

M&G Investment Funds (11)

**Annual report and audited financial statements
for the year ended 30 April 2024**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (11) presents its annual report and audited financial statements for the year ended 30 April 2024.

The audited financial statements of M&G Investment Funds (11), 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. A printed copy of the glossary is available upon request by calling customer services and administration as shown within the 'Investor information' section of this report.

Company information

M&G Investment Funds (11) is an umbrella Open-Ended Investment Company (OEIC) and contains two sub-funds, hereinafter referred to as 'funds' in the rest of this report. The Company is a non-UCITS Retail Scheme (NURS) and, for the purposes of the AIFMD, qualifies as an alternative investment fund (AIF), as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 1 October 2010, the M&G Episode Income Fund was launched on 11 November 2010 and the M&G Global Target Return Fund was launched on 13 December 2016.

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

managed in accordance with the investment objective and policy applicable to that fund.

As at 30 April 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 Episode Income Fund

Steven Andrew & Stefano Amato

M&G Global Target Return Fund

Tristan Hanson

ACD

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

Directors of the ACD

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

Investment manager

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

Registrar

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

Authorised Corporate Director's Report

Depository

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

Independent auditor

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

Annual value assessment

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

Climate-related Financial Disclosures (TCFD)

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

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

Important information

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

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 Depository.

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
19 July 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 (11) ('the Company') for the year ended 30 April 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
19 July 2024

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Investment Funds (11)

Opinion

We have audited the financial statements of M&G Investment Funds (11) ("the Company") comprising each of its sub-funds for the year ended 30 April 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 30 April 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.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Independent Auditor's Report

We have nothing to report in this regard.

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the ACD

As explained more fully in the ACDs' responsibilities statement set out on page 3, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent Auditor's Report

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of 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
19 July 2024

Ernst & Young LLP
Statutory Auditor

Financial statements and notes

The financial statements for M&G Investment Funds (11) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

1 Statement of compliance

The financial statements of M&G Investment Funds (11) 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 (11) are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

b. Functional and presentational currency

The functional and presentational currency of M&G Investment Funds (11) is UK sterling.

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 each fund's functional currency at the rate of exchange ruling as at 12 noon on 30 April 2024 being the last business day of the accounting period.

d. Investments – recognition and valuation

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

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 30 April 2024, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

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

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

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

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

g. Operating charges

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

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

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

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

h. Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and

Financial statements and notes

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 the fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

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

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

3 Risk management policies

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

Financial statements and notes

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 is calculated using 'Value at Risk' (VaR) approach.

b. Value at Risk approach

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

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

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

Under the Relative VaR approach, the VaR limit for a fund is set as a multiple of the VaR of the fund's reference portfolio. The 20-day VaR of the fund

based on a 99% confidence interval must not exceed twice the VaR of the fund's reference portfolio. The Investment Manager monitors this limit by ensuring that the VaR of the fund divided by the VaR of the reference portfolio is not greater than 200%.

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

Fund	Global exposure approach
M&G Episode Income Fund	Absolute VaR
M&G Global Target Return Fund	Absolute VaR

c. Liquidity risk

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

The overall liquidity profile for 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.

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

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

d. Credit risk

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

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

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

For the purposes of these financial statements, the Prospectus dated 26 April 2024 has been used.

Investment objective

The Fund aims to provide:

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

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

Investment policy

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

Over 35% of the fund's assets may be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body as listed hereafter:

- the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales);
- the Governments of Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden;
- the Government of Australia, Canada, Japan, New Zealand, Switzerland, USA;
- Eurofima, European Economic Community, European Bank for Reconstruction and Development, European Investment Bank, International Bank for Reconstruction and Development, International Financial Corporation.

Derivatives may also be used for efficient portfolio management purposes. More than 70% of the fund will be in sterling or hedged back to sterling.

Investment approach

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

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

Authorised Corporate Director's Report

Benchmark

None

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

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 11 to 13.

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



The above number:

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

Investment review

For the year ended 30 April 2024

Distribution summary

The fund distributed 12 monthly payments totalling 5.06p per Sterling Class 'A' Income share over the 12 months under review. This represents an increase of 21.3% from the 4.17p distributed during the same

period a year earlier. As at the end of the reporting period, the payout represented a yield (distributed income as a percentage of the fund's share price on 30 April 2024) of 4.3%.

In respect of the Sterling Class 'I' (Income) shares, the fund distributed 12 monthly payments totalling 50.54p per Sterling Class 'I' (Income) share over the 12 months under review. This represents an increase of 22.4% from the 41.30p distributed during the same period a year earlier. As at the end of the reporting period, the payout represented a yield (distributed income as a percentage of the share price at the end of the period) of 4.22%.

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

Performance against objective

The M&G Episode Income Fund produced a positive total return (the combination of income and growth of capital) across all of its share classes in the 12-month period under review.

The fund's distribution increased by 10.4% per annum (pa) over the three-year period to 30 April 2024. Therefore, during that period, the fund met its objective of generating a growing level of income over any three-year period.

The fund's annualised capital growth fell by 2.3% pa over the three-year period to 30 April 2024. Therefore, it did not meet its objective of providing capital growth of between 2% and 4% on average each year over any three-year period.

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

Performance review

The 12 months under review saw global equities deliver strong returns overall, led by the US and Japan.

Authorised Corporate Director's Report

Performance was more measured in Europe and emerging markets, but still very respectable. One notable laggard over the period was China, as investors worried about geopolitical risks and the lack of strong economic growth. However, China did post strong gains in the final months of the review period.

The performance of bond markets was more mixed, with investors preferring corporate (both investment grade and high yield) and hard currency emerging sovereign bonds, over developed market government bonds.

Investors were generally negative in the first half of the review period, as central bankers signalled that interest rates were likely to stay higher for longer. The likelihood that interest rates were going to stay elevated weighed heavily on developed market government bonds. The rise in yields in bond markets led to falls in the prices of other assets and, in general, stockmarkets declined. Bond yield and bond prices move in opposite directions.

However, the final two months of 2023, saw a powerful rally in bond and equity markets. Following encouraging inflation data and indications of a 'policy pivot' to rate cuts by the US Federal Reserve, the US 10-year Treasury yield fell sharply in November and December.

However, the fortunes of equities and bonds diverged in the first quarter of 2024. While global equity markets recorded solid gains (partly driven by continued investor appetite for artificial intelligence-related stocks), the rally in bond markets at the end of 2023 faded, as investors pushed back the timing of interest rate cuts by central banks.

In general, both equities and bonds were weaker in April. This was mainly due to growing evidence of sticky US inflation, which raised questions as to whether the US Federal Reserve would, in the end, be able to cut rates in 2024.

Shifting rate expectations led to US dollar strength versus most currencies, notably the Japanese yen, which hit a multi-decade low.

Against this background, the fund delivered a positive total return across all of its share classes. Gains were

driven by equity exposure, particularly holdings in US technology stocks, as well as smaller contributions from Japan and other Asian equity markets. The tactical decision to add to Chinese equities in January also proved fruitful for the strategy.

Within fixed income, the main gains came from holdings in emerging market sovereign bonds. In particular, there were some sizeable gains from exposure to Colombia, Mexico and Brazil. Within developed market government bonds, holdings of long-dated US Treasuries cost some performance, but positions in UK gilts were beneficial. The decision to add interest rate exposure (duration) through 2023 proved beneficial in the fourth quarter of 2023, as bonds rallied sharply in the final months of the year.

Currency hedging activities also aided performance overall. At least 70% of the fund has to be held in, or hedged back to, sterling. Sterling strengthened against the Japanese yen and to a lesser extent the euro during the review period, so hedging this currency exposure proved beneficial.

Investment activities

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

Early in the review period we adjusted our emerging markets bond exposure, which included increasing a position in government bonds from Chile and buying bonds issued by the European Bank for Reconstruction and Development denominated in Philippine pesos and Indonesian rupiah. Prompted by negative newsflow, we also sold our South Africa government bonds.

In July 2023, as part of a process to optimise income, we switched out of some stocks that had paid their annual dividends into other shares with similar characteristics but still to pay. The aim was to generate more distributable income while leaving the overall positioning and risk profile little changed.

Later we rebalanced our holdings of emerging market bonds in response to the steep inversion of yield curves, which meant we could get higher yields from

Authorised Corporate Director's Report

shorter-dated bonds in Brazil, Mexico, Chile and Indonesia. This reduced duration and increased income generating potential. We also sold a small position in Chinese property developer Country Garden as, in our view, the stock had become too risky.

Towards the end of the third quarter of 2023, we sold all our corporate bonds as, their credit spreads (the difference between the yield of a corporate bond and a government bond of the same maturity) had remained resilient despite the rise in cash yields. The proceeds were invested in six-month US Treasury bills (classified as cash), which provided a similar level of income.

Early in the fourth quarter of 2023, given market uncertainty, we attempted to remove some risk from the portfolio by reducing the allocation to equities, while increasing exposure to bonds. We sold several individual stock holdings and established short exposure to the stockmarkets of the US, Japan and Europe via futures contracts (short positions express a view that an asset might fall in value). We purchased five-year US Treasuries and long-dated UK gilts. In November, we diversified government bond exposure by adding five-year bonds from Germany, the UK and US while selling our Treasury bills, which were classified as cash. The move raised income, but only increased duration minimally.

Towards the end of 2023, we removed the fund's short S&P 500 position, thus increasing the fund's net equity exposure marginally.

In January 2024, we opened a new position in Hong Kong and Hong Kong-listed Chinese equities, responding to material share price weakness. The growing valuation discount of Hong Kong/China shares, to what we see as fundamental value, offered an attractive total return proposition, in our view. We also rebalanced some of the fund's other equity holdings.

In March, we sold our positions in US, UK and German five-year sovereign bonds and recycled the proceeds into short duration high yield credit. The new high yield basket had a meaningful impact on the fund's distributable income and increased its forward yield.

Outlook

The concurrent weakness in bonds and equities (outside of China), could be suggestive that rising interest rates are becoming a worry for growth and/or discount rates once again.

However, sentiment remains relaxed in aggregate. Rate pressure is being interpreted as a cyclical rather than a structural issue, with language like 'stickiness' revealing the widespread faith that inflation will fall eventually.

Positive manufacturing data and improvements in China and Europe have also been supportive for already sanguine market beliefs about global growth.

Overall equity valuations look demanding in aggregate, although not detached from recent robust earnings/fundamentals. Within fixed income, developed market bonds have the potential to offer portfolio insurance if growth disappoints, whilst emerging market sovereign bonds present attractive real and nominal yields. Cash real yields are elevated and attractive and uncorrelated with other asset classes. Our cash holding provides flexibility to respond to tactical opportunities.

Steven Andrew and Stefano Amato

Co-fund managers

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

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

Portfolio statement

Investments

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Equities	133,454	39.71	45.50
United Kingdom	5,381	1.60	1.31
UK equities	5,381	1.60	1.31
1,224,254 BT	1,268	0.38	
4,085,314 Home REIT ^a	580	0.17	
658,376 Sainsbury (J)	1,754	0.52	
31,017 SSE	521	0.15	
316,105 Tesco	938	0.28	
469,221 Vodafone	320	0.10	
Belgium	1,406	0.42	0.33
Belgian equities	1,406	0.42	0.33
23,642 KBC	1,406	0.42	
Denmark	2,173	0.65	0.33
Danish equities	2,173	0.65	0.33
1,793 A.P. Møller – Mærsk	2,083	0.62	
3,586 Svitser	90	0.03	
France	381	0.11	2.22
French equities	381	0.11	2.22
42,705 Orange	381	0.11	
Germany	0	0.00	0.40
German equities	0	0.00	0.40
Ireland	2,206	0.66	0.42
Irish equities	2,206	0.66	0.42
16,585 DCC	915	0.27	
20,036 Medtronic	1,291	0.39	
Italy	1,925	0.57	0.32
Italian equities	1,925	0.57	0.32
633,709 Intesa Sanpaolo	1,925	0.57	
Netherlands	1,582	0.47	0.35
Dutch equities	1,582	0.47	0.35
7,752 NXP Semiconductors	1,582	0.47	

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Equities (continued)			
Spain	893	0.26	0.24
Spanish equities	893	0.26	0.24
35,755 Enagas	422	0.12	
32,066 Endesa	471	0.14	
Sweden	0	0.00	0.68
Swedish equities	0	0.00	0.68
Switzerland	2,362	0.70	1.39
Swiss equities	2,362	0.70	1.39
15,790 Novartis	1,232	0.37	
5,869 Roche	1,130	0.33	
United States	88,924	26.46	28.39
US equities	88,924	26.46	28.39
7,243 AbbVie	934	0.28	
27,209 Alphabet	3,604	1.07	
4,681 Amgen	1,031	0.31	
101,614 Annaly Capital Management REIT	1,556	0.46	
23,505 Apple	3,265	0.97	
126,258 AT&T	1,713	0.51	
15,163 Blackstone	1,459	0.43	
16,165 Boston Properties REIT	809	0.24	
24,645 Bristol-Myers Squibb	878	0.26	
3,151 Broadcom	3,359	1.00	
30,210 Chesapeake Energy	2,241	0.67	
83,741 Cisco Systems	3,192	0.95	
63,864 Conagra Brands	1,472	0.44	
96,485 Coterra Energy	2,184	0.65	
19,677 CVS Health	1,057	0.31	
18,200 Darden Restaurants	2,291	0.68	
25,827 Dell Technologies	2,629	0.78	
14,438 Dow	665	0.20	
19,109 Edison International	1,086	0.32	
34,105 Fastenal	1,869	0.56	

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Equities (continued)			
United States (continued)			
US equities (continued)			
18,113	Gilead Sciences	955	0.28
51,627	Hasbro	2,645	0.79
145,439	HP	3,269	0.97
22,152	International Business Machines	2,953	0.88
22,214	International Paper	622	0.19
8,911	Johnson & Johnson	1,042	0.31
36,524	Kellanova	1,693	0.50
53,076	Kraft Heinz	1,638	0.49
8,207	LyondellBasell Industries	665	0.20
184,834	Medical Properties Trust REIT	698	0.21
10,060	Merck	1,043	0.31
10,037	Microsoft	3,215	0.96
31,383	NetApp	2,564	0.76
369,453	Newell Brands	2,407	0.72
50,946	Pfizer	1,051	0.31
9,876	Pioneer Natural Resources	2,157	0.64
17,975	Prudential Financial	1,604	0.48
6,713	Simon Property REIT	776	0.23
9,211	Snap-on	2,001	0.60
18,876	Southern	1,119	0.33
24,749	Texas Instruments	3,539	1.05
10,427	Union Pacific	2,003	0.60
17,613	United Parcel Service	2,084	0.62
45,796	US Bancorp	1,508	0.45
52,917	Verizon Communications	1,689	0.50
98,435	Viatis	925	0.28
92,249	Walgreens Boots Alliance	1,327	0.39
222,427	Western Union	2,399	0.71
26,423	Whirlpool	2,039	0.61

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Equities (continued)			
Canada	6,146	1.83	2.14
Canadian equities	6,146	1.83	2.14
212,050 Algonquin Power & Utilities	1,040	0.31	
39,709 Bank of Nova Scotia	1,465	0.44	
40,206 Canadian Imperial Bank of Commerce	1,514	0.45	
27,326 Canadian Tire	2,127	0.63	
Japan	10,681	3.18	2.40
Japanese equities	10,681	3.18	2.40
37,000 AGC	1,099	0.33	
31,600 Aisin	963	0.29	
31,600 Brother Industries	451	0.13	
13,500 Canon	294	0.09	
88,100 Isuzu Motors	898	0.27	
679 Japan Metropolitan Fund REIT	329	0.10	
38,300 JFE	460	0.14	
10,600 Kao	351	0.10	
26,400 Kirin	309	0.09	
37,200 Komatsu	899	0.27	
54,800 Mitsui OSK Lines	1,390	0.41	
36,300 MS&AD Insurance	526	0.16	
22,800 Otsuka	779	0.23	
30,300 SBI	593	0.18	
33,100 Seiko Epson	439	0.13	
29,200 Takeda Pharmaceutical	615	0.18	
1,600 Tokyo Electron	286	0.08	
Australia	4,992	1.48	1.12
Australian equities	4,992	1.48	1.12
55,447 ANZ	812	0.24	
87,165 Coles	736	0.22	
75,182 Dexus REIT	278	0.08	
13,249 Rio Tinto	899	0.27	
29,472 Sonic Healthcare	411	0.12	

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Equities (continued)			
Australia (continued)			
Australian equities (continued)			
664,673 South32	1,239	0.37	
41,998 Woodside Energy	617	0.18	
China	389	0.12	1.48
Chinese equities	389	0.12	1.48
376,000 COSCO SHIPPING	389	0.12	
Hong Kong	1,199	0.36	0.07
Hong Kong equities	1,199	0.36	0.07
1,322,000 Lenovo	1,199	0.36	
South Korea	2,814	0.84	0.91
South Korean equities	2,814	0.84	0.91
19,273 Kia	1,312	0.39	
135,315 LG Uplus	769	0.23	
33,336 Samsung Securities	733	0.22	
Taiwan	0	0.00	1.00
Taiwanese equities	0	0.00	1.00
Equity derivatives	312	0.09	0.00
Other	312	0.09	0.00
Other equity futures	312	0.09	0.00
162 Hang Seng China Enterprises Index May 2024	141	0.04	
66 Hang Seng Index May 2024	171	0.05	
Fixed income	190,427	56.65	41.14
United Kingdom	45,584	13.56	9.75
Government bonds	36,269	10.79	8.42
£18,540,000 UK Treasury 0.5% 22/10/2061	5,332	1.59	
£18,146,500 UK Treasury 3.25% 31/01/2033	16,819	5.00	
£16,768,000 UK Treasury 3.75% 22/10/2053	14,118	4.20	
Investment grade corporate bonds	5,829	1.73	1.05
PHP156,300,000 European Bank for Reconstruction & Development 5.5% 10/03/2026	2,142	0.64	
€1,000,000 Informa 2.125% 06/10/2025	833	0.25	

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Fixed income (continued)			
United Kingdom (continued)			
Investment grade corporate bonds (continued)			
€1,250,000 Smiths 2% 23/02/2027	1,017	0.30	
£1,040,000 Virgin Money Var. Rate 4% 25/09/2026	1,013	0.30	
€1,000,000 WPP Finance 2.375% 19/05/2027	824	0.24	
Below investment grade corporate bonds	3,486	1.04	0.28
£1,060,000 Boparan Finance 7.625% 30/11/2025	968	0.29	
£900,000 Pinewood Finance 3.625% 15/11/2027	831	0.25	
€1,210,000 Victoria 3.625% 24/08/2026	844	0.25	
£860,000 Virgin Media Secured Finance 5% 15/04/2027	843	0.25	
France	1,850	0.55	0.00
Below investment grade corporate bonds	1,850	0.55	0.00
€995,000 Banijay Group SAS 6.5% 01/03/2026	854	0.25	
US\$1,350,000 Viridien 8.75% 01/04/2027	996	0.30	
Germany	12,983	3.86	4.95
Government bonds	10,080	3.00	4.60
€11,987,000 Germany (Federal Republic of) 2.3% 15/02/2033	10,080	3.00	
Investment grade corporate bonds	1,028	0.30	0.00
€1,200,000 Traton Finance Luxembourg 4.125% 22/11/2025	1,028	0.30	
Below investment grade corporate bonds	1,875	0.56	0.35
€1,200,000 Gruenenthal 3.625% 15/11/2026	1,002	0.30	
€1,100,000 ZF Finance 2% 06/05/2027	873	0.26	
Greece	1,002	0.30	0.00
Below investment grade corporate bonds	1,002	0.30	0.00
€1,100,000 Piraeus Bank Var. Rate 8.25% 28/01/2027	1,002	0.30	
Italy	2,017	0.60	0.00
Below investment grade corporate bonds	2,017	0.60	0.00
€1,110,000 Banca Monte dei Paschi di Siena Var. Rate 6.75% 05/09/2027	991	0.29	
€1,250,000 Infrastrutture Wireless Italiane 1.875% 08/07/2026	1,026	0.31	
Luxembourg	0	0.00	0.29
Below investment grade corporate bonds	0	0.00	0.29

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Fixed income (continued)			
Netherlands	2,027	0.60	0.41
Below investment grade corporate bonds	2,027	0.60	0.41
€1,250,000 Sigma Holdco 5.75% 15/05/2026	994	0.29	
US\$1,320,000 Trivium Packaging Finance 5.5% 15/08/2026	1,033	0.31	
Poland	3,968	1.18	0.00
Government bonds	3,968	1.18	0.00
PLN21,000,000 Poland (Republic of) 3.75% 25/05/2027	3,968	1.18	
Portugal	1,054	0.31	0.00
Investment grade corporate bonds	1,054	0.31	0.00
€1,300,000 Banco Comercial Portugues Var. Rate 1.125% 12/02/2027	1,054	0.31	
Spain	1,979	0.59	0.00
Investment grade corporate bonds	994	0.30	0.00
€1,200,000 Cellnex Finance 2.25% 12/04/2026	994	0.30	
Below investment grade corporate bonds	985	0.29	0.00
€1,100,000 Banco de Credito Social Cooperativo Var. Rate 8% 22/09/2026	985	0.29	
Sweden	2,683	0.80	0.00
Investment grade corporate bonds	1,020	0.30	0.00
€1,315,000 Heimstaden Bostad 1.125% 21/01/2026	1,020	0.30	
Below investment grade corporate bonds	1,663	0.50	0.00
€1,000,000 Verisure 3.875% 15/07/2026	846	0.25	
€900,000 Verisure 9.25% 15/10/2027	817	0.25	
Switzerland	982	0.29	0.00
Below investment grade corporate bonds	982	0.29	0.00
€1,200,000 Selecta 8% 01/04/2026	982	0.29	
United States	69,496	20.68	11.84
Government bonds	47,687	14.19	10.69
US\$21,400,000 US Treasury 0% 13/06/2024	16,954	5.04	
US\$24,260,100 US Treasury 3% 15/08/2052	14,044	4.18	
US\$22,797,000 US Treasury 3.5% 15/02/2033	16,689	4.97	
Investment grade corporate bonds	12,987	3.86	0.00
US\$1,325,000 Discover Bank 2.45% 12/09/2024	1,043	0.31	

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Fixed income (continued)			
United States (continued)			
Investment grade corporate bonds (continued)			
US\$1,200,000 Enel Finance America 7.1% 14/10/2027	999	0.30	
US\$1,400,000 Entergy 0.9% 15/09/2025	1,047	0.31	
US\$1,300,000 Global Payments 4.95% 15/08/2027	1,016	0.30	
US\$1,300,000 HCA 5.875% 15/02/2026	1,038	0.31	
INR410,000,000 International Bank for Reconstruction & Development 6.85% 24/04/2028	3,860	1.15	
€1,350,000 Johnson Controls International 0.375% 15/09/2027	1,036	0.31	
US\$1,072,500 Mileage Plus 6.5% 20/06/2027	857	0.25	
US\$1,350,000 Otis Worldwide 2.056% 05/04/2025	1,041	0.31	
US\$1,350,000 Zimmer Biomet 1.45% 22/11/2024	1,050	0.31	
Below investment grade corporate bonds	8,822	2.63	1.15
US\$1,080,000 APX 6.75% 15/02/2027	853	0.25	
€970,000 Boxer Parent 6.5% 02/10/2025	826	0.25	
US\$1,430,000 Community Health Systems 5.625% 15/03/2027	1,041	0.31	
US\$1,050,000 Dave & Buster's 7.625% 01/11/2025	840	0.25	
US\$1,000,000 DISH Network 11.75% 15/11/2027	806	0.24	
US\$1,100,000 Hilton Worldwide Finance 4.875% 01/04/2027	850	0.25	
US\$1,100,000 Newell Brands 5.7% 01/04/2026	861	0.26	
US\$1,100,000 Royal Caribbean Cruises 5.5% 31/08/2026	861	0.26	
US\$1,300,000 Tenet Healthcare 6.25% 01/02/2027	1,032	0.31	
US\$1,110,000 United Airlines 4.375% 15/04/2026	852	0.25	
Corporate bonds with no credit rating	0	0.00	0.00
US\$1,869,000 TRU Taj 12% 30/03/2040 ^b	0	0.00	
£150,000 Washington Mutual Bank 5.5% 10/06/2059 ^b	0	0.00	
Canada	1,724	0.51	0.00
Investment grade corporate bonds	861	0.25	0.00
US\$1,150,000 Rogers Communications 3.2% 15/03/2027	861	0.25	
Below investment grade corporate bonds	863	0.26	0.00
US\$1,140,000 Air Canada 3.875% 15/08/2026	863	0.26	

Portfolio statement

Investments (continued)

Holding		as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Fixed income (continued)				
Brazil		5,443	1.62	3.10
Government bonds		5,443	1.62	3.10
BRL35,000,000	Brazil (Federal Republic of) 10% 01/01/2025	5,443	1.62	
Chile		4,232	1.26	0.50
Government bonds		4,232	1.26	0.50
CLP5,000,000,000	Chile (Republic of) 5.8% 01/06/2024	4,232	1.26	
Colombia		5,344	1.59	2.92
Government bonds		5,344	1.59	2.92
COP29,700,000,000	Colombia (Republic of) 6% 28/04/2028	5,344	1.59	
Mexico		5,503	1.64	3.05
Government bonds		5,503	1.64	3.05
MXN118,000,000	Mexico (United Mexican States) 10% 05/12/2024	5,503	1.64	
Peru		4,031	1.20	1.02
Government bonds		4,031	1.20	1.02
PEN18,800,000	Peru (Republic of) 6.95% 12/08/2031	4,031	1.20	
Hong Kong		860	0.26	0.00
Investment grade corporate bonds		860	0.26	0.00
US\$1,100,000	HKT Capital No 2 3.625% 02/04/2025	860	0.26	
India		1,014	0.30	0.00
Below investment grade corporate bonds		1,014	0.30	0.00
US\$1,365,000	Greenko Dutch 3.85% 29/03/2026	1,014	0.30	
Indonesia		4,939	1.47	0.00
Government bonds		3,911	1.16	0.00
IDR80,400,000,000	Indonesia (Republic of) 6.5% 15/06/2025	3,911	1.16	
Below investment grade corporate bonds		1,028	0.31	0.00
US\$1,330,000	Medco Bell Pte 6.375% 30/01/2027	1,028	0.31	
Philippines		1,918	0.57	0.45
Government bonds		1,918	0.57	0.45
PHP148,000,000	Philippines (Republic of) 6.25% 14/01/2036	1,918	0.57	
South Africa		5,680	1.69	2.86
Government bonds		5,680	1.69	2.86
ZAR150,000,000	South Africa (Republic of) 8% 31/01/2030	5,680	1.69	

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Fixed income (continued)			
Türkiye	4,114	1.22	0.00
Government bonds	4,114	1.22	0.00
US\$4,700,000 Türkiye (Republic of) 9.875% 15/01/2028	4,114	1.22	
Fixed income portfolios	0	0.00	9.08
Other	0	0.00	9.08
Currency	626	0.19	0.17
Forward currency contracts	626	0.19	0.17
US\$3,793,660 Bought for KRW5,184,301,661 (expires 22.07.24)	17	0.01	
AU\$(10,134,898) Sold for £5,312,923 (expires 31.07.24)	23	0.01	
CA\$(11,017,728) Sold for £6,462,295 (expires 31.07.24)	36	0.01	
DKK(17,095,317) Sold for £1,974,969 (expires 31.07.24)	6	0.00	
€(42,939,642) Sold for £36,978,546 (expires 31.07.24)	121	0.04	
HK\$(30,161,659) Sold for £3,088,243 (expires 31.07.24)	7	0.00	
¥(2,117,321,327) Sold for £10,943,802 (expires 31.07.24)	42	0.01	
CHF(2,787,373) Sold for £2,468,669 (expires 31.07.24)	6	0.00	
US\$(151,037,464) Sold for £120,747,308 (expires 31.07.24)	368	0.11	
US\$123,725 Bought for TWD4,011,455 (expires 23.07.24)	0	0.00	
Total portfolio	324,819	96.64	95.89
Net other assets/(liabilities)	11,298	3.36	4.11
Net assets attributable to shareholders	336,117	100.00	100.00

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

^a Suspended.

^b Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the year to 30 April 2024

Largest purchases	£'000
US Treasury 0% 21/03/2024	75,280
UK Treasury 0.625% 07/06/2025	35,536
US Treasury 0% 13/06/2024	24,738
Germany (Federal Republic of) 0% 22/11/2023	24,042
US Treasury Note 4.625% 30/09/2028	19,643
Germany (Federal Republic of) 2.4% 19/10/2028	18,591
UK Treasury 4.5% 07/06/2028	18,478
Brazil (Federal Republic of) 10% 01/01/2025	11,462
Chile (Republic of) 5.8% 01/06/2024	11,370
Mexico (United Mexican States) 10% 05/12/2024	11,163
Other purchases	173,679
Total purchases	423,982

Largest sales	£'000
US Treasury 0% 21/03/2024	75,463
UK Treasury 0.625% 07/06/2025	36,352
Germany (Federal Republic of) 0% 22/11/2023	23,782
US Treasury Note 4.625% 30/09/2028	19,240
UK Treasury 4.5% 07/06/2028	18,687
Germany (Federal Republic of) 2.4% 19/10/2028	18,390
Brazil (Federal Republic of) 10% 01/01/2029	15,442
Mexico (United Mexican States) 5% 06/03/2025	14,908
Colombia (Republic of) 6% 28/04/2028	12,887
South Africa (Republic of) 6.25% 31/03/2036	11,938
Other sales	305,082
Total sales	552,171

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	+5.8	+1.3	+2.4	+3.9
Class 'A' Accumulation	+5.8	+1.3	+2.4	+3.9
Class 'I' Income	+6.2	+1.6	+2.8	+4.4
Class 'I' Accumulation	+6.2	+1.6	+2.8	+4.4
Class 'PP' Income	+6.2	+1.7	n/a	n/a
Class 'PP' Accumulation	+6.3	+1.7	+2.9	n/a
Class 'R' Income	+6.0	+1.4	+2.6	+4.2
Class 'R' Accumulation	+6.0	+1.4	+2.6	+4.2

^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 11 November 2010.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	115.27	122.75	125.78
Return before operating charges	7.79	(2.08)	2.54
Operating charges	(1.25)	(1.23)	(1.36)
Return after operating charges	6.54	(3.31)	1.18
Distributions	(5.06)	(4.17)	(4.21)
Closing NAV	116.75	115.27	122.75
After direct transaction cost of	0.03	0.05	0.02
Performance			
Return after charges (%)	5.67	(2.70)	0.94
Other information			
Closing NAV (£'000)	52,153	54,831	54,814
Number of shares	44,671,354	47,565,581	44,656,476
Operating charges (%)	1.07	1.06	1.05
Direct transaction costs (%)	0.03	0.04	0.02
Prices			
Highest share price	119.10	123.50	133.94
Lowest share price	110.68	108.88	122.89

Sterling Class 'A' Accumulation shares

The share class was launched on 11 November 2010.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	180.23	185.14	183.62
Return before operating charges	12.41	(3.03)	3.53
Operating charges	(1.98)	(1.88)	(2.01)
Return after operating charges	10.43	(4.91)	1.52
Distributions	(6.11)	(4.52)	(4.24)
Retained distributions	6.11	4.52	4.24
Closing NAV	190.66	180.23	185.14
After direct transaction cost of	0.05	0.07	0.03
Performance			
Return after charges (%)	5.79	(2.65)	0.83
Other information			
Closing NAV (£'000)	15,071	14,900	16,104
Number of shares	7,904,555	8,267,327	8,698,039
Operating charges (%)	1.07	1.06	1.05
Direct transaction costs (%)	0.03	0.04	0.02
Prices			
Highest share price	192.68	186.29	198.35
Lowest share price	175.93	166.44	181.09

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,170.29	1,241.14	1,266.70
Return before operating charges	78.21	(21.79)	24.37
Operating charges	(7.94)	(7.76)	(8.48)
Return after operating charges	70.27	(29.55)	15.89
Distributions	(50.54)	(41.30)	(41.45)
Closing NAV	1,190.02	1,170.29	1,241.14
After direct transaction cost of	0.33	0.47	0.21
Performance			
Return after charges (%)	6.00	(2.38)	1.25
Other information			
Closing NAV (£'000)	93,366	123,699	192,987
Number of shares	7,845,755	10,569,922	15,549,186
Operating charges (%)	0.67	0.66	0.65
Direct transaction costs (%)	0.03	0.04	0.02
Prices			
Highest share price	1,212.62	1,249.12	1,351.39
Lowest share price	1,125.43	1,102.60	1,241.68

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,694.49	1,735.14	1,715.39
Return before operating charges	115.50	(29.66)	31.38
Operating charges	(11.66)	(10.99)	(11.63)
Return after operating charges	103.84	(40.65)	19.75
Distributions	(63.11)	(47.78)	(45.39)
Retained distributions	63.11	47.78	45.39
Closing NAV	1,798.33	1,694.49	1,735.14
After direct transaction cost of	0.48	0.67	0.28
Performance			
Return after charges (%)	6.13	(2.34)	1.15
Other information			
Closing NAV (£'000)	155,765	253,203	302,818
Number of shares	8,661,627	14,942,720	17,452,117
Operating charges (%)	0.67	0.66	0.65
Direct transaction costs (%)	0.03	0.04	0.02
Prices			
Highest share price	1,816.92	1,746.39	1,856.14
Lowest share price	1,656.67	1,562.26	1,692.06

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	93.46	99.02	100.96
Return before operating charges	6.23	(1.77)	1.91
Operating charges	(0.54)	(0.54)	(0.57)
Return after operating charges	5.69	(2.31)	1.34
Distributions	(4.02)	(3.25)	(3.28)
Closing NAV	95.13	93.46	99.02
After direct transaction cost of	0.03	0.04	0.02
Performance			
Return after charges (%)	6.09	(2.33)	1.33
Other information			
Closing NAV (£'000)	785	608	18,686
Number of shares	825,507	650,327	18,871,306
Operating charges (%)	0.57	0.56	0.55
Direct transaction costs (%)	0.03	0.04	0.02
Prices			
Highest share price	96.91	99.66	107.76
Lowest share price	89.91	88.00	99.04

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	109.52	112.06	110.69
Return before operating charges	7.45	(1.94)	2.01
Operating charges	(0.64)	(0.60)	(0.64)
Return after operating charges	6.81	(2.54)	1.37
Distributions	(4.17)	(3.17)	(3.02)
Retained distributions	4.17	3.17	3.02
Closing NAV	116.33	109.52	112.06
After direct transaction cost of	0.03	0.04	0.02
Performance			
Return after charges (%)	6.22	(2.27)	1.24
Other information			
Closing NAV (£'000)	9,792	10,352	18,660
Number of shares	8,417,541	9,452,025	16,652,157
Operating charges (%)	0.57	0.56	0.55
Direct transaction costs (%)	0.03	0.04	0.02
Prices			
Highest share price	117.52	112.79	119.83
Lowest share price	107.12	100.94	109.19

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	114.16	121.38	124.19
Return before operating charges	7.68	(2.09)	2.46
Operating charges	(1.06)	(1.04)	(1.15)
Return after operating charges	6.62	(3.13)	1.31
Distributions	(4.98)	(4.09)	(4.12)
Closing NAV	115.80	114.16	121.38
After direct transaction cost of	0.03	0.05	0.02
Performance			
Return after charges (%)	5.80	(2.58)	1.05
Other information			
Closing NAV (£'000)	5,502	5,631	6,229
Number of shares	4,751,416	4,932,474	5,132,191
Operating charges (%)	0.92	0.91	0.90
Direct transaction costs (%)	0.03	0.04	0.02
Prices			
Highest share price	118.08	122.14	132.34
Lowest share price	109.68	107.73	121.48

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	165.95	170.27	168.67
Return before operating charges	11.39	(2.83)	3.18
Operating charges	(1.57)	(1.49)	(1.58)
Return after operating charges	9.82	(4.32)	1.60
Distributions	(5.84)	(4.36)	(4.11)
Retained distributions	5.84	4.36	4.11
Closing NAV	175.77	165.95	170.27
After direct transaction cost of	0.05	0.07	0.03
Performance			
Return after charges (%)	5.92	(2.54)	0.95
Other information			
Closing NAV (£'000)	3,683	3,711	3,997
Number of shares	2,095,437	2,236,028	2,347,733
Operating charges (%)	0.92	0.91	0.90
Direct transaction costs (%)	0.03	0.04	0.02
Prices			
Highest share price	177.61	171.35	182.32
Lowest share price	162.09	153.16	166.36

Financial statements and notes

Financial statements

Statement of total return

for the year to 30 April	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		6,816		(31,657)
Revenue	5	20,504		21,447	
Expenses	6	(2,954)		(3,732)	
Interest payable and similar charges		(38)		(20)	
Net revenue/(expense) before taxation		17,512		17,695	
Taxation	7	(2,779)		(2,779)	
Net revenue/(expense) after taxation			14,733		14,916
Total return before distributions			21,549		(16,741)
Distributions	8		(16,068)		(16,626)
Change in net assets attributable to shareholders from investment activities			5,481		(33,367)

Statement of change in net assets attributable to shareholders

for the year to 30 April	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		466,935		622,752
Amounts received on issue of shares	10,344		6,034	
Amounts paid on cancellation of shares	(155,482)		(137,320)	
		(145,138)		(131,286)
Dilution adjustments		137		211
Change in net assets attributable to shareholders from investment activities (see above)		5,481		(33,367)
Retained distributions on Accumulation shares		8,692		8,615
Unclaimed distributions		10		10
Closing net assets attributable to shareholders		336,117		466,935

Financial statements and notes

Financial statements

Balance sheet

as at 30 April	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		324,819	447,800
Current assets			
Debtors	9	6,045	17,331
Cash and bank balances	10	9,364	18,350
Total assets		340,228	483,481
Liabilities			
Investment liabilities		0	(47)
Creditors			
Distribution payable		(1,024)	(966)
Other creditors	11	(3,085)	(15,526)
Deferred tax provision	7	(2)	(7)
Total liabilities		(4,111)	(16,546)
Net assets attributable to shareholders		336,117	466,935

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 8 to 11.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 30 April	2024 £'000	2023 £'000
Non-derivative securities	2,914	(23,451)
Derivative contracts	3,771	(10,257)
Currency gains/(losses)	117	1,897
Management charge rebates taken to capital	3	148
Rebate of ongoing charges from underlying funds taken to capital	11	6
Net capital gains/(losses)	6,816	(31,657)

Includes realised gains of £2,454,000 and unrealised gains of £4,348,000 (2023: realised losses of £25,521,000 and unrealised losses of £6,290,000). Certain realised gains and losses in the current year were unrealised in the prior year.

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 the 'Notes to the financial statements' on pages 10 and 11. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 30 April	2024 £'000	% of transaction	2023 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	28,809		218,911	
Commissions	7	0.03	32	0.01
Taxes	27	0.10	66	0.03
Equities after transaction costs	28,843		219,009	
Debt securities				
Collective investment schemes				
Collective investment schemes before transaction costs	13		15,221	
Commissions	0	0.00	5	0.03
Collective investment schemes after transaction costs	13		15,226	
Total purchases after transaction costs	423,982		568,263	
b) Sales				
Equities				
Equities before transaction costs	119,400		281,941	
Commissions	(28)	0.02	(54)	0.02
Taxes	(37)	0.03	(48)	0.02
Equities after transaction costs	119,335		281,839	
Debt securities				
Collective investment schemes				
Collective investment schemes before transaction costs	41,660		36,578	
Commissions	(10)	0.02	(7)	0.02
Collective investment schemes after transaction costs	41,650		36,571	
Total sales after transaction costs	552,171		703,260	

Financial statements and notes

	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	35	0.01	86	0.02
Collective investment schemes	10	0.00	12	0.00
Derivatives	2	0.00	0	0.00
Total commissions paid	47	0.01	98	0.02
Taxes paid				
Equities	64	0.02	114	0.02
Total taxes paid	64	0.02	114	0.02
Total direct portfolio transaction costs	111	0.03	212	0.04
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.21		0.18

5 Revenue

for the year to 30 April	2024 £'000	2023 £'000
Bank interest	195	191
Derivative revenue	12	0
Distributions from collective investment schemes: non-taxable	0	67
Distributions from collective investment schemes: taxable	303	1,096
Distributions from collective investment schemes: property income dividends	0	163
Dividends from equity investments: non-taxable	8,356	7,890
Interest on debt securities	11,067	11,195
Property distribution: taxable	551	791
Rebate of ongoing charges from underlying funds	20	54
Total revenue	20,504	21,447

6 Expenses

for the year to 30 April	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	2,954	3,732
Total expenses	2,954	3,732

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 30 April	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	1,848	2,018
Withholding tax	1,074	861
Double taxation relief	(145)	(61)
Capital gains tax (US)	2	0
Deferred tax (note 7c)	(5)	(39)
Tax on US REITs	5	0
Total taxation	2,779	2,779
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	17,512	17,695
Corporation tax at 20%	3,502	3,539
Effects of:		
Tax on management charge rebates taken to capital	3	31
Dividends from equity investments: non-taxable	(1,671)	(1,591)
Capital income subject to taxation	6	0
Double taxation relief	(142)	(61)
Withholding tax	1,074	861
Tax on US REITs	5	0
Capital gains tax (US)	2	0
Total tax charge (note 7a)	2,779	2,779
c) Provision for deferred taxation		
Provision at the start of the year	7	46
Deferred tax in profit and loss account (note 7a)	(5)	(39)
Provision at the end of the year	2	7

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 30 April	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Dividend distributions				
First interim	601	1,233	685	1,466
Second interim	603	961	671	566
Third interim	600	733	678	608
Fourth interim	582	941	656	933
Fifth interim	556	805	582	649
Sixth interim	527	688	580	442
Seventh interim	529	674	592	684
Eighth interim	545	585	574	495
Ninth interim	519	501	575	715
Tenth interim	508	394	555	753
Eleventh interim	514	720	539	611
Final	1,024	457	966	693
Total net distributions		15,800		16,268
Income deducted on cancellation of shares		292		403
Income received on issue of shares		(24)		(45)
Distributions		16,068		16,626
Net revenue/(expense) per statement of total return		14,733		14,916
Expenses offset against capital		1,330		1,692
Sharing of relief between classes		8		49
Tax on management charge rebates taken to capital		(3)		(31)
Distributions		16,068		16,626

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9 Debtors

as at 30 April	2024 £'000	2023 £'000
Amounts receivable on issues of shares	206	251
Currency deals outstanding	0	2,669
Corporation tax recoverable	224	112
Debt security interest receivable	2,132	2,714
Dividends receivable	308	709
Management charge rebates due	1	3
Rebate of ongoing charges from underlying funds	0	3
Sales awaiting settlement	2,658	10,337
Withholding tax recoverable	516	533
Total debtors	6,045	17,331

10 Cash and bank balances

as at 30 April	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	717	0
Cash held as bank balances	8,647	18,350
Total cash and bank balances	9,364	18,350

11 Other creditors

as at 30 April	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	327	751
Annual charge payable	100	101
Currency deals outstanding	0	2,668
Purchases awaiting settlement	2,658	12,006
Total other creditors	3,085	15,526

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 01.05.23	Issued	Movements Cancelled	Converted	Closing 30.04.24
Sterling					
Class 'A' Income	47,565,581	1,134,451	(4,028,678)	0	44,671,354
Class 'A' Accumulation	8,267,327	866,633	(1,229,405)	0	7,904,555
Class 'I' Income	10,569,922	315,042	(3,039,209)	0	7,845,755
Class 'I' Accumulation	14,942,720	112,383	(6,393,476)	0	8,661,627
Class 'PP' Income	650,327	265,680	(90,500)	0	825,507
Class 'PP' Accumulation	9,452,025	941,188	(1,975,672)	0	8,417,541
Class 'R' Income	4,932,474	185,442	(366,500)	0	4,751,416
Class 'R' Accumulation	2,236,028	139,480	(280,071)	0	2,095,437

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'	1.05
Class 'I'	0.65
Class 'PP'	0.55
Class 'R'	0.90

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 from the annual charge are disclosed in note 11.

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Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

During the year, there were transactions in shares in related parties of M&G Securities Limited with a total value of £7,976,000 (2023: £19,764,000).

At the balance sheet date, the fund held shares in related parties of M&G Securities Limited with a value of £0 (2023: £7,958,000).

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 1.96% (2023: 2.11%) 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 30 April	Assets 2024	Liabilities 2024	Assets 2023	Liabilities 2023
Basis of valuation	£'000	£'000	£'000	£'000
Level 1	227,132	0	363,993	0
Level 2	97,107	0	82,252	(47)
Level 3	580	0	1,555	0
	324,819	0	447,800	(47)

Level 3 assets comprise solely of Home REIT (2023: Home REIT) 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 11 to 13.

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 30 April 2024 was 11% (2023: 11%).

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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 30 April 2024 and 30 April 2023.

for the year to 30 April	2024 Utilisation of VaR 11%	2023 Utilisation of VaR 11%
Lowest	31.00	40.00
Highest	51.64	52.00
Average	43.07	44.92

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 30 April	2024 £'000	2023 £'000
Investment grade securities	142,233	139,059
Below investment grade securities	48,194	53,056
Other investments	134,392	255,638
Total	324,819	447,753

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 30 April 2024	Forward currency contracts £'000
Bank of America Merrill Lynch	6
Citigroup	17
JPMorgan	6
Standard Chartered Bank	42
State Street Bank	151
UBS	404
Total	626

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as at 30 April 2023	Forward currency contracts £'000
Citigroup	143
JPMorgan	112
Merrill Lynch	39
Morgan Stanley	3
Royal Bank of Canada	(3)
State Street Bank	496
Total	790

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 30 April 2024 and 30 April 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 30 April	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	565,332	162.00	738,981	148.00
Highest	1,489,654	334.00	1,815,400	372.00
Average	788,357	193.85	973,781	184.72

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21 Dividend distribution tables

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

Monthly distribution periods

	Start	End	Xd	Payment
First interim	01.05.23	31.05.23	01.06.23	30.06.23
Second interim	01.06.23	30.06.23	03.07.23	31.07.23
Third interim	01.07.23	31.07.23	01.08.23	31.08.23
Fourth interim	01.08.23	31.08.23	01.09.23	30.09.23
Fifth interim	01.09.23	30.09.23	02.10.23	31.10.23
Sixth interim	01.10.23	31.10.23	01.11.23	30.11.23
Seventh interim	01.11.23	30.11.23	01.12.23	31.12.23
Eighth interim	01.12.23	31.12.23	02.01.24	31.01.24
Ninth interim	01.01.24	31.01.24	01.02.24	29.02.24
Tenth interim	01.02.24	29.02.24	01.03.24	31.03.24
Eleventh interim	01.03.24	31.03.24	02.04.24	30.04.24
Final	01.04.24	30.04.24	01.05.24	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.

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Sterling Class 'A' Income shares

Ordinary distributions for the year to 30 April	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.0000	0.3779	0.3779	0.3079
Second interim	0.0000	0.3850	0.3850	0.3146
Third interim	0.0000	0.3901	0.3901	0.3247
Fourth interim	0.0000	0.3846	0.3846	0.3194
Fifth interim	0.0000	0.3762	0.3762	0.3015
Sixth interim	0.0000	0.3667	0.3667	0.3113
Seventh interim	0.0000	0.3774	0.3774	0.3240
Eighth interim	0.0000	0.3918	0.3918	0.3191
Ninth interim	0.0000	0.3882	0.3882	0.3288
Tenth interim	0.0000	0.3842	0.3842	0.3258
Eleventh interim	0.0000	0.3934	0.3934	0.3266
Final	0.1594	0.6891	0.8485	0.6705

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 30 April	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.2141	0.5341	0.7482	0.7523
Second interim	0.3581	0.2242	0.5823	0.2681
Third interim	0.1400	0.2962	0.4362	0.3000
Fourth interim	0.2103	0.3705	0.5808	0.4865
Fifth interim	0.3447	0.1538	0.4985	0.3339
Sixth interim	0.1713	0.2499	0.4212	0.2165
Seventh interim	0.0125	0.5189	0.5314	0.3643
Eighth interim	0.2468	0.2145	0.4613	0.2531
Ninth interim	0.1499	0.2333	0.3832	0.3859
Tenth interim	0.2373	0.1159	0.3532	0.4197
Eleventh interim	0.5628	0.1296	0.6924	0.3411
Final	0.0429	0.3795	0.4224	0.4005

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Sterling Class 'I' Income shares

Ordinary distributions for the year to 30 April	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	2.1692	1.6691	3.8383	3.1151
Second interim	0.5833	3.3280	3.9113	3.1837
Third interim	0.0000	3.9645	3.9645	3.2865
Fourth interim	0.0000	3.9096	3.9096	3.2338
Fifth interim	0.0000	3.8246	3.8246	3.0532
Sixth interim	0.0000	3.7294	3.7294	3.1528
Seventh interim	0.0000	3.8395	3.8395	3.2827
Eighth interim	0.0000	3.9863	3.9863	3.2341
Ninth interim	0.0000	3.9510	3.9510	3.3336
Tenth interim	0.0000	3.9113	3.9113	3.3038
Eleventh interim	0.0000	4.0065	4.0065	3.3123
Final	1.7228	5.9463	7.6691	5.8040

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 30 April	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	3.8018	3.7200	7.5218	7.5226
Second interim	3.7658	2.1586	5.9244	2.9578
Third interim	1.6680	2.9055	4.5735	3.2379
Fourth interim	2.8793	3.0533	5.9326	5.0605
Fifth interim	2.4000	2.7298	5.1298	3.5679
Sixth interim	2.1974	2.2374	4.4348	2.4625
Seventh interim	2.4405	3.0101	5.4506	3.8522
Eighth interim	2.5859	2.1869	4.7728	2.8144
Ninth interim	2.0409	2.0823	4.1232	4.0966
Tenth interim	1.8315	1.9463	3.7778	4.3640
Eleventh interim	4.0314	2.9373	6.9687	3.6652
Final	2.5624	1.9332	4.4956	4.1811

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Sterling Class 'PP' Income shares

Ordinary distributions for the year to 30 April	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	0.2445	0.0620	0.3065	0.2485
Second interim	0.0878	0.2246	0.3124	0.2540
Third interim	0.0000	0.3166	0.3166	0.2622
Fourth interim	0.0394	0.2729	0.3123	0.2580
Fifth interim	0.0000	0.3055	0.3055	0.2436
Sixth interim	0.0000	0.2979	0.2979	0.2513
Seventh interim	0.0000	0.3067	0.3067	0.2620
Eighth interim	0.0000	0.3185	0.3185	0.2581
Ninth interim	0.0000	0.3157	0.3157	0.2661
Tenth interim	0.0000	0.3125	0.3125	0.2637
Eleventh interim	0.0000	0.3201	0.3201	0.2644
Final	0.0943	0.5000	0.5943	0.4175

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 30 April	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	0.2288	0.2652	0.4940	0.4949
Second interim	0.2859	0.1042	0.3901	0.1982
Third interim	0.1465	0.1567	0.3032	0.2159
Fourth interim	0.1788	0.2123	0.3911	0.3350
Fifth interim	0.1791	0.1597	0.3388	0.2376
Sixth interim	0.1269	0.1675	0.2944	0.1629
Seventh interim	0.0977	0.2619	0.3596	0.2558
Eighth interim	0.1979	0.1191	0.3170	0.1930
Ninth interim	0.1575	0.1175	0.2750	0.2724
Tenth interim	0.1211	0.1305	0.2516	0.2888
Eleventh interim	0.1753	0.2825	0.4578	0.2443
Final	0.1817	0.1179	0.2996	0.2761

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Sterling Class 'R' Income shares

Ordinary distributions for the year to 30 April	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.0000	0.3743	0.3743	0.3045
Second interim	0.0000	0.3814	0.3814	0.3112
Third interim	0.0000	0.3865	0.3865	0.3212
Fourth interim	0.0000	0.3811	0.3811	0.3160
Fifth interim	0.0000	0.3727	0.3727	0.2983
Sixth interim	0.0000	0.3634	0.3634	0.3080
Seventh interim	0.0000	0.3741	0.3741	0.3206
Eighth interim	0.0000	0.3883	0.3883	0.3158
Ninth interim	0.0000	0.3848	0.3848	0.3255
Tenth interim	0.0000	0.3809	0.3809	0.3225
Eleventh interim	0.0000	0.3901	0.3901	0.3233
Final	0.1879	0.6181	0.8060	0.6268

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 30 April	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.4620	0.2448	0.7068	0.7089
Second interim	0.2892	0.2634	0.5526	0.2629
Third interim	0.2168	0.2022	0.4190	0.2916
Fourth interim	0.2835	0.2687	0.5522	0.4659
Fifth interim	0.2561	0.2192	0.4753	0.3232
Sixth interim	0.1981	0.2071	0.4052	0.2151
Seventh interim	0.0586	0.4473	0.5059	0.3511
Eighth interim	0.1905	0.2511	0.4416	0.2487
Ninth interim	0.2268	0.1451	0.3719	0.3725
Tenth interim	0.0187	0.3232	0.3419	0.4018
Eleventh interim	0.3882	0.2662	0.6544	0.3310
Final	0.2105	0.1979	0.4084	0.3846

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 26 April 2024 has been used.

Investment objective

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

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

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

Investment policy

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

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

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

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

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

Over 35% of the fund's assets may be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body as listed hereafter:

- the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales);
- the Governments of Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden;
- the Government of Australia, Canada, Japan, New Zealand, Switzerland, USA;
- Eurofima, European Economic Community, European Bank for Reconstruction and Development, European Investment Bank, International Bank for Reconstruction and Development, International Financial Corporation.

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

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Investment approach

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

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

Benchmark

SONIA + 2-4%

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

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

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

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 11 to 13.

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 30 April 2024

Performance against objective

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

Prior to 20 July 2021, the fund's benchmark was 3-month GBP LIBOR plus 4% pa. The fund's historical

Authorised Corporate Director's Report

benchmark performance is calculated using a weighted average of the two benchmarks according to the length of time each was applicable during the review period. The benchmark figure from 20 July 2021 onwards is calculated using SONIA plus 2% pa, which represents the lower threshold for the current benchmark.

Between 1 May 2023 (the start of the review period) and 30 April 2024, the fund delivered a positive return but underperformed its benchmark, which returned 7.4% over the same period.

Over three years, the fund has produced positive returns across all share classes. All of the fund's share classes outperformed the benchmark, which returned 4.9% pa over this period.

For the performance of each share class, please refer to the 'Long-term performance by share class' table in the 'Financial highlights' section of this report. Please note that share class performance is shown after charges, while the benchmark for the fund is a comparison to be made before charges.

Performance review

The fund delivered a positive return over the review period, but underperformed its benchmark. The gains in the fund were largely a result of tactical opportunism to exploit what we considered to be temporary weakness in bonds and equities (company shares, or stocks) in the latter months of 2023, as well as a positive return from trading which sought to take advantage of price differentials between related financial instruments. Gains from long positions in Asia, Japan and US and European banks were superior to losses on short positions held on US equities. Long positions seek to profit from a potential rise in the price of an asset whereas short positions express a view that an asset might fall in value.

The review period started in the aftermath of the US regional banking crisis, which had erupted with the failure of Silicon Valley Bank (SVB). At the time it was widely expected that an environment of more constrained credit availability might hamper US economic growth. Meanwhile, Europe continued to deal with the ongoing conflict in Ukraine and its implications

for energy security. Optimism around a post-COVID-19 rebound in China had faded as the economy struggled with its property sector woes. As a consequence, most onlookers were not optimistic about prospects for global economic growth. Thus, the surprise for most of 2023 and early 2024 was the resilience of the US economy, in spite of the substantial increase in interest rates that had occurred since early 2022.

Performance of the fund during the first few months of the review period was muted reflecting a generally low level of risk-taking in the fund. Investor confidence had dropped sharply during the banking crisis, but then began to rise again as few signs of lasting stress were apparent. Healthy economic data and surprise around US inflation increases suggested US interest rates would continue to rise. Over this period, the fund began to build bond exposure in the US (and tactically in the UK). These positions detracted from performance during this time.

From September 2023 commentators began to highlight the large budget deficits of the US government, the strength of growth and concerns over inflation, which caused bonds to sell-off. Initially, this hampered fund performance, but we took the view that such concerns were overdone. As such, we increased bond exposure substantially during this period as we believed that bonds could reverse the recent weak performance.

Similarly, having moved to a short position in equities overall in late August (via a larger short position in US equities), we bought equities and returned the fund to a positive net equity exposure overall.

These changes precipitated a much stronger phase of performance for the fund, as the bond sell-off quickly reversed in November and December 2023, when equities rose as well. As such, the final two months of the year provided some of the strongest monthly returns of the fund since inception in 2016. Market participants seemed calmed by the comments of US

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Federal Reserve Chairman Jerome Powell, who indicated that interest rates would likely come down in 2024.

As 2024 began, US economic data continued to show relative strength, and there were signs European growth might be recovering. There was renewed weakness in bonds during the first months of 2024, however equities continued their rise from the last months of 2023, with much excitement around technology. The Chinese equity market had been very weak in January 2024, but started to recover subsequently.

Similar to the earlier months of the review period, fund performance was relatively muted in early 2024. While bond exposure had been pared back following the recovery in late 2023, these positions hampered performance in early 2024. Our positions in equities (long non-US versus short US) continued to add value to the portfolio.

Investment activities

During the middle part of 2023, the fund added exposure to European banks, which had been hurt by contagion from US bank weakness. The fund also added exposure to US and UK bonds during this period after yields had recovered from the SVB-related drop.

We sensed an air of complacency around equity markets in late August 2023, and therefore, the fund took a short position overall in equities. This proved beneficial as equity markets declined in September and October. We reduced the short position in US equities in early November, helping the fund capture gains in equities from that point onwards.

We were active in increasing and then reducing bond interest rate risk exposure (duration) during the sharp sell-off in the bond markets in late 2023, adding exposure in the US, UK and Mexico. These tactical trades contributed substantially to the returns of the fund during the period.

During January 2024, the fund responded in a contrarian fashion to weakness in Chinese equities, adding exposure at a time when consensus opinion had

turned very negative. These positions were working well by the end of the period. In a similar vein, we increased bond exposure once again in mid-April 2024 following a sell-off in the bond markets induced by disappointing inflation data.

During the early months of 2024, we added positions designed to benefit from potential future weakness in US credit and equity markets, sensing that valuations were elevated with limited protection for risk.

Outlook

The fund is positioned with material exposure to global bonds, which may benefit if economic growth deteriorates. The fund also maintains a preference for non-US equities, although overall equity exposure remains very low (close to 0%). The fund maintains a short position on US high yield corporate bonds (which are considered to be riskier than bonds rated investment grade), another position that we believe may benefit from disappointing economic outcomes.

As demonstrated during the review period, the market environment can quickly change. A key element to the performance of the fund will be our ability to respond to changes in the pricing of risk in markets, with the aim of taking advantage of tactical opportunities presented by market pricing.

When opportunities appear limited, there may be a low level of risk-taking in the fund, but as we see opportunities appear, we expect to increase position sizes with the aim of generating returns for the fund.

Tristan Hanson

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Equities	3,484	6.53	5.95
Software & computer services	0	0.00	0.35
Telecommunications equipment	257	0.48	0.00
2,736,000 China Tower	257	0.48	
Telecommunication service providers	226	0.42	0.00
453,300 NetLink NBN Trust	226	0.42	
Banks	568	1.07	0.81
81,900 Bangkok Bank	240	0.45	
133,500 BOC Hong Kong	328	0.62	
Closed-ended investments	1,500	2.81	1.83
995,409 Greencoat Renewables ^a	732	1.37	
542,326 Greencoat UK Wind	768	1.44	
Real estate investment & services	215	0.40	0.00
29,000 Sun Hung Kai Properties	215	0.40	
Automobiles & parts	0	0.00	0.32
Construction & materials	344	0.65	0.48
671,000 Sinopec Engineering	344	0.65	
Industrial transportation	374	0.70	1.23
224,245 COSCO SHIPPING Ports	110	0.21	
952,000 Pacific Basin Shipping	264	0.49	
Oil & gas	0	0.00	0.93
Equity derivatives	200	0.38	(0.05)
Equity futures contracts	200	0.38	(0.05)
92 Euro-Stoxx Jun 2024	71	0.13	
13 FTSE 100 Index Jun 2024	57	0.11	
8 Hang Seng China Enterprises Index May 2024	7	0.01	
3 Hang Seng Index May 2024	8	0.02	
9 KOSPI 200 Index Jun 2024	4	0.01	
(17) S&P 500 E Mini June 2024	53	0.10	
Equity portfolios	506	0.95	2.82
19,236 iShares Core MSCI Emerging Markets Investable Market Index ETF	506	0.95	

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Fixed income	45,152	84.63	86.13
Debt securities	42,661	79.96	80.95
'AAA' credit rated bonds	4,981	9.34	7.16
£762,000 Coventry Building Society FRN 5.7528% 15/01/2025	763	1.43	
£134,064 Darrowby No. 5 FRN 5.7605% 20/12/2057	134	0.25	
£1,174,000 Export Development Canada FRN 5.5628% 17/01/2025	1,175	2.21	
£762,000 Leeds Building Society FRN 5.7728% 15/01/2025	764	1.43	
£612,000 Royal Bank of Canada FRN 5.7031% 30/01/2025	613	1.15	
£798,000 Royal Bank of Canada FRN 5.9829% 18/01/2028	801	1.50	
£728,000 TSB Bank FRN 5.8251% 14/02/2027	731	1.37	
'AA' credit rated bonds	32,271	60.49	66.48
£2,626,000 UK Treasury 0% 13/05/2024	2,622	4.91	
£4,577,000 UK Treasury 0% 03/06/2024	4,555	8.54	
£1,971,000 UK Treasury 0% 24/06/2024	1,956	3.67	
£1,671,000 UK Treasury 0% 08/07/2024	1,655	3.10	
£4,775,800 UK Treasury 0% 22/07/2024	4,720	8.85	
£5,207,000 UK Treasury 0% 05/08/2024	5,136	9.63	
£5,058,000 UK Treasury 0% 09/09/2024	4,965	9.31	
£1,114,000 UK Treasury 0% 23/09/2024	1,091	2.04	
£2,949,700 UK Treasury 3.75% 22/10/2053	2,484	4.65	
US\$2,089,100 US Treasury IL 0.125% 15/02/2052	1,019	1.91	
US\$2,721,700 US Treasury IL 1.375% 15/07/2033	2,068	3.88	
'BBB' credit rated bonds	2,937	5.50	2.36
€808,000 Mexico (United Mexican States) 1.45% 25/10/2033	532	0.99	
MXN60,000,000 Mexico (United Mexican States) 7.5% 26/05/2033	2,405	4.51	
'BB' credit rated bonds	2,472	4.63	4.95
BRL6,700,000 Brazil (Federal Republic of) 10% 01/01/2029	1,001	1.87	
ZAR46,177,684 South Africa (Republic of) 8.5% 31/01/2037	1,471	2.76	
Debt derivatives	(279)	(0.52)	0.06
Credit default swaps	(165)	(0.31)	0.06
US\$(2,901,690) Markit CDX North American Investment Grade Series 41 V2 5 Year Dec 2028	(165)	(0.31)	

Portfolio statement

Investments (continued)

Holding	as at 30.04.24 £'000	as at 30.04.24 %	as at 30.04.23 %
Fixed income (continued)			
Debt derivatives (continued)			
Interest rate swaps			
£20,522,000 Pay VAR Receive 4.665% Apr 2026	(24)	(0.04)	0.00
Interest rate futures			
123 5 Year US Treasury Note Jun 2024	(73)	(0.14)	
11 US Ultra Bond Jun 2024	(64)	(0.12)	
Options			
1,200 S&P 500 index 4900 Jul 2024 Put	47	0.09	0.00
Fixed income portfolios			
11,654 M&G Total Return Credit Investment Fund Euro Class 'A' Accumulation ^b	1,410	2.64	
133,084 M&G Short Dated Corporate Bond Fund Sterling Class 'I' Income ^b	1,360	2.55	
Currency			
Forward currency contracts			
US\$621,149 Bought for BRL3,282,089 (expires 22.07.24)	(12)	(0.02)	
US\$653,058 Bought for KRW892,449,121 (expires 22.07.24)	3	0.00	
US\$(6,445,427) Sold for £5,152,863 (expires 31.07.24)	16	0.03	
€(4,063,752) Sold for £3,497,956 (expires 31.07.24)	10	0.02	
US\$(376,918) Sold for £222,394 (expires 31.07.24)	1	0.00	
HK\$(20,930,669) Sold for £2,143,029 (expires 31.07.24)	4	0.01	
MXN(32,304,686) Sold for £1,477,335 (expires 31.07.24)	(18)	(0.03)	
CHF(496,981) Sold for £440,157 (expires 31.07.24)	1	0.00	
THB(34,677,913) Sold for £753,930 (expires 31.07.24)	3	0.01	
ZAR(22,837,856) Sold for £952,506 (expires 31.07.24)	(15)	(0.03)	
US\$722,513 Bought for TWD23,423,061 (expires 23.07.24)	1	0.00	
Total portfolio	49,336	92.48	94.93
Net other assets/(liabilities)	4,014	7.52	5.07
Net assets attributable to shareholders	53,350	100.00	100.00

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

^a AIM quoted.

^b Related party.

Portfolio statement

Top ten portfolio transactions for the year to 30 April 2024

Largest purchases	£'000
UK Treasury 0% 18/03/2024	9,937
UK Treasury 0% 15/04/2024	8,445
UK Treasury 0% 05/02/2024	8,343
UK Treasury 0% 04/03/2024	7,938
UK Treasury 3.75% 22/10/2053	7,159
UK Treasury 0% 06/11/2023	6,827
UK Treasury 0% 02/01/2024	6,696
UK Treasury 0% 04/12/2023	5,806
UK Treasury 0% 22/01/2024	5,639
UK Treasury 0% 05/08/2024	5,113
Other purchases	51,812
Total purchases	123,715

Largest sales	£'000
UK Treasury 0% 18/03/2024	10,034
UK Treasury 0% 25/09/2023	9,082
UK Treasury 0% 15/04/2024	8,602
UK Treasury 0% 05/02/2024	8,463
UK Treasury 0% 23/10/2023	8,141
UK Treasury 0% 04/03/2024	8,022
UK Treasury 0% 16/10/2023	7,729
UK Treasury 0% 06/11/2023	6,975
UK Treasury 0% 02/01/2024	6,811
UK Treasury 0% 28/08/2023	6,702
Other sales	83,618
Total sales	164,179

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' Accumulation	+5.8	+4.9	+3.9	n/a
Class 'I' Accumulation	+6.0	+5.2	+4.1	n/a
Class 'L' Accumulation	+6.3	+5.4	+4.4	n/a
Class 'PP' Income	+6.1	+5.3	n/a	n/a
Class 'PP' Accumulation	+6.1	+5.3	+4.2	n/a
Benchmark^b	+7.4	+4.9	+4.7	n/a

^a Not annualised.

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

Specific share class performance

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

'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' Accumulation shares

The share class was launched on 13 December 2016.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	117.81	110.70	107.74
Return before operating charges	7.82	8.10	3.89
Operating charges	(1.07)	(0.99)	(0.93)
Return after operating charges	6.75	7.11	2.96
Distributions	(4.38)	(2.31)	(0.95)
Retained distributions	4.38	2.31	0.95
Closing NAV	124.56	117.81	110.70
After direct transaction cost of	0.03	0.02	0.02
Performance			
Return after charges (%)	5.73	6.42	2.75
Other information			
Closing NAV (£'000)	2,393	1,716	1,062
Number of shares	1,920,793	1,456,415	959,499
Operating charges (%)	0.88	0.87	0.85
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	124.81	117.91	111.44
Lowest share price	116.54	109.51	107.64

Financial highlights

Sterling Class 'I' Accumulation shares

The share class was launched on 13 December 2016.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	119.27	111.77	108.35
Return before operating charges	7.84	8.10	3.97
Operating charges	(0.65)	(0.60)	(0.55)
Return after operating charges	7.19	7.50	3.42
Distributions	(4.78)	(2.66)	(1.27)
Retained distributions	4.78	2.66	1.27
Closing NAV	126.46	119.27	111.77
After direct transaction cost of	0.03	0.02	0.02
Performance			
Return after charges (%)	6.03	6.71	3.16
Other information			
Closing NAV (£'000)	45,763	27,415	8,373
Number of shares	36,186,916	22,984,825	7,491,439
Operating charges (%)	0.53	0.52	0.50
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	126.67	119.36	112.47
Lowest share price	118.15	110.63	108.38

Financial highlights

Sterling Class 'L' Accumulation shares

The share class was launched on 24 February 2017.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	120.22	112.43	108.90
Return before operating charges	7.84	8.11	3.81
Operating charges	(0.34)	(0.32)	(0.28)
Return after operating charges	7.50	7.79	3.53
Distributions	(5.07)	(2.91)	(1.50)
Retained distributions	5.07	2.91	1.50
Closing NAV	127.72	120.22	112.43
After direct transaction cost of	0.03	0.02	0.02
Performance			
Return after charges (%)	6.24	6.93	3.24
Other information			
Closing NAV (£'000)	5,025	63,018	59,212
Number of shares	3,934,644	52,417,999	52,664,699
Operating charges (%)	0.28	0.27	0.25
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	127.90	120.30	113.12
Lowest share price	119.20	111.33	108.81

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	109.68	105.54	104.02
Return before operating charges	7.19	7.63	3.66
Operating charges	(0.49)	(0.46)	(0.42)
Return after operating charges	6.70	7.17	3.24
Distributions	(4.94)	(3.03)	(1.72)
Closing NAV	111.44	109.68	105.54
After direct transaction cost of	0.03	0.02	0.02
Performance			
Return after charges (%)	6.11	6.79	3.11
Other information			
Closing NAV (£'000)	22	22	21
Number of shares	20,000	20,000	20,000
Operating charges (%)	0.43	0.42	0.40
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	116.56	112.79	107.93
Lowest share price	108.69	104.48	103.92

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 30 April Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	115.67	108.30	105.06
Return before operating charges	7.58	7.85	3.67
Operating charges	(0.51)	(0.48)	(0.43)
Return after operating charges	7.07	7.37	3.24
Distributions	(4.74)	(2.67)	(1.33)
Retained distributions	4.74	2.67	1.33
Closing NAV	122.74	115.67	108.30
After direct transaction cost of	0.03	0.02	0.02
Performance			
Return after charges (%)	6.11	6.81	3.08
Other information			
Closing NAV (£'000)	147	168	40
Number of shares	119,853	145,348	37,329
Operating charges (%)	0.43	0.42	0.40
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	122.92	115.74	108.97
Lowest share price	114.62	107.22	104.93

Financial statements and notes

Financial statements

Statement of total return

for the year to 30 April	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(304)		3,219
Revenue	5	3,935		2,582	
Expenses	6	(286)		(236)	
Interest payable and similar charges		(6)		(2)	
Net revenue/(expense) before taxation		3,643		2,344	
Taxation	7	(674)		(424)	
Net revenue/(expense) after taxation			2,969		1,920
Total return before distributions			2,665		5,139
Distributions	8		(2,970)		(1,924)
Change in net assets attributable to shareholders from investment activities			(305)		3,215

Statement of change in net assets attributable to shareholders

for the year to 30 April	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		92,339		68,708
Amounts received on issue of shares	35,126		23,221	
Amounts paid on cancellation of shares	(75,873)		(4,981)	
		(40,747)		18,240
Dilution adjustments		42		2
Change in net assets attributable to shareholders from investment activities (see above)		(305)		3,215
Retained distributions on Accumulation shares		2,021		2,174
Closing net assets attributable to shareholders		53,350		92,339

Financial statements and notes

Financial statements

Balance sheet

as at 30 April	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		49,707	87,811
Current assets			
Debtors	9	2,455	1,859
Cash and bank balances	10	1,794	3,805
Total assets		53,956	93,475
Liabilities			
Investment liabilities		(371)	(153)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(15)	(0)
Distribution payable		(1)	(1)
Other creditors	11	(219)	(982)
Total liabilities		(606)	(1,136)
Net assets attributable to shareholders		53,350	92,339

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 8 to 11.

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 30 April	2024 £'000	2023 £'000
Non-derivative securities	21	(35)
Derivative contracts	(346)	3,014
Currency gains/(losses)	16	231
Management charge rebates taken to capital	5	9
Net capital gains/(losses)	(304)	3,219

Includes realised losses of £580,000 and unrealised gains of £271,000 (2023: realised gains of £4,161,000 and unrealised losses of £951,000). Certain realised gains and losses in the current year were unrealised in the prior year.

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 the 'Notes to the financial statements' on pages 10 and 11. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 30 April	2024 £'000	% of transaction	2023 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	2,488		2,481	
Commissions	1	0.04	1	0.03
Taxes	2	0.10	3	0.12
Equities after transaction costs	2,491		2,485	
Debt securities	119,846		145,635	
Collective investment schemes				
Collective investment schemes before transaction costs	1,377		10,208	
Commissions	0	0.01	2	0.02
Taxes	1	0.07	1	0.01
Collective investment schemes after transaction costs	1,378		10,211	
Total purchases after transaction costs	123,715		158,331	
b) Sales				
Equities				
Equities before transaction costs	4,746		997	
Commissions	(2)	0.05	0	0.04
Taxes	(7)	0.15	(1)	0.11
Equities after transaction costs	4,737		996	
Debt securities	153,702		131,059	
Collective investment schemes				
Collective investment schemes before transaction costs	5,741		4,371	
Commissions	(1)	0.01	(1)	0.02
Collective investment schemes after transaction costs	5,740		4,370	
Total sales after transaction costs	164,179		136,425	

Financial statements and notes

	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	3	0.01	1	0.00
Collective investment schemes	1	0.00	3	0.01
Derivatives	1	0.00	2	0.00
Total commissions paid	5	0.01	6	0.01
Taxes paid				
Equities	9	0.01	4	0.01
Collective investment schemes	1	0.00	1	0.00
Derivatives	2	0.00	2	0.00
Total taxes paid	12	0.01	7	0.01
Total direct portfolio transaction costs	17	0.02	13	0.02
		%		%
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 30 April	2024 £'000	2023 £'000
Bank interest	22	19
Derivative revenue	128	172
Distributions from collective investment schemes: non-taxable	19	38
Distributions from collective investment schemes: taxable	153	18
Dividends from equity investments: non-taxable	348	277
Dividends from equity investments: taxable	2	0
Interest on debt securities	3,250	2,052
Management charge rebates	13	6
Total revenue	3,935	2,582

6 Expenses

for the year to 30 April	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	286	236
Total expenses	286	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 30 April	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	657	408
Withholding tax	17	14
Capital gains tax (Indonesia)	0	2
Deferred tax (note 7c)	0	0
Total taxation	674	424
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	3,643	2,344
Corporation tax at 20%	729	469
Effects of:		
Tax on management charge rebates taken to capital	1	2
Dividends from equity investments: non-taxable	(73)	(63)
Withholding tax	17	14
Capital gains tax (Indonesia)	0	2
Total tax charge (note 7a)	674	424
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 30 April	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Dividend distributions				
Final	1	2,021	1	2,174
Total net distributions		2,022		2,175
Income deducted on cancellation of shares		1,627		64
Income received on issue of shares		(679)		(315)
Distributions		2,970		1,924
Net revenue/(expense) per statement of total return		2,969		1,920
Sharing of relief between classes		2		4
Tax on management charge rebates taken to capital		(1)		(2)
Capital gains tax offset against capital		0		2
Distributions		2,970		1,924

9 Debtors

as at 30 April	2024 £'000	2023 £'000
Amounts receivable on issues of shares	1,967	1,009
Currency deals outstanding	0	573
Debt security interest receivable	194	210
Derivative revenue receivable	0	16
Dividends receivable	18	51
Sales awaiting settlement	276	0
Total debtors	2,455	1,859

10 Cash and bank balances

as at 30 April	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	947	1,074
Cash held as bank balances	847	2,731
Total cash and bank balances	1,794	3,805

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11 Other creditors

as at 30 April	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	1	0
Annual charge payable	3	2
Corporation tax payable	215	408
Currency deals outstanding	0	572
Total other creditors	219	982

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 01.05.23	Issued	Movements Cancelled	Converted	Closing 30.04.24
Sterling					
Class 'A' Accumulation	1,456,415	790,067	(325,689)	0	1,920,793
Class 'I' Accumulation	22,984,825	22,854,163	(9,652,072)	0	36,186,916
Class 'L' Accumulation	52,417,999	5,652,957	(54,136,312)	0	3,934,644
Class 'PP' Income	20,000	0	0	0	20,000
Class 'PP' Accumulation	145,348	7,361	(32,856)	0	119,853

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'	0.50
Class 'L'	0.25
Class 'PP'	0.40

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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.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

During the year, there were transactions with related parties of M&G Securities Limited with a total value of £4,126,000 (2023: £5,972,000).

At the balance sheet date, the fund held shares in related parties of M&G Securities Limited with a value of £2,770,000 (2023: £4,726,000).

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.

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 30 April	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Basis of valuation				
Level 1	38,259	(137)	74,286	(127)
Level 2	11,448	(234)	13,525	(26)
Level 3	0	0	0	0
	49,707	(371)	87,811	(153)

Financial statements and notes

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 11 to 13.

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 30 April 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 30 April 2024 and 30 April 2023.

for the year to 30 April	2024 Utilisation of VaR 6%	2023 Utilisation of VaR 6%
Lowest	18.00	16.67
Highest	58.33	39.17
Average	31.49	23.38

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 30 April	2024 £'000	2023 £'000
Investment grade securities	40,189	70,183
Below investment grade securities	2,472	4,571
Other investments	6,675	12,904
Total	49,336	87,658

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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 30 April 2024				
	Swaps £'000	Forward currency contracts £'000	Futures £'000	Options £'000
Bank of America Merrill Lynch	0	0	63	47
Barclays Bank	0	10	0	0
Citigroup	0	3	0	0
Goldman Sachs	(189)	0	0	0
HSBC	0	(12)	0	0
JPMorgan	0	1	0	0
State Street Bank	0	(13)	0	0
UBS	0	5	0	0
Total	(189)	(6)	63	47

as at 30 April 2023				
	Swaps £'000	Forward currency contracts £'000	Futures £'000	
Bank of America Merrill Lynch		0	0	(48)
Barclays Bank		30	11	0
Citigroup		(62)	26	0
Goldman Sachs		86	(16)	0
JPMorgan		0	32	0
State Street Bank		0	(3)	0
UBS		0	25	0
Total		54	75	(48)

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 30 April 2024 and 30 April 2023 are disclosed in the table below. Leverage has been calculated

Financial statements and notes

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 30 April	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	67,753	113.00	77,621	100.00
Highest	197,780	304.00	247,338	348.00
Average	118,821	173.38	117,505	153.41

21 Dividend distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.05.23	30.04.24	01.05.24	30.06.24

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' Accumulation shares

Ordinary distributions for the year to 30 April	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.9038	3.4764	4.3802	2.3132

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 30 April	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	2.2418	2.5424	4.7842	2.6589

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Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 30 April	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	3.9224	1.1519	5.0743	2.9107

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 30 April	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	4.9442	0.0000	4.9442	3.0274

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 30 April	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	2.8393	1.8970	4.7363	2.6725

22 Events after the balance sheet date

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

Other regulatory disclosures

Alternative Investment Fund Managers Directive (AIFMD)

In accordance with the AIFMD we are required to report to investors on the 'leverage' of the funds and any 'special arrangements' that exist in relation to each fund's assets.

Leverage

Under AIFMD, leverage is defined as any method by which each fund increases its exposure through borrowing or the use of derivatives. This exposure must be calculated in two ways, the 'gross method' and the 'commitment method'. The fund must not exceed maximum exposures under both methods.

'Gross method' is calculated as the sum of all positions of the fund (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes.

'Commitment method' exposure is also calculated as the sum of all positions of the fund (both positive and negative), but after netting off derivative and security positions as specified by AIFMD rules.

Therefore as at 30 April 2024 the total amount of leverage is as follows:

Gross method:

M&G Episode Income Fund 169%

M&G Global Target Return Fund 215%

Commitment method:

M&G Episode Income Fund 110%

M&G Global Target Return Fund 187%

Special arrangements

A 'Special Arrangement' is an arrangement in relation to fund assets that results in an investor or group of investors receiving different redemption rights to those generally available to investors in a given share class.

The funds had no assets subject to special arrangements for the period ending 30 April 2024.

Remuneration

In line with the requirements of the Alternative Investment Fund Managers Directive ('AIFMD'), M&G Securities Limited (the 'AIFM') is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the AIFMD.

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 alternative investment funds managed by the AIFM. Further details of the remuneration policy can be found on our website at [mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies](https://www.mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies)

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

The AIFM is required under the AIFMD 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 AIFs it manages (including M&G Investment Funds (11)) and generally includes senior management, risk takers and control functions. 'Identified Staff' typically provide both AIFMD and non-AIFMD 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 the AIFM is included in the remuneration figures disclosed. Accordingly the figures are not representative of any individual's actual

Other regulatory disclosures

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	2,221	5,036	7,257	9
Other Identified Staff	3,477	17,850	21,327	18

