

# M&G Optimal Income Fund

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

## Contents

Authorised Corporate Director's Report.....	1
Directors' statement .....	3
Depository's Responsibilities and Report .....	4
Independent Auditor's Report .....	5
Authorised Corporate Director's Reports, including the portfolio statement, financial highlights, financial statements and notes .....	8
Other regulatory disclosures .....	54

# 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 2024.

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](http://mandg.com/private-investor/glossary). A printed copy of the glossary is available upon request by calling customer services and administration as shown within the 'Investor information' section of this report.

## Company information

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

Please note that effective as of 5 February 2024, Stefan Isaacs appointed as co-fund manager.

## ACD

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

## Directors of the ACD

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

## Investment manager

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

## Registrar

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

## 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 to 31 March 2024 can be found on our website at [mandg.com/investments/valueassessment](https://mandg.com/investments/valueassessment)

## Climate-related Financial Disclosures (TCFD)

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

## Important information

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

Effective as of 5 February 2024, Stefan Isaacs appointed as co-fund manager.

From January 2025 the operating charge figure will 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  
6 December 2024

# 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 2024

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh  
6 December 2024

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 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2024, and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

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

# Independent Auditor's Report

We have nothing to report in this regard.

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

In our opinion:

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

## Matters on which we are required to report by exception

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

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

## Responsibilities of the ACD

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

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

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

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

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

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



# Independent Auditor's Report

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. No special dividends were identified in our testing.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities)

This description forms part of our auditor's report.

## Use of our report

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

Edinburgh  
6 December 2024

Ernst & Young LLP  
Statutory Auditor

# Authorised Corporate Director's Report

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

## Investment objective

The fund aims to provide a 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 40 to 42.

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 2024

### Performance against objective

Between 1 October 2023 and 30 September 2024, the M&G Optimal Income Fund delivered a strong positive total return (the combination of income and capital growth) across all its sterling share classes. Fund performance was ahead of the fund's benchmark, which returned 13.0% 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 1.9% 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

Inflation declined steadily during the first half of the period under review, prompting central banks to pause the cycle of interest rate increases and ultimately signal rate cuts in 2024. Investors became optimistic about a soft landing for major economies, sparking a powerful two-month rally across most asset classes at the end of the calendar year 2023. The rally in bond markets at the end of 2023 faded in the first quarter of 2024 as investors pushed back their timing for potential interest rate cuts by central banks.

However, the global economy showed signs of improvement in the latter half of the review period. Easing inflation prompted major central banks to reduce interest rates from their previous highs and refocus on economic growth. Government bonds performed well as the global monetary easing cycle gathered momentum. For the first time in over four years, both the US Federal Reserve and the Bank of England have implemented reductions in their benchmark interest rates. The Bank of England initiated the move in August with a modest 25 basis point cut to its key rate. This was followed in September by a more pronounced 50 basis point decrease from the Federal Reserve. In a parallel development, the European Central Bank also proceeded with a cut to its main interest rate, signifying the institution's second rate modification within the year, following an initial revision that took place in June. In contrast, the Bank of Japan raised interest rate to 0.25% during the period, a move that triggered a sharp market sell-off.

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

# Authorised Corporate Director's Report

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

Against this backdrop, the fund delivered a strong positive return and outperformed its benchmark over the review period. Our yield curve positioning (the yield curve plots the yield – or interest rate – of bonds with different maturity dates) was the biggest driver of outperformance. Credit positioning also contributed to outperformance with asset allocation accounting for the bulk of relative returns.

At the sector level, our allocation to most credit sectors contributed positively, especially our above-benchmark exposures to the euro-denominated high yield non-financial sector and sterling-denominated investment grade financial sector. Security selection in investment grade corporate bonds also significantly boosted relative returns, notably our choices in sterling-denominated financial and non-financial sector bonds, which were among those that added value. On the other hand, our picks in sovereign bonds had a negative effect on performance.

During the period under review, we increased the fund's overall duration to an above benchmark (overweight) position, at around 6.3 years.

## Investment activities

In the sovereign debt segment, throughout the first half of the period, we engaged in acquiring bonds from emerging markets such as Hungary, Poland, and Ivory Coast, which had not kept pace with the broader market rally. In April, the repricing of yields led us to focus on purchasing mid-dated US Treasuries, which had been underperforming. We also increased our exposure to the long end of the yield curve in the UK and France. Political uncertainty in France resulted in increased volatility and a sell-off in French government bonds, prompting us to increase our exposure to the

region. Moving into the last quarter of the review period, we increased our exposure to Irish government bonds. We cut back on our holdings in Poland and some peripheral bonds, while slightly increasing our French government bonds holdings due to their attractive valuations. In September, market volatility led us to divest some US Treasuries and to invest in underperforming UK gilts. We adjusted our portfolio to favour longer-dated bonds in response to a steepening yield curve.

In the emerging market segment, we reduced our exposure to certain markets like Mexico, South Africa, Serbia, and Macedonia in May, following a significant tightening of spreads in recent months.

For the credit segment, we transitioned some of our exposure from US to European banks, which we felt offered better performance with lower risk. We also sold various high-performing bonds, including sterling and long-dated US dollar investment grade names and certain subordinated financials. As spreads widened in October, we moved some of our credit exposure into high yield bonds, only to shift back to investment grade in November as market sentiment improved. In December, we sold off high yield bonds that had performed well, such as those from Italian mobile operator Iliad. During the first quarter of 2024, we maintained a long duration positioning, anticipating a lower-inflation environment and steady economic growth. As spreads tightened, we reduced credit risk by moving some high yield exposure back into investment grade. We also closed some credit default swap positions and sold bonds with historically tight spreads, including those from AT&T, Electricite de France, and Deutsche Telekom International Finance. In the second half of the review period, we continued to reduce credit risk and high yield bond allocations, trimming bonds due to historically tight spreads. We also decreased our exposure through CDS indices. In September, we capitalised on volatility in the UK water sector, particularly around Thames Water Utilities Finance, to engage in relative value trades.

Throughout the review period, we were active in the primary market, participating in new deals from Flos

# Authorised Corporate Director's Report

B&b Italia (formerly International Design), IHG Finance (sold in June), Piraeus Bank and Southern Water Services Finance in the first half. We continued to seek opportunities to add value in the primary market, engaging in new deals from WarnerMedia, and Oncore Electric Delivery (subsequently sold) in May, and from Fraport (Frankfurt Airport) in June, along with relative value switches involving Verizon Communications and Heathrow Funding. As the market activity increased post-summer, we looked for attractive primary market deals, participating in new offerings from Scottish Hydro Electric Transmission, MTU Aero Engines.

## Outlook

We maintain a positive stance on duration and remain active to capture opportunities across regions and curves (duration is a measure of a bond's sensitivity to changes in interest rates; the higher the duration, the more sensitive the bond), we prefer reducing risk in the corporate bond space as spreads remain historically tight, whereas the macroeconomic environment is slowly deteriorating. We also remain actively involved in identifying opportunities to add value, both in the primary market and through relative value trades.

## Richard Woolnough & Stefan Isaacs

Co-fund managers

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

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

# Portfolio statement

## Investments

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Equities</b>	<b>10,554</b>	<b>0.74</b>	<b>0.26</b>
<b>Pharmaceuticals &amp; biotechnology</b>	<b>5,952</b>	<b>0.42</b>	<b>0.00</b>
90,000 Bristol-Myers Squibb Co.	3,434	0.24	
10,500 Roche Holding AG	2,518	0.18	
<b>Travel &amp; leisure</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
416,995 Codere SA <sup>a</sup>	0	0.00	
<b>Tobacco</b>	<b>3,269</b>	<b>0.23</b>	<b>0.00</b>
120,000 British American Tobacco PLC	3,269	0.23	
<b>Personal care, drug &amp; grocery stores</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
2,678,858 K2016470219 South Africa Ltd. <sup>a</sup>	0	0.00	
<b>Industrial support services</b>	<b>1,333</b>	<b>0.09</b>	<b>0.26</b>
52,500 Adecco Group AG	1,333	0.09	
<b>Precious metals &amp; mining</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
3,647,371 New World Resources PLC <sup>a</sup>	0	0.00	
<b>Oil &amp; gas</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
85 Chaparral Energy, Inc. Warrants 01/10/2024 <sup>a</sup>	0	0.00	
85 Chaparral Energy, Inc. Warrants 01/10/2025 <sup>a</sup>	0	0.00	
<b>Fixed income</b>	<b>1,262,949</b>	<b>88.42</b>	<b>91.49</b>
<b>Debt securities</b>	<b>1,242,213</b>	<b>86.97</b>	<b>89.86</b>
<b>'AAA' credit rated bonds</b>	<b>76,463</b>	<b>5.35</b>	<b>2.40</b>
€2,000,000 Apple, Inc. 0% 15/11/2025	1,618	0.11	
US\$4,000,000 Apple, Inc. 1.2% 08/02/2028	2,747	0.19	
€3,000,000 Apple, Inc. 2% 17/09/2027	2,474	0.17	
US\$1,500,000 Apple, Inc. 2.2% 11/09/2029	1,038	0.07	
US\$3,000,000 Apple, Inc. 3.2% 11/05/2027	2,208	0.16	
US\$3,000,000 Apple, Inc. 3.35% 09/02/2027	2,218	0.16	
€500,000 Banco BPI SA 3.25% 22/03/2030	426	0.03	
€3,500,000 Banco Santander SA 0.1% 27/02/2032	2,392	0.17	
£2,000,000 Bank of Montreal FRN 5.63% 02/09/2027	2,007	0.14	
€4,000,000 Bank of Nova Scotia 0.375% 26/03/2030	2,947	0.21	
€30,000,000 Bundesrepublik Deutschland Bundesanleihe 0% 15/08/2052	12,811	0.90	
US\$4,000,000 Canadian Imperial Bank of Commerce 4.414% 08/06/2028	3,034	0.21	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'AAA' credit rated bonds (continued)</b>			
€3,000,000 CCF SFH SACA 2.625% 07/09/2032	2,469	0.17	
€1,404,000 Clydesdale Bank PLC 3.75% 22/08/2028	1,216	0.09	
€3,000,000 Commonwealth Bank of Australia 1.625% 10/02/2031	2,336	0.16	
£1,118,000 HSBC U.K. Bank PLC FRN 5.48% 25/08/2028	1,120	0.08	
£1,000,000 Lloyds Bank PLC 6% 08/02/2029	1,065	0.08	
US\$1,500,000 Microsoft Corp. 3.4% 15/09/2026	1,112	0.08	
€3,500,000 National Australia Bank Ltd. 0.01% 06/01/2029	2,612	0.18	
US\$4,500,000 National Australia Bank Ltd. 4.628% 22/11/2027	3,424	0.24	
€1,000,000 Nationwide Building Society 3.375% 27/11/2028	860	0.06	
£3,325,000 Nationwide Building Society FRN 5.38% 24/02/2031	3,289	0.23	
£3,000,000 New York Life Global Funding 4.95% 07/12/2029	3,063	0.21	
NZD9,000,000 New Zealand Government Bonds Inflation-Linked 2.5% 20/09/2040	5,310	0.37	
£1,000,000 Santander U.K. PLC 5.25% 16/02/2029	1,038	0.07	
€1,500,000 Santander U.K. PLC FRN 3.757% 12/05/2027	1,250	0.09	
€1,506,000 Temasek Financial I Ltd. 3.5% 15/02/2033	1,300	0.09	
€4,589,000 Toronto-Dominion Bank 3.666% 08/09/2031	4,048	0.28	
£2,000,000 TSB Bank PLC FRN 5.63% 15/09/2028	2,008	0.14	
€3,500,000 Westpac Securities NZ Ltd. 3.75% 20/04/2028	3,023	0.21	
<b>'AA' credit rated bonds</b>	<b>569,517</b>	<b>39.87</b>	<b>26.38</b>
€2,500,000 Banco Santander Totta SA 3.25% 15/02/2031	2,142	0.15	
€2,500,000 Banque Federative du Credit Mutuel SA 1.375% 02/04/2030	1,889	0.13	
US\$2,000,000 Credit Agricole SA 5.514% 05/07/2033	1,582	0.11	
€30,000,000 French Republic Government Bonds OAT 0.75% 25/05/2052	13,088	0.92	
€65,000,000 French Republic Government Bonds OAT 0.75% 25/05/2053	27,635	1.93	
€15,000,000 French Republic Government Bonds OAT 2% 25/05/2048	9,648	0.67	
€15,000,000 French Republic Government Bonds OAT 3% 25/05/2054	11,266	0.79	
€20,000,000 Ireland Government Bonds 0% 18/10/2031	14,225	1.00	
£2,508,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	2,249	0.16	
£2,000,000 Metropolitan Life Global Funding I 5% 10/01/2030	2,033	0.14	
€1,831,000 NBN Co. Ltd. 4.375% 15/03/2033	1,652	0.12	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'AA' credit rated bonds (continued)</b>			
€958,000 Red & Black Auto Italy SRL FRN 4.3% 28/07/2036	800	0.06	
€3,000,000 SNCF Reseau 4.125% 22/03/2062	2,520	0.18	
£90,000,000 U.K. Gilts 0.625% 22/10/2050	37,036	2.59	
£80,000,000 U.K. Gilts 0.875% 31/01/2046	40,556	2.84	
£10,000,000 U.K. Gilts 1.25% 31/07/2051	4,935	0.35	
£15,000,000 U.K. Gilts 1.5% 22/07/2047	8,590	0.60	
£25,000,000 U.K. Gilts 3.75% 22/10/2053	21,688	1.52	
£25,000,000 U.K. Gilts 4% 22/10/2063	22,391	1.57	
£30,000,000 U.K. Gilts 4.25% 07/12/2046	28,788	2.01	
US\$110,000,000 U.S. Treasury Bonds 1.25% 15/05/2050	44,038	3.08	
US\$85,000,000 U.S. Treasury Bonds 1.375% 15/08/2050	35,040	2.45	
US\$15,000,000 U.S. Treasury Bonds 1.75% 15/08/2041	7,947	0.56	
US\$10,000,000 U.S. Treasury Notes 0.5% 31/10/2027	6,801	0.48	
US\$60,000,000 U.S. Treasury Notes 0.625% 15/05/2030	38,069	2.66	
US\$60,000,000 U.S. Treasury Notes 0.625% 15/08/2030	37,772	2.64	
US\$15,000,000 U.S. Treasury Notes 1.25% 30/04/2028	10,333	0.72	
US\$60,000,000 U.S. Treasury Notes 1.375% 15/11/2031	38,391	2.69	
US\$60,000,000 U.S. Treasury Notes 2.375% 15/05/2029	42,531	2.98	
US\$70,000,000 U.S. Treasury Notes 3.375% 15/05/2033	50,851	3.56	
€3,500,000 UniCredit SpA 3.5% 31/07/2030	3,031	0.21	
<b>'A' credit rated bonds</b>	<b>204,964</b>	<b>14.35</b>	<b>9.51</b>
€3,000,000 Allianz SE Var 5.824% 25/07/2053	2,823	0.20	
£3,500,000 Anglian Water Services Financing PLC 6.25% 12/09/2044	3,488	0.24	
€1,500,000 Anheuser-Busch InBev SA 3.95% 22/03/2044	1,277	0.09	
£4,000,000 Australia & New Zealand Banking Group Ltd. Var 1.809% 16/09/2031	3,736	0.26	
US\$1,000,000 Australia & New Zealand Banking Group Ltd. Var 2.57% 25/11/2035	645	0.04	
£1,000,000 Aviva PLC Var 4% 03/06/2055	834	0.06	
€2,000,000 AXA SA Var 3.25% 28/05/2049	1,647	0.12	
€5,000,000 AXA SA Var 5.5% 11/07/2043	4,550	0.32	



# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
£800,000 Banco Santander SA 5.375% 17/01/2031	815	0.06	
US\$1,500,000 Bank of America Corp. Var 5.468% 23/01/2035	1,176	0.08	
€3,400,000 Banque Federative du Credit Mutuel SA 0.625% 03/11/2028	2,563	0.18	
€1,000,000 Banque Federative du Credit Mutuel SA 0.625% 21/02/2031	701	0.05	
€2,211,000 Barclays PLC Var 4.506% 31/01/2033	1,938	0.14	
US\$1,105,000 Barclays PLC Var 5.746% 09/08/2033	862	0.06	
£600,000 BNP Paribas SA 2.875% 24/02/2029	551	0.04	
£2,000,000 BNP Paribas SA 5.75% 13/06/2032	2,065	0.14	
US\$4,900,000 BNP Paribas SA Var 3.052% 13/01/2031	3,372	0.24	
US\$1,250,000 BNP Paribas SA Var 3.132% 20/01/2033	830	0.06	
US\$2,200,000 BNP Paribas SA Var SNR 3.052% 13/01/2031	1,513	0.11	
US\$3,400,000 BPCE SA Var 2.277% 20/01/2032	2,156	0.15	
US\$1,249,000 Comcast Cable Communications LLC 8.5% 01/05/2027	1,020	0.07	
€3,000,000 Danske Bank AS Var 0.75% 09/06/2029	2,296	0.16	
€1,218,000 ELM BV for Swiss Life Insurance & Pension Group Var 4.5% Perpetual	1,029	0.07	
US\$2,000,000 Eni SpA 4.75% 12/09/2028	1,513	0.11	
€2,000,000 Hannover Rueck SE Var 1.375% 30/06/2042	1,415	0.10	
€1,500,000 Hannover Rueck SE Var 1.75% 08/10/2040	1,129	0.08	
€4,500,000 Heathrow Funding Ltd. 1.125% 08/10/2032	3,303	0.23	
€823,000 Heathrow Funding Ltd. 1.5% 11/02/2032	629	0.04	
£1,000,000 Heathrow Funding Ltd. 5.875% 13/05/2043	1,022	0.07	
£1,821,000 Heathrow Funding Ltd. 6.45% 10/12/2033	1,953	0.14	
£2,500,000 Heathrow Funding Ltd. 7.075% 04/08/2030	2,677	0.19	
US\$600,000 Henkel AG & Co. KGaA 1.75% 17/11/2026	424	0.03	
€3,000,000 ING Groep NV Var 0.25% 18/02/2029	2,270	0.16	
€2,500,000 ING Groep NV Var 0.375% 29/09/2028	1,927	0.13	
€2,436,000 Japan Finance Organization for Municipalities 0.1% 03/09/2031	1,678	0.12	
US\$1,500,000 JPMorgan Chase & Co. Var 2.58% 22/04/2032	994	0.07	
US\$8,000,000 JPMorgan Chase & Co. Var 2.963% 25/01/2033	5,361	0.38	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
€1,921,000 JPMorgan Chase & Co. Var 3.761% 21/03/2034	1,644	0.11	
US\$5,000,000 JPMorgan Chase & Co. Var 4.586% 26/04/2033	3,725	0.26	
US\$4,500,000 JPMorgan Chase & Co. Var 4.912% 25/07/2033	3,425	0.24	
€5,000,000 JT International Financial Services BV 3.625% 11/04/2034	4,175	0.29	
US\$1,500,000 KBC Group NV Var 5.796% 19/01/2029	1,158	0.08	
£1,500,000 Leeds Building Society 1.375% 06/10/2027	1,361	0.09	
£5,800,000 Legal & General Group PLC Var 3.75% 26/11/2049	5,297	0.37	
£6,500,000 Legal & General Group PLC Var 5.125% 14/11/2048	6,429	0.45	
£88,025 Mitchells & Butlers Finance PLC FRN 5.5493% 15/12/2030	83	0.01	
US\$1,102,776 Mitchells & Butlers Finance PLC FRN 5.6191% 15/12/2030	767	0.05	
€2,000,000 Morgan Stanley Var 0.495% 26/10/2029	1,504	0.11	
US\$3,900,000 Morgan Stanley Var 1.794% 13/02/2032	2,459	0.17	
US\$1,650,000 Morgan Stanley Var 2.699% 22/01/2031	1,128	0.08	
US\$2,000,000 Morgan Stanley Var 3.591% 22/07/2028	1,461	0.10	
€1,600,000 Morgan Stanley Var 3.955% 21/03/2035	1,371	0.10	
€2,000,000 Morgan Stanley Var 4.656% 02/03/2029	1,752	0.12	
£3,500,000 Morgan Stanley Var 5.789% 18/11/2033	3,672	0.26	
€1,000,000 Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen Var 4.25% 26/05/2044	849	0.06	
US\$3,000,000 Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen Var 5.875% 23/05/2042	2,336	0.16	
US\$2,500,000 National Australia Bank Ltd. Var 3.347% 12/01/2037	1,655	0.12	
£2,000,000 National Gas Transmission PLC 1.125% 14/01/2033	1,443	0.10	
£1,750,000 National Gas Transmission PLC 1.375% 07/02/2031	1,392	0.10	
€3,000,000 Nationwide Building Society 0.25% 14/09/2028	2,258	0.16	
£833,000 NatWest Group PLC Var 3.619% 29/03/2029	799	0.06	
€25,000,000 Philip Morris International, Inc. 1.45% 01/08/2039	14,624	1.02	
€7,000,000 Philip Morris International, Inc. 1.875% 06/11/2037	4,570	0.32	
€7,000,000 Philip Morris International, Inc. 2% 09/05/2036	4,811	0.34	
US\$1,686,624 Project Silver 3.967% 15/07/2044	1,170	0.08	
€1,200,000 Prologis International Funding II SA 4.625% 21/02/2035	1,062	0.07	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
€4,000,000 Sampo OYJ Var 2.5% 03/09/2052	3,009	0.21	
£1,310,000 Skipton Building Society Var 6.25% 25/04/2029	1,352	0.09	
US\$2,624,192 Slam Ltd. 2.434% 15/06/2046	1,809	0.13	
€3,000,000 Slovakia Government Bonds 3.75% 23/02/2035	2,562	0.18	
€20,000,000 Spain Government Bonds 0% 31/01/2027	15,819	1.11	
US\$1,842,000 Standard Chartered PLC Var 6.301% 09/01/2029	1,444	0.10	
€800,000 Swiss Re Finance U.K. PLC Var 2.714% 04/06/2052	616	0.04	
€2,000,000 TotalEnergies SE Var 2% Perpetual	1,493	0.10	
€3,000,000 TotalEnergies SE Var 2.125% Perpetual	2,142	0.15	
£1,590,000 UBS Group AG Var 1.875% 03/11/2029	1,411	0.10	
US\$1,000,000 UBS Group AG Var 2.095% 11/02/2032	635	0.04	
US\$2,000,000 UBS Group AG Var 3.126% 13/08/2030	1,396	0.10	
€1,997,000 UBS Group AG Var 4.125% 09/06/2033	1,734	0.12	
£2,500,000 UBS Group AG Var 7.375% 07/09/2033	2,832	0.20	
€2,000,000 UBS Group AG Var 7.75% 01/03/2029	1,908	0.13	
£2,500,000 Wells Fargo & Co. 2.125% 24/09/2031	2,096	0.15	
£1,000,000 Wells Fargo & Co. 2.5% 02/05/2029	906	0.06	
£1,080,000 Wells Fargo & Co. 3.5% 12/09/2029	1,019	0.07	
US\$5,000,000 Wells Fargo & Co. Var 3.35% 02/03/2033	3,405	0.24	
US\$3,500,000 Westpac Banking Corp. Var 3.02% 18/11/2036	2,265	0.16	
£1,620,000 Yorkshire Building Society Var 1.5% 15/09/2029	1,415	0.10	
US\$5,000,000 Zurich Finance Ireland Designated Activity Co. Var 3% 19/04/2051	3,265	0.23	
£4,000,000 Zurich Finance Ireland Designated Activity Co. Var 5.125% 23/11/2052	3,869	0.27	
	<b>334,920</b>	<b>23.45</b>	<b>39.34</b>
<b>'BBB' credit rated bonds</b>			
€3,500,000 ABN AMRO Bank NV 3.875% 15/01/2032	3,006	0.21	
US\$2,500,000 AerCap Ireland Capital DAC/AerCap Global Aviation Trust 3.3% 30/01/2032	1,681	0.12	
US\$2,500,000 AerCap Ireland Capital DAC/AerCap Global Aviation Trust 3.4% 29/10/2033	1,649	0.12	
€4,000,000 AIB Group PLC Var 2.875% 30/05/2031	3,292	0.23	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
€17,000,000 Altria Group, Inc. 3.125% 15/06/2031	13,751	0.96	
€2,000,000 American Tower Corp. 0.95% 05/10/2030	1,456	0.10	
£1,028,000 Annington Funding PLC 2.308% 06/10/2032	807	0.06	
£1,164,000 Annington Funding PLC 2.924% 06/10/2051	659	0.05	
£1,000,000 Annington Funding PLC 3.184% 12/07/2029	903	0.06	
£1,000,000 Annington Funding PLC 3.685% 12/07/2034	839	0.06	
£1,000,000 Annington Funding PLC 4.75% 09/08/2033	925	0.06	
US\$432,000 Argentum Netherlands BV for Swiss Re Ltd. Var 5.75% 15/08/2050	322	0.02	
£1,700,000 Aroundtown SA 3% 16/10/2029	1,452	0.10	
US\$800,000 Aroundtown SA 5.375% 21/03/2029	567	0.04	
€1,461,000 Australia Pacific Airports Melbourne Pty. Ltd. 4% 07/06/2034	1,259	0.09	
€1,000,000 Autostrade per l'Italia SpA 4.25% 28/06/2032	855	0.06	
€2,000,000 Autostrade per l'Italia SpA 4.625% 28/02/2036	1,725	0.12	
£2,269,000 Aviva PLC Var 4.375% 12/09/2049	2,147	0.15	
£4,500,000 Aviva PLC Var 5.125% 04/06/2050	4,350	0.30	
US\$2,000,000 Bacardi Ltd./Bacardi-Martini BV 5.25% 15/01/2029	1,528	0.11	
US\$5,000,000 Banco Bilbao Vizcaya Argentaria SA Var 6.138% 14/09/2028	3,898	0.27	
€1,500,000 Banco de Sabadell SA Var 5.5% 08/09/2029	1,351	0.09	
£2,500,000 Banco Santander SA Var 2.25% 04/10/2032	2,272	0.16	
US\$3,400,000 Banco Santander SA Var 3.225% 22/11/2032	2,233	0.16	
£1,500,000 Bank of Ireland Group PLC Var 7.594% 06/12/2032	1,569	0.11	
€3,500,000 Bankinter SA Var 1.25% 23/12/2032	2,730	0.19	
€1,700,000 Banque Federative du Credit Mutuel SA 1.125% 19/11/2031	1,177	0.08	
€1,100,000 Banque Federative du Credit Mutuel SA Var 3.875% 16/06/2032	921	0.06	
£2,000,000 Barclays PLC Var 8.407% 14/11/2032	2,137	0.15	
US\$1,000,000 BBVA Bancomer SA Var 5.875% 13/09/2034	724	0.05	
US\$889,000 BBVA Bancomer SA Var 8.45% 29/06/2038	720	0.05	
€2,137,000 Bevco Lux SARL 1% 16/01/2030	1,566	0.11	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
US\$462,000 BNP Paribas SA Var 2.588% 12/08/2035	300	0.02	
US\$1,500,000 BNP Paribas SA Var 4.375% 01/03/2033	1,090	0.08	
US\$2,000,000 Boeing Co. 5.15% 01/05/2030	1,487	0.10	
US\$9,000,000 Boeing Co. 5.805% 01/05/2050	6,509	0.46	
US\$5,000,000 Boeing Co. 5.93% 01/05/2060	3,596	0.25	
US\$2,000,000 Boeing Co. 6.528% 01/05/2034	1,601	0.11	
€1,500,000 BP Capital Markets PLC Var 3.625% Perpetual	1,225	0.09	
£1,000,000 BPCE SA 5.25% 16/04/2029	990	0.07	
US\$1,680,000 BPCE SA Var 3.116% 19/10/2032	1,077	0.08	
£2,500,000 British Telecommunications PLC 6.375% 23/06/2037	2,691	0.19	
£2,800,000 BUPA Finance PLC 4.125% 14/06/2035	2,350	0.16	
£1,000,000 BUPA Finance PLC 5% 08/12/2026	996	0.07	
£2,000,000 Cadent Finance PLC 2.625% 22/09/2038	1,414	0.10	
£4,400,000 CaixaBank SA Var 3.5% 06/04/2028	4,252	0.30	
£700,000 CaixaBank SA Var 6.875% 25/10/2033	725	0.05	
€2,500,000 Celanese U.S. Holdings LLC 5.337% 19/01/2029	2,219	0.16	
US\$1,411,000 Celanese U.S. Holdings LLC 6.379% 15/07/2032	1,125	0.08	
€4,000,000 Cellnex Telecom SA 0.75% 20/11/2031	2,931	0.21	
£1,173,000 Centrica PLC 7% 19/09/2033	1,314	0.09	
€2,613,000 Channel Link Enterprises Finance PLC Var 2.706% 30/06/2050	2,077	0.15	
£1,943,000 Channel Link Enterprises Finance PLC Var 3.043% 30/06/2050	1,742	0.12	
US\$6,500,000 Colombia Government International Bonds 5% 15/06/2045	3,537	0.25	
£1,500,000 Commerzbank AG Var 8.625% 28/02/2033	1,622	0.11	
£1,000,000 Cooperatieve Rabobank UA 4.625% 23/05/2029	976	0.07	
€800,000 Cooperatieve Rabobank UA Var 4.875% Perpetual	644	0.05	
£1,964,000 CPUK Finance Ltd. 3.69% 28/02/2047	1,838	0.13	
£1,023,000 CPUK Finance Ltd. 5.876% 28/08/2027	1,034	0.07	
€1,500,000 Credit Agricole Assurances SA 1.5% 06/10/2031	1,064	0.07	
£2,100,000 Credit Agricole SA Var 1.874% 09/12/2031	1,948	0.14	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
US\$500,000 Credit Agricole SA Var 4% 10/01/2033	359	0.03	
€1,400,000 Crelan SA Var 5.25% 23/01/2032	1,253	0.09	
£486,856 Delamare Finance PLC 5.5457% 19/02/2029	493	0.03	
€1,000,000 Deutsche Bahn Finance GmbH Var 1.6% Perpetual	735	0.05	
€2,000,000 Deutsche Bank AG Var 4% 24/06/2032	1,665	0.12	
£1,200,000 Deutsche Bank AG Var 6.125% 12/12/2030	1,233	0.09	
£955,000 DWR Cymru Financing U.K. PLC 2.375% 31/03/2034	702	0.05	
£300,000 E.ON International Finance BV 4.75% 31/01/2034	290	0.02	
£3,200,000 E.ON International Finance BV 5.875% 30/10/2037	3,323	0.23	
€1,500,000 E.ON SE 4.125% 25/03/2044	1,284	0.09	
US\$4,600,000 Electricite de France SA 4.5% 04/12/2069	2,628	0.18	
£3,000,000 Electricite de France SA 5.5% 27/03/2037	2,888	0.20	
£3,000,000 Electricite de France SA 6% 23/01/2114	2,769	0.19	
US\$3,000,000 Enel Finance International NV 3.5% 06/04/2028	2,171	0.15	
US\$1,000,000 Enel Finance International NV 5% 15/06/2032	754	0.05	
US\$2,500,000 Enel Finance International NV 7.5% 14/10/2032	2,174	0.15	
€3,500,000 Eni SpA Var 2.75% Perpetual	2,669	0.19	
€178,000 Eni SpA Var 3.375% Perpetual	142	0.01	
€1,000,000 Eurobank SA Var 7% 26/01/2029	919	0.06	
€2,156,000 Fastighets AB Balder 1.875% 14/03/2025	1,784	0.13	
€1,486,000 Fastighets AB Balder 1.875% 23/01/2026	1,213	0.09	
€1,307,000 Fraport AG Frankfurt Airport Services Worldwide 4.25% 11/06/2032	1,131	0.08	
£3,703,000 Gatwick Funding Ltd. 3.125% 28/09/2041	2,796	0.20	
£500,000 Gatwick Funding Ltd. 4.625% 27/03/2036	474	0.03	
£500,000 Gatwick Funding Ltd. 5.5% 04/04/2042	489	0.03	
£3,000,000 Gatwick Funding Ltd. 5.75% 23/01/2039	3,065	0.21	
£1,500,000 General Motors Financial Co., Inc. 5.5% 12/01/2030	1,505	0.11	
€1,000,000 Generali 5.399% 20/04/2033	914	0.06	
€4,000,000 Generali Var 5.5% 27/10/2047	3,516	0.25	
£1,891,000 Grainger PLC 3% 03/07/2030	1,649	0.12	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£808,843 Greene King Finance PLC 3.593% 15/03/2035	739	0.05	
£151,413 Greene King Finance PLC 4.0643% 15/03/2035	140	0.01	
£204,000 Hammerson PLC 7.25% 21/04/2028	217	0.02	
US\$1,408,000 Hewlett Packard Enterprise Co. 5% 15/10/2034	1,041	0.07	
£3,500,000 HJ Heinz Finance U.K. PLC 6.25% 18/02/2030	3,670	0.26	
£1,000,000 Holcim Sterling Finance Netherlands BV 3% 12/05/2032	868	0.06	
£1,500,000 HSBC Holdings PLC 7% 07/04/2038	1,628	0.11	
€3,000,000 Hungary Government International Bonds 1.625% 28/04/2032	2,125	0.15	
€1,500,000 Iberdrola International BV Var 2.25% Perpetual	1,162	0.08	
€7,000,000 Imperial Brands Finance Netherlands BV 5.25% 15/02/2031	6,252	0.44	
£15,000,000 Imperial Brands Finance PLC 4.875% 07/06/2032	14,367	1.01	
€4,000,000 ING Groep NV Var 2.125% 26/05/2031	3,264	0.23	
£1,000,000 ING Groep NV Var 6.25% 20/05/2033	1,023	0.07	
£1,397,000 InterContinental Hotels Group PLC 2.125% 24/08/2026	1,324	0.09	
£3,000,000 InterContinental Hotels Group PLC 3.375% 08/10/2028	2,832	0.20	
€700,000 International Consolidated Airlines Group SA 3.75% 25/03/2029	589	0.04	
£4,000,000 Intesa Sanpaolo SpA 6.625% 31/05/2033	4,284	0.30	
US\$2,126,000 Intesa Sanpaolo SpA 6.625% 20/06/2033	1,717	0.12	
US\$2,500,000 Intesa Sanpaolo SpA Var 8.248% 21/11/2033	2,161	0.15	
€4,000,000 Italy Buoni Poliennali Del Tesoro 1.7% 01/09/2051	2,126	0.15	
€2,000,000 KBC Group NV Var 0.625% 07/12/2031	1,573	0.11	
€1,500,000 La Banque Postale SA Var 0.75% 02/08/2032	1,153	0.08	
£200,000 Lloyds Bank PLC 11.75% Perpetual	334	0.02	
£10,000,000 Lloyds Banking Group PLC Var 2.707% 03/12/2035	8,387	0.59	
£625,000 Logicor Financing SARL 2.75% 15/01/2030	537	0.04	
£2,500,000 Manchester Airport Group Funding PLC 4.75% 31/03/2034	2,448	0.17	
€2,242,000 Mexico Government International Bonds 4% 15/03/2115	1,383	0.10	
£12,334,000 Mexico Government International Bonds 5.625% 19/03/2114	9,158	0.64	
£1,555,488 Mitchells & Butlers Finance PLC FRN 5.8186% 15/12/2033	1,427	0.10	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
€969,000	MTU Aero Engines AG 3.875% 18/09/2031	819	0.06
£2,000,000	National Grid Electricity Distribution West Midlands PLC 5.75% 16/04/2032	2,064	0.14
£2,000,000	National Grid Electricity Transmission PLC 1.125% 07/07/2028	1,754	0.12
£2,000,000	Nationwide Building Society Var 5.75% Perpetual	1,928	0.14
£950,000	NatWest Group PLC Var 2.105% 28/11/2031	891	0.06
US\$3,000,000	NatWest Group PLC Var 3.032% 28/11/2035	1,991	0.14
£1,669,000	NatWest Group PLC Var 3.622% 14/08/2030	1,646	0.12
£1,250,000	Next Group PLC 3.625% 18/05/2028	1,207	0.08
£1,500,000	Next Group PLC 4.375% 02/10/2026	1,488	0.10
£1,000,000	NIE Finance PLC 5.875% 01/12/2032	1,054	0.07
€5,000,000	NN Group NV Var 5.25% 01/03/2043	4,445	0.31
£1,029,000	Northumbrian Water Finance PLC 5.5% 02/10/2037	969	0.07
£2,500,000	Pearson Funding PLC 3.75% 04/06/2030	2,332	0.16
€539,000	Permanent TSB Group Holdings PLC Var 6.625% 25/04/2028	483	0.03
€300,000	Raiffeisen Bank International AG Var 4.625% 21/08/2029	257	0.02
€1,500,000	Raiffeisen Bank International AG Var 7.375% 20/12/2032	1,334	0.09
€1,500,000	Repsol International Finance BV Var 3.75% Perpetual	1,245	0.09
US\$257,000	Republic of Italy Government International Bonds 2.875% 17/10/2029	178	0.01
US\$9,000,000	Republic of Italy Government International Bonds 3.875% 06/05/2051	4,918	0.34
€2,500,000	Romania Government International Bonds 1.75% 13/07/2030	1,772	0.12
€2,500,000	Romania Government International Bonds 2.875% 13/04/2042	1,398	0.10
€2,000,000	Romania Government International Bonds 3.375% 28/01/2050	1,128	0.08
£4,000,000	Santander U.K. Group Holdings PLC Var 2.421% 17/01/2029	3,686	0.26
€1,511,000	Scottish Hydro Electric Transmission PLC 3.375% 04/09/2032	1,271	0.09
£1,000,000	Severn Trent Utilities Finance PLC 2% 02/06/2040	618	0.04



# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£3,000,000 Severn Trent Utilities Finance PLC 2.75% 05/12/2031	2,552	0.18	
US\$2,500,000 Societe Generale SA Var 7.132% 19/01/2055	1,899	0.13	
£2,000,000 Southern Gas Networks PLC 3.1% 15/09/2036	1,574	0.11	
£2,000,000 Southern Water Services Finance Ltd. 2.375% 28/05/2028	1,591	0.11	
£750,000 Southern Water Services Finance Ltd. 3% 28/05/2037	521	0.04	
US\$2,591,000 Stora Enso OYJ 7.25% 15/04/2036	2,123	0.15	
£1,000,000 SW Finance I PLC 7% 16/04/2040	856	0.06	
€1,000,000 Swedbank AB Var 3.625% 23/08/2032	839	0.06	
£1,000,000 Swedbank AB Var 7.272% 15/11/2032	1,048	0.07	
€625,000 Sydney Airport Finance Co. Pty. Ltd. 4.125% 30/04/2036	539	0.04	
€3,000,000 Sydney Airport Finance Co. Pty. Ltd. 4.375% 03/05/2033	2,653	0.19	
US\$500,000 Telefonica Europe BV 8.25% 15/09/2030	439	0.03	
£943,000 Telereal Securitisation PLC Var 1.9632% 10/12/2033	897	0.06	
£712,000 Tesco Corporate Treasury Services PLC 5.5% 27/02/2035	715	0.05	
£1,768,840 Tesco Property Finance 3 PLC 5.744% 13/04/2040	1,782	0.12	
£1,797,415 Tesco Property Finance 4 PLC 5.8006% 13/10/2040	1,813	0.13	
£2,312,971 Tesco Property Finance 5 PLC 5.6611% 13/10/2041	2,312	0.16	
US\$6,400,000 UniCredit SpA Var 3.127% 03/06/2032	4,230	0.30	
US\$864,000 UPM-Kymmene OYJ 7.45% 26/11/2027	691	0.05	
US\$2,000,000 Verizon Communications, Inc. 2.355% 15/03/2032	1,284	0.09	
£1,000,000 Verizon Communications, Inc. 2.5% 08/04/2031	868	0.06	
US\$1,500,000 Verizon Communications, Inc. 2.55% 21/03/2031	999	0.07	
£1,000,000 Verizon Communications, Inc. 3.375% 27/10/2036	835	0.06	
£750,000 Verizon Communications, Inc. 4.75% 17/02/2034	730	0.05	
US\$2,000,000 Warnermedia Holdings, Inc. 4.279% 15/03/2032	1,327	0.09	
€1,500,000 Warnermedia Holdings, Inc. 4.302% 17/01/2030	1,257	0.09	
US\$3,000,000 Warnermedia Holdings, Inc. 5.391% 15/03/2062	1,721	0.12	
£500,000 Wells Fargo & Co. 4.875% 29/11/2035	469	0.03	
£1,541,000 Welltower OP LLC 4.8% 20/11/2028	1,531	0.11	
£2,000,000 Westfield America Management Ltd. 2.625% 30/03/2029	1,784	0.13	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£1,500,000 Whitbread Group PLC 3% 31/05/2031	1,304	0.09	
€500,000 WPC Eurobond BV 0.95% 01/06/2030	364	0.03	
€2,000,000 WPC Eurobond BV 1.35% 15/04/2028	1,564	0.11	
£3,000,000 WPP Finance 2017 3.75% 19/05/2032	2,704	0.19	
£2,472,000 Yorkshire Water Finance PLC 6.375% 18/11/2034	2,468	0.17	
	<b>38,454</b>	<b>2.69</b>	<b>8.78</b>
<b>'BB' credit rated bonds</b>			
€1,000,000 AIB Group PLC Var 6.25% Perpetual	842	0.06	
€559,000 Benteler International AG 9.375% 15/05/2028	479	0.03	
US\$200,000 Benteler International AG 10.5% 15/05/2028	157	0.01	
£741,000 Boost Newco Borrower LLC/GTCR W Dutch Finance Sub BV 8.5% 15/01/2031	801	0.06	
€1,800,000 CaixaBank SA Var 3.625% Perpetual	1,333	0.09	
£950,000 Daily Mail & General Trust PLC 6.375% 21/06/2027	912	0.07	
US\$2,000,000 Ecopetrol SA 8.375% 19/01/2036	1,524	0.11	
€1,000,000 Eurofins Scientific SE Var 3.25% Perpetual	814	0.06	
€2,000,000 International Consolidated Airlines Group SA 1.125% 18/05/2028	1,682	0.12	
£485,000 Intesa Sanpaolo SpA 5.148% 10/06/2030	462	0.03	
£3,500,000 Intesa Sanpaolo SpA 8.505% 20/09/2032	3,906	0.27	
US\$494,000 Intesa Sanpaolo SpA Var 4.198% 01/06/2032	327	0.02	
US\$1,000,000 Intesa Sanpaolo SpA Var 4.95% 01/06/2042	598	0.04	
€2,000,000 Ivory Coast Government International Bonds 6.625% 22/03/2048	1,372	0.10	
€1,000,000 Ivory Coast Government International Bonds 6.875% 17/10/2040	736	0.05	
US\$2,348,000 KUO SAB de CV 5.75% 07/07/2027	1,716	0.12	
£3,500,000 Lloyds Banking Group PLC Var 7.875% Perpetual	3,611	0.25	
€1,800,000 Mahle GmbH 2.375% 14/05/2028	1,297	0.09	
€400,000 Mahle GmbH 6.5% 02/05/2031	324	0.02	
£432,000 Marston's Issuer PLC Var 5.1774% 15/07/2032	399	0.03	
US\$1,681,000 Millicom International Cellular SA 4.5% 27/04/2031	1,123	0.08	
US\$828,000 Millicom International Cellular SA 6.25% 25/03/2029	615	0.04	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
€1,500,000 North Macedonia Government International Bonds 1.625% 10/03/2028	1,119	0.08	
€1,908,000 Piraeus Bank SA Var 6.75% 05/12/2029	1,760	0.12	
€4,000,000 Serbia International Bonds 1.65% 03/03/2033	2,622	0.18	
€3,500,000 Serbia International Bonds 2.05% 23/09/2036	2,169	0.15	
€400,000 Telefonica Europe BV Var 2.376% Perpetual	303	0.02	
US\$2,000,000 UBS Group AG Var 4.375% Perpetual	1,300	0.09	
£1,500,000 Vmed O2 U.K. Financing I PLC 4% 31/01/2029	1,340	0.10	
£1,500,000 Vmed O2 U.K. Financing I PLC 4.5% 15/07/2031	1,292	0.09	
€1,000,000 ZF Europe Finance BV 2.5% 23/10/2027	777	0.06	
€1,000,000 ZF Europe Finance BV 3% 23/10/2029	742	0.05	
<b>'B' credit rated bonds</b>	<b>12,640</b>	<b>0.89</b>	<b>2.94</b>
US\$570,000 1375209 BC Ltd. 9% 30/01/2028	422	0.03	
€1,446,000 Cheplapharm Arzneimittel GmbH 4.375% 15/01/2028	1,180	0.08	
US\$867,000 Cheplapharm Arzneimittel GmbH 5.5% 15/01/2028	622	0.04	
US\$1,000,000 CHS/Community Health Systems, Inc. 4.75% 15/02/2031	656	0.05	
£2,037,000 Deuce Finco PLC 5.5% 15/06/2027	1,997	0.14	
€1,208,000 Flos B&b Italia SpA 10% 15/11/2028	1,081	0.08	
€1,500,000 Miller Homes Group Finco PLC FRN 8.792% 15/05/2028	1,265	0.09	
€1,500,000 Monitchem HoldCo 3 SA 8.75% 01/05/2028	1,282	0.09	
€856,000 Olympus Water U.S. Holding Corp. 9.625% 15/11/2028	765	0.05	
€1,500,000 Reno de Medici SpA FRN 8.481% 15/04/2029	1,141	0.08	
£1,686,000 Sherwood Financing PLC 6% 15/11/2026	1,578	0.11	
£623,000 TVL Finance PLC 10.25% 28/04/2028	651	0.05	
<b>'CCC' credit rated bonds</b>	<b>4,137</b>	<b>0.29</b>	<b>0.39</b>
£3,259,131 Metrocentre Finance PLC 8.75% 06/12/2028	1,616	0.11	
€685,021 Sigma Holdco BV 5.75% 15/05/2026	564	0.04	
£2,000,000 Thames Water Utilities Finance PLC 4% 19/06/2025	1,533	0.11	
€700,000 Thames Water Utilities Finance PLC 4.375% 18/01/2031	424	0.03	
<b>'CC' credit rated bonds</b>	<b>815</b>	<b>0.06</b>	<b>0.00</b>
€1,300,000 Intrum AB 3.5% 15/07/2026	815	0.06	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'C' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>0.05</b>
<b>'D' credit rated bonds</b>	<b>303</b>	<b>0.02</b>	<b>0.07</b>
£303,203 Intu Metrocentre FRN 1% 04/12/2024	303	0.02	
<b>Bonds with no credit rating</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
US\$232,144 K2016470219 South Africa Ltd. 0% 31/12/2049 <sup>b</sup>	0	0.00	
<b>Debt derivatives</b>	<b>20,736</b>	<b>1.45</b>	<b>1.63</b>
<b>Credit default swaps</b>	<b>6,181</b>	<b>0.43</b>	<b>0.51</b>
US\$(16,000,000) Brazil Government International Bonds 20/12/2027	(30)	0.00	
US\$(16,000,000) Brazil Government International Bonds 20/12/2028	98	0.00	
US\$49,500,000 CDX.NA.HY.S41 20/12/2028	2,859	0.20	
€50,000,000 iTraxx Europe Crossover S40 20/12/2028	3,254	0.23	
<b>Interest rate swaps</b>	<b>13,800</b>	<b>0.97</b>	<b>1.05</b>
£4,000,000 Pay 1.2058% Receive VAR 08/02/2052	1,879	0.13	
US\$10,000,000 Pay 1.7577% Receive VAR 07/03/2052	2,282	0.16	
€8,000,000 Pay 2.24485% Receive VAR 26/04/2074	(301)	(0.02)	
€8,000,000 Pay 2.305% Receive VAR 13/03/2054	(23)	0.00	
€8,000,000 Pay 2.3102% Receive VAR 30/08/2054	38	0.00	
€8,000,000 Pay 2.3132% Receive VAR 13/03/2054	(35)	0.00	
€8,000,000 Pay 2.3892% Receive VAR 18/03/2054	(143)	(0.01)	
€8,000,000 Pay 2.4032% Receive VAR 05/04/2054	(44)	0.00	
€7,500,000 Pay 2.425% Receive VAR 19/06/2054	(93)	(0.01)	
€8,000,000 Pay 2.4292% Receive VAR 04/04/2054	(80)	(0.01)	
€10,000,000 Pay 2.44% Receive VAR 06/03/2054	(264)	(0.02)	
€8,000,000 Pay 2.45601% Receive VAR 05/04/2054	(119)	(0.01)	
£6,779,661 Pay 2.881% Receive VAR 25/11/2052	1,251	0.09	
£6,779,661 Pay 2.907% Receive VAR 25/11/2052	1,219	0.09	
£6,440,678 Pay 2.92% Receive VAR 25/11/2052	1,143	0.08	
£6,440,678 Pay 2.92% Receive VAR 28/11/2052	1,143	0.08	
£6,779,661 Pay 2.925% Receive VAR 28/11/2052	1,197	0.08	
£6,779,661 Pay 2.937% Receive VAR 28/11/2052	1,182	0.08	
US\$7,500,000 Pay 3.0565% Receive VAR 10/01/2053	389	0.03	

# Portfolio statement

## Investments (continued)

Holding	as at 30.09.24 £'000	as at 30.09.24 %	as at 30.09.23 %
<b>Fixed income (continued)</b>			
<b>Debt derivatives (continued)</b>			
<b>Interest rate swaps (continued)</b>			
£7,500,000 Pay 3.363% Receive VAR 05/01/2053	721	0.05	
£7,500,000 Pay 3.395% Receive VAR 05/01/2053	678	0.05	
£25,000,000 Pay 3.4375% Receive VAR 18/04/2053	1,939	0.14	
£5,000,000 Pay 3.549% Receive VAR 28/02/2053	301	0.02	
US\$15,000,000 Pay 3.617% Receive VAR 24/06/2054	(565)	(0.04)	
£15,000,000 Pay 3.822% Receive VAR 17/06/2054	93	0.01	
£7,500,000 Pay 3.848% Receive VAR 18/06/2054	12	0.00	
<b>Interest rate futures</b>	<b>755</b>	<b>0.05</b>	<b>0.07</b>
500 CBOT 5 Year U.S. Treasury Notes Futures Dec 2024	224	0.02	
800 CBOT 10 Year U.S. Treasury Notes Futures Dec 2024	326	0.02	
750 Ultra 10 Year U.S. Treasury Notes Futures Dec 2024	205	0.01	
<b>Currency</b>	<b>16,076</b>	<b>1.12</b>	<b>(0.84)</b>
<b>Forward currency contracts</b>	<b>16,076</b>	<b>1.12</b>	<b>(0.84)</b>
NZD136,983 Bought for £64,281 (expires 09.10.24)	1	0.00	
CHF51,269 Bought for £46,176 (expires 09.10.24)	(1)	0.00	
US\$7,210,566 Bought for £5,411,536 (expires 09.10.24)	(33)	0.00	
€(443,003,702) Sold for £374,434,630 (expires 09.10.24)	4,569	0.32	
NZD(11,386,621) Sold for £5,339,620 (expires 09.10.24)	(53)	0.00	
CHF(4,408,750) Sold for £3,979,098 (expires 09.10.24)	81	0.00	
US\$(637,573,588) Sold for £487,085,005 (expires 09.10.24)	11,512	0.80	
<b>Total portfolio</b>	<b>1,289,579</b>	<b>90.28</b>	<b>90.91</b>
<b>Net other assets/(liabilities)</b>	<b>138,806</b>	<b>9.72</b>	<b>9.09</b>
<b>Net assets attributable to shareholders</b>	<b>1,428,385</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> Suspended/delisted.

<sup>b</sup> Defaulted bond.

# Portfolio statement

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

Largest purchases	£'000
U.S. Treasury Notes 0.625% 15/05/2030	40,985
U.S. Treasury Notes 1.375% 15/11/2031	38,266
U.S. Treasury Notes 3.375% 15/05/2033	35,384
U.S. Treasury Bonds 1.375% 15/08/2050	34,718
French Republic Government Bonds OAT 3% 25/05/2033	31,162
U.S. Treasury Bonds 1.25% 15/05/2050	28,869
U.K. Gilts 3.75% 22/10/2053	25,531
U.K. Gilts 0.875% 31/01/2046	23,518
U.K. Gilts 4% 22/10/2063	23,073
U.S. Treasury Notes 2.375% 15/05/2029	17,907
Other purchases	574,537
<b>Total purchases</b>	<b>873,950</b>

Largest sales	£'000
French Republic Government Bonds OAT 1.25% 25/05/2034	36,586
French Republic Government Bonds OAT 3% 25/05/2033	31,483
U.K. Gilts 4.5% 07/06/2028	30,038
U.S. Treasury Bonds 1.75% 15/08/2041	20,614
U.K. Gilts 0.5% 31/01/2029	20,355
U.S. Treasury Bonds 4.125% 31/07/2028	20,040
U.K. Gilts 3.75% 29/01/2038	17,790
European Union 0% 04/07/2031	17,402
U.S. Treasury Bonds 2.375% 15/05/2051	15,911
U.K. Gilts 4.75% 07/12/2038	15,757
Other sales	627,311
<b>Total sales</b>	<b>853,287</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+13.0	+1.6	+2.6	+2.7
Class 'A' Accumulation	+13.0	+1.6	+2.6	+2.7
Class 'I' Income	+13.4	+2.0	+3.0	+3.2
Class 'I' Accumulation	+13.4	+2.0	+3.0	+3.2
Class 'J' Income	+13.4	+2.0	+3.1	n/a
Class 'J' Accumulation	+13.4	+2.0	+3.1	n/a
Class 'PP' Income	+13.6	+2.1	+3.1	n/a
Class 'PP' Accumulation	+13.6	+2.1	+3.1	n/a
Class 'R' Income	+13.2	+1.8	+2.8	+2.9
Class 'R' Accumulation	+13.2	+1.8	+2.8	+2.9
<b>Benchmark</b>	<b>+13.0</b>	<b>+0.6</b>	<b>+1.9</b>	<b>+3.0</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income shares

The share class was launched on 8 December 2006.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	127.04	120.69	150.05
Return before operating charges*	18.25	14.16	(23.16)
Operating charges	(1.39)	(1.33)	(1.43)
Return after operating charges*	16.86	12.83	(24.59)
Distributions	(6.84)	(6.48)	(4.77)
Closing NAV	137.06	127.04	120.69
*after direct transaction cost of	0.01	0.01	0.01
<b>Performance</b>			
Return after charges (%)	13.27	10.63	(16.39)
<b>Other information</b>			
Closing NAV (£'000)	49,733	50,239	77,003
Number of shares	36,286,107	39,545,994	63,804,491
Operating charges	1.03	1.03	1.03
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	141.68	136.00	150.56
Lowest share price	124.15	119.08	122.50

## Sterling Class 'A' Accumulation shares

The share class was launched on 8 December 2006.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	215.19	194.50	233.02
Return before operating charges*	31.23	22.86	(36.27)
Operating charges	(2.39)	(2.17)	(2.25)
Return after operating charges*	28.84	20.69	(38.52)
Distributions	(9.34)	(8.40)	(5.21)
Retained distributions	9.34	8.40	5.21
Closing NAV	244.03	215.19	194.50
*after direct transaction cost of	0.02	0.01	0.01
<b>Performance</b>			
Return after charges (%)	13.40	10.64	(16.53)
<b>Other information</b>			
Closing NAV (£'000)	176,797	186,168	232,775
Number of shares	72,447,846	86,515,023	119,679,910
Operating charges	1.03	1.03	1.03
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	246.18	219.26	233.82
Lowest share price	210.29	191.91	192.72



# Financial highlights

## Sterling Class 'I' Income shares

The share class was launched on 8 December 2006.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	131.34	124.27	153.88
Return before operating charges*	18.91	14.60	(23.81)
Operating charges	(0.88)	(0.84)	(0.90)
Return after operating charges*	18.03	13.76	(24.71)
Distributions	(7.09)	(6.69)	(4.90)
Closing NAV	142.28	131.34	124.27
*after direct transaction cost of	0.01	0.01	0.01
<b>Performance</b>			
Return after charges (%)	13.73	11.07	(16.06)
<b>Other information</b>			
Closing NAV (£'000)	226,893	226,899	316,217
Number of shares	159,474,940	172,756,307	254,458,005
Operating charges	0.63	0.63	0.62
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	147.05	140.24	154.42
Lowest share price	128.39	122.64	126.13

## Sterling Class 'I' Accumulation shares

The share class was launched on 8 December 2006.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	230.62	207.62	247.75
Return before operating charges*	33.54	24.42	(38.67)
Operating charges	(1.57)	(1.42)	(1.46)
Return after operating charges*	31.97	23.00	(40.13)
Distributions	(11.03)	(9.89)	(6.49)
Retained distributions	11.03	9.89	6.49
Closing NAV	262.59	230.62	207.62
*after direct transaction cost of	0.02	0.01	0.01
<b>Performance</b>			
Return after charges (%)	13.86	11.08	(16.20)
<b>Other information</b>			
Closing NAV (£'000)	660,405	588,592	579,524
Number of shares	251,501,019	255,221,954	279,129,343
Operating charges	0.63	0.63	0.62
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	264.85	234.80	248.62
Lowest share price	225.43	204.88	205.72

# Financial highlights

## Sterling Class 'J' Income shares

The share class was launched on 18 January 2019.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	90.65	85.77	106.21
Return before operating charges*	13.05	10.08	(16.44)
Operating charges	(0.61)	(0.58)	(0.62)
Return after operating charges*	12.44	9.50	(17.06)
Distributions	(4.89)	(4.62)	(3.38)
Closing NAV	98.20	90.65	85.77
*after direct transaction cost of	0.01	0.00	0.01
<b>Performance</b>			
Return after charges (%)	13.72	11.08	(16.06)
<b>Other information</b>			
Closing NAV (£'000)	4,746	6,201	11,114
Number of shares	4,833,547	6,840,800	12,956,895
Operating charges	0.63	0.63	0.62
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	101.49	96.79	106.58
Lowest share price	88.61	84.65	87.06

## Sterling Class 'J' Accumulation shares

The share class was launched on 18 January 2019.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	106.88	96.22	114.82
Return before operating charges*	15.54	11.32	(17.92)
Operating charges	(0.72)	(0.66)	(0.68)
Return after operating charges*	14.82	10.66	(18.60)
Distributions	(5.11)	(4.58)	(3.01)
Retained distributions	5.11	4.58	3.01
Closing NAV	121.70	106.88	96.22
*after direct transaction cost of	0.01	0.00	0.01
<b>Performance</b>			
Return after charges (%)	13.87	11.08	(16.20)
<b>Other information</b>			
Closing NAV (£'000)	287	596	710
Number of shares	235,546	557,631	738,168
Operating charges	0.63	0.63	0.62
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	122.75	108.82	115.22
Lowest share price	104.47	94.95	95.34

# Financial highlights

## Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	88.48	83.63	103.45
Return before operating charges*	12.74	9.83	(16.01)
Operating charges	(0.50)	(0.48)	(0.51)
Return after operating charges*	12.24	9.35	(16.52)
Distributions	(4.78)	(4.50)	(3.30)
Closing NAV	95.94	88.48	83.63
*after direct transaction cost of	0.01	0.00	0.01
<b>Performance</b>			
Return after charges (%)	13.83	11.18	(15.97)
<b>Other information</b>			
Closing NAV (£'000)	128,682	101,121	82,983
Number of shares	134,126,610	114,291,432	99,226,096
Operating charges	0.53	0.53	0.53
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	99.15	94.41	103.82
Lowest share price	86.49	82.53	84.88

## Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 30 September	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	104.06	93.59	111.56
Return before operating charges*	15.14	11.01	(17.42)
Operating charges	(0.60)	(0.54)	(0.55)
Return after operating charges*	14.54	10.47	(17.97)
Distributions	(5.09)	(4.56)	(3.03)
Retained distributions	5.09	4.56	3.03
Closing NAV	118.60	104.06	93.59
*after direct transaction cost of	0.01	0.00	0.01
<b>Performance</b>			
Return after charges (%)	13.97	11.19	(16.11)
<b>Other information</b>			
Closing NAV (£'000)	171,312	129,662	53,067
Number of shares	144,442,976	124,604,213	56,703,449
Operating charges	0.53	0.53	0.52
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	119.62	105.92	111.96
Lowest share price	101.72	92.35	92.73

# 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	2024 UK p	2023 UK p	2022 UK p
Opening NAV	100.26	95.10	118.06
Return before operating charges*	14.41	11.17	(18.24)
Operating charges	(0.94)	(0.90)	(0.97)
Return after operating charges*	13.47	10.27	(19.21)
Distributions	(5.40)	(5.11)	(3.75)
Closing NAV	108.33	100.26	95.10
*after direct transaction cost of	0.01	0.00	0.01
<b>Performance</b>			
Return after charges (%)	13.44	10.80	(16.27)
<b>Other information</b>			
Closing NAV (£'000)	3,144	3,013	3,060
Number of shares	2,902,480	3,005,223	3,217,658
Operating charges	0.88	0.88	0.87
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	111.97	107.22	118.47
Lowest share price	97.98	93.84	96.53

## 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	2024 UK p	2023 UK p	2022 UK p
Opening NAV	137.42	124.02	148.36
Return before operating charges*	19.96	14.59	(23.12)
Operating charges	(1.31)	(1.19)	(1.22)
Return after operating charges*	18.65	13.40	(24.34)
Distributions	(6.19)	(5.56)	(3.53)
Retained distributions	6.19	5.56	3.53
Closing NAV	156.07	137.42	124.02
*after direct transaction cost of	0.01	0.00	0.01
<b>Performance</b>			
Return after charges (%)	13.57	10.80	(16.41)
<b>Other information</b>			
Closing NAV (£'000)	6,386	5,781	6,752
Number of shares	4,091,851	4,206,619	5,444,257
Operating charges	0.88	0.88	0.87
Direct transaction costs (%)	0.00	0.00	0.00
<b>Prices</b>			
Highest share price	157.43	139.97	148.87
Lowest share price	134.30	122.37	122.88

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 30 September	Note	2024		2023	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	5		116,361		85,127
Revenue	7	71,174		68,866	
Expenses	8	(9,536)		(9,671)	
Interest payable and similar charges		(29)		(13)	
Net revenue/(expense) before taxation		61,609		59,182	
Taxation	9	(50)		35	
Net revenue/(expense) after taxation			61,559		59,217
<b>Total return before distributions</b>			<b>177,920</b>		<b>144,344</b>
Distributions	10		(64,232)		(62,448)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>113,688</b>		<b>81,896</b>

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

for the year to 30 September	2024		2023	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>1,298,272</b>		<b>1,363,205</b>
Amounts received on issue of shares	230,020		189,463	
Amounts paid on cancellation of shares	(257,633)		(375,493)	
		(27,613)		(186,030)
Dilution adjustments		622		1,017
Change in net assets attributable to shareholders from investment activities (see above)		113,688		81,896
Retained distributions on Accumulation shares		43,415		38,183
Unclaimed distributions		1		1
<b>Closing net assets attributable to shareholders</b>		<b>1,428,385</b>		<b>1,298,272</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 30 September	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		1,291,363	1,207,270
<b>Current assets</b>			
Debtors	11	32,296	26,776
Cash and bank balances	12	44,076	103,958
Cash equivalents		89,354	31,435
<b>Total assets</b>		<b>1,457,089</b>	<b>1,369,439</b>
<b>Liabilities</b>			
Investment liabilities		(1,784)	(26,989)
<b>Creditors</b>			
Overdrawn positions at futures clearing houses and collateral manager		(4,562)	0
Distribution payable		(10,203)	(10,563)
Other creditors	13	(12,155)	(33,615)
<b>Total liabilities</b>		<b>(28,704)</b>	<b>(71,167)</b>
<b>Net assets attributable to shareholders</b>		<b>1,428,385</b>	<b>1,298,272</b>

# Financial statements and notes

## 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 2024 being the last business day of the accounting period.

#### d. Investments – recognition and valuation

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

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

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

- Equities and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.

# Financial statements and notes

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

## **e. Recognition of income and expenses**

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

## **f. Treatment of income and expenses**

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



# Financial statements and notes

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

## g. Operating charges

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

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

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

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

## h. Portfolio transaction costs

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

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

# Financial statements and notes

- **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.

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

# Financial statements and notes

## a. Market risk

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

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

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.

# Financial statements and notes

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	2024 £'000	2023 £'000
Non-derivative securities	50,568	(49,287)
Derivative contracts	63,944	130,350
Currency gains/(losses)	1,849	4,064
<b>Net capital gains/(losses)</b>	<b>116,361</b>	<b>85,127</b>

# Financial statements and notes

## 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 39 to 40. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 30 September	2024 £'000	% of transaction	2023 £'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	11,905		0	
Commissions	4	0.03	0	0.00
Taxes	14	0.12	0	0.00
<b>Equities after transaction costs</b>	<b>11,923</b>		<b>0</b>	
<b>Debt securities</b>	<b>862,027</b>		<b>1,196,686</b>	
<b>Total purchases after transaction costs</b>	<b>873,950</b>		<b>1,196,686</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	5,526		1,710	
Commissions	(3)	0.05	(1)	0.05
<b>Equities after transaction costs</b>	<b>5,523</b>		<b>1,709</b>	
<b>Debt securities</b>	<b>834,272</b>		<b>1,224,223</b>	
<b>Other transaction types</b>				
Corporate actions	13,492		28,593	
<b>Total sales after transaction costs</b>	<b>853,287</b>		<b>1,254,525</b>	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	7	0.00	1	0.00
Derivatives	33	0.00	31	0.00
<b>Total commissions paid</b>	<b>40</b>	<b>0.00</b>	<b>32</b>	<b>0.00</b>
<b>Taxes paid</b>				
Equities	14	0.00	0	0.00
Derivatives	39	0.00	34	0.00
<b>Total taxes paid</b>	<b>53</b>	<b>0.00</b>	<b>34</b>	<b>0.00</b>
<b>Total direct portfolio transaction costs</b>	<b>93</b>	<b>0.00</b>	<b>66</b>	<b>0.00</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.38		0.57

# Financial statements and notes

## 7 Revenue

for the year to 30 September	2024 £'000	2023 £'000
Bank interest	212	93
Derivative revenue	9,898	11,924
Dividends from equity investments: non-taxable	296	814
Dividends from equity investments: taxable	414	553
Interest distributions	3,859	1,928
Interest on debt securities	56,459	53,527
Rebate of ongoing charges from underlying funds	36	27
<b>Total revenue</b>	<b>71,174</b>	<b>68,866</b>

## 8 Expenses

for the year to 30 September	2024 £'000	2023 £'000
<b>Payable to the ACD or associate</b>		
Annual charge	9,536	9,671
<b>Total expenses</b>	<b>9,536</b>	<b>9,671</b>

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

# Financial statements and notes

## 9 Taxation

for the year to 30 September	2024 £'000	2023 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	50	(35)
Deferred tax (note 9c)	0	0
<b>Total taxation</b>	<b>50</b>	<b>(35)</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	61,609	59,182
Corporation tax at 20%	12,322	11,836
<b>Effects of:</b>		
Revenue: non-taxable	(59)	(163)
Interest distributions	(12,263)	(11,673)
Withholding tax	50	(35)
<b>Total tax charge (note 9a)</b>	<b>50</b>	<b>(35)</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 9a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

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

## 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	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
<b>Interest distributions</b>				
Interim	10,514	22,385	11,487	17,195
Final	10,203	21,030	10,563	20,988
Total net distributions		64,132		60,233
Income deducted on cancellation of shares		2,771		4,343
Income received on issue of shares		(2,671)		(2,128)
<b>Distributions</b>		<b>64,232</b>		<b>62,448</b>
Net revenue/(expense) per statement of total return		61,559		59,217
Expenses offset against capital		2,673		3,231
<b>Distributions</b>		<b>64,232</b>		<b>62,448</b>

# Financial statements and notes

## 11 Debtors

as at 30 September	2024 £'000	2023 £'000
Amounts receivable on issues of shares	1,238	1,724
Currency deals outstanding	0	1,734
Debt security interest receivable	14,186	17,458
Derivative revenue receivable	109	228
Distributions receivable	360	248
Dividends receivable	71	0
Management charge rebates due	2	1
Sales awaiting settlement	14,672	3,576
Withholding tax recoverable	1,658	1,807
<b>Total debtors</b>	<b>32,296</b>	<b>26,776</b>

## 12 Cash and bank balances

as at 30 September	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	37,372	62,096
Cash held as bank balances	6,704	41,862
<b>Total cash and bank balances</b>	<b>44,076</b>	<b>103,958</b>

## 13 Other creditors

as at 30 September	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	3,097	300
Annual charge payable	372	627
Currency deals outstanding	0	1,720
Purchases awaiting settlement	7,695	29,945
Payable to M&G (Lux) Optimal Income Fund	991	1,023
<b>Total other creditors</b>	<b>12,155</b>	<b>33,615</b>

## 14 Contingent assets, liabilities and outstanding commitments

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



# Financial statements and notes

## 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 01.10.23	Issued	Movements Cancelled	Converted	Closing 30.09.24
<b>Sterling</b>					
Class 'A' Income	39,545,994	3,061,518	(6,321,405)	0	36,286,107
Class 'A' Accumulation	86,515,023	1,924,517	(15,991,694)	0	72,447,846
Class 'I' Income	172,756,307	12,927,751	(26,209,118)	0	159,474,940
Class 'I' Accumulation	255,221,954	53,468,076	(57,189,011)	0	251,501,019
Class 'J' Income	6,840,800	69,086	(2,076,339)	0	4,833,547
Class 'J' Accumulation	557,631	0	(322,085)	0	235,546
Class 'PP' Income	114,291,432	31,515,319	(11,680,141)	0	134,126,610
Class 'PP' Accumulation	124,604,213	39,048,756	(19,209,993)	0	144,442,976
Class 'R' Income	3,005,223	445,237	(547,980)	0	2,902,480
Class 'R' Accumulation	4,206,619	237,903	(352,671)	0	4,091,851

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 %
<b>Sterling</b>	
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.

# Financial statements and notes

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 1.05% (2023: 1.32%) 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 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	568,736	0	338,611	(835)
Level 2	722,324	(1,784)	868,400	(26,154)
Level 3	303	0	259	0
	<b>1,291,363</b>	<b>(1,784)</b>	<b>1,207,270</b>	<b>(26,989)</b>

Level 3 assets include INTU Metrocentre (2023: 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 40 to 42.

## 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 2024 was 20% (2023: 15%).

# Financial statements and notes

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

for the year to 30 September	2024 Utilisation of VaR 20%	2023 Utilisation of VaR 15%
Lowest	21.10	36.60
Highest	24.80	55.20
Average	23.40	43.14

## 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	2024 £'000	2023 £'000
Investment grade securities	1,185,864	1,007,850
Below investment grade securities	56,349	158,736
Other investments	47,366	13,695
<b>Total</b>	<b>1,289,579</b>	<b>1,180,281</b>

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

as at 30 September 2024	Swaps £'000	Forward currency contracts £'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
<b>Total</b>	<b>19,981</b>	<b>16,076</b>	<b>755</b>

# Financial statements and notes

as at 30 September 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	1	957
Barclays Bank	20,250	0	0
BNP Paribas	0	(18)	0
Citigroup	0	8	0
HSBC	0	(8)	0
JPMorgan	0	135	0
Standard Chartered Bank	0	(20)	0
State Street Bank	0	(8,026)	0
UBS	0	(2,974)	0
<b>Total</b>	<b>20,250</b>	<b>(10,902)</b>	<b>957</b>

## 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 2024 and 30 September 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 30 September	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	1,321,211	91.97	217,295	20.04
Highest	3,600,201	253.21	1,094,227	100.14
Average	1,814,323	129.86	495,891	42.27

## 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	01.10.23	31.03.24	01.04.24	31.05.24
Final	01.04.24	30.09.24	01.10.24	30.11.24

# Financial statements and notes

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	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.1875	2.2681	3.4556	3.0163
Final	1.5348	1.8526	3.3874	3.4665

## Sterling Class 'A' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.0463	2.6517	4.6980	3.7904
Final	2.5340	2.1101	4.6441	4.6073

## Sterling Class 'I' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.3717	2.2043	3.5760	3.1091
Final	1.8951	1.6178	3.5129	3.5802

## Sterling Class 'I' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.5538	2.9660	5.5198	4.4940
Final	3.1601	2.3490	5.5091	5.3930

# Financial statements and notes

## Sterling Class 'J' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.4894	1.9787	2.4681	2.1459
Final	1.8000	0.6246	2.4246	2.4711

## Sterling Class 'J' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.5582	0.0000	2.5582	2.0828
Final	1.1293	1.4238	2.5531	2.4993

## Sterling Class 'PP' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.1994	1.2102	2.4096	2.0928
Final	1.1800	1.1882	2.3682	2.4111

## Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.4617	1.0837	2.5454	2.0762
Final	1.3327	1.2133	2.5460	2.4847

## Sterling Class 'R' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.4642	1.2638	2.7280	2.3778
Final	1.7171	0.9593	2.6764	2.7346

# Financial statements and notes

## Sterling Class 'R' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	1.2435	1.8649	3.1084	2.5172
Final	1.6405	1.4438	3.0843	3.0439

## 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](http://mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies)

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

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

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

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

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

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



