M&G Investments

M&G Investment Funds (12)

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

Contents

Authorised Corporate Director's Report 1

Directors' statement 3

Depositary's Responsibilities and Report 4

Independent Auditor's Report 5

Financial statements and notes 8

Authorised Corporate Director's Report, including the portfolio statement, financial highlights, financial statements and notes for:

M&G Global Strategic Value Fund 14

Other regulatory disclosures 39

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (12) presents its annual report and audited financial statements for the year ended 31 January 2024.

The audited financial statements of M&G Investment Funds (12), the Authorised Corporate Director's Reports including the portfolio statement, financial highlights and the audited financial statements and notes of the fund are presented in their individual sections of this report as set out in the contents page.

Please note that an explanation of key investment terminology is available on our website at mandg.com/private-investor/glossary
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 (12) is an umbrella Open-Ended Investment Company (OEIC) and contains one sub-fund, hereinafter referred to as 'fund' in the rest of this report. This fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 2 November 2011 and the fund was launched on 17 February 2012.

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.

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

Co-fund managers

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

M&G Global Strategic Value Fund
Richard Halle, Daniel White & Shane Kelly

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)

Depositary

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

Independent auditor

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

Authorised Corporate Director's Report

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 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 this fund has on the climate and equally how climate change could influence the performance of the fund. The reports will also give you the ability to compare a range of climate metrics with other funds. To understand the governance, strategy and risk management that M&G has in place to manage the risks and opportunities related to climate change, please refer to the M&G Investments Management TCFD report.

These reports are available via the Sustainability Disclosures page on our website 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 addresses. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depositary.

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
28 March 2024

Depositary's Responsibilities and Report

Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of M&G Investment Funds (12) ('the Company') for the year ended 31 January 2024

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

The Depositary 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 Depositary 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 Depositary 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 Depositary 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
28 March 2024

NatWest Trustee and
Depositary Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Investment Funds (12)

Opinion

We have audited the financial statements of M&G Investment Funds (12) ("the Company") comprising its sub-fund for the year ended 31 January 2024, which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 January 2024, and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Independent Auditor's Report

misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the ACD

As explained more fully in the ACDs' responsibilities statement set out on page 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 in relation to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities 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
28 March 2024

Ernst & Young LLP
Statutory Auditor

Financial statements and notes

The financial statements for M&G Investment Funds (12) comprise the individual financial statements for the fund and the notes below.

Notes to the financial statements

1 Statement of compliance

The financial statements of M&G Investment Funds (12) 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 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 the fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections and key service provider's operational resilience.

The financial statements of M&G Investment Funds (12) 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 (12) is US dollars.

c. Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 31 January 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).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 31 January 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. The methods of determining fair value for the principal classes of investment are:

- Equities which are traded on an active market are included at the quoted price, which is normally the bid price.
- 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.

Financial statements and notes

- 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 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.
- 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.
- 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.
- 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 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 fund, with specific risk disclosures set out in notes 18 to 21 in this report.

a. Market risk

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

In relation to market risk, processes are applied that take account of the investment objective and policy of 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 a 'commitment' approach.

b. Commitment approach

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

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

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

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

c. Liquidity risk

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

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

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

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

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

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

Financial statements and notes

(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.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 14 March 2023 has been used.

Investment objective

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

Investment policy

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

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

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

Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.

The investment approach focuses on identifying shares in cheap or out-of-favour companies that the fund managers believe are undervalued, while trying to avoid companies with problems that could prevent their share prices from improving over time.

The fund's approach combines a strict valuation screen and rigorous qualitative analysis. This ensures the fund concentrates on cheap stocks without compromising on characteristics such as financial strength or competitive advantages.

The main drivers of returns are expected to be the value style and overall stock selection rather than any individual sector or stock.

Benchmark

Benchmark: MSCI ACWI Index.

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

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

The benchmark is shown in the share class currency.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 11 to 13.

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

Low risk — High risk

Typically lower rewards — Typically higher rewards

1	2	3	4	5	**6**	7

The above number:

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

Authorised Corporate Director's Report

Investment review

For the year ended 31 January 2024

Performance against objective

Between 1 February 2023 (the start of the review period) and 31 January 2024, all share classes of the M&G Global Strategic Value Fund produced a positive total return (the combination of income and growth of capital). The fund's returns trailed its benchmark, the MSCI ACWI Index, which gained 11.4% over the same period.

Over the longer term of five years, the fund has delivered positive returns but lagged the benchmark, which returned 11.4% pa. Therefore, the fund has missed its objective to provide a higher total return, net of the ongoing charge figure, than that of the MSCI ACWI Index over any five-year period.

Prior to 6 December 2019, the fund was known as the M&G Global Recovery Fund. Performance before this date was therefore achieved under different circumstances. New fund managers were appointed in July 2019.

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

Performance review

The period under review saw a strong rebound in global stockmarkets after a dismal 2022. Most major equity markets registered strong gains, with the US and Japan outperforming other regions. China was the only notable exception to this positive trend. The largest country in the global indices (the US) outperformed other major markets, while at a sector level, technology was the standout performer.

Global equities weathered a period of high interest rates, a banking crisis in March and geopolitical tensions in the Middle East. Nevertheless, moderating inflation and expectations that major central banks have reached the end of their tightening cycle boosted investor sentiment.

In this environment, the fund's value investment style was out of favour resulting in fund underperformance versus the broader market. The growth tailwind was particularly beneficial for the mega-cap US technology companies. Growth stocks promise shareholders above-average earning growth over the long-term; by contrast, value investors focus on picking out out-of-favour stocks that are trading below their true worth.

As highlighted, the technology sector led the gains, energised by optimism over the potential of emerging artificial intelligence (AI) technology and its applications. Real estate lagged amid higher interest rates and stresses in commercial real estate.

At the sector level, communications services added most relative value, due to our overweight position and favourable stockpicking. Security selection in utilities and consumer staples also contributed positively.

Technology was the largest drag on relative returns due to our underweight allocation to the sector and also security selection. Our choices in consumer discretionary and healthcare also detracted from performance.

At an individual stock level, the top contributor to relative performance was Meta. The stock gained significantly, in the period under review. A rebound in user growth and robust digital advertisement sales fostered the company's excellent rally, as did cost-cutting measures – dubbed the 'Year of Efficiency' – which led to more than 20,000 layoffs.

Within the Industrials sector, Japanese conglomerate Hitachi delivered robust gains, benefitting from renewed interest in the Japanese market. Moreover, the company's divestment of non-core assets (for example its stake in chipmaker Renesas Electronics) augured well with investors. Hitachi's semiconductor business was also bolstered by the Japanese government's extensive support for chip production and generative AI capabilities.

Another notable contributor was Swiss bank UBS, whose market position strengthened following the acquisition of Credit Suisse in March 2023. Our position

in US energy company Constellation Energy also produced favourable relative returns, as the utility company delivered healthy gains after raising its earnings forecast on higher energy demand.

In contrast, the fund's lack of exposure to the other 'Magnificent Seven' stocks weighed on performance. Most notably, not holding Nvidia and Amazon, as well as an underweight positioning in Microsoft, weighed heavily on relative performance. Nvidia shares were buoyed by rising demand for its graphic processors and software as businesses race to incorporate AI into their products and services.

Our off-benchmark holding in Chinese e-commerce provider Alibaba held back relative performance as the stock struggled throughout 2023. The company's restructuring plans were delayed amid a lacklustre Chinese stockmarket.

In addition, our shares in American drug maker Bristol-Myers Squibb fell on concerns over generic competition for its cancer drugs and the effect of the Inflation Reduction Act on the company's ability to negotiate prices with US federal agency, Medicare.

Investment Activities

During the period under review, we started 10 new positions and fully exited 14 positions. Among some of the new holdings is multinational conglomerate 3M. The company has a big liability embedded into current valuations which is based on a few ongoing litigation cases; however we think that there will be a better outcome than what investors are currently pricing in and therefore this poses as an interesting value opportunity for us.

Another new position is PayPal. Current valuations reflect a few concerns such as competition and weak macroeconomics. However there are also some tailwinds for PayPal: their FX and interest income can provide support during the period of weak macroeconomics; they have also been working on narrowing the product user experience (UX) gap vs. peers which can possibly neutralise some competitive threat. Overall, this is again another interesting value opportunity for us and if PayPal continue working through these issues, there is chance of major re-rating and resumption of earnings growth.

We exited positions in consumer-oriented companies (Sony, Tyson Foods, Volkswagen, Coty), financials (Bangkok Bank, New York Community Bancorp) and others, including TBS, General Electric, FedEx, HutchMed, First Quantum Minerals and Origin Energy.

The fund has just over 40% of its holdings in US equities, alongside a 12% allocation to the UK and 9% to Japan. In terms of sector allocation, the fund holds about 17% in technology, 14% in financials and about 12% in healthcare. We maintain a large below-benchmark exposure to the US and are moderately underweight in technology.

Outlook

Major central banks have raised interest rates rapidly in the past two years to bring inflation under control. As we move into 2024, inflation has moderated and there is a growing belief that we could be at the end of the tightening cycle, even though inflation remains above central banks' target levels.

Looking ahead, the big issue is how long policymakers will keep rates at elevated levels. Even if there are rate cuts in 2024, as widely anticipated by the market, interest rates are unlikely to return to the exceptionally low levels experienced over the past decade.

The global economy has held up well so far; China's reopening, falling energy prices (despite the ongoing turmoil in the Middle East and Ukraine) and a robust US job market, all provide cause for optimism. However, there are signs that demand is softening, and economic activity is weakening.

From a valuation standpoint, the UK and Europe are looking more compelling than US equities in aggregate following strong gains in the US market. Nonetheless, since the outsized returns in the US have been highly concentrated within a select few stocks, there are still interesting opportunities for disciplined, bottom-up stock pickers. In East Asia, worries about weak economic growth in the region's largest economy

Authorised Corporate Director's Report

(China) and the country's beleaguered property sector have dented investor sentiment.

At present, we believe the pessimism about China's fortunes and the wider economic outlook is presenting opportunities for active investors to find great companies, both in China and across the region, at very attractive valuations.

Following on from a positive 2022, the value style looks to have underperformed the growth style in 2023. However, this disguises some significant regional differences with much of the 2023 underperformance isolated to the US, whilst Japan, Asia ex-Japan and emerging markets (EM) regions saw pronounced positive returns for value. In addition we have seen valuation gaps grow to an all-time wide territory, with expensive stocks becoming more expensive and cheaper stocks becoming cheaper presenting an excellent backdrop for bottom-up value investors.

We believe these features to be indicative of a structural change and that the economic drivers of the previous decade may no longer hold true. There is a perception that inflation will come back down, interest rates will follow and that the stable economic conditions of the past 10 years will re-establish themselves, however, the events of the past few years – COVID lockdowns, the Russia/Ukraine and Middle Eastern conflicts – have proven to be anything but predictable and we don't see this changing. We believe the market will continue to see further dislocations and this will create further opportunities for value investors.

Richard Halle, Daniel White & Shane Kelly
Co-fund managers

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

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

Portfolio statement

Investments

Holding		as at 31.01.24 $'000	as at 31.01.24 %	as at 31.01.23 %
	Equities	**427,746**	**97.41**	**99.40**
	United Kingdom	**58,065**	**13.22**	**13.76**
1,250,000	African Minerals[a]	0	0.00	
1,506,860	BP	8,952	2.04	
2,605,041	Centrica	4,534	1.03	
92,925	Coca-Cola Europacific Partners	6,425	1.46	
3,520,386	Currys	2,194	0.50	
301,916	GSK	6,026	1.37	
361,437	Imperial Brands	8,769	2.00	
103,786	Izodia[a]	0	0.00	
106,604	Johnson Matthey	2,194	0.50	
944,004	Kenmare Resources	3,755	0.85	
894,398	KSK Power Ventur[a]	0	0.00	
1,077,914	NatWest	3,108	0.71	
413,315	Standard Chartered	3,122	0.71	
2,439,102	Tesco	8,986	2.05	
	Belgium	**4,665**	**1.06**	**1.68**
49,586	UCB	4,665	1.06	
	Finland	**6,828**	**1.55**	**1.68**
188,410	UPM-Kymmene	6,828	1.55	
	France	**12,941**	**2.95**	**3.27**
27,671	Ipsen	3,189	0.73	
148,226	TotalEnergies	9,752	2.22	
	Germany	**10,167**	**2.32**	**3.48**
79,203	Bilfinger	3,396	0.77	
62,269	Hornbach	4,506	1.03	
6,426	Rheinmetall	2,265	0.52	
	Ireland	**14,397**	**3.28**	**3.14**
1,205,728	AIB	5,469	1.25	
102,645	Medtronic	8,928	2.03	
	Italy	**0**	**0.00**	**1.85**

Portfolio statement

Investments (continued)

Holding		as at 31.01.24 $'000	as at 31.01.24 %	as at 31.01.23 %
	Equities (continued)			
	Luxembourg	**9,304**	**2.12**	**0.00**
123,962	APERAM	3,870	0.88	
337,763	Tenaris	5,434	1.24	
	Netherlands	**4,857**	**1.11**	**1.14**
219,208	Stellantis	4,857	1.11	
	Spain	**2,694**	**0.61**	**1.04**
621,004	CaixaBank	2,694	0.61	
	Sweden	**8,835**	**2.01**	**2.39**
761,838	Ericsson	4,218	0.96	
476,124	Securitas	4,617	1.05	
	Switzerland	**6,854**	**1.56**	**0.00**
225,154	UBS	6,854	1.56	
	United States	**192,245**	**43.78**	**44.31**
41,052	3M	3,945	0.90	
57,504	Alphabet	8,201	1.87	
111,212	Autohome ADR	2,757	0.63	
162,024	Bristol-Myers Squibb	8,019	1.83	
135,826	Cisco Systems	7,135	1.62	
94,079	Citigroup	5,398	1.23	
191,557	Comcast	8,934	2.03	
18,751	Constellation Energy	2,284	0.52	
155,133	DXC Technology	3,468	0.79	
122,611	eBay	5,129	1.17	
14,159	Elevance Health	6,962	1.58	
179,120	Exelon	6,305	1.44	
41,152	GE Healthcare	3,029	0.69	
1,079,172	Gurnet Point Capital[a]	0	0.00	
86,412	Hartford Financial Services	7,550	1.72	
170,055	Highwoods Properties REIT	4,033	0.92	
126,930	Intel	5,375	1.22	
40,138	JPMorgan Chase	7,096	1.62	
149,839	Kroger	7,030	1.60	

Portfolio statement

Investments (continued)

Holding		as at 31.01.24 $'000	as at 31.01.24 %	as at 31.01.23 %
	Equities (continued)			
	United States (continued)			
30,422	Meta	11,853	2.70	
18,952	Microsoft	7,669	1.75	
75,896	Molson Coors Beverage	4,728	1.08	
50,856	Oracle	5,756	1.31	
33,793	Oshkosh	3,734	0.85	
78,337	PayPal	4,931	1.12	
201,629	Perpetua Resources	585	0.13	
50,354	Qualcomm	7,342	1.67	
30,445	Reinsurance Group of America	5,171	1.18	
39,860	Seagate Technology	3,487	0.79	
132,289	Southwest Airlines	3,988	0.91	
90,249	Tapestry	3,540	0.81	
138,552	Verizon Communications	5,832	1.33	
125,855	VF	2,163	0.49	
149,111	Wells Fargo	7,705	1.75	
88,242	Western Digital	5,053	1.15	
105,260	Weyerhaeuser REIT	3,493	0.80	
56,147	Whitbread	2,565	0.58	
	Canada	**0**	**0.00**	**0.30**
	Mexico	**4,717**	**1.07**	**0.96**
2,805,303	Fibra Uno Administracion REIT	4,717	1.07	
	Japan	**40,927**	**9.32**	**9.84**
87,000	Hitachi	6,872	1.57	
4,364,200	Nippon Telegraph & Telephone	5,500	1.25	
246,600	ORIX	4,788	1.09	
209,500	Rohm	3,644	0.83	
149,800	Seven & i	5,938	1.35	
203,900	Takeda Pharmaceutical	6,013	1.37	
628,500	Toray Industries	3,149	0.72	
101,800	Ulvac	5,023	1.14	

Portfolio statement

Investments (continued)

Holding		as at 31.01.24 $'000	as at 31.01.24 %	as at 31.01.23 %
	Equities (continued)			
	Australia	**2,691**	**0.61**	**1.77**
167,274,857	FBR	2,312	0.53	
44,355,349	Mineral Commodities	379	0.08	
	China	**5,334**	**1.21**	**1.40**
74,860	Alibaba ADR	5,334	1.21	
	Hong Kong	**10,869**	**2.48**	**1.17**
2,351,300	China Financial Services	86	0.02	
1,191,820	HutchMed[b]	3,012	0.69	
4,672,000	Kunlun Energy	4,169	0.95	
719,800	Link REIT	3,602	0.82	
	New Zealand	**2,219**	**0.51**	**0.48**
802,323	Fletcher Building	2,219	0.51	
	South Korea	**22,434**	**5.11**	**3.66**
133,142	Hankook Tire & Technology	5,118	1.16	
87,907	KB Financial	3,721	0.85	
168,974	Samsung Electronics	9,204	2.10	
22,327	Samsung Fire & Marine Insurance	4,391	1.00	
	Thailand	**0**	**0.00**	**0.59**
	Israel	**6,703**	**1.53**	**1.49**
41,788	Check Point Software Technologies	6,703	1.53	
Total portfolio		**427,746**	**97.41**	**99.40**
Net other assets/(liabilities)		**11,374**	**2.59**	**0.60**
Net assets attributable to shareholders		**439,120**	**100.00**	**100.00**

All securities are on an official stock exchange listing except where referenced.
[a] Suspended.
[b] AIM quoted.

Portfolio statement

Top ten portfolio transactions for the year to 31 January 2024

Largest purchases	$'000
PayPal	5,545
UBS	4,628
ORIX	4,551
Stellantis	4,031
Hankook Tire & Technology	4,000
Centrica	3,949
3M	3,837
Alphabet	3,517
Link REIT	3,410
Highwoods Properties REIT	3,222
Other purchases	33,644
Total purchases	**74,334**

Largest sales	$'000
Meta	6,329
Alphabet	6,027
TBS	4,675
FedEx	4,576
General Electric	4,484
Sony	3,967
Constellation Energy	3,773
Euronav	3,133
Hitachi	3,044
Volkswagen Preference Shares	2,980
Other sales	41,385
Total sales	**84,373**

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year %[a]	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+8.5	+10.6	+8.4	+7.9
Class 'A' Accumulation	+8.5	+10.6	+8.3	+7.9
Class 'I' Income	+8.9	+11.1	+8.9	+8.6
Class 'I' Accumulation	+8.9	+11.1	+8.9	+8.6
Class 'R' Income	+8.7	+10.8	+8.6	+8.3
Class 'R' Accumulation	+8.6	+10.8	+8.6	+8.3
Benchmark	**+11.4**	**+9.3**	**+11.4**	**+11.8**

[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). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 17 February 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	194.21	183.47	162.14
Return before operating charges	18.85	18.74	27.63
Operating charges	(2.56)	(2.45)	(2.38)
Return after operating charges	16.29	16.29	25.25
Distributions	(5.69)	(5.55)	(3.92)
Closing NAV	204.81	194.21	183.47
Direct transaction costs	**UK p**	**UK p**	**UK p**
Costs before dilution adjustments	0.04	0.04	0.06
Dilution adjustments	(0.02)	(0.01)	(0.02)
Total direct transaction costs	0.02	0.03	0.04
Performance and charges	**%**	**%**	**%**
Direct portfolio transaction costs	0.01	0.02	0.02
Operating charges	1.30	1.31	1.30
Return after charges	+8.39	+8.88	+15.57
Other information			
Closing NAV ($'000)	339,189	325,150	347,159
Number of shares	130,547,004	135,854,803	141,165,582
Highest share price (UK p)	207.84	199.23	191.63
Lowest share price (UK p)	186.28	174.84	162.25

Sterling Class 'A' Accumulation share performance

The share class was launched on 17 February 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	224.42	205.92	178.12
Return before operating charges	21.98	21.27	30.44
Operating charges	(2.99)	(2.77)	(2.64)
Return after operating charges	18.99	18.50	27.80
Distributions	(3.70)	(3.35)	(1.68)
Retained distributions	3.70	3.35	1.68
Closing NAV	243.41	224.42	205.92
Direct transaction costs	**UK p**	**UK p**	**UK p**
Costs before dilution adjustments	0.05	0.05	0.07
Dilution adjustments	(0.02)	(0.01)	(0.02)
Total direct transaction costs	0.03	0.04	0.05
Performance and charges	**%**	**%**	**%**
Direct portfolio transaction costs	0.01	0.02	0.02
Operating charges	1.30	1.31	1.30
Return after charges	+8.46	+8.98	+15.61
Other information			
Closing NAV ($'000)	3,243	2,718	4,155
Number of shares	1,050,280	982,685	1,505,355
Highest share price (UK p)	244.07	227.41	213.02
Lowest share price (UK p)	215.51	199.57	178.23

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 17 February 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	202.43	190.46	167.63
Return before operating charges	19.70	19.49	28.59
Operating charges	(1.86)	(1.77)	(1.70)
Return after operating charges	17.84	17.72	26.89
Distributions	(5.93)	(5.75)	(4.06)
Closing NAV	214.34	202.43	190.46
Direct transaction costs	**UK p**	**UK p**	**UK p**
Costs before dilution adjustments	0.05	0.04	0.06
Dilution adjustments	(0.02)	(0.01)	(0.02)
Total direct transaction costs	0.03	0.03	0.04
Performance and charges	**%**	**%**	**%**
Direct portfolio transaction costs	0.01	0.02	0.02
Operating charges	0.90	0.91	0.90
Return after charges	+8.81	+9.30	+16.04
Other information			
Closing NAV ($'000)	5,578	3,177	3,636
Number of shares	2,051,472	1,273,281	1,424,281
Highest share price (UK p)	217.50	207.64	198.90
Lowest share price (UK p)	194.28	181.98	167.75

Sterling Class 'I' Accumulation share performance

The share class was launched on 17 February 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	240.72	219.99	189.50
Return before operating charges	23.63	22.79	32.42
Operating charges	(2.23)	(2.06)	(1.93)
Return after operating charges	21.40	20.73	30.49
Distributions	(4.94)	(4.36)	(2.67)
Retained distributions	4.94	4.36	2.67
Closing NAV	262.12	240.72	219.99
Direct transaction costs	**UK p**	**UK p**	**UK p**
Costs before dilution adjustments	0.06	0.05	0.07
Dilution adjustments	(0.02)	(0.01)	(0.02)
Total direct transaction costs	0.04	0.04	0.05
Performance and charges	**%**	**%**	**%**
Direct portfolio transaction costs	0.01	0.02	0.02
Operating charges	0.90	0.91	0.90
Return after charges	+8.89	+9.42	+16.09
Other information			
Closing NAV ($'000)	66,545	46,998	45,934
Number of shares	20,012,148	15,842,776	15,577,797
Highest share price (UK p)	262.83	243.90	227.53
Lowest share price (UK p)	231.28	213.63	189.63

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	215.05	202.76	178.92
Return before operating charges	20.90	20.73	30.47
Operating charges	(2.51)	(2.41)	(2.31)
Return after operating charges	18.39	18.32	28.16
Distributions	(6.30)	(6.03)	(4.32)
Closing NAV	227.14	215.05	202.76
Direct transaction costs	**UK p**	**UK p**	**UK p**
Costs before dilution adjustments	0.05	0.04	0.07
Dilution adjustments	(0.02)	(0.01)	(0.02)
Total direct transaction costs	0.03	0.03	0.05
Performance and charges	**%**	**%**	**%**
Direct portfolio transaction costs	0.01	0.02	0.02
Operating charges	1.15	1.16	1.15
Return after charges	+8.55	+9.04	+15.74
Other information			
Closing NAV ($'000)	1,997	1,821	2,044
Number of shares	692,915	687,259	751,958
Highest share price (UK p)	230.50	220.51	211.77
Lowest share price (UK p)	206.32	193.42	179.04

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	251.44	230.36	198.94
Return before operating charges	24.63	23.83	34.01
Operating charges	(2.96)	(2.75)	(2.59)
Return after operating charges	21.67	21.08	31.42
Distributions	(4.53)	(4.22)	(2.23)
Retained distributions	4.53	4.22	2.23
Closing NAV	273.11	251.44	230.36
Direct transaction costs	**UK p**	**UK p**	**UK p**
Costs before dilution adjustments	0.06	0.05	0.08
Dilution adjustments	(0.02)	(0.02)	(0.02)
Total direct transaction costs	0.04	0.03	0.06
Performance and charges	**%**	**%**	**%**
Direct portfolio transaction costs	0.01	0.02	0.02
Operating charges	1.15	1.16	1.15
Return after charges	+8.62	+9.15	+15.79
Other information			
Closing NAV ($'000)	22,568	20,604	21,352
Number of shares	6,513,888	6,649,138	6,915,061
Highest share price (UK p)	273.85	254.78	238.28
Lowest share price (UK p)	241.50	223.47	199.07

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 January	Note	2024 $'000	2024 $'000	2023 $'000	2023 $'000
Income					
Net capital gains/(losses)	3		39,673		(6,644)
Revenue	5	13,137		12,614	
Expenses	6	(5,079)		(4,853)	
Interest payable and similar charges		0		(3)	
Net revenue/(expense) before taxation		8,058		7,758	
Taxation	7	(967)		(1,124)	
Net revenue/(expense) after taxation			7,091		6,634
Total return before distributions			**46,764**		**(10)**
Distributions	8		(11,431)		(10,843)
Change in net assets attributable to shareholders from investment activities			**35,333**		**(10,853)**

Statement of change in net assets attributable to shareholders

for the year to 31 January	2024 $'000	2024 $'000	2023 $'000	2023 $'000
Opening net assets attributable to shareholders		**400,468**		**424,280**
Amounts received on issue of shares	27,379		11,444	
Amounts paid on cancellation of shares	(25,688)		(25,709)	
		1,691		(14,265)
Dilution adjustments		68		46
Change in net assets attributable to shareholders from investment activities (see above)		35,333		(10,853)
Retained distributions on Accumulation shares		1,550		1,258
Unclaimed distributions		10		2
Closing net assets attributable to shareholders		**439,120**		**400,468**

Financial statements and notes

Financial statements

Balance sheet

as at 31 January	Note	2024 $'000	2023 $'000
Assets			
Fixed assets			
Investments		427,746	398,065
Current assets			
Debtors	9	1,115	4,128
Cash and bank balances	10	481	1,976
Cash equivalents		14,432	6,525
Total assets		**443,774**	**410,694**
Liabilities			
Creditors			
Distribution payable		(4,170)	(4,095)
Other creditors	11	(484)	(6,131)
Total liabilities		**(4,654)**	**(10,226)**
Net assets attributable to shareholders		**439,120**	**400,468**

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, ordinary stock dividends have been transferred to capital, reducing the amount available.

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

3 Net capital gains/(losses)

for the year to 31 January	2024 $'000	2023 $'000
Non-derivative securities	39,546	(7,016)
Capital gains on US REIT	106	181
Currency gains/(losses)	21	191
Net capital gains/(losses)	**39,673**	**(6,644)**

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 10 and 11. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2024 $'000	% of transaction	2023 $'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	74,266		87,200	
Commissions	24	0.03	26	0.03
Taxes	44	0.06	23	0.03
Total purchases after transaction costs	**74,334**		**87,249**	
b) Sales				
Equities				
Equities before transaction costs	84,397		102,249	
Commissions	(23)	0.03	(31)	0.03
Taxes	(1)	0.00	(3)	0.00
Total sales after transaction costs	**84,373**		**102,215**	
	2024 $'000	**% of average NAV**	**2023 $'000**	**% of average NAV**
c) Direct portfolio transaction costs				
Commissions paid				
Equities	47	0.01	57	0.01
Taxes paid				
Equities	45	0.01	26	0.01
Total direct portfolio transaction costs	**92**	**0.02**	**83**	**0.02**
		%		**%**
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.17		0.17

Financial statements and notes

5 Revenue

for the year to 31 January	2024 $'000	2023 $'000
Bank interest	39	15
Dividends from equity investments: non-taxable	11,712	11,671
Dividends from equity investments: taxable	244	302
Interest distributions	591	179
Property distribution: taxable	542	440
Rebate of ongoing charges from underlying funds	9	7
Total revenue	**13,137**	**12,614**

6 Expenses

for the year to 31 January	2024 $'000	2023 $'000
Payable to the ACD or associate		
Annual charge	5,079	4,853
Total expenses	**5,079**	**4,853**

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

Financial statements and notes

7 Taxation

for the year to 31 January	2024 $'000	2023 $'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	951	1,097
Deferred tax (note 7c)	0	0
Tax on US REITs	16	27
Total taxation	**967**	**1,124**
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	8,058	7,758
Corporation tax at 20%	1,612	1,552
Effects of:		
Dividends from equity investments: non-taxable	(2,342)	(2,334)
Capital income subject to taxation	21	36
Current year expenses not utilised	724	740
Withholding tax	951	1,097
Tax on US REITs	16	27
Overseas tax expensed	(15)	(19)
Prior year adjustment to expenses not utilised	0	25
Total tax charge (note 7a)	**967**	**1,124**
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	**0**	**0**

The fund has not recognised a deferred tax asset of $12,824,000 (2023: $12,100,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 Distributions

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

for the year to 31 January	2024		2023	
Dividend distributions	Inc $'000	Acc $'000	Inc $'000	Acc $'000
Interim	5,617	883	5,362	788
Final	4,170	667	4,095	470
Total net distributions		11,337		10,715
Income deducted on cancellation of shares		257		200
Income received on issue of shares		(163)		(72)
Distributions		**11,431**		**10,843**
Net revenue/(expense) per statement of total return		7,091		6,634
Expenses offset against capital		4,324		4,182
Capital gains tax offset against capital		16		27
Distributions		**11,431**		**10,843**

9 Debtors

as at 31 January	2024 $'000	2023 $'000
Currency deals outstanding	156	3,144
Distributions receivable	65	21
Dividends receivable	324	374
Withholding tax recoverable	570	589
Total debtors	**1,115**	**4,128**

10 Cash and bank balances

as at 31 January	2024 $'000	2023 $'000
Cash held as bank balances	481	1,976
Total cash and bank balances	**481**	**1,976**

Financial statements and notes

11 Other creditors

as at 31 January	2024 $'000	2023 $'000
Amounts payable on cancellation of shares	195	296
Annual charge payable	134	110
Currency deals outstanding	155	3,152
Purchases awaiting settlement	0	2,573
Total other creditors	**484**	**6,131**

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 01.02.23	Issued	Movements Cancelled	Converted	Closing 31.01.24
Sterling					
Class 'A' Income	135,854,803	3,318,420	(8,626,219)	0	130,547,004
Class 'A' Accumulation	982,685	359,251	(291,656)	0	1,050,280
Class 'I' Income	1,273,281	961,837	(183,646)	0	2,051,472
Class 'I' Accumulation	15,842,776	4,612,605	(443,233)	0	20,012,148
Class 'R' Income	687,259	55,656	(50,000)	0	692,915
Class 'R' Accumulation	6,649,138	434,862	(570,112)	0	6,513,888

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'	1.30
Class 'I'	0.90
Class 'R'	1.15

Financial statements and notes

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.

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 9.65% (2023: 7.24%) of the fund's shares.

16 Fair value analysis

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

Level 1: Unadjusted quoted price in an active market for an identical instrument
This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data
This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

Level 3: Valuation technique using unobservable inputs
This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 January Basis of valuation	Assets 2024 $'000	Liabilities 2024 $'000	Assets 2023 $'000	Liabilities 2023 $'000
Level 1	427,746	0	397,878	0
Level 2	0	0	0	0
Level 3	0	0	187	0
	427,746	**0**	**398,065**	**0**

2023 level 3 assets include only China Financial Services which temporarily had trading suspended.

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.

Financial statements and notes

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by $21,387,000 (2023: $19,903,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by $10,379,000 (2023: $10,102,000). A five per cent decrease would have an equal and opposite effect.

as at 31 January	2024 $'000	2023 $'000
Currency exposure		
Australian dollar	2,691	7,106
Canadian dollar	585	1,907
Danish krone	166	262
Euro	57,255	63,155
Hong Kong dollar	13,991	7,489
Japanese yen	40,927	39,409
Mexican peso	4,717	3,847
New Zealand dollar	2,219	1,919
South Korean won	22,434	14,655
Sterling	46,903	50,230
Swedish krona	8,836	9,688
Swiss franc	6,854	6
Thailand baht	0	2,370
US dollar	231,542	198,425
Total	**439,120**	**400,468**

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

Financial statements and notes

21 Credit risk

Credit risk with regard to derivative balances is not considered significant and is therefore not disclosed.

22 Dividend distribution tables

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

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.02.23	31.07.23	01.08.23	30.09.23
Final	01.08.23	31.01.24	01.02.24	31.03.24

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

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

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

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 January	Group 2 Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	Group 1 & 2 Distribution 2023 UK p
Interim	1.8077	1.4149	3.2226	3.1386
Final	1.3671	1.0961	2.4632	2.4097

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 January	Group 2 Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	Group 1 & 2 Distribution 2023 UK p
Interim	1.0988	1.2208	2.3196	2.1246
Final	0.6290	0.7514	1.3804	1.2252

Financial statements and notes

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 January	Group 2 Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	Group 1 & 2 Distribution 2023 UK p
Interim	2.3959	0.9586	3.3545	3.2615
Final	1.1798	1.3951	2.5749	2.4908

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 January	Group 2 Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	Group 1 & 2 Distribution 2023 UK p
Interim	1.5281	1.4261	2.9542	2.7313
Final	0.6507	1.3344	1.9851	1.6308

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 January	Group 2 Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	Group 1 & 2 Distribution 2023 UK p
Interim	1.6963	1.8728	3.5691	3.4698
Final	0.7463	1.9842	2.7305	2.5640

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 January	Group 2 Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	Group 1 & 2 Distribution 2023 UK p
Interim	1.4504	1.3323	2.7827	2.5579
Final	0.3409	1.4029	1.7438	1.6611

23 Events after the balance sheet date

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

Other regulatory disclosures

Remuneration

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

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

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

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

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

The 'Identified Staff' of M&G Securities Limited are those who could have a material impact on the risk profile of M&G Securities Limited or the UCITS funds it manages and generally includes senior management, risk takers and control functions. 'Identified Staff' typically provide both UCITS and non-UCITS related services and have a number of areas of responsibility. Therefore, only the portion of remuneration for those individuals' services which may be attributable to UCITS is included in the remuneration figures disclosed. Accordingly the figures are not representative of any individual's actual remuneration. The information needed to provide a further breakdown of remuneration is not readily available and would not be relevant or reliable.

The amounts shown below reflect payments made in respect of the financial year 1 January 2022 to 31 December 2022.

	Fixed Remuneration £000	Variable Remuneration £000	Total £000	Beneficiaries
Senior Management	622	1,303	1,925	9
Other Identified Staff	4,578	18,758	23,336	37

M&G Investments

M&G Securities Limited is authorised and regulated by the Financial Conduct Authority and provides investment products. The Company's registered office is 10 Fenchurch Avenue, London EC3M 5AG Registered in England: No. 90776. **62565_310525**