

# M&G Investment Funds (3)

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

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# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (3) presents its annual report and audited financial statements for the year ended 30 June 2024.

The audited financial statements of M&G Investment Funds (3), 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](http://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 (3) is an umbrella Open-Ended Investment Company (OEIC) and contains six sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 8 August 2001 and was launched on 7 March 2002, following the conversion of a series of authorised unit trusts.

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 June 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 Corporate Bond Fund

Richard Woolnough & Ben Lord

### M&G Dividend Fund

Michael Stiasny

### M&G Emerging Markets Bond Fund

Claudia Calich & Charles de Quinsonas

Please note that effective from 1 March 2024, Charles de Quinsonas was appointed as co-fund manager.

### M&G Global Government Bond Fund

Eva Sun-Wai & Jim Leaviss

Please note that effective from 5 February 2024, Jim Leaviss was appointed as co-fund manager.

### M&G Recovery Fund

Michael Stiasny

### M&G Smaller Companies Fund

James Taylor

## 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

# Authorised Corporate Director's Report

## Investment manager

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

## Registrar

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

## Depository

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

## Independent auditor

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

## Annual value assessment

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

## Climate-related Financial Disclosures (TCFD)

We have produced TCFD reports in compliance with the FCA's rules on climate-related financial disclosures. The TCFD fund reports are designed to help you understand the impact 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](https://mandg.com/footer/sustainability-disclosures)

## Important information

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

With effect from 5 February 2024, Jim Leaviss was appointed as co-fund manager of the M&G Global Government Bond Fund.

With effect from 1 March 2024, Charles de Quinsonas was appointed as co-fund manager of the M&G Emerging Markets Bond Fund.

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

# Authorised Corporate Director's Report

## Investor information

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

## Customer services and administration for UK clients:

M&G Securities Limited,  
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  
4 September 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 (3) ('the Company') for the year ended 30 June 2024

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh  
4 September 2024

NatWest Trustee and  
Depository Services Limited

# Independent Auditor's Report

## Independent Auditor's Report to the shareholders of M&G Investment Funds (3)

### Opinion

We have audited the financial statements of M&G Investment Funds (3) ("the Company") comprising each of its sub-funds for the year ended 30 June 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 June 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 4, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

## 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](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

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

Edinburgh  
4 September 2024

Ernst & Young LLP  
Statutory Auditor

# Financial statements and notes

The financial statements for M&G Investment Funds (3) 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 (3) 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 (3) 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

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

#### c. Exchange rates

Transactions in currencies other than each fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 28 June 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 28 June 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.

# Financial statements and notes

- 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.

# Financial statements and notes

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

All available net revenue accounted for in accordance with the above policies and adjusted where relevant by any specific distribution policies set out in the notes to that fund's financial 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 may be calculated using a 'commitment' approach or 'Value at Risk' (VaR) approach.

## b. Commitment approach

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

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

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

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

specific risk measurements; active money; and beta characteristics.

## c. Value at Risk approach

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

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

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%.

# Financial statements and notes

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

Fund	Global exposure approach
M&G Corporate Bond Fund	Relative VaR
M&G Dividend Fund	Commitment
M&G Emerging Markets Bond Fund	Relative VaR
M&G Global Government Bond Fund	Relative VaR
M&G Recovery Fund	Commitment
M&G Smaller Companies Fund	Commitment

#### d. Liquidity risk

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

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

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

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

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

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

#### e. Credit risk

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

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

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



# Financial statements and notes

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 28 May 2024 has been used.

## Investment objective

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

## Investment policy

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

Other investments may include:

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

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

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

## Investment approach

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

## Benchmark

iBoxx Sterling Corporates GBP Index

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

The fund is actively managed.

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

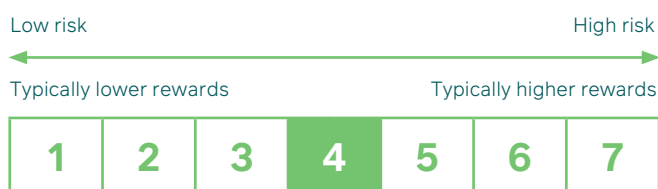
For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

# Authorised Corporate Director's Report

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



### The above number:

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

## Investment review

For the year ended 30 June 2024

### Performance against objective

Over the reporting period, the fund delivered positive returns across all share classes, which either outperformed the 10.9% return of the benchmark or were in line with it.

Prior to 6 March 2023, the benchmark was the IA Sterling Corporate Bond Sector. Thereafter it is the iBoxx Sterling Corporates GBP Index. The performance of the sector and that of the index have been linked to reflect the change.

The fund's objective is to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average of the iBoxx Sterling Corporates GBP Index over any five-year period. Two of the fund's share classes did not achieve

the objective, while five were above the 0.0% pa return of the benchmark over five years.

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 global bond markets deliver positive returns, despite inflation in many countries remaining above central banks' targets. The global economy showed signs of improvement, with disinflationary trends resuming and a recession being avoided. In the UK, inflation continued to trend downwards and fell to 2%, returning to the Bank of England's (BoE) inflation target for the first time since July 2021, although inflationary pressures in the services sector remain elevated.

Developed market central banks began to unwind their monetary tightening, with the European Central Bank (ECB), Canada and Sweden cutting interest rates. The ECB lowered its deposit rate from 4% to 3.75%, while emphasising its reluctance to commit to a specific rate trajectory. The BoE and the US Federal Reserve (Fed) continued to hold rates during the period at 5.25% and 5.25%-5.50%, respectively. However, BoE Governor Andrew Bailey indicated that a summer rate cut was possible (the Bank did indeed cut the rate to 5% in August), which led markets to price in the likelihood of a cut in the August or September meeting. A move lower in interest rates increases the prices of fixed-rate assets, such as bonds, which move in the opposite direction to yields.

Among the sub-asset classes, developed market government bonds delivered positive returns as markets adjusted their expectations for the path of interest rates. This also helped investment grade corporate bonds perform well, which were aided further by a tightening in credit spreads. The UK market outperformed its US and European counterparts, albeit from a weaker starting point due to the underperformance of the UK market in periods prior.

Against this backdrop, the fund delivered a positive return and marginally outperformed its benchmark. One

# Authorised Corporate Director's Report

of the key drivers of a bond fund's relative performance is its ability to adjust how much interest rate sensitivity (known as 'duration' and typically measured in years) it is exposed to. Being 'short' duration means that a fund is relatively less sensitive to changes in interest rates than being 'long' duration. The fund, on average, had a long duration position versus the benchmark which, along with yield curve positioning, contributed negatively to overall relative returns.

On the positive side, the biggest driver of outperformance was the fund's credit positioning, especially in the second half of the period. Security selection was also beneficial for relative performance, however sector allocation detracted from returns. In terms of the former, our picks in UK non-financial investment grade bonds contributed the most. Our allocation within the UK financial investment grade segment hurt relative performance.

Security selection was beneficial for relative performance while sector allocation was detrimental. In terms of the former, our picks in UK non-financial investment grade bonds contributed the most. Our allocation within the UK financial investment grade segment hurt relative performance.

## Investment activities

At the start of the review period, as credit spreads tightened, we reduced exposure to some strong performers, including long-dated bonds from energy provider SSE and Gatwick Funding. We trimmed exposure to Ørsted (renewable energy), Broadcom (semiconductors), and some water companies, and bought some attractive financial services names including Intesa Sanpaolo, ABN AMRO, and Barclays. In the primary market, we bought a covered bond issue from UK bank HSBC, as well as sterling bonds from Suez and Southern Gas. We took the opportunity to sell some long-dated US dollar corporate bonds which we viewed as expensive.

Later in the year, we took advantage of market weakness and added select credits at attractive levels, such as Apple and KfW, a German bank. As the yield curve steepened, we also increased our duration

exposure on the belief that central banks were nearing the end of their interest rate-hiking cycle. This stood us in good stead for strong performance in fixed income markets towards the end of the year, leading to an opportunity to take profits on names such as KfW, Ford, and McDonald's. We lightened our overall credit risk through reducing exposure to US banks – Citi and Morgan Stanley – and select long-dated bonds that had performed well.

At the start of 2024, we maintained a conservative stance in credit by reducing exposure to bonds we deemed as richly valued. We invested the proceeds in what we considered to be attractively valued new issues, including those from Leeds Building Society and Nestlé. In the secondary market, we reduced exposure to select names including Thames Water and UK property firm Hammerson. We looked to capture market dislocations via relative value trades such as those between French utility firm Électricité de France and tobacco company British American Tobacco (BAT International Finance). We also explored such opportunities within longer-dated UK gilts.

Towards the end of the period, we reduced exposure to selective financials, including Wells Fargo and JPMorgan, while purchasing HSBC, Aviva, Nationwide Building Society, Lloyds, Santander, and Berkshire Hathaway. We purchased bonds of Gatwick Funding and British American Tobacco (BAT International Finance) while reducing certain exposures to Nestlé, Mondelēz International, and Shell.

## Outlook

The macroeconomic environment remains supportive for investment grade (IG) corporate bonds, in our view, as inflationary pressures are slowly easing, while growth remains supported by a healthy labour market. Many investment-grade companies remain in a solid position, having taken proactive measures to protect themselves against rising inflation during the COVID period. By locking in low financing costs for an extended period, these companies have insulated themselves from potential interest rate increases. Furthermore, their large cash balances are now earning attractive interest rates, allowing them to benefit from

# Authorised Corporate Director's Report

rising rates. As a result, despite higher rates, most IG companies' balance sheets remain healthy. Moreover, cash balances and profit margins remain historically high.

The European macroeconomic environment looks more supportive than that of the US, with rate cuts on the table in Europe. With US data it has become more complicated to predict rate cuts. Consequently, we are continuing with our above-benchmark position in Europe.

However with all of that said, most of the good news is priced into the market, as spreads, the extra compensation for risk that investors demand to own corporate bonds, are trading near historically tight levels. The currently supportive macroeconomic environment, together with healthy balance sheets, suggests that spreads might remain tight or even tighter for longer.

We maintain an above-benchmark duration position, while at the margin we continue to reduce credit exposure as spreads tighten further. We are selective within financial bonds and continue to explore opportunities within relative value trades.

## **Richard Woolnough & Ben Lord**

Co-fund managers

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

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

# Portfolio statement

## Investments

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income</b>	<b>1,212,867</b>	<b>94.46</b>	<b>93.62</b>
<b>Debt securities</b>	<b>1,213,244</b>	<b>94.49</b>	<b>93.57</b>
<b>'AAA' credit rated bonds</b>	<b>215,200</b>	<b>16.76</b>	<b>4.16</b>
£20,000,000 Apple 3.05% 31/07/2029	18,729	1.46	
£4,000,000 Bank of Montreal FRN 5.8831% 02/09/2027	4,015	0.31	
£2,840,000 Broadgate Financing 4.821% 05/07/2033	2,772	0.22	
£4,429,000 Canadian Imperial Bank of Commerce FRN 6.2306% 23/06/2026	4,474	0.35	
£4,131,000 Clydesdale Bank FRN 5.8315% 22/09/2028	4,142	0.32	
£5,000,000 Commonwealth Bank of Australia FRN 6.2335% 01/11/2028	5,071	0.40	
£20,000,000 European Investment Bank 4.875% 16/12/2030	20,695	1.61	
£1,863,000 HSBC FRN 5.7331% 25/08/2028	1,866	0.15	
£15,000,000 Inter-American Development Bank 4.75% 05/10/2029	15,320	1.19	
£1,500,000 Inter-American Development Bank 5% 20/07/2030	1,556	0.12	
£20,000,000 KfW 4.875% 03/02/2031	20,723	1.61	
£2,773,000 Leeds Building Society FRN 5.7119% 04/04/2029	2,774	0.22	
£10,000,000 Lloyds Bank 6% 08/02/2029	10,551	0.82	
US\$5,000,000 Microsoft 3.45% 08/08/2036	3,458	0.27	
£5,000,000 National Australia Bank FRN 5.8298% 17/06/2026	5,014	0.39	
£4,441,000 Nationwide Building Society FRN 5.6334% 24/02/2031	4,384	0.34	
£15,000,000 Nationwide Building Society FRN 5.903% 24/10/2030	15,061	1.17	
£14,000,000 New York Life Global Funding 0.75% 14/12/2028	11,798	0.92	
£3,840,000 New York Life Global Funding 1.25% 17/12/2026	3,516	0.27	
£8,796,000 Permanent Master Issuer FRN 5.7828% 15/07/2073	8,817	0.69	
£14,000,000 Royal Bank of Canada FRN 5.7031% 30/01/2025	14,012	1.09	
£14,000,000 Santander 5.25% 16/02/2029	14,380	1.12	
£3,250,000 TSB Bank FRN 5.6015% 22/06/2028	3,232	0.25	
£12,000,000 Wellcome Trust Finance 4.625% 25/07/2036	11,814	0.92	
£2,000,000 Westpac Banking FRN 5.8354% 03/07/2028	2,000	0.16	
£5,000,000 Westpac Banking FRN 5.9825% 11/01/2028	5,026	0.39	
<b>'AA' credit rated bonds</b>	<b>209,275</b>	<b>16.30</b>	<b>11.99</b>
£10,000,000 Berkshire Hathaway Finance 2.375% 19/06/2039	7,001	0.55	
£815,000 Broadgate Financing 4.999% 05/10/2031	786	0.06	
£194,008 Coventry & Rugby Hospital 3.246% 30/06/2040	403	0.03	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'AA' credit rated bonds (continued)</b>			
£1,211,572	Integrated Accommodation Services 6.48% 31/03/2029	1,234	0.10
£786,376	INTU Metrocentre 1% 04/12/2024 <sup>a</sup>	786	0.06
£5,877,000	Land Securities Capital Markets 2.399% 08/02/2029	5,260	0.41
£5,000,000	Land Securities Capital Markets 4.75% 18/09/2031	4,936	0.38
£553,000	Land Securities Capital Markets Var. Rate 5.391% 31/03/2027	550	0.04
£12,660,000	MassMutual Global Funding II 1.375% 15/12/2026	11,595	0.90
£4,807,000	Mercantile Investment Trust 6.125% 25/02/2030	4,930	0.38
£6,426,000	Metropolitan Life Global Funding I 0.625% 08/12/2027	5,552	0.43
£5,000,000	Metropolitan Life Global Funding I 1.625% 12/10/2028	4,378	0.34
£1,000,000	Metropolitan Life Global Funding I 1.625% 21/09/2029	851	0.07
£2,000,000	Metropolitan Life Global Funding I 5% 10/01/2030	2,007	0.16
£5,000,000	Nestlé Capital 4.5% 22/03/2029	4,953	0.39
€2,100,000	Réseau Ferré de France 4.125% 22/03/2062	1,737	0.14
£5,000,000	Shell International Finance 1% 10/12/2030	4,008	0.31
£788,557	Telereal Securitisation 1.3657% 10/12/2031	688	0.05
£105,000,000	UK Treasury 0.625% 22/10/2050	42,225	3.29
£35,000,000	UK Treasury 0.875% 31/01/2046	17,351	1.35
£23,000,000	UK Treasury 1.625% 22/10/2071	10,509	0.82
£30,000,000	UK Treasury 3.75% 22/07/2052	25,965	2.02
£2,500,000	UK Treasury 3.75% 22/10/2053	2,149	0.17
£55,000,000	UK Treasury 4% 22/10/2063	49,421	3.85
	<b>'A' credit rated bonds</b>	<b>258,799</b>	<b>20.16</b>
£3,000,000	América Móvil 4.948% 22/07/2033	2,931	0.23
£3,000,000	Anglian Water Services Financing 2.75% 26/10/2029	2,654	0.21
£5,000,000	Australia & New Zealand Banking Var. Rate 1.809% 16/09/2031	4,572	0.36
£8,000,000	Aviva Var. Rate 4% 03/06/2055	6,491	0.50
£800,000	Banco Santander 5.125% 25/01/2030	797	0.06
£800,000	Banco Santander 5.375% 17/01/2031	803	0.06
£1,400,000	Banco Santander Var. Rate 4.75% 30/08/2028	1,379	0.11
£5,414,000	Bank of America Var. Rate 1.667% 02/06/2029	4,742	0.37

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
£5,000,000 Barclays Var. Rate 6.369% 31/01/2031	5,154	0.40	
£2,500,000 BHP Billiton Finance 4.3% 25/09/2042	2,150	0.17	
£2,000,000 BNP Paribas 1.25% 13/07/2031	1,534	0.12	
£6,000,000 BNP Paribas 2.875% 24/02/2029	5,393	0.42	
£8,000,000 BNP Paribas 5.75% 13/06/2032	8,140	0.63	
£5,000,000 BP Capital Markets 5.773% 25/05/2038	5,184	0.40	
£4,000,000 BUPA Finance 1.75% 14/06/2027	3,612	0.28	
£2,500,000 Coventry Building Society 2% 20/12/2030	2,020	0.16	
£2,000,000 Crédit Agricole Var. Rate 5.75% 29/11/2027	2,007	0.16	
£4,000,000 Danske Bank Var. Rate 2.25% 14/01/2028	3,689	0.29	
£2,893,000 East Japan Railway 1.162% 15/09/2028	2,490	0.19	
£1,865,000 ENW Finance 4.893% 24/11/2032	1,828	0.14	
£2,000,000 Goldman Sachs Var. Rate 3.625% 29/10/2029	1,876	0.15	
£3,000,000 Grand Union 4.625% 04/12/2043	2,540	0.20	
£621,632 Greater Gabbard OFTO 4.137% 29/11/2032	592	0.05	
£10,000,000 Heathrow Funding 2.75% 13/10/2029	8,917	0.69	
£3,000,000 Heathrow Funding 5.875% 13/05/2041	3,024	0.23	
£3,000,000 Heathrow Funding 6.45% 10/12/2031	3,177	0.25	
£6,000,000 Heathrow Funding 7.075% 04/08/2028	6,377	0.50	
£1,192,000 Housing Finance 5% 30/09/2027	1,161	0.09	
£2,000,000 HSBC Var. Rate 3% 29/05/2030	1,796	0.14	
£2,000,000 International Business Machines 4.875% 06/02/2038	1,887	0.15	
£4,000,000 JPMorgan Chase Var. Rate 1.895% 28/04/2033	3,208	0.25	
US\$2,500,000 JPMorgan Chase Var. Rate 2.739% 15/10/2030	1,749	0.14	
US\$6,000,000 JPMorgan Chase Var. Rate 4.912% 25/07/2033	4,618	0.36	
€3,000,000 JT International Financial Services 3.625% 11/04/2034	2,459	0.19	
£2,000,000 KBC Var. Rate 5.5% 20/09/2028	2,009	0.16	
£1,000,000 Leeds Building Society 1.375% 06/10/2027	888	0.07	
£12,500,000 Legal & General Var. Rate 5.125% 14/11/2048	12,165	0.95	
£1,000,000 London & Quadrant Housing Trust 2.625% 28/02/2028	909	0.07	



# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
£750,000 Longstone Finance 4.896% 19/04/2031	689	0.05	
£858,120 Mitchells & Butlers Finance 5.574% 15/12/2030	851	0.07	
£12,000,000 Morgan Stanley Var. Rate 5.789% 18/11/2033	12,330	0.96	
US\$1,500,000 National Australia Bank Var. Rate 3.347% 12/01/2037	1,002	0.08	
£12,000,000 National Gas Transmission 1.125% 14/01/2033	8,455	0.66	
£2,000,000 National Gas Transmission 1.375% 07/02/2031	1,553	0.12	
£2,000,000 National Gas Transmission 5.75% 05/04/2035	2,003	0.16	
£1,780,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	1,805	0.14	
£2,589,000 NatWest Var. Rate 3.619% 29/03/2029	2,427	0.19	
£4,000,000 Nordea Bank Var. Rate 1.625% 09/12/2032	3,493	0.27	
£2,750,000 Northern Powergrid Yorkshire 4.375% 05/07/2032	2,599	0.20	
£3,000,000 Notting Hill Genesis 3.75% 20/12/2032	2,705	0.21	
€5,000,000 Philip Morris International 1.45% 01/08/2039	2,807	0.22	
€8,000,000 Philip Morris International 1.875% 06/11/2037	5,034	0.39	
€8,000,000 Philip Morris International 2% 09/05/2036	5,376	0.42	
£2,000,000 Places for People 3.625% 22/11/2028	1,869	0.14	
£179,772 Road Management Services 3.642% 31/03/2028	414	0.03	
£5,000,000 Royal Bank of Canada 5% 24/01/2028	4,975	0.39	
£2,620,000 Skipton Building Society Var. Rate 6.25% 25/04/2029	2,657	0.21	
£1,888,000 Society of Lloyd's Var. Rate 4.875% 07/02/2047	1,828	0.14	
£4,176,000 South Eastern Power Networks 5.5% 05/06/2026	4,209	0.33	
£3,100,000 South Eastern Power Networks 6.375% 12/11/2031	3,349	0.26	
£1,217,000 Swedbank Var. Rate 1.375% 08/12/2027	1,111	0.09	
£4,000,000 Toronto-Dominion Bank 2.875% 05/04/2027	3,756	0.29	
€3,000,000 TotalEnergies Var. Rate 2.125% Perpetual	2,092	0.16	
£5,128,000 Toyota Motor Finance 4.625% 08/06/2026	5,094	0.40	
£3,400,000 Trafford Centre Finance FRN 6.0774% 28/07/2038	2,678	0.21	
£4,160,000 UBS Var. Rate 1.875% 03/11/2029	3,605	0.28	
£5,000,000 UBS Var. Rate 2.25% 09/06/2028	4,556	0.35	
£7,500,000 UBS Var. Rate 7.375% 07/09/2033	8,368	0.65	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
£10,000,000 Volkswagen International Finance 4.125% 17/11/2031	9,209	0.72	
£6,000,000 Wales & West Utilities Finance 5% 07/03/2028	5,939	0.46	
£3,500,000 Wales & West Utilities Finance 5.75% 29/03/2030	3,576	0.28	
£4,000,000 Wells Fargo 2.125% 24/09/2031	3,269	0.25	
£6,500,000 Zurich Finance Ireland Designated Activity Var. Rate 5.125% 23/11/2052	6,194	0.48	
	<b>524,549</b>	<b>40.85</b>	<b>63.04</b>
<b>'BBB' credit rated bonds</b>			
£6,000,000 ABN AMRO Bank 5.125% 22/02/2028	5,976	0.47	
US\$3,000,000 AerCap Ireland Capital 3.3% 30/01/2032	2,040	0.16	
€5,000,000 Altria 3.125% 15/06/2031	3,929	0.31	
£2,569,000 Annington Funding 2.308% 06/10/2032	1,976	0.15	
£2,910,000 Annington Funding 2.924% 06/10/2051	1,678	0.13	
£2,889,000 Annington Funding 3.184% 12/07/2029	2,555	0.20	
£6,000,000 Annington Funding 3.685% 12/07/2034	4,966	0.39	
£1,812,000 Annington Funding 3.935% 12/07/2047	1,320	0.10	
£3,000,000 APA Infrastructure 2.5% 15/03/2036	2,135	0.17	
£5,000,000 APA Infrastructure 3.125% 18/07/2031	4,271	0.33	
£3,000,000 Arountown 3% 16/10/2029	2,379	0.19	
US\$1,000,000 Arountown 5.375% 21/03/2029	698	0.05	
£20,000,000 AT&T 4.375% 14/09/2029	19,266	1.50	
£6,950,000 Aviva Var. Rate 4.375% 12/09/2049	6,404	0.50	
£2,000,000 Aviva Var. Rate 5.125% 04/06/2050	1,892	0.15	
£3,000,000 Banco Bilbao Vizcaya Argentaria Var. Rate 3.104% 15/07/2031	2,816	0.22	
£10,000,000 Banco Santander Var. Rate 2.25% 04/10/2032	8,867	0.69	
US\$1,400,000 Banco Santander Var. Rate 3.225% 22/11/2032	922	0.07	
£3,500,000 Bank of Ireland Var. Rate 7.594% 06/12/2032	3,612	0.28	
£5,000,000 Barclays Var. Rate 8.407% 14/11/2032	5,269	0.41	
€20,000,000 BAT International Finance 4.125% 12/04/2032	16,588	1.29	
US\$2,000,000 Boeing 5.15% 01/05/2030	1,516	0.12	
US\$5,000,000 Boeing 5.805% 01/05/2050	3,596	0.28	
US\$1,000,000 Boeing 5.93% 01/05/2060	712	0.06	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£6,000,000 BPCE 5.25% 16/04/2029	5,816	0.45	
£8,000,000 BPCE Var. Rate 2.5% 30/11/2032	7,064	0.55	
£10,000,000 British Telecommunications 3.125% 21/11/2031	8,673	0.68	
£5,484,000 British Telecommunications 6.375% 23/06/2037	5,787	0.45	
£2,000,000 BUPA Finance 4.125% 14/06/2035	1,630	0.13	
£1,000,000 BUPA Finance 5% 08/12/2026	980	0.08	
£6,000,000 Cadent Finance 2.625% 22/09/2038	4,155	0.32	
£10,000,000 CaixaBank Var. Rate 3.5% 06/04/2028	9,459	0.74	
US\$706,000 Celanese 6.379% 15/07/2032	575	0.04	
£3,305,000 Centrica 7% 19/09/2033	3,703	0.29	
£7,000,000 Channel Link Enterprises Finance Var. Rate 3.043% 30/06/2050	6,153	0.48	
£8,000,000 Cooperatieve Rabobank 4.625% 23/05/2029	7,643	0.59	
£2,785,000 CPUK Finance 3.69% 28/08/2028	2,562	0.20	
£7,700,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	6,976	0.54	
£1,703,000 CRH Finance 4.125% 02/12/2029	1,631	0.13	
£764,290 Delamare Finance 5.5457% 19/02/2029	763	0.06	
€1,500,000 Deutsche Bahn Finance Var. Rate 1.6% Perpetual	1,098	0.09	
£2,500,000 Deutsche Bank Var. Rate 6.125% 12/12/2030	2,529	0.20	
US\$1,500,000 Deutsche Telekom International Finance 8.75% 15/06/2030	1,382	0.11	
£1,483,000 DWR Cymru Financing 2.375% 31/03/2034	1,061	0.08	
£5,000,000 E.ON International Finance 4.75% 31/01/2034	4,740	0.37	
£5,600,000 E.ON International Finance 5.875% 30/10/2037	5,733	0.45	
£1,000,000 E.ON International Finance 6.375% 07/06/2032	1,070	0.08	
US\$600,000 Électricité de France 4.5% 04/12/2069	342	0.03	
£3,550,000 Électricité de France 5.125% 22/09/2050	2,999	0.23	
£2,500,000 Électricité de France 5.5% 25/01/2035	2,406	0.19	
£2,000,000 Électricité de France 5.5% 27/03/2037	1,896	0.15	
£5,600,000 Électricité de France 5.5% 17/10/2041	5,179	0.40	
£1,600,000 Électricité de France 6% 23/01/2114	1,470	0.11	
£3,000,000 Électricité de France 6.125% 02/06/2034	3,050	0.24	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£4,000,000 Electricity North West 8.875% 25/03/2026	4,233	0.33	
US\$4,000,000 Enel Finance International 6.8% 15/09/2037	3,370	0.26	
€1,266,000 Engie 5.95% 16/03/2111	1,230	0.10	
€178,000 Eni Var. Rate 3.375% Perpetual	139	0.01	
£1,000,000 Eversholt Funding 3.529% 07/08/2042	787	0.06	
£4,000,000 Gatwick Funding 2.5% 15/04/2030	3,473	0.27	
£10,503,000 Gatwick Funding 3.125% 28/09/2039	7,710	0.60	
£2,000,000 Gatwick Funding 4.625% 27/03/2034	1,858	0.14	
£3,000,000 Gatwick Funding 5.5% 04/04/2040	2,895	0.23	
£3,000,000 Gatwick Funding 5.75% 23/01/2037	3,009	0.23	
£5,000,000 General Motors Financial 5.5% 12/01/2030	4,972	0.39	
£2,781,000 Grainger 3% 03/07/2030	2,354	0.18	
£1,029,641 Greene King Finance 4.0643% 15/03/2035	935	0.07	
£1,181,390 Greene King Finance 5.318% 15/09/2031	1,152	0.09	
£6,000,000 H.J. Heinz Finance 6.25% 18/02/2030	6,224	0.48	
£2,500,000 Hammerson 7.25% 21/04/2028	2,582	0.20	
£5,000,000 Holcim Sterling Finance (Netherlands) 3% 12/05/2032	4,236	0.33	
£2,000,000 HSBC 7% 07/04/2038	2,150	0.17	
£3,000,000 HSBC Var. Rate 8.201% 16/11/2034	3,251	0.25	
€3,000,000 Iberdrola International Var. Rate 2.25% Perpetual	2,289	0.18	
£23,000,000 Imperial Brands Finance 4.875% 07/06/2032	21,583	1.68	
£3,000,000 Imperial Brands Finance 5.5% 28/09/2026	3,002	0.23	
£4,000,000 ING Var. Rate 6.25% 20/05/2033	4,019	0.31	
£5,000,000 InterContinental Hotels 3.375% 08/10/2028	4,651	0.36	
£3,000,000 Intesa Sanpaolo 2.5% 15/01/2030	2,556	0.20	
£3,886,000 Intesa Sanpaolo 2.625% 11/03/2036	2,793	0.22	
£5,000,000 Intesa Sanpaolo 6.625% 31/05/2033	5,214	0.41	
US\$8,000,000 Italy (Republic of) 3.875% 06/05/2051	4,453	0.35	
£1,500,000 Italy (Republic of) 6% 04/08/2028	1,533	0.12	
£411,000 KPN 5.75% 17/09/2029	422	0.03	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£3,000,000 La Banque Postale Var. Rate 5.625% 21/09/2028	2,988	0.23	
£3,500,000 Legal & General Var. Rate 5.625% Perpetual	3,102	0.24	
£350,000 Lloyds Bank 11.75% Perpetual	554	0.04	
£10,000,000 Lloyds Banking Var. Rate 2.707% 03/12/2035	8,133	0.63	
£1,562,000 Logicor Financing 2.75% 15/01/2030	1,306	0.10	
£10,000,000 Manchester Airport Funding 4.75% 31/03/2034	9,624	0.75	
£4,000,000 McDonald's 5.875% 23/04/2032	4,227	0.33	
£10,000,000 Mexico (United Mexican States) 5.625% 19/03/2114	7,363	0.57	
£2,438,040 Mitchells & Butlers Finance FRN 6.0717% 15/12/2033	2,124	0.17	
£4,000,000 National Grid Electricity Distribution East Midlands 1.75% 09/09/2031	3,160	0.25	
£7,000,000 National Grid Electricity Distribution West Midlands 5.75% 16/04/2032	7,143	0.56	
£6,000,000 NatWest Var. Rate 2.105% 28/11/2031	5,501	0.43	
£1,099,000 NatWest Var. Rate 3.622% 14/08/2030	1,075	0.08	
£4,654,000 Next 4.375% 02/10/2026	4,565	0.36	
£2,500,000 NIE Finance 5.875% 01/12/2032	2,610	0.20	
£4,000,000 NIE Finance 6.375% 02/06/2026	4,080	0.32	
£3,000,000 Northern Gas Networks 5.625% 23/03/2040	2,939	0.23	
£1,286,000 Northumbrian Water 5.5% 02/10/2037	1,228	0.10	
£2,500,000 Northumbrian Water 5.625% 29/04/2033	2,467	0.19	
£4,000,000 Orange 8.125% 20/11/2028	4,486	0.35	
£11,012,000 Pearson Funding 3.75% 04/06/2030	10,081	0.78	
£1,500,000 Saint-Gobain 4.625% 09/10/2029	1,478	0.11	
£4,000,000 Santander Var. Rate 2.421% 17/01/2029	3,600	0.28	
£4,000,000 Scotland Gas Networks 4.875% 21/12/2034	3,754	0.29	
£3,000,000 Scottish Hydro Electric Transmission 2.25% 27/09/2035	2,226	0.17	
£4,000,000 Severn Trent Utilities Finance 2.75% 05/12/2031	3,366	0.26	
£3,000,000 Severn Trent Utilities Finance 6.25% 07/06/2029	3,113	0.24	
US\$2,500,000 Société Générale Var. Rate 3.337% 21/01/2033	1,642	0.13	
US\$2,000,000 Société Générale Var. Rate 7.132% 19/01/2055	1,523	0.12	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£6,000,000 Southern Gas Networks 3.1% 15/09/2036	4,625	0.36	
£1,345,000 Southern Water Services Finance 1.625% 30/03/2027	1,156	0.09	
£2,500,000 Southern Water Services Finance 2.375% 28/05/2028	2,140	0.17	
£3,000,000 Southern Water Services Finance 3% 28/05/2037	2,080	0.16	
£3,445,000 SP Transmission 2% 13/11/2031	2,831	0.22	
£6,000,000 SSE 8.375% 20/11/2028	6,758	0.53	
£2,000,000 Suez 6.625% 05/10/2043	2,149	0.17	
£3,000,000 Swedbank Var. Rate 7.272% 15/11/2032	3,094	0.24	
£186,529 Telereal Securitisation 6.1645% 10/12/2031	186	0.01	
US\$5,000,000 Tesco 6.15% 15/11/2037	3,955	0.31	
£5,000,000 Tesco Corporate Treasury Services 5.5% 27/02/2035	4,963	0.39	
£4,449,207 Tesco Property Finance 3 5.744% 13/04/2040	4,429	0.34	
£1,808,071 Tesco Property Finance 4 5.8006% 13/10/2040	1,804	0.14	
£930,130 Tesco Property Finance 5 5.6611% 13/10/2041	920	0.07	
£1,769,045 Tesco Property Finance 6 5.4111% 13/07/2044	1,707	0.13	
£3,400,000 Thames Water Utilities Finance 2.625% 24/01/2032	2,561	0.20	
£1,250,000 Thames Water Utilities Finance 4% 19/06/2025	1,122	0.09	
€1,500,000 Thames Water Utilities Finance 4% 18/04/2027	1,101	0.09	
£10,000,000 Verizon Communications 1.875% 19/09/2030	8,335	0.65	
£6,000,000 Verizon Communications 4.75% 17/02/2034	5,759	0.45	
£8,000,000 Wells Fargo 4.875% 29/11/2035	7,358	0.57	
£3,398,000 Welltower 4.8% 20/11/2028	3,306	0.26	
£4,000,000 Westfield America Management 2.625% 30/03/2029	3,469	0.27	
£6,000,000 Whitbread 3% 31/05/2031	5,146	0.40	
£6,000,000 WPP Finance 2017 3.75% 19/05/2032	5,303	0.41	
£1,620,000 Yorkshire Building Society Var. Rate 1.5% 15/09/2029	1,379	0.11	
£2,426,000 Yorkshire Power Finance 7.25% 04/08/2028	2,567	0.20	
£2,000,000 Yorkshire Water Finance 5.25% 28/04/2030	1,905	0.15	
<b>'BB' credit rated bonds</b>	<b>5,421</b>	<b>0.42</b>	<b>2.18</b>
£550,000 Daily Mail & General Trust 6.375% 21/06/2027	522	0.04	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
£728,000 Intesa Sanpaolo 5.148% 10/06/2030	671	0.05	
£1,000,000 Intesa Sanpaolo 8.505% 20/09/2032	1,082	0.08	
£1,000,000 Lloyds Banking Var. Rate 7.875% Perpetual	1,000	0.08	
£1,000,000 Marston's Issuer Var. Rate 5.1774% 15/07/2032	893	0.07	
£442,816 Marston's Issuer Var. Rate 6.6721% 15/10/2027	419	0.03	
£863,367 Mitchells & Butlers Finance 6.013% 15/12/2028	834	0.07	
<b>'CCC' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>0.26</b>
<b>'D' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>0.01</b>
<b>Bonds with no credit rating</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
£250,000 Washington Mutual Bank 5.5% 10/06/2059 <sup>b</sup>	0	0.00	
<b>Debt derivatives</b>	<b>(377)</b>	<b>(0.03)</b>	<b>0.05</b>
<b>Interest rate swaps</b>	<b>44</b>	<b>0.00</b>	<b>0.03</b>
£4,400,000 Pay 3.9077% Receive VAR Nov 2053	44	0.00	
<b>Interest rate futures</b>	<b>(421)</b>	<b>(0.03)</b>	<b>0.02</b>
(280) Euro-Bund Sep 2024	(189)	(0.01)	
50 UK Long Gilt Bond Sep 2024	47	0.00	
(193) US Treasury Long Bond Sep 2024	(279)	(0.02)	
<b>Currency</b>	<b>1</b>	<b>0.00</b>	<b>(0.12)</b>
<b>Forward currency contracts</b>	<b>1</b>	<b>0.00</b>	<b>(0.12)</b>
US\$3,666,669 Bought for £2,898,746 (expires 24.07.24)	(2)	0.00	
€(56,592,950) Sold for £47,942,074 (expires 24.07.24)	13	0.00	
US\$(53,741,974) Sold for £42,446,431 (expires 24.07.24)	(10)	0.00	
<b>Total portfolio</b>	<b>1,212,868</b>	<b>94.46</b>	<b>93.50</b>
<b>Net other assets/(liabilities)</b>	<b>71,188</b>	<b>5.54</b>	<b>6.50</b>
<b>Net assets attributable to shareholders</b>	<b>1,284,056</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>b</sup> Defaulted bond.

# Portfolio statement

## Top ten portfolio transactions for the year to 30 June 2024

Largest purchases	£'000
UK Treasury 4% 22/10/2063	50,518
KfW 4.875% 03/02/2031	35,132
UK Treasury 4.25% 07/12/2046	27,917
European Investment Bank 4.875% 16/12/2030	20,167
UK Treasury 0.625% 22/10/2050	19,533
Apple 3.05% 31/07/2029	18,557
BAT International Finance 4.125% 12/04/2032	16,707
UK Treasury 0.875% 31/01/2046	16,361
Inter-American Development Bank 4.75% 05/10/2029	15,264
Nationwide Building Society FRN 5.903% 24/10/2030	15,034
Other purchases	303,889
<b>Total purchases</b>	<b>539,079</b>

Largest sales	£'000
UK Treasury 4.25% 07/12/2046	39,116
UK Treasury 0.625% 22/10/2050	36,926
BAT International Finance 2.25% 09/09/2052	15,999
KfW 4.875% 03/02/2031	15,694
Walmart 5.625% 27/03/2034	10,757
UK Treasury 4.75% 07/12/2038	10,162
UK Treasury 4.5% 07/06/2028	9,848
Engie 5.95% 16/03/2111	9,720
BAT International Finance 4% 23/11/2055	8,866
UK Treasury 1.5% 22/07/2047	8,299
Other sales	446,895
<b>Total sales</b>	<b>612,282</b>

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



# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+10.9	-2.6	+0.0	+2.1
Class 'A' Accumulation	+10.9	-2.6	+0.0	+2.1
Class 'I' Income	+11.3	-2.2	+0.4	+2.5
Class 'I' Accumulation	+11.3	-2.2	+0.4	+2.5
Class 'PP' Income	+11.4	-2.1	n/a	n/a
Class 'PP' Accumulation	+11.4	-2.1	+0.5	n/a
Class 'R' Income	+11.1	-2.4	+0.2	+2.3
Class 'R' Accumulation	+11.0	-2.4	+0.2	+2.3
<b>Benchmark<sup>b</sup></b>	<b>+10.9</b>	<b>-2.9</b>	<b>+0.0</b>	<b>+2.4</b>

<sup>a</sup> Not annualised.

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

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income shares

The share class was launched on 15 April 1994.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	32.00	34.92	41.18
Return before operating charges*	3.58	(1.22)	(4.91)
Operating charges	(0.28)	(0.28)	(0.32)
Return after operating charges*	3.30	(1.50)	(5.23)
Distributions	(1.59)	(1.42)	(1.03)
Closing NAV	33.71	32.00	34.92
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	10.31	(4.30)	(12.70)
<b>Other information</b>			
Closing NAV (£'000)	274,841	287,311	353,993
Number of shares	815,277,946	897,772,903	1,013,603,915
Operating charges (%)	0.83	0.83	0.82
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	35.18	36.57	41.80
Lowest share price	31.64	29.95	34.98

## Sterling Class 'A' Accumulation shares

The share class was launched on 15 April 1994.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	65.79	68.75	78.91
Return before operating charges*	7.43	(2.40)	(9.53)
Operating charges	(0.58)	(0.56)	(0.63)
Return after operating charges*	6.85	(2.96)	(10.16)
Distributions	(2.76)	(2.28)	(1.37)
Retained distributions	2.76	2.28	1.37
Closing NAV	72.64	65.79	68.75
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	10.41	(4.31)	(12.88)
<b>Other information</b>			
Closing NAV (£'000)	151,013	152,173	197,071
Number of shares	207,887,984	231,302,638	286,662,143
Operating charges (%)	0.83	0.83	0.82
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	73.35	72.00	80.11
Lowest share price	65.04	59.56	68.30

# Financial highlights

## Sterling Class 'I' Income shares

The share class was launched on 2 July 2007.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	33.08	35.95	42.23
Return before operating charges*	3.71	(1.25)	(5.05)
Operating charges	(0.15)	(0.15)	(0.17)
Return after operating charges*	3.56	(1.40)	(5.22)
Distributions	(1.65)	(1.47)	(1.06)
Closing NAV	34.99	33.08	35.95
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	10.76	(3.89)	(12.36)
<b>Other information</b>			
Closing NAV (£'000)	293,334	316,565	382,334
Number of shares	838,398,997	956,951,244	1,063,459,984
Operating charges (%)	0.43	0.43	0.41
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	36.44	37.67	42.89
Lowest share price	32.71	30.87	36.01

## Sterling Class 'I' Accumulation shares

The share class was launched on 2 July 2007.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	70.44	73.32	83.82
Return before operating charges*	7.98	(2.57)	(10.16)
Operating charges	(0.32)	(0.31)	(0.34)
Return after operating charges*	7.66	(2.88)	(10.50)
Distributions	(3.26)	(2.73)	(1.78)
Retained distributions	3.26	2.73	1.78
Closing NAV	78.10	70.44	73.32
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	10.87	(3.93)	(12.53)
<b>Other information</b>			
Closing NAV (£'000)	380,470	357,432	356,437
Number of shares	487,179,085	507,394,210	486,164,547
Operating charges (%)	0.43	0.43	0.42
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	78.85	76.81	85.13
Lowest share price	69.65	63.59	72.83

# Financial highlights

## Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	79.15	85.94	100.83
Return before operating charges*	8.87	(3.01)	(12.05)
Operating charges	(0.27)	(0.27)	(0.31)
Return after operating charges*	8.60	(3.28)	(12.36)
Distributions	(3.95)	(3.51)	(2.53)
Closing NAV	83.80	79.15	85.94
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	10.87	(3.82)	(12.26)
<b>Other information</b>			
Closing NAV (£'000)	152,322	149,860	186,567
Number of shares	181,779,215	189,328,873	217,097,447
Operating charges (%)	0.33	0.33	0.32
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	87.23	90.05	102.42
Lowest share price	78.27	73.81	86.07

## Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	94.72	98.48	112.48
Return before operating charges*	10.71	(3.44)	(13.65)
Operating charges	(0.33)	(0.32)	(0.35)
Return after operating charges*	10.38	(3.76)	(14.00)
Distributions	(4.48)	(3.76)	(2.50)
Retained distributions	4.48	3.76	2.50
Closing NAV	105.10	94.72	98.48
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	10.96	(3.82)	(12.45)
<b>Other information</b>			
Closing NAV (£'000)	9,199	7,337	7,357
Number of shares	8,753,190	7,745,913	7,470,241
Operating charges (%)	0.33	0.33	0.32
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	106.11	103.18	114.25
Lowest share price	93.65	85.44	97.83

# Financial highlights

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	86.87	94.65	111.44
Return before operating charges*	9.73	(3.30)	(13.28)
Operating charges	(0.62)	(0.62)	(0.72)
Return after operating charges*	9.11	(3.92)	(14.00)
Distributions	(4.33)	(3.86)	(2.79)
Closing NAV	91.65	86.87	94.65
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	10.49	(4.14)	(12.56)
<b>Other information</b>			
Closing NAV (£'000)	8,688	8,488	8,895
Number of shares	9,479,841	9,770,841	9,397,396
Operating charges (%)	0.68	0.68	0.67
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	95.58	99.15	113.15
Lowest share price	85.89	81.22	94.80

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	122.96	128.30	147.05
Return before operating charges*	13.90	(4.48)	(17.80)
Operating charges	(0.89)	(0.86)	(0.95)
Return after operating charges*	13.01	(5.34)	(18.75)
Distributions	(5.35)	(4.45)	(2.76)
Retained distributions	5.35	4.45	2.76
Closing NAV	135.97	122.96	128.30
*after direct transaction cost of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	10.58	(4.16)	(12.75)
<b>Other information</b>			
Closing NAV (£'000)	14,189	14,499	16,626
Number of shares	10,434,895	11,791,408	12,959,047
Operating charges (%)	0.68	0.68	0.67
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	137.29	134.38	149.30
Lowest share price	121.57	111.19	127.46

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 30 June	Note	2024		2023	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	3		77,183		(111,406)
Revenue	5	61,610		58,755	
Expenses	6	(7,178)		(7,903)	
Interest payable and similar charges		(2)		(3)	
Net revenue/(expense) before taxation		54,430		50,849	
Taxation	7	0		72	
Net revenue/(expense) after taxation			54,430		50,921
<b>Total return before distributions</b>			<b>131,613</b>		<b>(60,485)</b>
Distributions	8		(58,673)		(55,716)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>72,940</b>		<b>(116,201)</b>

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

for the year to 30 June	2024		2023	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>1,293,665</b>		<b>1,509,280</b>
Amounts received on issue of shares	59,004		97,394	
Amounts paid on cancellation of shares	(164,609)		(217,655)	
		(105,605)		(120,261)
Dilution adjustments		404		619
Change in net assets attributable to shareholders from investment activities (see above)		72,940		(116,201)
Retained distributions on Accumulation shares		22,631		20,208
Unclaimed distributions		21		20
<b>Closing net assets attributable to shareholders</b>		<b>1,284,056</b>		<b>1,293,665</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 30 June	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		1,213,348	1,211,775
<b>Current assets</b>			
Debtors	9	45,714	32,856
Cash and bank balances	10	14,791	23,457
Cash equivalents		27,722	49,819
<b>Total assets</b>		<b>1,301,575</b>	<b>1,317,907</b>
<b>Liabilities</b>			
Investment liabilities		(480)	(2,231)
<b>Creditors</b>			
Distribution payable		(8,673)	(9,155)
Other creditors	11	(8,366)	(12,856)
<b>Total liabilities</b>		<b>(17,519)</b>	<b>(24,242)</b>
<b>Net assets attributable to shareholders</b>		<b>1,284,056</b>	<b>1,293,665</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

### 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 June	2024 £'000	2023 £'000
Non-derivative securities	71,948	(113,906)
Derivative contracts	6,096	85
Currency gains/(losses)	(861)	2,415
<b>Net capital gains/(losses)</b>	<b>77,183</b>	<b>(111,406)</b>



# Financial statements and notes

## 4 Portfolio transactions and associated costs

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

for the year to 30 June	2024 £'000	% of transaction	2023 £'000	% of transaction
<b>a) Purchases</b>				
Debt securities	539,079		763,819	
<b>b) Sales</b>				
Debt securities	581,637		870,714	
<b>Other transaction types</b>				
Corporate actions	30,645		34,890	
<b>Total sales</b>	<b>612,282</b>		<b>905,604</b>	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Derivatives	4	0.00	14	0.00
<b>Taxes paid</b>				
Derivatives	4	0.00	15	0.00
<b>Total direct portfolio transaction costs</b>	<b>8</b>	<b>0.00</b>	<b>29</b>	<b>0.00</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.44		0.66

## 5 Revenue

for the year to 30 June	2024 £'000	2023 £'000
Bank interest	68	69
Derivative revenue	551	534
Interest distributions	2,470	1,563
Interest on debt securities	58,498	56,556
Rebate of ongoing charges from underlying funds	23	33
<b>Total revenue</b>	<b>61,610</b>	<b>58,755</b>

# Financial statements and notes

## 6 Expenses

for the year to 30 June	2024 £'000	2023 £'000
<b>Payable to the ACD or associate</b>		
Annual charge	7,178	7,903
<b>Total expenses</b>	<b>7,178</b>	<b>7,903</b>

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

## 7 Taxation

for the year to 30 June	2024 £'000	2023 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	0	(72)
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>0</b>	<b>(72)</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	54,430	50,849
Corporation tax at 20%	10,886	10,170
<b>Effects of:</b>		
Interest distributions	(10,886)	(10,170)
Withholding tax	0	(72)
<b>Total tax charge (note 7a)</b>	<b>0</b>	<b>(72)</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

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

# 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 June	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
<b>Interest distributions</b>				
First interim	9,331	5,739	8,185	4,481
Second interim	8,908	5,660	8,637	4,916
Third interim	8,674	5,470	8,979	5,254
Final	8,673	5,762	9,155	5,557
Total net distributions		58,217		55,164
Income deducted on cancellation of shares		912		1,032
Income received on issue of shares		(456)		(480)
<b>Distributions</b>		<b>58,673</b>		<b>55,716</b>
Net revenue/(expense) per statement of total return		54,430		50,921
Expenses offset against capital		4,242		4,795
Undistributed income brought forward		1		1
Undistributed income carried forward		0		(1)
<b>Distributions</b>		<b>58,673</b>		<b>55,716</b>

## 9 Debtors

as at 30 June	2024 £'000	2023 £'000
Amounts receivable on issues of shares	20,993	189
Currency deals outstanding	0	2,329
Debt security interest receivable	18,234	21,316
Distributions receivable	138	185
Rebate of ongoing charges from underlying funds	1	2
Sales awaiting settlement	6,348	8,835
<b>Total debtors</b>	<b>45,714</b>	<b>32,856</b>

## 10 Cash and bank balances

as at 30 June	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	9,375	16,882
Cash held as bank balances	5,416	6,575
<b>Total cash and bank balances</b>	<b>14,791</b>	<b>23,457</b>

# Financial statements and notes

## 11 Other creditors

as at 30 June	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	908	2,069
Annual charge payable	349	423
Currency deals outstanding	0	2,326
Derivative expense payable	0	655
Purchases awaiting settlement	7,109	7,383
<b>Total other creditors</b>	<b>8,366</b>	<b>12,856</b>

## 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 01.07.23	Issued	Movements Cancelled	Converted	Closing 30.06.24
<b>Sterling</b>					
Class 'A' Income	897,772,903	19,630,000	(102,124,957)	0	815,277,946
Class 'A' Accumulation	231,302,638	1,804,901	(25,219,555)	0	207,887,984
Class 'I' Income	956,951,244	22,494,833	(141,047,080)	0	838,398,997
Class 'I' Accumulation	507,394,210	33,981,171	(54,196,296)	0	487,179,085
Class 'PP' Income	189,328,873	18,545,386	(26,095,044)	0	181,779,215
Class 'PP' Accumulation	7,745,913	1,815,000	(807,723)	0	8,753,190
Class 'R' Income	9,770,841	205,000	(496,000)	0	9,479,841
Class 'R' Accumulation	11,791,408	23,000	(1,379,513)	0	10,434,895

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.

# Financial statements and notes

## 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 %
<b>Sterling</b>	
Class 'A'	0.85
Class 'I'	0.45
Class 'PP'	0.35
Class 'R'	0.70

## 15 Related parties

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

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

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 7.28% (2023: 7.22%) 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.

# Financial statements and notes

## 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 June	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	153,653	(468)	87,673	(249)
Level 2	1,058,909	(12)	1,123,476	(1,982)
Level 3	786	0	626	0
	<b>1,213,348</b>	<b>(480)</b>	<b>1,211,775</b>	<b>(2,231)</b>

Level 3 assets comprise solely of INTU Metrocentre 1% 04/12/2024 (2023: INTU Metrocentre 1% 04/12/2024) which is unlisted.

## 17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

## 18 Market risk sensitivity and exposure

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

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

The VaR limit set for periods after 6 March 2023 was two times the benchmark.

The lowest, highest and average utilisation of VaR with reference to the limit above are calculated during the financial years ended 30 June 2024 and 30 June 2023.

for the year ended 30 June	2024 Utilisation of VaR 15%	from 6 March 2023 to 30 June 2023 Utilisation of VaR %	from 1 July 2022 to 5 March 2023 Utilisation of VaR 15%
Lowest	49.63	49.74	23.40
Highest	54.04	49.11	53.07
Average	51.92	49.80	40.00

# Financial statements and notes

## 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 June	2024 £'000	2023 £'000
Investment grade securities	1,207,823	1,178,805
Below investment grade securities	5,421	31,652
Other investments	(376)	(913)
<b>Total</b>	<b>1,212,868</b>	<b>1,209,544</b>

The tables below show the exposure to counterparties. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 30 June 2024	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	(421)
Barclays Bank	44	0	0
Merrill Lynch	0	(2)	0
National Australia Bank	0	(13)	0
Standard Chartered Bank	0	(2)	0
UBS	0	18	0
<b>Total</b>	<b>44</b>	<b>1</b>	<b>(421)</b>

as at 30 June 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	5	312
Barclays Bank	312	(4)	0
Citigroup	0	(260)	0
HSBC	0	(1,273)	0
JPMorgan	0	(5)	0
<b>Total</b>	<b>312</b>	<b>(1,537)</b>	<b>312</b>

## 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.

# Financial statements and notes

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 30 June 2024 and 30 June 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 June	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	120,881	9.39	282,710	21.56
Highest	531,636	40.91	866,050	62.45
Average	176,660	13.69	438,657	31.35

## 21 Interest distribution tables

This fund pays quarterly interest distributions and the following table sets out the distribution periods.

### Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.07.23	30.09.23	02.10.23	30.11.23
Second interim	01.10.23	31.12.23	02.01.24	29.02.24
Third interim	01.01.24	31.03.24	02.04.24	31.05.24
Final	01.04.24	30.06.24	01.07.24	31.08.24

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

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

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

### Sterling Class 'A' Income shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	0.1302	0.2678	0.3980	0.3184
Second interim	0.1291	0.2702	0.3993	0.3482
Third interim	0.1261	0.2696	0.3957	0.3701
Final	0.1379	0.2632	0.4011	0.3845



# Financial statements and notes

## Sterling Class 'A' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.3975	0.2821	0.6796	0.4829
Second interim	0.2776	0.4106	0.6882	0.5568
Third interim	0.3258	0.3596	0.6854	0.6019
Final	0.3512	0.3513	0.7025	0.6411

## Sterling Class 'I' Income shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.1883	0.2233	0.4116	0.3280
Second interim	0.1844	0.2289	0.4133	0.3590
Third interim	0.1779	0.2321	0.4100	0.3820
Final	0.1704	0.2457	0.4161	0.3973

## Sterling Class 'I' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.4275	0.3719	0.7994	0.5892
Second interim	0.3913	0.4203	0.8116	0.6644
Third interim	0.3212	0.4905	0.8117	0.7164
Final	0.1683	0.6647	0.8330	0.7581

## Sterling Class 'PP' Income shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.6014	0.3836	0.9850	0.7840
Second interim	0.5011	0.4883	0.9894	0.8585
Third interim	0.4960	0.4856	0.9816	0.9138
Final	0.5642	0.4321	0.9963	0.9503

# Financial statements and notes

## Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.6837	0.4153	1.0990	0.8164
Second interim	0.6507	0.4655	1.1162	0.9161
Third interim	0.4732	0.6445	1.1177	0.9874
Final	0.8385	0.3088	1.1473	1.0434

## Sterling Class 'R' Income shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.4928	0.5878	1.0806	0.8631
Second interim	0.3831	0.7014	1.0845	0.9442
Third interim	0.3936	0.6813	1.0749	1.0043
Final	0.2518	0.8384	1.0902	1.0435

## Sterling Class 'R' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.5413	0.7757	1.3170	0.9498
Second interim	0.5868	0.7482	1.3350	1.0854
Third interim	0.7758	0.5562	1.3320	1.1722
Final	0.9376	0.4282	1.3658	1.2452

## 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 28 May 2024 has been used.

## Investment objective

The fund has three aims:

- To provide an annual yield higher than that of the FTSE All-Share Index;
- To provide an income stream that increases every year;
- To provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the FTSE All-Share Index over any five-year period.

## Investment policy

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

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

Derivatives may be used for efficient portfolio management and hedging.

## Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies. The fund typically invests in a well-diversified portfolio of high-yielding UK stocks. The yield premium attached to the fund generally means that there is a bias towards good value, out of favour stocks (ie those stocks which the fund manager considered to be undervalued by the market). The emphasis on yield helps to identify stocks that are relatively cheap and to avoid those that are expensive. From the universe of high yielding stocks, the fund

manager identifies companies that are competitive, with a strong business franchise and that have attractive dividend growth prospects.

## Benchmark

FTSE All-Share Index

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

The fund is actively managed.

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

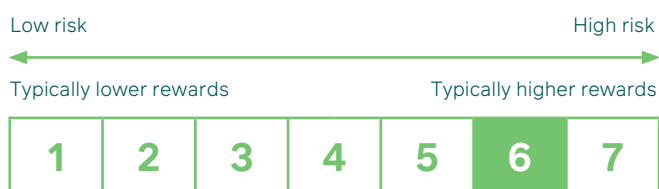
For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

# Authorised Corporate Director's Report

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



### The above number:

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

## Investment review

For the year ended 30 June 2024

### Performance against objective

The fund achieved the objective of growing its income distribution over the 12-month review period. The fund distributed income of 3.3093p per Sterling Class 'A' Income share, an increase of 3.1% over the 3.21p payment made in the same period last year. The inflation rate in May 2024 was 2% as measured by the Consumer Price Index (CPI) and 3% as measured by the Retail Prices Index (RPI). This year's distribution increase represents an all-time high, and in absolute terms exceeds the 2019 distribution (the last year before the cut in distribution caused by the pandemic).

On 30 June 2024, the yield on the Sterling Class 'A' Income shares was 6.16% (estimated), 66% above the benchmark FTSE All-Share Index yield of 3.70%, meeting the fund's objective to exceed the index yield.

On a five-year basis, the fund lagged the benchmark FTSE All-Share Index in total return terms (the combination of capital growth and income), thereby missing its objective. Over this period, the index returned 5.5% pa.

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

### Performance review

UK stocks, as measured by the FTSE All-Share Index, returned 13.0% in the year under review against a backdrop of receding inflation and tight central bank policy. Developed markets started the reporting year (2023) with gains as inflationary pressures in advanced economies continued to ease broadly, suggesting that the aggressive monetary tightening over 2022 could be working. However, the UK economy shrank in the third quarter of 2023, following zero growth in the preceding quarter, and officially entered a recession by the end of the year.

The UK stockmarket made a positive start to 2024 but continued to lag other regions and the global market index in the first quarter, as investor confidence was hurt by the lacklustre economic outlook. Sentiment improved by March when the Bank of England (BoE) indicated that progress in bringing inflation down towards the BoE's 2% target would increase the possibility of interest rate cuts ahead (The Bank did subsequently cut the rate from 5.25% to 5% following its August meeting). The UK subsequently emerged from economic recession in the first quarter of 2024, as the economy grew by 0.7% between January and March.

During the last phase of the review period, UK stocks continued to advance and outperformed the global market. Investor sentiment was lifted by an improving economic backdrop and the expectations of interest rate cuts. Although inflation slowed to 2% in May, in line with the central bank's target, the BoE continued to hold rates during the period at 5.25%.

Global markets rallied during the review period, following signs of moderating inflation in the second

# Authorised Corporate Director's Report

half of 2023, as major central banks paused interest rate hikes with expectations of cuts being brought forward. At the beginning of 2024, global equities had solid gains buoyed by subsiding inflationary pressures and robust economic data. Equities progressed towards the end of the review period amid investor concerns over delayed interest rate cuts and political uncertainties.

The FTSE 100 Index, which represents larger companies, delivered positive returns but underperformed more domestically focused UK indices over the year. The FTSE 100 delivered total returns of 12.8%, trailing gains of 13.9% for the FTSE 250 Index of medium-sized companies and 14.6% for the FTSE Smaller Companies Index.

The fund had a smaller allocation to companies in the FTSE 100 versus its benchmark. This contributed to the fund's relative performance over the year. To a lesser extent, stock selection within the FTSE Smaller Companies Index also boosted performance. On the other hand, stock selection within the FTSE 250 index and an above-market weighting to non-FTSE holdings cost performance.

From a sector perspective, consumer staples was the biggest positive contributor to relative returns, mainly due to favourable stock selection. An above-benchmark exposure coupled with stockpicking in financials was also beneficial. Our choices in healthcare were additive to relative performance. Notable detractors included our stock selection in real estate, energy, and consumer discretionary.

At the stock level, beverage company Diageo, consumer goods company Reckitt Benckiser, and insurance company Prudential were amongst the biggest positive contributors due to a lack of exposure. Packaging company DS Smith and logistics firm Wincanton were additive due to an above-benchmark exposure.

Gambling firm Entain was the largest detractor from performance due to regulatory setbacks, poor operating performance (which cost the CEO her job) and a tough trading backdrop. Not holding aerospace and defence company Rolls Royce also hurt relative

performance, as the company's stock price soared. A lack of exposure to analytics firm RELX also hindered relative results, as the firm reported strong performance in 2023, with revenues escalating due to heightened demand for its AI-powered tools.

## Investment activities

During the review period, we established positions in industrial steel consumables manufacturer Vesuvius and the water utilities Pennon on yield and valuation grounds. Despite selling off aggressively on the back of the political environment and regulatory uncertainty, the publicly listed water utilities were the best-run companies in the sector. We bought back into Land Securities and British Land on attractive valuations. This increased the fund's exposure to commercial real estate as the sector was looking oversold. We established a new position in specialist insurer Lancashire to take advantage of an attractive yield. We also opened new positions in the luxury fashion group Burberry, BBGI Global Infrastructure, and car dealer Inchcape. Other additions included financial services firm OSB, home furnishings retailer Dunelm, and automobile component maker Dowlais.

Conversely, we exited our positions in chemicals company Johnson Matthey, telecommunications firm Vodafone, retailer WH Smith and housebuilder Vistry. We realised some profits in oil and gas firm BP, chemicals manufacturer Methanex and construction company Kier. Notably, AbbVie was sold after good performance had lowered its yield. Following a takeover approached earlier this year, we closed our position in Wincanton.

## Outlook

The fund's performance relative to the benchmark over the past year reflects a change in the market environment. The level of M&A activity in the UK market has been notable, pointing to a market where valuations remain depressed. There have been 12 takeover approaches in the first quarter of 2024. Only one of the 12 deals belonged in the large cap FTSE 100 index, while six were in the mid cap FTSE 250 index. We believe the increased M&A and buyback activity reflects the level of discount the UK market trades at relative to

# Authorised Corporate Director's Report

other global markets and could be a factor that will contribute towards a change in sentiment toward UK equities. There is no doubt that UK growth has been fragile, but early signs of progress are encouraging, with surprisingly good GDP data reported for the end of March. This may help to sustain positive momentum in the UK economy. For the UK market the international nature of the FTSE All-Share Index (c75% of revenues come from overseas) means that performance of the market is not as dependent on the domestic economy as many will expect. The market could well benefit over the next 12 months from a more stable political environment than by comparison to a number of other developed markets, and from the low starting valuation of many of the constituents of the index.

In terms of dividends, UK equities demonstrated resilience in the first half of 2024. Dividend growth is supported by a dividend cover on the UK market that now stands at around 2.2x as against 1.2x before the pandemic. Companies have increased their balance sheet robustness over the past four years to the point where in aggregate the market is in a good position to weather geopolitical and economic events.

## Michael Stiasny

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 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities</b>	<b>798,058</b>	<b>101.06</b>	<b>100.75</b>
<b>Software &amp; computer services</b>	<b>7,062</b>	<b>0.89</b>	<b>1.45</b>
3,116,317 MONY	7,062	0.89	
<b>Telecommunication service providers</b>	<b>19,080</b>	<b>2.42</b>	<b>3.20</b>
11,997,691 BT	16,821	2.13	
4,669,100 NetLink NBN Trust	2,259	0.29	
<b>Pharmaceuticals &amp; biotechnology</b>	<b>73,691</b>	<b>9.33</b>	<b>10.83</b>
361,713 AstraZeneca	44,910	5.69	
1,881,683 GSK	28,781	3.64	
<b>Banks</b>	<b>106,978</b>	<b>13.55</b>	<b>11.40</b>
610,100 Close Brothers	2,611	0.33	
8,408,311 HSBC	58,345	7.39	
45,494,086 Lloyds Banking	25,368	3.21	
6,529,918 NatWest	20,654	2.62	
<b>Finance &amp; credit services</b>	<b>5,596</b>	<b>0.71</b>	<b>0.00</b>
1,285,322 OSB	5,596	0.71	
<b>Investment banking &amp; brokerage services</b>	<b>45,423</b>	<b>5.75</b>	<b>6.64</b>
4,914,146 abrdn	7,376	0.93	
3,380,679 Ashmore	5,815	0.74	
15,376,452 Duke Capital <sup>a</sup>	4,613	0.58	
870,851 Hargreaves Lansdown	9,910	1.25	
1,237,477 IG	10,154	1.29	
202,103 Intermediate Capital	4,515	0.57	
454,445 Petershill Partners	945	0.12	
703,050 XPS Pensions	2,095	0.27	
<b>Closed-ended investments</b>	<b>23,033</b>	<b>2.92</b>	<b>2.60</b>
1,081,355 Atrato Onsite Energy	731	0.09	
2,493,079 BBGI Global Infrastructure	3,311	0.42	
1,048,394 Pollen Street	7,737	0.98	
6,054,862 SDCL Energy Efficiency Income Trust	4,032	0.51	
9,422,772 Taylor Maritime Investments	7,222	0.92	
<b>Life insurance</b>	<b>61,498</b>	<b>7.79</b>	<b>7.82</b>
3,373,737 Aviva	16,332	2.07	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Life insurance (continued)</b>			
3,381,897 Chesnara	8,404	1.06	
6,665,375 Legal & General	15,317	1.94	
4,061,473 Phoenix	21,445	2.72	
<b>Non-life insurance</b>	<b>22,450</b>	<b>2.84</b>	<b>2.07</b>
1,415,704 Conduit	6,965	0.88	
2,685,248 Direct Line Insurance	5,558	0.70	
785,866 Lancashire	4,786	0.61	
3,408,982 Sabre Insurance	5,141	0.65	
<b>Real estate investment &amp; services</b>	<b>3,962</b>	<b>0.50</b>	<b>0.87</b>
23,303,190 Grit Real Estate Income	3,962	0.50	
<b>Real estate investment trusts</b>	<b>18,914</b>	<b>2.39</b>	<b>1.41</b>
1,770,690 British Land	7,270	0.92	
4,638,260 Home <sup>b</sup>	659	0.08	
855,412 Land Securities	5,316	0.67	
5,682,486 NewRiver	4,427	0.56	
8,270,911 Regional	1,242	0.16	
17,723,380 Regional (Subscription offer)	0	0.00	
<b>Automobiles &amp; parts</b>	<b>3,675</b>	<b>0.47</b>	<b>0.00</b>
5,000,000 Dowlais	3,675	0.47	
<b>Household goods &amp; home construction</b>	<b>9,788</b>	<b>1.24</b>	<b>0.96</b>
6,203,889 Taylor Wimpey	8,834	1.12	
2,103,514 Watkin Jones <sup>a</sup>	954	0.12	
<b>Personal goods</b>	<b>3,313</b>	<b>0.42</b>	<b>0.00</b>
369,377 Burberry	3,313	0.42	
<b>Media</b>	<b>30,284</b>	<b>3.83</b>	<b>3.16</b>
12,631,362 ITV	10,263	1.30	
10,949,384 Reach	10,862	1.37	
952,647 STV	2,553	0.32	
899,462 WPP	6,606	0.84	



# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Retailers</b>	<b>6,869</b>	<b>0.87</b>	<b>0.91</b>
441,276 Dunelm	4,743	0.60	
1,565,330 Wickes	2,126	0.27	
<b>Travel &amp; leisure</b>	<b>7,962</b>	<b>1.01</b>	<b>2.21</b>
1,246,354 Entain	7,962	1.01	
<b>Tobacco</b>	<b>66,850</b>	<b>8.46</b>	<b>8.70</b>
1,200,065 British American Tobacco	29,426	3.72	
1,843,554 Imperial Brands	37,424	4.74	
<b>Personal care, drug &amp; grocery stores</b>	<b>21,568</b>	<b>2.73</b>	<b>3.19</b>
18,587 Reckitt Benckiser	801	0.10	
3,253,725 Tesco	10,041	1.27	
246,231 Unilever	10,726	1.36	
<b>Construction &amp; materials</b>	<b>6,222</b>	<b>0.79</b>	<b>0.55</b>
1,032,311 Kier	1,396	0.18	
894,019 Marshalls	2,655	0.34	
2,833,842 Severfield	2,171	0.27	
<b>General industrials</b>	<b>18,817</b>	<b>2.38</b>	<b>1.51</b>
4,499,613 DS Smith	18,817	2.38	
<b>Industrial engineering</b>	<b>6,223</b>	<b>0.79</b>	<b>0.00</b>
1,331,204 Vesuvius	6,223	0.79	
<b>Industrial support services</b>	<b>10,332</b>	<b>1.31</b>	<b>0.18</b>
529,558 Inchcape	4,009	0.51	
1,475,318 PageGroup	6,323	0.80	
<b>Industrial transportation</b>	<b>7,401</b>	<b>0.94</b>	<b>1.53</b>
1,569,905 International Distributions Services	5,030	0.64	
9,500,000 Pacific Basin Shipping	2,371	0.30	
<b>Industrial materials</b>	<b>6,214</b>	<b>0.79</b>	<b>0.83</b>
223,989 UPM-Kymmene	6,214	0.79	
<b>Industrial metals &amp; mining</b>	<b>47,345</b>	<b>6.00</b>	<b>5.71</b>
168,814 Anglo American	4,256	0.54	
1,982,430 Central Asia Metals <sup>a</sup>	4,014	0.51	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Industrial metals &amp; mining (continued)</b>			
1,473,110 Kenmare Resources	4,773	0.61	
654,610 Rio Tinto	34,302	4.34	
<b>Chemicals</b>	<b>4,505</b>	<b>0.57</b>	<b>1.38</b>
388,370 Victrex	4,505	0.57	
<b>Oil &amp; gas</b>	<b>95,675</b>	<b>12.11</b>	<b>13.74</b>
11,207,503 BP	53,634	6.79	
703,551 Diversified Energy	7,429	0.94	
1,216,580 Shell	34,612	4.38	
<b>Electricity</b>	<b>18,642</b>	<b>2.36</b>	<b>3.58</b>
1,937,615 Drax	9,688	1.23	
499,100 SSE	8,954	1.13	
<b>Gas, water &amp; multi-utilities</b>	<b>38,686</b>	<b>4.90</b>	<b>4.32</b>
682,458 Engie	7,671	0.97	
2,697,888 National Grid	24,000	3.04	
1,213,595 Pennon	7,015	0.89	
<b>Total portfolio</b>	<b>798,058</b>	<b>101.06</b>	<b>100.75</b>
<b>Net other assets/(liabilities)</b>	<b>(8,340)</b>	<b>(1.06)</b>	<b>(0.75)</b>
<b>Net assets attributable to shareholders</b>	<b>789,718</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> AIM quoted.

<sup>b</sup> Suspended/delisted.

# Portfolio statement

## Top ten portfolio transactions for the year to 30 June 2024

Largest purchases	£'000
Pennon	8,952
BT	6,877
PageGroup	6,618
Vesuvius	5,985
British Land	5,735
Land Securities	5,366
Lancashire	5,269
OSB	5,039
Taylor Wimpey	4,987
HSBC	4,847
Other purchases	67,186
<b>Total purchases</b>	<b>126,861</b>

Largest sales	£'000
Vodafone	14,669
SSE	11,911
Wincanton	10,913
BP	8,207
GSK	7,011
Shell	6,739
AbbVie	6,435
Aviva	6,211
HSBC	5,738
Tesco	5,339
Other sales	98,942
<b>Total sales</b>	<b>182,115</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+13.2	+4.9	+4.1	+4.0
Class 'A' Accumulation	+13.2	+4.9	+4.1	+4.0
Class 'C' Income	+14.4	+6.1	+5.2	+5.3
Class 'I' Income	+13.7	+5.3	+4.5	+4.6
Class 'I' Accumulation	+13.6	+5.3	+4.5	+4.6
Class 'R' Income	+13.4	+5.1	+4.3	+4.3
Class 'R' Accumulation	+13.4	+5.1	+4.3	+4.3
<b>Benchmark</b>	<b>+13.0</b>	<b>+7.4</b>	<b>+5.5</b>	<b>+5.9</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

'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 6 May 1964.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	49.11	51.99	54.22
Return before operating charges*	6.48	0.94	1.41
Operating charges	(0.58)	(0.61)	(0.60)
Return after operating charges*	5.90	0.33	0.81
Distributions	(3.31)	(3.21)	(3.04)
Closing NAV	51.70	49.11	51.99
*after direct transaction cost of	0.04	0.03	0.04
<b>Performance</b>			
Return after charges (%)	12.01	0.63	1.49
<b>Other information</b>			
Closing NAV (£'000)	184,845	188,651	217,925
Number of shares	357,520,960	384,105,141	419,148,428
Operating charges (%)	1.17	1.15	1.08
Direct transaction costs (%)	0.08	0.06	0.06
<b>Prices</b>			
Highest share price	54.72	56.70	58.01
Lowest share price	47.81	48.31	50.63

## Sterling Class 'A' Accumulation shares

The share class was launched on 6 May 1964.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	741.36	737.07	726.88
Return before operating charges*	99.49	13.06	18.30
Operating charges	(8.93)	(8.77)	(8.11)
Return after operating charges*	90.56	4.29	10.19
Distributions	(42.30)	(37.78)	(33.19)
Retained distributions	42.30	37.78	33.19
Closing NAV	831.92	741.36	737.07
*after direct transaction cost of	0.63	0.45	0.49
<b>Performance</b>			
Return after charges (%)	12.22	0.58	1.40
<b>Other information</b>			
Closing NAV (£'000)	64,329	60,886	65,380
Number of shares	7,732,610	8,212,734	8,870,217
Operating charges (%)	1.17	1.15	1.08
Direct transaction costs (%)	0.08	0.06	0.06
<b>Prices</b>			
Highest share price	854.18	815.95	788.25
Lowest share price	721.53	690.37	688.00

# Financial highlights

## Sterling Class 'C' Income shares

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

The share class was launched on 3 January 2006.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	63.57	66.55	68.65
Return before operating charges*	8.46	1.19	1.77
Operating charges	(0.05)	(0.04)	0.00
Return after operating charges*	8.41	1.15	1.77
Distributions	(4.31)	(4.13)	(3.87)
Closing NAV	67.67	63.57	66.55
*after direct transaction cost of	0.05	0.04	0.05
<b>Performance</b>			
Return after charges (%)	13.23	1.73	2.58
<b>Other information</b>			
Closing NAV (£'000)	390,085	409,822	454,756
Number of shares	576,437,520	644,655,118	683,303,634
Operating charges (%)	0.07	0.06	0.00
Direct transaction costs (%)	0.08	0.06	0.06
<b>Prices</b>			
Highest share price	71.53	73.09	73.94
Lowest share price	61.98	62.04	64.59

# Financial highlights

## Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,007.94	1,062.67	1,103.72
Return before operating charges*	133.37	19.15	28.67
Operating charges	(7.90)	(8.14)	(7.67)
Return after operating charges*	125.47	11.01	21.00
Distributions	(68.06)	(65.74)	(62.05)
Closing NAV	1,065.35	1,007.94	1,062.67
*after direct transaction cost of	0.84	0.63	0.74
<b>Performance</b>			
Return after charges (%)	12.45	1.04	1.90
<b>Other information</b>			
Closing NAV (£'000)	81,161	80,776	85,223
Number of shares	7,618,210	8,013,971	8,019,735
Operating charges (%)	0.77	0.75	0.68
Direct transaction costs (%)	0.08	0.06	0.06
<b>Prices</b>			
Highest share price	1,127.08	1,161.91	1,183.83
Lowest share price	981.77	988.66	1,033.56

## Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,723.97	1,707.15	1,676.82
Return before operating charges*	232.01	30.11	42.14
Operating charges	(13.72)	(13.29)	(11.81)
Return after operating charges*	218.29	16.82	30.33
Distributions	(105.69)	(94.77)	(83.68)
Retained distributions	105.69	94.77	83.68
Closing NAV	1,942.26	1,723.97	1,707.15
*after direct transaction cost of	1.46	1.03	1.14
<b>Performance</b>			
Return after charges (%)	12.66	0.99	1.81
<b>Other information</b>			
Closing NAV (£'000)	34,797	25,677	21,574
Number of shares	1,791,567	1,489,381	1,263,776
Operating charges (%)	0.77	0.75	0.68
Direct transaction costs (%)	0.08	0.06	0.06
<b>Prices</b>			
Highest share price	1,993.39	1,894.63	1,822.90
Lowest share price	1,678.76	1,600.82	1,591.50

# Financial highlights

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	98.05	103.64	107.92
Return before operating charges*	12.95	1.87	2.81
Operating charges	(1.02)	(1.06)	(1.03)
Return after operating charges*	11.93	0.81	1.78
Distributions	(6.61)	(6.40)	(6.06)
Closing NAV	103.37	98.05	103.64
*after direct transaction cost of	0.08	0.06	0.07
<b>Performance</b>			
Return after charges (%)	12.17	0.78	1.65
<b>Other information</b>			
Closing NAV (£'000)	14,923	15,006	15,832
Number of shares	14,435,611	15,303,487	15,275,822
Operating charges (%)	1.02	1.00	0.93
Direct transaction costs (%)	0.08	0.06	0.06
<b>Prices</b>			
Highest share price	109.39	113.13	115.57
Lowest share price	95.47	96.35	100.88

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	167.72	166.50	163.95
Return before operating charges*	22.51	2.94	4.13
Operating charges	(1.76)	(1.72)	(1.58)
Return after operating charges*	20.75	1.22	2.55
Distributions	(9.84)	(8.80)	(7.75)
Retained distributions	9.84	8.80	7.75
Closing NAV	188.47	167.72	166.50
*after direct transaction cost of	0.14	0.10	0.11
<b>Performance</b>			
Return after charges (%)	12.37	0.73	1.56
<b>Other information</b>			
Closing NAV (£'000)	19,578	18,692	18,882
Number of shares	10,387,819	11,144,636	11,340,360
Operating charges (%)	1.02	1.00	0.93
Direct transaction costs (%)	0.08	0.06	0.06
<b>Prices</b>			
Highest share price	193.50	184.49	177.96
Lowest share price	163.27	156.02	155.34



# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 30 June	Note	2024		2023	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	3		47,587		(36,329)
Revenue	5	52,909		53,566	
Expenses	6	(3,801)		(4,157)	
Interest payable and similar charges		(26)		(21)	
Net revenue/(expense) before taxation		49,082		49,388	
Taxation	7	(175)		(300)	
Net revenue/(expense) after taxation			48,907		49,088
<b>Total return before distributions</b>			<b>96,494</b>		<b>12,759</b>
Distributions	8		(51,654)		(52,184)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>44,840</b>		<b>(39,425)</b>

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

for the year to 30 June	2024		2023	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>799,510</b>		<b>879,572</b>
Amounts received on issue of shares	44,155		38,732	
Amounts paid on cancellation of shares	(105,515)		(85,295)	
		(61,360)		(46,563)
Dilution adjustments		360		291
Change in net assets attributable to shareholders from investment activities (see above)		44,840		(39,425)
Retained distributions on Accumulation shares		6,190		5,487
Unclaimed distributions		178		148
<b>Closing net assets attributable to shareholders</b>		<b>789,718</b>		<b>799,510</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 30 June	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		798,058	805,538
<b>Current assets</b>			
Debtors	9	3,940	3,538
Cash and bank balances	10	2,469	1,626
Cash equivalents		6,704	10,809
<b>Total assets</b>		<b>811,171</b>	<b>821,511</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distribution payable		(20,628)	(21,105)
Other creditors	11	(825)	(896)
<b>Total liabilities</b>		<b>(21,453)</b>	<b>(22,001)</b>
<b>Net assets attributable to shareholders</b>		<b>789,718</b>	<b>799,510</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

### 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 June	2024 £'000	2023 £'000
Non-derivative securities	47,776	(35,979)
Currency gains/(losses)	(189)	(350)
<b>Net capital gains/(losses)</b>	<b>47,587</b>	<b>(36,329)</b>

# Financial statements and notes

## 4 Portfolio transactions and associated costs

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

for the year to 30 June	2024 £'000	% of transaction	2023 £'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	123,201		91,578	
Commissions	47	0.04	33	0.04
Taxes	537	0.43	423	0.46
<b>Equities after transaction costs</b>	<b>123,785</b>		<b>92,034</b>	
<b>Collective investment schemes</b>				
Collective investment schemes before transaction costs	3,074		1,049	
Commissions	2	0.05	1	0.05
Taxes	0	0.00	5	0.50
<b>Collective investment schemes after transaction costs</b>	<b>3,076</b>		<b>1,055</b>	
<b>Total purchases after transaction costs</b>	<b>126,861</b>		<b>93,089</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	180,866		142,039	
Commissions	(65)	0.04	(52)	0.04
Taxes	(1)	0.00	0	0.00
<b>Equities after transaction costs</b>	<b>180,800</b>		<b>141,987</b>	
<b>Collective investment schemes</b>	<b>836</b>		<b>43</b>	
<b>Other transaction types</b>				
Corporate actions	479		0	
<b>Total sales after transaction costs</b>	<b>182,115</b>		<b>142,030</b>	

# Financial statements and notes

	2024 £'000	% of average NAV	2023 £'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	112	0.01	85	0.01
Collective investment schemes	2	0.00	1	0.00
<b>Total commissions paid</b>	<b>114</b>	<b>0.01</b>	<b>86</b>	<b>0.01</b>
<b>Taxes paid</b>				
Equities	538	0.07	423	0.05
Collective investment schemes	0	0.00	5	0.00
<b>Total taxes paid</b>	<b>538</b>	<b>0.07</b>	<b>428</b>	<b>0.05</b>
<b>Total direct portfolio transaction costs</b>	<b>652</b>	<b>0.08</b>	<b>514</b>	<b>0.06</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.28		0.33

## 5 Revenue

for the year to 30 June	2024 £'000	2023 £'000
Bank interest	8	5
Distributions from collective investment schemes: taxable	543	822
Dividends from equity investments: non-taxable	50,423	49,698
Dividends from equity investments: taxable	133	280
Interest distributions	101	219
Property distribution: non-taxable	0	3
Property distribution: taxable	1,258	1,383
Rebate of ongoing charges from underlying funds	1	4
Stock dividends	442	1,152
<b>Total revenue</b>	<b>52,909</b>	<b>53,566</b>

## 6 Expenses

for the year to 30 June	2024 £'000	2023 £'000
<b>Payable to the ACD or associate</b>		
Annual charge	3,801	4,157
<b>Total expenses</b>	<b>3,801</b>	<b>4,157</b>

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 30 June	2024 £'000	2023 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	175	300
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>175</b>	<b>300</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	49,082	49,388
Corporation tax at 20%	9,816	9,878
<b>Effects of:</b>		
Revenue: non-taxable	(10,085)	(9,940)
Stock dividends: non-taxable	(88)	(231)
Current year expenses not utilised	357	293
Withholding tax	175	300
<b>Total tax charge (note 7a)</b>	<b>175</b>	<b>300</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of £39,767,000 (2023: £39,410,000) 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 30 June	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
<b>Dividend distributions</b>				
First interim	5,457	694	5,616	669
Second interim	5,220	718	5,547	659
Third interim	12,689	1,744	13,538	1,558
Final	20,628	3,034	21,105	2,601
Total net distributions		50,184		51,293
Income deducted on cancellation of shares		1,996		1,536
Income received on issue of shares		(526)		(645)
<b>Distributions</b>		<b>51,654</b>		<b>52,184</b>
Net revenue/(expense) per statement of total return		48,907		49,088
Expenses offset against capital		2,747		3,095
Undistributed income brought forward		0		1
<b>Distributions</b>		<b>51,654</b>		<b>52,184</b>

## 9 Debtors

as at 30 June	2024 £'000	2023 £'000
Amounts receivable on issues of shares	720	0
Distributions receivable	13	39
Dividends receivable	2,844	3,107
Withholding tax recoverable	363	392
<b>Total debtors</b>	<b>3,940</b>	<b>3,538</b>

## 10 Cash and bank balances

as at 30 June	2024 £'000	2023 £'000
Cash held as bank balances	2,469	1,626
<b>Total cash and bank balances</b>	<b>2,469</b>	<b>1,626</b>

# Financial statements and notes

## 11 Other creditors

as at 30 June	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	632	389
Annual charge payable	193	227
Purchases awaiting settlement	0	280
<b>Total other creditors</b>	<b>825</b>	<b>896</b>

## 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 01.07.23	Issued	Movements Cancelled	Converted	Closing 30.06.24
<b>Sterling</b>					
Class 'A' Income	384,105,141	8,889,918	(35,474,099)	0	357,520,960
Class 'A' Accumulation	8,212,734	234,176	(714,300)	0	7,732,610
Class 'C' Income	644,655,118	39,563,911	(107,781,509)	0	576,437,520
Class 'I' Income	8,013,971	128,168	(523,929)	0	7,618,210
Class 'I' Accumulation	1,489,381	552,292	(250,106)	0	1,791,567
Class 'R' Income	15,303,487	834,224	(1,702,100)	0	14,435,611
Class 'R' Accumulation	11,144,636	521,259	(1,278,076)	0	10,387,819

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 %
<b>Sterling</b>	
Class 'A'	1.10
Class 'C'	0.00
Class 'I'	0.70
Class 'R'	0.95



# 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 59.33% (2023: 60.33%) of the fund's shares.

## 16 Fair value analysis

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

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

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

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

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

### Level 3: Valuation technique using unobservable inputs

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

as at 30 June	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Basis of valuation				
Level 1	797,399	0	803,773	0
Level 2	0	0	0	0
Level 3	659	0	1,765	0
	<b>798,058</b>	<b>0</b>	<b>805,538</b>	<b>0</b>

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 12 to 15.

# 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 £39,903,000 (2023: £40,277,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

## 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.

## 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 quarterly ordinary distributions and the following table sets out the distribution periods.

### Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.07.23	30.09.23	02.10.23	30.11.23
Second interim	01.10.23	31.12.23	02.01.24	29.02.24
Third interim	01.01.24	31.03.24	02.04.24	31.05.24
Final	01.04.24	30.06.24	01.07.24	31.08.24

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 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0000	0.3825	0.3825	0.3825
Second interim	0.0000	0.3825	0.3825	0.3825
Third interim	0.0000	0.9500	0.9500	0.9500
Final	0.2628	1.3318	1.5946	1.4950

# Financial statements and notes

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0000	4.8500	4.8500	4.6000
Second interim	0.0000	4.8000	4.8000	4.5000
Third interim	0.0000	11.8800	11.8800	10.7700
Final	4.5182	16.2531	20.7713	17.9140

## Sterling Class 'C' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.2179	0.2771	0.4950	0.4900
Second interim	0.0000	0.4970	0.4970	0.4900
Third interim	0.0011	1.2389	1.2400	1.2200
Final	0.1690	1.9071	2.0761	1.9315

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0000	7.8500	7.8500	7.8000
Second interim	0.0000	7.8600	7.8600	7.8000
Third interim	0.0000	19.5300	19.5300	19.5000
Final	7.7011	25.1152	32.8163	30.6380

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.7978	10.2522	12.0500	11.4000
Second interim	0.0000	12.0000	12.0000	11.4000
Third interim	0.0000	29.8900	29.8900	27.2600
Final	6.3649	45.3830	51.7479	44.7081

# Financial statements and notes

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0000	0.7635	0.7635	0.7625
Second interim	0.0000	0.7640	0.7640	0.7625
Third interim	0.0000	1.9000	1.9000	1.9000
Final	0.8956	2.2888	3.1844	2.9784

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0000	1.1230	1.1230	1.0600
Second interim	0.0000	1.1200	1.1200	1.0600
Third interim	0.2141	2.5559	2.7700	2.5200
Final	1.8871	2.9364	4.8235	4.1602

## 23 Events after the balance sheet date

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

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 28 May 2024 has been used.

## Investment objective

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

\* The composite index is made up of one third JPM EMBI Global Diversified Index, one third JPM CEMBI Broad Diversified Index and one third JPM GBI-EM Global Diversified Index.

## Investment policy

At least 80% of the fund is invested, directly or indirectly through derivatives, in emerging market debt securities. These securities can be issued or guaranteed by emerging market governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies that are incorporated, domiciled, listed or do most of their business in emerging markets. These securities can be denominated in any currency, including emerging market currencies.

Other investments may include:

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

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

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

## Investment approach

The fund is globally diversified across a range of emerging market debt securities and issuers from a variety of sectors and geographies. The fund's investment approach is flexible and begins with an assessment of macroeconomic factors such as global risk appetite and the catalysts of global economic growth.

On a regional and country-specific level, factors such as monetary and fiscal policies, capital flows, and political and regulatory environments are assessed. The result of this analysis will help inform the country, currency allocations and duration of the portfolio.

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

## Benchmark

A composite index comprising:

- 1/3 JPM EMBI Global Diversified Index
- 1/3 JPM CEMBI Broad Diversified Index
- 1/3 JPM GBI-EM Global Diversified Index

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

The fund is actively managed.

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

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

# Authorised Corporate Director's Report

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



### The above number:

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

## Investment review

For the year ended 30 June 2024

### Performance against objective

Between 1 July 2023 and 30 June 2024, the fund delivered a strong positive total return (the combination of income and growth of capital) across its sterling share classes. The fund outperformed across all share classes except for the Sterling Class 'I-H' Income share, which was modestly behind the 7.0% return of the benchmark over the same period.

The fund's benchmark is a composite index consisting of 1/3 JPM Emerging Markets Bond (EMBI) Global Diversified Index, 1/3 JPM Corporate EMBI (CEMBI) Broad Diversified Index, and 1/3 JPM GBI-EM Global Diversified Index.

Over five years, the fund's unhedged share classes achieved the objective of providing a combination of capital growth and income, net of the ongoing charge

figure, higher than the benchmark composite index over any five-year period. However, the hedged share classes posted a return below that of the benchmark composite index, which returned 0.5% pa over five years.

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

In the first half of the review period, emerging market (EM) debt posted positive returns with a strong year-end rally accounting for most of this. High-yield (HY) bonds, those that are rated below investment grade as they are considered to be riskier, and frontier markets (less established EM) hard currency sovereign bonds outperformed, posting double-digit returns.

The unprecedented pace of monetary policy tightening to combat inflation over 2021 and 2022 led to elevated interest rates. However, following signs of moderating inflation in the second half of 2023, major central banks paused interest rate hikes, and expectations of rate cuts were brought forward. Emerging markets continued to be ahead of developed central banks in terms of their monetary cycle. Countries in EM had hiked interest rates ahead of developed peers and, with inflation falling, were now well within their cutting cycle.

With markets pricing in cuts during 2024, sentiment improved significantly amidst a broad market rally in November and December. Indications that the US Federal Reserve (Fed) may start cutting interest rates in 2024 sparked a powerful two-month rally in core government bonds, benefiting all segments of EM debt during a broader risk-on environment. A weaker US dollar was also a tailwind for the asset class towards the end of the year.

At the beginning of 2024, EM debt started weakening after experiencing a strong year-end rally in 2023 as investors lowered their expectations of an imminent US interest rate cut. The Fed continued to hold interest rates steady and revised down the number of cuts it expects in 2024 to one from three. This supported the

# Authorised Corporate Director's Report

US dollar, with most emerging market currencies depreciating against it.

Emerging market debt registered positive returns over the review period, with hard currency sovereign debt outperforming local currency sovereign bonds but moderately trailing hard currency corporate bonds. (Hard currency are highly traded, relatively stable international currencies, such as the US dollar and euro). Within local currency sovereign debt, emerging market currencies were under pressure during the period due to a generally stronger dollar, particularly within the Latin American region, especially in the second half of the review period.

Against this backdrop, the fund delivered a strong positive return and outperformed its benchmark except for Sterling Class 'I-H' Income share which modestly underperformed.

Fund outperformance was driven largely by country allocation decisions, though this was marginally offset by a slight detractor from security selection. The fund's above-benchmark positioning in Argentina, Tajikistan, and Colombia aided relative performance. However, our below-benchmark positioning in Chile, China and India, as well as above-benchmark positions in Peru and Venezuela detracted.

## Investment activities

In hard currency sovereigns, we started the period by reducing exposure to Pakistan from neutral to underweight after a rally in bond prices following the government reaching an agreement with the International Monetary Fund (IMF) for short-term financing during the summer. In August, we increased exposure to the Dominican Republic following improvements in the macroeconomic outlook, while the same was reduced in March 2024. During the period we also re-established a position in Montenegro which we hadn't held for some time. Towards the end of the year, we added US dollar bonds from Jamaica and Suriname. In Turkey, we added hard currency exposure across both sovereigns and corporates as a result of the country exhibiting positive fundamental trends post-election and a more orthodox stance from the central

bank. On the other hand, we reduced exposure to Bahrain and Albania, where we had become less optimistic about the macroeconomic outlook. Towards the end of the period, in April 2024, we added to holdings in Vietnam, Colombia, Jamaica, and Azerbaijan.

Within local currency sovereigns, we participated in a new issue from Panama in July 2023. In March 2024, we bought Egyptian government bonds after the recent devaluation in the currency and interest rate hike. We added to our holdings in Poland, Chile, and Colombia in the first half of the year, however, reduced exposure to Poland bonds in April 2024. We added exposure to India rupee denominated bonds but through bonds issued by a supranational agency rather than those issued by India directly. We reduced our position in the Czech Republic during the first half of the year but again added some Czech duration following our change in view from underweight to neutral.

Moving on to credit, in the first half of the review period, we were active in the primary market and participated in new offerings from quasi-sovereign entities including United Arab Emirates-based DPWorld and First Abu Dhabi Bank. We also participated in new corporate issues from Minerva, Hunt Oil, mBank, Aegea Finance, WE Soda Investments, and Bimbo Bakeries. We added a sukuk (Islamic bond) from Dar Al-Arkan. Later, we reduced our holding in Jollibee Worldwide and took profits in some HY bonds which had outperformed. We exited Total Play Telecomunicaciones after the company posted a disappointing earnings report.

In the later part of the review period, we added new corporate bonds, including Banco de Crédito and state-owned Qatar Energy. Furthermore, we acquired Turkish renewable energy firm Aydem Yenilenebilir Enerji and Hungarian state-owned utility MVM Energetika. We also participated in new corporate bonds, including Nexa Resources, Movida Europe, Puma International Financing, Antofagasta, Cencosud, HTA, Yinson Boronia Production, Muthoot Finance, and Al Rajhi Bank. Additionally, we added several banks in Mexico and Panama.

# Authorised Corporate Director's Report

We trimmed a number of holdings based on valuations which were getting expensive as spreads tightened, notably Greenko Solar Mauritius, Abu Dhabi Commercial Bank and Ecopetrol. We also decreased our investment in corporate bonds from such companies as Asea, Continuum Energy Levanter, Liquid Telecommunications Financing, Heritage Petroleum, and Shinhan Bank. Furthermore, we reduced selected names that looked considered overpriced, including telecom firms in Paraguay and some banks.

## Outlook

For the first time in a long while, the European macroeconomic environment looks more supportive than that in the US. Interest rate cuts are on the table in Europe, whereas it has become more complicated to predict rate cuts in the US for 2024 due to the mixed signals from economic data.

The second quarter saw four developed market central banks (the European Central Bank, Bank of Canada, Riksbank, and the Swiss National Bank) commence their respective rate-cutting journeys, with the Bank of England cutting in August. This positions the Fed as one of the last to embark on the 'easing train'. The pace is expected to be gradual as inflation remains ahead of central bank targets in most regions (except for Switzerland, which has seen two rate cuts so far).

The narrative seems to have shifted from 'inflation is reaccelerating' to 'inflation is falling off a cliff'. The truth is likely to lie somewhere in between. In conclusion, inflation is moving in the right direction, with encouraging signals now emerging from the Fed's preferred inflation indicator.

We view the environment as favourable for emerging markets with the asset class looking attractive relative to other areas of the market. We expect growth levels in EM, across all regions, to outstrip that of developed markets (DM) throughout 2024 and 2025, which in itself will be bolstered by the continuation of accommodative/loosening monetary policy in the likes of Latin America, as well as the start of a cutting cycle in other regions.

Whilst the prolonging of the higher-for-longer narrative in the US has weighed on EM and broader market sentiment, we think the start of the Fed's cutting cycle will be a tailwind for the asset class and may help to unwind some of the USD strength that has weighed on EM FX in the year to date. In our view, unless there is a significant market event, US inflation and therefore interest rates are unlikely to increase, with both following a broadly downward trend. Having said that, the extent and timeliness of DM interest rate cuts are now under greater uncertainty, in our opinion.

With the major EM elections now having taken place, attention will begin to turn towards to the US where the presidential election will come to its conclusion later in the year. Should Donald Trump be re-elected we could expect a return of more nationalistic policies with US domestic industries protected against overseas competitions. In this vein, we expect sentiment for riskier asset classes to be somewhat dampened until there is greater clarity on the US election and the next steps by the Fed.

## Claudia Calich & Charles de Quinsonas

### Co-fund managers

Employees of M&G FA Limited which is an associate of M&G Securities Limited. Please note that effective from 1 March 2024, Charles de Quinsonas was appointed as co-fund manager.

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



# Portfolio statement

## Investments

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income</b>	<b>1,824,277</b>	<b>96.95</b>	<b>97.98</b>
<b>Debt securities</b>	<b>1,824,277</b>	<b>96.95</b>	<b>97.98</b>
<b>'AAA' credit rated bonds</b>	<b>71,510</b>	<b>3.80</b>	<b>2.50</b>
INR1,150,000,000 European Bank for Reconstruction & Development 6.3% 26/10/2027	13,483	0.72	
US\$6,000,000 European Bank for Reconstruction & Development 20% 19/03/2025	6,115	0.33	
INR790,000,000 International Bank for Reconstruction & Development 6.75% 13/07/2029	9,337	0.50	
INR700,000,000 International Bank for Reconstruction & Development 6.85% 24/04/2028	8,338	0.44	
KZT1,000,000,000 International Bank for Reconstruction & Development 13.5% 03/07/2025	2,126	0.11	
UZS42,000,000,000 International Finance 11% 18/10/2024	3,246	0.17	
SG\$39,200,000 Singapore (Republic of) 3% 01/09/2024	28,865	1.53	
<b>'AA' credit rated bonds</b>	<b>80,199</b>	<b>4.26</b>	<b>1.36</b>
CZK550,000,000 Czechia (Republic of) 0.05% 29/11/2029	19,010	1.01	
CZK390,000,000 Czechia (Republic of) 4.5% 11/11/2032	17,092	0.91	
US\$1,886,000 First Abu Dhabi Bank 5% 28/02/2029	1,872	0.10	
US\$8,000,000 Qatar Energy 3.125% 12/07/2041	5,953	0.32	
US\$11,000,000 Qatar Energy 3.3% 12/07/2051	7,710	0.41	
US\$3,150,000 TSMC Arizona 2.5% 25/10/2031	2,676	0.14	
US\$26,000,000 US Treasury Note 4.625% 28/02/2025	25,886	1.37	
<b>'A' credit rated bonds</b>	<b>152,433</b>	<b>8.10</b>	<b>5.93</b>
US\$4,000,000 AIA Var. Rate 2.7% Perpetual	3,746	0.20	
BRL104,000,000 Brazil (Federal Republic of) 10% 01/01/2033	16,808	0.89	
US\$5,000,000 EIG Pearl 3.545% 31/08/2036	4,282	0.23	
US\$3,804,000 Greensaif Pipelines Bidco 6.129% 23/02/2038	3,882	0.21	
US\$3,467,000 Greensaif Pipelines Bidco 6.51% 23/02/2042	3,624	0.19	
MYR84,000,000 Malaysia (Govt. of) 3.582% 15/07/2032	17,461	0.93	
MYR88,678,000 Malaysia (Govt. of) 3.844% 15/04/2033	18,748	1.00	
MYR134,000,000 Malaysia (Govt. of) 3.885% 15/08/2029	28,698	1.53	
US\$1,921,000 Mashreqbank PSC Var. Rate 7.125% Perpetual	1,965	0.10	
PLN100,000,000 Poland (Republic of) 1.75% 25/04/2032	18,871	1.00	
PLN72,000,000 Poland (Republic of) 6% 25/10/2033	18,295	0.97	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
US\$5,100,000 SA Global Sukuk 2.694% 17/06/2031	4,376	0.23	
US\$6,554,000 Standard Chartered Var. Rate 5.905% 14/05/2035	6,518	0.35	
US\$7,800,000 Tencent 3.24% 03/06/2050	5,159	0.27	
<b>'BBB' credit rated bonds</b>	<b>540,519</b>	<b>28.73</b>	<b>27.11</b>
US\$4,448,000 Al Rajhi Bank Var. Rate 6.375% Perpetual	4,506	0.24	
US\$3,888,000 Aldar Investment Properties 4.875% 24/05/2033	3,739	0.20	
US\$2,251,000 Antofagasta 6.25% 02/05/2034	2,332	0.12	
US\$1,850,000 Banco de Crédito del Perú Var. Rate 3.125% 01/07/2030	1,779	0.09	
US\$3,433,000 Banco de Crédito del Perú Var. Rate 3.25% 30/09/2031	3,178	0.17	
US\$5,850,000 Bangkok Bank Var. Rate 3.733% 25/09/2034	5,171	0.27	
US\$5,300,000 Bank Leumi Le-Israel Var. Rate 3.275% 29/01/2031	4,895	0.26	
US\$3,100,000 Bank of East Asia Var. Rate 4.875% 22/04/2032	2,942	0.16	
US\$3,000,000 BBVA Bancomer Var. Rate 8.125% 08/01/2039	3,032	0.16	
US\$1,956,000 BBVA Bancomer Var. Rate 8.45% 29/06/2038	2,014	0.11	
US\$3,182,000 Bimbo Bakeries USA 6.4% 15/01/2034	3,370	0.18	
COP19,571,000,000 Bogota Distrito Capital 9.75% 26/07/2028	4,373	0.23	
US\$4,200,000 Burgan Bank Var. Rate 2.75% 15/12/2031	3,711	0.20	
US\$3,200,000 Cemex 3.875% 11/07/2031	2,811	0.15	
US\$1,281,000 Cencosud 5.95% 28/05/2031	1,282	0.07	
US\$6,000,000 Colombia (Republic of) 4.125% 22/02/2042	3,944	0.21	
US\$8,050,000 Colombia (Republic of) 4.125% 15/05/2051	4,878	0.26	
COP70,500,000,000 Colombia (Republic of) 7.25% 18/10/2034	13,241	0.70	
COP63,000,000,000 Colombia (Republic of) 7.25% 26/10/2050	9,782	0.52	
US\$7,156,000 Colombia (Republic of) 7.5% 02/02/2034	7,184	0.38	
COP19,100,000,000 Colombia (Republic of) 9.85% 28/06/2027	4,385	0.23	
US\$4,340,000 DP World Crescent 5.5% 13/09/2033	4,349	0.23	
COP31,919,000,000 Empresas Publicas de Medellin ESP 8.375% 08/11/2027	6,766	0.36	
US\$1,638,000 Flex 6% 15/01/2028	1,661	0.09	
US\$3,678,000 Freeport Indonesia 4.763% 14/04/2027	3,598	0.19	
HUF3,200,000,000 Hungary (Republic of) 4.75% 24/11/2032	7,548	0.40	

# Portfolio statement

## Investments (continued)

Holding		as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>				
<b>Debt securities (continued)</b>				
<b>'BBB' credit rated bonds (continued)</b>				
HUF6,525,000,000	Hungary (Republic of) 6.75% 22/10/2028	17,707	0.94	
US\$4,448,000	Hunt Oil Company of Peru 8.55% 18/09/2033	4,797	0.25	
US\$5,800,000	Indofood CBP Sukses Makmur 3.398% 09/06/2031	5,044	0.27	
IDR242,000,000,000	Indonesia (Republic of) 7.5% 15/06/2035	15,236	0.81	
IDR279,881,000,000	Indonesia (Republic of) 8.25% 15/05/2036	18,651	0.99	
IDR201,600,000,000	Indonesia (Republic of) 8.375% 15/03/2034	13,425	0.71	
IDR201,667,000,000	Indonesia (Republic of) 8.375% 15/04/2039	13,709	0.73	
US\$2,970,000	Israel Electric 3.75% 22/02/2032	2,430	0.13	
KZT1,700,000,000	Kazakhstan (Republic of) 5% 18/04/2028	2,738	0.15	
KZT1,000,000,000	Kazakhstan (Republic of) 9% 03/07/2027	1,895	0.10	
KZT794,728,000	Kazakhstan (Republic of) 13.75% 24/06/2026	1,690	0.09	
KZT1,000,000,000	Kazakhstan (Republic of) 14.5% 28/04/2025	2,132	0.11	
KZT2,100,000,000	Kazakhstan (Republic of) 16.7% 13/01/2025	4,516	0.24	
US\$9,750,000	KazMunayGas National 6.375% 24/10/2048	9,182	0.49	
US\$4,650,000	Lenovo 3.421% 02/11/2030	4,111	0.22	
US\$4,500,000	Magellan Capital Var. Rate 8.375% 08/07/2029	4,466	0.24	
US\$2,135,000	Mashreqbank Var. Rate 7.875% 24/02/2033	2,244	0.12	
US\$5,900,000	Meituan 3.05% 28/10/2030	5,085	0.27	
US\$3,400,000	Metalsa 3.75% 04/05/2031	2,709	0.14	
£5,520,000	Mexico (United Mexican States) 5.625% 19/03/2114	5,144	0.27	
MXN200,000,000	Mexico (United Mexican States) 7.5% 26/05/2033	9,394	0.50	
MXN300,000,000	Mexico (United Mexican States) 8.5% 01/03/2029	15,411	0.82	
MXN977,790,000	Mexico (United Mexican States) 8.5% 18/11/2038	47,211	2.51	
US\$2,453,000	MFB Magyar Fejlesztési Bank Zrt 6.5% 29/06/2028	2,489	0.13	
US\$4,879,000	Mizrahi-Tefahot Bank Var. Rate 3.077% 07/04/2031	4,462	0.24	
US\$3,924,000	MVM Energetika Zrt 6.5% 13/03/2031	3,933	0.21	
US\$3,000,000	NBK Tier 1 Var. Rate 3.625% Perpetual	2,769	0.15	
US\$1,278,000	Nexa Resources 6.75% 09/04/2034	1,290	0.07	
US\$6,000,000	Panama (Republic of) 4.3% 29/04/2053	3,878	0.21	
US\$4,800,000	Panama (Republic of) 8% 01/03/2038	5,082	0.27	

# Portfolio statement

## Investments (continued)

Holding		as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>				
<b>Debt securities (continued)</b>				
<b>'BBB' credit rated bonds (continued)</b>				
US\$4,469,000	Pertamina 2.3% 09/02/2031	3,704	0.20	
PEN43,000,000	Peru (Republic of) 5.4% 12/08/2034	9,858	0.52	
PEN83,000,000	Peru (Republic of) 6.15% 12/08/2032	20,847	1.11	
PEN35,000,000	Peru (Republic of) 7.3% 12/08/2033	9,315	0.50	
PHP943,000,000	Philippines (Republic of) 6.25% 14/01/2036	15,168	0.81	
US\$5,000,000	Prosus 3.061% 13/07/2031	4,129	0.22	
€7,202,000	Romania (Republic of) 2.875% 13/04/2042	4,985	0.26	
RON64,000,000	Romania (Republic of) 4.15% 26/01/2028	12,832	0.68	
RON27,000,000	Romania (Republic of) 4.25% 28/04/2036	4,569	0.24	
€11,129,000	Romania (Republic of) 6.375% 18/09/2033	12,374	0.66	
RON63,000,000	Romania (Republic of) 8.75% 30/10/2028	14,635	0.78	
US\$5,533,000	Sagicor Financial 5.3% 13/05/2028	5,252	0.28	
US\$5,000,000	Sands China 4.875% 18/06/2030	4,603	0.24	
US\$14,000,000	Sharjah (Govt. of) 4% 28/07/2050	9,085	0.48	
US\$8,405,000	Sharjah (Govt. of) 6.125% 06/03/2036	8,331	0.44	
US\$3,374,000	Sitios Latinoamerica 5.375% 04/04/2032	3,124	0.17	
US\$4,800,000	SK Hynix 2.375% 19/01/2031	3,964	0.21	
THB187,687,000	Thailand (Kingdom of) IL 1.25% 12/03/2028	5,582	0.30	
UYU816,902,481	Uruguay (Republic of) 3.875% 02/07/2040	28,204	1.50	
UYU453,157,534	Uruguay (Republic of) 8.25% 21/05/2031	10,657	0.57	
	<b>'BB' credit rated bonds</b>	<b>576,164</b>	<b>30.62</b>	<b>34.13</b>
US\$3,593,000	Aegea Finance 9% 20/01/2031	3,713	0.20	
US\$6,519,000	Armenia (Republic of) 3.6% 02/02/2031	5,304	0.28	
US\$10,447,000	Azerbaijan (Republic of) 3.5% 01/09/2032	8,895	0.47	
€3,181,000	Banca Transilvania SNR NPF EMTN Var. Rate 8.875% 27/04/2027	3,589	0.19	
US\$2,276,000	Banco de Crédito e Inversiones Var. Rate 8.75% Perpetual	2,383	0.13	
US\$1,620,000	Banco Mercantil del Norte Var. Rate 8.375% Perpetual	1,628	0.09	
US\$3,200,000	Banco Nacional de Comercio Exterior SNC Var. Rate 2.72% 11/08/2031	2,833	0.15	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
US\$3,800,000 Bancolombia Var. Rate 8.625% 24/12/2034	3,870	0.21	
US\$3,075,000 BBVA Bancomer Var. Rate 5.125% 18/01/2033	2,796	0.15	
US\$5,201,000 Bidvest 3.625% 23/09/2026	4,832	0.26	
US\$9,935,239 Bioceanico Sovereign Certificate 0% 05/06/2034	7,420	0.39	
BRL275,000,000 Brazil (Federal Republic of) 10% 01/01/2029	46,751	2.48	
US\$4,300,000 Costa Rica (Republic of) 5.625% 30/04/2043	3,849	0.20	
US\$4,200,000 Costa Rica (Republic of) 7% 04/04/2044	4,288	0.23	
CRC1,000,000,000 Costa Rica (Republic of) 9.66% 30/09/2026	2,061	0.11	
CRC200,000,000 Costa Rica (Republic of) 10.35% 24/09/2025	403	0.02	
€11,909,000 Côte d'Ivoire (Republic of) 4.875% 30/01/2032	10,657	0.57	
€7,539,000 Côte d'Ivoire (Republic of) 6.625% 22/03/2048	6,264	0.33	
US\$8,167,000 Dominica (Republic of) 5.875% 30/01/2060	6,995	0.37	
US\$7,500,000 Dominica (Republic of) 6% 22/02/2033	7,286	0.39	
DOP520,000,000 Dominica (Republic of) 9.75% 05/06/2026	8,822	0.47	
DOP174,200,000 Dominica (Republic of) 11.25% 15/09/2035	3,092	0.16	
DOP623,050,000 Dominica (Republic of) 13.625% 03/02/2033	12,451	0.66	
US\$5,500,000 Ecopetrol 5.875% 02/11/2051	3,801	0.20	
US\$3,850,000 Ecopetrol 7.375% 18/09/2043	3,392	0.18	
US\$2,235,000 Ecopetrol 8.375% 19/01/2036	2,201	0.12	
US\$2,794,000 EDO Sukuk 5.662% 03/07/2031	2,793	0.15	
US\$2,000,000 Energean Israel Finance 4.875% 30/03/2026	1,878	0.10	
US\$3,803,704 Energean Israel Finance 8.5% 30/09/2033	3,593	0.19	
US\$4,343,000 EnfraGen Energia 5.375% 30/12/2030	3,615	0.19	
€2,500,000 Eramet 7% 22/05/2028	2,743	0.15	
US\$7,896,000 Georgia (Govt. of) 2.75% 22/04/2026	7,200	0.38	
GEL90,000 Georgia (Govt. of) 9.375% 18/01/2028	33	0.00	
GEL8,833,000 Georgia (Govt. of) 9.75% 27/01/2027	3,241	0.17	
US\$4,500,000 Georgian Railway 4% 17/06/2028	3,951	0.21	
US\$2,742,000 Germany (Federal Republic of) 6.125% 01/06/2050	2,485	0.13	
US\$5,500,000 Globo Comunicacao e Participacoes 5.5% 14/01/2032	4,808	0.26	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
US\$6,185,000 Guatemala (Republic of) 4.65% 07/10/2041	4,862	0.26	
US\$4,320,000 Guatemala (Republic of) 4.9% 01/06/2030	4,094	0.22	
US\$3,667,000 Guatemala (Republic of) 6.6% 13/06/2036	3,684	0.20	
US\$4,750,000 Heritage Petroleum 9% 12/08/2029	4,952	0.26	
US\$7,917,000 Honduras (Republic of) 5.625% 24/06/2030	6,741	0.36	
US\$2,000,000 Ipoteka-Bank 5.5% 19/11/2025	1,926	0.10	
US\$3,600,000 Jamaica (Govt. of) 7.875% 28/07/2045	4,198	0.22	
JA\$1,799,000,000 Jamaica (Govt. of) 9.625% 03/11/2030	12,203	0.65	
US\$3,000,000 Jollibee Worldwide Pte 4.75% 24/06/2030	2,855	0.15	
US\$11,835,000 Jordan (Kingdom of) 7.375% 10/10/2047	10,110	0.54	
US\$6,050,000 KUO 5.75% 07/07/2027	5,808	0.31	
US\$3,300,000 MAF Global Securities Var. Rate 6.375% Perpetual	3,251	0.17	
US\$2,300,000 MAF Global Securities Var. Rate 7.875% Perpetual	2,350	0.13	
€3,100,000 mBank Var. Rate 8.375% 11/09/2027	3,518	0.19	
US\$5,000,000 Melco Resorts Finance 5.75% 21/07/2028	4,673	0.25	
US\$6,000,000 Millicom International Cellular 4.5% 27/04/2031	5,121	0.27	
US\$5,000,000 Minerva Luxembourg 8.875% 13/09/2033	5,177	0.28	
US\$10,752,000 Morocco (Kingdom of) 4% 15/12/2050	7,368	0.39	
US\$6,928,000 Morocco (Kingdom of) 5.5% 11/12/2042	6,104	0.32	
US\$10,000,000 Movida Europe 7.85% 11/04/2029	9,402	0.50	
US\$3,314,000 Muthoot Finance 7.125% 14/02/2028	3,341	0.18	
US\$3,137,000 National Bank of Uzbekistan 4.85% 21/10/2025	3,012	0.16	
US\$4,050,000 Network i2i Var. Rate 5.65% Perpetual	4,009	0.21	
US\$2,742,000 Nexa Resources 6.5% 18/01/2028	2,754	0.15	
US\$4,900,000 OCP 3.75% 23/06/2031	4,225	0.22	
US\$3,500,000 OCP 6.875% 25/04/2044	3,370	0.18	
US\$6,200,000 Oman (Sultanate of) 6.5% 08/03/2047	6,173	0.33	
US\$7,066,000 Oman (Sultanate of) 6.75% 17/01/2048	7,187	0.38	
US\$3,400,000 OTP Bank Var. Rate 8.75% 15/05/2033	3,546	0.19	
US\$12,311,000 Paraguay (Republic of) 6.1% 11/08/2044	11,899	0.63	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
PYG68,758,000,000 Paraguay (Republic of) 7.9% 09/02/2031	9,429	0.50	
US\$16,628,000 Petroleos Mexicanos 6.75% 21/09/2047	11,020	0.59	
MXN90,322,600 Petroleos Mexicanos 7.19% 12/09/2024	4,872	0.26	
US\$11,400,000 Petroleos Mexicanos 7.69% 23/01/2050	8,262	0.44	
US\$3,075,000 Puma International Financing 7.75% 25/04/2029	3,096	0.16	
US\$667,000 Rede D'or Finance 4.5% 22/01/2030	600	0.03	
US\$4,225,000 Rede D'or Finance 4.95% 17/01/2028	4,004	0.21	
€8,750,000 San Marino (Republic of) 6.5% 19/01/2027	9,539	0.51	
US\$1,750,000 Sasol Financing USA 8.75% 03/05/2029	1,771	0.09	
€3,150,000 Senegal (Republic of) 5.375% 08/06/2037	2,450	0.13	
US\$5,000,000 Senegal (Republic of) 6.25% 23/05/2033	4,183	0.22	
US\$4,900,000 Senegal (Republic of) 6.75% 13/03/2048	3,527	0.19	
€10,473,000 Serbia (Republic of) 1.65% 03/03/2033	8,377	0.45	
€10,868,000 Serbia (Republic of) 2.05% 23/09/2036	8,228	0.44	
US\$287,860 Seychelles (Republic of) 8% 01/01/2026	284	0.02	
US\$8,300,000 South Africa (Republic of) 5.375% 24/07/2044	6,243	0.33	
ZAR649,118,303 South Africa (Republic of) 8.75% 28/02/2048	26,647	1.42	
ZAR723,000,000 South Africa (Republic of) 8.875% 28/02/2035	33,718	1.79	
US\$7,120,000 Southern Gas Corridor CJSC 6.875% 24/03/2026	7,155	0.38	
€4,000,000 Teva Pharmaceutical Finance Netherlands II 3.75% 09/05/2027	4,174	0.22	
US\$4,200,000 Teva Pharmaceutical Finance Netherlands III 7.875% 15/09/2029	4,506	0.24	
US\$800,000 Trinidad & Tobago (Republic of) 5.95% 14/01/2031	789	0.04	
US\$7,000,000 Trinidad & Tobago (Republic of) 6.4% 26/06/2034	6,982	0.37	
US\$2,050,000 Uzbek Industrial and Construction Bank 5.75% 02/12/2024	2,012	0.11	
US\$9,139,000 Uzbekistan (Republic of) 3.9% 19/10/2031	7,407	0.39	
US\$6,711,000 Uzbekistan (Republic of) 5.375% 20/02/2029	6,241	0.33	
UZS61,670,000,000 Uzbekistan (Republic of) 16.25% 12/10/2026	4,861	0.26	
UZS70,830,000,000 Uzbekistan (Republic of) 16.625% 29/05/2027	5,642	0.30	

# Portfolio statement

## Investments (continued)

Holding		as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>				
<b>Debt securities (continued)</b>				
<b>'BB' credit rated bonds (continued)</b>				
US\$3,000,000	Vanke Real Estate Hong Kong 3.975% 09/11/2027	1,896	0.10	
US\$6,648,283	Vietnam (Socialist Republic of) 5.5% 12/03/2028	6,294	0.33	
US\$4,000,000	WE Soda Investments 9.5% 06/10/2028	4,094	0.22	
US\$4,000,000	Yinson Boronia Production 8.947% 31/07/2042	4,032	0.21	
	<b>'B' credit rated bonds</b>	<b>233,535</b>	<b>12.41</b>	<b>15.00</b>
US\$2,900,000	Angola (Republic of) 8.75% 14/04/2032	2,558	0.14	
US\$8,763,000	Angola (Republic of) 9.375% 08/05/2048	7,297	0.39	
US\$4,096,000	Aydem Yenilenebilir Enerji 7.75% 02/02/2027	3,977	0.21	
US\$6,000,000	Bahamas (Commonwealth of) 6% 21/11/2028	5,230	0.28	
US\$5,978,000	Bahamas (Commonwealth of) 8.95% 15/10/2032	5,569	0.30	
US\$2,700,000	Banco Davivienda Var. Rate 6.65% Perpetual	1,945	0.10	
US\$12,100,000	Barbados (Govt. of) 6.5% 01/10/2029	11,416	0.61	
€8,650,000	Benin (Republic of) 4.875% 19/01/2032	7,735	0.41	
€5,748,000	Benin (Republic of) 6.875% 19/01/2052	4,843	0.26	
€2,596,000	BOI Finance 7.5% 16/02/2027	2,615	0.14	
€11,550,000	Cameroon (Republic of) 5.95% 07/07/2032	9,568	0.51	
US\$3,015,000	Consolidated Energy Finance 12% 15/02/2031	3,098	0.16	
US\$3,145,000	Continuum Energy Aura Pte 9.5% 24/02/2027	3,228	0.17	
US\$3,526,000	Dar Al-Arkan Sukuk 8% 25/02/2029	3,625	0.19	
EGP320,000,000	Egypt (Arab Republic of) 0% 18/03/2025	5,621	0.30	
US\$10,383,000	Egypt (Arab Republic of) 8.7002% 01/03/2049	7,760	0.41	
US\$9,735,000	Egypt (Arab Republic of) 8.875% 29/05/2050	7,397	0.39	
US\$6,200,000	Eskom 7.125% 11/02/2025	6,166	0.33	
GEL4,000,000	Georgia (Govt. of) 0% 13/03/2025	1,351	0.07	
US\$4,628,000	Hazine Mustesarligi Varlik Kiralama 8.5091% 14/01/2029	4,884	0.26	
US\$2,659,000	HTA 7.5% 04/06/2029	2,643	0.14	
US\$4,000,000	IHS Netherlands Holdco 8% 18/09/2027	3,874	0.21	
US\$1,400,000	Istanbul Metropolitan Municipality 10.5% 06/12/2028	1,502	0.08	
US\$9,460,000	Kenya (Republic of) 8% 22/05/2032	8,191	0.43	
US\$4,900,000	Kenya (Republic of) 8.25% 28/02/2048	3,786	0.20	



# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'B' credit rated bonds (continued)</b>			
US\$3,850,000 Kosmos Energy 7.125% 04/04/2026	3,799	0.20	
US\$4,350,000 Liberty Costa Rica Senior Secured Finance 10.875% 15/01/2031	4,602	0.24	
US\$1,910,000 Maldives Sukuk Issuance 9.875% 08/04/2026	1,741	0.09	
US\$524,000 MGM China 7.125% 26/06/2031	527	0.03	
US\$4,180,000 Mongolia (Govt. of) 3.5% 07/07/2027	3,763	0.20	
US\$4,000,000 Mongolia (Govt. of) 4.45% 07/07/2031	3,370	0.18	
US\$2,533,000 Montenegro (Republic of) 7.25% 12/03/2031	2,541	0.13	
US\$8,186,000 Nigeria (Federal Republic of) 7.375% 28/09/2033	6,658	0.35	
US\$6,243,000 Nigeria (Federal Republic of) 8.747% 21/01/2031	5,752	0.31	
US\$5,746,000 Papua New Guinea (Govt. of) 8.375% 04/10/2028	5,467	0.29	
US\$11,000,000 Rwanda (Republic of) 5.5% 09/08/2031	8,787	0.47	
€6,725,000 Srpska (Republic of) 4.75% 27/04/2026	6,891	0.37	
US\$12,767,000 Tajikistan (Republic of) 7.125% 14/09/2027	12,041	0.64	
US\$12,000,000 Türkiye (Republic of) 4.875% 16/04/2043	8,491	0.45	
US\$8,000,000 Türkiye (Republic of) 5.75% 11/05/2047	6,145	0.33	
US\$8,000,000 Türkiye (Republic of) 6.625% 17/02/2045	6,901	0.37	
US\$7,067,000 Türkiye (Republic of) 7.625% 15/05/2034	7,116	0.38	
TRY570,000,000 Türkiye (Republic of) 12.6% 01/10/2025	13,064	0.69	
<b>'CCC' credit rated bonds</b>	<b>75,266</b>	<b>4.00</b>	<b>7.26</b>
US\$2,766,000 ALROSA Finance 3.1% 25/06/2027 <sup>a</sup>	0	0.00	
ARS409,441,000 Argentina (Republic of) 15.5% 17/10/2026	255	0.01	
US\$1,886,000 Bolivia (Plurinational State of) 4.5% 20/03/2028	1,044	0.06	
US\$4,500,000 Córdoba (Province of) 6.875% 01/02/2029	3,317	0.18	
US\$7,136,364 Ecuador (Republic of) 1.5% 31/07/2040	3,225	0.17	
US\$9,179,271 Ecuador (Republic of) 2.5% 31/07/2035	4,574	0.24	
US\$7,000,000 El Salvador (Republic of) 7.1246% 20/01/2050	4,466	0.24	
US\$4,250,000 El Salvador (Republic of) 9.5% 15/07/2052	3,337	0.18	
US\$9,750,000 Gabon (Republic of) 6.625% 06/02/2031	7,254	0.39	
US\$4,610,000 Gabon (Republic of) 6.95% 16/06/2025	4,222	0.22	
US\$2,212,000 GTLK Europe 5.125% 31/05/2024 <sup>a</sup>	0	0.00	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'CCC' credit rated bonds (continued)</b>			
US\$631,000 GTLK Europe Capital 4.65% 10/03/2027 <sup>a</sup>	0	0.00	
US\$3,208,000 GTLK Europe Capital 5.95% 17/04/2025 <sup>a</sup>	0	0.00	
US\$11,700,000 Mozambique (Republic of) 5% 15/09/2031	9,630	0.51	
US\$3,990,000 Oriflame Investment 5.125% 04/05/2026	984	0.05	
US\$2,852,000 Pakistan (Islamic Republic of) 8.875% 08/04/2051	2,137	0.11	
US\$8,546,042 Suriname (Republic of) 7.95% 15/07/2033	7,966	0.42	
UAH150,000,000 Ukraine (Republic of) 12.7% 30/10/2024	3,105	0.17	
UAH30,000,000 Ukraine (Republic of) 15.5% 02/10/2024	613	0.03	
UAH27,400,000 Ukraine (Republic of) 15.84% 26/02/2025	546	0.03	
UAH63,000,000 Ukraine (Republic of) 19.6% 02/04/2025	1,604	0.09	
UAH60,000,000 Ukraine (Republic of) 19.7% 06/08/2025	1,102	0.06	
UAH40,000,000 Ukraine (Republic of) 19.75% 05/11/2025	725	0.04	
US\$4,750,000 YPF 8.5% 28/07/2025	4,674	0.25	
US\$3,571,000 YPF 9.5% 17/01/2031	3,617	0.19	
US\$4,449,594 Zambia (Republic of) 0.5% 31/12/2053	2,158	0.11	
US\$5,355,980 Zambia (Republic of) 5.75% 30/06/2033	4,711	0.25	
<b>'CC' credit rated bonds</b>	<b>27,058</b>	<b>1.44</b>	<b>0.00</b>
US\$31,170,041 Argentina (Republic of) 1.5% 09/07/2035	13,306	0.71	
US\$13,000,000 Argentina (Republic of) 3.5% 09/07/2041	5,151	0.27	
US\$2,093,000 NPC Ukrenergo 6.875% 09/11/2028	743	0.04	
€5,000,000 Ukraine (Republic of) 6.75% 20/06/2028	1,503	0.08	
US\$4,000,000 Ukraine (Republic of) 6.876% 21/05/2031	1,142	0.06	
US\$4,000,000 Ukraine (Republic of) 7.253% 15/03/2035	1,141	0.06	
US\$10,017,000 Ukraine (Republic of) 7.375% 25/09/2034	2,853	0.15	
US\$4,000,000 Ukraine (Republic of) 7.75% 01/09/2029	1,219	0.07	
<b>'C' credit rated bonds</b>	<b>9,770</b>	<b>0.52</b>	<b>1.88</b>
US\$3,268,000 NAK Naftogaz Ukraine via Kondor Finance 7.625% 08/11/2026	2,438	0.13	
US\$6,500,000 Venezuela (Republic of) 0% 13/10/2024 <sup>a</sup>	1,037	0.06	
US\$26,000,000 Venezuela (Republic of) 7% 31/03/2038 <sup>a</sup>	3,782	0.20	
US\$13,615,900 Venezuela (Republic of) 9.25% 07/05/2028 <sup>a</sup>	2,293	0.12	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'C' credit rated bonds (continued)</b>			
US\$2,200,000 Yuzhou 7.7% 20/02/2025	128	0.01	
US\$1,600,000 Yuzhou 7.85% 12/08/2026	92	0.00	
<b>'D' credit rated bonds</b>	<b>16,822</b>	<b>0.89</b>	<b>0.95</b>
US\$8,934,000 Ghana (Republic of) 8.125% 26/03/2032	4,531	0.24	
US\$4,200,000 Ghana (Republic of) 8.627% 16/06/2049	2,091	0.11	
US\$4,688,000 Kenbourne Invest 4.7% 22/01/2028	1,975	0.11	
US\$14,844,900 Petroleos de Venezuela 6% 16/05/2024 <sup>a</sup>	1,773	0.09	
US\$1,750,000 Sri Lanka (Republic of) 6.2% 11/05/2027	1,015	0.05	
US\$1,950,000 Sri Lanka (Republic of) 6.75% 18/04/2028	1,143	0.06	
US\$4,200,000 Sri Lanka (Republic of) 7.55% 28/03/2030	2,417	0.13	
US\$3,200,000 Sri Lanka (Republic of) 7.85% 14/03/2029	1,877	0.10	
<b>Bonds with no credit rating</b>	<b>41,001</b>	<b>2.18</b>	<b>1.86</b>
US\$11,132,000 Abu Dhabi (Emirate of) 3.9% 09/09/2050	8,151	0.43	
US\$6,808,000 Alinma Tier 1 Sukuk Var. Rate 6.5% Perpetual	6,871	0.37	
US\$5,397,000 Commercial Bank of Qatar Var. Rate 4.5% Perpetual	5,065	0.27	
US\$25,000,000 Petroleos de Venezuela 5.375% 12/04/2027 <sup>a</sup>	2,978	0.16	
US\$8,830,000 Petroleos de Venezuela 6% 28/10/2022 <sup>a</sup>	843	0.04	
US\$11,000,000 Petroleos de Venezuela 6% 15/11/2026 <sup>a</sup>	1,305	0.07	
US\$7,000,000 Petroleos de Venezuela 9.75% 17/05/2035 <sup>a</sup>	984	0.05	
US\$3,700,000 Sovcombank Via SovCom Capital 8% 07/04/2030 <sup>a</sup>	0	0.00	
US\$16,239,000 Vietnam Debt & Asset Trading 1% 10/10/2025	14,804	0.79	
<b>Currency</b>	<b>1,549</b>	<b>0.08</b>	<b>(0.02)</b>
<b>Forward currency contracts</b>	<b>1,549</b>	<b>0.08</b>	<b>(0.02)</b>
CLP22,000,000,000 Bought for US\$24,134,716 (expires 21.08.24)	(1,131)	(0.06)	
EGP230,000,000 Bought for US\$4,627,767 (expires 22.07.24)	118	0.00	
THB516,300,000 Bought for US\$14,174,720 (expires 21.08.24)	(49)	0.00	
TRY340,000,000 Bought for US\$9,820,033 (expires 21.08.24)	(16)	0.00	
€(142,658,970) Sold for US\$155,764,050 (expires 21.08.24)	2,627	0.14	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
Share class hedging	(465)	(0.02)	0.26
<b>Forward currency contracts for share class hedging</b>	<b>(465)</b>	<b>(0.02)</b>	<b>0.26</b>
£640,837,003 Bought for US\$811,608,159 (expires 17.07.24)	(463)	(0.02)	
£(29,020,330) Sold for US\$36,730,120 (expires 17.07.24)	(2)	0.00	
<b>Total portfolio</b>	<b>1,825,361</b>	<b>97.01</b>	<b>98.22</b>
<b>Net other assets/(liabilities)</b>	<b>56,275</b>	<b>2.99</b>	<b>1.78</b>
<b>Net assets attributable to shareholders</b>	<b>1,881,636</b>	<b>100.00</b>	<b>100.00</b>

<sup>a</sup> Defaulted bond.

# Portfolio statement

## Top ten portfolio transactions for the year to 30 June 2024

Largest purchases	\$'000
Singapore (Republic of) 3% 01/09/2024	28,161
US Treasury Note 4.625% 28/02/2025	27,873
Hungary (Republic of) 6.75% 22/10/2028	20,681
Poland (Republic of) 6% 25/10/2033	19,681
Czechia (Republic of) 0.05% 29/11/2029	19,138
Poland (Republic of) 1.75% 25/04/2032	18,063
Czechia (Republic of) 4.5% 11/11/2032	17,409
Malaysia (Govt. of) 3.885% 15/08/2029	17,346
Mexico (United Mexican States) 8.5% 01/03/2029	15,066
Romania (Republic of) 6.375% 18/09/2033	14,508
Other purchases	802,338
<b>Total purchases</b>	<b>1,000,264</b>

Largest sales	\$'000
Japan (Govt. of) 0.1% 20/06/2024	27,528
Singapore (Republic of) 2.75% 01/07/2023	23,185
Russia (Federation of) 8.15% 03/02/2027 <sup>a</sup>	14,355
Romania (Republic of) 7.125% 17/01/2033	14,267
Hungary (Republic of) 6.25% 22/09/2032	14,232
Poland (Republic of) 4.25% 14/02/2043	13,987
Poland (Republic of) 5.5% 04/04/2053	13,178
Slovakia (Republic of) 4% 20/02/2043	12,941
Peru (Republic of) 5.94% 12/02/2029	12,814
Sharjah (Govt. of) 6.5% 23/11/2032	12,404
Other sales	717,270
<b>Total sales</b>	<b>876,161</b>

<sup>a</sup> Sanctioned.

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](http://mandg.com/investments)

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+7.1	+2.3	+1.1	+5.7
Class 'A' Accumulation	+7.2	+2.3	+1.1	+5.8
Class 'I' Income	+7.6	+2.7	+1.6	+6.2
Class 'I' Accumulation	+7.6	+2.7	+1.6	+6.3
Class 'I-H' Income	+6.9	-1.4	+0.3	n/a
Class 'I-H' Accumulation	+7.0	-1.4	+0.3	n/a
Class 'PP' Income	+7.7	+2.8	n/a	n/a
Class 'PP' Accumulation	+7.7	+2.9	+1.7	n/a
Class 'PP-H' Income	+7.1	-1.3	n/a	n/a
Class 'PP-H' Accumulation	+7.1	-1.3	n/a	n/a
Class 'R' Income	+7.3	+2.5	+1.3	+5.9
Class 'R' Accumulation	+7.4	+2.5	+1.3	+6.0
<b>Benchmark</b>	<b>+7.0</b>	<b>+0.9</b>	<b>+0.5</b>	<b>+4.9</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

'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 1 October 2002.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	74.84	73.46	86.16
Return before operating charges*	6.41	7.28	(6.66)
Operating charges	(0.83)	(0.85)	(0.91)
Return after operating charges*	5.58	6.43	(7.57)
Distributions	(5.49)	(5.05)	(5.13)
Closing NAV	74.93	74.84	73.46
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	7.46	8.75	(8.79)
<b>Other information</b>			
Closing NAV (\$'000)	7,337	7,393	8,235
Number of shares	7,736,891	7,811,050	9,258,716
Operating charges (%)	1.08	1.09	1.10
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	80.10	82.33	88.58
Lowest share price	73.89	72.38	75.37

## Sterling Class 'A' Accumulation shares

The share class was launched on 1 October 2002.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	244.11	224.40	246.76
Return before operating charges*	20.96	22.34	(19.71)
Operating charges	(2.74)	(2.63)	(2.65)
Return after operating charges*	18.22	19.71	(22.36)
Distributions	(15.51)	(13.12)	(12.15)
Retained distributions	15.51	13.12	12.15
Closing NAV	262.33	244.11	224.40
*after direct transaction cost of	0.00	0.00	0.03
<b>Performance</b>			
Return after charges (%)	7.46	8.78	(9.06)
<b>Other information</b>			
Closing NAV (\$'000)	9,200	9,249	8,671
Number of shares	2,770,955	2,995,980	3,191,035
Operating charges (%)	1.08	1.09	1.10
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	268.94	253.23	253.68
Lowest share price	240.95	221.09	222.05

# Financial highlights

## Sterling Class 'I' Income shares

The share class was launched on 19 April 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	104.13	101.79	118.91
Return before operating charges*	8.92	10.10	(9.22)
Operating charges	(0.72)	(0.75)	(0.80)
Return after operating charges*	8.20	9.35	(10.02)
Distributions	(7.66)	(7.01)	(7.10)
Closing NAV	104.67	104.13	101.79
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	7.87	9.19	(8.43)
<b>Other information</b>			
Closing NAV (\$'000)	153,409	205,003	159,751
Number of shares	115,798,733	155,673,168	129,609,526
Operating charges (%)	0.68	0.70	0.69
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	111.67	114.19	122.43
Lowest share price	102.83	100.32	104.30

## Sterling Class 'I' Accumulation shares

The share class was launched on 19 April 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	184.55	168.97	185.06
Return before operating charges*	15.89	16.84	(14.82)
Operating charges	(1.31)	(1.26)	(1.27)
Return after operating charges*	14.58	15.58	(16.09)
Distributions	(12.51)	(10.60)	(9.89)
Retained distributions	12.51	10.60	9.89
Closing NAV	199.13	184.55	168.97
*after direct transaction cost of	0.00	0.00	0.02
<b>Performance</b>			
Return after charges (%)	7.90	9.22	(8.69)
<b>Other information</b>			
Closing NAV (\$'000)	555,292	367,427	341,690
Number of shares	220,330,996	157,423,447	167,003,534
Operating charges (%)	0.68	0.70	0.69
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	204.01	191.14	190.54
Lowest share price	182.18	166.51	166.99



# Financial highlights

## Sterling Class 'I-H' Income shares

The share class was launched on 24 July 2015.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	72.48	69.19	93.08
Return before operating charges*	5.77	8.57	(18.14)
Operating charges	(0.52)	(0.53)	(0.64)
Return after operating charges*	5.25	8.04	(18.78)
Distributions	(5.31)	(4.75)	(5.11)
Closing NAV	72.42	72.48	69.19
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	7.24	11.62	(20.18)
<b>Other information</b>			
Closing NAV (\$'000)	153,605	187,467	24,891
Number of shares	167,585,408	204,504,993	29,710,788
Operating charges (%)	0.71	0.72	0.73
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	78.04	76.03	94.93
Lowest share price	69.26	65.49	71.76

## Sterling Class 'I-H' Accumulation shares

The share class was launched on 24 July 2015.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	116.11	103.82	130.92
Return before operating charges*	9.27	13.08	(26.20)
Operating charges	(0.86)	(0.79)	(0.90)
Return after operating charges*	8.41	12.29	(27.10)
Distributions	(7.80)	(6.46)	(6.37)
Retained distributions	7.80	6.46	6.37
Closing NAV	124.52	116.11	103.82
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	7.24	11.84	(20.70)
<b>Other information</b>			
Closing NAV (\$'000)	198,185	207,493	149,757
Number of shares	125,754,789	141,299,046	119,130,278
Operating charges (%)	0.71	0.72	0.73
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	127.11	117.80	133.53
Lowest share price	110.89	98.23	103.82

# Financial highlights

## Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	74.86	73.08	85.26
Return before operating charges*	6.39	7.28	(6.59)
Operating charges	(0.44)	(0.46)	(0.50)
Return after operating charges*	5.95	6.82	(7.09)
Distributions	(5.51)	(5.04)	(5.09)
Closing NAV	75.30	74.86	73.08
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	7.95	9.33	(8.32)
<b>Other information</b>			
Closing NAV (\$'000)	75,885	12,746	6,024
Number of shares	79,629,317	13,462,464	6,808,109
Operating charges (%)	0.58	0.59	0.60
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	80.29	82.00	87.81
Lowest share price	73.90	72.03	74.84

## Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	106.67	97.57	106.76
Return before operating charges*	9.19	9.72	(8.57)
Operating charges	(0.65)	(0.62)	(0.62)
Return after operating charges*	8.54	9.10	(9.19)
Distributions	(7.34)	(6.23)	(5.82)
Retained distributions	7.34	6.23	5.82
Closing NAV	115.21	106.67	97.57
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	8.01	9.33	(8.61)
<b>Other information</b>			
Closing NAV (\$'000)	324,229	283,478	237,461
Number of shares	222,362,693	210,120,864	200,985,919
Operating charges (%)	0.58	0.60	0.59
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	118.03	110.44	109.96
Lowest share price	105.31	96.16	96.41

# Financial highlights

## Sterling Class 'PP-H' Income shares

The share class was launched on 15 March 2021.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	77.39	73.76	99.13
Return before operating charges*	6.17	9.22	(19.33)
Operating charges	(0.48)	(0.51)	(0.56)
Return after operating charges*	5.69	8.71	(19.89)
Distributions	(5.67)	(5.08)	(5.48)
Closing NAV	77.41	77.39	73.76
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	7.35	11.81	(20.06)
<b>Other information</b>			
Closing NAV (\$'000)	356,414	401,584	3,960
Number of shares	363,789,623	410,325,075	4,433,694
Operating charges (%)	0.61	0.61	0.62
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	83.37	81.17	101.14
Lowest share price	73.96	69.84	76.51

## Sterling Class 'PP-H' Accumulation shares

The share class was launched on 15 March 2021.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	90.57	80.92	101.97
Return before operating charges*	7.27	10.19	(20.45)
Operating charges	(0.58)	(0.54)	(0.60)
Return after operating charges*	6.69	9.65	(21.05)
Distributions	(6.18)	(5.13)	(5.10)
Retained distributions	6.18	5.13	5.10
Closing NAV	97.26	90.57	80.92
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	7.39	11.93	(20.64)
<b>Other information</b>			
Closing NAV (\$'000)	42,858	13,543	5,520
Number of shares	34,816,967	11,824,275	5,633,158
Operating charges (%)	0.61	0.62	0.63
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	99.27	91.89	104.03
Lowest share price	86.53	76.60	80.92

# Financial highlights

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	95.51	93.60	109.62
Return before operating charges*	8.18	9.28	(8.48)
Operating charges	(0.91)	(0.93)	(1.01)
Return after operating charges*	7.27	8.35	(9.49)
Distributions	(7.02)	(6.44)	(6.53)
Closing NAV	95.76	95.51	93.60
*after direct transaction cost of	0.00	0.00	0.01
<b>Performance</b>			
Return after charges (%)	7.61	8.92	(8.66)
<b>Other information</b>			
Closing NAV (\$'000)	2,003	1,724	1,320
Number of shares	1,652,790	1,427,646	1,164,896
Operating charges (%)	0.93	0.95	0.94
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	102.30	104.94	112.77
Lowest share price	94.31	92.24	95.99

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	167.15	153.42	168.46
Return before operating charges*	14.36	15.28	(13.47)
Operating charges	(1.62)	(1.55)	(1.57)
Return after operating charges*	12.74	13.73	(15.04)
Distributions	(10.88)	(9.22)	(8.56)
Retained distributions	10.88	9.22	8.56
Closing NAV	179.89	167.15	153.42
*after direct transaction cost of	0.00	0.00	0.02
<b>Performance</b>			
Return after charges (%)	7.62	8.95	(8.93)
<b>Other information</b>			
Closing NAV (\$'000)	3,219	2,724	2,611
Number of shares	1,413,686	1,288,492	1,405,335
Operating charges (%)	0.93	0.95	0.95
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	184.38	173.29	173.28
Lowest share price	164.99	151.17	151.75

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 30 June	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		16,583		91,331
Revenue	5	138,282		75,759	
Expenses	6	(12,332)		(7,534)	
Interest payable and similar charges		(76)		(25)	
Net revenue/(expense) before taxation		125,874		68,200	
Taxation	7	(706)		(394)	
Net revenue/(expense) after taxation			125,168		67,806
<b>Total return before distributions</b>			<b>141,751</b>		<b>159,137</b>
Distributions	8		(131,064)		(70,250)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>10,687</b>		<b>88,887</b>

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

for the year to 30 June	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>1,699,831</b>		<b>949,891</b>
Amounts received on issue of shares	691,966		859,326	
Amounts paid on cancellation of shares	(594,289)		(249,461)	
		97,677		609,865
Dilution adjustments		4,352		5,016
Change in net assets attributable to shareholders from investment activities (see above)		10,687		88,887
Retained distributions on Accumulation shares		69,089		46,172
<b>Closing net assets attributable to shareholders</b>		<b>1,881,636</b>		<b>1,699,831</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 30 June	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		1,827,022	1,671,722
<b>Current assets</b>			
Debtors	9	95,501	46,250
Cash and bank balances	10	18,514	24,497
Cash equivalents		9,222	20,497
<b>Total assets</b>		<b>1,950,259</b>	<b>1,762,966</b>
<b>Liabilities</b>			
Investment liabilities		(1,661)	(2,090)
<b>Creditors</b>			
Bank overdrafts		0	(18,973)
Distribution payable		(27,965)	(27,684)
Other creditors	11	(38,997)	(14,388)
<b>Total liabilities</b>		<b>(68,623)</b>	<b>(63,135)</b>
<b>Net assets attributable to shareholders</b>		<b>1,881,636</b>	<b>1,699,831</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

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

### 2 Distribution policy

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

### 3 Net capital gains/(losses)

for the year to 30 June	2024 \$'000	2023 \$'000
Non-derivative securities	17,948	72,846
Derivative contracts	(731)	15,751
Currency gains/(losses)	(634)	2,734
<b>Net capital gains/(losses)</b>	<b>16,583</b>	<b>91,331</b>

# Financial statements and notes

## 4 Portfolio transactions and associated costs

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

for the year to 30 June	2024 \$'000	2023 \$'000
<b>a) Purchases</b>		
Debt securities	1,000,264	1,033,055
<b>b) Sales</b>		
Debt securities	860,882	351,432
<b>Other transaction types</b>		
Corporate actions	15,279	15,576
<b>Total sales</b>	<b>876,161</b>	<b>367,008</b>
<b>c) There were no direct portfolio transaction costs</b>		
	%	%
<b>d) Indirect portfolio transaction costs</b>		
Average portfolio dealing spread as at the balance sheet date	0.85	1.07

## 5 Revenue

for the year to 30 June	2024 \$'000	2023 \$'000
Bank interest	375	140
Derivative revenue	455	457
Interest distributions	1,725	630
Interest on debt securities	135,666	74,520
Rebate of ongoing charges from underlying funds	61	12
<b>Total revenue</b>	<b>138,282</b>	<b>75,759</b>

## 6 Expenses

for the year to 30 June	2024 \$'000	2023 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	12,332	7,534
<b>Total expenses</b>	<b>12,332</b>	<b>7,534</b>

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 June	2024 \$'000	2023 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	137	79
Withholding tax	686	394
Double taxation relief	(137)	(79)
Capital gains tax	20	0
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>706</b>	<b>394</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	125,874	68,200
Corporation tax at 20%	25,175	13,640
<b>Effects of:</b>		
Double taxation relief	(137)	(79)
Interest distributions	(25,038)	(13,561)
Withholding tax	686	394
Capital gains tax	20	0
<b>Total tax charge (note 7a)</b>	<b>706</b>	<b>394</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

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

# 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 June	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Interest distributions</b>				
Interim	34,480	31,844	8,747	19,890
Final	27,965	37,245	27,684	26,282
Total net distributions		131,534		82,603
Income deducted on cancellation of shares		10,194		4,538
Income received on issue of shares		(10,664)		(16,891)
<b>Distributions</b>		<b>131,064</b>		<b>70,250</b>
Net revenue/(expense) per statement of total return		125,168		67,806
Expenses offset against capital		5,875		2,444
Capital gains tax offset against capital		20		0
Undistributed income brought forward		1		1
Undistributed income carried forward		0		(1)
<b>Distributions</b>		<b>131,064</b>		<b>70,250</b>

## 9 Debtors

as at 30 June	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	24,098	5,231
Currency deals outstanding	24,293	5,262
Debt security interest receivable	43,362	35,614
Distributions receivable	66	42
Sales awaiting settlement	3,647	0
Withholding tax recoverable	35	101
<b>Total debtors</b>	<b>95,501</b>	<b>46,250</b>

## 10 Cash and bank balances

as at 30 June	2024 \$'000	2023 \$'000
Amounts held at futures clearing houses and collateral manager	0	1,734
Cash held as bank balances	18,514	22,763
<b>Total cash and bank balances</b>	<b>18,514</b>	<b>24,497</b>

# Financial statements and notes

## 11 Other creditors

as at 30 June	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	6,833	4,773
Annual charge payable	608	651
Currency deals outstanding	24,299	5,260
Purchases awaiting settlement	7,257	3,704
<b>Total other creditors</b>	<b>38,997</b>	<b>14,388</b>

## 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 01.07.23	Issued	Movements Cancelled	Converted	Closing 30.06.24
<b>Sterling</b>					
Class 'A' Income	7,811,050	669,104	(743,263)	0	7,736,891
Class 'A' Accumulation	2,995,980	283,978	(509,003)	0	2,770,955
Class 'I' Income	155,673,168	28,430,506	(68,304,941)	0	115,798,733
Class 'I' Accumulation	157,423,447	100,862,718	(37,955,169)	0	220,330,996
Class 'I-H' Income	204,504,993	66,468,758	(103,388,343)	0	167,585,408
Class 'I-H' Accumulation	141,299,046	36,435,945	(51,980,202)	0	125,754,789
Class 'PP' Income	13,462,464	163,222,911	(97,056,058)	0	79,629,317
Class 'PP' Accumulation	210,120,864	31,168,612	(18,926,783)	0	222,362,693
Class 'PP-H' Income	410,325,075	74,169,316	(120,704,768)	0	363,789,623
Class 'PP-H' Accumulation	11,824,275	23,928,736	(936,044)	0	34,816,967
Class 'R' Income	1,427,646	389,902	(164,758)	0	1,652,790
Class 'R' Accumulation	1,288,492	400,208	(275,014)	0	1,413,686

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.

# Financial statements and notes

## 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 %
<b>Sterling</b>	
Class 'A'	1.10
Class 'I'	0.70
Class 'I-H'	0.73
Class 'PP'	0.60
Class 'PP-H'	0.63
Class 'R'	0.95

## 15 Related parties

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

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

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 13.36% (2023: 13.33%) of the fund's shares.

## 16 Fair value analysis

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

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

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

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

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

# Financial statements and notes

## 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 June	Assets 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Level 1	25,886	0	23,800	0
Level 2	1,801,136	(1,661)	1,647,922	(2,090)
Level 3	0	0	0	0
	<b>1,827,022</b>	<b>(1,661)</b>	<b>1,671,722</b>	<b>(2,090)</b>

## 17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

## 18 Market risk sensitivity and exposure

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

The VaR limit set during the period up to 5 March 2023 was 20% (2023: 20%).

The VaR limit set for periods after 6 March 2023 was two times the benchmark.

The lowest, highest and average utilisation of VaR with reference to the limit above are calculated during the financial years ended 30 June 2024 and 30 June 2023.

for the year ended 30 June	2024 Utilisation of VaR 200%	from 6 March 2023 to 30 June 2023 Utilisation of VaR %	from 1 July 2022 to 5 March 2023 Utilisation of VaR 20%
Lowest	57.77	57.37	31.45
Highest	63.49	67.64	39.60
Average	61.05	64.99	34.57

# Financial statements and notes

## 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 June	2024 \$'000	2023 \$'000
Investment grade securities	844,661	627,439
Below investment grade securities	938,615	1,006,528
Unrated securities	41,001	31,574
Other investments	1,084	4,091
<b>Total</b>	<b>1,825,361</b>	<b>1,669,632</b>

The tables below show the exposure to counterparties. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 30 June 2024	Forward currency contracts \$'000
BNP Paribas	(16)
Citigroup	2,745
JPMorgan	(49)
State Street Bank	(1,596)
<b>Total</b>	<b>1,084</b>

as at 30 June 2023	Forward currency contracts \$'000
BNP Paribas	441
Goldman Sachs	90
HSBC	971
JPMorgan	(572)
Standard Chartered Bank	(263)
State Street Bank	4,587
UBS	(1,163)
<b>Total</b>	<b>4,091</b>

## 20 Leverage risk

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

# Financial statements and notes

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 June 2024 and 30 June 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 June	2024 \$'000	2024 %	2023 \$'000	2023 %
Lowest	1,208,795	61.30	488,074	49.26
Highest	3,258,279	178.03	2,857,677	182.95
Average	1,544,649	81.46	799,296	70.27

## 21 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on page 90.

## 22 Interest distribution tables

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

### Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.07.23	31.12.23	02.01.24	29.02.24
Final	01.01.24	30.06.24	01.07.24	31.08.24

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.

# Financial statements and notes

## Sterling Class 'A' Income shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.4519	1.2229	2.6748	2.4870
Final	1.7224	1.0963	2.8187	2.5651

## Sterling Class 'A' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	3.2761	4.1308	7.4069	6.3269
Final	4.9458	3.1532	8.0990	6.7925

## Sterling Class 'I' Income shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.4136	1.3119	3.7255	3.4497
Final	2.2750	1.6589	3.9339	3.5651

## Sterling Class 'I' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.1929	3.7797	5.9726	5.1165
Final	3.1996	3.3367	6.5363	5.4876

## Sterling Class 'I-H' Income shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.7011	0.9085	2.6096	2.3034
Final	1.6513	1.0467	2.6980	2.4473



# Financial statements and notes

## Sterling Class 'I-H' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.2560	1.5071	3.7631	3.0751
Final	2.7290	1.3057	4.0347	3.3886

## Sterling Class 'PP' Income shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.3428	0.3351	2.6779	2.4772
Final	1.9940	0.8352	2.8292	2.5614

## Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.0559	1.4505	3.5064	3.0056
Final	2.3614	1.4767	3.8381	3.2227

## Sterling Class 'PP-H' Income shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.6637	1.1235	2.7872	2.4572
Final	1.7446	1.1384	2.8830	2.6182

## Sterling Class 'PP-H' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.8126	2.1706	2.9832	2.4398
Final	1.2862	1.9123	3.1985	2.6862

# Financial statements and notes

## Sterling Class 'R' Income shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	2.2608	1.1541	3.4149	3.1701
Final	2.5142	1.0873	3.6015	3.2721

## Sterling Class 'R' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	4.2277	0.9706	5.1983	4.4457
Final	3.3134	2.3723	5.6857	4.7705

## 23 Events after the balance sheet date

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

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 28 May 2024 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average return of the Bloomberg Global Treasury Index Unhedged USD over any five-year period.

## Investment policy

At least 70% of the fund is invested, directly or indirectly through derivatives, in investment grade debt securities. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, and supranational bodies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

Other investments may include:

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

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

## Investment approach

The fund is globally diversified across a range of government debt securities and issuers from a variety of sectors and geographies. The fund's investment approach is flexible and begins with an assessment of macroeconomic factors such as expectations on interest rates, inflation and economic growth.

On a regional and country-specific level, factors such as monetary and fiscal policies, capital flows, and political and regulatory environments are assessed. The result of this analysis helps to inform the country, currency allocations and duration of the portfolio.

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

## Benchmark

Bloomberg Global Treasury Index Unhedged USD

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

The fund is actively managed.

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

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

# Authorised Corporate Director's Report

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



### The above number:

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

## Investment review

For the year ended 30 June 2024

### Performance against objective

Between 1 July 2023 (the start of the review period) and 30 June 2024, the M&G Global Government Bond Fund delivered negative performance across its sterling share classes. Returns were behind the fund's benchmark for Sterling Class 'A' and Sterling Class 'R' shares, and ahead of the benchmark for Sterling Class 'I' shares.

Prior to 19 April 2021 the benchmark was the IA Global Bond Sector average. From 19 April 2021 to 5 March 2023 it was the IA Global Government Bond Sector average. Thereafter it is Bloomberg Global Treasury Index Unhedged USD. The performance of the sector and that of the index have been linked to reflect the change.

For the five-year period, the fund failed to meet its objective, which is to provide a combination of capital growth and income, net of the ongoing charge figure, higher than that of the average return of the benchmark over any five-year period. Across all share classes, the fund delivered annualised returns that were behind the -2.3% pa return of the benchmark over the five-year period.

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

### Performance review

Government bonds generally produced positive returns across the reporting period, with investor sentiment over the direction of interest rates dominating financial markets during the year. Bond prices fell initially before recovering strongly in hopes that interest rates had reached their peak. Easing inflation data, combined with a slowdown in economic activity, prompted major central banks to hold interest rates steady in the second half of 2023.

In the first quarter of 2024, the pace of price rises decreased in most major economies. However, with inflation still above target in many countries, expectations regarding when central banks would begin to unwind their tightening cycles began to be pushed back. As a result, bond yields rose in January and February before partially recovering in March, when the US Federal Reserve (Fed) made more positive signals about its plans to cut rates this year.

Towards the end of the review period, the global economy showed signs of improvement, with disinflationary trends resuming and managing to avoid a recession. Developed market (DM) central banks including Canada, Sweden, and the European Central Bank (ECB) began to ease their monetary policies. The period also saw the ECB lowering its deposit rate from 4% to 3.75%, while emphasising its reluctance to commit to a specific rate trajectory. The Bank of England (BoE) and the Fed continued to hold rates during the period at 5.25% and 5.25%-5.50%, respectively. However, BoE Governor Andrew Bailey

# Authorised Corporate Director's Report

indicated that a summer rate cut was possible (the Bank did indeed cut the rate to 5% in August), resulting in markets increasing their bets for an August cut. The US dollar strengthened in 2024 against major currencies, including the sterling, euro, and yen.

Asset allocation and sensitivity to interest rate changes helped the fund's performance during the period, while the effect of currency exposure, and the Japanese yen in particular, detracted. The fund generally maintained more than 70% exposure to developed markets' currencies during the period. Overweight (above-benchmark) positions in emerging market debt, including bonds from Argentina and Egypt, were beneficial. Security selection also contributed positively, particularly in Colombia and the Czech Republic, while our choices among US bonds were the biggest drag on performance. The yield curve impact was beneficial for returns. Throughout the year, the fund maintained more sensitivity to interest rate changes (known as duration) than the benchmark.

## Investment activities

At the start of the review period, we reduced our holdings in Japanese inflation-linked government bonds. Simultaneously, we purchased some protection (ie reduced risk) on the emerging market credit default swaps index. This decision was prompted by a rally in the index, which was primarily driven by high-yield index constituents. In currencies, we rotated out of the euro back into US dollar given the strength of euro and the less convincing outlook for interest rate differentials at the time. We sold some Uruguay risk that had recovered well, as well as Guatemala, due to stretched valuations and a higher risk of political stress. We rotated into a new issue Hungarian bond with longer duration.

We also added long-end UK government bonds (gilts), German bunds and US Treasuries in the developed market segment while booking profits on some local currency bonds where the outlook looked less compelling. We continued to increase DM exposure vs emerging markets, using inflows to add to New Zealand and Italy. In November 2023, we added some France long-end bonds, given their attractive spread over

German bunds. We purchased some short duration Treasury Inflation-Protected Securities (TIPS) given they were attractively valued in our opinion, and some short duration Canadian bonds, since the yield curve remained more inverted there vs the US. Note that when yield curves are inverted, shorter-duration bond yields are higher than those of longer-duration bonds, therefore shorter-duration bonds are cheaper than longer-duration ones as bond prices move inversely to yields. Inverted yield curves are generally a sign that investors expect a recession. Finally, we booked profits on some local-currency denominated Colombia bonds after significant currency strength and reduced some Argentinean US dollar-denominated bonds.

Midway through the review period, on the back of the risk rally, we sold some Bulgaria, Egypt, Hungary, Serbia, and Bogota bonds while moving into some UK, US, and German sovereign bonds, as our bias was to reduce risk. We reduced spread duration by selling expensive hard currency-denominated bonds that followed the local rally, while continuing to de-risk emerging markets by trimming North Macedonia, Morocco, Philippines and Peru, using the proceeds to buy US Treasuries and German inflation-linked bonds. We also added Colombian local currency bonds given they lagged the 2023 year-end sovereign rally.

Towards the end of the period, we reduced some Croatia and Vietnam exposure on the back of the spread tightening that followed improved liquidity. We also reduced the Swedish krona given outperformance vs the Norwegian krona and the Euro, whilst also selling down some Argentina, Qatar, and Vietnam bonds.

Following the announcement of the French snap legislative elections, and the resulting volatility and subsequent widening in the spread between French and German bonds, we bought some French government bonds, albeit we remain below-benchmark here. We have also switched out of our 10-year EU bond holding into a 10-year bond issued by German bank KfW, as we were of the view that German credit risk was safer than EU-wide credit risk, and consequently switched at essentially unchanged yields. Within emerging markets, we sold some Chilean government

# Authorised Corporate Director's Report

bonds following a substantial rally in local government bonds and the Chilean peso after the strength of copper prices. Within currencies, the Mexican supermajority following elections brought about fears of constitutional change and diminishing checks and balances. As a result, the Mexican peso weakened from strong levels, presenting the opportunity to partially close out our hedge on the Mexican peso.

## Outlook

We believe the macroeconomic environment remains supportive for the asset class. Inflationary pressures are slowly easing, while growth remains supported by a healthy labour market. The European macroeconomic environment looks more supportive than that in the US, with interest rate cuts on the table for Europe, whereas it has become more complicated to predict rate cuts in the US for 2024 due to the mixed signals from economic data.

The second quarter of 2024 saw four developed market central banks (the European Central Bank, Bank of Canada, Riksbank, and the Swiss National Bank) commence their respective rate-cutting journeys, with the Bank of England cutting in August. This positions the US Federal Reserve as one of the last to commence its easing journey. The pace of monetary easing is expected to be gradual as inflation remains ahead of central bank targets in most regions (except for Switzerland, which has seen two rate cuts so far).

## Eva Sun-Wai & Jim Leaviss

Co-fund managers

Employees of M&G FA Limited which is an associate of M&G Securities Limited. Please note that effective from 5 February 2024, Jim Leaviss was appointed as co-fund manager.

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

# Portfolio statement

## Investments

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income</b>	<b>92,843</b>	<b>96.62</b>	<b>96.31</b>
<b>Debt securities</b>	<b>92,644</b>	<b>96.41</b>	<b>96.22</b>
<b>'AAA' credit rated bonds</b>	<b>28,636</b>	<b>29.80</b>	<b>13.03</b>
AU\$1,900,000 Australia (Commonwealth of) 1.75% 21/06/2051	696	0.72	
AU\$1,619,000 Australia (Commonwealth of) 2.75% 21/11/2028	1,022	1.06	
AU\$1,000,000 Australia (Commonwealth of) 3.25% 21/06/2039	574	0.60	
CA\$3,300,000 Canada (Govt. of) 3.75% 01/02/2025	2,399	2.50	
€1,616,000 Germany (Federal Republic of) 0.25% 15/08/2028	1,583	1.65	
€3,041,000 Germany (Federal Republic of) 0.5% 15/02/2025	3,200	3.33	
€1,400,000 Germany (Federal Republic of) 1.8% 15/08/2053	1,242	1.29	
€3,000,000 Germany (Federal Republic of) 2.5% 13/03/2025	3,194	3.32	
€1,249,000 Germany (Federal Republic of) IL 0.1% 15/04/2026	1,647	1.71	
€1,565,000 Germany (Federal Republic of) IL 0.5% 15/04/2030	2,119	2.20	
INR170,060,000 International Finance 6.3% 25/11/2024	2,034	2.12	
€1,099,000 KfW 2.625% 10/01/2034	1,142	1.19	
€500,000 Netherlands (Kingdom of) 0.5% 15/07/2032	449	0.47	
€440,000 Netherlands (Kingdom of) 2.5% 15/07/2033	461	0.48	
NZD4,407,000 New Zealand (Govt. of) 0.5% 15/05/2026	2,475	2.58	
NZD4,003,000 New Zealand (Govt. of) 3.5% 14/04/2033	2,241	2.33	
NOK22,983,000 Norway (Kingdom of) 1.75% 17/02/2027	2,053	2.14	
US\$112,500 Petroleos Mexicanos 2.46% 15/12/2025	105	0.11	
<b>'AA' credit rated bonds</b>	<b>34,708</b>	<b>36.12</b>	<b>35.19</b>
€748,000 Austria (Republic of) 0.9% 20/02/2032	689	0.72	
€1,350,000 Belgium (Kingdom of) 0.35% 22/06/2032	1,174	1.22	
€450,000 France (Republic of) 2.75% 25/02/2030	474	0.49	
€500,000 France (Republic of) 3% 25/11/2034	520	0.54	
€1,270,000 France (Republic of) 3% 25/05/2054	1,182	1.23	
US\$513,000 Qatar (State of) 6.4% 20/01/2040	575	0.60	
£1,171,114 UK Treasury 0.625% 22/10/2050	596	0.62	
£2,979,164 UK Treasury 3.5% 22/10/2025	3,710	3.86	
£1,300,000 UK Treasury 3.75% 22/07/2052	1,424	1.48	
£1,800,000 UK Treasury 3.75% 22/10/2053	1,959	2.04	
£193,592 UK Treasury IL 0.125% 22/03/2068	238	0.25	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'AA' credit rated bonds (continued)</b>			
US\$2,770,500 US Treasury 0.875% 30/06/2026	2,570	2.68	
US\$3,800,300 US Treasury 3% 15/11/2044	3,002	3.12	
US\$1,302,200 US Treasury 3% 15/02/2047	1,011	1.05	
US\$995,300 US Treasury 3% 15/08/2052	760	0.79	
US\$4,484,200 US Treasury 3.375% 15/08/2042	3,827	3.98	
US\$1,661,100 US Treasury 4% 15/02/2034	1,620	1.69	
US\$3,700,000 US Treasury 4.125% 15/11/2032	3,652	3.80	
US\$2,030,300 US Treasury IL 0.75% 15/02/2045	2,053	2.14	
US\$2,364,400 US Treasury IL 2.375% 15/01/2027	3,672	3.82	
<b>'A' credit rated bonds</b>	<b>2,111</b>	<b>2.20</b>	<b>7.36</b>
¥208,400,000 Japan (Govt. of) 0.4% 20/03/2056	770	0.80	
MYR3,601,000 Malaysia (Govt. of) 4.254% 31/05/2035	783	0.82	
€437,000 Spain (Kingdom of) 1% 30/07/2042	299	0.31	
€370,000 Spain (Kingdom of) 1.9% 31/10/2052	259	0.27	
<b>'BBB' credit rated bonds</b>	<b>18,038</b>	<b>18.77</b>	<b>21.34</b>
COP2,350,000,000 Bogota Distrito Capital 9.75% 26/07/2028	525	0.55	
€525,000 Bulgaria (Republic of) 3.125% 26/03/2035	512	0.53	
COP2,460,000,000 Colombia (Republic of) 7.25% 18/10/2034	462	0.48	
US\$1,000,000 Colombia (Republic of) 7.375% 18/09/2037	976	1.01	
€595,000 Croatia (Republic of) 1.5% 17/06/2031	567	0.59	
€700,000 Cyprus (Republic of) 3.25% 27/06/2031	748	0.78	
€220,000 Cyprus (Republic of) 4.125% 13/04/2033	248	0.26	
€408,000 Hungary (Republic of) 5.375% 12/09/2033	453	0.47	
US\$893,000 Indonesia (Republic of) 2.55% 09/06/2031	753	0.78	
IDR19,921,000,000 Indonesia (Republic of) 8.25% 15/05/2036	1,327	1.38	
IDR11,335,000,000 Indonesia (Republic of) 8.375% 15/03/2034	755	0.79	
€990,000 Italy (Republic of) 3.25% 01/03/2038	948	0.99	
€1,188,000 Italy (Republic of) 5.75% 01/02/2033	1,440	1.50	
€661,000 Mexico (United Mexican States) 1.45% 25/10/2033	535	0.56	
€264,000 Mexico (United Mexican States) 4.4899% 25/05/2032	279	0.29	



# Portfolio statement

## Investments (continued)

Holding		as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>				
<b>Debt securities (continued)</b>				
<b>'BBB' credit rated bonds (continued)</b>				
MXN20,500,000	Mexico (United Mexican States) 5% 06/03/2025	1,080	1.12	
£209,000	Mexico (United Mexican States) 5.625% 19/03/2114	195	0.20	
MXN6,500,000	Mexico (United Mexican States) 8.5% 18/11/2038	314	0.33	
MXN9,400,000	Mexico (United Mexican States) 10% 05/12/2024	511	0.53	
US\$237,000	Panama (Republic of) 7.5% 01/03/2031	248	0.26	
PEN5,000,000	Peru (Republic of) 6.15% 12/08/2032	1,256	1.31	
PHP48,000,000	Philippines (Republic of) 6.25% 14/01/2036	772	0.80	
€528,000	Romania (Republic of) 1.75% 13/07/2030	460	0.48	
US\$638,000	Romania (Republic of) 3.625% 27/03/2032	539	0.56	
THB16,630,000	Thailand (Kingdom of) 1.585% 17/12/2035	401	0.42	
UYU31,463,711	Uruguay (Republic of) 3.875% 02/07/2040	1,086	1.13	
UYU27,535,000	Uruguay (Republic of) 8.25% 21/05/2031	648	0.67	
	<b>'BB' credit rated bonds</b>	<b>6,867</b>	<b>7.15</b>	<b>12.67</b>
BRL7,955,000	Brazil (Federal Republic of) 10% 01/01/2029	1,352	1.41	
€634,000	Morocco (Kingdom of) 1.5% 27/11/2031	547	0.57	
US\$347,000	Morocco (Kingdom of) 5.5% 11/12/2042	306	0.32	
US\$208,000	Paraguay (Republic of) 4.95% 28/04/2031	199	0.21	
US\$800,000	Paraguay (Republic of) 6.1% 11/08/2044	773	0.80	
RSD86,700,000	Serbia (Republic of) 4.5% 20/08/2032	732	0.76	
US\$74,860	Seychelles (Republic of) 8% 01/01/2026	74	0.08	
ZAR30,796,587	South Africa (Republic of) 9% 31/01/2040	1,339	1.39	
US\$1,631,700	Vietnam (Socialist Republic of) 5.5% 12/03/2028	1,545	1.61	
	<b>'B' credit rated bonds</b>	<b>811</b>	<b>0.84</b>	<b>1.66</b>
US\$530,000	Bahamas (Commonwealth of) 8.95% 15/10/2032	494	0.51	
US\$339,000	Nigeria (Federal Republic of) 8.375% 24/03/2029	317	0.33	
	<b>'CCC' credit rated bonds</b>	<b>22</b>	<b>0.02</b>	<b>1.59</b>
ARS36,000,000	Argentina (Republic of) 15.5% 17/10/2026	22	0.02	
	<b>'CC' credit rated bonds</b>	<b>1,003</b>	<b>1.04</b>	<b>0.00</b>
US\$500,000	Argentina (Republic of) 1.5% 09/07/2035	214	0.22	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'CC' credit rated bonds (continued)</b>			
US\$500,000 Argentina (Republic of) 3.875% 09/01/2038	231	0.24	
€2,000,000 Ukraine (Republic of) 4.375% 27/01/2032	558	0.58	
<b>'C' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>1.50</b>
<b>Bonds with no credit rating</b>	<b>448</b>	<b>0.47</b>	<b>1.88</b>
US\$491,000 Vietnam Debt & Asset Trading 1% 10/10/2025	448	0.47	
<b>Debt derivatives</b>	<b>199</b>	<b>0.21</b>	<b>0.09</b>
<b>Credit default swaps</b>	<b>111</b>	<b>0.12</b>	<b>0.34</b>
US\$(8,150,000) Markit CDX Emerging Markets Series 38 V1 5 Year Dec 2027	111	0.12	
<b>Interest rate swaps</b>	<b>0</b>	<b>0.00</b>	<b>0.02</b>
¥710,000,000 Pay 0.2181% Receive VAR Oct 2025	0	0.00	
<b>Interest rate futures</b>	<b>88</b>	<b>0.09</b>	<b>(0.27)</b>
82 2 Year US Treasury Note Sep 2024	41	0.04	
33 10 Year US Treasury Note Sep 2024	34	0.03	
13 Euro-Bono Sep 2024	(2)	0.00	
10 Euro-BTP Sep 2024	(14)	(0.01)	
10 Euro-Oat Sep 2024	(20)	(0.02)	
10 Euro-Schatz Sep 2024	5	0.00	
17 UK Long Gilt Bond Sep 2024	19	0.02	
14 US Treasury Long Bond Sep 2024	25	0.03	
<b>Currency</b>	<b>(506)</b>	<b>(0.53)</b>	<b>(0.14)</b>
<b>Forward currency contracts</b>	<b>(506)</b>	<b>(0.53)</b>	<b>(0.14)</b>
¥140,000,000 Bought for €840,037 (expires 24.07.24)	(25)	(0.03)	
SEK16,000,000 Bought for €1,370,628 (expires 24.07.24)	39	0.04	
CHF225,000 Bought for €228,735 (expires 24.07.24)	6	0.01	
£1,113,693 Bought for €1,295,703 (expires 24.07.24)	21	0.02	
¥100,000,000 Bought for £516,540 (expires 24.07.24)	(29)	(0.03)	
CNY32,820,000 Bought for US\$4,600,440 (expires 24.07.24)	4	0.00	
IDR8,000,000,000 Bought for US\$493,224 (expires 24.07.24)	(4)	0.00	
¥2,224,000,000 Bought for US\$14,390,944 (expires 24.07.24)	(486)	(0.50)	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 \$'000	as at 30.06.24 %	as at 30.06.23 %
<b>Currency (continued)</b>			
<b>Forward currency contracts (continued)</b>			
MXN17,500,000 Bought for US\$949,565 (expires 24.07.24)	3	0.00	
AU\$(1,635,000) Sold for US\$1,072,613 (expires 24.07.24)	(17)	(0.02)	
€(3,101,302) Sold for US\$3,343,455 (expires 24.07.24)	19	0.02	
MXN(34,550,000) Sold for US\$1,975,130 (expires 24.07.24)	95	0.10	
NZD(3,890,000) Sold for US\$2,318,168 (expires 24.07.24)	(49)	(0.05)	
£(5,921,846) Sold for US\$7,413,468 (expires 24.07.24)	(83)	(0.09)	
<b>Total portfolio</b>	<b>92,337</b>	<b>96.09</b>	<b>96.17</b>
<b>Net other assets/(liabilities)</b>	<b>3,755</b>	<b>3.91</b>	<b>3.83</b>
<b>Net assets attributable to shareholders</b>	<b>96,092</b>	<b>100.00</b>	<b>100.00</b>

# Portfolio statement

## Top ten portfolio transactions for the year to 30 June 2024

Largest purchases	\$'000
Germany (Federal Republic of) 2.5% 13/03/2025	3,251
US Treasury 4.125% 15/11/2032	3,111
UK Treasury 3.5% 22/10/2025	3,017
US Treasury 0.25% 15/06/2024	2,734
US Treasury 0.875% 30/06/2026	2,561
US Treasury 3.375% 15/08/2042	2,496
Norway (Kingdom of) 1.75% 17/02/2027	2,072
New Zealand (Govt. of) 3.5% 14/04/2033	2,062
France (Republic of) 2% 25/11/2032	1,776
Canada (Govt. of) 4% 01/06/2041	1,746
Other purchases	24,078
<b>Total purchases</b>	<b>48,904</b>

Largest sales	\$'000
US Treasury 0.25% 15/06/2024	8,754
Japan (Govt. of) 1.3% 20/06/2035	2,773
France (Republic of) 2% 25/11/2032	2,752
Czechia (Republic of) 2.4% 17/09/2025	2,441
US Treasury 0.375% 22/10/2026	2,405
UK Treasury 4.125% 29/01/2027	2,178
Vietnam Debt & Asset Trading 1% 10/10/2025	1,660
Canada (Govt. of) 4% 01/06/2041	1,626
Canada (Govt. of) 3.75% 01/02/2025	1,502
Japan (Govt. of) IL 0.1% 10/03/2029	1,424
Other sales	29,173
<b>Total sales</b>	<b>56,688</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-1.1	-3.9	-2.8	+2.6
Class 'A' Accumulation	-1.1	-3.8	-2.8	+2.6
Class 'I' Income	-0.7	-3.5	-2.4	+3.1
Class 'I' Accumulation	-0.7	-3.5	-2.4	+3.1
Class 'R' Income	-0.9	-3.7	-2.6	+2.8
Class 'R' Accumulation	-0.9	-3.7	-2.6	+2.8
<b>Benchmark<sup>b</sup></b>	<b>-0.9</b>	<b>-4.8</b>	<b>-2.3</b>	<b>+1.3</b>

<sup>a</sup> Not annualised.

<sup>b</sup> Prior to 19 April 2021 the benchmark was the IA Global Bond Sector average. From 19 April 2021 to 5 March 2023 it was the IA Global Government Bond Sector average. Thereafter it is Bloomberg Global Treasury Index Unhedged USD.

## 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 4 October 1999.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	76.00	81.11	90.80
Return before operating charges*	0.35	(1.39)	(6.55)
Operating charges	(0.68)	(0.73)	(0.80)
Return after operating charges*	(0.33)	(2.12)	(7.35)
Distributions	(3.00)	(2.99)	(2.34)
Closing NAV	72.67	76.00	81.11
*after direct transaction cost of	0.00	0.00	0.02
<b>Performance</b>			
Return after charges (%)	(0.43)	(2.61)	(8.09)
<b>Other information</b>			
Closing NAV (\$'000)	1,333	1,521	1,845
Number of shares	1,448,924	1,582,430	1,877,777
Operating charges (%)	0.90	0.90	0.90
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	79.72	85.38	92.45
Lowest share price	73.57	77.02	81.53

## Sterling Class 'A' Accumulation shares

The share class was launched on 4 October 1999.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	124.99	128.46	139.88
Return before operating charges*	0.49	(2.30)	(10.18)
Operating charges	(1.13)	(1.17)	(1.24)
Return after operating charges*	(0.64)	(3.47)	(11.42)
Distributions	(3.87)	(3.64)	(2.34)
Retained distributions	3.87	3.64	2.34
Closing NAV	124.35	124.99	128.46
*after direct transaction cost of	0.00	0.01	0.03
<b>Performance</b>			
Return after charges (%)	(0.51)	(2.70)	(8.16)
<b>Other information</b>			
Closing NAV (\$'000)	8,358	6,794	7,039
Number of shares	5,310,534	4,297,775	4,525,325
Operating charges (%)	0.90	0.90	0.90
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	131.10	135.19	142.43
Lowest share price	121.21	124.01	127.09

# Financial highlights

## Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	907.65	964.87	1,075.62
Return before operating charges*	4.17	(16.69)	(77.67)
Operating charges	(4.50)	(4.86)	(5.30)
Return after operating charges*	(0.33)	(21.55)	(82.97)
Distributions	(35.94)	(35.67)	(27.78)
Closing NAV	871.38	907.65	964.87
*after direct transaction cost of	0.03	0.04	0.20
<b>Performance</b>			
Return after charges (%)	(0.04)	(2.23)	(7.71)
<b>Other information</b>			
Closing NAV (\$'000)	10,651	12,116	11,587
Number of shares	965,813	1,055,488	991,767
Operating charges (%)	0.50	0.50	0.50
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	954.04	1,016.51	1,097.21
Lowest share price	880.85	919.78	969.62

## Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,178.54	1,206.45	1,308.45
Return before operating charges*	4.54	(21.80)	(95.54)
Operating charges	(5.90)	(6.11)	(6.46)
Return after operating charges*	(1.36)	(27.91)	(102.00)
Distributions	(41.25)	(39.03)	(27.30)
Retained distributions	41.25	39.03	27.30
Closing NAV	1,177.18	1,178.54	1,206.45
*after direct transaction cost of	0.04	0.05	0.25
<b>Performance</b>			
Return after charges (%)	(0.12)	(2.31)	(7.80)
<b>Other information</b>			
Closing NAV (\$'000)	74,509	82,525	111,614
Number of shares	5,000,930	5,536,724	7,640,174
Operating charges (%)	0.50	0.50	0.50
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	1,238.60	1,270.87	1,334.72
Lowest share price	1,143.58	1,169.21	1,193.46

# Financial highlights

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	89.18	95.04	106.21
Return before operating charges*	0.40	(1.63)	(7.66)
Operating charges	(0.66)	(0.72)	(0.77)
Return after operating charges*	(0.26)	(2.35)	(8.43)
Distributions	(3.53)	(3.51)	(2.74)
Closing NAV	85.39	89.18	95.04
*after direct transaction cost of	0.00	0.00	0.02
<b>Performance</b>			
Return after charges (%)	(0.29)	(2.47)	(7.94)
<b>Other information</b>			
Closing NAV (\$'000)	566	497	536
Number of shares	523,809	441,096	465,494
Operating charges (%)	0.75	0.75	0.75
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	93.62	100.06	108.22
Lowest share price	86.44	90.37	95.51

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	115.20	118.23	128.54
Return before operating charges*	0.44	(2.13)	(9.36)
Operating charges	(0.86)	(0.90)	(0.95)
Return after operating charges*	(0.42)	(3.03)	(10.31)
Distributions	(3.74)	(3.53)	(2.35)
Retained distributions	3.74	3.53	2.35
Closing NAV	114.78	115.20	118.23
*after direct transaction cost of	0.00	0.01	0.02
<b>Performance</b>			
Return after charges (%)	(0.36)	(2.56)	(8.02)
<b>Other information</b>			
Closing NAV (\$'000)	675	852	974
Number of shares	464,517	584,846	680,088
Operating charges (%)	0.75	0.75	0.75
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	120.92	124.46	130.97
Lowest share price	111.74	114.30	116.96



# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 30 June	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		(3,224)		(2,185)
Revenue	5	4,077		4,125	
Expenses	6	(546)		(586)	
Interest payable and similar charges		(3)		(2)	
Net revenue/(expense) before taxation		3,528		3,537	
Taxation	7	(19)		(19)	
Net revenue/(expense) after taxation			3,509		3,518
<b>Total return before distributions</b>			<b>285</b>		<b>1,333</b>
Distributions	8		(3,585)		(3,601)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(3,300)</b>		<b>(2,268)</b>

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

for the year to 30 June	2024		2023	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>104,305</b>		<b>133,595</b>
Amounts received on issue of shares	12,260		12,481	
Amounts paid on cancellation of shares	(20,258)		(42,518)	
		(7,998)		(30,037)
Dilution adjustments		61		178
Change in net assets attributable to shareholders from investment activities (see above)		(3,300)		(2,268)
Retained distributions on Accumulation shares		3,024		2,837
<b>Closing net assets attributable to shareholders</b>		<b>96,092</b>		<b>104,305</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 30 June	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		93,066	100,976
<b>Current assets</b>			
Debtors	9	2,327	1,410
Cash and bank balances	10	2,254	3,910
Cash equivalents		666	728
<b>Total assets</b>		<b>98,313</b>	<b>107,024</b>
<b>Liabilities</b>			
Investment liabilities		(729)	(669)
<b>Creditors</b>			
Bank overdrafts		0	(1,697)
Overdrawn positions at futures clearing houses and collateral manager		0	(17)
Distribution payable		(289)	(303)
Other creditors	11	(1,203)	(33)
<b>Total liabilities</b>		<b>(2,221)</b>	<b>(2,719)</b>
<b>Net assets attributable to shareholders</b>		<b>96,092</b>	<b>104,305</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

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

### 2 Distribution policy

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

### 3 Net capital gains/(losses)

for the year to 30 June	2024 \$'000	2023 \$'000
Non-derivative securities	(351)	1,696
Derivative contracts	(2,752)	(3,938)
Currency gains/(losses)	(121)	57
<b>Net capital gains/(losses)</b>	<b>(3,224)</b>	<b>(2,185)</b>

# Financial statements and notes

## 4 Portfolio transactions and associated costs

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

for the year to 30 June	2024 \$'000		2023 \$'000	
<b>a) Purchases</b>				
Debt securities	48,904		58,901	
<b>b) Sales</b>				
Debt securities	56,289		88,496	
<b>Other transaction types</b>				
Corporate actions	399		0	
<b>Total sales</b>	<b>56,688</b>		<b>88,496</b>	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Derivatives	1	0.00	2	0.00
<b>Taxes paid</b>				
Derivatives	2	0.00	2	0.00
<b>Total direct portfolio transaction costs</b>	<b>3</b>	<b>0.00</b>	<b>4</b>	<b>0.00</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.28		0.58

## 5 Revenue

for the year to 30 June	2024 \$'000	2023 \$'000
Bank interest	4	2
Derivative revenue	115	73
Interest distributions	58	63
Interest on debt securities	3,899	3,986
Rebate of ongoing charges from underlying funds	1	1
<b>Total revenue</b>	<b>4,077</b>	<b>4,125</b>

# Financial statements and notes

## 6 Expenses

for the year to 30 June	2024 \$'000	2023 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	546	586
<b>Total expenses</b>	<b>546</b>	<b>586</b>

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

## 7 Taxation

for the year to 30 June	2024 \$'000	2023 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	4	3
Withholding tax	19	16
Double taxation relief	(4)	(3)
Capital gains tax (India)	0	3
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>19</b>	<b>19</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	3,528	3,537
Corporation tax at 20%	706	707
<b>Effects of:</b>		
Double taxation relief	(4)	(3)
Interest distributions	(700)	(704)
Relief for indexation on UK gilts	(2)	0
Withholding tax	19	16
Capital gains tax (India)	0	3
<b>Total tax charge (note 7a)</b>	<b>19</b>	<b>19</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

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

# 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 June	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Interest distributions</b>				
Interim	260	1,371	248	1,187
Final	289	1,653	303	1,650
Total net distributions		3,573		3,388
Income deducted on cancellation of shares		164		314
Income received on issue of shares		(152)		(101)
<b>Distributions</b>		<b>3,585</b>		<b>3,601</b>
Net revenue/(expense) per statement of total return		3,509		3,518
Expenses offset against capital		76		80
Capital gains tax offset against capital		0		3
<b>Distributions</b>		<b>3,585</b>		<b>3,601</b>

## 9 Debtors

as at 30 June	2024 \$'000	2023 \$'000
Debt security interest receivable	1,103	1,352
Derivative revenue receivable	0	1
Distributions receivable	3	4
Sales awaiting settlement	1,168	0
Withholding tax recoverable	53	53
<b>Total debtors</b>	<b>2,327</b>	<b>1,410</b>

## 10 Cash and bank balances

as at 30 June	2024 \$'000	2023 \$'000
Amounts held at futures clearing houses and collateral manager	2,028	2,090
Cash held as bank balances	226	1,820
<b>Total cash and bank balances</b>	<b>2,254</b>	<b>3,910</b>

# Financial statements and notes

## 11 Other creditors

as at 30 June	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	17	0
Annual charge payable	26	33
Purchases awaiting settlement	1,160	0
<b>Total other creditors</b>	<b>1,203</b>	<b>33</b>

## 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 01.07.23	Issued	Movements Cancelled	Converted	Closing 30.06.24
<b>Sterling</b>					
Class 'A' Income	1,582,430	74,721	(208,227)	0	1,448,924
Class 'A' Accumulation	4,297,775	1,661,571	(648,812)	0	5,310,534
Class 'I' Income	1,055,488	128,341	(218,016)	0	965,813
Class 'I' Accumulation	5,536,724	559,505	(1,095,299)	0	5,000,930
Class 'R' Income	441,096	118,036	(35,323)	0	523,809
Class 'R' Accumulation	584,846	114,091	(234,420)	0	464,517

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 %
<b>Sterling</b>	
Class 'A'	0.90
Class 'I'	0.50
Class 'R'	0.75

# 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, there were no material shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary (2023: same).

## 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 June	Assets 2024	Liabilities 2024	Assets 2023	Liabilities 2023
Basis of valuation	\$'000	\$'000	\$'000	\$'000
Level 1	50,936	(36)	43,849	(287)
Level 2	42,130	(693)	57,127	(382)
Level 3	0	0	0	0
	<b>93,066</b>	<b>(729)</b>	<b>100,976</b>	<b>(669)</b>

## 17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

## 18 Market risk sensitivity and exposure

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



# Financial statements and notes

The VaR limit set during the period up to 5 March 2023 was 20% (2023: 20%).

The VaR limit set for periods after 6 March 2023 was two times the benchmark.

The lowest, highest and average utilisation of VaR with reference to the limit above are calculated during the financial years ended 30 June 2024 and 30 June 2023.

for the year ended 30 June	2024 Utilisation of VaR 20%	from 6 March 2023 to 30 June 2023 Utilisation of VaR %	from 1 July 2022 to 5 March 2023 Utilisation of VaR 20%
Lowest	55.49	56.26	25.65
Highest	66.79	57.75	38.60
Average	61.15	56.79	31.88

## 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 June	2024 \$'000	2023 \$'000
Investment grade securities	83,493	80,229
Below investment grade securities	8,703	18,165
Unrated securities	448	1,966
Other investments	(307)	(53)
<b>Total</b>	<b>92,337</b>	<b>100,307</b>

The tables below show the exposure to counterparties. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 30 June 2024	Swaps \$'000	Forward currency contracts \$'000	Futures \$'000
Bank of America Merrill Lynch	0	0	88
Barclays Bank	111	0	0
BNP Paribas	0	4	0
Citigroup	0	(2)	0
HSBC	0	(541)	0
JPMorgan	0	(25)	0
State Street Bank	0	15	0
UBS	0	43	0
<b>Total</b>	<b>111</b>	<b>(506)</b>	<b>88</b>

# Financial statements and notes

as at 30 June 2023			
	Swaps \$'000	Forward currency contracts \$'000	Futures \$'000
Bank of America Merrill Lynch	0	(1)	(281)
Barclays Bank	372	0	0
Citigroup	0	(31)	0
HSBC	0	(110)	0
JPMorgan	0	(1)	0
Standard Chartered Bank	0	(30)	0
State Street Bank	0	81	0
UBS	0	(52)	0
<b>Total</b>	<b>372</b>	<b>(144)</b>	<b>(281)</b>

## 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 June 2024 and 30 June 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 June	2024 \$'000	2024 %	2023 \$'000	2023 %
Lowest	112,053	114.37	73,659	68.34
Highest	307,995	314.05	285,182	272.18
Average	136,456	134.54	118,133	109.35

## 21 Interest distribution tables

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

### Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.07.23	31.12.23	02.01.24	29.02.24
Final	01.01.24	30.06.24	01.07.24	31.08.24

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

# Financial statements and notes

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

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

## Sterling Class 'A' Income shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.6251	0.7015	1.3266	1.3618
Final	0.7299	0.9466	1.6765	1.6309

## Sterling Class 'A' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.0733	1.5596	1.6329	1.5830
Final	1.3217	0.9166	2.2383	2.0569

## Sterling Class 'I' Income shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	4.2252	11.6303	15.8555	16.2151
Final	10.0885	9.9946	20.0831	19.4586

## Sterling Class 'I' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	4.5125	13.1927	17.7052	17.2761
Final	12.6453	10.8983	23.5436	21.7555

# Financial statements and notes

## Sterling Class 'R' Income shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.7074	0.8495	1.5569	1.5963
Final	1.0536	0.9155	1.9691	1.9131

## Sterling Class 'R' Accumulation shares

Interest distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.4821	1.1073	1.5894	1.5453
Final	0.6770	1.4752	2.1522	1.9825

## 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 28 May 2024 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the FTSE All-Share 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 sectors and market capitalisations that are incorporated, domiciled, listed or do most of their business in the United Kingdom.

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

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for 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 fund manager's approach to selecting companies focuses on companies with the potential for recovery, for example: companies where there has been a significant share price decline; companies undergoing significant change which have the potential to recover and develop over the long-term; companies that need support from investors to develop the business and where the long-term prospects are undervalued by the market.

The recovery cycle consists of four stages: unloved, stabilising, recovering well and mature ('recovery companies'). When the fund manager invests in a

company for the first time, they will seek to invest when the company is in one of the first three stages of the recovery process. Once the fund manager has invested in a company, they can increase the fund's investments in that company at any stage of the recovery cycle. This approach to investing in recovery companies aims to maximise the fund's returns from stock selection.

In seeking to outperform the benchmark, the fund manager can also invest in companies in the benchmark which are classified as 'non-recovery companies' (ie, those companies not in the recovery cycle) with the aim of reducing the risk of underperforming the benchmark. The fund manager only expects to invest in non-recovery companies to a limited extent and such investments will not exceed 20% of the fund's Net Asset Value.

When analysing a company, the fund manager focuses on three key factors: people, strategy and cashflow.

The investment approach means the fund manager is prepared to take a contrarian view and consider areas that are out of favour with other investors. To take this contrarian view, the fund manager focuses on company management, their turnaround strategy and the businesses' ability to generate cashflow now or in the future.

The fund manager expects individual cases of companies recovering to be the main driver of performance rather than individual sectors and the macroeconomic environment.

The fund manager takes a long-term view with a typical holding period of three years or more.

## Benchmark

FTSE All-Share 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.

# Authorised Corporate Director's Report

The fund is actively managed.

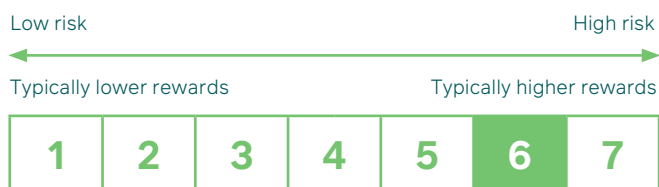
The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

For 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 12 to 15.

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



### The above number:

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

## Investment review

For the year ended 30 June 2024

### Performance against objective

Over the reporting period, the fund delivered positive returns across all share classes but lagged the benchmark, which returned 13.0%.

The fund's objective is to outperform the FTSE All-Share Index (net of charges) over any five-year period.

The fund has underperformed the FTSE All-Share Index in total return terms (the combination of income and growth of capital) across all its share classes over five years, therefore missing its objective. The index returned 5.5% pa in sterling terms in the five years to 30 June 2024.

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

### Performance review

UK stocks, as measured by the FTSE All-Share Index, returned 13.0% in the year under review against a backdrop of receding inflation and tight central bank policy. Developed markets started the reporting year with gains as inflationary pressures in advanced economies continued to ease broadly, suggesting that the aggressive monetary tightening over 2022 could be working. However, the UK economy shrank in the third quarter of 2023, following zero growth in the preceding quarter, and officially entered a recession by the end of the year.

The UK stockmarket made a positive start to 2024 but continued to lag other regions and the global market index in the first quarter, as investor confidence was hurt by the lacklustre economic outlook. Sentiment improved by March when the Bank of England (BoE) indicated that progress in bringing inflation down towards the BoE's 2% target would increase the possibility of interest rate cuts ahead (The Bank did subsequently cut the rate from 5.25% to 5% following its August meeting). The UK also emerged from the economic recession in the first quarter of 2024, as the economy grew by 0.7% between January and March.

During the last phase of the review period, UK stocks continued to advance and outperformed the global market. Investor sentiment was lifted by an improving economic backdrop and the expectations of interest rate cuts. Although inflation slowed to 2% in May, in line with the central bank's target, the BoE continued to hold rates during the period at 5.25%.

The FTSE 100 Index, which represents larger companies, delivered positive returns but

# Authorised Corporate Director's Report

underperformed more domestically focused UK indices over the year. The FTSE 100 posted total returns of 12.8%, trailing gains of 13.9% for the FTSE 250 Index of medium-sized companies and of 14.6% for the FTSE Smaller Companies Index.

The fund had an above-benchmark exposure to non-FTSE holdings which cost relative performance. Stock selection within the FTSE 100 universe also hurt relative performance over the year. Although the fund's above-benchmark exposure to FTSE 250 holdings boosted relative performance, it was offset by the fund's stock selection within this area. During the period, the fund's investment approach was adjusted to allow the fund manager the flexibility to invest in companies in the benchmark which are classified as 'non-recovery companies' (ie, those companies not in the recovery cycle), up to a maximum 20% of the fund, with the aim of reducing the risk of underperforming the benchmark. The fund manager did not include any such stocks over the period on valuation grounds but remains alert for any stocks that he feels might have a material impact on relative performance should he see better valuations.

At a sector level, security selection in consumer discretionary, basic materials, and financials made a negative contribution to relative performance. On the other hand, stock choices coupled with a below-benchmark exposure to the consumer staples sector added value. To a lesser extent, stock selection within telecommunications contributed positively to relative performance.

Gambling firm Entain, was the largest detractor from relative performance due to regulatory setbacks, including a well-known provision of £585 million for HMRC. An above-benchmark exposure to titanium miner Kenmare Resources and biotech firm Mesoblast also hurt performance. Mesoblast had however recouped almost all of their 2023 losses by the end of the review period, with shares up after the FDA invited the company to apply for approval for remestemcel-L with no further trials required. Not holding aerospace and defence company Rolls Royce also hurt relative performance, as the company's stock price soared following a substantial increase in earnings in 2023.

HUTCHMED was the largest relative contributor. During the year under review the company saw its partner Takeda gain approval for its treatment for colorectal cancer in the US (in November) and much better early sales than expected by the market in the first quarter of 2024. Shares also rose when China awarded breakthrough therapy designation to the biotech firm's advanced endometrial cancer treatment. Our holding in construction firm Kier also contributed as the firm continued to deliver its recovery plan, announcing in early 2024 a resumption of its dividend. Not holding beverage company Diageo within consumer staples also boosted performance.

The fund's main investment stances are above-market positions in non-life insurance; construction & materials; gas, water & multi-utilities; food producers; software & computer services; pharmaceuticals & biotechnology; and oil, gas & coal. It has below-market positions in most other consumer areas, as well as financials (ex-banks and non-life insurers), industrials and real estate.

## Investment activities

A fall in the share price of AstraZeneca, following a disappointing phase 3 trial for cancer treatment, presented an opportunity to open a position in the pharmaceutical manufacturer during the period. We also started holdings in utility stock Pennon and built our holding in miner Anglo American. The water company had sold off aggressively on the back of the political environment and regulatory uncertainty. Pennon, along with the other listed water utilities, are the best-run companies in the sector and therefore the share price weakness presented an opportunity. Similarly, the Anglo American's shares appeared oversold in early 2024 partly on concerns about the global economic backdrop but also on lowered expectations of delivery from the company's operations. We started a position in Drax, the UK's largest power station and, luxury fashion group Burberry (after a protracted sell-off and underperformance versus rivals reduced its valuation), construction materials firm Marshalls, and car dealer Inchcape after the share price fell as the market worried about an acquisition. New

# Authorised Corporate Director's Report

holdings in Oxford Nanopore Technologies and Reckitt Benckiser reflected an increasingly attractive opportunity set for the recovery universe. Also taking advantage of share price weakness, we added to recently established positions in tobacco firm Imperial Brands, recruiter PageGroup, Ladbrokes-owner Entain, and insurer Prudential.

During the period, we exited Wagamama owner The Restaurant following a takeover and consumer health business Haleon after strong performance. We also sold our holdings in accounting software firm Sage, utilities company Centrica, building materials company Grafton and biotech company e-Therapeutics.

## Outlook

There is no doubt that UK growth has been fragile, but early signs of progress are encouraging, with surprisingly good GDP data reported for the end of March. This may help to sustain positive momentum in the UK economy. For the UK market, the international nature of the FTSE All-Share Index (c75% of revenues come from overseas) means that performance of the market is not as dependent on the domestic economy as many will expect. The market could well benefit over the next 12 months from a more stable political environment than by comparison to a number of other developed markets, and from the low starting valuation of many of the constituents of the index.

The Recovery opportunity is particularly exciting at the current time with a significant number of new investments on the fund and some important catalysts upcoming for existing holdings. We remain enthusiastic at the potential we see both in the fund and the wider UK index despite some of the more negative news stories about the UK market.

## Michael Stiasny

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 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities</b>	<b>953,232</b>	<b>99.67</b>	<b>99.96</b>
<b>Software &amp; computer services</b>	<b>12,023</b>	<b>1.26</b>	<b>4.34</b>
452,920 FD Technologies <sup>a</sup>	6,404	0.67	
117,878,683 Mirriad Advertising <sup>a</sup>	766	0.08	
2,027,406 MONY	4,594	0.48	
2,872,000 Watchstone <sup>b</sup>	259	0.03	
<b>Telecommunication service providers</b>	<b>17,143</b>	<b>1.79</b>	<b>1.50</b>
12,227,753 BT	17,143	1.79	
<b>Medical equipment &amp; services</b>	<b>10,642</b>	<b>1.11</b>	<b>1.00</b>
33,255,594 Creo Medical <sup>a</sup>	10,642	1.11	
<b>Pharmaceuticals &amp; biotechnology</b>	<b>143,486</b>	<b>15.00</b>	<b>12.32</b>
39,868,814 Alizyme <sup>c</sup>	0	0.00	
367,347 AstraZeneca	45,610	4.77	
300,000 Genus	5,016	0.52	
2,305,896 GSK	35,269	3.69	
7,331,000 HUTCHMED <sup>a</sup>	20,488	2.14	
26,103,057 Mesoblast	13,598	1.42	
1,502,732 Mesoblast Warrants 20/03/2028	0	0.00	
6,396,006 Oxford Biomedica	19,188	2.01	
4,674,495 Oxford Nanopore Technologies	4,317	0.45	
<b>Banks</b>	<b>105,345</b>	<b>11.02</b>	<b>11.53</b>
9,322,115 HSBC	64,686	6.77	
7,840,579 NatWest	24,800	2.59	
2,191,743 Standard Chartered	15,859	1.66	
<b>Investment banking &amp; brokerage services</b>	<b>21,636</b>	<b>2.26</b>	<b>3.43</b>
3,287,990 Ashmore	5,655	0.59	
1,093,064 Hargreaves Lansdown	12,439	1.30	
8,462,158 IP	3,542	0.37	
<b>Life insurance</b>	<b>27,682</b>	<b>2.89</b>	<b>1.73</b>
2,568,210 Phoenix	13,560	1.42	
1,935,090 Prudential	14,122	1.47	
<b>Non-life insurance</b>	<b>45,950</b>	<b>4.81</b>	<b>5.80</b>
2,576,245 Beazley	18,304	1.92	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Non-life insurance (continued)</b>			
6,799,290 Direct Line Insurance	14,075	1.47	
1,169,904 Hiscox	13,571	1.42	
<b>Real estate investment trusts</b>	<b>13,915</b>	<b>1.46</b>	<b>0.27</b>
4,160,070 Great Portland Estates	13,915	1.46	
<b>Consumer services</b>	<b>24,284</b>	<b>2.54</b>	<b>3.24</b>
1,110,386 Compass	24,284	2.54	
<b>Personal goods</b>	<b>7,176</b>	<b>0.75</b>	<b>0.00</b>
799,988 Burberry	7,176	0.75	
<b>Media</b>	<b>54,285</b>	<b>5.68</b>	<b>5.56</b>
1,710,970 Informa	14,776	1.55	
17,289,120 ITV	14,048	1.47	
10,338,078 Reach	10,255	1.07	
13,480,675 S4 Capital	5,775	0.60	
1,284,158 WPP	9,431	0.99	
<b>Retailers</b>	<b>15,150</b>	<b>1.58</b>	<b>1.45</b>
4,363,436 Marks & Spencer	12,794	1.34	
53,546,125 Mothercare <sup>a</sup>	2,356	0.24	
<b>Travel &amp; leisure</b>	<b>23,661</b>	<b>2.47</b>	<b>4.14</b>
1,569,277 Dalata Hotel	5,364	0.56	
1,670,305 Entain	10,670	1.11	
15,102,356 Mobico	7,627	0.80	
<b>Food producers</b>	<b>21,545</b>	<b>2.25</b>	<b>2.21</b>
9,958,001 Premier Foods	15,913	1.66	
6,223,693 REA	5,632	0.59	
<b>Tobacco</b>	<b>24,522</b>	<b>2.56</b>	<b>0.96</b>
1,207,989 Imperial Brands	24,522	2.56	
<b>Personal care, drug &amp; grocery stores</b>	<b>32,271</b>	<b>3.37</b>	<b>4.53</b>
200,428 Reckitt Benckiser	8,639	0.90	
542,518 Unilever	23,632	2.47	
<b>Construction &amp; materials</b>	<b>44,324</b>	<b>4.64</b>	<b>4.32</b>
2,825,691 Balfour Beatty	10,336	1.08	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Construction &amp; materials (continued)</b>			
11,935,435 Kier	16,137	1.69	
1,553,847 Marshalls	4,615	0.48	
17,279,885 Severfield	13,236	1.39	
<b>General industrials</b>	<b>19,490</b>	<b>2.04</b>	<b>1.17</b>
14,687,634 Coats	11,750	1.23	
1,850,722 DS Smith	7,740	0.81	
<b>Industrial engineering</b>	<b>6,878</b>	<b>0.72</b>	<b>0.00</b>
2,383,868 Videndum	6,878	0.72	
<b>Industrial support services</b>	<b>20,533</b>	<b>2.15</b>	<b>1.98</b>
38,293,516 Capita	5,238	0.55	
1,269,995 Inchcape	9,614	1.01	
1,325,427 PageGroup	5,681	0.59	
<b>Industrial transportation</b>	<b>12,724</b>	<b>1.33</b>	<b>1.09</b>
3,971,116 International Distributions Services	12,724	1.33	
<b>Industrial metals &amp; mining</b>	<b>63,577</b>	<b>6.65</b>	<b>8.10</b>
38,761,085 African Minerals <sup>c</sup>	0	0.00	
417,639 Anglo American	10,529	1.10	
975,125 First Quantum Minerals	10,905	1.14	
4,379,837 Hummingbird Resources <sup>a</sup>	359	0.04	
8,204,705 Kenmare Resources	26,583	2.78	
34,219,748 Pensana	6,177	0.65	
172,224 Rio Tinto	9,024	0.94	
<b>Precious metals &amp; mining</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
254,159,091 Troy Resouces <sup>c</sup>	0	0.00	
<b>Chemicals</b>	<b>14,092</b>	<b>1.47</b>	<b>1.43</b>
720,709 Johnson Matthey	11,401	1.19	
1,046,999 Synthomer	2,691	0.28	
<b>Oil &amp; gas</b>	<b>113,597</b>	<b>11.88</b>	<b>12.13</b>
15,593,104 BP	74,621	7.80	
1,071,614 Shell	30,487	3.19	
26,297,460 Tullow Oil	8,489	0.89	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Electricity</b>			
2,871,677 Drax	14,358	1.50	0.00
34,149,791 KSK Power Ventur <sup>c</sup>	0	0.00	
<b>Gas, water &amp; multi-utilities</b>			
3,351,835 National Grid	29,818	3.12	
1,598,788 Pennon	9,241	0.96	
<b>Alternative energy</b>			
2,179,418 Ceres Power	3,884	0.41	0.45
<b>Total portfolio</b>	<b>953,232</b>	<b>99.67</b>	<b>99.96</b>
<b>Net other assets/(liabilities)</b>	<b>3,131</b>	<b>0.33</b>	<b>0.04</b>
<b>Net assets attributable to shareholders</b>	<b>956,363</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> AIM quoted.

<sup>b</sup> AQSE quoted.

<sup>c</sup> Suspended/delisted.

# Portfolio statement

## Top ten portfolio transactions for the year to 30 June 2024

Largest purchases	£'000
AstraZeneca	42,396
Phoenix	15,610
Imperial Brands	14,386
Drax	13,323
Pennon	12,902
Great Portland Estates	11,247
Anglo American	11,178
PageGroup	10,764
Burberry	9,862
Reckitt Benckiser	8,961
Other purchases	106,906
<b>Total purchases</b>	<b>257,535</b>

Largest sales	£'000
Unilever	28,344
Sage	27,709
HSBC	27,084
Centrica	25,751
BP	23,994
GSK	14,478
Standard Chartered	13,764
Hiscox	13,668
Grafton	13,560
MONY	13,354
Other sales	277,786
<b>Total sales</b>	<b>479,492</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+7.0	-1.2	-0.5	+0.2
Class 'A' Accumulation	+7.0	-1.2	-0.6	+0.2
Class 'C' Income	+8.1	-0.2	+0.6	+1.6
Class 'C' Accumulation	+8.2	-0.2	+0.6	+1.6
Class 'I' Income	+7.4	-0.8	-0.1	+0.8
Class 'I' Accumulation	+7.4	-0.9	-0.1	+0.8
Class 'PP' Income	+7.5	-0.7	n/a	n/a
Class 'PP' Accumulation	+7.5	-0.8	+0.0	n/a
Class 'R' Income	+7.2	-1.1	-0.4	+0.6
Class 'R' Accumulation	+7.2	-1.1	-0.4	+0.6
<b>Benchmark</b>	<b>+13.0</b>	<b>+7.4</b>	<b>+5.5</b>	<b>+5.9</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

'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 27 June 1977.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	104.18	101.48	123.75
Return before operating charges*	8.34	7.78	(17.71)
Operating charges	(1.14)	(1.15)	(1.29)
Return after operating charges*	7.20	6.63	(19.00)
Distributions	(4.06)	(3.93)	(3.27)
Closing NAV	107.32	104.18	101.48
*after direct transaction cost of	0.14	0.11	0.10
<b>Performance</b>			
Return after charges (%)	6.91	6.53	(15.35)
<b>Other information</b>			
Closing NAV (£'000)	245,193	260,943	281,454
Number of shares	228,470,168	250,483,636	277,349,793
Operating charges (%)	1.10	1.08	1.08
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	114.70	115.66	127.03
Lowest share price	97.50	96.44	103.62

## Sterling Class 'A' Accumulation shares

The share class was launched on 23 May 1969.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	283.11	265.72	314.53
Return before operating charges*	22.91	20.42	(45.52)
Operating charges	(3.11)	(3.03)	(3.29)
Return after operating charges*	19.80	17.39	(48.81)
Distributions	(8.08)	(7.35)	(5.06)
Retained distributions	8.08	7.35	5.06
Closing NAV	302.91	283.11	265.72
*after direct transaction cost of	0.39	0.28	0.26
<b>Performance</b>			
Return after charges (%)	6.99	6.54	(15.52)
<b>Other information</b>			
Closing NAV (£'000)	249,998	272,533	352,812
Number of shares	82,530,937	96,262,918	132,774,405
Operating charges (%)	1.10	1.08	1.08
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	316.55	307.56	325.60
Lowest share price	267.15	252.55	265.59

# Financial highlights

## Sterling Class 'C' Income shares

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

The share class was launched on 1 July 2004.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	114.58	110.40	133.18
Return before operating charges*	9.25	8.48	(19.24)
Operating charges	(0.02)	0.00	0.00
Return after operating charges*	9.23	8.48	(19.24)
Distributions	(4.49)	(4.30)	(3.54)
Closing NAV	119.32	114.58	110.40
*after direct transaction cost of	0.16	0.12	0.11
<b>Performance</b>			
Return after charges (%)	8.06	7.68	(14.45)
<b>Other information</b>			
Closing NAV (£'000)	50,421	50,237	49,110
Number of shares	42,255,496	43,844,921	44,481,934
Operating charges (%)	0.02	0.00	0.00
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	127.38	126.74	137.52
Lowest share price	107.88	105.25	112.72

## Sterling Class 'C' Accumulation shares

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

The share class was launched on 1 July 2004.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	369.10	342.71	401.29
Return before operating charges*	30.14	26.39	(58.58)
Operating charges	(0.07)	0.00	0.00
Return after operating charges*	30.07	26.39	(58.58)
Distributions	(14.61)	(13.48)	(10.72)
Retained distributions	14.61	13.48	10.72
Closing NAV	399.17	369.10	342.71
*after direct transaction cost of	0.50	0.37	0.34
<b>Performance</b>			
Return after charges (%)	8.15	7.70	(14.60)
<b>Other information</b>			
Closing NAV (£'000)	55,868	164,847	179,307
Number of shares	13,996,354	44,662,252	52,320,851
Operating charges (%)	0.02	0.00	0.00
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	416.65	399.53	417.89
Lowest share price	349.57	326.72	342.54



# Financial highlights

## Sterling Class 'I' Income shares

The share class was launched on 15 January 2010.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	108.43	105.19	127.77
Return before operating charges*	8.71	8.08	(18.36)
Operating charges	(0.75)	(0.75)	(0.84)
Return after operating charges*	7.96	7.33	(19.20)
Distributions	(4.24)	(4.09)	(3.38)
Closing NAV	112.15	108.43	105.19
*after direct transaction cost of	0.15	0.11	0.11
<b>Performance</b>			
Return after charges (%)	7.34	6.97	(15.03)
<b>Other information</b>			
Closing NAV (£'000)	58,205	68,146	60,320
Number of shares	51,900,587	62,850,776	57,341,121
Operating charges (%)	0.70	0.68	0.68
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	119.81	120.21	131.44
Lowest share price	101.71	100.09	107.41

## Sterling Class 'I' Accumulation shares

The share class was launched on 15 January 2010.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	308.40	288.30	339.89
Return before operating charges*	25.04	22.18	(49.35)
Operating charges	(2.16)	(2.08)	(2.24)
Return after operating charges*	22.88	20.10	(51.59)
Distributions	(10.06)	(9.22)	(6.81)
Retained distributions	10.06	9.22	6.81
Closing NAV	331.28	308.40	288.30
*after direct transaction cost of	0.42	0.31	0.28
<b>Performance</b>			
Return after charges (%)	7.42	6.97	(15.18)
<b>Other information</b>			
Closing NAV (£'000)	233,860	259,282	219,862
Number of shares	70,592,083	84,073,966	76,261,438
Operating charges (%)	0.70	0.68	0.68
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	346.04	334.58	352.62
Lowest share price	291.41	274.32	288.16

# Financial highlights

## Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	86.26	83.61	101.44
Return before operating charges*	6.94	6.41	(14.57)
Operating charges	(0.52)	(0.51)	(0.57)
Return after operating charges*	6.42	5.90	(15.14)
Distributions	(3.37)	(3.25)	(2.69)
Closing NAV	89.31	86.26	83.61
*after direct transaction cost of	0.12	0.09	0.08
<b>Performance</b>			
Return after charges (%)	7.44	7.06	(14.93)
<b>Other information</b>			
Closing NAV (£'000)	3,276	2,710	2,172
Number of shares	3,667,721	3,141,679	2,598,416
Operating charges (%)	0.60	0.58	0.58
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	95.40	95.60	104.41
Lowest share price	80.96	79.57	85.36

## Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	89.16	83.27	98.07
Return before operating charges*	7.25	6.41	(14.25)
Operating charges	(0.54)	(0.52)	(0.55)
Return after operating charges*	6.71	5.89	(14.80)
Distributions	(3.00)	(2.75)	(2.06)
Retained distributions	3.00	2.75	2.06
Closing NAV	95.87	89.16	83.27
*after direct transaction cost of	0.12	0.09	0.08
<b>Performance</b>			
Return after charges (%)	7.53	7.07	(15.09)
<b>Other information</b>			
Closing NAV (£'000)	3,546	2,121	1,134
Number of shares	3,698,089	2,378,961	1,361,472
Operating charges (%)	0.60	0.58	0.58
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	100.14	96.70	101.80
Lowest share price	84.28	79.25	83.23

# Financial highlights

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	91.62	89.12	108.51
Return before operating charges*	7.36	6.83	(15.55)
Operating charges	(0.87)	(0.87)	(0.97)
Return after operating charges*	6.49	5.96	(16.52)
Distributions	(3.58)	(3.46)	(2.87)
Closing NAV	94.53	91.62	89.12
*after direct transaction cost of	0.12	0.10	0.09
<b>Performance</b>			
Return after charges (%)	7.08	6.69	(15.22)
<b>Other information</b>			
Closing NAV (£'000)	7,634	7,963	8,187
Number of shares	8,076,015	8,691,053	9,187,333
Operating charges (%)	0.95	0.93	0.93
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	101.01	101.67	111.47
Lowest share price	85.82	84.73	90.99

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	115.97	108.68	128.45
Return before operating charges*	9.40	8.36	(18.61)
Operating charges	(1.10)	(1.07)	(1.16)
Return after operating charges*	8.30	7.29	(19.77)
Distributions	(3.49)	(3.18)	(2.26)
Retained distributions	3.49	3.18	2.26
Closing NAV	124.27	115.97	108.68
*after direct transaction cost of	0.16	0.12	0.11
<b>Performance</b>			
Return after charges (%)	7.16	6.71	(15.39)
<b>Other information</b>			
Closing NAV (£'000)	48,362	54,072	54,525
Number of shares	38,918,480	46,626,393	50,169,225
Operating charges (%)	0.95	0.93	0.93
Direct transaction costs (%)	0.14	0.10	0.09
<b>Prices</b>			
Highest share price	129.84	125.92	133.08
Lowest share price	109.49	103.34	108.63

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 30 June	Note	2024		2023	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	3		32,743		46,081
Revenue	5	39,870		45,268	
Expenses	6	(8,075)		(9,318)	
Interest payable and similar charges		(16)		0	
Net revenue/(expense) before taxation		31,779		35,950	
Taxation	7	(6)		(35)	
Net revenue/(expense) after taxation			31,773		35,915
<b>Total return before distributions</b>			<b>64,516</b>		<b>81,996</b>
Distributions	8		(34,982)		(38,839)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>29,534</b>		<b>43,157</b>

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

for the year to 30 June	2024		2023	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>1,142,854</b>		<b>1,208,883</b>
Amounts received on issue of shares	21,663		85,312	
Amounts paid on cancellation of shares	(257,737)		(217,934)	
		(236,074)		(132,622)
Dilution adjustments		584		439
Change in net assets attributable to shareholders from investment activities (see above)		29,534		43,157
Retained distributions on Accumulation shares		19,397		22,959
Unclaimed distributions		68		38
<b>Closing net assets attributable to shareholders</b>		<b>956,363</b>		<b>1,142,854</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 30 June	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		953,232	1,142,437
<b>Current assets</b>			
Debtors	9	11,015	5,221
Cash and bank balances	10	1,111	2,310
Cash equivalents		1,003	3,401
<b>Total assets</b>		<b>966,361</b>	<b>1,153,369</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distribution payable		(8,303)	(8,555)
Other creditors	11	(1,695)	(1,960)
<b>Total liabilities</b>		<b>(9,998)</b>	<b>(10,515)</b>
<b>Net assets attributable to shareholders</b>		<b>956,363</b>	<b>1,142,854</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

### 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 30 June	2024 £'000	2023 £'000
Non-derivative securities	32,776	46,043
Currency gains/(losses)	(33)	38
<b>Net capital gains/(losses)</b>	<b>32,743</b>	<b>46,081</b>

# Financial statements and notes

## 4 Portfolio transactions and associated costs

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

for the year to 30 June	2024 £'000	% of transaction	2023 £'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	256,296		252,167	
Commissions	97	0.04	89	0.04
Taxes	1,142	0.44	1,001	0.40
<b>Total purchases after transaction costs</b>	<b>257,535</b>		<b>253,257</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	478,670		352,611	
Commissions	(171)	0.04	(138)	0.04
Taxes	(6)	0.00	(1)	0.00
<b>Equities after transaction costs</b>	<b>478,493</b>		<b>352,472</b>	
<b>Other transaction types</b>				
Corporate actions	999		0	
<b>Total sales after transaction costs</b>	<b>479,492</b>		<b>352,472</b>	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	268	0.03	227	0.02
<b>Taxes paid</b>				
Equities	1,148	0.11	1,002	0.08
<b>Total direct portfolio transaction costs</b>	<b>1,416</b>	<b>0.14</b>	<b>1,229</b>	<b>0.10</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.35		0.47

# Financial statements and notes

## 5 Revenue

for the year to 30 June	2024 £'000	2023 £'000
Bank interest	9	14
Dividends from equity investments: non-taxable	39,306	44,160
Dividends from equity investments: taxable	6	15
Interest distributions	193	330
Property distribution: non-taxable	232	27
Property distribution: taxable	122	19
Rebate of ongoing charges from underlying funds	2	8
Stock dividends	0	695
<b>Total revenue</b>	<b>39,870</b>	<b>45,268</b>

## 6 Expenses

for the year to 30 June	2024 £'000	2023 £'000
<b>Payable to the ACD or associate</b>		
Annual charge	8,075	9,318
<b>Total expenses</b>	<b>8,075</b>	<b>9,318</b>

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 30 June	2024 £'000	2023 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	6	35
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>6</b>	<b>35</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	31,779	35,950
Corporation tax at 20%	6,356	7,190
<b>Effects of:</b>		
Revenue: non-taxable	(7,908)	(8,837)
Stock dividends: non-taxable	0	(139)
Current year expenses not utilised	1,552	1,786
Withholding tax	6	35
<b>Total tax charge (note 7a)</b>	<b>6</b>	<b>35</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of £170,032,000 (2023: £168,480,000) 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 30 June	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
<b>Dividend distributions</b>				
Interim	5,828	8,496	6,372	9,489
Final	8,303	10,901	8,555	13,470
<b>Total net distributions</b>		<b>33,528</b>		<b>37,886</b>
Income deducted on cancellation of shares		1,601		2,079
Income received on issue of shares		(147)		(1,126)
<b>Distributions</b>		<b>34,982</b>		<b>38,839</b>
Net revenue/(expense) per statement of total return		31,773		35,915
Expenses offset against capital		3,209		3,618
Stock dividends not distributed		0		(695)
Undistributed income brought forward		0		1
<b>Distributions</b>		<b>34,982</b>		<b>38,839</b>

## 9 Debtors

as at 30 June	2024 £'000	2023 £'000
Amounts receivable on issues of shares	0	308
Distributions receivable	2	16
Dividends receivable	3,646	4,299
Sales awaiting settlement	7,367	598
<b>Total debtors</b>	<b>11,015</b>	<b>5,221</b>

## 10 Cash and bank balances

as at 30 June	2024 £'000	2023 £'000
Cash held as bank balances	1,111	2,310
<b>Total cash and bank balances</b>	<b>1,111</b>	<b>2,310</b>

# Financial statements and notes

## 11 Other creditors

as at 30 June	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	1,301	1,291
Annual charge payable	394	504
Purchases awaiting settlement	0	165
<b>Total other creditors</b>	<b>1,695</b>	<b>1,960</b>

## 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 01.07.23	Issued	Movements Cancelled	Converted	Closing 30.06.24
<b>Sterling</b>					
Class 'A' Income	250,483,636	6,559,225	(28,572,693)	0	228,470,168
Class 'A' Accumulation	96,262,918	464,000	(14,195,981)	0	82,530,937
Class 'C' Income	43,844,921	503,702	(2,093,127)	0	42,255,496
Class 'C' Accumulation	44,662,252	1,005,727	(31,671,625)	0	13,996,354
Class 'I' Income	62,850,776	851,804	(11,801,993)	0	51,900,587
Class 'I' Accumulation	84,073,966	1,550,000	(15,031,883)	0	70,592,083
Class 'PP' Income	3,141,679	1,380,000	(853,958)	0	3,667,721
Class 'PP' Accumulation	2,378,961	2,123,109	(803,981)	0	3,698,089
Class 'R' Income	8,691,053	345,976	(961,014)	0	8,076,015
Class 'R' Accumulation	46,626,393	415,527	(8,123,440)	0	38,918,480

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.

# Financial statements and notes

## 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 %
<b>Sterling</b>	
Class 'A'	1.10
Class 'C'	0.00
Class 'I'	0.70
Class 'PP'	0.60
Class 'R'	0.95

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change 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 7.77% (2023: 11.87%) 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.

# Financial statements and notes

## 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 June	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	952,973	0	1,141,992	0
Level 2	0	0	0	0
Level 3	259	0	445	0
	<b>953,232</b>	<b>0</b>	<b>1,142,437</b>	<b>0</b>

Level 3 assets comprise of Watchstone (2023: Watchstone) which is AQSE listed.

## 17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £47,662,000 (2023: £57,122,000). 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 £2,536,000 (2023: £4,270,000). A five per cent decrease would have an equal and opposite effect.

as at 30 June	2024 £'000	2023 £'000
<b>Currency exposure</b>		
Australian dollar	13,598	36,435
Canadian dollar	11,095	18,077
Euro	5,364	9,153
Hong Kong dollar	20,488	0
Sterling	905,635	1,057,455
US dollar	183	21,734
<b>Total</b>	<b>956,363</b>	<b>1,142,854</b>

## 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	01.07.23	31.12.23	02.01.24	29.02.24
Final	01.01.24	30.06.24	01.07.24	31.08.24

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 30 June	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.8859	0.7313	1.6172	1.6469
Final	1.8287	0.6155	2.4442	2.2863

### Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 30 June	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	1.4116	1.4797	2.8913	2.8425
Final	2.8905	2.2977	5.1882	4.5079

# Financial statements and notes

## Sterling Class 'C' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.9553	0.8281	1.7834	1.7956
Final	1.7802	0.9306	2.7108	2.5084

## Sterling Class 'C' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	4.5209	1.2226	5.7435	5.5740
Final	7.7510	1.1157	8.8667	7.9072

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.9063	0.7785	1.6848	1.7086
Final	1.6710	0.8808	2.5518	2.3774

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.7307	2.0287	3.7594	3.6776
Final	3.2104	3.0887	6.2991	5.5398

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.3407	0.0000	1.3407	1.3582
Final	1.9373	0.0944	2.0317	1.8910

# Financial statements and notes

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.5590	0.5722	1.1312	1.1051
Final	1.4911	0.3771	1.8682	1.6470

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.8619	0.5609	1.4228	1.4467
Final	0.8488	1.3034	2.1522	2.0101

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.6047	0.6655	1.2702	1.2464
Final	1.2550	0.9614	2.2164	1.9354

## 23 Events after the balance sheet date

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



# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 28 May 2024 has been used.

## Investment objective

The fund aims to deliver a higher total return (the combination of capital growth and income) than the Deutsche Numis Smaller Companies Index (excluding Investment Companies), net of the ongoing charge figure, over any five-year period.

## Investment policy

At least 80% of the fund is invested in UK smaller companies. These are UK listed companies which, at the initial time of purchase, are:

- in the bottom 10% (by market capitalisation) of the FTSE All-Share index, or
- in the Deutsche Numis Smaller Companies Index (excluding Investment Companies), or
- listed on the Alternative Investment Market.

The fund may also invest in collective investment schemes and other transferable securities. Cash and near cash may be held for ancillary purposes and derivatives, including warrants, may be used for efficient portfolio management and hedging purposes.

## Investment approach

The fund manager takes a bottom-up approach to stockpicking and aims to construct a well-diversified portfolio. A long-term perspective is adopted with particular focus placed on 'growth drivers', competitive advantage, change, quality of management and valuation.

When a company held by the fund grows such that it no longer has the characteristics of a smaller company, the fund manager will reduce the holding in a manner and timescale best suited to meeting the fund's objective.

## Benchmark

Deutsche Numis Smaller Companies Index (excluding Investment Companies)

The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy. The benchmark is used to measure the fund's performance and, together with the other index, and the Alternative Investment Market constrains the fund's portfolio construction as they define the investment universe of the fund.

The fund is actively managed.

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

For 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 12 to 15.

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



### The above number:

- is based on the rate at which the value of the fund has moved up and down in the past and is based on historical data so may not be a reliable indicator of the future risk profile of the fund.

# Authorised Corporate Director's Report

- 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 June 2024

### Performance against objective

Between 1 July 2023 (the start of the review period) and 30 June 2024, the M&G Smaller Companies Fund delivered a positive total return (the combination of income and growth of capital) across all of its share classes. The fund's performance was ahead of its benchmark, the Deutsche Numis Smaller Companies Index (excluding Investment Companies), which returned 14.5% over the same period.

The fund did not meet its investment objective of delivering a higher total return than the Deutsche Numis Smaller Companies Index (excluding Investment Companies) over any five-year period for all share classes. The fund's performance was positive but behind the 4.7% pa returned by the index in the five years to 30 June 2024.

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

Investors' concerns over above-target inflation levels and the potential for further increases to interest rates featured prominently in the early months of the period under review. Increasingly, however, the declining trend in inflation rates became more apparent and investors started to feel more optimistic about the prospect of interest rate cuts, albeit with uncertainty over the possible timing of moves. The UK stockmarket made robust gains over the 12 months.

Against this backdrop, stock selection was positive while sector allocation held back relative returns, mainly due to a fairly light position in financials, compared to the benchmark.

Merger and acquisition activity was a notable feature for the UK stockmarket over the period under review and the fund also benefited from this trend. For example, logistics firm Wincanton and Restaurant, a chain of restaurants and pubs, featured among the top 10 contributors to performance over the review period and both stocks left the fund after being taken over. In the case of Wincanton, there were multiple interested parties, leading to competitive processes being run.

Other contributors included oil services firm Hunting, which gained due to the higher oil price, especially in its international operations. Infrastructure provider Hill & Smith also added value as it outperformed earnings expectations. Not holding a position in luxury car company Aston Martin Lagonda was helpful, as the stock was weak because of concerns about debt and a lack of free cash generation.

In terms of detractors, media content equipment firm Videndum came under pressure due to a slower-than-expected recovery in earnings following the Hollywood writer strikes in 2023, which had caused a lull in demand. Real estate developer Watkin Jones was hurt by reduced demand from investors due to higher interest rates.

### Investment activities

We started a position in Quilter, one of the UK's largest wealth adviser networks and platform, due to its recent operational progress and an increasingly supportive backdrop. We also began a holding in XP Power, a manufacturer of industrial power converters. Following a challenging period for the semiconductor market, we feel that end markets are stabilising and we see the potential for the company to return to growth. We began a holding in Essentra, a manufacturer of industrial components. In our opinion, the company stands to benefit from the improving outlook for global growth.

In terms of disposals, we sold the positions in Wincanton and Restaurant in connection with takeover activity, as mentioned above. We exited Moneysupermarket.com as we saw better-valued opportunities elsewhere in the sector, instead recycling

# Authorised Corporate Director's Report

the funds into identity and fraud technology GB. We also sold the position in Alpha Financial Markets Consulting as we felt the firm's trading environment had become more challenging.

## Outlook

We are optimistic that target-level inflation, rising personal incomes and a new government will provide an attractive market environment that could enable companies to revert to earnings growth once again. In our view, valuations of smaller companies in the UK remain attractive, given the potential for a recovery in earnings.

## James Taylor

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 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities</b>	<b>200,498</b>	<b>99.79</b>	<b>95.71</b>
<b>Software &amp; computer services</b>	<b>15,384</b>	<b>7.66</b>	<b>13.69</b>
401,026 accesso Technology <sup>a</sup>	2,895	1.44	
2,386,377 Alfa Financial Software	4,453	2.22	
1,138,928 Ascential	3,935	1.96	
327,545 Bytes Technology	1,803	0.90	
678,239 GB <sup>a</sup>	2,298	1.14	
<b>Technology hardware &amp; equipment</b>	<b>3,139</b>	<b>1.56</b>	<b>0.44</b>
2,188,659 Alphawave IP	3,139	1.56	
<b>Telecommunications equipment</b>	<b>3,650</b>	<b>1.82</b>	<b>0.56</b>
2,007,507 Spirent Communications	3,650	1.82	
<b>Telecommunication service providers</b>	<b>2,385</b>	<b>1.19</b>	<b>0.00</b>
168,167 Gamma Communications <sup>a</sup>	2,385	1.19	
<b>Pharmaceuticals &amp; biotechnology</b>	<b>4,456</b>	<b>2.22</b>	<b>1.19</b>
65,484 Genus	1,095	0.55	
117,546 Indivior	1,485	0.74	
625,422 Oxford Biomedica	1,876	0.93	
<b>Banks</b>	<b>0</b>	<b>0.00</b>	<b>0.94</b>
<b>Finance &amp; credit services</b>	<b>7,716</b>	<b>3.84</b>	<b>5.06</b>
5,325,000 Distribution Finance Capital <sup>a</sup>	1,491	0.74	
427,174 Mortgage Advice Bureau <sup>a</sup>	3,520	1.75	
3,381,323 Trufin <sup>a</sup>	2,705	1.35	
<b>Investment banking &amp; brokerage services</b>	<b>23,520</b>	<b>11.71</b>	<b>9.23</b>
1,118,580 AJ Bell	4,268	2.12	
160,655 Alpha International <sup>a</sup>	3,631	1.81	
803,417 IntegraFin	2,844	1.42	
698,230 Polar Capital <sup>a</sup>	3,896	1.94	
1,186,409 PureTech Health	2,185	1.09	
2,823,678 Quilter	3,391	1.69	
499,177 Tatton Asset Management <sup>a</sup>	3,305	1.64	
<b>Non-life insurance</b>	<b>3,913</b>	<b>1.95</b>	<b>2.55</b>
642,559 Lancashire	3,913	1.95	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Real estate investment &amp; services</b>			
850,996 LSL Property Services	2,757	1.37	
1,574,662 Luceco	2,608	1.30	
304,485 Savills	3,367	1.68	
<b>Real estate investment trusts</b>			
546,174 Great Portland Estates	1,827	0.91	
563,482 Workspace	3,330	1.66	
<b>Automobiles &amp; parts</b>			
2,125,702 TI Fluid Systems	2,763	1.37	
<b>Consumer services</b>			
<b>Household goods &amp; home construction</b>			
896,886 Crest Nicholson	2,153	1.07	
5,142,368 Watkin Jones <sup>a</sup>	2,332	1.16	
<b>Leisure goods</b>			
779,486 Team17 <sup>a</sup>	2,144	1.07	
<b>Media</b>			
21,215 4imprint	1,252	0.62	
158,662 Future	1,720	0.86	
2,231,129 M&C Saatchi <sup>a</sup>	4,351	2.17	
3,284,417 Reach	3,258	1.62	
2,902,173 S4 Capital	1,243	0.62	
1,203,302 STV	3,225	1.60	
1,115,740 Wilmington	4,351	2.17	
<b>Retailers</b>			
2,662,946 Currys	1,890	0.94	
1,662,802 Halfords	2,308	1.15	
249,682 WH Smith	2,854	1.42	
<b>Travel &amp; leisure</b>			
4,337,704 Evoke	3,665	1.83	
6,725,076 Gaming Realms <sup>a</sup>	2,455	1.22	
3,664,494 Mobico	1,851	0.92	

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Food producers</b>			
3,966,819 Premier Foods	6,339	3.15	2.70
<b>Personal care, drug &amp; grocery stores</b>			
1,447,084 IG Design <sup>a</sup>	3,140	1.56	0.88
<b>Construction &amp; materials</b>			
577,716 Genuit	2,522	1.25	4.53
918,058 Marshalls	2,727	1.36	
871,221 Tyman	3,110	1.55	
616,405 Volution	2,780	1.38	
<b>Aerospace &amp; defence</b>			
293,006 Avon Protection	3,850	1.92	
1,008,374 Chemring	3,786	1.88	
1,458,601 Senior	2,334	1.16	
<b>Electronic &amp; electrical equipment</b>			
297,080 discoverIE	2,011	1.00	
212,636 XP Power	3,100	1.54	
<b>General industrials</b>			
5,387,766 Coats	4,310	2.14	2.07
<b>Industrial engineering</b>			
432,262 Bodycote	2,939	1.46	
532,742 Vesuvius	2,491	1.24	
882,784 Videndum	2,547	1.27	
<b>Industrial support services</b>			
2,419,949 De La Rue	2,376	1.18	
1,272,995 Essentra	2,032	1.01	
541,562 Midwich <sup>a</sup>	2,069	1.03	
935,594 Restore <sup>a</sup>	2,451	1.22	
1,239,599 RWS <sup>a</sup>	2,343	1.17	
464,273 SThree	1,931	0.96	
<b>Industrial transportation</b>			
	0	0.00	1.41
<b>Industrial metals &amp; mining</b>			
413,381 Hill & Smith	8,053	4.01	3.94

# Portfolio statement

## Investments (continued)

Holding	as at 30.06.24 £'000	as at 30.06.24 %	as at 30.06.23 %
<b>Equities (continued)</b>			
<b>Chemicals</b>	<b>5,689</b>	<b>2.83</b>	<b>2.60</b>
2,217,447 Elementis	3,273	1.63	
940,110 Synthomer	2,416	1.20	
<b>Oil &amp; gas</b>	<b>3,701</b>	<b>1.84</b>	<b>3.08</b>
609,325 Hunting	2,522	1.25	
848,718 Serica Energy <sup>a</sup>	1,179	0.59	
<b>Total portfolio</b>	<b>200,498</b>	<b>99.79</b>	<b>95.71</b>
<b>Net other assets/(liabilities)</b>	<b>414</b>	<b>0.21</b>	<b>4.29</b>
<b>Net assets attributable to shareholders</b>	<b>200,912</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> AIM quoted.

# Portfolio statement

## Top ten portfolio transactions for the year to 30 June 2024

Largest purchases	£'000
Deliveroo	4,406
Alphawave IP	3,264
Quilter	2,866
Tatton Asset Management <sup>a</sup>	2,691
Synthomer	2,629
XP Power	2,597
Vesuvius	2,589
Avon Protection	2,450
IntegraFin	2,296
Essentra	2,289
Other purchases	45,917
<b>Total purchases</b>	<b>73,994</b>

Largest sales	£'000
Moneysupermarket.com	8,331
Shaftesbury Capital	5,333
Wincanton	4,691
Deliveroo	4,598
Restaurant	3,114
Bytes Technology	3,011
Hunting	3,003
Redrow	2,893
Rathbone Brothers	2,840
LondonMetric Property	2,571
Other sales	42,071
<b>Total sales</b>	<b>82,456</b>

<sup>a</sup> AIM quoted.

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



# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+17.1	-4.8	+2.8	+5.2
Class 'A' Accumulation	+17.1	-4.8	+2.8	+5.3
Class 'C' Income	+18.5	-3.7	+4.1	+6.7
Class 'I' Income	+17.5	-4.4	+3.3	+5.9
Class 'I' Accumulation	+17.5	-4.5	+3.2	+5.9
Class 'R' Income	+17.2	-4.7	+3.0	+5.6
Class 'R' Accumulation	+17.2	-4.7	+3.0	+5.6
<b>Benchmark</b>	<b>+14.5</b>	<b>-0.3</b>	<b>+4.7</b>	<b>+5.5</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

'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 27 September 1967.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	314.83	336.52	447.31
Return before operating charges*	57.30	(8.73)	(98.20)
Operating charges	(4.10)	(4.26)	(5.42)
Return after operating charges*	53.20	(12.99)	(103.62)
Distributions	(10.33)	(8.70)	(7.17)
Closing NAV	357.70	314.83	336.52
*after direct transaction cost of	0.54	0.67	0.79
<b>Performance</b>			
Return after charges (%)	16.90	(3.86)	(23.17)
<b>Other information</b>			
Closing NAV (£'000)	80,885	75,921	88,538
Number of shares	22,612,094	24,114,783	26,310,046
Operating charges (%)	1.26	1.25	1.25
Direct transaction costs (%)	0.17	0.20	0.18
<b>Prices</b>			
Highest share price	376.76	369.37	497.27
Lowest share price	284.92	304.75	340.71

## Sterling Class 'A' Accumulation shares

The share class was launched on 27 September 1967.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	905.00	942.10	1,228.99
Return before operating charges*	166.38	(25.13)	(271.95)
Operating charges	(11.88)	(11.97)	(14.94)
Return after operating charges*	154.50	(37.10)	(286.89)
Distributions	(18.38)	(12.62)	(4.85)
Retained distributions	18.38	12.62	4.85
Closing NAV	1,059.50	905.00	942.10
*after direct transaction cost of	1.56	1.89	2.18
<b>Performance</b>			
Return after charges (%)	17.07	(3.94)	(23.34)
<b>Other information</b>			
Closing NAV (£'000)	25,850	24,332	28,845
Number of shares	2,439,873	2,688,639	3,061,786
Operating charges (%)	1.26	1.25	1.25
Direct transaction costs (%)	0.17	0.20	0.18
<b>Prices</b>			
Highest share price	1,099.48	1,034.07	1,366.21
Lowest share price	819.05	853.15	941.64

# Financial highlights

## Sterling Class 'C' Income shares

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

The share class was launched on 3 January 2006.

for the year to 30 June	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	354.31	373.98	490.89
Return before operating charges*	64.85	(10.06)	(109.01)
Operating charges	(0.05)	0.00	0.00
Return after operating charges*	64.80	(10.06)	(109.01)
Distributions	(11.48)	(9.61)	(7.90)
Closing NAV	407.63	354.31	373.98
*after direct transaction cost of	0.61	0.75	0.87
<b>Performance</b>			
Return after charges (%)	18.29	(2.69)	(22.21)
<b>Other information</b>			
Closing NAV (£'000)	23,720	22,838	25,500
Number of shares	5,819,135	6,445,786	6,818,728
Operating charges (%)	0.01	0.00	0.00
Direct transaction costs (%)	0.17	0.20	0.18
<b>Prices</b>			
Highest share price	428.81	411.15	547.13
Lowest share price	321.77	339.89	378.61

# Financial highlights

## Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,778.00	1,892.82	2,505.91
Return before operating charges*	324.51	(49.54)	(552.02)
Operating charges	(15.88)	(16.30)	(20.84)
Return after operating charges*	308.63	(65.84)	(572.86)
Distributions	(58.40)	(48.98)	(40.23)
Closing NAV	2,028.23	1,778.00	1,892.82
*after direct transaction cost of	3.06	3.79	4.47
<b>Performance</b>			
Return after charges (%)	17.36	(3.48)	(22.86)
<b>Other information</b>			
Closing NAV (£'000)	37,458	33,614	34,612
Number of shares	1,846,844	1,890,551	1,828,611
Operating charges (%)	0.86	0.85	0.85
Direct transaction costs (%)	0.17	0.20	0.18
<b>Prices</b>			
Highest share price	2,135.51	2,078.71	2,788.12
Lowest share price	1,611.06	1,716.11	1,916.37

## Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	2,206.43	2,288.00	2,972.87
Return before operating charges*	406.04	(61.77)	(660.23)
Operating charges	(19.73)	(19.80)	(24.64)
Return after operating charges*	386.31	(81.57)	(684.87)
Distributions	(53.48)	(39.75)	(23.29)
Retained distributions	53.48	39.75	23.29
Closing NAV	2,592.74	2,206.43	2,288.00
*after direct transaction cost of	3.80	4.60	5.29
<b>Performance</b>			
Return after charges (%)	17.51	(3.57)	(23.04)
<b>Other information</b>			
Closing NAV (£'000)	21,900	23,225	23,457
Number of shares	844,664	1,052,599	1,025,205
Operating charges (%)	0.86	0.85	0.85
Direct transaction costs (%)	0.17	0.20	0.18
<b>Prices</b>			
Highest share price	2,689.70	2,514.64	3,307.50
Lowest share price	1,998.99	2,074.35	2,286.88

# Financial highlights

## Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	174.68	186.43	247.44
Return before operating charges*	31.83	(4.85)	(54.40)
Operating charges	(2.01)	(2.08)	(2.64)
Return after operating charges*	29.82	(6.93)	(57.04)
Distributions	(5.73)	(4.82)	(3.97)
Closing NAV	198.77	174.68	186.43
*after direct transaction cost of	0.30	0.37	0.44
<b>Performance</b>			
Return after charges (%)	17.07	(3.72)	(23.05)
<b>Other information</b>			
Closing NAV (£'000)	2,489	2,335	2,602
Number of shares	1,252,012	1,337,082	1,395,478
Operating charges (%)	1.11	1.10	1.10
Direct transaction costs (%)	0.17	0.20	0.18
<b>Prices</b>			
Highest share price	209.33	204.67	275.16
Lowest share price	158.15	168.90	188.75

## Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 June Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	214.62	223.11	290.62
Return before operating charges*	39.43	(5.99)	(64.40)
Operating charges	(2.48)	(2.50)	(3.11)
Return after operating charges*	36.95	(8.49)	(67.51)
Distributions	(4.64)	(3.30)	(1.57)
Retained distributions	4.64	3.30	1.57
Closing NAV	251.57	214.62	223.11
*after direct transaction cost of	0.37	0.45	0.52
<b>Performance</b>			
Return after charges (%)	17.22	(3.81)	(23.23)
<b>Other information</b>			
Closing NAV (£'000)	8,610	8,286	9,021
Number of shares	3,422,448	3,860,658	4,043,509
Operating charges (%)	1.11	1.10	1.10
Direct transaction costs (%)	0.17	0.20	0.18
<b>Prices</b>			
Highest share price	261.03	244.94	323.17
Lowest share price	194.29	202.13	223.00

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 30 June	Note	2024		2023	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	3		26,579		(10,496)
Revenue	5	6,013		5,359	
Expenses	6	(1,843)		(2,066)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		4,170		3,293	
Taxation	7	0		0	
Net revenue/(expense) after taxation			4,170		3,293
<b>Total return before distributions</b>			<b>30,749</b>		<b>(7,203)</b>
Distributions	8		(5,442)		(4,707)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>25,307</b>		<b>(11,910)</b>

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

for the year to 30 June	2024		2023	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>190,551</b>		<b>212,575</b>
Amounts received on issue of shares	4,620		6,659	
Amounts paid on cancellation of shares	(20,765)		(17,744)	
		(16,145)		(11,085)
Dilution adjustments		97		69
Change in net assets attributable to shareholders from investment activities (see above)		25,307		(11,910)
Retained distributions on Accumulation shares		1,083		890
Unclaimed distributions		19		12
<b>Closing net assets attributable to shareholders</b>		<b>200,912</b>		<b>190,551</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 30 June	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		200,498	182,373
<b>Current assets</b>			
Debtors	9	605	602
Cash and bank balances	10	360	222
Cash equivalents		2,399	10,024
<b>Total assets</b>		<b>203,862</b>	<b>193,221</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distribution payable		(2,157)	(2,167)
Other creditors	11	(793)	(503)
<b>Total liabilities</b>		<b>(2,950)</b>	<b>(2,670)</b>
<b>Net assets attributable to shareholders</b>		<b>200,912</b>	<b>190,551</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

### 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 30 June	2024 £'000	2023 £'000
Non-derivative securities	26,587	(10,481)
Currency gains/(losses)	(8)	(15)
<b>Net capital gains/(losses)</b>	<b>26,579</b>	<b>(10,496)</b>



# Financial statements and notes

## 4 Portfolio transactions and associated costs

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

for the year to 30 June	2024 £'000	% of transaction	2023 £'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	73,712		82,460	
Commissions	30	0.04	39	0.05
Taxes	252	0.34	335	0.40
<b>Total purchases after transaction costs</b>	<b>73,994</b>		<b>82,834</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	81,825		99,580	
Commissions	(33)	0.04	(42)	0.04
<b>Equities after transaction costs</b>	<b>81,792</b>		<b>99,538</b>	
<b>Other transaction types</b>				
Corporate actions	664		0	
<b>Total sales after transaction costs</b>	<b>82,456</b>		<b>99,538</b>	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	63	0.04	81	0.04
<b>Taxes paid</b>				
Equities	252	0.13	335	0.16
<b>Total direct portfolio transaction costs</b>	<b>315</b>	<b>0.17</b>	<b>416</b>	<b>0.20</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.89		0.90

# Financial statements and notes

## 5 Revenue

for the year to 30 June	2024 £'000	2023 £'000
Bank interest	1	1
Dividends from equity investments: non-taxable	5,378	5,031
Dividends from equity investments: taxable	10	19
Interest distributions	272	177
Property distribution: non-taxable	103	36
Property distribution: taxable	246	92
Rebate of ongoing charges from underlying funds	3	3
<b>Total revenue</b>	<b>6,013</b>	<b>5,359</b>

## 6 Expenses

for the year to 30 June	2024 £'000	2023 £'000
<b>Payable to the ACD or associate</b>		
Annual charge	1,843	2,066
<b>Total expenses</b>	<b>1,843</b>	<b>2,066</b>

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 30 June	2024 £'000	2023 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>0</b>	<b>0</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	4,170	3,293
Corporation tax at 20%	834	659
<b>Effects of:</b>		
Revenue: non-taxable	(1,096)	(1,014)
Current year expenses not utilised	262	355
<b>Total tax charge (note 7a)</b>	<b>0</b>	<b>0</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of £12,668,000 (2023: £12,406,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

## 8 Distributions

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

for the year to 30 June	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
<b>Dividend distributions</b>				
Interim	2,073	533	1,588	316
Final	2,157	550	2,167	574
<b>Total net distributions</b>		<b>5,313</b>		<b>4,645</b>
Income deducted on cancellation of shares		152		125
Income received on issue of shares		(23)		(63)
<b>Distributions</b>		<b>5,442</b>		<b>4,707</b>
Net revenue/(expense) per statement of total return		4,170		3,293
Expenses offset against capital		1,272		1,414
<b>Distributions</b>		<b>5,442</b>		<b>4,707</b>

# Financial statements and notes

## 9 Debtors

as at 30 June	2024 £'000	2023 £'000
Distributions receivable	16	28
Dividends receivable	589	574
<b>Total debtors</b>	<b>605</b>	<b>602</b>

## 10 Cash and bank balances

as at 30 June	2024 £'000	2023 £'000
Cash held as bank balances	360	222
<b>Total cash and bank balances</b>	<b>360</b>	<b>222</b>

## 11 Other creditors

as at 30 June	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	303	196
Annual charge payable	98	111
Purchases awaiting settlement	392	196
<b>Total other creditors</b>	<b>793</b>	<b>503</b>

## 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 01.07.23	Issued	Movements Cancelled	Converted	Closing 30.06.24
<b>Sterling</b>					
Class 'A' Income	24,114,783	352,758	(1,855,447)	0	22,612,094
Class 'A' Accumulation	2,688,639	29,251	(278,017)	0	2,439,873
Class 'C' Income	6,445,786	180,000	(806,651)	0	5,819,135
Class 'I' Income	1,890,551	22,291	(65,998)	0	1,846,844
Class 'I' Accumulation	1,052,599	81,944	(289,879)	0	844,664
Class 'R' Income	1,337,082	54,215	(139,285)	0	1,252,012
Class 'R' Accumulation	3,860,658	34,234	(472,444)	0	3,422,448

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.

# Financial statements and notes

## 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 %
<b>Sterling</b>	
Class 'A'	1.25
Class 'C'	0.00
Class 'I'	0.85
Class 'R'	1.10

## 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 28.20% (2023: 27.58%) 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.

# Financial statements and notes

## 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 June	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	200,498	0	182,373	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>200,498</b>	<b>0</b>	<b>182,373</b>	<b>0</b>

## 17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £10,025,000 (2023: £9,119,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

## 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.

## 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	01.07.23	31.12.23	02.01.24	29.02.24
Final	01.01.24	30.06.24	01.07.24	31.08.24

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

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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 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.7331	2.2476	4.9807	3.6145
Final	4.3524	1.0010	5.3534	5.0817

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	4.6659	4.2069	8.8728	4.1719
Final	4.6267	4.8756	9.5023	8.4501

## Sterling Class 'C' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	3.2357	2.2406	5.4763	3.9978
Final	5.1330	0.8677	6.0007	5.6141

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	10.7553	17.3460	28.1013	20.3374
Final	12.9465	17.3551	30.3016	28.6455

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	13.5584	12.0559	25.6143	14.6934
Final	13.7921	14.0736	27.8657	25.0565

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## Sterling Class 'R' Income shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.3673	1.3898	2.7571	2.0020
Final	2.1187	0.8510	2.9697	2.8139

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 30 June	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.0368	1.1890	2.2258	1.1485
Final	1.3367	1.0741	2.4108	2.1544

## 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 Investment in Transferable Securities ('UCITS') V and the Guidelines on sound remuneration policies under the UCITS issued by the European Securities and Markets Authority ('ESMA Guidelines').

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

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

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

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

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

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

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

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

