

M&G Optimal Income Fund

**Annual report and audited financial statements
for the year ended 30 September 2025**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Optimal Income Fund presents its annual report and audited financial statements for the year ended 30 September 2025.

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

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

Company information

This Open-Ended Investment Company (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 Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The Company 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 FCA.

The Company was authorised on 17 November 2006 and the fund was launched on 8 December 2006.

The Company's principal activity is to carry out business as an 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.

Co-fund managers

Richard Woolnough and Stefan Isaacs are employed by M&G FA Limited which is an associate of M&G Securities Limited.

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

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

* Appointed 13 January 2025.

** Resigned 30 June 2025.

*** Resigned 1 October 2025.

**** Appointed 12 March 2025.

***** Resigned 13 January 2025.

Investment manager

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

Registrar

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

Depositary

NatWest Trustee & Depositary Services Limited
House A, Floor 0, 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

Authorised Corporate Director's Report

Annual value assessment

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

Climate-related Financial Disclosures (TCFD)

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

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

Important information

Since January 2025 the operating charge does not include the underlying charges for closed-ended-funds, such as investment trusts and real estate investment trusts. There is no change to what you are currently being charged, this is a presentational change to align with the latest industry guidance issued by the Investment Association.

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

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
5 December 2025

Depository's Responsibilities and Report

Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Optimal Income Fund ('the Company') for the year ended 30 September 2025

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
5 December 2025

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Optimal Income Fund

Opinion

We have audited the financial statements of M&G Optimal Income Fund ("the Company") for the year ended 30 September 2025, 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 as at 30 September 2025, and of the net revenue and the net capital losses on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 ACD's responsibilities statement set out on page 3, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent Auditor's Report

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's opportunity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journal entries, with a particular focus on manually posted entries and those reflecting large and unusual transactions. We also reviewed the reporting to the ACD with respect to the application of the documented policies and procedures and reviewed the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

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

This description forms part of our auditor's report.

Use of our report

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

Edinburgh
5 December 2025

Ernst & Young LLP
Statutory Auditor

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 28 April 2025 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 composite index, over any five-year period.

The composite index is made up of one third Bloomberg Global Treasury Index GBP Hedged, one third Bloomberg Global Aggregate Corporate Index GBP Hedged and one third Bloomberg Global High Yield Index GBP Hedged.

Investment policy

At least 50% of the fund is invested, directly or indirectly through derivatives, in debt securities, including investment grade bonds, below investment grade unrated securities and asset-backed securities. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

Other investments may include:

- up to 20% of the fund in equities; 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.

At least 80% of the fund is in sterling or hedged back to sterling.

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

Investment approach

The fund is globally diversified across a range of debt securities and issuers from a variety of sectors and geographies. This flexibility allows the fund manager to invest in a combination of assets that together provide the most attractive or 'optimal' income stream for the fund. Income streams from different assets essentially offer different combinations of duration (interest rate) risk and credit risk – the optimal income stream is therefore that which incorporates the best mix of the two, based on the fund manager's view on macroeconomic, asset class, sector and geographic factors. In seeking an optimal income stream from investments, the fund manager may invest in a company's equities if they present a more attractive investment opportunity relative to its bonds.

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 Bloomberg Global Treasury Index GBP Hedged
- 1/3 Bloomberg Global Aggregate Corporate Index GBP Hedged
- 1/3 Bloomberg Global High Yield Index GBP Hedged

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 is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

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

For 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 37 to 39.

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 September 2025

Performance against objective

Between 1 October 2024 and 30 September 2025, the M&G Optimal Income Fund delivered a positive total return (the combination of income and capital growth) across all its sterling share classes. However, fund performance lagged the fund's benchmark, which returned 4.9% over the same period.

The fund's benchmark is a composite index consisting of 1/3 Bloomberg Global Treasury Index GBP Hedged, 1/3 Bloomberg Global Aggregate Corporate Index GBP Hedged and 1/3 Bloomberg Global High Yield Index GBP Hedged. The benchmark prior to 6 March 2023 was the IA Sterling Strategic Bond Sector.

Over five years, the fund generated a positive total return across all its share classes. In all the share classes, the fund was ahead of the benchmark, where

the average return was 2.3% pa. The fund met the objective of providing a higher total return, net of the ongoing charge figure, than the average return of the benchmark over any five-year period.

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

Performance review

At the start of the period under review, as 2024 drew to a close, major central banks maintained their path of monetary policy easing, despite modest inflationary upticks. Going into 2025, the global economic outlook was initially positive, but proposals for broad trade tariffs by the new US administration brought about significant economic uncertainty. Despite moderating, inflation in some major economies remained above central bank targets. As the second quarter of 2025 unfolded, global markets were roiled by significant volatility following President Donald Trump's tariff announcements on 2 April, also known as 'Liberation Day'. However, although the potential impact of US trade tariffs on the global economy was a dominant theme for investors in the third quarter, there was little evidence of a tariff effect on economic data, as global growth remained broadly resilient. After holding rates steady during most of 2025, a weakening jobs market prompted the Federal Reserve to cut interest rates by 25 basis points in September, boosting the prices of government bonds.

Financial markets had a rollercoaster ride over the period under review, with equity rallies and bond sell-offs at the close of 2024 followed up by significant volatility in 2025 which saw equities fall then rise again and bonds begin to make a comeback.

The corporate bond market gained as credit spreads tightened and interest rates fell, especially towards the end of the period, supported by an improvement in the economic outlook. Credit spreads measure the difference between the yield of a corporate bond and a government bond of the same maturity. A decrease in interest rates raises the prices of fixed-rate assets, such as bonds, which move in the opposite direction to

Authorised Corporate Director's Report

yields. Within credit, the high yield, riskier assets outperformed investment grade, which is considered safer.

Against this backdrop, the fund delivered a positive return but underperformed its benchmark over the review period. Our duration (interest rate risk) positioning and our corporate bond positioning both contributed to performance over the 12 months under review. During the period, we increased the fund's overall duration to an above-benchmark position of just over 7 years. At the start of 2025, we extended the fund's duration to the highest since 2008 (at 7.2 years). This decision was underpinned by our assessment that the risk-reward profile on government bonds remained attractive and that inflation concerns were less significant than commonly perceived. Funds with longer duration typically benefit when interest rates fall, as bond prices rise.

Within our corporate bond positioning, our allocation to high quality corporate bonds, in particular those issued by financials companies, helped to boost returns.

Investment activities

At the beginning of the final quarter of 2024, we added US agency mortgage-backed securities (MBS) for the first time, as this area of the market is highly influenced by bond volatility. Later in the quarter we increased the fund's duration exposure, adding 5 to 10 year US Treasuries as we believe that interest rates are unlikely to rise significantly in an environment where inflation is falling, but may decrease substantially should an economic slowdown occur. We remained cautious in our positioning in investment grade corporate bonds, gradually reducing our exposure.

Over the period, we responded to changes in the market by making decisions that showed we were actively managing our portfolio.

In the first quarter of 2025, we maintained our below benchmark exposure in high yield bonds as spreads remained historically tight, despite an increasing probability of an economic slowdown. Spreads measure the difference between the yield of a corporate bond and a government bond of the same maturity and are

considered to give an idea of risk appetite in the markets; tightening spreads are typically signals of investor confidence and a healthy economic outlook. Key activities included increasing exposure to Eurozone government bonds by purchasing French government bonds. Additionally, allocation to emerging markets was gradually increased with the addition of bonds from Romania and Serbia. Towards the end of the quarter, the significant repricing in bunds, driven by the new German government's changes in spending plans, pushed us to increase the fund's allocation to euro-denominated assets, resulting in a shift of our euro duration from a below-benchmark position to a slightly above-benchmark stance. Concurrently, we decreased our above-benchmark duration in US dollar assets due to robust relative performance. Furthermore, we increased our exposure to high yield through CDS indices (a type of derivative offering exposure with liquidity) as spreads widened and we reallocated from US Treasuries to bunds. We also increased our holdings in Brazilian bonds and reduced our allocation to euro-denominated corporate bonds.

At the beginning of the second quarter, we took advantage of market volatility to invest in high-quality companies with adjusted valuations, briefly increasing our risk exposure before trimming it back as spreads tightened. Additionally, we extended our maturity profile in government bonds due to yield curve steepening (meaning longer-dated bonds were offering high yields than shorter-dated bonds) induced by tariff volatility.

In May, we sold some long-dated corporate bonds that had performed well and used the proceeds to invest in undervalued names, such as UK water companies, McDonald's, and UK retailer Hammerson. At the same time we moved towards more long-term government bonds to take advantage of rising returns for holding them longer. During the summer we maintained a long duration position, gradually adding to longer-dated bonds. We focused on reducing risk in corporate bonds offering little extra over government bonds. We looked for good value opportunities, like Apple bonds in different currencies that offered better returns

Authorised Corporate Director's Report

compared to others. We didn't do much in equities, which is in line with our usual low exposure to those areas.

At the beginning of the third quarter of 2025, we capitalised on market strength to reduce our exposure to investment grade corporate bonds. We've mainly focused on European corporate bonds because their prices had gone up the most, making them look expensive compared to other markets. We further decreased our investments in high yield after the market recovered considerably from the tariff-related volatility and sold some US airline bonds bought in April. In August we continued to actively reduce credit risk, with high yield exposure still at historic fund lows. We also slightly reduced our investment in high-quality (investment grade) bonds because their anticipated returns were lower. We are still inclined to gradually reduce these holdings if returns remain low. Sector wise, we prefer financial companies, particularly in Europe, because we think their financial health is better than their credit ratings suggest. We are more cautious on industries that are sensitive to economic performance, such as autos and energy.

Outlook

We believe that the key to outperforming over long periods lies in having the flexibility and expertise to adapt to varying market environments. While some funds operate with specific constraints or exhibit a style bias, our strategy has consistently demonstrated its effectiveness by fully using our flexibility to reposition the portfolio. This approach means that our portfolio may look quite different at times, but it has served us well over the years. Following the post-COVID boom, where the best strategy was to hold more corporate bonds than government bonds, we now find ourselves in a very different environment. Inflationary pressures have diminished significantly, and growth is slowing. Nevertheless, investors generally remain positioned for a booming economy, evidenced by historically low returns of corporate bonds versus government bonds and elevated interest rates. We have adapted to this new environment by significantly reducing our corporate bond allocations (for example, our investment

in high yield corporate bonds has decreased from 35% to 8.5%) and by significantly increasing our duration (from 1.5 years in early 2020 to 7.0 years as at the end of September 2025). Our distinct and disciplined approach is what we believe will continue to serve our investors in the coming years.

Richard Woolnough and Stefan Isaacs

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 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Equities	1,617	0.12	0.74
60,000 Adecco Group AG	1,258	0.09	
85 Chaparral Energy, Inc. Warrants 01/10/2025 ^a	0	0.00	
416,995 Codere SA ^a	0	0.00	
3,647,371 New World Resources PLC ^a	0	0.00	
100,000 WPP PLC	359	0.03	
Fixed income	1,226,559	93.10	86.97
Euro denominated bonds	298,496	22.67	25.03
Corporate bonds	161,792	12.30	15.97
EUR1,500,000 ABN AMRO Bank NV 3.875% 15/01/2032	1,352	0.10	
EUR3,000,000 ABN AMRO Bank NV Var 5.75% Perpetual	2,646	0.20	
EUR1,500,000 ABN AMRO Bank NV Var 6.375% Perpetual	1,392	0.11	
EUR750,000 Aegon Ltd. Var 5.625% Perpetual	674	0.05	
EUR2,500,000 AIB Group PLC Var 2.875% 30/05/2031	2,186	0.17	
EUR3,000,000 AIB Group PLC Var 6% Perpetual	2,675	0.20	
EUR1,000,000 Allianz SE Var 2.625% Perpetual	785	0.06	
EUR1,500,000 Allianz SE Var 4.252% 05/07/2052	1,351	0.10	
EUR3,000,000 Allianz SE Var 5.824% 25/07/2053	2,955	0.22	
EUR1,705,000 Altice France Holding SA 4% 15/02/2028	527	0.04	
EUR1,821,000 Altice France Holding SA 8% 15/05/2027	563	0.04	
EUR10,000,000 Altria Group, Inc. 3.125% 15/06/2031	8,623	0.65	
EUR2,000,000 Apple, Inc. 0% 15/11/2025	1,744	0.13	
EUR2,000,000 ASR Nederland NV Var 4.625% Perpetual	1,769	0.13	
EUR1,000,000 Australia Pacific Airports Melbourne Pty. Ltd. 4% 07/06/2034	893	0.07	
EUR2,000,000 AXA SA Var 3.25% 28/05/2049	1,754	0.13	
EUR5,000,000 AXA SA Var 5.5% 11/07/2043	4,822	0.37	
EUR4,000,000 AXA SA Var 6.375% Perpetual	3,760	0.29	
EUR2,400,000 Banco Santander SA Var 3.625% Perpetual	1,981	0.15	
EUR2,000,000 Banco Santander SA Var 6% Perpetual	1,791	0.14	
EUR2,000,000 Bank of Ireland Group PLC Var 6.125% Perpetual	1,784	0.14	
EUR1,000,000 Bank of Ireland Group PLC Var 6.375% Perpetual	910	0.07	
EUR3,500,000 Bankinter SA Var 1.25% 23/12/2032	2,970	0.23	

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
Euro denominated bonds (continued)			
Corporate bonds (continued)			
EUR1,000,000	Banque Federative du Credit Mutuel SA 1.125% 19/11/2031	756	0.06
EUR2,500,000	Banque Federative du Credit Mutuel SA 1.375% 02/04/2030	2,020	0.15
EUR1,100,000	Banque Federative du Credit Mutuel SA Var 3.875% 16/06/2032	974	0.07
EUR2,211,000	Barclays PLC Var 4.506% 31/01/2033	2,036	0.15
EUR800,000	BAWAG Group AG Var 7.25% Perpetual	744	0.06
EUR1,600,000	BNP Paribas SA Var 6.875% Perpetual	1,520	0.12
EUR1,500,000	BP Capital Markets PLC Var 3.625% Perpetual	1,309	0.10
EUR1,800,000	CaixaBank SA Var 3.625% Perpetual	1,519	0.11
EUR4,000,000	CaixaBank SA Var 6.25% Perpetual	3,654	0.28
EUR2,613,000	Channel Link Enterprises Finance PLC Var 2.706% 30/06/2050	2,249	0.17
EUR1,446,000	Cheplapharm Arzneimittel GmbH 4.375% 15/01/2028	1,253	0.09
EUR1,440,000	Commonwealth Bank of Australia Var 3.788% 26/08/2037	1,260	0.10
EUR600,000	Cooperatieve Rabobank UA Var 3.1% Perpetual	506	0.04
EUR1,500,000	Credit Agricole Assurances SA 1.5% 06/10/2031	1,167	0.09
EUR1,000,000	Credit Agricole Assurances SA Var 6.25% Perpetual	915	0.07
EUR1,000,000	Credit Agricole SA Var 5.875% Perpetual	887	0.07
EUR2,500,000	Credit Agricole SA Var 7.25% Perpetual	2,351	0.18
EUR1,000,000	Deutsche Bahn AG Var 1.6% Perpetual	815	0.06
EUR2,000,000	Deutsche Bank AG Var 4% 24/06/2032	1,769	0.13
EUR4,000,000	Deutsche Bank AG Var 7.375% Perpetual	3,760	0.29
EUR3,500,000	Eni SpA Var 2.75% Perpetual	2,911	0.22
EUR178,000	Eni SpA Var 3.375% Perpetual	153	0.01
EUR3,000,000	Erste Group Bank AG Var 7% Perpetual	2,842	0.22
EUR1,000,000	Eurobank Ergasias Services & Holdings SA Var 4.25% 30/04/2035	877	0.07
EUR966,400	Flos B&b Italia SpA 10% 15/11/2028	886	0.07
EUR1,000,000	Generali 5.399% 20/04/2033	960	0.07
EUR2,000,000	Hannover Rueck SE Var 1.375% 30/06/2042	1,524	0.12

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
Euro denominated bonds (continued)			
Corporate bonds (continued)			
EUR1,500,000 Iberdrola International BV Var 2.25% Perpetual	1,249	0.09	
EUR2,000,000 ING Groep NV Var 2.125% 26/05/2031	1,743	0.13	
EUR1,000,000 Intesa Sanpaolo SpA Var 6.375% Perpetual	913	0.07	
EUR118,579 Intrum Investments & Financing AB 8% 11/09/2027	106	0.01	
EUR10,000,000 JT International Financial Services BV 3.625% 11/04/2034	8,640	0.66	
EUR1,000,000 KBC Group NV Var 3.625% 26/08/2036	874	0.07	
EUR1,500,000 La Banque Postale SA Var 0.75% 02/08/2032	1,262	0.10	
EUR1,000,000 Mahle GmbH 6.5% 02/05/2031	903	0.07	
EUR1,500,000 McDonald's Corp. 4.125% 28/11/2035	1,356	0.10	
EUR1,500,000 Monitchem HoldCo 3 SA 8.75% 01/05/2028	1,307	0.10	
EUR1,000,000 Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen Var 4.25% 26/05/2044	894	0.07	
EUR1,831,000 NBN Co. Ltd. 4.375% 15/03/2033	1,713	0.13	
EUR5,000,000 NN Group NV Var 5.25% 01/03/2043	4,714	0.36	
EUR2,000,000 NN Group NV Var 5.75% Perpetual	1,770	0.13	
EUR982,000 NN Group NV Var 6.375% Perpetual	911	0.07	
EUR856,000 Olympus Water U.S. Holding Corp. 9.625% 15/11/2028	784	0.06	
EUR13,636,000 Philip Morris International, Inc. 1.45% 01/08/2039	8,582	0.65	
EUR7,000,000 Philip Morris International, Inc. 1.875% 06/11/2037	4,866	0.37	
EUR5,000,000 Philip Morris International, Inc. 2% 09/05/2036	3,659	0.28	
EUR300,000 Raiffeisen Bank International AG Var 4.625% 21/08/2029	273	0.02	
EUR1,500,000 Raiffeisen Bank International AG Var 7.375% 20/12/2032	1,412	0.11	
EUR2,000,000 Raiffeisen Bank International AG Var 7.375% Perpetual	1,851	0.14	
EUR1,500,000 Reno de Medici SpA FRN 7.014% 15/04/2029	1,009	0.08	
EUR4,000,000 Sampo OYJ Var 2.5% 03/09/2052	3,234	0.25	
EUR800,000 Swiss Re Finance U.K. PLC Var 2.714% 04/06/2052	653	0.05	
EUR625,000 Sydney Airport Finance Co. Pty. Ltd. 4.125% 30/04/2036	560	0.04	
EUR3,000,000 Sydney Airport Finance Co. Pty. Ltd. 4.375% 03/05/2033	2,754	0.21	
EUR400,000 Telefonica Europe BV Var 2.376% Perpetual	331	0.02	
EUR1,700,000 Thames Water Utilities Finance PLC 4.375% 18/01/2033	1,030	0.08	
EUR2,000,000 TotalEnergies SE Var 2% Perpetual	1,617	0.12	

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
Euro denominated bonds (continued)			
Corporate bonds (continued)			
EUR3,000,000	TotalEnergies SE Var 2.125% Perpetual	2,302	0.17
EUR3,000,000	TotalEnergies SE Var 4.5% Perpetual	2,649	0.20
EUR5,000,000	UniCredit SpA Var 5.625% Perpetual	4,347	0.33
Government bonds		136,704	10.37
EUR35,000,000	French Republic Government Bonds OAT 0.5% 25/05/2072	7,793	0.59
EUR15,000,000	French Republic Government Bonds OAT 0.75% 25/05/2052	5,850	0.44
EUR15,000,000	French Republic Government Bonds OAT 0.75% 25/05/2053	5,667	0.43
EUR5,000,000	French Republic Government Bonds OAT 1.25% 25/05/2038	3,270	0.25
EUR12,500,000	French Republic Government Bonds OAT 1.75% 25/05/2066	5,539	0.42
EUR20,000,000	French Republic Government Bonds OAT 3.75% 25/05/2056	15,630	1.19
EUR45,000,000	French Republic Government Bonds OAT 4% 25/04/2055	37,188	2.82
EUR33,000,000	French Republic Government Bonds OAT 4% 25/04/2060	26,771	2.03
EUR1,500,000	Hungary Government International Bonds 1.625% 28/04/2032	1,158	0.09
EUR1,500,000	Hungary Government International Bonds 1.75% 05/06/2035	1,063	0.08
EUR4,500,000	Ivory Coast Government International Bonds 6.625% 22/03/2048	3,353	0.25
EUR2,000,000	Mexico Government International Bonds 4% 15/03/2115	1,221	0.09
EUR2,000,000	Romania Government International Bonds 2.75% 14/04/2041	1,119	0.08
EUR2,500,000	Romania Government International Bonds 2.875% 13/04/2042	1,394	0.11
EUR2,000,000	Romania Government International Bonds 3.375% 28/01/2050	1,094	0.08
EUR3,000,000	Serbia International Bonds 1.65% 03/03/2033	2,180	0.17
EUR5,000,000	Serbia International Bonds 2.05% 23/09/2036	3,395	0.26
EUR3,000,000	Slovakia Government Bonds 3.75% 23/02/2035	2,666	0.20

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
Euro denominated bonds (continued)			
Government bonds (continued)			
EUR2,000,000 SNCF Reseau 4.125% 22/03/2062	1,519	0.12	
EUR10,000,000 Spain Government Bonds 3.25% 30/04/2034	8,834	0.67	
New Zealand dollar denominated bonds		6,010	0.46
Government bonds		6,010	0.37
NZD11,000,000 New Zealand Government Bonds Inflation-Linked 2.5% 20/09/2040	6,010	0.46	
Sterling denominated bonds		306,048	23.21
Corporate bonds		193,213	17.24
GBP2,500,000 Anglian Water Services Financing PLC 6.25% 12/09/2044	2,365	0.18	
GBP1,700,000 Aroundtown SA 3% 16/10/2029	1,547	0.12	
GBP4,000,000 Australia & New Zealand Banking Group Ltd. Var 1.809% 16/09/2031	3,886	0.29	
GBP1,000,000 Aviva PLC Var 4% 03/06/2055	844	0.06	
GBP521,000 Aviva PLC Var 4.375% 12/09/2049	506	0.04	
GBP4,500,000 Aviva PLC Var 5.125% 04/06/2050	4,461	0.34	
GBP500,000 Aviva PLC Var 6.125% 12/09/2054	500	0.04	
GBP451,000 Aviva PLC Var 7.75% Perpetual	470	0.04	
GBP800,000 Banco Santander SA 5.375% 17/01/2031	820	0.06	
GBP2,500,000 Banco Santander SA Var 2.25% 04/10/2032	2,380	0.18	
GBP1,500,000 Bank of Ireland Group PLC Var 7.594% 06/12/2032	1,569	0.12	
GBP2,000,000 Barclays PLC Var 8.407% 14/11/2032	2,131	0.16	
GBP3,500,000 Barclays PLC Var 8.5% Perpetual	3,710	0.28	
GBP4,000,000 Berkshire Hathaway Finance Corp. 2.375% 19/06/2039	2,730	0.21	
GBP2,000,000 BNP Paribas SA 5.75% 13/06/2032	2,060	0.16	
GBP166,000 Boost Newco Borrower LLC/GTCR W Dutch Finance Sub BV 8.5% 15/01/2031	178	0.01	
GBP1,000,000 BPCE SA 5.25% 16/04/2029	997	0.08	
GBP1,000,000 British Telecommunications PLC 5.625% 03/12/2041	932	0.07	
GBP1,500,000 British Telecommunications PLC 6.375% 23/06/2037	1,560	0.12	
GBP2,800,000 BUPA Finance PLC 4.125% 14/06/2035	2,416	0.18	
GBP1,000,000 BUPA Finance PLC 5% 08/12/2026	1,001	0.08	

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
Sterling denominated bonds (continued)			
Corporate bonds (continued)			
GBP2,000,000	Cadent Finance PLC 2.625% 22/09/2038	1,373	0.10
GBP2,000,000	CaixaBank SA Var 3.5% 06/04/2028	1,969	0.15
GBP700,000	CaixaBank SA Var 6.875% 25/10/2033	731	0.06
GBP1,943,000	Channel Link Enterprises Finance PLC Var 3.043% 30/06/2050	1,787	0.14
GBP1,500,000	Commerzbank AG Var 8.625% 28/02/2033	1,609	0.12
GBP1,000,000	Cooperatieve Rabobank UA 4.625% 23/05/2029	991	0.08
GBP2,000,000	Coventry Building Society Var 8.75% Perpetual	2,126	0.16
GBP1,964,000	CPUK Finance Ltd. 3.69% 28/02/2047	1,883	0.14
GBP1,023,000	CPUK Finance Ltd. 5.876% 28/08/2027	1,041	0.08
GBP2,100,000	Credit Agricole SA Var 1.874% 09/12/2031	2,025	0.15
GBP2,000,000	Credit Agricole SA Var 6% 22/10/2035	2,040	0.15
GBP391,179	Delamare Finance PLC 5.5457% 19/02/2029	395	0.03
GBP1,494,000	Deuce Finco PLC 5.5% 15/06/2027	1,491	0.11
GBP955,000	DWR Cymru Financing U.K. PLC 2.375% 31/03/2034	700	0.05
GBP2,000,000	E.ON International Finance BV 5.875% 30/10/2037	1,987	0.15
GBP3,000,000	Gatwick Funding Ltd. 3.125% 28/09/2041	2,161	0.16
GBP500,000	Gatwick Funding Ltd. 5.5% 04/04/2042	465	0.04
GBP731,648	Greene King Finance PLC 3.593% 15/03/2035	675	0.05
GBP139,278	Greene King Finance PLC 4.0643% 15/03/2035	131	0.01
GBP2,500,000	Hammerson PLC 5.875% 08/10/2036	2,423	0.18
GBP1,500,000	Heathrow Funding Ltd. 5.875% 13/05/2043	1,435	0.11
GBP3,000,000	Heathrow Funding Ltd. 6.45% 10/12/2033	3,189	0.24
GBP2,500,000	Heathrow Funding Ltd. 7.075% 04/08/2030	2,649	0.20
GBP3,500,000	HJ Heinz Finance U.K. PLC 6.25% 18/02/2030	3,638	0.28
GBP1,000,000	HSBC Holdings PLC 6% 29/03/2040	963	0.07
GBP15,000,000	Imperial Brands Finance PLC 4.875% 07/06/2032	14,395	1.09
GBP1,000,000	ING Groep NV Var 6.25% 20/05/2033	1,026	0.08
GBP1,397,000	InterContinental Hotels Group PLC 2.125% 24/08/2026	1,367	0.10
GBP3,000,000	InterContinental Hotels Group PLC 3.375% 08/10/2028	2,879	0.22
GBP485,000	Intesa Sanpaolo SpA 5.148% 10/06/2030	481	0.04

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
Sterling denominated bonds (continued)			
Corporate bonds (continued)			
GBP4,000,000 Intesa Sanpaolo SpA 6.625% 31/05/2033	4,295	0.33	
GBP3,500,000 Intesa Sanpaolo SpA 8.505% 20/09/2032	4,027	0.31	
GBP353,066 Intu Metrocentre FRN 1% 04/12/2025	353	0.03	
GBP1,500,000 Leeds Building Society 1.375% 06/10/2027	1,409	0.11	
GBP5,800,000 Legal & General Group PLC Var 3.75% 26/11/2049	5,487	0.42	
GBP3,000,000 Legal & General Group PLC Var 5.125% 14/11/2048	3,004	0.23	
GBP133,000 Legal & General Group PLC Var 6.625% 01/04/2055	137	0.01	
GBP200,000 Lloyds Bank PLC 11.75% Perpetual	352	0.03	
GBP10,000,000 Lloyds Banking Group PLC Var 2.707% 03/12/2035	8,786	0.67	
GBP787,000 Lloyds Banking Group PLC Var 7.5% Perpetual	805	0.06	
GBP3,500,000 Lloyds Banking Group PLC Var 7.875% Perpetual	3,676	0.28	
GBP625,000 Logikor Financing SARL 2.75% 15/01/2030	562	0.04	
GBP1,135,000 Manchester Airport Group Funding PLC 4.75% 31/03/2034	1,091	0.08	
GBP432,000 Marston's Issuer PLC Var 5.1774% 15/07/2032	418	0.03	
GBP3,441,917 Metrocentre Finance PLC 8.75% 06/12/2028	1,902	0.14	
GBP2,000,000 Metropolitan Life Global Funding I 5% 10/01/2030	2,031	0.15	
GBP68,697 Mitchells & Butlers Finance PLC FRN 4.5554% 15/12/2030	67	0.00	
GBP1,458,746 Mitchells & Butlers Finance PLC FRN 4.7054% 15/12/2033	1,391	0.11	
GBP2,000,000 Morgan Stanley Var 5.789% 18/11/2033	2,082	0.16	
GBP2,000,000 National Gas Transmission PLC 1.125% 14/01/2033	1,503	0.11	
GBP1,500,000 National Grid Electricity Transmission PLC 2% 16/09/2038	969	0.07	
GBP2,000,000 Nationwide Building Society Var 5.75% Perpetual	1,987	0.15	
GBP3,500,000 Nationwide Building Society Var 7.5% Perpetual	3,583	0.27	
GBP950,000 NatWest Group PLC Var 2.105% 28/11/2031	925	0.07	
GBP1,500,000 NatWest Group PLC Var 7.5% Perpetual	1,524	0.12	
GBP1,500,000 New York Life Global Funding 4.95% 07/12/2029	1,533	0.12	
GBP1,000,000 NIE Finance PLC 5.875% 01/12/2032	1,036	0.08	
GBP1,029,000 Northumbrian Water Finance PLC 5.5% 02/10/2037	968	0.07	

Portfolio statement

Investments (continued)

Holding		as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)				
Sterling denominated bonds (continued)				
Corporate bonds (continued)				
GBP2,000,000	Northumbrian Water Finance PLC 6.375% 28/10/2034	2,058	0.16	
GBP2,500,000	Santander U.K. Group Holdings PLC Var 2.421% 17/01/2029	2,377	0.18	
GBP1,000,000	Severn Trent Utilities Finance PLC 4.625% 30/11/2034	934	0.07	
GBP1,000,000	Severn Trent Utilities Finance PLC 5.875% 31/07/2038	990	0.07	
GBP1,310,000	Skipton Building Society Var 6.25% 25/04/2029	1,355	0.10	
GBP1,000,000	Southern Gas Networks PLC 3.1% 15/09/2036	771	0.06	
GBP943,000	Telereal Securitisation PLC Var 1.9632% 10/12/2033	936	0.07	
GBP1,723,887	Tesco Property Finance 3 PLC 5.744% 13/04/2040	1,707	0.13	
GBP1,753,222	Tesco Property Finance 4 PLC 5.8006% 13/10/2040	1,740	0.13	
GBP1,357,073	Tesco Property Finance 5 PLC 5.6611% 13/10/2041	1,326	0.10	
GBP1,283,959	Tesco Property Finance 6 PLC 5.4111% 13/07/2044	1,224	0.09	
GBP25,833	Thames Water Super Senior Issuer PLC 9.75% 10/10/2027 (Issued 28/07/2025)	29	0.00	
GBP116,266	Thames Water Super Senior Issuer PLC 9.75% 10/10/2027 (Issued 29/07/2025)	129	0.01	
GBP91,240	Thames Water Super Senior Issuer PLC 9.75% 10/10/2027 (Issued 12/08/2025)	102	0.01	
GBP19,420	Thames Water Utilities Ltd. 0% 22/03/2027	17	0.00	
GBP623,000	TVL Finance PLC 10.25% 28/04/2028	629	0.05	
GBP2,500,000	UBS Group AG Var 7.375% 07/09/2033	2,816	0.21	
GBP1,000,000	United Utilities Water Ltd. 5% 28/02/2035	945	0.07	
GBP1,750,000	Verizon Communications, Inc. 4.75% 17/02/2034	1,673	0.13	
GBP750,000	Vmed O2 U.K. Financing I PLC 4% 31/01/2029	713	0.05	
GBP1,000,000	Wells Fargo & Co. 2.5% 02/05/2029	932	0.07	
GBP1,080,000	Wells Fargo & Co. 3.5% 12/09/2029	1,034	0.08	
GBP500,000	Wells Fargo & Co. 4.875% 29/11/2035	464	0.04	
GBP1,000,000	Wessex Water Services Finance PLC 6.125% 19/09/2034	1,008	0.08	
GBP2,000,000	Westfield America Management Ltd. 2.625% 30/03/2029	1,850	0.14	
GBP1,500,000	Whitbread Group PLC 3% 31/05/2031	1,322	0.10	
GBP1,500,000	Whitbread Group PLC 5.5% 31/05/2032	1,493	0.11	
GBP1,620,000	Yorkshire Building Society Var 1.5% 15/09/2029	1,480	0.11	

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
Sterling denominated bonds (continued)			
Corporate bonds (continued)			
GBP4,000,000 Yorkshire Water Finance PLC 2.75% 18/04/2041	2,523	0.19	
GBP750,000 Yorkshire Water Finance PLC 5.25% 28/04/2030	742	0.06	
GBP5,000,000 Zurich Finance Ireland Designated Activity Co. Var 5.125% 23/11/2052	4,903	0.37	
Government bonds	112,835	8.56	12.12
GBP3,000,000 Mexico Government International Bonds 5.625% 19/03/2114	2,142	0.16	
GBP10,000,000 U.K. Gilts 3.25% 22/01/2044	7,539	0.57	
GBP15,000,000 U.K. Gilts 4.25% 07/12/2046	12,773	0.97	
GBP35,000,000 U.K. Gilts 4.25% 07/12/2049	29,301	2.22	
GBP16,000,000 U.K. Gilts 4.5% 07/12/2042	14,592	1.11	
GBP50,000,000 U.K. Gilts 4.75% 22/10/2043	46,488	3.53	
US dollar denominated bonds	616,005	46.76	32.21
Corporate bonds	102,872	7.82	9.78
USD1,000,000 AerCap Ireland Capital DAC/AerCap Global Aviation Trust 3.3% 30/01/2032	685	0.05	
USD1,000,000 AerCap Ireland Capital DAC/AerCap Global Aviation Trust 3.4% 29/10/2033	668	0.05	
USD1,500,000 Apple, Inc. 2.2% 11/09/2029	1,046	0.08	
USD3,500,000 Apple, Inc. 4.75% 12/05/2035	2,664	0.20	
USD1,000,000 Australia & New Zealand Banking Group Ltd. Var 2.57% 25/11/2035	663	0.05	
USD4,500,000 Banco Bilbao Vizcaya Argentaria SA Var 7.75% Perpetual	3,535	0.27	
USD3,400,000 Banco Santander SA Var 3.225% 22/11/2032	2,301	0.17	
USD2,000,000 Banco Santander SA Var 9.625% Perpetual	1,785	0.14	
USD1,105,000 Barclays PLC Var 5.746% 09/08/2033	864	0.07	
USD2,000,000 Barclays PLC Var 7.625% Perpetual	1,571	0.12	
USD1,000,000 BBVA Mexico SA Institucion De Banca Multiple Grupo Financiero BBVA Mexico Var 5.875% 13/09/2034	745	0.06	
USD889,000 BBVA Mexico SA Institucion De Banca Multiple Grupo Financiero BBVA Mexico Var 8.45% 29/06/2038	729	0.06	
USD4,900,000 BNP Paribas SA Var 3.052% 13/01/2031	3,425	0.26	
USD1,250,000 BNP Paribas SA Var 3.132% 20/01/2033	846	0.06	

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
US dollar denominated bonds (continued)			
Corporate bonds (continued)			
USD1,500,000 BNP Paribas SA Var 4.375% 01/03/2033	1,102	0.08	
USD2,000,000 BP Capital Markets PLC Var 4.875% Perpetual	1,487	0.11	
USD3,400,000 BPCE SA Var 2.277% 20/01/2032	2,228	0.17	
USD1,680,000 BPCE SA Var 3.116% 19/10/2032	1,108	0.08	
USD1,500,000 BPCE SA Var 6.915% 14/01/2046	1,197	0.09	
USD383,000 Cheplapharm Arzneimittel GmbH 5.5% 15/01/2028	277	0.02	
USD4,000,000 Citigroup, Inc. Var 5.827% 13/02/2035	3,079	0.23	
USD1,249,000 Comcast Cable Communications LLC 8.5% 01/05/2027	983	0.07	
USD500,000 Credit Agricole SA Var 4% 10/01/2033	366	0.03	
USD2,500,000 DNB Bank ASA Var 7.375% Perpetual	1,955	0.15	
USD2,600,000 Electricite de France SA 4.5% 04/12/2069	1,394	0.11	
USD1,500,000 Enel Finance International NV 3.5% 06/04/2028	1,095	0.08	
USD1,000,000 Enel Finance International NV 5% 15/06/2032	756	0.06	
USD1,167,000 Eni SpA 4.75% 12/09/2028	877	0.07	
USD600,000 Henkel AG & Co. KGaA 1.75% 17/11/2026	433	0.03	
USD2,000,000 ING Groep NV Var 4.25% Perpetual	1,316	0.10	
USD2,126,000 Intesa Sanpaolo SpA 6.625% 20/06/2033	1,740	0.13	
USD494,000 Intesa Sanpaolo SpA Var 4.198% 01/06/2032	347	0.03	
USD1,000,000 Intesa Sanpaolo SpA Var 4.95% 01/06/2042	628	0.05	
USD2,500,000 Intesa Sanpaolo SpA Var 8.248% 21/11/2033	2,193	0.17	
USD1,500,000 JPMorgan Chase & Co. Var 2.58% 22/04/2032	1,012	0.08	
USD5,000,000 JPMorgan Chase & Co. Var 2.963% 25/01/2033	3,399	0.26	
USD3,000,000 JPMorgan Chase & Co. Var 4.586% 26/04/2033	2,236	0.17	
USD2,000,000 JPMorgan Chase & Co. Var 4.912% 25/07/2033	1,515	0.11	
USD232,144 K2016470219 South Africa Ltd. 0% 31/12/2049 ^b	0	0.00	
USD1,500,000 KBC Group NV Var 5.796% 19/01/2029	1,152	0.09	
USD1,500,000 Lloyds Banking Group PLC Var 6.75% Perpetual	1,143	0.09	
USD828,000 Millicom International Cellular SA 6.25% 25/03/2029	621	0.05	
USD860,637 Mitchells & Butlers Finance PLC FRN 4.8874% 15/12/2030	608	0.05	
USD3,900,000 Morgan Stanley Var 1.794% 13/02/2032	2,528	0.19	

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
US dollar denominated bonds (continued)			
Corporate bonds (continued)			
USD1,650,000 Morgan Stanley Var 2.699% 22/01/2031	1,145	0.09	
USD2,000,000 Morgan Stanley Var 3.591% 22/07/2028	1,472	0.11	
USD1,600,000 Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen Var 5.875% 23/05/2042	1,241	0.09	
USD2,500,000 National Australia Bank Ltd. Var 3.347% 12/01/2037	1,682	0.13	
USD3,000,000 NatWest Group PLC Var 3.032% 28/11/2035	2,041	0.15	
USD4,000,000 NatWest Group PLC Var 7.3% Perpetual	3,121	0.24	
USD1,548,698 Project Silver 3.967% 15/07/2044	1,129	0.09	
USD1,500,000 Royal Bank of Canada Var 6.35% 24/11/2084	1,097	0.08	
USD4,000,000 Royal Bank of Canada Var 7.5% 02/05/2084	3,130	0.24	
USD500,000 Saks Global Enterprises LLC 11% 15/12/2029 (Issued 11/08/2025)	192	0.02	
USD500,000 Saks Global Enterprises LLC 11% 15/12/2029 (Issued 14/08/2025)	139	0.01	
USD645,454 SGUS LLC 11% 15/12/2029	455	0.03	
USD1,600,000 Skandinaviska Enskilda Banken AB Var 6.75% Perpetual	1,227	0.09	
USD2,414,757 Slam Ltd. 2.434% 15/06/2046	1,695	0.13	
USD3,000,000 Swedbank AB Var 7.75% Perpetual	2,396	0.18	
USD1,000,000 UBS Group AG Var 2.095% 11/02/2032	655	0.05	
USD2,000,000 UBS Group AG Var 3.126% 13/08/2030	1,420	0.11	
USD2,000,000 UBS Group AG Var 4.375% Perpetual	1,354	0.10	
USD2,000,000 UBS Group AG Var 7% Perpetual	1,524	0.12	
USD6,400,000 UniCredit SpA Var 3.127% 03/06/2032	4,379	0.33	
USD864,000 UPM-Kymmene OYJ 7.45% 26/11/2027	681	0.05	
USD5,000,000 Wells Fargo & Co. Var 3.35% 02/03/2033	3,459	0.26	
USD3,500,000 Westpac Banking Corp. Var 3.02% 18/11/2036	2,322	0.18	
USD1,900,000 WPP Finance 2010 5.625% 15/11/2043	1,253	0.09	
USD5,000,000 Zurich Finance Ireland Designated Activity Co. Var 3% 19/04/2051	3,361	0.26	
Government bonds	513,133	38.94	22.43
USD2,000,000 Brazil Government International Bonds 4.75% 14/01/2050	1,107	0.08	
USD2,000,000 Brazil Government International Bonds 5% 27/01/2045	1,208	0.09	

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Fixed income (continued)			
US dollar denominated bonds (continued)			
Government bonds (continued)			
USD9,000,000 Republic of Italy Government International Bonds 3.875% 06/05/2051	4,797	0.36	
USD60,000,000 U.S. Treasury Bonds 1.25% 15/05/2050	21,928	1.66	
USD100,000,000 U.S. Treasury Bonds 1.375% 15/08/2050	37,477	2.85	
USD120,000,000 U.S. Treasury Bonds 2.75% 15/11/2047	64,577	4.90	
USD10,000,000 U.S. Treasury Bonds 4.375% 15/11/2039	7,384	0.56	
USD55,000,000 U.S. Treasury Bonds 4.375% 15/08/2043	39,510	3.00	
USD27,000,000 U.S. Treasury Bonds 4.625% 15/05/2044	19,955	1.52	
USD40,000,000 U.S. Treasury Bonds 4.75% 15/02/2045	29,963	2.27	
USD15,000,000 U.S. Treasury Notes 0.625% 15/08/2030	9,624	0.73	
USD60,000,000 U.S. Treasury Notes 1.375% 15/11/2031	38,646	2.93	
USD40,000,000 U.S. Treasury Notes 2.875% 15/05/2032	27,995	2.13	
USD75,000,000 U.S. Treasury Notes 3.375% 15/05/2033	53,653	4.07	
USD50,000,000 U.S. Treasury Notes 4% 15/02/2034	37,140	2.82	
USD50,000,000 U.S. Treasury Notes 4.25% 15/05/2035	37,570	2.85	
USD55,000,000 U.S. Treasury Notes 4.375% 15/05/2034	41,907	3.18	
USD50,000,000 U.S. Treasury Notes 4.625% 15/02/2035	38,692	2.94	
Derivatives	10,869	0.83	2.57
Forwards	(5,090)	(0.38)	1.12
Bought CHF265,521 for GBP247,666 Settlement 08/10/2025	0	0.00	
Bought EUR1,979,630 for GBP1,725,528 Settlement 08/10/2025	6	0.00	
Bought USD32,139,979 for GBP23,860,361 Settlement 08/10/2025	57	0.01	
Sold CHF1,608,183 for GBP1,500,383 Settlement 08/10/2025	(1)	0.00	
Sold EUR349,706,240 for GBP304,046,757 Settlement 08/10/2025	(1,753)	(0.13)	
Sold NZD13,693,858 for GBP6,010,819 Settlement 08/10/2025	105	0.01	
Sold USD863,765,688 for GBP639,275,705 Settlement 08/10/2025	(3,504)	(0.27)	

Portfolio statement

Investments (continued)

Holding	as at 30.09.25 £'000	as at 30.09.25 %	as at 30.09.24 %
Derivatives (continued)			
Futures	0	0.00	0.05
Credit default swaps	2,870	0.21	0.43
8,000,000 CDX.NA.HY.S43 20/12/2029	458	0.03	
16,000,000 CDX.NA.HY.S44 20/06/2030	949	0.07	
15,786,560 iTraxx Europe Crossover S43 20/06/2030	1,463	0.11	
Interest rate swaps	13,089	1.00	0.97
8,000,000 Pay 2.3012% Receive VAR 28/01/2055	755	0.06	
7,500,000 Pay 2.3012% Receive VAR 19/02/2055	712	0.05	
8,000,000 Pay 2.3102% Receive VAR 30/08/2054	817	0.06	
7,500,000 Pay 2.425% Receive VAR 19/06/2054	613	0.05	
8,000,000 Pay 2.45601% Receive VAR 05/04/2054	613	0.05	
8,000,000 Pay 2.5492% Receive VAR 11/03/2055	403	0.03	
25,000,000 Pay 3.4375% Receive VAR 18/04/2053	4,760	0.36	
5,000,000 Pay 3.549% Receive VAR 28/02/2053	867	0.07	
10,000,000 Pay 3.6767% Receive VAR 09/04/2055	339	0.03	
8,000,000 Pay 3.7787% Receive VAR 12/03/2055	165	0.01	
15,000,000 Pay 3.822% Receive VAR 17/06/2054	1,955	0.15	
8,000,000 Pay 4.0432% Receive VAR 14/08/2055	(134)	(0.01)	
10,000,000 Pay 4.23895% Receive VAR 07/04/2055	637	0.05	
10,000,000 Pay 4.3837% Receive VAR 06/03/2055	398	0.03	
10,000,000 Pay 4.5117% Receive VAR 07/08/2055	189	0.01	
Total portfolio	1,239,045	94.05	90.28
Net other assets/(liabilities)	78,403	5.95	9.72
Net assets attributable to shareholders	1,317,448	100.00	100.00

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

The comparative sector weightings have been re-analysed to reflect changes to the sector classifications.

^a Suspended/delisted.

^b Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the year to 30 September 2025

Largest purchases	£'000
U.S. Treasury Bonds 2.75% 15/11/2047	63,773
Bundesrepublik Deutschland Bundesanleihe 4% 04/01/2037	51,911
U.K. Gilts 4.25% 31/07/2034	49,096
U.K. Gilts 4.75% 22/10/2043	47,671
U.S. Treasury Notes 4% 15/02/2034	45,889
U.K. Gilts 4.375% 31/07/2054	42,677
U.S. Treasury Notes 4.375% 15/05/2034	41,831
U.S. Treasury Bonds 1.75% 15/08/2041	38,819
U.S. Treasury Bonds 4.375% 15/08/2043	38,530
U.S. Treasury Notes 4.625% 15/02/2035	37,465
Other purchases	755,593
Total purchases	1,213,255

Largest sales	£'000
Bundesrepublik Deutschland Bundesanleihe 4% 04/01/2037	52,417
U.K. Gilts 4.25% 31/07/2034	48,636
U.S. Treasury Bonds 1.75% 15/08/2041	47,785
U.S. Treasury Notes 2.375% 15/05/2029	43,669
U.K. Gilts 4.375% 31/07/2054	42,425
U.S. Treasury Notes 0.625% 15/05/2030	39,275
U.K. Gilts 0.875% 31/01/2046	37,603
U.S. Treasury Notes 0.625% 15/08/2030	35,028
U.K. Gilts 0.625% 22/10/2050	34,017
U.S. Treasury Bonds 1.25% 15/05/2050	26,846
Other sales	819,427
Total sales	1,227,128

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+3.4	+9.1	+3.2	+3.2
Class 'A' Accumulation	+3.4	+9.1	+3.2	+3.2
Class 'I' Income	+3.8	+9.6	+3.7	+3.6
Class 'I' Accumulation	+3.8	+9.6	+3.6	+3.6
Class 'J' Income	+3.8	+9.6	+3.7	n/a
Class 'J' Accumulation	+3.8	+9.6	+3.7	n/a
Class 'PP' Income	+3.9	+9.7	+3.8	n/a
Class 'PP' Accumulation	+3.9	+9.7	+3.8	n/a
Class 'R' Income	+3.5	+9.3	+3.4	+3.4
Class 'R' Accumulation	+3.5	+9.3	+3.4	+3.4
Benchmark	+4.9	+8.1	+2.3	+3.3

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 8 December 2006.

for the year to 30 September	2025	2024	2023
Change in NAV per share	UK p	UK p	UK p
Opening NAV	137.06	127.04	120.69
Return before operating charges*	5.99	18.25	14.16
Operating charges	(1.39)	(1.39)	(1.33)
Return after operating charges*	4.60	16.86	12.83
Distributions	(6.47)	(6.84)	(6.48)
Closing NAV	135.19	137.06	127.04
*after direct transaction cost of	0.00	0.01	0.01
Performance			
Return after charges (%)	3.36	13.27	10.63
Other information			
Closing NAV (£'000)	42,499	49,733	50,239
Number of shares	31,435,985	36,286,107	39,545,994
Operating charges (%)	1.03	1.03	1.03
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	139.26	141.68	136.00
Lowest share price (UK p)	131.52	124.15	119.08

Sterling Class 'A' Accumulation shares

The share class was launched on 8 December 2006.

for the year to 30 September	2025	2024	2023
Change in NAV per share	UK p	UK p	UK p
Opening NAV	244.03	215.19	194.50
Return before operating charges*	10.87	31.23	22.86
Operating charges	(2.51)	(2.39)	(2.17)
Return after operating charges*	8.36	28.84	20.69
Distributions	(9.15)	(9.34)	(8.40)
Retained distributions	9.15	9.34	8.40
Closing NAV	252.39	244.03	215.19
*after direct transaction cost of	0.00	0.02	0.01
Performance			
Return after charges (%)	3.43	13.40	10.64
Other information			
Closing NAV (£'000)	158,381	176,797	186,168
Number of shares	62,752,453	72,447,846	86,515,023
Operating charges (%)	1.03	1.03	1.03
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	253.81	246.18	219.26
Lowest share price (UK p)	234.14	210.29	191.91

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 8 December 2006.

for the year to 30 September	2025	2024	2023
Change in NAV per share	UK p	UK p	UK p
Opening NAV	142.28	131.34	124.27
Return before operating charges*	6.25	18.91	14.60
Operating charges	(0.89)	(0.88)	(0.84)
Return after operating charges*	5.36	18.03	13.76
Distributions	(6.73)	(7.09)	(6.69)
Closing NAV	140.91	142.28	131.34
*after direct transaction cost of	0.00	0.01	0.01
Performance			
Return after charges (%)	3.77	13.73	11.07
Other information			
Closing NAV (£'000)	184,485	226,893	226,899
Number of shares	130,923,723	159,474,940	172,756,307
Operating charges (%)	0.63	0.63	0.63
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	145.12	147.05	140.24
Lowest share price (UK p)	136.68	128.39	122.64

Sterling Class 'I' Accumulation shares

The share class was launched on 8 December 2006.

for the year to 30 September	2025	2024	2023
Change in NAV per share	UK p	UK p	UK p
Opening NAV	262.59	230.62	207.62
Return before operating charges*	11.74	33.54	24.42
Operating charges	(1.66)	(1.57)	(1.42)
Return after operating charges*	10.08	31.97	23.00
Distributions	(10.92)	(11.03)	(9.89)
Retained distributions	10.92	11.03	9.89
Closing NAV	272.67	262.59	230.62
*after direct transaction cost of	0.00	0.02	0.01
Performance			
Return after charges (%)	3.84	13.86	11.08
Other information			
Closing NAV (£'000)	617,044	660,405	588,592
Number of shares	226,300,934	251,501,019	255,221,954
Operating charges (%)	0.63	0.63	0.63
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	274.16	264.85	234.80
Lowest share price (UK p)	252.23	225.43	204.88

Financial highlights

Sterling Class 'J' Income shares

The share class was launched on 18 January 2019.

for the year to 30 September Change in NAV per share	2025 UK p	2024 UK p	2023 UK p
Opening NAV	98.20	90.65	85.77
Return before operating charges*	4.33	13.05	10.08
Operating charges	(0.61)	(0.61)	(0.58)
Return after operating charges*	3.72	12.44	9.50
Distributions	(4.65)	(4.89)	(4.62)
Closing NAV	97.27	98.20	90.65
*after direct transaction cost of	0.00	0.01	0.00
Performance			
Return after charges (%)	3.79	13.72	11.08
Other information			
Closing NAV (£'000)	635	4,746	6,201
Number of shares	653,282	4,833,547	6,840,800
Operating charges (%)	0.63	0.63	0.63
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	100.18	101.49	96.79
Lowest share price (UK p)	94.34	88.61	84.65

Sterling Class 'J' Accumulation shares

The share class was launched on 18 January 2019.

for the year to 30 September Change in NAV per share	2025 UK p	2024 UK p	2023 UK p
Opening NAV	121.70	106.88	96.22
Return before operating charges*	5.42	15.54	11.32
Operating charges	(0.75)	(0.72)	(0.66)
Return after operating charges*	4.67	14.82	10.66
Distributions	(5.06)	(5.11)	(4.58)
Retained distributions	5.06	5.11	4.58
Closing NAV	126.37	121.70	106.88
*after direct transaction cost of	0.00	0.01	0.00
Performance			
Return after charges (%)	3.84	13.87	11.08
Other information			
Closing NAV (£'000)	10	287	596
Number of shares	8,000	235,546	557,631
Operating charges (%)	0.63	0.63	0.63
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	127.06	122.75	108.82
Lowest share price (UK p)	116.90	104.47	94.95

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 30 September	2025	2024	2023
Change in NAV per share	UK p	UK p	UK p
Opening NAV	95.94	88.48	83.63
Return before operating charges*	4.22	12.74	9.83
Operating charges	(0.50)	(0.50)	(0.48)
Return after operating charges*	3.72	12.24	9.35
Distributions	(4.54)	(4.78)	(4.50)
Closing NAV	95.12	95.94	88.48
*after direct transaction cost of	0.00	0.01	0.00
Performance			
Return after charges (%)	3.88	13.83	11.18
Other information			
Closing NAV (£'000)	145,661	128,682	101,121
Number of shares	153,138,926	134,126,610	114,291,432
Operating charges (%)	0.53	0.53	0.53
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	97.96	99.15	94.41
Lowest share price (UK p)	92.20	86.49	82.53

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 30 September	2025	2024	2023
Change in NAV per share	UK p	UK p	UK p
Opening NAV	118.60	104.06	93.59
Return before operating charges*	5.31	15.14	11.01
Operating charges	(0.63)	(0.60)	(0.54)
Return after operating charges*	4.68	14.54	10.47
Distributions	(5.05)	(5.09)	(4.56)
Retained distributions	5.05	5.09	4.56
Closing NAV	123.28	118.60	104.06
*after direct transaction cost of	0.00	0.01	0.00
Performance			
Return after charges (%)	3.95	13.97	11.19
Other information			
Closing NAV (£'000)	160,336	171,312	129,662
Number of shares	130,060,378	144,442,976	124,604,213
Operating charges (%)	0.53	0.53	0.53
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	123.95	119.62	105.92
Lowest share price (UK p)	113.96	101.72	92.35

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 30 September Change in NAV per share	2025 UK p	2024 UK p	2023 UK p
Opening NAV	108.33	100.26	95.10
Return before operating charges*	4.75	14.41	11.17
Operating charges	(0.94)	(0.94)	(0.90)
Return after operating charges*	3.81	13.47	10.27
Distributions	(5.12)	(5.40)	(5.11)
Closing NAV	107.02	108.33	100.26
*after direct transaction cost of	0.00	0.01	0.00
Performance			
Return after charges (%)	3.52	13.44	10.80
Other information			
Closing NAV (£'000)	2,809	3,144	3,013
Number of shares	2,624,664	2,902,480	3,005,223
Operating charges (%)	0.88	0.88	0.88
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	110.23	111.97	107.22
Lowest share price (UK p)	103.99	97.98	93.84

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 30 September Change in NAV per share	2025 UK p	2024 UK p	2023 UK p
Opening NAV	156.07	137.42	124.02
Return before operating charges*	6.96	19.96	14.59
Operating charges	(1.37)	(1.31)	(1.19)
Return after operating charges*	5.59	18.65	13.40
Distributions	(6.09)	(6.19)	(5.56)
Retained distributions	6.09	6.19	5.56
Closing NAV	161.66	156.07	137.42
*after direct transaction cost of	0.00	0.01	0.00
Performance			
Return after charges (%)	3.58	13.57	10.80
Other information			
Closing NAV (£'000)	5,588	6,386	5,781
Number of shares	3,456,613	4,091,851	4,206,619
Operating charges (%)	0.88	0.88	0.88
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price (UK p)	162.56	157.43	139.97
Lowest share price (UK p)	149.81	134.30	122.37

Financial statements and notes

Financial statements

Statement of total return

for the year to 30 September		2025		2024	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	5		(6,706)		116,361
Revenue	7	65,157		71,174	
Expenses	8	(9,128)		(9,536)	
Interest payable and similar charges		(21)		(29)	
Net revenue/(expense) before taxation		56,008		61,609	
Taxation	9	(121)		(50)	
Net revenue/(expense) after taxation			55,887		61,559
Total return before distributions			49,181		177,920
Distributions	10		(58,396)		(64,232)
Change in net assets attributable to shareholders from investment activities			(9,215)		113,688

Statement of change in net assets attributable to shareholders

for the year to 30 September		2025		2024	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			1,428,385		1,298,272
Amounts received on issue of shares		106,689		230,020	
Amounts paid on cancellation of shares		(246,973)		(257,633)	
			(140,284)		(27,613)
Dilution adjustments			20		622
Change in net assets attributable to shareholders from investment activities (see above)			(9,215)		113,688
Retained distributions on Accumulation shares			38,541		43,415
Unclaimed distributions			1		1
Closing net assets attributable to shareholders			1,317,448		1,428,385

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Balance sheet

as at 30 September	Note	2025 £'000	2024 £'000
Assets			
Fixed assets			
Investments		1,244,437	1,291,363
Current assets			
Debtors	11	21,764	32,296
Cash and bank balances	12	46,476	44,076
Cash equivalents		40,412	89,354
Total assets		1,353,089	1,457,089
Liabilities			
Investment liabilities		(5,392)	(1,784)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(15,963)	(4,562)
Distribution payable		(9,136)	(10,203)
Other creditors	13	(5,150)	(12,155)
Total liabilities		(35,641)	(28,704)
Net assets attributable to shareholders		1,317,448	1,428,385

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Notes to the financial statements

1 Statement of compliance

The financial statements 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 15.

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 a period of twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of the fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections and key service provider's operational resilience.

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

b. Functional and presentational currency

The functional and presentational currency of M&G Optimal Income Fund is UK sterling.

c. Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 30 September 2025 being the last business day of the accounting period.

d. Investments – recognition and valuation

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

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 30 September 2025, 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.
- 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.

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- Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.
- Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
- Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
- Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
- Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
- Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.

e. Recognition of income and expenses

- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
- Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
- Interest on debt securities is recognised on an effective interest rate basis. Bank interest is recognised on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Revenue from derivatives is recognised on an accruals basis.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.

f. Treatment of income and expenses

- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains/(losses).
- The value of any enhancement to a stock dividend is treated as capital.
- Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
- Special dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.
- Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.

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

g. Operating charges

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

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

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

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

h. Portfolio transaction costs

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

- **Direct portfolio transaction costs:** Broker execution commission and taxes.

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- **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

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

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

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

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

j. Allocation of returns to share classes

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

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

Financial statements and notes

The following risk management policies are applicable to the fund, with specific risk disclosures set out in notes 19 to 22 in this report.

a. Market risk

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

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

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

b. Value at Risk approach

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

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

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

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

c. Liquidity risk

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

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

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

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

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Market (or distribution-related) considerations include an assessment of asset demand, fund growth, client concentration and the persistency of the client base. Supplementary to this, market liquidity stress tests are carried out on a monthly basis for all sophisticated 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. The fund has not been escalated for remedial action.

d. Credit risk

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

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

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

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

4 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.

5 Net capital gains/(losses)

for the year to 30 September	2025 £'000	2024 £'000
Non-derivative securities	(21,503)	50,568
Derivative contracts	8,898	63,944
Currency gains/(losses)	5,899	1,849
Net capital gains/(losses)	(6,706)	116,361

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6 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' on pages 36 and 37. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 30 September	2025 £'000	% of transaction	2024 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	1,599		11,905	
Commissions	1	0.03	4	0.03
Taxes and other fees	5	0.29	14	0.12
Equities after transaction costs	1,605		11,923	
Debt securities	1,211,625		862,027	
Other transaction types				
Corporate actions	25		0	
Total purchases after transaction costs	1,213,255		873,950	
b) Sales				
Equities				
Equities before transaction costs	11,887		5,526	
Commissions	(4)	0.03	(3)	0.05
Equities after transaction costs	11,883		5,523	
Debt securities	1,203,021		834,272	
Other transaction types				
Corporate actions	12,224		13,492	
Total sales after transaction costs	1,227,128		853,287	
	2025 £'000	% of average NAV	2024 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	5	0.00	7	0.00
Derivatives	23	0.00	33	0.00
Total commissions paid	28	0.00	40	0.00
Taxes and other fees paid				
Equities	5	0.00	14	0.00
Derivatives	27	0.00	39	0.00
Total taxes and other fees paid	32	0.00	53	0.00
Total direct portfolio transaction costs	60	0.00	93	0.00

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	%	%
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.26	0.38

7 Revenue

for the year to 30 September	2025 £'000	2024 £'000
Bank interest	279	212
Derivative revenue	4,247	9,898
Dividends from equity investments: non-taxable	355	296
Dividends from equity investments: taxable	504	414
Interest distributions	2,460	3,859
Interest on debt securities	57,287	56,459
Rebate of ongoing charges from underlying funds	25	36
Total revenue	65,157	71,174

8 Expenses

for the year to 30 September	2025 £'000	2024 £'000
Payable to the ACD or associate		
Annual charge	9,128	9,536
Total expenses	9,128	9,536

Audit fees for the financial year ending 2025 were £13,000 (2024: £13,000) (including VAT), which are covered by the annual charge.

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9 Taxation

for the year to 30 September	2025 £'000	2024 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	121	50
Deferred tax (note 9c)	0	0
Total taxation	121	50
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	56,008	61,609
Corporation tax at 20%	11,202	12,322
Effects of:		
Revenue: non-taxable	(71)	(59)
Interest distributions	(11,131)	(12,263)
Withholding tax	121	50
Total tax charge (note 9a)	121	50
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 9a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset in the current financial year (2024: same).

10 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 September	2025		2024	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
Interim	9,030	19,368	10,514	22,385
Final	9,136	19,173	10,203	21,030
Total net distributions		56,707		64,132
Income deducted on cancellation of shares		2,660		2,771
Income received on issue of shares		(971)		(2,671)
Distributions		58,396		64,232
Net revenue/(expense) per statement of total return		55,887		61,559
Expenses offset against capital		2,509		2,673
Distributions		58,396		64,232

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11 Debtors

as at 30 September	2025 £'000	2024 £'000
Amounts receivable on issues of shares	562	1,238
Currency deals outstanding	2,216	0
Debt security interest receivable	16,331	14,186
Derivative revenue receivable	35	109
Distributions receivable	134	360
Dividends receivable	0	71
Management charge rebates due	1	2
Sales awaiting settlement	867	14,672
Withholding tax recoverable	1,618	1,658
Total debtors	21,764	32,296

12 Cash and bank balances

as at 30 September	2025 £'000	2024 £'000
Amounts held at futures clearing houses and collateral manager	37,827	37,372
Cash held as bank balances	8,649	6,704
Total cash and bank balances	46,476	44,076

13 Other creditors

as at 30 September	2025 £'000	2024 £'000
Amounts payable on cancellation of shares	1,527	3,097
Annual charge payable	366	372
Currency deals outstanding	2,217	0
Purchases awaiting settlement	0	7,695
Payable to M&G (Lux) Optimal Income Fund	1,040	991
Total other creditors	5,150	12,155

14 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2024: same).

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15 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 16.

Share class	Opening 01.10.24	Issued	Movements Cancelled	Converted	Closing 30.09.25
Sterling					
Class 'A' Income	36,286,107	762,445	(5,612,567)	0	31,435,985
Class 'A' Accumulation	72,447,846	1,728,761	(11,424,154)	0	62,752,453
Class 'I' Income	159,474,940	6,935,874	(35,487,091)	0	130,923,723
Class 'I' Accumulation	251,501,019	9,996,778	(35,196,863)	0	226,300,934
Class 'J' Income	4,833,547	169,450	(4,349,715)	0	653,282
Class 'J' Accumulation	235,546	0	(227,546)	0	8,000
Class 'PP' Income	134,126,610	36,206,087	(17,193,771)	0	153,138,926
Class 'PP' Accumulation	144,442,976	26,876,644	(41,259,242)	0	130,060,378
Class 'R' Income	2,902,480	240,821	(518,637)	0	2,624,664
Class 'R' Accumulation	4,091,851	144,843	(780,081)	0	3,456,613

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.

16 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	1.05
Class 'I'	0.65
Class 'J'	0.65
Class 'PP'	0.55
Class 'R'	0.90

17 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 10. Amounts due to/from M&G Securities Limited in respect of share transactions for the year end are disclosed in notes 11 and 13 where applicable.

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Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 8. Amounts due at the year end in respect of the annual charge are disclosed in note 13.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in note 7. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 1.21% (2024: 1.05%) of the fund's shares.

18 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 September	Assets 2025 £'000	Liabilities 2025 £'000	Assets 2024 £'000	Liabilities 2024 £'000
Level 1	730,836	0	568,736	0
Level 2	513,248	(5,392)	722,324	(1,784)
Level 3	353	0	303	0
	1,244,437	(5,392)	1,291,363	(1,784)

Level 3 assets comprise of Intu Metrocentre 1% 04/12/2025 (2024: INTU Metrocentre).

19 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 37 to 39.

20 Market risk sensitivity and exposure

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

The VaR limit set during the financial year to 30 September 2025 was 20% (2024: 20%).

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The lowest, highest and average utilisation of VaR with reference to the limit above are calculated during the financial years ended 30 September 2025 and 30 September 2024.

for the year to 30 September	2025 Utilisation of VaR 20%	2024 Utilisation of VaR 20%
Lowest	15.65	21.10
Highest	20.60	24.80
Average	18.21	23.40

21 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 September	2025 £'000	2024 £'000
Investment grade securities	1,138,789	1,185,864
Below investment grade securities	76,073	56,349
Unrated securities	11,697	0
Other investments	12,486	47,366
Total	1,239,045	1,289,579

The credit ratings are provided by S&P, followed by Moody's, and finally Fitch.

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 September 2025	Swaps £'000	Forwards £'000
Barclays Bank	15,959	(45)
Citigroup	0	(49)
Deutsche Bank	0	(13)
Goldman Sachs	0	102
HSBC	0	(3,450)
Morgan Stanley	0	(13)
Standard Chartered Bank	0	82
State Street Bank	0	22
UBS	0	(1,726)
Total	15,959	(5,090)

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as at 30 September 2024	Swaps £'000	Forwards £'000	Futures £'000
Bank of America Merrill Lynch	0	1	755
Barclays Bank	19,932	0	0
BNP Paribas	0	29	0
Citigroup	0	(60)	0
HSBC	0	76	0
JPMorgan	49	11,334	0
Morgan Stanley	0	150	0
Royal Bank of Canada	0	(1)	0
National Australia Bank	0	7	0
UBS	0	4,540	0
Total	19,981	16,076	755

22 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 September 2025 and 30 September 2024 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 September	2025 £'000	2025 %	2024 £'000	2024 %
Lowest	1,098,105	81.75	1,321,211	91.97
Highest	3,649,751	272.47	3,600,201	253.21
Average	1,606,285	118.26	1,814,323	129.86

23 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	01.10.24	31.03.25	01.04.25	31.05.25
Final	01.04.25	30.09.25	01.10.25	30.11.25

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

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

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

Sterling Class 'A' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	1.7397	1.4467	3.1864	3.4556
Final	1.9726	1.3152	3.2878	3.3874

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	2.2988	2.1379	4.4367	4.6980
Final	2.9177	1.7955	4.7132	4.6441

Sterling Class 'I' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	1.3410	1.9699	3.3109	3.5760
Final	1.8159	1.6071	3.4230	3.5129

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	2.7238	2.5717	5.2955	5.5198
Final	2.8738	2.7484	5.6222	5.5091

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Sterling Class 'J' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	1.1025	1.1828	2.2853	2.4681
Final	1.9334	0.4295	2.3629	2.4246

Sterling Class 'J' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	2.4552	0.0000	2.4552	2.5582
Final	2.6000	0.0000	2.6000	2.5531

Sterling Class 'PP' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	1.3639	0.8693	2.2332	2.4096
Final	1.5181	0.7920	2.3101	2.3682

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	1.6163	0.8345	2.4508	2.5454
Final	1.2618	1.3400	2.6018	2.5460

Sterling Class 'R' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2025 UK p	2025 UK p	2025 UK p	2024 UK p
Interim	1.1376	1.3818	2.5194	2.7280
Final	1.3995	1.2003	2.5998	2.6764

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Sterling Class 'R' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2	Group 1 & 2	
	2025	Equalisation	Distribution	
	UK p	2025	2025	2024
		UK p	UK p	UK p
Interim	1.6952	1.2585	2.9537	3.1084
Final	1.6620	1.4748	3.1368	3.0843

24 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: mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies

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

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

The UCITS Management Company does not employ any staff directly. 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 2024 to 31 December 2024.

	Fixed Remuneration £'000	Variable Remuneration £'000	Total £'000	Beneficiaries
Senior Management	579	1,303	1,882	10
Other Identified Staff	3,044	17,814	20,858	21
Total	3,623	19,117	22,740	31

