 DS Smith	7,089	2.49	
Building products	14,294	5.01	7.23
218,929 Johnson Controls International	14,294	5.01	
Electrical equipment	17,280	6.06	5.20
341,078 Ceres Power	613	0.21	
73,609 Schneider Electric	16,667	5.85	
Commercial services & supplies	27,029	9.48	8.18
828,365 Brambles	8,722	3.06	
69,622 Republic Services	13,324	4.67	
28,755 UniFirst	4,983	1.75	
Diversified consumer services	4,904	1.72	1.39
43,302 Bright Horizons Family Solutions	4,904	1.72	
Speciality retail	6,672	2.34	2.09
126,419 eBay	6,672	2.34	
Health care equipment & supplies	8,888	3.12	3.31
35,938 Becton Dickinson	8,888	3.12	
Health care providers & services	25,624	8.99	9.69
92,690 Fresenius Medical Care	3,564	1.25	
70,636 Quest Diagnostics	9,404	3.30	
25,599 UnitedHealth	12,656	4.44	
Biotechnology	6,593	2.31	2.55
393,561 Grifols Preference Shares	2,554	0.89	
1,436,925 PureTech Health	4,039	1.42	
Pharmaceuticals	30,200	10.59	9.70
464,594 ALK-Abelló	8,315	2.92	
171,025 Novo Nordisk	21,885	7.67	
Life sciences tools & services	27,272	9.56	10.80
59,891 Agilent Technologies	8,709	3.05	
28,244 Illumina	3,876	1.36	
898,466 Oxford Nanopore Technologies	1,379	0.48	
22,920 Thermo Fisher Scientific	13,308	4.67	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities (continued)			
Banks	32,415	11.37	8.78
235,257 Bank of Georgia	15,008	5.26	
15,212,500 Bank Rakyat Indonesia	5,805	2.04	
207,291 HDFC Bank ADR	11,602	4.07	
Insurance	4,746	1.66	1.74
94,742 AMERISAFE	4,746	1.66	
Software	19,514	6.84	3.76
30,660 Ansys	10,628	3.73	
34,127 Autodesk	8,886	3.11	
Electronic equipment, instruments & components	15,685	5.50	4.44
111,300 Horiba	11,789	4.13	
43,031 IPG Photonics	3,896	1.37	
Semiconductors & semiconductor equipment	15,819	5.55	10.60
176,314 onsemi	12,966	4.55	
40,189 SolarEdge Technologies	2,853	1.00	
Diversified telecommunication services	3,611	1.27	1.50
3,041,073 Helios Towers	3,611	1.27	
Wireless telecommunication services	2,903	1.02	1.13
21,981,632 Safaricom	2,903	1.02	
Electric utilities	6,900	2.42	2.77
123,804 Ørsted	6,900	2.42	
Real estate management & development	2,374	0.83	1.31
179,900 KATITAS	2,374	0.83	
Total portfolio	279,812	98.13	98.24
Net other assets/(liabilities)	5,330	1.87	1.76
Net assets attributable to shareholders	285,142	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2024

Largest purchases	\$'000
Autodesk	7,680
Bank Rakyat Indonesia	5,911
Novo Nordisk	2,879
Ørsted	2,777
onsemi	2,296
Schneider Electric	2,027
Bank of Georgia	1,959
Johnson Controls International	1,910
Thermo Fisher Scientific	1,854
HDFC Bank ADR	1,842
Other purchases	22,272
Total purchases	53,407

Largest sales	\$'000
Novo Nordisk	7,613
Rockwool	5,884
Bank of Georgia	3,553
onsemi	2,877
SolarEdge Technologies	1,725
UnitedHealth	1,367
HDFC Bank ADR	1,315
Schneider Electric	1,284
Johnson Controls International	1,198
Thermo Fisher Scientific	1,145
Other sales	13,522
Total sales	41,483

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+5.3	+3.3	+9.2	n/a
Class 'A' Accumulation	+5.3	+3.3	+9.2	n/a
Class 'I' Income	+5.7	+3.7	+9.7	n/a
Class 'I' Accumulation	+5.7	+3.7	+9.7	n/a
Class 'L' Income	+5.9	+3.9	+9.9	n/a
Class 'L' Accumulation	+5.9	+3.9	+9.9	n/a
Class 'PP' Income	+5.8	+3.8	n/a	n/a
Class 'PP' Accumulation	+5.8	+3.8	n/a	n/a
Class 'R' Income	+5.4	+3.5	+9.4	n/a
Class 'R' Accumulation	+5.4	+3.5	+9.4	n/a
Benchmark	+21.2	+10.7	+12.1	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	146.07	147.12	143.11
Return before operating charges	10.21	2.68	7.32
Operating charges	(1.56)	(1.59)	(1.66)
Return after operating charges	8.65	1.09	5.66
Distributions	(2.37)	(2.14)	(1.65)
Closing NAV	152.35	146.07	147.12
After direct transaction cost of	0.04	0.03	0.07
Performance			
Return after charges (%)	5.92	0.74	3.95
Other information			
Closing NAV (\$'000)	2,395	2,389	2,560
Number of shares	1,246,199	1,321,314	1,325,887
Operating charges (%)	1.10	1.10	1.10
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	154.14	156.49	163.15
Lowest share price	128.43	128.87	134.30

Sterling Class 'A' Accumulation shares

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	154.35	153.21	147.38
Return before operating charges	10.76	2.79	7.52
Operating charges	(1.64)	(1.65)	(1.69)
Return after operating charges	9.12	1.14	5.83
Distributions	(0.87)	(0.55)	0.00
Retained distributions	0.87	0.55	0.00
Closing NAV	163.47	154.35	153.21
After direct transaction cost of	0.04	0.03	0.07
Performance			
Return after charges (%)	5.91	0.74	3.96
Other information			
Closing NAV (\$'000)	1,461	1,185	793
Number of shares	708,773	620,500	394,087
Operating charges (%)	1.10	1.10	1.10
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	162.86	162.98	168.02
Lowest share price	135.70	134.21	138.31

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	149.24	149.71	145.03
Return before operating charges	10.48	2.74	7.42
Operating charges	(1.01)	(1.03)	(1.07)
Return after operating charges	9.47	1.71	6.35
Distributions	(2.43)	(2.18)	(1.67)
Closing NAV	156.28	149.24	149.71
After direct transaction cost of	0.04	0.03	0.07
Performance			
Return after charges (%)	6.35	1.14	4.38
Other information			
Closing NAV (\$'000)	15,905	17,310	17,150
Number of shares	8,068,870	9,372,344	8,727,773
Operating charges (%)	0.70	0.70	0.70
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	158.12	159.81	165.81
Lowest share price	131.53	131.25	136.61

Sterling Class 'I' Accumulation shares

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	157.69	155.90	149.37
Return before operating charges	11.05	2.86	7.63
Operating charges	(1.07)	(1.07)	(1.10)
Return after operating charges	9.98	1.79	6.53
Distributions	(1.50)	(1.23)	(0.58)
Retained distributions	1.50	1.23	0.58
Closing NAV	167.67	157.69	155.90
After direct transaction cost of	0.04	0.03	0.08
Performance			
Return after charges (%)	6.33	1.15	4.37
Other information			
Closing NAV (\$'000)	121,545	110,240	108,737
Number of shares	57,474,523	56,490,188	53,140,180
Operating charges (%)	0.70	0.70	0.70
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	167.05	166.43	170.75
Lowest share price	138.96	136.68	140.68

Financial highlights

Sterling Class 'L' Income shares

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	150.73	150.90	145.89
Return before operating charges	10.60	2.77	7.46
Operating charges	(0.73)	(0.74)	(0.77)
Return after operating charges	9.87	2.03	6.69
Distributions	(2.45)	(2.20)	(1.68)
Closing NAV	158.15	150.73	150.90
After direct transaction cost of	0.04	0.03	0.07
Performance			
Return after charges (%)	6.55	1.35	4.59
Other information			
Closing NAV (\$'000)	86,576	91,939	98,097
Number of shares	43,402,992	49,288,469	49,529,314
Operating charges (%)	0.50	0.50	0.50
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	160.01	161.36	167.02
Lowest share price	133.00	132.35	137.66

Sterling Class 'L' Accumulation shares

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	159.25	157.12	150.24
Return before operating charges	11.17	2.92	7.67
Operating charges	(0.76)	(0.79)	(0.79)
Return after operating charges	10.41	2.13	6.88
Distributions	(1.82)	(1.54)	(0.91)
Retained distributions	1.82	1.54	0.91
Closing NAV	169.66	159.25	157.12
After direct transaction cost of	0.04	0.03	0.08
Performance			
Return after charges (%)	6.54	1.36	4.58
Other information			
Closing NAV (\$'000)	34,014	9,306	30,142
Number of shares	15,895,410	4,722,010	14,616,038
Operating charges (%)	0.50	0.50	0.50
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	169.03	168.03	171.99
Lowest share price	140.50	137.81	141.76

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	129.20	129.47	125.31
Return before operating charges	9.08	2.37	6.40
Operating charges	(0.75)	(0.75)	(0.79)
Return after operating charges	8.33	1.62	5.61
Distributions	(2.10)	(1.89)	(1.45)
Closing NAV	135.43	129.20	129.47
After direct transaction cost of	0.03	0.02	0.06
Performance			
Return after charges (%)	6.45	1.25	4.48
Other information			
Closing NAV (\$'000)	964	890	30
Number of shares	564,494	556,614	17,550
Operating charges (%)	0.60	0.60	0.60
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	137.02	138.33	143.35
Lowest share price	113.93	113.54	118.13

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	146.19	144.38	138.19
Return before operating charges	10.26	2.66	7.04
Operating charges	(0.85)	(0.85)	(0.85)
Return after operating charges	9.41	1.81	6.19
Distributions	(1.53)	(1.28)	(0.68)
Retained distributions	1.53	1.28	0.68
Closing NAV	155.60	146.19	144.38
After direct transaction cost of	0.04	0.02	0.07
Performance			
Return after charges (%)	6.44	1.25	4.48
Other information			
Closing NAV (\$'000)	17,616	16,502	11,869
Number of shares	8,976,246	9,121,190	6,262,820
Operating charges (%)	0.60	0.60	0.60
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	155.02	154.27	158.10
Lowest share price	128.90	126.62	130.28

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	147.61	148.45	144.18
Return before operating charges	10.34	2.71	7.38
Operating charges	(1.36)	(1.39)	(1.45)
Return after operating charges	8.98	1.32	5.93
Distributions	(2.40)	(2.16)	(1.66)
Closing NAV	154.19	147.61	148.45
After direct transaction cost of	0.04	0.03	0.07
Performance			
Return after charges (%)	6.08	0.89	4.11
Other information			
Closing NAV (\$'000)	635	586	601
Number of shares	326,604	320,935	308,650
Operating charges (%)	0.95	0.95	0.95
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	156.01	158.12	164.55
Lowest share price	129.91	130.08	135.50

Sterling Class 'R' Accumulation shares

The share class was launched on 20 November 2018.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	155.98	154.59	148.50
Return before operating charges	10.91	2.83	7.57
Operating charges	(1.44)	(1.44)	(1.48)
Return after operating charges	9.47	1.39	6.09
Distributions	(1.10)	(0.85)	(0.16)
Retained distributions	1.10	0.85	0.16
Closing NAV	165.45	155.98	154.59
After direct transaction cost of	0.04	0.03	0.08
Performance			
Return after charges (%)	6.07	0.90	4.10
Other information			
Closing NAV (\$'000)	4,031	4,125	3,974
Number of shares	1,931,826	2,136,846	1,958,376
Operating charges (%)	0.95	0.95	0.95
Direct transaction costs (%)	0.02	0.02	0.05
Prices			
Highest share price	164.83	164.67	169.47
Lowest share price	137.25	135.47	139.54

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 March	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		17,867		(15,511)
Revenue	5	4,761		4,054	
Expenses	6	(1,595)		(1,490)	
Interest payable and similar charges		(3)		(2)	
Net revenue/(expense) before taxation		3,163		2,562	
Taxation	7	(391)		(380)	
Net revenue/(expense) after taxation			2,772		2,182
Total return before distributions			20,639		(13,329)
Distributions	8		(3,349)		(2,780)
Change in net assets attributable to shareholders from investment activities			17,290		(16,109)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		254,472		273,953
Amounts received on issue of shares	63,440		44,994	
Amounts paid on cancellation of shares	(51,838)		(49,576)	
		11,602		(4,582)
Dilution adjustments		120		92
Change in net assets attributable to shareholders from investment activities (see above)		17,290		(16,109)
Retained distributions on Accumulation shares		1,658		1,118
Closing net assets attributable to shareholders		285,142		254,472

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		279,812	249,999
Current assets			
Debtors	9	587	1,125
Cash and bank balances	10	6,476	5,648
Total assets		286,875	256,772
Liabilities			
Creditors			
Distribution payable		(1,653)	(1,652)
Other creditors	11	(80)	(648)
Total liabilities		(1,733)	(2,300)
Net assets attributable to shareholders		285,142	254,472

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2024 \$'000	2023 \$'000
Non-derivative securities	17,890	(15,406)
Currency gains/(losses)	(23)	(105)
Net capital gains/(losses)	17,867	(15,511)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 March	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	53,357		28,902	
Commissions	17	0.03	8	0.03
Taxes	33	0.06	22	0.08
Total purchases after transaction costs	53,407		28,932	
b) Sales				
Equities				
Equities before transaction costs	41,498		31,635	
Commissions	(13)	0.03	(10)	0.03
Taxes	(2)	0.00	(2)	0.01
Total sales after transaction costs	41,483		31,623	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	30	0.01	18	0.01
Taxes paid				
Equities	35	0.01	24	0.01
Total direct portfolio transaction costs	65	0.02	42	0.02
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.13		0.12

5 Revenue

for the year to 31 March	2024 \$'000	2023 \$'000
Bank interest	98	56
Dividends from equity investments: non-taxable	4,663	3,998
Total revenue	4,761	4,054

Financial statements and notes

6 Expenses

for the year to 31 March	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	1,595	1,490
Total expenses	1,595	1,490

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	391	380
Deferred tax (note 7c)	0	0
Total taxation	391	380
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	3,163	2,562
Corporation tax at 20%	633	512
Effects of:		
Dividends from equity investments: non-taxable	(933)	(799)
Current year expenses not utilised	300	287
Withholding tax	391	380
Total tax charge (note 7a)	391	380
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of \$1,209,000 (2023: \$909,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

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8 Distributions

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

for the year to 31 March	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	1,653	1,658	1,652	1,118
Total net distributions		3,311		2,770
Income deducted on cancellation of shares		402		205
Income received on issue of shares		(364)		(195)
Distributions		3,349		2,780
Net revenue/(expense) per statement of total return		2,772		2,182
Expenses offset against capital		577		598
Distributions		3,349		2,780

9 Debtors

as at 31 March	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	38	623
Currency deals outstanding	1	0
Dividends receivable	355	308
Withholding tax recoverable	193	194
Total debtors	587	1,125

10 Cash and bank balances

as at 31 March	2024 \$'000	2023 \$'000
Cash held as bank balances	6,476	5,648
Total cash and bank balances	6,476	5,648

11 Other creditors

as at 31 March	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	39	606
Annual charge payable	40	42
Currency deals outstanding	1	0
Total other creditors	80	648

Financial statements and notes

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A' Income	1,321,314	24,597	(99,712)	0	1,246,199
Class 'A' Accumulation	620,500	123,273	(35,000)	0	708,773
Class 'I' Income	9,372,344	1,142,304	(2,445,778)	0	8,068,870
Class 'I' Accumulation	56,490,188	9,485,509	(8,501,174)	0	57,474,523
Class 'L' Income	49,288,469	4,338,984	(10,224,461)	0	43,402,992
Class 'L' Accumulation	4,722,010	16,169,640	(4,996,240)	0	15,895,410
Class 'PP' Income	556,614	332,383	(324,503)	0	564,494
Class 'PP' Accumulation	9,121,190	993,533	(1,138,477)	0	8,976,246
Class 'R' Income	320,935	29,761	(24,092)	0	326,604
Class 'R' Accumulation	2,136,846	132,293	(337,313)	0	1,931,826

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

14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'L'	0.50
Class 'PP'	0.60
Class 'R'	0.95

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change

Financial statements and notes

in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 33.71% (2023: 34.86%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Level 1	279,812	0	249,999	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	279,812	0	249,999	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$13,991,000 (2023: \$12,500,000). A five per cent decrease would have an equal and opposite effect.

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19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$6,115,000 (2023: \$5,043,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2024 \$'000	2023 \$'000
Currency exposure		
Australian dollar	8,847	7,192
Brazilian real	0	403
Danish krone	37,414	38,031
Euro	22,798	18,107
Indonesian rupiah	5,985	0
Japanese yen	14,191	9,673
Kenyan shilling	2,981	3,006
Sterling	30,087	24,440
US dollar	162,839	153,620
Total	285,142	254,472

20 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.04.23	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Final	1.8702	0.5010	2.3712	2.1394

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Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.6303	0.2361	0.8664	0.5467

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.3889	1.0390	2.4279	2.1813

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.6765	0.8204	1.4969	1.2267

Sterling Class 'L' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.1814	1.2729	2.4543	2.2011

Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.0231	0.7984	1.8215	1.5391

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.8193	1.2836	2.1029	1.8880

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Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	0.8625	0.6672	1.5297	1.2750

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	1.1403	1.2580	2.3983	2.1604

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	0.7704	0.3317	1.1021	0.8454

21 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used.

Investment objective

The fund aims to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index (GBP hedged) over any five-year period, while applying ESG criteria and sustainability criteria.

Investment policy

At least 80% of the fund is invested directly in investment grade corporate bonds including investment grade asset-backed securities. These securities may be issued by companies that are domiciled in any country, including emerging markets. The investment grade corporate bonds may be denominated in any currency and currency exposure is typically hedged back to GBP.

The fund may also invest in:

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

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

The fund invests at least 10% of its assets into ESG themed bonds.

The fund invests in securities that meet the ESG criteria and sustainability criteria. This is achieved through the use of M&G's proprietary analysis and/or third party ESG information.

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.

References to 'assessed' above mean assessment in accordance with the ESG criteria and sustainability criteria document.

The fund maintains a higher weighted average ESG score and lower weighted average carbon Intensity than the global corporate bond market, as represented by the Bloomberg Global Aggregate Corporate Index. The composition of this index does not constrain the fund's portfolio construction.

Further information on the fund's ESG criteria and sustainability criteria can be found in the ESG criteria and sustainability criteria document as disclosed in the ESG information section below.

Derivatives may be used for investment purposes, 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.

Authorised Corporate Director's Report

Investment approach

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

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

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

Sustainability criteria are fully integrated into credit analysis and investment decisions, and play an important role in determining the investment universe and portfolio construction. Sustainability characteristics are assessed as part of the analysis of bond issuers, driving security selection through considering the ESG scores and carbon intensity of the investments made, where this is not detrimental to the pursuit of the investment objective. This process is expected to result in a portfolio positively tilted towards more sustainable issuers.

Further information can be found in the ESG criteria and sustainability criteria document.

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 Sustainable Global Corporate Bond Fund – ESG criteria and sustainability criteria' which includes the fund's exclusions approach.
- Periodic reporting that outlines the non-financial outcomes of the fund.

Benchmark

Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index (GBP hedged)

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

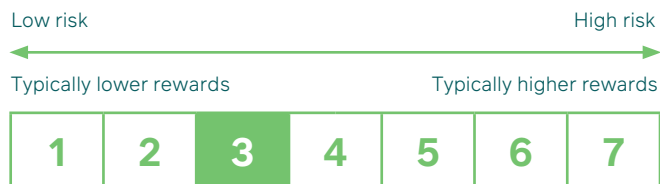
The fund is actively managed and the fund manager has freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents

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

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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.

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Investment review

For the year/period ended 31 March 2024

Performance against objective

Between 1 April 2023 and 31 March 2024 (the period under review), the M&G Sustainable Global Corporate Bond Fund delivered a positive total return (the combination of income and capital growth) across all its sterling share classes. Fund performance was behind the fund's benchmark. Over the review period, the Sterling 'I' shares returned 4.5% against 5.3% for the fund's benchmark.

The fund's benchmark is the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index.

The fund's objective is to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index over any five-year period, while applying environmental, social and governance (ESG) criteria and sustainability criteria.

The fund was launched on 18 May 2022, so it is too early to say whether it has met its objective of outperforming the benchmark over a five-year period.

Market overview

The last 12 months proved an ultimately positive period for fixed income markets, but it was not plain sailing as there were bouts of volatility throughout. Early on, central banks continued to raise interest rates at most of their meetings which was to the detriment global bond prices. Concern over rising US debt issuance was also negative for markets. The summer months proved to be less eventful for credit, with investors focusing on relatively robust data from the US economy and shrugging off concerns that interest rates will stay 'higher for longer'. Whilst the US Federal Reserve (Fed) and Bank of England both kept rates steady in September, the European Central Bank (ECB) continued to raise rates and market participants yet again pushed out their expectations for the likely timing of any rate cuts. The mood brightened later in the year as a dovish pivot from the Fed brought relief across risk assets in

November as this is seen as a positive for global rates and duration – which is a key feature of the fund. Nevertheless, the new year started on a downbeat note again as investors scaled back their interest rate cut expectations following the release of encouraging economic data in the US and a pick-up in inflation in the eurozone and UK. Even so, the optimism returned in March, as the Fed re-iterated its intention to make some interest cuts later on in the year.

Over the review period, the fund primarily held investment grade corporate bonds (79% of the fund at the end of the period), which outperformed government bonds (accounting for 7.8% of the fund). The fund favours high-quality banking and utilities companies, mainly based in the US: the largest issuers include Morgan Stanley, Metropolitan Life Global Funding, Enel Finance America and General Electric. Italian bank Intesa Sanpaolo and the UK's Nationwide building society were also among the fund's favoured holdings at the end of the review period. Banks typically perform better relative to other companies when interest rates are increasing, while utility companies are often less vulnerable to fluctuations in economic growth.

The average credit rating of bonds held by the fund was A- at the beginning of the period – this represents an 'investment-grade' rating. The fund has a small exposure to sub-investment grade debt (which is of a lower credit quality than investment grade bonds, therefore riskier).

The fund's duration (a measure of a bond's sensitivity to changes in interest rates – the longer the duration, the more sensitive it is to changes) moved between 5.8 and 6.4 years over the period. One of the key themes over the review period was to gradually increase the fund's interest rate risk exposure. The rationale behind this move was to take advantage of the repricing of the underlying risk-free rate as central banks continually raised interest rates.

The fund underperformed its benchmark over the period. Sector allocation and currency both weighed on performance. Below-benchmark exposure to the

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resilient financial services industry proved detrimental although this was partially offset by our focus on banking debt. Elsewhere, our below benchmark positions (underweights) to real estate and telecommunications also detracted, as did the underexposure to consumer goods. Conversely, the fund's above benchmark positions (overweights) in utilities and media added value. Credit selection proved beneficial, with choices in banking and technology contributing the most to relative returns. On the other hand, our exposures in insurance and retail were unfavourable.

At the issuer level, our holdings in banking group Morgan Stanley and telco AT&T proved detrimental. However, our holdings in Italian lender Intesa Sanpaolo and insurer MetLife (Metropolitan Life Global Funding) made a positive contribution.

Investment activities

The fund follows a dynamic, value-based investment approach, based on analysis of corporate bonds, issuers and macroeconomic factors and fully integrating ESG considerations. Investments are spread across issuers, industries and countries, and tilted towards more sustainable issuers.

The period under review was dominated by the outlook for interest rates. We reduced duration in early May on fresh concerns over the extent of interest rate hikes needed to tame inflation. However, it became evident that the US economy was in better shape than many investors had initially thought, so we gradually increased duration risk through buying five-year government bonds in both the US and UK market. In August, we tactically added to our inflation-linked bond position before trimming to fund the purchases of new credit issues. The ECB raised interest rates again in September but signalled that the hike may be its last. We added slightly more European rates duration in response.

In the earlier part of the review period, we reduced credit risk by furthering exposure to higher quality names in more defensive sectors. We diversified the portfolio by taking profits on some of our larger utility

names and recycling the proceeds into pharmaceutical companies. We also added to our banking overweight in May through attractively priced new issues. A theme over the summer months was to take profits from corporate bonds that had recovered well. One of our aims was to build up cash to take advantage of the primary market in September, which is typically an active month for new bond issues following the summer break. Accordingly, we bought some newly issued green bonds in environmental services company Suez and German lender Bayerische Landesbank. Green bonds are debt issued by a company where the proceeds will be specifically used for environmental or climate-related projects such as renewable energy, responsible waste management or clean transport.

In November, we participated in several ESG deals, including green bonds of German electric services company EnBW* and Italian lender UniCredit. We also took part in a new deal from the US telecoms group Charter Communications. We added exposure to a Sustainability-Linked bond issued by Imerys, the world's leading supplier of mineral-based specialty solutions. In December, we bought a sustainability bond from utility Southern Water (SW Finance) and US dollar denominated notes from waste collection business Republic Services.

The new year started with a slew of new issuance with concentration in financials, where we bought new bonds from PNC*, UBS and National Bank of Greece. We were also active in utilities, purchasing new issues from Terna* and Eversource Energy. Other new deals included a green bond from CaixaBank as well as multiple covered bond issues, an area in which we find value in this current market. In March, we took part in the new offering from Nestlé and bought new issues from lenders Crédit Agricole, Commerzbank and Banco Santander. In the secondary market, we added bonds in Canadian telecommunications company Vidéotron following analyst recommendations.

On the sales side, we started to trim our positions in US regional banks while cutting down our exposure to longer dated bonds via sales of HCA, Warner Bros Media (Warnermedia) and automotive technology

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company Aptiv. We also started to reduce exposure to European utilities, where credit metrics look weaker given high investment needs.

*Securities were bought and subsequently re-sold during the period under review.

ESG/stewardship involvement

The fund will not finance companies that do considerable harm to the environment or society, while a systematic focus is laid on issuers with adequate and sustainable ESG standards. The fund invests in securities that meet certain ESG and sustainability criteria.

As at the end of the reporting period, the fund's average MSCI ESG score was 7.0, against a benchmark of 6.9. High-scoring holdings included Yorkshire Building Society, Brambles Finance, KFW, KBC and Nationwide Building Society which all scored 10.0 for ESG.

Outlook

The dovish rhetoric from the Fed earlier in March appears to contrast with hawkish economic projections and recent disappointing inflation readings, which could prove a key hindrance for implementing widely anticipated monetary policy easing later in the year.

While close to fully invested, the fund remains light on credit risk, with a focus on shorter-dated bonds. The yields in global investment grade are now back at 5%, which we consider to be attractive given the start of the rate cutting cycle is near. Although we acknowledge that corporate bond yields are still attractive and thus well placed to absorb any further market volatility, we feel it is prudent to take a conservative stance on credit

selection. Therefore, we will maintain our focus on the more defensive sectors, such as utilities, and those that can weather periods of high interest rates, such as banks.

Ben Lord and Mario Eisenegger

Co-fund managers

Employees of M&G FA Limited which is an associate of M&G Securities Limited. Please note that effective from 5 February 2024, Mario Eisenegger appointed as co-fund manager.

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

Portfolio statement

Investments

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income	15,098	93.16	89.24
Debt securities	15,088	93.10	89.34
'AAA' credit rated bonds	646	3.99	1.45
€100,000 Commerzbank 3% 13/03/2034	86	0.53	
€100,000 Credit Agricole Home Loan SFH 3% 01/12/2030	86	0.53	
€185,000 Germany (Federal Republic of) 2.3% 15/02/2033	159	0.98	
US\$300,000 KfW 1.25% 31/01/2025	230	1.42	
€100,000 Santander 3% 12/03/2029	85	0.53	
'AA' credit rated bonds	2,804	17.30	11.10
€100,000 Banco Santander Totta 3.25% 15/02/2031	86	0.53	
€100,000 Credit Agricole Italia 3.5% 11/03/2036	88	0.54	
US\$400,000 MassMutual Global Funding II 4.5% 10/04/2026	312	1.93	
£200,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	176	1.09	
US\$150,000 Metropolitan Life Global Funding I 4.3% 25/08/2029	114	0.70	
US\$200,000 Metropolitan Life Global Funding I 5.15% 28/03/2033	158	0.98	
€100,000 NBN 4.375% 15/03/2033	92	0.57	
US\$200,000 NBN 5.75% 06/10/2028	163	1.01	
£120,000 Nestle Capital 4.5% 22/03/2029	120	0.74	
US\$200,000 New York Life Global Funding 4.9% 13/06/2028	158	0.97	
US\$200,000 Roche 1.93% 13/12/2028	139	0.86	
€100,000 Siemens Financieringsmaatschappij 3.625% 22/02/2044	86	0.53	
£480,000 UK Treasury 0.625% 22/10/2050	200	1.23	
US\$540,000 US Treasury 1.125% 15/08/2040	264	1.63	
US\$600,200 US Treasury 1.25% 15/05/2050	243	1.50	
US\$380,500 US Treasury IL 0.375% 15/01/2027	367	2.26	
US\$46,100 US Treasury IL 0.625% 15/02/2043	38	0.23	
'A' credit rated bonds	3,904	24.09	15.60
US\$100,000 AbbVie 3.2% 21/11/2029	73	0.45	
€100,000 Aena 4.25% 13/10/2030	90	0.56	
€100,000 ALD 3.875% 22/02/2027	86	0.53	
US\$120,000 Bank of America Var. Rate 1.53% 06/12/2025	92	0.57	
US\$100,000 Bank of America Var. Rate 2.087% 14/06/2029	70	0.43	
US\$100,000 Bank of America Var. Rate 4.271% 23/07/2029	76	0.47	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
US\$150,000 Bank of America Var. Rate 5.202% 25/04/2029	119	0.73	
US\$200,000 Banque Fédérative du Crédit Mutuel 4.753% 13/07/2027	156	0.96	
£100,000 Banque Fédérative du Crédit Mutuel 5.375% 25/05/2028	102	0.63	
US\$200,000 BNP Paribas Var. Rate 5.335% 12/06/2029	159	0.98	
US\$60,000 Cisco Systems 4.85% 26/02/2029	48	0.30	
US\$60,000 Cisco Systems 4.95% 26/02/2031	48	0.30	
US\$300,000 Comcast 3.25% 01/11/2039	184	1.13	
US\$90,000 Comcast 3.4% 01/04/2030	66	0.41	
US\$60,000 Comcast 5.35% 15/05/2053	47	0.29	
US\$90,000 CSL Finance 4.625% 27/04/2042	65	0.40	
US\$120,000 DTE Electric 1.9% 01/04/2028	85	0.52	
US\$100,000 Duke Energy Progress 5.1% 15/03/2034	79	0.49	
€100,000 East Japan Railway 4.11% 22/02/2043	89	0.55	
US\$150,000 GSK 3.875% 15/05/2028	115	0.71	
£100,000 HSBC Var. Rate 1.75% 24/07/2027	92	0.57	
US\$187,000 JPMorgan Chase Var. Rate 2.069% 01/06/2029	131	0.81	
US\$110,000 JPMorgan Chase Var. Rate 2.739% 15/10/2030	77	0.47	
US\$90,000 JPMorgan Chase Var. Rate 3.782% 01/02/2028	69	0.43	
US\$160,000 Morgan Stanley Var. Rate 0.864% 21/10/2025	123	0.76	
US\$230,000 Morgan Stanley Var. Rate 2.943% 21/01/2033	155	0.96	
€100,000 Morgan Stanley Var. Rate 3.79% 21/03/2030	86	0.53	
€100,000 Motability Operations 3.5% 17/07/2031	86	0.53	
US\$75,000 National Rural Utilities Cooperative 1.35% 15/03/2031	47	0.29	
£100,000 Nationwide Building Society 6.125% 21/08/2028	104	0.64	
US\$28,000 Pfizer Investment Enterprises 4.45% 19/05/2028	22	0.14	
US\$100,000 Potomac Electric Power 5.2% 15/03/2034	80	0.49	
US\$250,000 Siemens Financieringsmaatschappij 1.7% 11/03/2028	176	1.09	
US\$100,000 Southern California Edison 2.75% 01/02/2032	67	0.41	
US\$250,000 Svenska Handelsbanken 5.5% 15/06/2028	200	1.23	
US\$200,000 UBS Var. Rate 3.126% 13/08/2030	141	0.87	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
US\$52,000 UBS Var. Rate 6.246% 22/09/2029	42	0.26	
US\$200,000 UBS Var. Rate 6.327% 22/12/2027	162	1.00	
US\$47,000 US Bancorp Var. Rate 5.384% 23/01/2030	37	0.23	
US\$200,000 Westpac New Zealand 5.195% 28/02/2029	158	0.97	
'BBB' credit rated bonds	7,126	43.97	59.03
€200,000 A1 Towers Holding 5.25% 13/07/2028	180	1.11	
US\$150,000 AEP Texas 3.95% 01/06/2028	113	0.70	
€100,000 AIB Var. Rate 4.625% 23/07/2029	88	0.54	
US\$150,000 American International 5.125% 27/03/2033	118	0.73	
US\$100,000 American Water Capital 6.593% 15/10/2037	89	0.55	
US\$70,000 Aptiv 3.1% 01/12/2051	35	0.22	
€100,000 Arkema 4.25% 20/05/2030	89	0.55	
€150,000 Bank of Ireland Var. Rate 5% 04/07/2031	137	0.85	
€100,000 Belfius Bank 3.75% 22/01/2029	85	0.52	
US\$200,000 Bimbo Bakeries USA 5.375% 09/01/2036	157	0.97	
US\$250,000 BPCE 6.714% 19/10/2029	207	1.28	
€150,000 Brambles Finance 4.25% 22/03/2031	134	0.83	
€100,000 CaixaBank 4.125% 09/02/2032	87	0.54	
€100,000 CaixaBank Var. Rate 5.375% 14/11/2030	92	0.57	
US\$100,000 Celanese 6.35% 15/11/2028	82	0.51	
US\$200,000 Concentrix 6.6% 02/08/2028	159	0.98	
€150,000 Corning 4.125% 15/05/2031	132	0.81	
€100,000 Deutsche Bank 4.125% 04/04/2030	85	0.52	
US\$100,000 Dollar General 5.2% 05/07/2028	80	0.49	
US\$50,000 Dominion Energy 2.25% 15/08/2031	32	0.20	
US\$100,000 Elevance Health 4.625% 15/05/2042	72	0.44	
US\$200,000 Enel Finance America 7.1% 14/10/2027	167	1.03	
US\$190,000 Equinix 3.9% 15/04/2032	136	0.84	
€100,000 Eurofins Scientific 4.75% 06/09/2030	89	0.55	
US\$100,000 Eversource Energy 5.5% 01/01/2034	69	0.43	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$100,000 Eversource Energy 5.5% 01/01/2034	79	0.49	
US\$150,000 Fox 6.5% 13/10/2033	126	0.78	
US\$150,000 Fresenius Medical Care US Finance III 2.375% 16/02/2031	93	0.57	
US\$100,000 General Motors Financial 5.4% 08/05/2027	79	0.49	
US\$135,000 HCA 5.125% 15/06/2039	101	0.62	
€100,000 Imerys 4.75% 29/11/2029	88	0.54	
US\$210,000 Intesa Sanpaolo 4% 23/09/2029	153	0.94	
€100,000 KBC 3.75% 27/03/2032	86	0.53	
US\$150,000 KeySpan Gas East 5.994% 06/03/2033	120	0.74	
US\$125,000 Kyndryl 2.7% 15/10/2028	88	0.54	
US\$26,000 Kyndryl 6.35% 20/02/2034	21	0.13	
US\$350,000 Lloyds Banking Var. Rate 1.627% 11/05/2027	255	1.57	
US\$13,000 Metropolitan Edison 5.2% 01/04/2028	10	0.06	
US\$100,000 Microchip Technology 5.05% 15/03/2029	79	0.49	
US\$220,000 NatWest Var. Rate 4.892% 18/05/2029	168	1.04	
US\$100,000 NextEra Energy Capital 1.9% 15/06/2028	70	0.43	
US\$150,000 Norfolk Southern 5.05% 01/08/2030	119	0.73	
£110,000 Pearson Funding 3.75% 04/06/2030	102	0.63	
US\$22,000 Pennsylvania Electric 5.15% 30/03/2026	17	0.10	
€100,000 Raiffeisen Bank International Var. Rate 4.625% 21/08/2029	85	0.52	
US\$100,000 Republic Services 5% 15/12/2033	78	0.48	
US\$200,000 SMBC Aviation Capital Finance 5.7% 25/07/2033	159	0.98	
£100,000 SW Finance I 7.375% 12/12/2041	105	0.65	
US\$200,000 Swedbank 6.136% 12/09/2026	160	0.99	
£160,000 Swedbank Var. Rate 5.875% 24/05/2029	165	1.02	
£115,000 Tesco IL 6.3178% 05/11/2025	233	1.44	
£100,000 Tesco Corporate Treasury Services 1.875% 02/11/2028	89	0.55	
€100,000 Thames Water Utilities Finance 4.375% 18/01/2031	79	0.49	
US\$100,000 Tyson Foods 5.4% 15/03/2029	80	0.49	
€150,000 UniCredit 4.6% 14/02/2030	134	0.83	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$425,000 Verizon Communications 2.1% 22/03/2028	303	1.87	
US\$50,000 Warnermedia 5.05% 15/03/2042	34	0.21	
US\$60,000 Warnermedia 5.141% 15/03/2052	39	0.24	
US\$335,000 Waste Connections 2.2% 15/01/2032	217	1.34	
US\$40,000 Wells Fargo Var. Rate 4.478% 04/04/2031	30	0.19	
US\$100,000 Wells Fargo Var. Rate 5.389% 24/04/2034	79	0.49	
US\$150,000 Wells Fargo Var. Rate 5.574% 25/07/2029	120	0.74	
US\$100,000 Weyerhaeuser REIT 4% 15/11/2029	75	0.46	
£100,000 Whitbread 2.375% 31/05/2027	91	0.56	
£100,000 Yorkshire Building Society Var. Rate 7.375% 12/09/2027	104	0.64	
£100,000 Yorkshire Water Finance 5.25% 28/04/2030	99	0.61	
	608	3.75	2.16
'BB' credit rated bonds			
US\$150,000 Charter Communications Operating 2.3% 01/02/2032	91	0.56	
US\$180,000 Charter Communications Operating 6.65% 01/02/2034	146	0.90	
€100,000 National Bank of Greece 4.5% 29/01/2029	85	0.53	
€100,000 Novo Banco 4.25% 08/03/2028	85	0.52	
US\$25,000 Paramount Global 4.2% 19/05/2032	16	0.10	
€200,000 Triodos Bank Var. Rate 2.25% 05/02/2032	140	0.86	
US\$58,000 Videotron 5.125% 15/04/2027	45	0.28	
	10	0.06	(0.10)
Debt derivatives			
Credit default swaps			
€(100,000) Deutsche Bank Jun 2026	(1)	(0.01)	
	21	0.13	0.12
Interest rate swaps			
US\$900,000 Pay 3.6467% Receive VAR Jan 2029	14	0.09	
US\$220,000 Pay 3.6737% Receive VAR Jan 2034	3	0.02	
US\$400,000 Pay 3.7207% Receive VAR Jan 2029	5	0.03	
£(350,000) Pay VAR Receive 3.8141% Mar 2029	(1)	(0.01)	
£350,000 Pay VAR Receive 3.8557% Mar 2029	0	0.00	
£130,000 Pay VAR Receive 4.0356% Mar 2028	0	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt derivatives (continued)			
Interest rate futures	(10)	(0.06)	(0.23)
4 10 Year Canada Treasury Note Jun 2024	0	0.00	
3 10 Year US Treasury Note Jun 2024	1	0.01	
13 2 Year US Treasury Note Jun 2024	(3)	(0.02)	
(6) 5 Year US Treasury Note Jun 2024	0	0.00	
7 Euro-Bobl Jun 2024	2	0.01	
4 Euro-Bund Jun 2024	3	0.02	
(1) Euro-Buxl 30 Years Bond Jun 2024	(2)	(0.01)	
27 Euro-Schatz Jun 2024	(2)	(0.01)	
(5) Long Gilt Jun 2024	(12)	(0.08)	
2 US 10 Year Ultra Jun 2024	0	0.00	
2 US Long Bond Jun 2024	1	0.01	
4 US Ultra Bond Jun 2024	2	0.01	
Currency	(43)	(0.27)	0.82
Forward currency contracts	(43)	(0.27)	0.82
€189,228 Bought for £162,313 (expires 03.04.24)	0	0.00	
€(3,935,898) Sold for £3,370,918 (expires 03.04.24)	6	0.04	
US\$798,791 Bought for £625,878 (expires 03.04.24)	7	0.04	
US\$(13,948,160) Sold for £11,003,018 (expires 03.04.24)	(56)	(0.35)	
Total portfolio	15,055	92.89	90.06
Net other assets/(liabilities)	1,152	7.11	9.94
Net assets attributable to shareholders	16,207	100.00	100.00

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2024

Largest purchases	£'000
US Treasury 1.25% 15/05/2050	761
MassMutual Global Funding II 4.5% 10/04/2026	320
US Treasury 1.125% 15/08/2040	319
Verizon Communications 2.1% 22/03/2028	294
US Treasury 1.625% 15/08/2029	264
U.K. Gilts 0.625% 22/10/2050	252
KfW 1.25% 31/01/2025	223
US Treasury IL 0.375% 15/01/2027	215
HSBC Var. Rate 1.75% 24/07/2027	214
BPCE 6.714% 19/10/2029	205
Other purchases	12,597
Total purchases	15,664

Largest sales	£'000
US Treasury 1.25% 15/05/2050	504
US Treasury IL 0.125% 15/10/2025	479
Nationwide Building Society FRN 6.0155% 16/02/2028	278
General Electric FRN 5.1861% 05/05/2026	272
US Treasury 2.25% 15/08/2046	267
US Treasury 1.625% 15/08/2029	252
Santander Var. Rate 1.089% 15/03/2025	235
AstraZeneca 6.45% 15/09/2037	220
KfW 0% 30/06/2023	215
HSBC Var. Rate 8.201% 16/11/2034	203
Other sales	11,121
Total sales	14,046

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+4.0	n/a	n/a	n/a
Class 'A' Accumulation	+4.1	n/a	n/a	n/a
Class 'I' Income	+4.5	n/a	n/a	n/a
Class 'I' Accumulation	+4.5	n/a	n/a	n/a
Class 'L' Income	+4.7	n/a	n/a	n/a
Class 'L' Accumulation	+4.7	n/a	n/a	n/a
Class 'PP' Income	+4.6	n/a	n/a	n/a
Class 'PP' Accumulation	+4.6	n/a	n/a	n/a
Class 'R' Income	+4.2	n/a	n/a	n/a
Class 'R' Accumulation	+4.2	n/a	n/a	n/a
Benchmark	+5.3	n/a	n/a	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	94.49	100.00
Return before operating charges	4.85	(1.10)
Operating charges	(0.79)	(0.72)
Return after operating charges	4.06	(1.82)
Distributions	(4.65)	(3.69)
Closing NAV	93.90	94.49
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.30	(1.82)
Other information		
Closing NAV (£'000)	25	19
Number of shares	26,817	20,010
Operating charges (%)	0.85	0.85
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	97.44	102.19
Lowest share price	88.90	90.28

Sterling Class 'A' Accumulation shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	98.24	100.00
Return before operating charges	5.17	(1.03)
Operating charges	(0.83)	(0.73)
Return after operating charges	4.34	(1.76)
Distributions	(4.08)	(3.01)
Retained distributions	4.08	3.01
Closing NAV	102.58	98.24
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.42	(1.76)
Other information		
Closing NAV (£'000)	44	20
Number of shares	42,695	20,000
Operating charges (%)	0.85	0.85
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	103.83	102.61
Lowest share price	94.73	91.80

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	94.82	100.00
Return before operating charges	4.87	(1.11)
Operating charges	(0.42)	(0.38)
Return after operating charges	4.45	(1.49)
Distributions	(4.67)	(3.69)
Closing NAV	94.60	94.82
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.69	(1.49)
Other information		
Closing NAV (£'000)	19	19
Number of shares	20,030	20,030
Operating charges (%)	0.45	0.45
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	98.07	102.28
Lowest share price	89.41	90.44

Sterling Class 'I' Accumulation shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	98.58	100.00
Return before operating charges	5.20	(1.03)
Operating charges	(0.44)	(0.39)
Return after operating charges	4.76	(1.42)
Distributions	(4.50)	(3.36)
Retained distributions	4.50	3.36
Closing NAV	103.34	98.58
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.83	(1.42)
Other information		
Closing NAV (£'000)	245	46
Number of shares	236,808	46,173
Operating charges (%)	0.45	0.45
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	104.50	102.70
Lowest share price	95.27	91.96

Financial highlights

Sterling Class 'L' Income shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	94.98	100.00
Return before operating charges	4.89	(1.12)
Operating charges	(0.23)	(0.21)
Return after operating charges	4.66	(1.33)
Distributions	(4.68)	(3.69)
Closing NAV	94.96	94.98
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.91	(1.33)
Other information		
Closing NAV (£'000)	19	19
Number of shares	20,040	20,040
Operating charges (%)	0.25	0.25
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	98.39	102.32
Lowest share price	89.67	90.52

Sterling Class 'L' Accumulation shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	98.75	100.00
Return before operating charges	5.23	(1.03)
Operating charges	(0.25)	(0.22)
Return after operating charges	4.98	(1.25)
Distributions	(4.71)	(3.53)
Retained distributions	4.71	3.53
Closing NAV	103.73	98.75
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	5.04	(1.25)
Other information		
Closing NAV (£'000)	15,631	14,817
Number of shares	15,068,992	15,005,000
Operating charges (%)	0.25	0.25
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	104.84	102.74
Lowest share price	95.54	92.04

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	94.90	100.00
Return before operating charges	4.88	(1.11)
Operating charges	(0.33)	(0.30)
Return after operating charges	4.55	(1.41)
Distributions	(4.67)	(3.69)
Closing NAV	94.78	94.90
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.79	(1.41)
Other information		
Closing NAV (£'000)	19	19
Number of shares	20,060	20,060
Operating charges (%)	0.35	0.35
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	98.23	102.30
Lowest share price	89.54	90.48

Sterling Class 'PP' Accumulation shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	98.66	100.00
Return before operating charges	5.22	(1.04)
Operating charges	(0.35)	(0.30)
Return after operating charges	4.87	(1.34)
Distributions	(4.60)	(3.45)
Retained distributions	4.60	3.45
Closing NAV	103.53	98.66
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.94	(1.34)
Other information		
Closing NAV (£'000)	21	20
Number of shares	20,050	20,050
Operating charges (%)	0.35	0.35
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	104.67	102.72
Lowest share price	95.41	92.00

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	94.61	100.00
Return before operating charges	4.86	(1.11)
Operating charges	(0.65)	(0.59)
Return after operating charges	4.21	(1.70)
Distributions	(4.66)	(3.69)
Closing NAV	94.16	94.61
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.45	(1.70)
Other information		
Closing NAV (£'000)	30	24
Number of shares	32,017	25,080
Operating charges (%)	0.70	0.70
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	97.68	102.22
Lowest share price	89.09	90.34

Sterling Class 'R' Accumulation shares

The share class was launched on 18 May 2022.

for the year/period to 31 March Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	98.36	100.00
Return before operating charges	5.19	(1.04)
Operating charges	(0.69)	(0.60)
Return after operating charges	4.50	(1.64)
Distributions	(4.24)	(3.14)
Retained distributions	4.24	3.14
Closing NAV	102.86	98.36
After direct transaction cost of	0.01	0.01
Performance		
Return after charges (%)	4.58	(1.64)
Other information		
Closing NAV (£'000)	154	53
Number of shares	150,255	53,727
Operating charges (%)	0.70	0.70
Direct transaction costs (%)	0.01	0.02
Prices		
Highest share price	104.08	102.64
Lowest share price	94.93	91.86

Financial statements and notes

Financial statements

Statement of total return

for the year/period to 31 March	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		42		(726)
Revenue	5	771		570	
Expenses	6	(40)		(33)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		731		537	
Taxation	7	0		0	
Net revenue/(expense) after taxation			731		537
Total return before distributions			773		(189)
Distributions	8		(732)		(537)
Change in net assets attributable to shareholders from investment activities			41		(726)

Statement of change in net assets attributable to shareholders

for the year/period to 31 March	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		15,055		0
Amounts received on issue of shares	382		15,196	
Amounts paid on cancellation of shares	0		0	
		382		15,196
Dilution adjustments		1		52
Change in net assets attributable to shareholders from investment activities (see above)		41		(726)
Retained distributions on Accumulation shares		728		533
Closing net assets attributable to shareholders		16,207		15,055

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		15,132	13,671
Current assets			
Debtors	9	179	144
Cash and bank balances	10	1,049	431
Cash equivalents		12	925
Total assets		16,372	15,171
Liabilities			
Investment liabilities		(77)	(112)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		0	(2)
Distribution payable		(1)	(1)
Other creditors	11	(87)	(1)
Total liabilities		(165)	(116)
Net assets attributable to shareholders		16,207	15,055

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

2 Distribution policy

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

3 Net capital gains/(losses)

for the year/period to 31 March	2024 £'000	2023 £'000
Non-derivative securities	(124)	(518)
Derivative contracts	216	(127)
Currency gains/(losses)	(50)	(81)
Net capital gains/(losses)	42	(726)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year/period to 31 March	2024 £'000	% of transaction	2023 £'000	
a) Purchases				
Debt securities	15,664		26,747	
b) Sales				
Debt securities	14,046		12,927	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Derivatives	1	0.01	1	0.01
Taxes paid				
Derivatives	0	0.00	1	0.01
Total direct portfolio transaction costs	1	0.01	2	0.02
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.49		0.78

5 Revenue

for the year/period to 31 March	2024 £'000	2023 £'000
Bank interest	4	6
Derivative revenue	14	12
Interest distributions	28	0
Interest on debt securities	725	552
Total revenue	771	570

6 Expenses

for the year/period to 31 March	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	40	33
Total expenses	40	33

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

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7 Taxation

for the year/period to 31 March	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	731	537
Corporation tax at 20%	146	107
Effects of:		
Interest distributions	(146)	(107)
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

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

8 Distributions

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

for the year/period to 31 March	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Ordinary distributions				
First interim	1	167	1	57
Second interim	2	183	1	167
Third interim	2	183	1	147
Final	1	195	1	162
Total net distributions		734		537
Income received on issue of shares		(2)		0
Distributions		732		537
Net revenue/(expense) per statement of total return		731		537
Expenses offset against capital		1		0
Distributions		732		537

Financial statements and notes

9 Debtors

as at 31 March	2024 £'000	2023 £'000
Amounts receivable on issues of shares	0	7
Debt security interest receivable	179	137
Total debtors	179	144

10 Cash and bank balances

as at 31 March	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	368	335
Cash held as bank balances	681	96
Total cash and bank balances	1,049	431

11 Other creditors

as at 31 March	2024 £'000	2023 £'000
Annual charge payable	1	1
Purchases awaiting settlement	86	0
Total other creditors	87	1

12 Contingent assets, liabilities and outstanding commitments

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

Financial statements and notes

13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A' Income	20,010	6,807	0	0	26,817
Class 'A' Accumulation	20,000	22,695	0	0	42,695
Class 'I' Income	20,030	0	0	0	20,030
Class 'I' Accumulation	46,173	190,635	0	0	236,808
Class 'L' Income	20,040	0	0	0	20,040
Class 'L' Accumulation	15,005,000	63,992	0	0	15,068,992
Class 'PP' Income	20,060	0	0	0	20,060
Class 'PP' Accumulation	20,050	0	0	0	20,050
Class 'R' Income	25,080	6,937	0	0	32,017
Class 'R' Accumulation	53,727	96,528	0	0	150,255

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

14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	0.85
Class 'I'	0.45
Class 'L'	0.25
Class 'PP'	0.35
Class 'R'	0.70

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 95.92% (2023: 98.36%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets	Liabilities	Assets	Liabilities
Basis of valuation	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Level 1	1,280	(19)	2,083	0
Level 2	13,852	(58)	11,588	(112)
Level 3	0	0	0	0
	15,132	(77)	13,671	(112)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity and exposure

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

The VaR limit set during the period up to 5 March 2023 was 20% (2023: 20%).

The VaR limit set for periods after 6 March 2023 was two times the benchmark.

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

for the year ended 31 March	2024 Utilisation of VaR 200%	from 6 March 2023 to 31 March 2023 Utilisation of VaR %	from 18 May 2022 to 5 March 2023 Utilisation of VaR 20%
Lowest	47.29	50.46	12.65
Highest	60.85	53.96	24.00
Average	56.17	52.40	19.60

19 Credit risk

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

as at 31 March	2024 £'000	2023 £'000
Investment grade securities	14,480	13,125
Below investment grade securities	608	325
Other investments	(33)	109
Total	15,055	13,559

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

as at 31 March 2024	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	(10)
Barclays Bank	20	6	0
State Street Bank	0	(49)	0
Total	20	(43)	(10)

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as at 31 March 2023			
	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	(35)
Barclays Bank	20	0	0
BNP Paribas	0	2	0
JPMorgan	0	132	0
State Street Bank	0	(10)	0
Total	20	124	(35)

20 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2024 and 31 March 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 March	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	38,395	115.00	16,998	119.91
Highest	79,972	132.00	50,835	346.25
Average	48,373	121.83	23,461	157.50

21 Interest distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.04.23	30.06.23	03.07.23	31.08.23
Second interim	01.07.23	30.09.23	02.10.23	30.11.23
Third interim	01.10.23	31.12.23	02.01.24	29.02.24
Final	01.01.24	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	0.3249	0.7716	1.0965	0.4059
Second interim	0.9377	0.2395	1.1772	1.1647
Third interim	1.1601	0.0000	1.1601	1.0149
Final	0.0701	1.1460	1.2161	1.0995

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	0.4103	0.5229	0.9332	0.3058
Second interim	0.7493	0.2816	1.0309	0.9574
Third interim	0.4186	0.6074	1.0260	0.8307
Final	0.2440	0.8508	1.0948	0.9203

Sterling Class 'I' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	1.0993	0.0000	1.0993	0.4058
Second interim	1.1824	0.0000	1.1824	1.1650
Third interim	1.1654	0.0000	1.1654	1.0174
Final	1.2228	0.0000	1.2228	1.1022

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Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.3086	0.7258	1.0344	0.3529
Second interim	0.9686	0.1653	1.1339	1.0583
Third interim	0.2325	0.8975	1.1300	0.9276
Final	0.4790	0.7247	1.2037	1.0212

Sterling Class 'L' Income shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.1011	0.0000	1.1011	0.4062
Second interim	1.1850	0.0000	1.1850	1.1655
Third interim	1.1690	0.0000	1.1690	1.0185
Final	1.2259	0.0000	1.2259	1.1044

Sterling Class 'L' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.4592	0.6263	1.0855	0.3776
Second interim	1.1859	0.0000	1.1859	1.1080
Third interim	1.1826	0.0000	1.1826	0.9764
Final	1.2589	0.0000	1.2589	1.0727

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.1000	0.0000	1.1000	0.4061
Second interim	1.1833	0.0000	1.1833	1.1666
Third interim	1.1673	0.0000	1.1673	1.0175
Final	1.2243	0.0000	1.2243	1.1034

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Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.0606	0.0000	1.0606	0.3651
Second interim	1.1567	0.0000	1.1567	1.0835
Third interim	1.1559	0.0000	1.1559	0.9512
Final	1.2288	0.0000	1.2288	1.0462

Sterling Class 'R' Income shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.8216	0.2753	1.0969	0.4062
Second interim	0.3473	0.8323	1.1796	1.1656
Third interim	0.5433	0.6186	1.1619	1.0161
Final	0.7330	0.4841	1.2171	1.0994

Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.6012	0.3691	0.9703	0.3235
Second interim	0.5480	0.5217	1.0697	0.9947
Third interim	0.6227	0.4421	1.0648	0.8650
Final	0.6525	0.4831	1.1356	0.9571

22 Events after the balance sheet date

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

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For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used.

Investment objective

The fund aims to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index (USD hedged) over any five-year period while applying ESG criteria and sustainability criteria.

Investment policy

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

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

The fund invests in securities that meet the ESG criteria and sustainability criteria. This is achieved through the use of M&G's proprietary analysis and/or third party ESG information. However, some securities which meet the ESG and sustainability criteria may not provide as good an ESG outcome as others.

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.

References to 'assessed' above mean assessment in accordance with the ESG criteria and sustainability criteria document.

The fund maintains a higher weighted average ESG score and lower weighted average carbon intensity than the global high yield bond market, as represented by the ICE BofA Global High Yield Index (USD Hedged). This index does not constrain the fund's portfolio construction.

Further information on the fund's ESG criteria and sustainability criteria can be found in the ESG criteria and sustainability criteria document as disclosed in the ESG information section below.

Derivatives may be used for investment purposes, 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 is globally diversified and seeks to provide exposure to a broad range of issuers across a variety of sectors.

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

Individual credit selection based on bottom-up analysis of the global high yield bond markets by in-house credit analysts complements the investment manager's views.

Sustainability considerations are fully integrated into credit analysis and investment decisions, and play an important role in determining the investment universe

Authorised Corporate Director's Report

and portfolio construction. Sustainability characteristics are assessed as part of the analysis of bond issuers, driving security selection through considering the ESG scores and carbon intensity of the investments made, where this is not detrimental to the pursuit of the investment objective. This process is expected to result in a more sustainable portfolio positively tilted towards more sustainable issuers.

Further information can be found in the ESG criteria and sustainability criteria document.

ESG Information

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

- ESG criteria and sustainability criteria: in the document titled 'M&G Sustainable Global High Yield Bond Fund – ESG criteria and sustainability criteria' which includes the fund's exclusions approach.
- Periodic reporting that outlines the non-financial outcomes of the fund.

Benchmark

Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index (USD hedged).

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

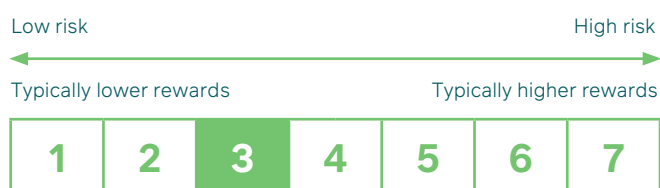
The fund is actively managed. The fund managers have complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

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.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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



The above number:

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

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Investment review

For the year ended 31 March 2024

Performance review

Global bonds generally delivered solid returns in the period under review, as inflation moderated and major central banks reached the end of their tightening cycle. Sentiment improved significantly amidst a broad market rally at the end of 2023. Indications of a dovish pivot in monetary policy (interest rate cuts) from the US Federal Reserve sparked a powerful two-month rally in core government bonds, benefiting all segments of the fixed income market.

Despite some weakness in core government bonds during the first quarter of 2024, high yield (HY) bonds continued on their positive trajectory, helped by strong technical elements. Meanwhile, fears of recession faded amid strong macroeconomic data, notably in the US. Global high yield bonds outperformed investment grade credit and sovereign bonds during the period under review.

Against this backdrop, the fund delivered a positive total return (the combination of capital growth and income) 9.6% for the Sterling 'I-H' share class, but finished behind the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index across all its share classes in the period under review. The benchmark returned 9.9% over the same period.

The fund was launched on 25 February 2020, so it is too early to say whether it has met its objective over a five-year period.

While duration positioning made a positive contribution to relative performance, credit selection was a drag on relative returns.

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.

Investment activities

There was an active flow of new issues from a range of sectors, especially during the second half of the review period. In the first half of the review period, we

participated in a number of deals including from beauty company Coty and metals firm Arconic from the US. Later in the period we divested from Arconic. Other deals included Sunnova Energy, Forward Air and American Airlines.

In Europe, we participated in new issues from Intesa Sanpaolo (financials) and France's telecommunications firm Iliad. In the UK, we bought new bonds from Aston Martin, Pinewood, British Telecommunications and Heathrow Finance. Elsewhere, we participated in new deals from Japanese firm Rakuten and Australian miner Mineral Resources (which was bought and subsequently sold during the review period).

In the secondary market, we trimmed some cyclical exposure (for example homebuilder KB Home, and retailer Ocado), and instead added higher-quality names such as Darling Ingredients and Charter Communications. We also trimmed distressed telecommunications firm Altice France, which reported mixed results and Ford Motors, after it was fully upgraded back to investment grade. We sold our holdings in Sprint, Virgin Media, and Macy's.

In 2024, we increased our holdings in healthcare firms (Owens & Minor and Star Parent) and telecommunication companies (Virgin Media and Telecom Italia) while reducing our underweight in real estate. We added real estate investment trusts (REITs) MPT Operating Partnership and Sweden's SBB.

In March, we closed our positions in Burger King (good performance) and SBB (ratings downgrade).

ESG engagement

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

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practices, to better identify ESG leaders, and also to ultimately encourage best practice in the companies in which we invest.

Outlook

HY corporate issuers' fundamentals have, so far, held up reasonably well. This is largely thanks to buoyant consumption and pre-emptive corporate refinancings that have enabled issuers to lengthen their maturity profile at attractive rates.

Nevertheless, as developed economies slow down and the impact of higher interest rates starts biting into corporate balance sheets, we would expect to see an uptick in default rates. Our base case scenario remains that of a mild default cycle, which would not be too damaging for the corporate sector.

As HY markets continue to see inflows and issuances remain light as compared to previous years, technical elements (supply/demand imbalances and attractive all-in yields) continue to support credit spread containment. Against a backdrop of moderate interest rate cuts, contained spreads and a mild default environment, in our view, the asset class could still deliver good returns over the next 12 months.

James Tomlins and Lu Yu

Co-fund managers

Employees of M&G FA Limited which is an associate of M&G Securities Limited. Please note that effective from 15 January 2024, Lu Yu replaced Stefan Isaacs as co-fund manager.

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

Portfolio statement

Investments

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Equities	1	0.00	0.00
Real estate investment & services	1	0.00	0.00
2,671 Adler	1	0.00	
1,206 Adler (Non-voting Rights)	0	0.00	
Debt securities	45,264	94.74	88.40
Corporate bonds	45,264	94.74	88.40
Investment grade corporate bonds	3,941	8.25	10.27
€200,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	197	0.41	
€100,000 Cellnex Finance 2% 15/02/2033	94	0.20	
US\$200,000 Cellnex Finance 3.875% 07/07/2041	156	0.33	
€300,000 Cellnex Telecom 1.75% 23/10/2030	288	0.60	
€400,000 Deutsche Bank Var. Rate 4% 24/06/2032	418	0.88	
US\$1,000,000 European Investment Bank 0.375% 26/03/2026	919	1.92	
US\$900,000 European Investment Bank 1.625% 14/03/2025	871	1.82	
US\$400,000 HCA 3.5% 01/09/2030	361	0.76	
US\$166,000 LPL Holdings 4% 15/03/2029	153	0.32	
US\$200,000 PRA Health Sciences 2.875% 15/07/2026	186	0.39	
US\$200,000 PVH 4.625% 10/07/2025	197	0.41	
€100,000 Smurfit Kappa Treasury ULC 1.5% 15/09/2027	101	0.21	
Below investment grade corporate bonds	41,322	86.49	78.13
€400,000 ABN AMRO Bank Var. Rate 4.75% Perpetual	406	0.85	
US\$400,000 AdaptHealth 5.125% 01/03/2030	348	0.73	
€103,000 Adler 12.5% 30/06/2025	127	0.27	
US\$300,000 ADT Security 4.125% 01/08/2029	273	0.57	
€100,000 Agps Bondco 4.625% 14/01/2026	42	0.09	
€200,000 Altice France 3.375% 15/01/2028	155	0.32	
€150,000 Altice France 4% 15/07/2029	112	0.23	
US\$600,000 American Airlines 7.25% 15/02/2028	609	1.28	
US\$214,000 American Airlines 8.5% 15/05/2029	226	0.47	
€100,000 ams-OSRAM 10.5% 30/03/2029	107	0.22	
£180,000 Aston Martin Capital 10.375% 31/03/2029	231	0.48	
€500,000 Avantor Funding 3.875% 15/07/2028	524	1.10	
£200,000 B&M European Value Retail 4% 15/11/2028	233	0.49	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
€400,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6% Perpetual	432	0.90	
US\$400,000 Barclays Var. Rate 8% Perpetual	399	0.84	
US\$100,000 Bath & Body Works 5.25% 01/02/2028	98	0.21	
US\$100,000 Bath & Body Works 6.625% 01/10/2030	102	0.21	
US\$200,000 Bath & Body Works 6.75% 01/07/2036	202	0.42	
US\$100,000 Bausch Health 4.875% 01/06/2028	54	0.11	
US\$300,000 Bausch Health 11% 30/09/2028	200	0.42	
€300,000 Belden 3.375% 15/07/2031	298	0.62	
US\$300,000 Berry Global 4.875% 15/07/2026	294	0.62	
€143,000 British Telecommunications 5.125% 03/10/2054	154	0.32	
£200,000 British Telecommunications 8.375% 20/12/2083	269	0.56	
US\$400,000 CCO 4.25% 01/02/2031	326	0.68	
US\$400,000 CCO 5.125% 01/05/2027	380	0.80	
US\$233,000 CCO 5.5% 01/05/2026	229	0.48	
US\$300,000 Cemex 5.125% 08/06/2026	289	0.61	
US\$500,000 Charter Communications Operating 6.384% 23/10/2035	494	1.03	
US\$600,000 CHS 4.75% 15/02/2031	461	0.97	
US\$100,000 CHS 6.875% 15/04/2029	72	0.15	
€221,000 Citycon Var. Rate 3.625% Perpetual	171	0.36	
US\$200,000 Clean Harbors 6.375% 01/02/2031	201	0.42	
€400,000 Commerzbank Var. Rate 6.125% Perpetual	426	0.89	
US\$300,000 Coty 6.625% 15/07/2030	302	0.63	
€300,000 CPI Property Var. Rate 4.875% Perpetual	191	0.40	
£300,000 CPUK Finance 6.5% 28/08/2026	375	0.79	
US\$150,000 Crowdstrike 3% 15/02/2029	133	0.28	
US\$400,000 Crown Americas Capital 4.25% 30/09/2026	387	0.81	
US\$200,000 CSC 4.5% 15/11/2031	141	0.30	
US\$400,000 CSC 5.5% 15/04/2027	357	0.75	
US\$300,000 CSC 5.75% 15/01/2030	159	0.33	
€100,000 Cullinan 4.625% 15/10/2026	97	0.20	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
€200,000 Dana Financing Luxembourg 3% 15/07/2029	194	0.41	
US\$225,000 Darling Ingredients 6% 15/06/2030	222	0.46	
€116,000 Derichebourg 2.25% 15/07/2028	115	0.24	
£300,000 Deuce Finco 5.5% 15/06/2027	358	0.75	
US\$200,000 Domtar 6.75% 01/10/2028	181	0.38	
€300,000 Eramet 7% 22/05/2028	322	0.67	
€300,000 Eurobank Var. Rate 7% 26/01/2029	353	0.74	
€200,000 Eurofins Scientific Var. Rate 3.25% Perpetual	209	0.44	
US\$600,000 Ford Motor 6.1% 19/08/2032	608	1.27	
US\$115,000 Forward Air 9.5% 15/10/2031	114	0.24	
US\$350,000 Frontier Communications 8.625% 15/03/2031	356	0.75	
US\$550,000 Glatfelter 4.75% 15/11/2029	468	0.98	
€400,000 Goodyear Europe 2.75% 15/08/2028	389	0.81	
US\$400,000 Greenko Solar Mauritius 5.55% 29/01/2025	393	0.82	
€200,000 Grifols 2.25% 15/11/2027	189	0.40	
€100,000 Grifols Escrow Issuer 3.875% 15/10/2028	85	0.18	
£300,000 GTCR W-2 Merger Sub 8.5% 15/01/2031	408	0.85	
US\$200,000 Hanesbrands 4.875% 15/05/2026	195	0.41	
£300,000 Heathrow Finance 3.875% 01/03/2027	355	0.74	
£119,000 Heathrow Finance 6.625% 01/03/2031	151	0.32	
€100,000 Huhtamaki 4.25% 09/06/2027	109	0.23	
US\$100,000 iHeartCommunications 4.75% 15/01/2028	70	0.15	
€150,000 Iliad 5.125% 15/10/2026	160	0.34	
€200,000 Infrastrutture Wireless Italiane 1.875% 08/07/2026	207	0.43	
€200,000 International Design 10% 15/11/2028	224	0.47	
€200,000 Intesa Sanpaolo Var. Rate 7.75% Perpetual	224	0.47	
€200,000 Intesa Sanpaolo Var. Rate 9.125% Perpetual	241	0.50	
€250,000 Intrum 3% 15/09/2027	157	0.33	
€100,000 IPD 3 8% 15/06/2028	114	0.24	
€300,000 IQVIA 2.25% 15/03/2029	291	0.61	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$200,000 IQVIA 6.5% 15/05/2030	204	0.43	
US\$200,000 Iron Mountain 5.25% 15/07/2030	188	0.39	
US\$275,000 Iron Mountain 7% 15/02/2029	279	0.58	
US\$250,000 Jaguar Land Rover Automotive 4.5% 01/10/2027	235	0.49	
US\$400,000 Jazz Securities 4.375% 15/01/2029	370	0.77	
US\$150,000 KB Home 4.8% 15/11/2029	143	0.30	
€400,000 KBC Var. Rate 4.25% Perpetual	412	0.86	
US\$375,000 Kohl's 4.625% 01/05/2031	314	0.66	
US\$412,000 Kuo 5.75% 07/07/2027	384	0.80	
€200,000 Levi Strauss 3.375% 15/03/2027	212	0.44	
US\$200,000 Levi Strauss 3.5% 01/03/2031	175	0.37	
US\$200,000 Liquid Telecommunications Financing 5.5% 04/09/2026	116	0.24	
€200,000 Lloyds Banking Var. Rate 4.947% Perpetual	212	0.44	
US\$200,000 McGraw-Hill Education 5.75% 01/08/2028	187	0.39	
US\$200,000 McGraw-Hill Education 8% 01/08/2029	187	0.39	
US\$300,000 Medline Borrower 3.875% 01/04/2029	272	0.57	
US\$200,000 Meritage Homes 3.875% 15/04/2029	184	0.39	
US\$400,000 Millicom International Cellular 4.5% 27/04/2031	341	0.71	
€184,000 MPT Operating Partnership 3.325% 24/03/2025	186	0.39	
US\$37,000 MPT Operating Partnership 3.5% 15/03/2031	25	0.05	
US\$200,000 NCR 5% 01/10/2028	186	0.39	
US\$300,000 Network i2i Var. Rate 3.975% Perpetual	284	0.59	
US\$200,000 New Red Finance 3.875% 15/01/2028	187	0.39	
US\$200,000 New Red Finance 4% 15/10/2030	177	0.37	
US\$300,000 Newell Brands 4.875% 01/06/2025	295	0.62	
€200,000 Novo Banco Var. Rate 9.875% 01/12/2033	249	0.52	
£146,000 Ocado 3.875% 08/10/2026	165	0.35	
US\$200,000 Organon 4.125% 30/04/2028	186	0.39	
US\$375,000 Owens & Minor 4.5% 31/03/2029	339	0.71	
US\$200,000 Owens-Brockway Glass Container 6.625% 13/05/2027	199	0.42	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$350,000 Paramount Global 6.375% 30/03/2062	319	0.67	
£200,000 Pinewood Finance 3.25% 30/09/2025	248	0.52	
£293,000 Pinewood Finco 6% 27/03/2030	370	0.77	
US\$73,000 Post 6.25% 15/02/2032	73	0.15	
£300,000 Premier Foods Finance 3.5% 15/10/2026	361	0.76	
US\$300,000 Prestige Brands 3.75% 01/04/2031	261	0.55	
US\$200,000 Rakuten 11.25% 15/02/2027	212	0.44	
US\$300,000 Rand Parent 8.5% 15/02/2030	297	0.62	
US\$200,000 Rede D'or Finance 4.95% 17/01/2028	190	0.40	
€300,000 Rexel 2.125% 15/12/2028	298	0.62	
US\$200,000 Rogers Communications Var. Rate 5.25% 15/03/2082	191	0.40	
US\$400,000 Royal Caribbean Cruises 5.375% 15/07/2027	393	0.82	
US\$100,000 Royal Caribbean Cruises 7.25% 15/01/2030	104	0.22	
US\$250,000 Royal Caribbean Cruises 9.25% 15/01/2029	268	0.56	
€150,000 Samhallsbyggnadsbolaget i Norden 2.25% 12/08/2027	108	0.23	
€400,000 Sappi Papier 3.625% 15/03/2028	415	0.87	
€300,000 Schaeffler 2.75% 12/10/2025	317	0.66	
US\$300,000 Sealed Air 6.125% 01/02/2028	300	0.63	
€200,000 Selecta 8% 01/04/2026	211	0.44	
US\$100,000 Service Corporation International 3.375% 15/08/2030	86	0.18	
€300,000 Sigma Holdco 5.75% 15/05/2026	305	0.64	
US\$400,000 Sirius XM Radio 4.125% 01/07/2030	349	0.73	
US\$200,000 Sirius XM Radio 5% 01/08/2027	192	0.40	
€200,000 SoftBank 3.875% 06/07/2032	193	0.40	
US\$500,000 Spirit Loyalty 8% 20/09/2025	375	0.79	
US\$300,000 Stagwell Global 5.625% 15/08/2029	271	0.57	
US\$113,000 Star Parent 9% 01/10/2030	119	0.25	
US\$162,000 Sunnova Energy 11.75% 01/10/2028	125	0.26	
US\$100,000 TEGNA 4.625% 15/03/2028	92	0.19	
US\$200,000 TEGNA 5% 15/09/2029	179	0.37	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
€100,000 Telecom Italia 4% 11/04/2024	108	0.23	
US\$600,000 Telecom Italia 5.303% 30/05/2024	596	1.25	
€400,000 Telecom Italia 7.875% 31/07/2028	474	0.99	
€100,000 Telefonica Europe 5.7522% 15/01/2032	109	0.23	
US\$600,000 Tenet Healthcare 4.625% 15/06/2028	570	1.19	
US\$100,000 Tenet Healthcare 5.125% 01/11/2027	98	0.21	
€100,000 Teva Pharmaceutical Finance Netherlands II 1.625% 15/10/2028	93	0.19	
US\$200,000 Teva Pharmaceutical Finance Netherlands III 3.15% 01/10/2026	186	0.39	
US\$200,000 Teva Pharmaceutical Finance Netherlands III 6.75% 01/03/2028	204	0.43	
US\$400,000 Teva Pharmaceutical Finance Netherlands III 7.875% 15/09/2029	425	0.89	
€300,000 TI Automotive Finance 3.75% 15/04/2029	303	0.63	
US\$400,000 Triton Water 6.25% 01/04/2029	362	0.76	
€400,000 UniCredit Var. Rate 7.5% Perpetual	446	0.93	
US\$100,000 United Airlines 4.375% 15/04/2026	97	0.20	
US\$200,000 United Airlines 4.625% 15/04/2029	186	0.39	
US\$201,000 United Rentals North America 6.125% 15/03/2034	201	0.42	
€250,000 Verisure 3.25% 15/02/2027	258	0.54	
€300,000 Verisure 5.25% 15/02/2029	311	0.65	
US\$200,000 Vertiv 4.125% 15/11/2028	186	0.39	
US\$300,000 Videotron 3.625% 15/06/2029	271	0.57	
£100,000 Virgin Media Secured Finance 4.125% 15/08/2030	106	0.22	
£200,000 Virgin Media Vendor Financing Notes III 4.875% 15/07/2028	226	0.47	
€200,000 Vodafone Var. Rate 2.625% 27/08/2080	207	0.43	
US\$300,000 Vodafone Var. Rate 7% 04/04/2079	308	0.65	
£200,000 Voyage Care BondCo 5.875% 15/02/2027	207	0.43	
US\$200,000 VTR Comunicaciones 4.375% 15/04/2029	137	0.29	
US\$250,000 VTR Finance 6.375% 15/07/2028	139	0.29	
US\$400,000 WE Soda Investments 9.375% 14/02/2031	411	0.86	
€400,000 WMG Acquisition 2.25% 15/08/2031	374	0.78	
€300,000 WP/AP Telecom III 5.5% 15/01/2030	299	0.63	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 \$'000	as at 31.03.24 %	as at 31.03.23 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$400,000 Yum! Brands 5.375% 01/04/2032	386	0.81	
US\$200,000 Yuzhou 6.35% 13/01/2027 ^a	10	0.02	
US\$200,000 Yuzhou 7.85% 12/08/2026 ^a	12	0.03	
US\$200,000 Yuzhou 8.3% 27/05/2025 ^a	11	0.02	
US\$400,000 Ziggo Bond 5.125% 28/02/2030	342	0.72	
Corporate bonds with no credit rating	1	0.00	0.00
€100,000 Casino Guichard Perrachon 5.25% 15/04/2027 ^a	0	0.00	
€100,000 Casino Guichard Perrachon 6.625% 15/01/2026 ^a	1	0.00	
Debt derivatives	(5)	(0.01)	0.00
Interest rate futures	(5)	(0.01)	0.00
32 5 Year US Treasury Note Jun 2024	0	0.00	
5 10 Year US Treasury Note Jun 2024	1	0.00	
(13) Euro-Bobl Jun 2024	(6)	(0.01)	
Currency	126	0.26	(0.66)
Forward currency contracts	126	0.26	(0.66)
€850,929 Bought for US\$921,894 (expires 03.04.24)	(4)	(0.01)	
€(13,719,520) Sold for US\$14,903,641 (expires 03.04.24)	108	0.22	
£64,200 Bought for US\$81,379 (expires 03.04.24)	(1)	0.00	
£(3,284,169) Sold for US\$4,165,244 (expires 03.04.24)	23	0.05	
Portfolio of investments	45,386	94.99	87.74
Share class hedging	(101)	(0.21)	2.21
Forward currency contracts for share class hedging	(101)	(0.21)	2.21
£38,013,966 Bought for US\$48,052,315 (expires 24.04.24)	(102)	(0.21)	
£(225,152) Sold for US\$284,525 (expires 24.04.24)	1	0.00	
Total portfolio	45,285	94.78	89.95
Net other assets/(liabilities)	2,492	5.22	10.05
Net assets attributable to shareholders	47,777	100.00	100.00

^a Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2024

Largest purchases	\$'000
Tenet Healthcare 4.625% 15/06/2028	568
Telecom Italia 7.875% 31/07/2028	484
Teva Pharmaceutical Finance Netherlands III 7.875% 15/09/2029	412
Nissan Motor 2.652 17/03/2026	410
Altice France 2.125% 15/02/2025	404
WE Soda Investments 9.375% 14/02/2031	400
Telecom Italia 5.303% 30/05/2024	395
American Airlines 7.25% 15/02/2028	394
Pinewood Finco 6% 27/03/2030	375
GTCR W-2 Merger Sub 8.5% 15/01/2031	374
Other purchases	17,562
Total purchases	21,778

Largest sales	\$'000
Tenet Healthcare 6.125% 01/10/2028	772
Ford Motor Credit 4.867% 03/08/2027	665
Sprint 7.875% 15/09/2023	601
Netflix 3.625% 15/06/2030	514
Nissan Motor 2.652 17/03/2026	417
Altice France 2.125% 15/02/2025	400
Ford Motor Credit 2.9% 10/02/2029	349
Centene 3.375% 15/02/2030	343
International Design 6.5% 15/11/2025	326
TMNL Holding 3.75% 15/01/2029	304
Other sales	8,653
Total sales	13,344

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A-H' Income	+9.2	-0.7	n/a	n/a
Class 'A-H' Accumulation	+9.3	-0.7	n/a	n/a
Class 'I-H' Income	+9.6	-0.3	n/a	n/a
Class 'I-H' Accumulation	+9.6	-0.3	n/a	n/a
Class 'L-H' Accumulation	+9.7	-0.1	n/a	n/a
Class 'PP-H' Income	+9.7	-0.2	n/a	n/a
Class 'PP-H' Accumulation	+9.8	-0.2	n/a	n/a
Class 'R-H' Income	+9.4	-0.5	n/a	n/a
Class 'R-H' Accumulation	+9.4	-0.5	n/a	n/a
Benchmark	+9.9	+0.0	n/a	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A-H' Income shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	78.01	87.75	95.71
Return before operating charges	8.05	(4.80)	(3.01)
Operating charges	(0.81)	(1.02)	(0.96)
Return after operating charges	7.24	(5.82)	(3.97)
Distributions	(4.56)	(3.92)	(3.99)
Closing NAV	80.69	78.01	87.75
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.28	(6.63)	(4.15)
Other information			
Closing NAV (\$'000)	100	89	49
Number of shares	98,578	92,402	42,536
Operating charges (%)	1.03	1.03	1.03
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	82.50	88.45	97.54
Lowest share price	75.52	74.83	87.91

Sterling Class 'A-H' Accumulation shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	89.80	96.16	100.60
Return before operating charges	9.57	(5.25)	(3.41)
Operating charges	(0.96)	(1.11)	(1.03)
Return after operating charges	8.61	(6.36)	(4.44)
Distributions	(4.41)	(3.44)	(3.21)
Retained distributions	4.41	3.44	3.21
Closing NAV	98.41	89.80	96.16
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.59	(6.61)	(4.41)
Other information			
Closing NAV (\$'000)	95	93	44
Number of shares	76,279	83,998	34,930
Operating charges (%)	1.03	1.03	1.03
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	99.17	96.92	103.47
Lowest share price	89.44	83.86	95.27

Financial highlights

Sterling Class 'I-H' Income shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	78.96	88.55	96.19
Return before operating charges	8.19	(5.02)	(3.03)
Operating charges	(0.50)	(0.62)	(0.60)
Return after operating charges	7.69	(5.64)	(3.63)
Distributions	(4.62)	(3.95)	(4.01)
Closing NAV	82.03	78.96	88.55
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.74	(6.37)	(3.77)
Other information			
Closing NAV (\$'000)	3,233	6,188	6,519
Number of shares	3,124,311	6,331,938	5,608,602
Operating charges (%)	0.63	0.63	0.63
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	83.87	89.25	98.15
Lowest share price	76.66	75.60	88.69

Sterling Class 'I-H' Accumulation shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	91.28	97.26	101.31
Return before operating charges	9.60	(5.29)	(3.41)
Operating charges	(0.59)	(0.69)	(0.64)
Return after operating charges	9.01	(5.98)	(4.05)
Distributions	(4.86)	(3.86)	(3.65)
Retained distributions	4.86	3.86	3.65
Closing NAV	100.29	91.28	97.26
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.87	(6.15)	(4.00)
Other information			
Closing NAV (\$'000)	10,812	9,254	16,983
Number of shares	8,547,589	8,192,059	13,303,324
Operating charges (%)	0.63	0.63	0.63
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	101.06	98.03	104.44
Lowest share price	91.03	85.02	96.34

Financial highlights

Sterling Class 'L-H' Accumulation shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	91.51	97.44	101.29
Return before operating charges	9.63	(5.46)	(3.41)
Operating charges	(0.41)	(0.47)	(0.44)
Return after operating charges	9.22	(5.93)	(3.85)
Distributions	(5.07)	(4.05)	(3.86)
Retained distributions	5.07	4.05	3.86
Closing NAV	100.73	91.51	97.44
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	10.08	(6.09)	(3.80)
Other information			
Closing NAV (\$'000)	19,093	17,010	19,221
Number of shares	15,028,383	15,020,792	15,028,159
Operating charges (%)	0.43	0.43	0.43
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	101.50	98.21	104.47
Lowest share price	91.36	85.23	96.51

Financial highlights

Sterling Class 'PP-H' Income shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	79.14	88.82	96.38
Return before operating charges	8.25	(5.20)	(3.03)
Operating charges	(0.43)	(0.51)	(0.51)
Return after operating charges	7.82	(5.71)	(3.54)
Distributions	(4.63)	(3.97)	(4.02)
Closing NAV	82.33	79.14	88.82
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.88	(6.43)	(3.67)
Other information			
Closing NAV (\$'000)	537	929	23
Number of shares	517,377	948,853	20,070
Operating charges (%)	0.53	0.53	0.53
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	84.19	89.53	98.39
Lowest share price	76.90	75.84	88.96

Sterling Class 'PP-H' Accumulation shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	91.38	97.38	101.29
Return before operating charges	9.77	(5.42)	(3.37)
Operating charges	(0.50)	(0.58)	(0.54)
Return after operating charges	9.27	(6.00)	(3.91)
Distributions	(4.97)	(3.95)	(3.75)
Retained distributions	4.97	3.95	3.75
Closing NAV	100.65	91.38	97.38
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	10.14	(6.16)	(3.86)
Other information			
Closing NAV (\$'000)	12,631	5,230	1,374
Number of shares	9,949,684	4,624,577	1,075,275
Operating charges (%)	0.53	0.53	0.53
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	101.42	98.15	104.46
Lowest share price	91.27	85.13	96.45

Financial highlights

Sterling Class 'R-H' Income shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	78.36	88.10	95.95
Return before operating charges	8.15	(4.95)	(3.02)
Operating charges	(0.69)	(0.86)	(0.83)
Return after operating charges	7.46	(5.81)	(3.85)
Distributions	(4.59)	(3.93)	(4.00)
Closing NAV	81.23	78.36	88.10
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.52	(6.59)	(4.01)
Other information			
Closing NAV (\$'000)	1,041	79	82
Number of shares	1,016,195	80,928	71,301
Operating charges (%)	0.88	0.88	0.88
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	83.06	88.81	97.81
Lowest share price	75.98	75.12	88.26

Sterling Class 'R-H' Accumulation shares

The share class was launched on 25 February 2020.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	90.27	96.63	100.85
Return before operating charges	9.65	(5.40)	(3.34)
Operating charges	(0.82)	(0.96)	(0.88)
Return after operating charges	8.83	(6.36)	(4.22)
Distributions	(4.58)	(3.59)	(3.37)
Retained distributions	4.58	3.59	3.37
Closing NAV	99.10	90.27	96.63
After direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.78	(6.58)	(4.18)
Other information			
Closing NAV (\$'000)	235	179	182
Number of shares	187,489	160,413	143,088
Operating charges (%)	0.88	0.88	0.88
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	99.86	97.34	103.84
Lowest share price	89.99	84.24	95.66

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Statement of total return

for the year to 31 March	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		2,662		(6,893)
Revenue	5	2,581		2,066	
Expenses	6	(239)		(236)	
Interest payable and similar charges		0		(1)	
Net revenue/(expense) before taxation		2,342		1,829	
Taxation	7	0		0	
Net revenue/(expense) after taxation			2,342		1,829
Total return before distributions			5,004		(5,064)
Distributions	8		(2,391)		(1,873)
Change in net assets attributable to shareholders from investment activities			2,613		(6,937)

Statement of change in net assets attributable to shareholders

for the year to 31 March	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		39,051		44,477
Amounts received on issue of shares	13,869		22,823	
Amounts paid on cancellation of shares	(9,815)		(23,134)	
		4,054		(311)
Dilution adjustments		54		223
Change in net assets attributable to shareholders from investment activities (see above)		2,613		(6,937)
Retained distributions on Accumulation shares		2,005		1,599
Closing net assets attributable to shareholders		47,777		39,051

Financial statements and notes

Financial statements

Balance sheet

as at 31 March	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		45,398	35,452
Current assets			
Debtors	9	2,173	1,024
Cash and bank balances	10	1,552	3,691
Total assets		49,123	40,167
Liabilities			
Investment liabilities		(113)	(327)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		0	(8)
Distribution payable		(72)	(104)
Other creditors	11	(1,161)	(677)
Total liabilities		(1,346)	(1,116)
Net assets attributable to shareholders		47,777	39,051

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

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

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 March	2024 \$'000	2023 \$'000
Non-derivative securities	1,972	(4,597)
Derivative contracts	664	(1,867)
Currency gains/(losses)	26	(429)
Net capital gains/(losses)	2,662	(6,893)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 March	2024 \$'000	2023 \$'000
a) Purchases		
Debt securities	21,778	29,017
b) Sales		
Debt securities	13,344	32,606
c) There were no direct portfolio transaction costs		
	%	%
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.87	1.21

5 Revenue

for the year to 31 March	2024 \$'000	2023 \$'000
Bank interest	55	31
Derivative revenue	3	9
Interest on debt securities	2,534	2,051
Share class hedging revenue	(11)	(25)
Total revenue	2,581	2,066

6 Expenses

for the year to 31 March	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	239	236
Total expenses	239	236

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

Financial statements and notes

7 Taxation

for the year to 31 March	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	2,342	1,829
Corporation tax at 20%	468	366
Effects of:		
Interest distributions	(468)	(366)
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

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

8 Distributions

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

for the year to 31 March	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Interest distributions				
First interim	112	428	72	307
Second interim	126	471	79	357
Third interim	88	537	94	529
Final	72	569	104	406
Total net distributions	2,403		1,948	
Income deducted on cancellation of shares	74		52	
Income received on issue of shares	(86)		(127)	
Distributions	2,391		1,873	
Net revenue/(expense) per statement of total return	2,342		1,829	
Expenses offset against capital	49		44	
Distributions	2,391		1,873	

Financial statements and notes

9 Debtors

as at 31 March	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	414	214
Currency deals outstanding	966	274
Debt security interest receivable	683	536
Sales awaiting settlement	110	0
Total debtors	2,173	1,024

10 Cash and bank balances

as at 31 March	2024 \$'000	2023 \$'000
Amounts held at futures clearing houses and collateral manager	78	88
Cash held as bank balances	1,474	3,603
Total cash and bank balances	1,552	3,691

11 Other creditors

as at 31 March	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	37	99
Annual charge payable	7	6
Currency deals outstanding	964	274
Purchases awaiting settlement	153	298
Total other creditors	1,161	677

12 Contingent assets, liabilities and outstanding commitments

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

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13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A-H' Income	92,402	20,537	(14,361)	0	98,578
Class 'A-H' Accumulation	83,998	21,984	(29,703)	0	76,279
Class 'I-H' Income	6,331,938	1,169,196	(4,376,823)	0	3,124,311
Class 'I-H' Accumulation	8,192,059	3,691,887	(3,336,357)	0	8,547,589
Class 'L-H' Accumulation	15,020,792	30,591	(23,000)	0	15,028,383
Class 'PP-H' Income	948,853	237,289	(668,765)	0	517,377
Class 'PP-H' Accumulation	4,624,577	5,511,335	(186,228)	0	9,949,684
Class 'R-H' Income	80,928	1,291,309	(356,042)	0	1,016,195
Class 'R-H' Accumulation	160,413	71,398	(44,322)	0	187,489

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

14 Charging structure

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

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

15 Related parties

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

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

Financial statements and notes

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 38.91% (2023: 42.21%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024	Liabilities 2024	Assets 2023	Liabilities 2023
Basis of valuation	\$'000	\$'000	\$'000	\$'000
Level 1	2	(6)	50	(51)
Level 2	45,396	(107)	35,402	(276)
Level 3	0	0	0	0
	45,398	(113)	35,452	(327)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity and exposure

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

The VaR limit set during the period up to 5 March 2023 was 20% (2023: 20%).

The VaR limit set for periods after 6 March 2023 was two times the benchmark.

Financial statements and notes

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

for the year ended 31 March	2024 Utilisation of VaR 200%	from 6 March 2023 to 31 March 2023 Utilisation of VaR %	from 1 April 2022 to 5 March 2023 Utilisation of VaR 20%
Lowest	43.68	30.56	11.35
Highest	49.11	36.08	27.10
Average	46.71	33.47	20.40

19 Credit risk

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

as at 31 March	2024 \$'000	2023 \$'000
Investment grade securities	3,941	4,013
Below investment grade securities	41,322	30,510
Unrated securities	1	0
Other investments	21	602
Total	45,285	35,125

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

as at 31 March 2024	Forward currency contracts \$'000	Futures \$'000
Bank of America Merrill Lynch	0	(5)
Merrill Lynch	103	0
State Street Bank	(78)	0
Total	25	(5)

as at 31 March 2023	Forward currency contracts \$'000	Futures \$'000
Bank of America Merrill Lynch	0	(1)
JPMorgan	3	0
State Street Bank	600	0
Total	603	(1)

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20 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2024 and 31 March 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 March	2024 \$'000	2024 %	2023 \$'000	2023 %
Lowest	94,496	107.00	58,336	166.94
Highest	189,455	118.00	206,764	654.71
Average	117,479	111.75	87,684	250.28

21 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on page 224.

22 Interest distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.04.23	30.06.23	03.07.23	31.08.23
Second interim	01.07.23	30.09.23	02.10.23	30.11.23
Third interim	01.10.23	31.12.23	02.01.24	29.02.24
Final	01.01.24	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	0.4910	0.5810	1.0720	0.8640
Second interim	0.4608	0.6552	1.1160	0.9261
Third interim	0.4944	0.6851	1.1795	1.0183
Final	0.4945	0.6951	1.1896	1.1109

Sterling Class 'A-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	0.8733	0.1279	1.0012	0.7105
Second interim	0.5813	0.4841	1.0654	0.7888
Third interim	0.6588	0.5025	1.1613	0.9119
Final	0.3499	0.8338	1.1837	1.0307

Sterling Class 'I-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	0.3262	0.7585	1.0847	0.8693
Second interim	0.8122	0.3197	1.1319	0.9344
Third interim	0.7939	0.4005	1.1944	1.0266
Final	0.6614	0.5465	1.2079	1.1245

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Sterling Class 'I-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.6747	0.4351	1.1098	0.8110
Second interim	0.8065	0.3706	1.1771	0.8917
Third interim	0.6511	0.6235	1.2746	1.0155
Final	0.6277	0.6750	1.3027	1.1370

Sterling Class 'L-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.9157	0.2424	1.1581	0.8584
Second interim	0.6108	0.6173	1.2281	0.9402
Third interim	1.3260	0.0000	1.3260	1.0609
Final	1.3573	0.0000	1.3573	1.1861

Sterling Class 'PP-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.7366	0.3499	1.0865	0.8715
Second interim	0.5620	0.5733	1.1353	0.9374
Third interim	0.4118	0.7813	1.1931	1.0299
Final	0.7903	0.4233	1.2136	1.1278

Sterling Class 'PP-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.3751	0.7601	1.1352	0.8347
Second interim	0.5323	0.6714	1.2037	0.9154
Third interim	0.6019	0.7004	1.3023	1.0378
Final	0.5239	0.8080	1.3319	1.1632

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Sterling Class 'R-H' Income shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.2466	0.8303	1.0769	0.8642
Second interim	0.9491	0.1778	1.1269	0.9287
Third interim	0.7777	0.4080	1.1857	1.0197
Final	1.0079	0.1899	1.1978	1.1163

Sterling Class 'R-H' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.4682	0.5715	1.0397	0.7479
Second interim	0.4771	0.6296	1.1067	0.8264
Third interim	0.6135	0.5898	1.2033	0.9492
Final	0.4038	0.8246	1.2284	1.0698

23 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 February 2024 has been used.

Investment objective

The fund aims to protect the value of capital and income from inflation by providing a total return (the combination of capital growth and income), net of the ongoing charge figure, that is consistent with or higher than UK inflation (as measured by the UK Consumer Prices Index), over any three-year period. There is no guarantee that the fund will achieve its objective over this, or any other, period. The income distributions and the value of your investment may rise and fall, and investors may not recoup the original amount they invested.

Investment policy

At least 70% of the fund is invested, directly or indirectly, in investment grade corporate debt securities (typically inflation-linked corporate bonds and floating rate notes), denominated in sterling or hedged back to sterling. These securities can be issued by companies from anywhere in the world, including emerging markets.

The fund's indirect exposure to inflation-linked corporate bonds is achieved by investing through a combination of instruments. These include a combination of inflation-linked government bonds with credit derivatives, such as credit default swaps (CDS) to create synthetic positions.

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

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

Investment approach

The fund typically seeks to maintain a low sensitivity to movements in interest rates to help mitigate the

negative impact of rising bond yields which are common during periods of rising inflation.

The fund managers believe that 'synthetic' inflation-linked corporate bonds can offer a similar return profile to physical inflation-linked corporate bonds while benefiting from enhanced market depth and liquidity.

The fund's investment style combines top-down and bottom-up analysis, and the fund manager is assisted in the selection of individual bonds by a team of credit analysts.

Benchmark

UK Consumer Prices Index.

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

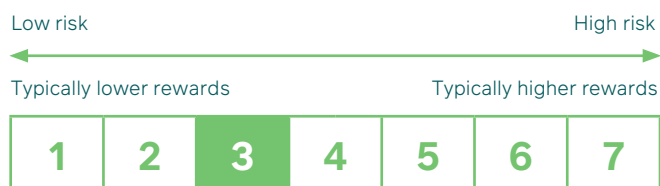
The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund.

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

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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



The above number:

Authorised Corporate Director's Report

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

Investment review

For the year ended 31 March 2024

Performance against objective

Between 1 April 2023 (the start of the review period) and 31 March 2024, the M&G UK Inflation Linked Corporate Bond Fund delivered a positive total return.

The fund seeks to match or exceed the change in the UK Consumer Prices Index (CPI) over a rolling three-year period. Over a three-year period, the fund's annualised returns were behind the change in the CPI, which stood at 6.8% pa. The fund is therefore not meeting its investment objective.

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

Performance review

Market sentiment moved from one extreme to another during the period under review. The year started with concerns about recession and, in the UK, where the fund is largely invested, the Bank of England (BoE) surprised markets with a 0.5% rate hike in June (versus 0.25% expected) after the latest UK inflation report came in higher than expected. Central bank rhetoric remained hawkish, signalling that more hikes would be needed to curb inflation.

Inflationary pressures continued to ease over the summer, and UK inflation unexpectedly fell in August, which led to the BoE choosing to pause its interest rate hiking cycle in September. Meanwhile, the UK unemployment rate rose from 4.2% to 4.3% over the three months to July, representing the highest level in nearly two years, and suggesting that the labour market

may be cooling after months of consecutive interest rate hikes. Credit markets were resilient, and the fund performed well on a relative basis.

Inflation declined steadily during the fourth quarter of 2023, falling to a two-year low in the UK in November. The fund performed well in this environment due to our long duration positioning that benefited from falling government bond yields. UK government bonds (gilts) outperformed their US and European counterparts during the fourth quarter, with longer-dated bonds benefiting the most. Corporate bonds also performed well during the period, as credit spreads tightened, and investor confidence returned.

The BoE kept interest rates unchanged in the first quarter of 2024; however, in March governor Andrew Bailey said that it was 'reasonable' for financial markets to price in two or three rate cuts this year. This followed a positive surprise in the UK CPI numbers for February, with headline inflation decreasing to +3.4% year-on-year and core inflation falling to +4.5% from +5.1%. Off the back of this, there is increasing optimism that the BoE may cut rates by June, but this is not yet fully priced in. Credit supported the fund's performance towards the end of the period due to tighter credit spreads (meaning a smaller difference in yield between different-quality bonds of the same maturity date).

Against this backdrop, during the review period the fund delivered a positive return and outperformed its benchmark, UK Consumer Price Index, which returned 3.4% over the period under review. Our yield curve positioning was favourable for relative performance, while credit also made a positive contribution as spreads tightened over the review period.

Investment activities

Early in the period under review, we reduced credit risk, adding a few new financial and consumer staple issues, preferring to maintain rather than increase our financial exposure. After de-risking earlier in the year, we continued to be cautious on credit as the period progressed, preferring higher quality names in more defensive sectors, such as utilities. Over the summer, we increased the fund's duration to around 3.2 years,

Authorised Corporate Director's Report

which was the longest it had been for some time. We felt that much of the opportunity was in this area given the sell-off in UK bonds, the aggressive rate hiking cycle spanning nearly two years, and signs that this is starting to impact the real economy.

The fund's duration was 3.1 years at the end of the period – although we reduced US dollar duration and increased sterling duration in March. We still see good value in government bond yields, despite recent weakness, and believe duration presents the biggest opportunity for the fund.

Outlook

Inflation is on a downward trajectory, and we expect this trend to continue to slow down as the effects of restrictive monetary policy impact economic activity. That being said, we are not discounting the possibility of inflation reaccelerating again at some point, and therefore continue to monitor inflationary trends closely and retain inflation protection in the portfolio.

Looking forward, we believe that the sharp rise in interest rates will start to impact the real economy. This increases the likelihood of a consumption-led recession, which could be brought forward by an event such as stress within commercial real estate. The severity of the recession will be dictated by the resilience of the labour market, which has remained tight thus far.

Ben Lord and Matthew Russell

Co-fund managers

Employees of M&G FA Limited which is an associate of M&G Securities Limited. Please note that effective from 5 February 2024, Matthew Russell appointed as co-fund manager.

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

Portfolio statement

Investments

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income	860,431	97.32	95.97
Debt securities	863,111	97.62	95.65
'AAA' credit rated bonds	16,002	1.81	1.71
£2,851,141 European Investment Bank 2.9516% 31/03/2034	6,766	0.77	
£366,858 Gemgarto 2021-1 FRN 5.8097% 16/12/2067	366	0.04	
£649,416 Hops Hill No. 1 FRN 6.1469% 27/05/2054	650	0.07	
£3,222,595 Polaris 2022-1 FRN 5.996% 23/10/2059	3,222	0.36	
£5,000,000 Towd Point Mortgage Funding 2019 - Granite4 FRN 5.8296% 20/10/2051	4,998	0.57	
'AA' credit rated bonds	493,672	55.84	57.77
£3,333,000 DNB Bank Var. Rate 1.375% 02/12/2025	3,244	0.37	
£2,000,001 UK Treasury IL 0.125% 22/03/2024	3,120	0.35	
£53,500,000 UK Treasury IL 0.125% 22/03/2026	78,016	8.82	
£50,000 UK Treasury IL 0.125% 10/08/2028	68	0.01	
£25,000 UK Treasury IL 0.125% 22/03/2029	40	0.01	
£52,775,000 UK Treasury IL 1.25% 17/07/2024	202,367	22.89	
£90,000,000 UK Treasury IL 1.25% 22/11/2027	183,411	20.74	
£500,000 UK Treasury IL 4.125% 22/07/2030	1,725	0.20	
US\$22,500,000 US Treasury IL 0.375% 15/01/2027	21,681	2.45	
'A' credit rated bonds	141,123	15.96	10.18
£4,350,000 Anglian Water Services Financing IL 3.666% 30/07/2024	9,362	1.06	
£10,612 Baglan Moor Healthcare IL 3.92% 30/04/2029	24	0.00	
£7,800,000 Banco Santander 1.375% 31/07/2024	7,695	0.87	
£5,600,000 Banco Santander Var. Rate 4.75% 30/08/2028	5,523	0.62	
US\$5,000,000 Bank of America Var. Rate 1.319% 19/06/2026	3,760	0.43	
£2,495,000 Bank of America Var. Rate 1.667% 02/06/2029	2,192	0.25	
£6,660,000 Bank of America Var. Rate 3.584% 27/04/2031	6,219	0.70	
US\$5,000,000 Bank of America Var. Rate 4.376% 27/04/2028	3,858	0.44	
US\$2,500,000 Bank of America Var. Rate 4.948% 22/07/2028	1,962	0.22	
€1,800,000 Banque Fédérative du Crédit Mutuel 3.125% 14/09/2027	1,524	0.17	
US\$5,000,000 Banque Fédérative du Crédit Mutuel 4.753% 13/07/2027	3,910	0.44	
£1,700,000 BPCE Var. Rate 4.875% 22/10/2030	1,693	0.19	
€4,000,000 Crédit Agricole Var. Rate 4.25% 11/07/2029	3,503	0.40	
US\$2,500,000 Credit Suisse 7.5% 15/02/2028	2,131	0.24	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
£4,072,000 Credit Suisse 7.75% 10/03/2026	4,263	0.48	
US\$2,737,000 Deutsche Bank 4.162% 13/05/2025	2,132	0.24	
£7,000,000 DWR Cymru Financing 4.375% 31/03/2027	16,291	1.84	
£4,000,000 HSBC Var. Rate 1.75% 24/07/2027	3,689	0.42	
US\$15,000,000 JPMorgan Chase Var. Rate 4.323% 26/04/2028	11,590	1.31	
US\$5,000,000 JPMorgan Chase Var. Rate 4.851% 25/07/2028	3,919	0.44	
£3,500,000 Leeds Building Society 1.375% 06/10/2027	3,088	0.35	
€7,002,000 Morgan Stanley Var. Rate 0.406% 29/10/2027	5,524	0.63	
US\$10,000,000 Morgan Stanley Var. Rate 0.985% 10/12/2026	7,323	0.83	
US\$2,500,000 Morgan Stanley Var. Rate 4.679% 17/07/2026	1,956	0.22	
US\$2,500,000 Morgan Stanley Var. Rate 5.123% 01/02/2029	1,973	0.22	
€6,059,000 Nationwide Building Society 2% 28/04/2027	4,964	0.56	
US\$2,500,000 Nationwide Building Society 4.85% 27/07/2027	1,958	0.22	
£2,435,000 NatWest Markets 6.375% 08/11/2027	2,542	0.29	
US\$2,500,000 Philip Morris International 4.875% 15/02/2028	1,972	0.22	
US\$5,000,000 Philip Morris International 5.125% 17/11/2027	3,977	0.45	
US\$500,000 Philip Morris International 5.125% 15/02/2030	396	0.05	
US\$2,174,170 Project Silver 3.967% 15/07/2044	1,515	0.17	
US\$1,481,000 Société Générale 4.677% 15/06/2027	1,152	0.13	
US\$2,500,000 Svenska Handelsbanken 5.5% 15/06/2028	1,997	0.23	
€999,000 UBS Var. Rate 4.125% 09/06/2033	866	0.10	
US\$1,852,000 UBS Var. Rate 4.751% 12/05/2028	1,434	0.16	
US\$1,200,000 UBS Var. Rate 5.428% 08/02/2030	950	0.11	
US\$1,316,000 UBS Var. Rate 6.246% 22/09/2029	1,074	0.12	
US\$1,512,000 UBS Var. Rate 6.327% 22/12/2027	1,222	0.14	
'BBB' credit rated bonds	204,962	23.18	23.25
€1,500,000 A1 Towers Holding 5.25% 13/07/2028	1,349	0.15	
US\$2,273,000 AerCap Ireland Capital DAC 2.45% 29/10/2026	1,670	0.19	
US\$2,000,000 AerCap Ireland Capital DAC 3% 29/10/2028	1,431	0.16	
€797,000 AIB Var. Rate 4.625% 23/07/2029	703	0.08	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£2,023,000 Arqiva Financing 7.21% 30/06/2028	2,179	0.25	
€1,300,000 Banco de Sabadell Var. Rate 5% 07/06/2029	1,165	0.13	
€1,100,000 Banco de Sabadell Var. Rate 5.125% 10/11/2028	984	0.11	
€561,000 Bank of Ireland Var. Rate 4.875% 16/07/2028	497	0.06	
€2,890,000 Barclays FRN 4.788% 12/05/2026	2,484	0.28	
US\$1,800,000 Barclays Var. Rate 5.501% 09/08/2028	1,419	0.16	
US\$2,000,000 Barclays Var. Rate 5.829% 09/05/2027	1,586	0.18	
US\$5,000,000 BAT International Finance 5.931% 02/02/2029	4,056	0.46	
€2,300,000 BPCE Var. Rate 3.875% 11/01/2029	1,974	0.22	
£2,000,000 British Telecommunications 3.5% 25/04/2025	4,488	0.51	
£2,200,000 CaixaBank Var. Rate 3.5% 06/04/2028	2,087	0.24	
€2,000,000 CaixaBank Var. Rate 4.625% 16/05/2027	1,736	0.20	
US\$1,990,000 CaixaBank Var. Rate 6.208% 18/01/2029	1,606	0.18	
€2,500,000 Celanese 4.777% 19/07/2026	2,172	0.25	
US\$2,752,000 Citigroup Var. Rate 4.658% 24/05/2028	2,143	0.24	
€1,600,000 Corning 3.875% 15/05/2026	1,370	0.15	
£1,072,000 Coventry Cuilding Society FRN 1% 07/11/2027	1,108	0.13	
£1,790,000 CPUK Finance 5.876% 28/08/2027	1,807	0.20	
£2,600,000 Deutsche Bank Var. Rate 4% 24/06/2026	2,540	0.29	
US\$1,025,000 EDF 5.7% 23/05/2028	822	0.09	
€1,068,000 Eurofins Scientific 4.75% 06/09/2030	955	0.11	
US\$808,000 Fifth Third Bancorp Var. Rate 6.339% 27/07/2029	659	0.07	
£3,819,000 Goldman Sachs 1.5% 07/12/2027	3,400	0.38	
€672,000 Harley-Davidson Financial Services 5.125% 05/04/2026	588	0.07	
£1,261,000 Hiscox 6% 22/09/2027	1,283	0.15	
€1,333,000 Holding d'Infrastructures et des Metiers de l'Environnement 0.125% 16/09/2025	1,076	0.12	
€773,000 Iccrea Banca FRN 1% 05/02/2030	665	0.08	
£10,000,000 Imperial Brands Finance 5.5% 28/09/2026	9,997	1.13	
£5,000,000 ING Var. Rate 5% 30/08/2026	4,975	0.56	
€5,000,000 InterContinental Hotels 1.625% 08/10/2024	4,221	0.48	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€726,000 Islandsbanki 7.375% 17/05/2026	650	0.07	
US\$8,500,000 JBS 5.125% 01/02/2028	6,620	0.75	
£3,000,000 KBC Var. Rate 1.25% 21/09/2027	2,734	0.31	
€635,000 Landsbankinn 6.375% 12/03/2027	569	0.06	
£7,000,000 Lloyds Banking Var. Rate 1.875% 15/01/2026	6,800	0.77	
£2,562,000 Lloyds Banking Var. Rate 2% 12/04/2028	2,324	0.26	
US\$5,000,000 Lloyds Banking Var. Rate 3.511% 18/03/2026	3,871	0.44	
€2,059,000 Lloyds Banking Var. Rate 4.5% 11/01/2029	1,816	0.21	
€1,000,000 Logikor Financing 0.625% 17/11/2025	804	0.09	
€1,440,000 Logikor Financing 1.5% 13/07/2026	1,157	0.13	
€1,320,000 Mexico (United Mexican States) 4.4899% 25/05/2032	1,147	0.13	
£1,780,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	1,816	0.21	
£7,500,000 NatWest Var. Rate 2.875% 19/09/2026	7,228	0.82	
£2,829,000 NatWest Var. Rate 3.125% 28/03/2027	2,707	0.31	
US\$1,429,000 NextEra Energy Capital 6.051% 01/03/2025	1,135	0.13	
£9,103,000 Ørsted 0.375% 16/05/2034	9,296	1.05	
€897,000 Permanent TSB Group Holdings Var. Rate 6.625% 25/04/2028	815	0.09	
US\$5,000,000 Santander Var. Rate 1.532% 21/08/2026	3,726	0.42	
US\$5,000,000 Santander Var. Rate 6.534% 10/01/2029	4,086	0.46	
£1,914,000 Santander Var. Rate 7.098% 16/11/2027	1,976	0.22	
€1,808,000 SELP Finance 3.75% 10/08/2027	1,536	0.17	
US\$1,361,000 Swedbank 6.136% 12/09/2026	1,090	0.12	
£2,500,000 Swedbank Var. Rate 1.375% 08/12/2027	2,266	0.26	
£5,000,000 Swedbank Var. Rate 7.272% 15/11/2032	5,195	0.59	
£15,913,000 Tesco IL 6.3178% 05/11/2025	32,284	3.65	
£1,000,000 Thames Water Utilities Finance 6.75% 16/11/2028	976	0.11	
£3,070,000 Thames Water Utilities Finance 7.125% 30/04/2031	3,047	0.34	
€1,550,000 UniCredit Var. Rate 1.25% 16/06/2026	1,285	0.15	
US\$4,000,000 Warnermedia 3.638% 15/03/2025	3,103	0.35	
US\$5,000,000 Wells Fargo Var. Rate 2.188% 30/04/2026	3,810	0.43	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£11,262,000 Wells Fargo Var. Rate 3.473% 26/04/2028	10,713	1.21	
£5,000,000 Whitbread 2.375% 31/05/2027	4,565	0.52	
€1,500,000 Worldline 4.125% 12/09/2028	1,263	0.14	
£1,308,000 Yorkshire Building Society Var. Rate 7.375% 12/09/2027	1,357	0.15	
'BB' credit rated bonds	5,015	0.57	2.27
€1,868,000 GTC Aurora Luxembourg 2.25% 23/06/2026	1,370	0.16	
£926,000 GTCR W-2 Merger Sub 8.5% 15/01/2031	998	0.11	
€100,000 Novo Banco Var. Rate 9.875% 01/12/2033	98	0.01	
€2,697,000 Teva Pharmaceutical Finance Netherlands II 7.375% 15/09/2029	2,549	0.29	
'B' credit rated bonds	2,337	0.26	0.47
€2,766,000 Iliad 5.125% 15/10/2026	2,337	0.26	
Debt derivatives	(2,680)	(0.30)	0.32
Credit default swaps	7,533	0.85	0.68
€(5,000,000) Anheuser-Busch InBev Dec 2025	57	0.01	
US\$(5,000,000) AT&T Dec 2025	37	0.00	
€(7,500,000) BNP Paribas Dec 2025	81	0.01	
€(10,000,000) BP Capital Markets Jun 2025	84	0.01	
US\$(15,000,000) Comcast Dec 2026	233	0.03	
€(7,500,000) Credit Agricole Dec 2025	83	0.01	
€(7,300,000) Deutsche Bank Jun 2026	(77)	(0.01)	
€(12,500,000) Electricite De France Dec 2025	116	0.01	
€(10,000,000) Enel Societa Per Azioni Dec 2025	111	0.01	
US\$(5,000,000) Energy Transfer Operating Dec 2024	22	0.00	
US\$(5,000,000) Energy Transfer Operating Dec 2025	44	0.00	
US\$(10,500,000) Fedex Jun 2026	142	0.02	
US\$(5,000,000) General Electric Dec 2025	56	0.01	
US\$(7,500,000) General Electric Dec 2028	169	0.02	
US\$(5,000,000) General Motors Dec 2024	137	0.02	
US\$(5,000,000) General Motors Dec 2025	309	0.03	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Fixed income (continued)			
Debt derivatives (continued)			
Credit default swaps (continued)			
US\$(51,500,000) Markit CDX North American Investment Grade Series 38 V1 5 Year Jun 2027	861	0.10	
US\$(32,000,000) Markit CDX North American Investment Grade Series 41 V1 5 Year Dec 2028	578	0.07	
€(30,500,000) Markit iTraxx Europe Senior Financial Series 39 V1 5 Year Jun 2028	(505)	(0.06)	
€(80,000,000) Markit iTraxx Europe Series 37 V1 5 Year Jun 2027	1,422	0.16	
€(97,500,000) Markit iTraxx Europe Series 38 V1 5 Year Dec 2027	1,798	0.20	
€(27,000,000) Markit iTraxx Europe Series 40 V1 5 Year Dec 2028	497	0.06	
€(6,000,000) Next Group Jun 2026	91	0.01	
US\$(5,000,000) Omnicom Group Dec 2025	55	0.01	
€(5,000,000) Orange Dec 2025	65	0.01	
US\$(5,000,000) Verizon Communications Dec 2025	41	0.00	
€(7,500,000) Vodafone Dec 2024	40	0.00	
€(5,000,000) Vodafone Jun 2028	87	0.01	
€(13,100,000) Wendel Dec 2025	899	0.10	
Interest rate swaps	(9,144)	(1.03)	(0.27)
£20,000,000 Pay VAR Receive 3.8141% Mar 2029	(52)	0.00	
£20,000,000 Pay VAR Receive 3.8557% Mar 2029	(16)	0.00	
£25,000,000 Pay VAR Receive 3.9% Sep 2031	(3,414)	(0.39)	
£50,000,000 Pay VAR Receive 3.953% Sep 2031	(6,542)	(0.74)	
£16,000,000 Pay VAR Receive 4.0356% Mar 2028	13	0.00	
£23,000,000 Pay VAR Receive 4.9925% Jun 2028	867	0.10	
Interest rate futures	(1,069)	(0.12)	(0.09)
336 10 Year US Treasury Note Jun 2024	58	0.01	
331 2 Year US Treasury Note Jun 2024	(84)	(0.01)	
647 5 Year US Treasury Note Jun 2024	(113)	(0.01)	
539 Euro-Bobl Jun 2024	203	0.02	
984 Euro-Schatz Jun 2024	(133)	(0.02)	
(400) Long Gilt Jun 2024	(1,000)	(0.11)	

Portfolio statement

Investments (continued)

Holding	as at 31.03.24 £'000	as at 31.03.24 %	as at 31.03.23 %
Currency	(524)	(0.06)	0.13
Forward currency contracts	(524)	(0.06)	0.13
€1,100,435 Bought for £943,119 (expires 03.04.24)	(2)	0.00	
€(71,964,278) Sold for £61,645,989 (expires 03.04.24)	112	0.01	
US\$8,723,357 Bought for £6,845,764 (expires 03.04.24)	71	0.01	
US\$(174,409,225) Sold for £137,578,370 (expires 03.04.24)	(705)	(0.08)	
Total portfolio	859,907	97.26	96.10
Net other assets/(liabilities)	24,247	2.74	3.90
Net assets attributable to shareholders	884,154	100.00	100.00

Portfolio statement

Top ten portfolio transactions for the year to 31 March 2024

Largest purchases	£'000
DWR Cymru Financing 4.375% 31/03/2027	16,050
UK Treasury IL 1.25% 22/11/2027	14,207
British Telecommunications 3.5% 25/04/2025	4,319
BAT International Finance 5.931% 02/02/2029	3,886
HSBC Var. Rate 1.75% 24/07/2027	3,478
Thames Water Utilities Finance 7.125% 30/04/2031	3,044
Leeds Building Society 1.375% 06/10/2027	2,906
HSBC Var. Rate 8.201% 16/11/2034	2,597
BPCE Var. Rate 5.75% 01/06/2033	2,168
Arqiva Financing 7.21% 30/06/2028	2,022
Other purchases	41,718
Total purchases	96,395

Largest sales	£'000
UK Treasury IL 0.125% 22/03/2024	93,600
UK Treasury IL 1.25% 22/11/2027	34,332
UK Treasury IL 0.125% 10/08/2026	16,997
Terna - Rete Elettrica Nazionale 2.731% 15/09/2023	8,666
Ford Motor Credit 4.535% 06/03/2025	7,205
Banco Santander Var. Rate 2.25% 04/10/2032	5,775
US Treasury IL 0.375% 15/01/2027	4,828
HSBC Var. Rate 8.201% 16/11/2034	4,630
Barclays Var. Rate 7.437% 02/11/2033	4,333
Banco Bilbao Vizcaya Argentaria Var. Rate 6.138% 14/09/2028	4,033
Other sales	85,722
Total sales	270,121

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+5.5	+2.3	+2.3	+1.5
Class 'A' Accumulation	+5.5	+2.3	+2.3	+1.5
Class 'I' Income	+5.9	+2.7	+2.7	+1.9
Class 'I' Accumulation	+5.9	+2.7	+2.7	+1.9
Class 'PP' Income	+6.0	+2.8	n/a	n/a
Class 'PP' Accumulation	+6.0	+2.8	n/a	n/a
Class 'R' Income	+5.6	+2.4	+2.5	+1.7
Class 'R' Accumulation	+5.6	+2.4	+2.5	+1.7
Benchmark	+3.4	+6.8	+4.5	+2.9

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	119.10	118.95	118.31
Return before operating charges	7.51	2.18	1.76
Operating charges	(1.00)	(0.98)	(1.00)
Return after operating charges	6.51	1.20	0.76
Distributions	(2.11)	(1.05)	(0.12)
Closing NAV	123.50	119.10	118.95
After direct transaction cost of	0.01	0.00	0.00
Performance			
Return after charges (%)	5.47	1.01	0.64
Other information			
Closing NAV (£'000)	872	1,938	2,147
Number of shares	705,895	1,627,365	1,805,283
Operating charges (%)	0.83	0.83	0.84
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	124.62	120.94	120.42
Lowest share price	117.66	113.02	117.96

Sterling Class 'A' Accumulation shares

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	126.54	125.26	124.46
Return before operating charges	8.03	2.32	1.85
Operating charges	(1.07)	(1.04)	(1.05)
Return after operating charges	6.96	1.28	0.80
Distributions	(1.18)	(0.07)	0.00
Retained distributions	1.18	0.07	0.00
Closing NAV	133.50	126.54	125.26
After direct transaction cost of	0.01	0.00	0.00
Performance			
Return after charges (%)	5.50	1.02	0.64
Other information			
Closing NAV (£'000)	14,695	19,130	23,807
Number of shares	11,007,507	15,116,707	19,006,714
Operating charges (%)	0.83	0.83	0.84
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	133.47	127.35	126.81
Lowest share price	125.01	119.39	124.22

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	124.15	123.50	122.35
Return before operating charges	7.84	2.27	1.82
Operating charges	(0.54)	(0.53)	(0.54)
Return after operating charges	7.30	1.74	1.28
Distributions	(2.20)	(1.09)	(0.13)
Closing NAV	129.25	124.15	123.50
After direct transaction cost of	0.01	0.00	0.00
Performance			
Return after charges (%)	5.88	1.41	1.05
Other information			
Closing NAV (£'000)	325,239	416,816	585,158
Number of shares	251,627,183	335,723,171	473,800,438
Operating charges (%)	0.43	0.43	0.44
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	130.43	125.76	124.89
Lowest share price	122.78	117.59	122.45

Sterling Class 'I' Accumulation shares

The share class was launched on 16 September 2010.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	133.87	131.98	130.62
Return before operating charges	8.50	2.46	1.94
Operating charges	(0.58)	(0.57)	(0.58)
Return after operating charges	7.92	1.89	1.36
Distributions	(1.80)	(0.60)	0.00
Retained distributions	1.80	0.60	0.00
Closing NAV	141.79	133.87	131.98
After direct transaction cost of	0.01	0.00	0.00
Performance			
Return after charges (%)	5.92	1.43	1.04
Other information			
Closing NAV (£'000)	220,849	294,742	279,381
Number of shares	155,762,883	220,173,164	211,680,724
Operating charges (%)	0.43	0.43	0.44
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	141.76	134.52	133.46
Lowest share price	132.38	126.06	130.86

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Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	104.93	104.27	103.20
Return before operating charges	6.63	1.93	1.51
Operating charges	(0.35)	(0.34)	(0.34)
Return after operating charges	6.28	1.59	1.17
Distributions	(1.86)	(0.93)	(0.10)
Closing NAV	109.35	104.93	104.27
After direct transaction cost of	0.01	0.00	0.00
Performance			
Return after charges (%)	5.98	1.52	1.13
Other information			
Closing NAV (£'000)	235,389	243,169	216,447
Number of shares	215,266,919	231,747,066	207,574,823
Operating charges (%)	0.33	0.33	0.33
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	110.34	106.22	105.41
Lowest share price	103.80	99.34	103.38

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	108.31	106.67	105.46
Return before operating charges	6.88	1.99	1.56
Operating charges	(0.36)	(0.35)	(0.35)
Return after operating charges	6.52	1.64	1.21
Distributions	(1.57)	(0.60)	0.00
Retained distributions	1.57	0.60	0.00
Closing NAV	114.83	108.31	106.67
After direct transaction cost of	0.01	0.00	0.00
Performance			
Return after charges (%)	6.02	1.54	1.15
Other information			
Closing NAV (£'000)	86,167	87,438	99,319
Number of shares	75,039,744	80,730,137	93,105,141
Operating charges (%)	0.33	0.33	0.33
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	114.81	108.82	107.84
Lowest share price	107.14	101.94	105.76

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	115.99	115.67	114.88
Return before operating charges	7.32	2.12	1.70
Operating charges	(0.80)	(0.78)	(0.79)
Return after operating charges	6.52	1.34	0.91
Distributions	(2.05)	(1.02)	(0.12)
Closing NAV	120.46	115.99	115.67
After direct transaction cost of	0.01	0.00	0.00
Performance			
Return after charges (%)	5.62	1.16	0.79
Other information			
Closing NAV (£'000)	264	246	209
Number of shares	218,977	212,048	181,092
Operating charges (%)	0.68	0.68	0.69
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	121.55	117.67	117.05
Lowest share price	114.63	109.99	114.70

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 March Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	121.92	120.50	119.55
Return before operating charges	7.73	2.24	1.77
Operating charges	(0.84)	(0.82)	(0.82)
Return after operating charges	6.89	1.42	0.95
Distributions	(1.33)	(0.25)	0.00
Retained distributions	1.33	0.25	0.00
Closing NAV	128.81	121.92	120.50
After direct transaction cost of	0.01	0.00	0.00
Performance			
Return after charges (%)	5.65	1.18	0.79
Other information			
Closing NAV (£'000)	679	780	860
Number of shares	527,440	640,041	713,634
Operating charges (%)	0.68	0.68	0.68
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	128.79	122.59	121.94
Lowest share price	120.49	114.94	119.49

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Statement of total return

for the year to 31 March	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		18,311		(74,977)
Revenue	5	39,554		93,558	
Expenses	6	(3,873)		(4,739)	
Interest payable and similar charges		(14)		(18)	
Net revenue/(expense) before taxation		35,667		88,801	
Taxation	7	0		0	
Net revenue/(expense) after taxation			35,667		88,801
Total return before distributions			53,978		13,824
Distributions	8		(15,235)		(8,326)
Change in net assets attributable to shareholders from investment activities			38,743		5,498

Statement of change in net assets attributable to shareholders

for the year to 31 March	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,064,259		1,207,328
Amounts received on issue of shares	48,086		212,180	
Amounts paid on cancellation of shares	(271,600)		(363,272)	
		(223,514)		(151,092)
Dilution adjustments		301		638
Change in net assets attributable to shareholders from investment activities (see above)		38,743		5,498
Retained distributions on Accumulation shares		4,365		1,887
Closing net assets attributable to shareholders		884,154		1,064,259

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Balance sheet

as at 31 March	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		872,550	1,036,735
Current assets			
Debtors	9	7,978	8,134
Cash and bank balances	10	26,304	39,528
Cash equivalents		1,526	3,827
Total assets		908,358	1,088,224
Liabilities			
Investment liabilities		(12,643)	(14,023)
Creditors			
Bank overdrafts		(1,751)	0
Overdrawn positions at futures clearing houses and collateral manager		(1,964)	(1,473)
Distribution payable		(5,212)	(3,863)
Other creditors	11	(2,634)	(4,606)
Total liabilities		(24,204)	(23,965)
Net assets attributable to shareholders		884,154	1,064,259

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Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 13.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 March	2024 £'000	2023 £'000
Non-derivative securities	8,840	(64,601)
Derivative contracts	10,339	(6,842)
Currency gains/(losses)	(868)	(3,534)
Net capital gains/(losses)	18,311	(74,977)

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4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 March	2024 £'000		2023 £'000	% of transaction
a) Purchases				
Debt securities	96,395		594,663	
b) Sales				
Debt securities	270,121		718,122	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Derivatives	27	0.00	7	0.00
Taxes paid				
Derivatives	29	0.00	8	0.00
Total direct portfolio transaction costs	56	0.00	15	0.00
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.18		0.30

5 Revenue

for the year to 31 March	2024 £'000	2023 £'000
Bank interest	29	18
Derivative revenue	6,035	7,397
Dividends from equity investments: taxable	10	37
Interest distributions	380	357
Interest on debt securities	33,096	85,740
Rebate of ongoing charges from underlying funds	4	9
Total revenue	39,554	93,558

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6 Expenses

for the year to 31 March	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	3,873	4,739
Total expenses	3,873	4,739

Audit fees for the financial year ending 2024 were £14,000 (2023: £14,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 March	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	35,667	88,801
Corporation tax at 20%	7,133	17,760
Effects of:		
Interest distributions	(1,576)	(87)
Relief for indexation on UK gilts	(4,557)	(16,673)
Current year expenses not utilised	(1,000)	(1,000)
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £64,000 (2023: £1,064,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

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8 Distributions

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

for the year to 31 March	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
Interim	4,782	2,062	2,132	423
Final	5,212	2,303	3,863	1,464
Total net distributions		14,359		7,882
Income deducted on cancellation of shares		1,010		626
Income received on issue of shares		(134)		(182)
Distributions		15,235		8,326
Net revenue/(expense) per statement of total return		35,667		88,801
Expenses offset against capital		2,355		2,890
Effective yield adjustment not distributed		(22,787)		(83,365)
Distributions		15,235		8,326

9 Debtors

as at 31 March	2024 £'000	2023 £'000
Amounts receivable on issues of shares	268	968
Currency deals outstanding	350	0
Debt security interest receivable	7,240	6,975
Derivative revenue receivable	100	170
Distributions receivable	18	9
Withholding tax recoverable	2	12
Total debtors	7,978	8,134

10 Cash and bank balances

as at 31 March	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	24,743	29,962
Cash held as bank balances	1,561	9,566
Total cash and bank balances	26,304	39,528

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11 Other creditors

as at 31 March	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	2,186	3,885
Annual charge payable	98	132
Currency deals outstanding	350	0
Derivative expense payable	0	1
Purchases awaiting settlement	0	588
Total other creditors	2,634	4,606

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

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

Share class	Opening 01.04.23	Issued	Movements Cancelled	Converted	Closing 31.03.24
Sterling					
Class 'A' Income	1,627,365	12,000	(933,470)	0	705,895
Class 'A' Accumulation	15,116,707	1,290,118	(5,399,318)	0	11,007,507
Class 'I' Income	335,723,171	4,966,514	(89,062,502)	0	251,627,183
Class 'I' Accumulation	220,173,164	6,494,054	(70,904,335)	0	155,762,883
Class 'PP' Income	231,747,066	24,670,868	(41,151,015)	0	215,266,919
Class 'PP' Accumulation	80,730,137	4,883,010	(10,573,403)	0	75,039,744
Class 'R' Income	212,048	31,929	(25,000)	0	218,977
Class 'R' Accumulation	640,041	36,275	(148,876)	0	527,440

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

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14 Charging structure

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

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

15 Related parties

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 0.02% (2023: 0.02%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

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Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	490,689	(1,330)	615,160	(2,595)
Level 2	381,861	(11,313)	421,575	(11,428)
Level 3	0	0	0	0
	872,550	(12,643)	1,036,735	(14,023)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity and exposure

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

The VaR limit set during the period up to 6 February 2024 was 15% (2023: 15%).

The VaR limit set for period after 6 February 2024 was 10%.

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

for the year to 31 March	2024 Utilisation of VaR 10%	2023 Utilisation of VaR 15%
Lowest	0.07	8.80
Highest	22.60	22.13
Average	17.72	14.80

19 Credit risk

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

as at 31 March	2024 £'000	2023 £'000
Investment grade securities	855,759	988,700
Below investment grade securities	7,352	29,218
Other investments	(3,204)	4,794
Total	859,907	1,022,712

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

as at 31 March 2024			
	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	(1,069)
Barclays Bank	6,365	(2)	0
BNP Paribas	88	0	0
Citigroup	226	0	0
Goldman Sachs	805	0	0
JPMorgan	496	112	0
Merrill Lynch	364	0	0
State Street Bank	0	(634)	0
UBS	(9,955)	0	0
Total	(1,611)	(524)	(1,069)

as at 31 March 2023			
	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	459	0	(946)
Barclays Bank	8,814	(3)	0
BNP Paribas	72	1	0
Citigroup	261	0	0
Goldman Sachs	2,071	0	0
JPMorgan	513	1,817	0
State Street Bank	0	(440)	0
UBS	(7,825)	0	0
Total	4,365	1,375	(946)

20 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 March 2024 and 31 March 2023 are disclosed in the table below. Leverage has been

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

for the year to 31 March	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	2,579,052	160.00	955,767	89.28
Highest	3,286,220	197.00	1,927,583	171.62
Average	2,751,545	178.06	1,328,863	114.76

21 Interest distribution tables

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

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.04.23	30.09.23	02.10.23	30.11.23
Final	01.10.23	31.03.24	02.04.24	31.05.24

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

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

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

Sterling Class 'A' Income shares

Interest distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.7202	0.2399	0.9601	0.3565
Final	0.1977	0.9494	1.1471	0.6954

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 March	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.3489	0.1469	0.4958	0.0000
Final	0.3966	0.2925	0.6891	0.0728

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Sterling Class 'I' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.5545	0.4473	1.0018	0.3705
Final	0.5859	0.6136	1.1995	0.7243

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.4868	0.3057	0.7925	0.1117
Final	0.4686	0.5386	1.0072	0.4932

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.5433	0.3037	0.8470	0.3130
Final	0.5004	0.5140	1.0144	0.6120

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.4044	0.2911	0.6955	0.1441
Final	0.3492	0.5221	0.8713	0.4522

Sterling Class 'R' Income shares

Interest distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.4343	0.5013	0.9356	0.3468
Final	0.7226	0.3955	1.1181	0.6769

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Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.2878	0.2814	0.5692	0.0000
Final	0.2863	0.4724	0.7587	0.2511

22 Events after the balance sheet date

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

Other regulatory disclosures

Remuneration

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

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

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

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

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

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

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

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

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

