

M&G Investment Funds (2)

**Interim report and unaudited financial statements
for the six months ended 30 November 2024**



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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (2) presents its interim report and unaudited financial statements for the six months ended 30 November 2024.

The unaudited financial statements of M&G Investment Funds (2), the Authorised Corporate Director's Reports including the portfolio statements, financial highlights and the unaudited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (2) is an umbrella Open-Ended Investment Company (OEIC) and contains seven sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 1 August 2001 and was launched on 24 January 2002, following the conversion of a series of authorised unit trusts.

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

As at 30 November 2024 none of the funds held shares of the other funds within this OEIC.

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

Fund managers

The following fund managers are employed by M&G FA Limited which is an associate of M&G Securities Limited with the exception of M&G Index Tracker Fund where BlackRock Investment Management (UK) Limited is the appointed Sub-Investment Manager.

M&G Gilt & Fixed Interest Income Fund

Miles Tym

M&G Global High Yield Bond Fund

Stefan Isaacs and Luke Coha

M&G Index-Linked Bond Fund

Miles Tym

M&G Index Tracker Fund

Index Equity Portfolio Management Team, BlackRock*

* Employees of BlackRock Investment Management (UK) Limited.

M&G Short Dated Corporate Bond Fund

Matthew Russell and Ben Lord

M&G UK Income Distribution Fund

Elina Symon

M&G UK Sustain Paris Aligned Fund

Rory Alexander

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)

Authorised Corporate Director's Report

Directors of the ACD

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

* Appointed 13 January 2025.

** Resigned 13 January 2025.

Investment manager

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

Registrar

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

Depository

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

Independent auditor

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

Annual value assessment

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

Climate-related Financial Disclosures (TCFD)

We have produced TCFD reports in compliance with the FCA's rules on climate-related financial disclosures. The TCFD fund reports are designed to help you understand

the impact these funds have on the climate and equally how climate change could influence the performance of these funds. The reports will also give you the ability to compare a range of climate metrics with other funds. To understand the governance, strategy and risk management that M&G has in place to manage the risks and opportunities related to climate change, please refer to the M&G Investments Management TCFD report.

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

Important information

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

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.

Authorised Corporate Director's Report

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
29 January 2025

Financial statements and notes

The financial statements for M&G Investment Funds (2) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

Accounting policies

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

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 May 2024. They are prepared under the historical cost convention, as modified by the revaluation of investments, 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.

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 that of the FTSE Actuaries UK Conventional Gilts All Stocks Index over any five-year period.

Investment policy

At least 70% of the fund is invested, directly or through derivatives, in investment grade short, medium and long-dated gilts. These securities are issued or guaranteed by the UK government, and denominated in sterling.

Other investments may include transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

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

Investment approach

The fund is diversified across a range of UK government debt securities. The fund's investment approach is based on the principle that returns from government bonds are driven by a combination of macroeconomic factors such as expectations on interest rates, inflation and economic growth. As different factors dominate returns at different stages of the economic cycle, the manager applies a flexible investment approach, adjusting fund duration as deemed appropriate.

The fund manager seeks to take advantage of 'relative value' opportunities within the UK government bond market, which involves buying the bonds that offer the best value.

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

FTSE Actuaries UK Conventional Gilts All Stocks Index

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

The fund is actively managed.

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

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

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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.

Authorised Corporate Director's Report

Investment review

For the six months ended 30 November 2024

Performance against objective

Between 1 June 2024 (the start of the review period) and 30 November 2024, the M&G Gilt & Fixed Interest Income Fund's Sterling Class 'A' and 'I' shares both delivered a total return (the combination of income and growth of capital) of 3.3% and 3.4%, respectively. This compares with a return of 2.7% by its benchmark, the FTSE Actuaries UK Conventional Gilts All Stocks Index, over the same period.

Please note that the fund is priced at midday, whilst the benchmark is priced at the end of day, which may result in significant pricing discrepancies from time to time.

Over five years, the fund's Sterling Class 'I' share delivered a negative return and met its objective as the fund was slightly ahead of the benchmark index, which returned -4.6% pa over this period, while the fund's Sterling Class 'A' share was in line with the benchmark, therefore missing the objective to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the FTSE Actuaries UK Conventional Gilts All Stocks Index over any five-year period.

Performance review

UK government bonds (also known as gilts) delivered positive returns in the six months to the end of November 2024.

Against a backdrop of continued easing inflation in the UK, investors became increasingly optimistic about the prospect of interest rate cuts. The Bank of England (BoE) duly reduced rates by a quarter of a percentage point in August 2024, the first cut in over four years, while the US Federal Reserve (Fed) reduced its rate by half of a percentage point the following month. Gilt prices tended to rise when inflation appeared to be easing, due to the reduced likelihood of further interest rate hikes.

UK inflation declined to 1.7% in September, which was lower than expected and below the BoE's 2.0% target level, before rising to 2.3% in October. The BoE

subsequently made a further quarter-point cut in interest rates to 4.75% in the following month. However, the bank is taking a cautious approach to further cuts, emphasising that monetary policy would need to remain restrictive for long enough to ensure that inflation stays close to the target level, and that interest rates are likely to fall gradually.

In political developments, Labour won a landslide victory in the July elections, with the new government stressing its intention to focus on boosting growth. Investors had been eagerly anticipating Chancellor Rachel Reeves' budget in late October, with uncertainty weighing on gilt prices.

Chancellor Reeves announced additional borrowing in the budget, raising concerns about the potential extent of gilt issuance as well as prospects for long-term growth. The BoE noted that inflation is likely to be higher as a result of the budgetary measures, and consequently that interest rates would probably need to stay at high levels for longer. Gilt yields rose (and prices, which move inversely to yields, fell) at this time, but yields subsequently eased back the following month.

Investment activities

In early autumn, gilt yields fell as slower economic data and a continued moderation in inflation led central banks to cut rates. Despite the fall in yields, volatility within the government bond market remained largely contained, offering few opportunities for us to capitalise on. With inflation expectations falling across a range of gilt maturities, we took the opportunity to take an above-index position in long-dated index-linked government bonds. In our opinion, a notable lack of long-dated inflation issuance versus increased 30-year gilt issuance should be supportive in the near term.

The rise in yields around the budget left gilts attractively priced, in our view, especially relative to other major bond markets. The fund is now marginally long duration, with this exposure achieved by switching very short-dated gilts into 30-year index-linked gilts. We now view index-linked gilts as cheap relative to conventional gilts, so we also switched some 30-year government bonds into 30-year index-linked gilts.

Authorised Corporate Director's Report

Our core structural view remains that the mid-maturity range of the market will bear the brunt of sizeable ongoing gilt issuance and we remain underweight (below benchmark) gilts in this maturity area. However, we have actively managed this exposure in response to opportunities provided by the market. Overall, the fund maintains a significant underweight in government bonds maturing in the 10 to 15-year area.

Outlook

In our opinion, the BoE's role has been complicated due to a change in employer National Insurance Contributions, announced in the budget. We think employers will respond in a number of ways: reduce profit margins; reduce employment/employer pay; and increase prices. It is difficult to say how this scenario will unfold, but it is likely to be some combination of all three. In our view, the BoE will continue to be led by data, suggesting that current market pricing is largely fair.

Miles Tym

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income	373,297	98.95	97.66
Debt securities	373,297	98.95	97.66
'AA' credit rated bonds	373,297	98.95	97.66
£3,353,630 Prs Finance PLC 1.75% 24/11/2026	3,176	0.84	
£5,330,587 U.K. Gilts 0.5% 31/01/2029	4,628	1.23	
£9,487,663 U.K. Gilts 0.625% 22/10/2050	3,805	1.01	
£29,387,900 U.K. Gilts 0.875% 31/01/2046	14,550	3.86	
£29,275,161 U.K. Gilts 1% 31/01/2032	23,745	6.29	
£17,533,602 U.K. Gilts 1.25% 31/07/2051	8,427	2.23	
£21,921,143 U.K. Gilts 1.5% 31/07/2053	10,976	2.91	
£7,607,504 U.K. Gilts 1.625% 22/10/2054	3,899	1.03	
£2,993,451 U.K. Gilts 1.75% 22/01/2049	1,732	0.46	
£16,855,188 U.K. Gilts 2.5% 22/07/2065	10,378	2.75	
£8,763,194 U.K. Gilts 3.75% 07/03/2027	8,666	2.30	
£7,191,356 U.K. Gilts 4% 22/01/2060	6,362	1.69	
£35,309,785 U.K. Gilts 4% 22/10/2063	31,072	8.24	
£42,854,199 U.K. Gilts 4.125% 29/01/2027	42,743	11.33	
£45,539,035 U.K. Gilts 4.125% 22/07/2029	45,579	12.08	
£89,806,460 U.K. Gilts 4.5% 07/06/2028	90,874	24.09	
£38,576,786 U.K. Gilts 4.75% 22/10/2043	39,008	10.34	
£13,002,184 U.K. Gilts 5% 07/03/2025	13,015	3.45	
£1,983,127 U.K. Inflation-Linked Gilts 0.25% 22/03/2052	2,301	0.61	
£8,648,279 U.K. Inflation-Linked Gilts 1.25% 22/11/2054	8,361	2.21	
Total portfolio	373,297	98.95	97.66
Net other assets/(liabilities)	3,946	1.05	2.34
Net assets attributable to shareholders	377,243	100.00	100.00

Portfolio statement

Top ten portfolio transactions for the six months to 30 November 2024

Largest purchases	£'000
U.K. Gilts 4.125% 22/07/2029	69,127
U.K. Gilts 4.5% 07/06/2028	43,087
U.K. Gilts 4.75% 22/10/2043	39,416
U.K. Gilts 1% 31/01/2032	23,573
U.K. Gilts 4% 22/10/2063	21,497
U.K. Inflation-Linked Gilts 0.25% 22/03/2052	16,387
U.K. Gilts 5% 07/03/2025	13,018
U.K. Gilts 1.625% 22/10/2054	12,738
U.K. Gilts 1.5% 31/07/2053	10,379
U.K. Gilts 3.75% 07/03/2027	8,582
Other purchases	36,161
Total purchases	293,965

Largest sales	£'000
U.K. Gilts 3.5% 22/10/2025	35,963
U.K. Gilts 0.5% 31/01/2029	32,144
U.K. Gilts 4.125% 22/07/2029	28,847
U.K. Gilts 4.5% 07/06/2028	27,100
U.K. Gilts 1.625% 22/10/2054	23,777
U.K. Gilts 4.125% 29/01/2027	23,153
U.K. Gilts 0.625% 22/10/2050	15,563
U.K. Inflation-Linked Gilts 0.25% 22/03/2052	14,047
U.K. Gilts 2.5% 22/07/2065	13,156
U.K. Gilts 1.625% 22/10/2028	11,030
Other sales	58,651
Total sales	283,431

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+3.3	-8.5	-4.6	-0.5
Class 'A' Accumulation	+3.3	-8.5	-4.6	-0.5
Class 'I' Income	+3.4	-8.2	-4.4	-0.3
Class 'I' Accumulation	+3.4	-8.2	-4.4	-0.3
Class 'PP' Income	+3.5	n/a	n/a	n/a
Class 'PP' Accumulation	+3.5	n/a	n/a	n/a
Benchmark	+2.7	-8.7	-4.6	-0.1

^a Not annualised.

Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 9 December 1980.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	25,572	24,034	15,790
Number of shares	35,727,533	33,948,507	21,783,180
Closing NAV per share (UK p)	71.57	70.80	72.49
Operating charges (%)	0.55	0.55	0.55

Sterling Class 'A' Accumulation shares

The share class was launched on 9 December 1980.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	217,084	211,456	193,217
Number of shares	46,510,121	46,805,994	43,670,942
Closing NAV per share (UK p)	466.75	451.77	442.44
Operating charges (%)	0.55	0.55	0.55

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	27,490	24,481	17,700
Number of shares	3,311,649	2,986,032	2,114,998
Closing NAV per share (UK p)	830.10	819.84	836.89
Operating charges (%)	0.25	0.25	0.25

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	98,052	96,516	85,671
Number of shares	9,658,580	9,837,101	8,942,729
Closing NAV per share (UK p)	1,015.18	981.15	958.00
Operating charges (%)	0.25	0.25	0.25

Sterling Class 'PP' Income shares

The share class was launched on 21 April 2022.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	377	16	16
Number of shares	472,008	20,010	20,010
Closing NAV per share (UK p)	79.95	78.91	80.48
Operating charges (%)	0.15	0.15	0.15

Sterling Class 'PP' Accumulation shares

The share class was launched on 21 April 2022.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	8,668	8,303	8,120
Number of shares	9,823,612	9,740,492	9,766,492
Closing NAV per share (UK p)	88.24	85.24	83.14
Operating charges (%)	0.15	0.15	0.15

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		5,002		(30)
Revenue	8,150		7,171	
Expenses	(823)		(728)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	7,327		6,443	
Taxation	0		0	
Net revenue/(expense) after taxation		7,327		6,443
Total return before distributions		12,329		6,413
Distributions		(7,429)		(6,515)
Change in net assets attributable to shareholders from investment activities		4,900		(102)

Statement of change in net assets attributable to shareholders

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		364,806		320,514
Amounts received on issue of shares	18,086		34,305	
Amounts paid on cancellation of shares	(16,848)		(13,413)	
		1,238		20,892
Dilution adjustments		4		16
Change in net assets attributable to shareholders from investment activities (see above)		4,900		(102)
Retained distributions on Accumulation shares		6,293		5,777
Unclaimed distributions		2		1
Closing net assets attributable to shareholders		377,243		347,098

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

as at	30 November 2024 £'000	31 May 2024 £'000
Assets		
Fixed assets		
Investments	373,297	356,277
Current assets		
Debtors	4,553	4,400
Cash and bank balances	167	389
Cash equivalents	0	4,391
Total assets	378,017	365,457
Liabilities		
Creditors		
Distribution payable	(579)	(561)
Other creditors	(195)	(90)
Total liabilities	(774)	(651)
Net assets attributable to shareholders	377,243	364,806

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

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.

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 that of the ICE BofAML Global High Yield Index (GBP Hedged) over any five-year period.

Investment policy

At least 80% of the fund is invested, directly or indirectly through derivatives, in below investment grade corporate debt securities. These securities can be issued by companies from anywhere in the world, including emerging markets.

Other investments may include:

- asset-backed securities; and
- other transferable securities, government bonds, 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.

The fund aims to hedge any non-sterling assets 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 below investment grade (high yield) debt securities from a variety of sectors and geographies. The fund manager focuses on the analysis of individual bond issues while remaining aware of macroeconomic developments. Emphasis is placed upon investigating the ability of a bond issuer to meet its interest payments, especially during unfavourable economic conditions.

The fund manager has the flexibility to adjust the fund's credit exposure, sector positioning and regional allocations depending on the assessment of current market valuations and the macroeconomic environment, including the likely path of economic growth, inflation and interest rates.

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

ICE BofAML Global High Yield Index (GBP Hedged)

The benchmark is a target which the fund seeks to outperform.

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

The fund is actively managed.

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

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

Authorised Corporate Director's Report

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 six months ended 30 November 2024

Performance against objective

The M&G Global High Yield Bond Fund delivered positive total returns (the combination of income and capital growth) across all sterling share classes during the six-month review period. Most of the fund's share classes were slightly ahead of its benchmark, the ICE BofAML Global High Yield Index (GBP Hedged), which returned 6.5% over the same period. The Sterling Class 'A' shares were broadly in line with the benchmark.

Over five years, the fund has delivered positive returns but lagged its benchmark, which returned 3.2% pa over this period. It therefore did not meet its objective of providing a higher total return, net of the ongoing charge figure, than that of the ICE BofAML Global High Yield Index (GBP Hedged) 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

Global high yield (HY) bond markets began the review period strongly with June driving significant gains from favourable economic conditions and investor sentiment. In July, HY bonds rose further, propelled by falling government bond yields and the anticipation of a Federal Reserve rate cut. Despite initial turbulence in August, the market remained positive as investors priced in more rate cuts, with the US market benefiting from strong Treasury performance and the European market experiencing greater spread compression. Spreads indicate the difference between the yield of a corporate bond and a government bond of the same maturity.

September saw the HY market deliver its best returns in several years, driven by rapid rate-cutting cycle expectations, along with spread tightening and interest rate movements. However, October presented a divergence in performance across regions, resulting in negative global returns. Spreads continued to tighten, but rising government bond yields in the US and UK weighed on total returns. In November, the market rebounded with mixed regional performance. US high yield corporate bonds rallied, supported by post-election risk-on sentiment, while European and emerging market corporate bonds were constrained by continued trade and growth uncertainties following the election. Overall, HY bonds performed well over the review period amidst economic fluctuations and geopolitical events.

For most of the share classes, the fund performed slightly ahead of its benchmark during the review period, mainly from our stock selection skill and active above benchmark position in the European high yield market. In particular, our stock selection in real estate contributed positively to relative performance with residential and commercial property manager Heimstaden and real estate provider CPI Property being our largest individual contributors to relative performance. In contrast, our sector allocation to

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financial services and stock selection in telecommunications and technology & electronics detracted from our relative performance. Luxury resort Wynn Macau and US satellite television service provider DISH were the top individual detractors from relative performance.

Investment activities

During the period under review, the primary market saw significant activity. In June and July, we participated in new issues from US cabinets maker Masterbrand, telecom company Softbank and healthcare company Concentra. July continued the momentum with UK property manager Amber Finco, building materials company Wilsonart, Royal Caribbean cruises, and energy company Permian Resources. August was quieter with US drugstore Walgreens and infrastructure services provider Arcosa. Activity picked up again in September with furniture retailer Wayfair and energy company Matador Resources. Last two months were reasonably active with French telecom Iliad, UK poultry specialist Boparan, container provider DCLI, communications infrastructure provider IHS and Canadian methanol producer Methanex.

In the secondary market, we sold US media group Tegna, Rogers Communications, real estate company CityCon, Chilean cable provider VTR Comunicaciones and environmental services provider Clean Harbors. We continued to trim our exposure to Ford Motor, Comstock Resources and healthcare services provider HCA on valuation concerns. We also booked profits in well-performing positions such as industrial chemicals supplier Celanese, disabilities support provider Voyage Care, German hotel chain Motel One and iHeartCommunications. Purchases included entertainment company Paramount, we moved up in quality in the US satellite television provider DISH complex and participated in new position German paper manufacturer ProGroup.

We kept fund duration (sensitivity to interest rate changes) and spread duration (sensitivity to changes in credit spreads) broadly neutral relative to the benchmark.

Outlook

We believe 2025 should shape up to be another positive year for high yield markets, albeit with returns more likely to be driven by carry (that is the income received by bondholders from regular coupon payments). While credit spreads are currently close to the tighter (lower) end of their range, all-in-yields for HY bonds remain higher than they've been in previous years. Historically, yield has been a good proxy of future returns, and with current yields around 5-7%, we believe there is arguably still potential for the asset class to generate reasonable returns in 2025.

Despite macro and political uncertainty, recent economic performance has shown continued strength, with corporate profits and consumer spending remaining largely resilient in the face of high interest rates. It's worth noting that the interest coverage ratio (which measures a company's ability to pay off its debt), has dropped as companies have refinanced at higher rates, but remains well above levels at which analysts would typically become concerned about a company's ability to repay.

Our base case scenario remains that of a mild default cycle, which would be consistent with a soft economic landing. This is also evidenced by diminishing levels of market distress which is typically a good leading indicator for default activity over the next 12-18 months.

In summary, even with moderating growth, we see potential for the asset class to create wealth for investors in 2025, given the power of carry, expected low defaults, reasonably strong corporate balance sheets and lower rate volatility.

Stefan Isaacs and Luke Coha

Co-fund managers

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

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

Portfolio statement

Investments

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities	77	0.01	0.01
155,654 ADLER Group SA	47	0.01	
653,137 ADLER Group SA (voting rights)	0	0.00	
25,069 Casino Guichard Perrachon SA	29	0.00	
2,506,948 Casino Guichard Perrachon SA Warrants 27/04/2029	1	0.00	
377 Chaparral Energy, Inc. Warrants 01/10/2025	0	0.00	
680,748 Codere SA ^a	0	0.00	
8,212,459 K2016470219 South Africa Ltd. ^a	0	0.00	
48,841,504 New World Resources PLC ^a	0	0.00	
Fixed income	986,449	94.15	92.80
Debt securities	986,288	94.14	92.74
'AA' credit rated bonds	6,958	0.66	0.88
US\$9,034,400 U.S. Treasury Notes 3.25% 30/06/2027	6,958	0.66	
'A' credit rated bonds	3,454	0.33	0.24
€3,655,000 TotalEnergies SE Var 3.369% Perpetual	3,026	0.29	
US\$546,400 United Airlines Pass-Through Trust 4.875% 15/07/2027	428	0.04	
'BBB' credit rated bonds	101,789	9.72	6.65
€5,100,000 ABN AMRO Bank NV Var 4.75% Perpetual	4,133	0.39	
US\$2,559,000 Berry Global, Inc. 4.875% 15/07/2026	2,008	0.19	
US\$7,497,000 Carnival Corp. 4% 01/08/2028	5,631	0.54	
€1,000,000 Cellnex Finance Co. SA 2% 15/09/2032	757	0.07	
€1,900,000 Cellnex Finance Co. SA 2% 15/02/2033	1,419	0.13	
€900,000 Cellnex Telecom SA 1.75% 23/10/2030	692	0.07	
US\$4,335,000 Cheniere Energy Partners LP 4.5% 01/10/2029	3,326	0.32	
US\$9,106,000 Continental Resources, Inc. 5.75% 15/01/2031	7,214	0.69	
US\$6,864,000 DCP Midstream Operating LP 3.25% 15/02/2032	4,728	0.45	
US\$2,935,000 DCP Midstream Operating LP 5.6% 01/04/2044	2,244	0.21	
€1,489,000 Drax Finco PLC 2.625% 01/11/2025	1,220	0.12	
US\$7,818,000 Ford Motor Co. 6.1% 19/08/2032	6,266	0.60	
US\$3,613,000 Ford Motor Credit Co. LLC 4% 13/11/2030	2,599	0.25	
US\$8,838,000 Ford Motor Credit Co. LLC 4.95% 28/05/2027	6,906	0.66	
US\$2,710,000 Ford Motor Credit Co. LLC 5.113% 03/05/2029	2,094	0.20	
US\$2,462,000 HCA, Inc. 5.375% 01/09/2026	1,947	0.19	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€2,071,000 Infrastrutture Wireless Italiane SpA 1.875% 08/07/2026	1,692	0.16	
US\$4,968,000 LPL Holdings, Inc. 4% 15/03/2029	3,631	0.35	
US\$3,678,000 Meritage Homes Corp. 3.875% 15/04/2029	2,730	0.26	
£3,974,000 Nationwide Building Society Var 5.875% Perpetual	3,972	0.38	
US\$5,780,000 NGPL PipeCo LLC 4.875% 15/08/2027	4,528	0.43	
US\$5,100,000 Pacific Gas & Electric Co. 4.55% 01/07/2030	3,922	0.37	
£4,877,000 Pinewood Finco PLC 3.625% 15/11/2027	4,600	0.44	
£2,503,000 Pinewood Finco PLC 6% 27/03/2030	2,480	0.24	
US\$4,149,000 PRA Health Sciences, Inc. 2.875% 15/07/2026	3,153	0.30	
US\$5,645,000 Stora Enso OYJ 7.25% 15/04/2036	4,779	0.46	
US\$6,322,000 Targa Resources Partners LP/Targa Resources Partners Finance Corp. 4% 15/01/2032	4,618	0.44	
US\$3,432,000 Targa Resources Partners LP/Targa Resources Partners Finance Corp. 4.875% 01/02/2031	2,650	0.25	
US\$5,067,000 UBS Group AG Var 7% Perpetual	3,989	0.38	
€2,306,000 WMG Acquisition Corp. 2.75% 15/07/2028	1,861	0.18	
'BB' credit rated bonds	535,361	51.10	43.73
US\$2,571,000 1011778 BC ULC/New Red Finance, Inc. 3.875% 15/01/2028	1,923	0.18	
US\$4,516,000 ADT Security Corp. 4.125% 01/08/2029	3,307	0.32	
US\$9,854,000 AES Corp. Var 7.6% 15/01/2055	8,030	0.77	
US\$3,208,000 Albertsons Cos., Inc./Safeway, Inc./New Albertsons LP/Albertsons LLC 3.5% 15/03/2029	2,344	0.22	
US\$5,690,000 Albertsons Cos., Inc./Safeway, Inc./New Albertsons LP/Albertsons LLC 5.875% 15/02/2028	4,478	0.43	
US\$4,110,000 Allwyn Entertainment Financing U.K. PLC 7.875% 30/04/2029	3,344	0.32	
€3,250,000 Almaviva-The Italian Innovation Co. SpA 5% 30/10/2030	2,706	0.26	
US\$3,613,000 American Airlines, Inc. 7.25% 15/02/2028	2,899	0.28	
US\$1,451,503 American Airlines, Inc./AAAdvantage Loyalty IP Ltd. 5.5% 20/04/2026	1,139	0.11	
US\$6,796,000 Antero Midstream Partners LP/Antero Midstream Finance Corp. 5.75% 15/01/2028	5,284	0.50	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
US\$1,168,000 Antero Midstream Partners LP/Antero Midstream Finance Corp. 6.625% 01/02/2032	934	0.09	
US\$1,578,000 Arcosa, Inc. 6.875% 15/08/2032	1,258	0.12	
US\$6,503,000 Ascent Resources Utica Holdings LLC/ARU Finance Corp. 5.875% 30/06/2029	5,032	0.48	
US\$2,710,000 Ascent Resources Utica Holdings LLC/ARU Finance Corp. 8.25% 31/12/2028	2,185	0.21	
US\$7,813,000 Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 01/08/2029	5,752	0.55	
€7,226,000 Avantor Funding, Inc. 3.875% 15/07/2028	5,968	0.57	
£2,052,000 B&M European Value Retail SA 4% 15/11/2028	1,919	0.18	
£3,839,000 Barclays PLC Var 8.5% Perpetual	3,953	0.38	
£3,342,000 Barclays PLC Var 8.875% Perpetual	3,464	0.33	
US\$903,000 Bath & Body Works, Inc. 5.25% 01/02/2028	705	0.07	
US\$3,974,000 Bath & Body Works, Inc. 6.625% 01/10/2030	3,173	0.30	
US\$2,213,000 Bath & Body Works, Inc. 6.75% 01/07/2036	1,796	0.17	
€3,000,000 Belden, Inc. 3.375% 15/07/2031	2,397	0.23	
€1,300,000 Belden, Inc. 3.875% 15/03/2028	1,076	0.10	
€2,021,000 Benteler International AG 9.375% 15/05/2028	1,761	0.17	
€4,233,000 Boels Topholding BV 5.75% 15/05/2030	3,626	0.35	
£2,930,000 Boost Newco Borrower LLC/GTCR W Dutch Finance Sub BV 8.5% 15/01/2031	3,138	0.30	
€3,322,000 British Telecommunications PLC Var 5.125% 03/10/2054	2,854	0.27	
US\$1,113,000 Caesars Entertainment, Inc. 6.5% 15/02/2032	892	0.09	
US\$2,000,000 Caesars Entertainment, Inc. 7% 15/02/2030	1,619	0.15	
€4,115,000 California Buyer Ltd./Atlantica Sustainable Infrastructure PLC 5.625% 15/02/2032	3,539	0.34	
€2,165,000 Canpack SA/Canpack U.S. LLC 2.375% 01/11/2027	1,728	0.16	
US\$4,516,000 Canpack SA/Canpack U.S. LLC 3.875% 15/11/2029	3,227	0.31	
US\$1,332,000 Carnival Holdings Bermuda Ltd. 10.375% 01/05/2028	1,123	0.11	
US\$7,226,000 CCO Holdings LLC/CCO Holdings Capital Corp. 4.25% 01/02/2031	5,049	0.48	

Portfolio statement

Investments (continued)

Holding		as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)				
Debt securities (continued)				
'BB' credit rated bonds (continued)				
US\$1,703,000	CCO Holdings LLC/CCO Holdings Capital Corp. 4.5% 15/08/2030	1,220	0.12	
US\$2,074,000	CCO Holdings LLC/CCO Holdings Capital Corp. 4.5% 01/05/2032	1,429	0.14	
US\$5,044,000	CCO Holdings LLC/CCO Holdings Capital Corp. 5.125% 01/05/2027	3,910	0.37	
US\$5,843,000	CCO Holdings LLC/CCO Holdings Capital Corp. 5.5% 01/05/2026	4,592	0.44	
US\$3,759,000	Civitas Resources, Inc. 8.375% 01/07/2028	3,086	0.29	
US\$4,861,000	CNX Resources Corp. 7.25% 01/03/2032	3,905	0.37	
US\$5,537,000	CNX Resources Corp. 7.375% 15/01/2031	4,513	0.43	
€5,400,000	Commerzbank AG Var 6.125% Perpetual	4,514	0.43	
US\$7,226,000	Coty, Inc./HFC Prestige Products, Inc./HFC Prestige International U.S. LLC 6.625% 15/07/2030	5,797	0.55	
€3,000,000	CPI Property Group SA Var 4.875% Perpetual	2,247	0.21	
US\$4,500,000	Crowdstrike Holdings, Inc. 3% 15/02/2029	3,217	0.31	
US\$4,065,000	Crown Americas LLC/Crown Americas Capital Corp. V 4.25% 30/09/2026	3,133	0.30	
€3,327,000	Crown European Holdings SACA 4.5% 15/01/2030	2,837	0.27	
US\$6,817,000	Darling Ingredients, Inc. 6% 15/06/2030	5,335	0.51	
US\$2,979,000	Dcli Bidco LLC 7.75% 15/11/2029	2,387	0.23	
US\$3,493,000	DT Midstream, Inc. 4.375% 15/06/2031	2,531	0.24	
€7,120,000	Dufry One BV 4.75% 18/04/2031	6,104	0.58	
US\$7,562,000	Ecopetrol SA 4.625% 02/11/2031	4,943	0.47	
US\$3,161,000	Ecopetrol SA 6.875% 29/04/2030	2,435	0.23	
US\$2,710,000	Ecopetrol SA 8.375% 19/01/2036	2,089	0.20	
US\$1,714,000	Ecopetrol SA 8.875% 13/01/2033	1,388	0.13	
US\$4,800,000	Electricite de France SA Var 9.125% Perpetual	4,258	0.41	
US\$3,046,000	EQM Midstream Partners LP 4.5% 15/01/2029	2,279	0.22	
US\$2,258,000	EQM Midstream Partners LP 5.5% 15/07/2028	1,805	0.17	
US\$2,472,000	EQM Midstream Partners LP 6.375% 01/04/2029	1,975	0.19	
US\$3,432,000	EQM Midstream Partners LP 6.5% 01/07/2027	2,752	0.26	
€1,400,000	Eramet SA 6.5% 30/11/2029	1,104	0.11	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
€7,100,000 Eramet SA 7% 22/05/2028	5,869	0.56	
€6,500,000 Eurofins Scientific SE Var 3.25% Perpetual	5,286	0.50	
US\$4,516,000 Gray Television, Inc. 10.5% 15/07/2029	3,607	0.34	
US\$5,826,000 Greenko Solar Mauritius Ltd. 5.55% 29/01/2025	4,569	0.44	
€7,563,000 Gruenthal GmbH 4.125% 15/05/2028	6,257	0.60	
£5,871,000 Heathrow Finance PLC 3.875% 01/03/2027	5,574	0.53	
£2,805,000 Heathrow Finance PLC 6.625% 01/03/2031	2,805	0.27	
US\$5,419,000 Hilcorp Energy I LP/Hilcorp Finance Co. 5.75% 01/02/2029	4,110	0.39	
€932,000 Iliad Holding SASU 5.375% 15/04/2030	782	0.07	
€1,100,000 iliad SA 4.25% 15/12/2029	922	0.09	
€4,800,000 iliad SA 5.375% 15/02/2029	4,167	0.40	
US\$5,397,000 International Game Technology PLC 4.125% 15/04/2026	4,174	0.40	
€2,955,000 Intesa Sanpaolo SpA Var 9.125% Perpetual	2,815	0.27	
US\$6,774,000 IQVIA, Inc. 6.5% 15/05/2030	5,467	0.52	
US\$7,163,000 Iron Mountain, Inc. 7% 15/02/2029	5,802	0.55	
US\$2,548,000 Jaguar Land Rover Automotive PLC 7.75% 15/10/2025	2,007	0.19	
US\$8,904,000 Jazz Securities DAC 4.375% 15/01/2029	6,611	0.63	
US\$3,000,000 KB Home 4.8% 15/11/2029	2,285	0.22	
US\$6,517,000 Kohl's Corp. 4.625% 01/05/2031	4,106	0.39	
US\$5,624,000 KUO SAB De CV 5.75% 07/07/2027	4,329	0.41	
€5,595,000 Levi Strauss & Co. 3.375% 15/03/2027	4,628	0.44	
US\$2,398,000 Levi Strauss & Co. 3.5% 01/03/2031	1,650	0.16	
US\$2,284,000 Lightning Power LLC 7.25% 15/08/2032	1,853	0.18	
€4,245,000 Lloyds Banking Group PLC Var 4.947% Perpetual	3,518	0.34	
US\$1,671,000 Macy's Retail Holdings LLC 5.875% 15/03/2030	1,267	0.12	
€7,000,000 Mahle GmbH 2.375% 14/05/2028	5,099	0.49	
US\$795,000 Masterbrand, Inc. 7% 15/07/2032	643	0.06	
US\$1,149,000 Matador Resources Co. 6.5% 15/04/2032	902	0.09	
US\$910,000 Matador Resources Co. 6.875% 15/04/2028	731	0.07	
US\$3,157,000 Medline Borrower LP 3.875% 01/04/2029	2,307	0.22	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
US\$3,521,000 Melco Resorts Finance Ltd. 5.375% 04/12/2029	2,540	0.24	
US\$4,449,000 Methanex U.S. Operations, Inc. 6.25% 15/03/2032	3,486	0.33	
US\$4,606,000 Millicom International Cellular SA 4.5% 27/04/2031	3,219	0.31	
US\$3,475,000 Millicom International Cellular SA (non-public offering) 4.5% 27/04/2031	2,431	0.23	
£4,000,000 Mobico Group PLC Var 4.25% Perpetual	3,782	0.36	
US\$2,051,000 Navoi Mining & Metallurgical Combinat 6.7% 17/10/2028	1,626	0.16	
US\$3,530,000 NextEra Energy Operating Partners LP 7.25% 15/01/2029	2,841	0.27	
€3,300,000 Novo Banco SA Var 9.875% 01/12/2033	3,239	0.31	
US\$4,744,000 Olin Corp. 5% 01/02/2030	3,572	0.34	
€3,100,000 Opmobility 4.875% 13/03/2029	2,599	0.25	
€1,181,000 Optics Bidco SpA 7.875% 31/07/2028	1,107	0.11	
US\$2,600,000 Organon & Co./Organon Foreign Debt Co-Issuer BV 4.125% 30/04/2028	1,914	0.18	
US\$4,976,000 Paramount Global Var 6.375% 30/03/2062	3,772	0.36	
US\$1,597,000 Performance Food Group, Inc. 5.5% 15/10/2027	1,251	0.12	
US\$8,309,000 Permian Resources Operating LLC 5.875% 01/07/2029	6,467	0.62	
US\$2,807,000 Permian Resources Operating LLC 6.25% 01/02/2033	2,224	0.21	
€4,968,000 Petroleos Mexicanos 4.75% 26/02/2029	3,858	0.37	
US\$15,616,000 Petroleos Mexicanos 6.5% 13/03/2027	11,972	1.14	
US\$10,838,000 Petroleos Mexicanos 6.625% 15/06/2035	6,959	0.66	
US\$9,874,000 Petroleos Mexicanos 6.7% 16/02/2032	6,865	0.66	
US\$9,032,000 PetSmart, Inc./PetSmart Finance Corp. 4.75% 15/02/2028	6,779	0.65	
US\$6,710,000 Pilgrim's Pride Corp. 4.25% 15/04/2031	4,928	0.47	
US\$1,701,000 Post Holdings, Inc. 6.25% 15/02/2032	1,352	0.13	
£4,233,000 Premier Foods Finance PLC 3.5% 15/10/2026	4,117	0.39	
US\$5,864,000 Prestige Brands, Inc. 3.75% 01/04/2031	4,124	0.39	
€4,500,000 ProGroup AG 5.375% 15/04/2031	3,617	0.35	
US\$6,096,000 Puma International Financing SA 7.75% 25/04/2029	4,899	0.47	
€3,000,000 Q-Park Holding I BV 2% 01/03/2027	2,411	0.23	
US\$4,065,000 Rakuten Group, Inc. 9.75% 15/04/2029	3,495	0.33	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
US\$3,250,000 Range Resources Corp. 8.25% 15/01/2029	2,635	0.25	
US\$4,659,000 Rede D'or Finance SARL 4.95% 17/01/2028	3,539	0.34	
€4,000,000 Rexel SA 2.125% 15/12/2028	3,122	0.30	
US\$1,361,000 Royal Caribbean Cruises Ltd. 5.625% 30/09/2031	1,067	0.10	
US\$2,112,000 Royal Caribbean Cruises Ltd. 6% 01/02/2033	1,683	0.16	
US\$4,500,000 Sable International Finance Ltd. 7.125% 15/10/2032	3,538	0.34	
€7,835,000 Sappi Papier Holding GmbH 3.625% 15/03/2028	6,429	0.61	
€4,900,000 Schaeffler AG 2.75% 12/10/2025	4,044	0.39	
US\$5,233,000 Sealed Air Corp./Sealed Air Corp. U.S. 6.125% 01/02/2028	4,153	0.40	
US\$798,000 Service Corp. International 5.75% 15/10/2032	624	0.06	
US\$7,533,000 Sirius XM Radio, Inc. 5% 01/08/2027	5,817	0.56	
€3,250,000 SoftBank Group Corp. 5.375% 08/01/2029	2,762	0.26	
US\$3,629,000 Talen Energy Supply LLC 8.625% 01/06/2030	3,063	0.29	
€3,300,000 Telefonica Europe BV Var 5.7522% Perpetual	2,916	0.28	
US\$4,516,000 Tenet Healthcare Corp. 4.625% 15/06/2028	3,445	0.33	
US\$2,710,000 Tenet Healthcare Corp. 6.125% 15/06/2030	2,137	0.20	
€3,597,000 Tereos Finance Groupe I SA 4.75% 30/04/2027	3,005	0.29	
€1,572,000 Teva Pharmaceutical Finance Netherlands II BV 1.625% 15/10/2028	1,204	0.11	
€2,710,000 Teva Pharmaceutical Finance Netherlands II BV 1.875% 31/03/2027	2,162	0.21	
US\$4,016,000 Teva Pharmaceutical Finance Netherlands III BV 3.15% 01/10/2026	3,021	0.29	
US\$2,077,000 Teva Pharmaceutical Finance Netherlands III BV 6.75% 01/03/2028	1,676	0.16	
US\$3,668,000 Teva Pharmaceutical Finance Netherlands III BV 7.875% 15/09/2029	3,121	0.30	
US\$4,115,000 U.S. Foods, Inc. 6.875% 15/09/2028	3,330	0.32	
€5,871,000 UniCredit SpA Var 7.5% Perpetual	5,089	0.49	
US\$1,584,000 United Airlines, Inc. 4.375% 15/04/2026	1,229	0.12	
US\$2,087,000 United Airlines, Inc. 4.625% 15/04/2029	1,575	0.15	
US\$4,390,000 United Rentals North America, Inc. 6.125% 15/03/2034	3,503	0.33	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
US\$3,075,000 Vallourec SACA 7.5% 15/04/2032	2,520	0.24	
€3,193,000 Var Energi ASA Var 7.862% 15/11/2083	2,915	0.28	
US\$4,915,000 Vertiv Group Corp. 4.125% 15/11/2028	3,684	0.35	
US\$4,400,000 Viking Ocean Cruises Ship VII Ltd. 5.625% 15/02/2029	3,417	0.33	
£2,258,000 Virgin Media Secured Finance PLC 4.125% 15/08/2030	1,932	0.18	
£2,258,000 Virgin Media Secured Finance PLC 5.25% 15/05/2029	2,094	0.20	
€4,516,000 Vodafone Group PLC Var 2.625% 27/08/2080	3,698	0.35	
US\$3,748,000 Vodafone Group PLC Var 7% 04/04/2079	3,070	0.29	
€2,632,000 Volvo Car AB 4.75% 08/05/2030	2,238	0.21	
US\$4,530,000 Walgreens Boots Alliance, Inc. 8.125% 15/08/2029	3,566	0.34	
US\$3,336,000 Wayfair LLC 7.25% 31/10/2029	2,648	0.25	
US\$4,000,000 WE Soda Investments Holding PLC 9.375% 14/02/2031	3,230	0.31	
€1,238,000 WEPA Hygieneprodukte GmbH 5.625% 15/01/2031	1,066	0.10	
US\$3,800,000 Wynn Macau Ltd. 4.5% 07/03/2029	3,025	0.29	
US\$3,071,000 Yum! Brands, Inc. 4.625% 31/01/2032	2,249	0.21	
US\$5,186,000 Yum! Brands, Inc. 5.375% 01/04/2032	3,921	0.37	
€2,500,000 ZF Finance GmbH 2.75% 25/05/2027	1,981	0.19	
€4,100,000 ZF Finance GmbH 3.75% 21/09/2028	3,223	0.31	
'B' credit rated bonds	270,550	25.82	31.31
US\$694,000 1375209 BC Ltd. 9% 30/01/2028	545	0.05	
€6,774,000 888 Acquisitions Ltd. 7.558% 15/07/2027	5,460	0.52	
£2,151,000 888 Acquisitions Ltd. 10.75% 15/05/2030	2,124	0.20	
US\$7,282,000 AdaptHealth LLC 5.125% 01/03/2030	5,253	0.50	
€4,000,000 Adler Financing SARL 12.5% 31/12/2028	3,419	0.33	
US\$4,346,000 Allied Universal Holdco LLC 7.875% 15/02/2031	3,483	0.33	
€1,908,000 Amber Finco PLC 6.625% 15/07/2029	1,668	0.16	
€3,451,000 ams-OSRAM AG 10.5% 30/03/2029	2,792	0.27	
£3,000,000 Aston Martin Capital Holdings Ltd. 10.375% 31/03/2029	2,954	0.28	
€5,281,000 Banijay Entertainment SAS 7% 01/05/2029	4,604	0.44	
US\$3,500,000 Bausch Health Cos., Inc. 4.875% 01/06/2028	2,288	0.22	

Portfolio statement

Investments (continued)

Holding		as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)				
Debt securities (continued)				
'B' credit rated bonds (continued)				
US\$4,500,000	Blue Racer Midstream LLC/Blue Racer Finance Corp. 7.25% 15/07/2032	3,568	0.34	
£2,116,000	Boparan Finance PLC 9.375% 07/11/2029	2,017	0.19	
US\$5,481,000	Calderys Financing LLC 11.25% 01/06/2028	4,636	0.44	
£2,000,000	CD&R Firefly Bidco PLC 8.625% 30/04/2029	2,096	0.20	
€2,258,000	Cheplapharm Arzneimittel GmbH 4.375% 15/01/2028	1,820	0.17	
€3,432,000	Cheplapharm Arzneimittel GmbH 7.5% 15/05/2030	2,951	0.28	
US\$9,032,000	CHS/Community Health Systems, Inc. 4.75% 15/02/2031	5,818	0.56	
US\$903,000	CHS/Community Health Systems, Inc. 5.25% 15/05/2030	611	0.06	
€2,365,000	Cirsa Finance International SARL 6.5% 15/03/2029	2,068	0.20	
US\$5,268,000	CITGO Petroleum Corp. 8.375% 15/01/2029	4,315	0.41	
US\$4,455,000	Comstock Resources, Inc. 6.75% 01/03/2029	3,444	0.33	
US\$798,000	Concentra Escrow Issuer Corp. 6.875% 15/07/2032	644	0.06	
US\$5,516,000	Consolidated Energy Finance SA 12% 15/02/2031	4,300	0.41	
£1,985,000	CPUK Finance Ltd. 4.5% 28/08/2027	1,876	0.18	
£4,316,000	Deuce Finco PLC 5.5% 15/06/2027	4,202	0.40	
US\$8,978,000	DISH Network Corp. 11.75% 15/11/2027	7,465	0.71	
US\$6,729,000	Domtar Corp. 6.75% 01/10/2028	4,871	0.46	
€2,326,000	Dynamo Newco II GmbH 6.25% 15/10/2031	1,955	0.19	
£2,650,000	Edge Finco PLC 8.125% 15/08/2031	2,681	0.26	
US\$7,579,000	EquipmentShare.com, Inc. 9% 15/05/2028	6,224	0.59	
€6,000,000	Eroski S Coop 10.625% 30/04/2029	5,392	0.51	
US\$977,000	First Quantum Minerals Ltd. 9.375% 01/03/2029	822	0.08	
€3,222,000	Flos B&b Italia SpA 10% 15/11/2028	2,870	0.27	
US\$7,239,000	Frontier Communications Holdings LLC 6.75% 01/05/2029	5,759	0.55	
US\$1,516,000	Frontier Communications Holdings LLC 8.625% 15/03/2031	1,284	0.12	
US\$3,937,000	GN Bondco LLC 9.5% 15/10/2031	3,299	0.31	
€4,277,000	Grifols SA 2.25% 15/11/2027	3,361	0.32	
€2,710,000	Grifols SA 3.875% 15/10/2028	1,965	0.19	
€3,761,784	Hellas Telecom III 0% 01/01/2049 ^b	0	0.00	
US\$3,944,000	IHS Holding Ltd. 7.875% 29/05/2030	3,043	0.29	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
€1,355,000 Iliad Holding SASU 5.125% 15/10/2026	1,140	0.11	
€1,309,000 Iliad Holding SASU 6.875% 15/04/2031	1,158	0.11	
€3,841,000 IPD 3 BV 8% 15/06/2028	3,366	0.32	
€3,196,376 LHMC Finco 2 SARL 7.25% 02/10/2025	2,659	0.25	
US\$2,000,000 LifePoint Health, Inc. 11% 15/10/2030	1,735	0.17	
US\$10,973,000 Magnera Corp. 4.75% 15/11/2029	7,754	0.74	
US\$3,590,000 MGM China Holdings Ltd. 4.75% 01/02/2027	2,729	0.26	
US\$276,000 MGM China Holdings Ltd. 7.125% 26/06/2031	220	0.02	
€4,000,000 Monitchem HoldCo 3 SA 8.75% 01/05/2028	3,343	0.32	
€11,995,000 MPT Operating Partnership LP/MPT Finance Corp. 3.325% 24/03/2025	9,557	0.91	
US\$1,174,000 MPT Operating Partnership LP/MPT Finance Corp. 3.5% 15/03/2031	603	0.06	
US\$6,927,000 NCR Voyix Corp. 5% 01/10/2028	5,244	0.50	
€2,950,000 Neopharmed Gentili SpA 7.125% 08/04/2030	2,592	0.25	
£2,878,000 Ocado Group PLC 3.875% 08/10/2026	2,751	0.26	
€6,232,000 Odido Holding BV 3.75% 15/01/2029	5,086	0.49	
€3,690,000 Olympus Water U.S. Holding Corp. 9.625% 15/11/2028	3,265	0.31	
US\$6,322,000 Owens & Minor, Inc. 4.5% 31/03/2029	4,475	0.43	
US\$1,698,000 Owens & Minor, Inc. 6.625% 01/04/2030	1,289	0.12	
US\$2,250,000 PetSmart, Inc./PetSmart Finance Corp. 7.75% 15/02/2029	1,741	0.17	
US\$1,305,000 PG&E Corp. Var 7.375% 15/03/2055	1,058	0.10	
US\$4,929,000 Raven Acquisition Holdings LLC 6.875% 15/11/2031	3,843	0.37	
€2,477,000 RAY Financing LLC 6.5% 15/07/2031	2,133	0.20	
€2,782,000 Reno de Medici SpA FRN 8.481% 15/04/2029	2,034	0.19	
US\$8,980,000 Scientific Games Holdings LP/Scientific Games U.S. FinCo, Inc. 6.625% 01/03/2030	6,882	0.66	
US\$4,000,000 Service Properties Trust 8.625% 15/11/2031	3,315	0.32	
US\$2,795,000 Simmons Foods, Inc./Simmons Prepared Foods, Inc./Simmons Pet Food, Inc./Simmons Feed 4.625% 01/03/2029	2,034	0.19	
US\$8,935,000 Stagwell Global LLC 5.625% 15/08/2029	6,788	0.65	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
US\$1,577,000 Staples, Inc. 10.75% 01/09/2029	1,207	0.11	
US\$5,154,000 Star Parent, Inc. 9% 01/10/2030	4,201	0.40	
US\$7,226,000 Studio City Finance Ltd. 6.5% 15/01/2028	5,511	0.53	
US\$1,300,000 Studio City Finance Ltd. (non-public offering) 6.5% 15/01/2028	992	0.09	
US\$5,732,000 Sunnova Energy Corp. 11.75% 01/10/2028	3,551	0.34	
€4,000,000 TK Elevator Midco GmbH 4.375% 15/07/2027	3,310	0.32	
US\$12,243,000 Transocean, Inc. 8.25% 15/05/2029	9,705	0.93	
€2,212,000 Trivium Packaging Finance BV 3.75% 15/08/2026	1,819	0.17	
£1,487,000 TVL Finance PLC 10.25% 28/04/2028	1,539	0.15	
US\$2,210,000 USA Compression Partners LP/USA Compression Finance Corp. 7.125% 15/03/2029	1,759	0.17	
€1,113,000 Verisure Holding AB 3.25% 15/02/2027	907	0.09	
€2,291,200 Verisure Holding AB 9.25% 15/10/2027	2,001	0.19	
€3,508,000 Verisure Midholding AB 5.25% 15/02/2029	2,911	0.28	
US\$5,000,000 Windstream Services LLC/Windstream Escrow Finance Corp. 7.75% 15/08/2028	3,963	0.38	
US\$6,286,000 Wrangler Holdco Corp. 6.625% 01/04/2032	5,089	0.49	
US\$4,700,000 Ziggo Bond Co. BV 5.125% 28/02/2030	3,344	0.32	
'CCC' credit rated bonds	55,072	5.26	9.08
€1,987,000 Altice France SA 3.375% 15/01/2028	1,258	0.12	
€6,713,000 Altice France SA 4% 15/07/2029	4,245	0.41	
US\$4,968,000 Ardagh Metal Packaging Finance USA LLC/Ardagh Metal Packaging Finance PLC 4% 01/09/2029	3,391	0.32	
US\$4,442,291 ASP Unifrax Holdings, Inc. 7.1% 30/09/2029	2,028	0.19	
US\$4,510,608 ASP Unifrax Holdings, Inc. 10.425% 30/09/2029	3,579	0.34	
US\$2,890,000 CHS/Community Health Systems, Inc. 6.875% 15/04/2029	1,831	0.18	
US\$7,677,000 CSC Holdings LLC 4.125% 01/12/2030	4,498	0.43	
US\$1,800,000 CSC Holdings LLC 5.5% 15/04/2027	1,282	0.12	
US\$2,795,000 CSC Holdings LLC 11.75% 31/01/2029	2,178	0.21	
€2,500,000 Heimstaden AB Var 6.75% Perpetual	1,429	0.14	
€4,000,000 Herens Midco SARL 5.25% 15/05/2029	2,557	0.24	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'CCC' credit rated bonds (continued)			
US\$4,297,000 LifePoint Health, Inc. 10% 01/06/2032	3,520	0.34	
€2,854,252 Sigma Holdco BV 5.75% 15/05/2026	2,343	0.22	
US\$6,089,546 Spirit Loyalty Cayman Ltd./Spirit IP Cayman Ltd. 0% 20/09/2025	3,542	0.34	
€2,618,251 Techem Verwaltungsgesellschaft 674 GmbH 6% 30/07/2026	2,177	0.21	
£3,400,000 Thames Water Utilities Finance PLC 4% 19/06/2025	2,723	0.26	
US\$6,708,000 Triton Water Holdings, Inc. 6.25% 01/04/2029	5,262	0.50	
US\$5,200,000 Uniti Group LP/Uniti Group Finance 2019, Inc./CSL Capital LLC 6.5% 15/02/2029	3,568	0.34	
US\$4,700,000 Wilsonart LLC 11% 15/08/2032	3,661	0.35	
'CC' credit rated bonds	7,499	0.72	0.33
US\$3,613,000 CSC Holdings LLC 5.75% 15/01/2030	1,704	0.16	
€6,500,000 Intrum AB 0% 15/07/2026	4,055	0.39	
€600,000 Samhallsbyggnadsbolaget i Norden AB 2.25% 12/08/2027	389	0.04	
€400,000 Samhallsbyggnadsbolaget i Norden AB 2.375% 04/09/2026	276	0.03	
€325,000 Samhallsbyggnadsbolaget i Norden AB 3% 14/01/2025	262	0.03	
€600,000 SBB Treasury OYJ 0.75% 14/12/2028	352	0.03	
€800,000 SBB Treasury OYJ 1.125% 26/11/2029	461	0.04	
'C' credit rated bonds	2,855	0.27	0.39
US\$527,078 Sunac China Holdings Ltd. 6% 30/09/2026	62	0.01	
US\$528,360 Sunac China Holdings Ltd. 6.25% 30/09/2027	58	0.01	
US\$1,059,280 Sunac China Holdings Ltd. 6.5% 30/09/2027	116	0.01	
US\$1,592,770 Sunac China Holdings Ltd. 6.75% 30/09/2028	159	0.01	
US\$1,596,624 Sunac China Holdings Ltd. 7% 30/09/2029	151	0.01	
US\$751,807 Sunac China Holdings Ltd. 7.25% 30/09/2030	68	0.01	
€5,381,000 Titanium 2I Bondco SARL 6.25% 14/01/2031	1,512	0.14	
US\$3,500,000 Yuzhou Group Holdings Co. Ltd. 0% 27/05/2025	202	0.02	
US\$5,580,000 Yuzhou Group Holdings Co. Ltd. 0% 12/08/2026	326	0.03	
US\$3,600,000 Yuzhou Group Holdings Co. Ltd. 0% 13/01/2027	201	0.02	
'D' credit rated bonds	2,750	0.26	0.13
US\$4,200,000 Country Garden Holdings Co. Ltd. 0% 22/10/2025	316	0.03	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'D' credit rated bonds (continued)			
US\$5,137,000 Kenbourne Invest SA 0% 22/01/2028	2,434	0.23	
€50,000 Lehman Brothers Holdings, Inc. 0% 26/09/2040 ^b	0	0.00	
Bonds with no credit rating	0	0.00	0.00
£2,152,000 House of Fraser Funding PLC 0% 30/12/2050 ^a	0	0.00	
US\$711,674 K2016470219 South Africa Ltd. 0% 31/12/2049 ^b	0	0.00	
Debt derivatives	161	0.01	0.06
Interest rate futures	161	0.01	0.06
1,383 CBOT 5 Year U.S. Treasury Notes Futures Mar 2025	527	0.05	
172 CBOT 10 Year U.S. Treasury Notes Futures Mar 2025	103	0.01	
(233) Eurex 5 Year Euro BOBL Futures Dec 2024	(195)	(0.02)	
(216) Long Gilt Futures Mar 2025	(274)	(0.03)	
Currency	(15,325)	(1.46)	0.33
Forward currency contracts	(15,325)	(1.46)	0.33
€10,122,471 Bought for £8,449,581 (expires 11.12.24)	(28)	0.00	
US\$24,963,762 Bought for £19,783,313 (expires 11.12.24)	(124)	(0.01)	
€(333,725,409) Sold for £276,650,377 (expires 11.12.24)	(1,005)	(0.10)	
US\$(435,733,639) Sold for £333,664,393 (expires 11.12.24)	(9,478)	(0.90)	
US\$(427,697,278) Sold for £332,145,073 (expires 15.01.25)	(4,690)	(0.45)	
Total portfolio	971,201	92.70	93.14
Net other assets/(liabilities)	76,498	7.30	6.86
Net assets attributable to shareholders	1,047,699	100.00	100.00

^a Suspended.^b Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the six months to 30 November 2024

Largest purchases	£'000
Eroski S Coop 10.625% 30/04/2029	5,488
Wrangler Holdco Corp. 6.625% 01/04/2032	4,940
Ecopetrol SA 4.625% 02/11/2031	4,870
Eurofins Scientific SE Var 3.25% Perpetual	3,928
Raven Acquisition Holdings LLC 6.875% 15/11/2031	3,806
NCR Voyix Corp. 5% 01/10/2028	3,729
Windstream Services LLC/Windstream Escrow Finance Corp. 7.75% 15/08/2028	3,728
ProGroup AG 5.375% 15/04/2031	3,691
Wilsonart LLC 11% 15/08/2032	3,650
Mobico Group PLC Var 4.25% Perpetual	3,610
Other purchases	112,427
Total purchases	153,867

Largest sales	£'000
Royal Caribbean Cruises Ltd. 9.25% 15/01/2029	10,721
Celanese U.S. Holdings LLC 6.165% 15/07/2027	8,750
CCO Holdings LLC/CCO Holdings Capital Corp. 5.5% 01/05/2026	7,176
KBC Group NV Var 4.25% Perpetual	7,035
Rolls-Royce PLC 1.625% 09/05/2028	6,929
Civitas Resources, Inc. 8.375% 01/07/2028	6,720
Macquarie Airfinance Holdings Ltd. 8.375% 01/05/2028	6,438
Clean Harbors, Inc. 6.375% 01/02/2031	6,402
Videotron Ltd. 3.625% 15/06/2029	6,335
Newell Brands, Inc. 4.875% 01/06/2025	6,259
Other sales	315,532
Total sales	388,297

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+6.5	+2.0	+1.9	+2.8
Class 'A' Accumulation	+6.5	+2.0	+1.9	+2.8
Class 'I' Income	+6.7	+2.4	+2.3	+3.3
Class 'I' Accumulation	+6.7	+2.4	+2.3	+3.3
Class 'PP' Income	+6.8	+2.5	+2.4	n/a
Class 'PP' Accumulation	+6.8	+2.5	+2.4	n/a
Class 'R' Income	+6.6	+2.1	+2.1	+3.0
Class 'R' Accumulation	+6.6	+2.1	+2.1	+3.0
Benchmark	+6.5	+2.7	+3.2	+4.0

^a Not annualised.

Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 1 October 2002.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	250,202	250,697	274,892
Number of shares	611,690,994	630,360,940	708,560,120
Closing NAV per share (UK p)	40.90	39.77	38.80
Operating charges (%)	0.98	0.98	0.98

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	80,502	81,976	74,077
Number of shares	8,952,781	9,395,146	8,737,982
Closing NAV per share (UK p)	899.18	872.54	847.75
Operating charges (%)	0.58	0.58	0.58

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	928	930	987
Number of shares	1,076,085	1,111,296	1,215,296
Closing NAV per share (UK p)	86.29	83.69	81.23
Operating charges (%)	0.48	0.48	0.48

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	15,926	15,973	16,109
Number of shares	18,125,318	18,710,627	19,372,628
Closing NAV per share (UK p)	87.86	85.37	83.15
Operating charges (%)	0.83	0.83	0.83

Sterling Class 'A' Accumulation shares

The share class was launched on 1 October 2002.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	215,061	274,449	310,587
Number of shares	140,821,660	190,659,167	235,351,317
Closing NAV per share (UK p)	152.72	143.95	131.97
Operating charges (%)	0.98	0.98	0.98

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	82,489	80,541	82,262
Number of shares	4,992,269	5,181,606	5,796,292
Closing NAV per share (UK p)	1,652.34	1,554.36	1,419.22
Operating charges (%)	0.58	0.58	0.58

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	386,642	562,412	530,813
Number of shares	328,788,282	508,657,242	526,310,898
Closing NAV per share (UK p)	117.60	110.57	100.86
Operating charges (%)	0.48	0.48	0.48

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	15,949	15,123	15,210
Number of shares	9,995,773	10,062,982	11,057,279
Closing NAV per share (UK p)	159.55	150.28	137.55
Operating charges (%)	0.83	0.83	0.83

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Statement of total return

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		35,637		11,300
Revenue	33,444		40,392	
Expenses	(3,913)		(4,609)	
Interest payable and similar charges	(21)		(10)	
Net revenue/(expense) before taxation	29,510		35,773	
Taxation	0		(4)	
Net revenue/(expense) after taxation		29,510		35,769
Total return before distributions		65,147		47,069
Distributions		(31,059)		(37,359)
Change in net assets attributable to shareholders from investment activities		34,088		9,710

Statement of change in net assets attributable to shareholders

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,282,101		1,304,937
Amounts received on issue of shares	20,621		19,631	
Amounts paid on cancellation of shares	(309,698)		(114,425)	
		(289,077)		(94,794)
Dilution adjustments		1,049		406
Change in net assets attributable to shareholders from investment activities (see above)		34,088		9,710
Retained distributions on Accumulation shares		19,521		25,848
Unclaimed distributions		17		16
Closing net assets attributable to shareholders		1,047,699		1,246,123

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

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Balance sheet

as at	30 November 2024 £'000	31 May 2024 £'000
Assets		
Fixed assets		
Investments	986,995	1,196,514
Current assets		
Debtors	18,140	19,298
Cash and bank balances	35,498	17,014
Cash equivalents	26,708	59,454
Total assets	1,067,341	1,292,280
Liabilities		
Investment liabilities	(15,794)	(2,340)
Creditors		
Overdrawn positions at futures clearing houses and collateral manager	0	(115)
Distribution payable	(1,829)	(1,814)
Other creditors	(2,019)	(5,910)
Total liabilities	(19,642)	(10,179)
Net assets attributable to shareholders	1,047,699	1,282,101

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

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.

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 that of the FTSE Actuaries UK Index-Linked Gilts All Stocks Index over any five-year period.

Investment policy

At least 70% of the fund is invested, directly or indirectly, in inflation-linked debt securities issued or guaranteed by the UK government, and denominated in sterling.

The fund's indirect exposure to inflation-linked debt securities is achieved by investing through a combination of instruments. These include the combination of government bonds or corporate bonds with credit derivatives, such as credit default swaps.

Other investment may include:

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

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

Investment approach

The fund is diversified across a range of inflation-linked debt securities from a variety of sectors. The fund's investment approach is based on the principle that returns from bond markets are driven by a combination of macroeconomic factors such as expectations on interest rates, inflation and economic growth. As different factors dominate returns at different stages of the economic cycle, the manager applies a flexible investment approach, adjusting the portfolio's duration as deemed appropriate.

The fund manager seeks to take advantage of 'relative value' opportunities within the inflation-linked bond market, which involves buying the inflation-linked bonds that offer the best value.

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

FTSE Actuaries UK Index-Linked Gilts All Stocks Index

The benchmark is a target which the fund seeks to outperform.

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

The fund is actively managed.

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

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

Authorised Corporate Director's Report

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 six months ended 30 November 2024

Performance against objective

Between 1 June 2024 (the start of the review period) and 30 November 2024, the M&G Index-Linked Bond Fund's Sterling Class 'A' and 'I' shares each delivered a total return (the combination of income and growth of capital) of 1.2% and 1.0%, respectively. This compares with the return of -0.2% from the fund's benchmark, the FTSE Actuaries UK Index-Linked Gilts All Stocks Index, over the same period.

Over five years, the fund was modestly ahead of the benchmark. The fund's Sterling Class 'A' shares returned -6.0% pa and the Class 'I' shares returned -5.7% pa, while the benchmark returned -6.1% pa over this period. The fund has therefore achieved its objective of providing a higher total return (the combination of capital growth and income), net of the

ongoing charge figure, than that of the FTSE Actuaries UK Index-Linked Gilts All Stocks Index over any five-year period.

Performance review

UK government bonds (also known as gilts) delivered positive returns in the six months to the end of November 2024, while index-linked government bonds were broadly flat over the same period. Index-linked bonds refer to debt securities where the value of the loan and the interest payments are adjusted in line with inflation over the life of the security.

Against a backdrop of continued easing inflation in the UK, investors became increasingly optimistic about the prospect of interest rate cuts. The Bank of England (BoE) duly reduced rates by a quarter of a percentage point in August 2024, the first cut in over four years, while the US Federal Reserve (Fed) reduced its rate by half of a percentage point the following month.

UK inflation declined to 1.7% in September, which was lower than expected and below the BoE's 2.0% target level, before rising to 2.3% in October. The BoE subsequently made a further quarter-point cut in interest rates to 4.75% in the following month. However, the bank is taking a cautious approach to further cuts, emphasising that monetary policy would need to remain restrictive for long enough to ensure that inflation stays close to the target level, and that interest rates are likely to fall gradually.

In political developments, Labour won a landslide victory in the July elections, with the new government stressing its intention to focus on boosting growth. Investors had been eagerly anticipating Chancellor Rachel Reeves' budget in late October, with uncertainty weighing on prices for gilts and index-linked government bonds.

Chancellor Reeves announced additional borrowing in the budget, raising concerns about the potential extent of gilt issuance as well as prospects for long-term growth. The BoE noted that inflation is likely to be higher as a result of the budgetary measures, and consequently that interest rates would probably need to stay at high levels for longer. Yields on conventional

Authorised Corporate Director's Report

gilts and index-linked gilts rose (and prices, which move inversely to yields, fell) at that time.

Investment activities

In early autumn, gilt yields fell as slower economic data and a continued moderation in inflation led central banks to cut rates. Despite the fall in yields, volatility within the index-linked government bond market remained largely contained, offering few opportunities for us to capitalise on.

As inflation expectations moved lower, we reduced our overweight (above benchmark) position in short-dated fixed-income securities. Tensions subsequently escalated in the Middle East and inflation expectations edged higher, moving against the remaining overweight in these assets. As a result, we decided to close the balance of the position.

The rise in yields around the time of the budget left index-linked gilts more attractively priced in our view, and the fund is now marginally long duration. Moreover, we feel that index-linked gilts are favourably priced relative to conventional gilts and we closed our allocation to the latter, banking modest gains from when the trade was initiated.

We have high conviction that the index-linked gilts maturing in 2045 and 2054 that have been issued through a syndicate – a group of underwriters, usually investment banks, who manage the debt offering – are cheap, compared to other issues. We have sizeable concentrations in both of these bonds, in anticipation of them moving into line with the rest of the market in the near term as supply moves elsewhere.

Outlook

In our opinion, the BoE's role has been complicated due to a change in employer National Insurance Contributions announced in the budget. We think employers will respond in a number of ways: reduce profit margins; reduce employment/employer pay; and increase prices. It is difficult to say how this scenario will unfold, but it is likely to be some combination of all three. In our view, the BoE will continue to be led by data, suggesting that current market pricing is largely fair.

Miles Tym

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income	87,121	97.72	99.51
Debt securities	87,121	97.72	99.51
'AA' credit rated bonds	87,121	97.72	99.51
£820,000 Network Rail Infrastructure Finance PLC Inflation-Linked 1.9618% 01/12/2025	1,701	1.91	
£1,079,945 U.K. Inflation-Linked Gilts 0.125% 22/03/2026	1,619	1.82	
£10,557,790 U.K. Inflation-Linked Gilts 0.125% 10/08/2028	14,655	16.44	
£7,909,781 U.K. Inflation-Linked Gilts 0.125% 22/03/2039	8,979	10.07	
£5,707,923 U.K. Inflation-Linked Gilts 0.125% 22/03/2046	6,555	7.35	
£751,285 U.K. Inflation-Linked Gilts 0.125% 22/03/2051	698	0.78	
£2,228,133 U.K. Inflation-Linked Gilts 0.125% 22/03/2068	2,096	2.35	
£1,755,801 U.K. Inflation-Linked Gilts 0.25% 22/03/2052	2,037	2.29	
£22,555,120 U.K. Inflation-Linked Gilts 0.625% 22/03/2045	20,695	23.21	
£9,328,876 U.K. Inflation-Linked Gilts 0.75% 22/11/2033	9,832	11.03	
£18,880,948 U.K. Inflation-Linked Gilts 1.25% 22/11/2054	18,254	20.47	
Total portfolio	87,121	97.72	99.51
Net other assets/(liabilities)	2,036	2.28	0.49
Net assets attributable to shareholders	89,157	100.00	100.00

Portfolio statement

Top ten portfolio transactions for the six months to 30 November 2024

Largest purchases	£'000
U.K. Inflation-Linked Gilts 0.125% 10/08/2028	25,908
U.K. Inflation-Linked Gilts 1.25% 22/11/2054	24,457
U.K. Inflation-Linked Gilts 0.75% 22/11/2033	24,290
U.K. Inflation-Linked Gilts 0.625% 22/03/2045	15,680
U.K. Inflation-Linked Gilts 0.125% 22/03/2039	5,327
U.K. Inflation-Linked Gilts 0.25% 22/03/2052	5,077
U.K. Inflation-Linked Gilts 0.125% 10/08/2041	3,075
U.K. Inflation-Linked Gilts 0.125% 22/03/2046	1,049
U.K. Inflation-Linked Gilts 0.125% 22/03/2068	681
U.K. Gilts 4.125% 22/07/2029	641
Other purchases	510
Total purchases	106,695

Largest sales	£'000
U.K. Inflation-Linked Gilts 0.125% 22/03/2026	15,792
U.K. Inflation-Linked Gilts 0.75% 22/11/2033	14,486
U.K. Inflation-Linked Gilts 0.125% 22/03/2044	12,313
U.K. Inflation-Linked Gilts 0.125% 22/03/2046	11,573
U.K. Inflation-Linked Gilts 0.125% 10/08/2028	11,371
U.K. Inflation-Linked Gilts 0.25% 22/03/2052	9,596
U.K. Inflation-Linked Gilts 1.25% 22/11/2027	7,815
U.K. Inflation-Linked Gilts 0.125% 22/03/2029	7,615
U.K. Inflation-Linked Gilts 0.125% 22/03/2068	6,816
U.K. Inflation-Linked Gilts 1.25% 22/11/2054	6,088
Other sales	10,126
Total sales	113,591

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+1.0	-15.1	-6.0	-0.1
Class 'A' Accumulation	+1.0	-15.1	-6.0	-0.1
Class 'I' Income	+1.2	-14.9	-5.7	+0.1
Class 'I' Accumulation	+1.2	-14.9	-5.7	+0.1
Class 'PP' Income	+1.2	n/a	n/a	n/a
Class 'PP' Accumulation	+1.2	n/a	n/a	n/a
Benchmark	-0.2	-15.3	-6.1	+0.1

^a Not annualised.

Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 4 October 1999.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	4,220	4,469	6,554
Number of shares	3,848,505	4,101,657	6,073,594
Closing NAV per share (UK p)	109.65	108.95	107.92
Operating charges (%)	0.55	0.55	0.55

Sterling Class 'A' Accumulation shares

The share class was launched on 4 October 1999.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	10,554	11,346	15,451
Number of shares	8,303,764	9,021,932	12,462,953
Closing NAV per share (UK p)	127.10	125.76	123.97
Operating charges (%)	0.55	0.55	0.55

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	12,848	13,513	13,879
Number of shares	1,075,965	1,140,577	1,186,249
Closing NAV per share (UK p)	1,194.12	1,184.76	1,169.95
Operating charges (%)	0.25	0.25	0.25

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	57,534	60,537	66,591
Number of shares	4,768,964	5,078,979	5,684,299
Closing NAV per share (UK p)	1,206.42	1,191.92	1,171.48
Operating charges (%)	0.25	0.25	0.25

Sterling Class 'PP' Income shares

The share class was launched on 21 April 2022.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	143	65	14
Number of shares	197,940	90,930	20,010
Closing NAV per share (UK p)	72.11	71.51	70.56
Operating charges (%)	0.15	0.15	0.15

Sterling Class 'PP' Accumulation shares

The share class was launched on 21 April 2022.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	3,858	3,530	3,436
Number of shares	5,301,148	4,912,352	4,870,067
Closing NAV per share (UK p)	72.77	71.86	70.56
Operating charges (%)	0.15	0.15	0.15

Financial statements and notes

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Statement of total return

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(91)		1,034
Revenue	1,420		609	
Expenses	(138)		(145)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	1,282		464	
Taxation	0		0	
Net revenue/(expense) after taxation		1,282		464
Total return before distributions		1,191		1,498
Distributions		(283)		(15)
Change in net assets attributable to shareholders from investment activities		908		1,483

Statement of change in net assets attributable to shareholders

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		93,460		105,925
Amounts received on issue of shares	3,014		5,499	
Amounts paid on cancellation of shares	(8,429)		(21,095)	
		(5,415)		(15,596)
Dilution adjustments		1		26
Change in net assets attributable to shareholders from investment activities (see above)		908		1,483
Retained distributions on Accumulation shares		203		0
Closing net assets attributable to shareholders		89,157		91,838

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

as at	30 November 2024 £'000	31 May 2024 £'000
Assets		
Fixed assets		
Investments	87,121	92,999
Current assets		
Debtors	89	240
Cash and bank balances	0	109
Cash equivalents	4,177	282
Total assets	91,387	93,630
Liabilities		
Creditors		
Bank overdrafts	(2,117)	0
Distribution payable	(74)	(69)
Other creditors	(39)	(101)
Total liabilities	(2,230)	(170)
Net assets attributable to shareholders	89,157	93,460

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

Distribution policy

To contribute to the preservation of the share value in real terms, the amount available for distribution has been calculated to disregard the change in the Retail Prices Index during the accounting period in respect of interest from index-linked gilt-edged securities.

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.

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 track the performance of the FTSE All-Share Index, gross of the ongoing charge figure (OCF). The return received by shareholders will be reduced by the effects of charges.

Investment policy

The fund aims to be invested in the constituents of the Index. The fund typically invests directly.

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

The fund may hold other transferable securities and other financial instruments where these are held as a consequence of having invested in an Index constituent. The fund can invest in securities joining or likely to join the index.

The fund may use derivatives for efficient portfolio management and hedging only.

Investment approach

The fund is designed to track the FTSE All-Share Index. The Index represents the performance of small, medium and large companies listed on the London Stock Exchange's main market.

The fund uses a full-replication method to track the Index and seeks to replicate as closely as possible the constituents of the Index by holding all the securities comprising the Index in similar proportions to their weightings in the Index.

It may not be possible or practicable to purchase each and every constituent of the Index in accordance with the weightings of the Index, or doing so may be detrimental to investors (for example, where there are considerable costs or practical difficulties involved in

compiling a portfolio of securities in order to replicate the Index, or in circumstances where a security in the Index becomes temporarily illiquid, unavailable or less liquid, or as a result of legal restrictions that apply to the subfund but not to the Index).

There are many factors which do not affect the Index, but do impact on the fund's performance, such as transaction costs, expenses and illiquidity of any security. Cash flows, including income and distributions, into and out of the fund may also have an impact on performance as the fund rebalances, due to the dealing spreads and broker commission incurred. In addition, the Index constituents are not fixed, it rebalances quarterly, and it may take time for the fund to reflect any changes.

The tracking method (combining the full-replication technique and the use of derivatives when required for short term efficient portfolio management purposes) does not introduce any counterparty risk.

The ex-ante tracking error between the performance of the fund (gross of OCF) and that of the Index is anticipated to be up to 0.3% per annum under normal circumstances.

Benchmark

FTSE All-Share Index

The fund is passively managed. The Index is used as a target benchmark as the fund aims to track the returns of the Index gross of the ongoing charge figure.

Although the fund's holdings will be predominantly or entirely comprised of benchmark constituents, the weights held in the fund may deviate from the weights of the benchmark's constituents.

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

Authorised Corporate Director's Report

Additional Information

Index Information: The FTSE All-Share Index (the 'Index') is a float-adjusted, market capitalisation weighted index comprising the performance of the FTSE 100, FTSE 250 and FTSE Small Cap Indices. The Index currently covers approximately 600 constituents.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 six months ended 30 November 2024

Performance against objective

The fund is an index-tracking strategy that aims to replicate the index as closely as possible.

Between 1 June 2024 and 30 November 2024, the fund returned +1.8% while the FTSE All-Share Index returned +1.9%. The ex-ante tracking error of the fund was 10bps as at 30 November 2024.

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

Performance review

Over the period, the fund has performed in line with its benchmark, the FTSE All-Share Index.

The UK equity market ended the six-month period registering positive performance in November 2024, bringing year-to-date returns to 10.7% (versus 10.7% benchmark returns).

During the summer, the Bank of England (BoE) implemented its first rate cut in over four years to reduce the official key rate to 5.0% in August. British headline inflation surprised to the downside over July with CPI rising by only 2.2% year-on-year – which was below both economist expectations and BoE forecasts – and driven by a decline in services and core goods prices. As a result, investors were expecting additional rate cuts this year, however BoE Governor, Andrew Bailey, at the time cautioned against easing monetary policy settings 'too quickly or by too much'.

In October, UK equity markets were impacted by speculation around the policies that would be announced as part of the new Labour government's debut budget, which, with the fallout of the last UK budget remaining in the memory of investors, led to a cautious stance from market participants. The budget delivered a looser-than-expected fiscal stance, with increased spending, taxation, and borrowing, leading to a slower pace of deficit reduction. Although the market reaction ultimately proved to be largely muted compared to the 2022 budget, questions were raised around whether it has worsened the long-term outlook for the UK, causing a small sell-off late in the month.

During November, the UK rebounded from the previous month's negative return, when market took a downturn upon a new budget proposal by the Labour government. In addition, the BoE continued its cutting cycle, further easing monetary conditions. The Monetary Policy Committee decided to cut by 25bps, bringing the base rate to 4.75%. The decision was reasoned by the 'continued progress of disinflation'.

Authorised Corporate Director's Report

Investment activities

The fund is an index-tracking strategy that invests in securities comprising the FTSE All-Share Index. Over the period, the fund traded periodically to align the portfolio with its objective to track the benchmark.

As at the 30 November 2024, the largest sector within the portfolio and index was Financials.

Outlook

The fund will continue to invest in securities in line with the benchmark index (FTSE All-Share Index).

Index Equity Portfolio Management Team, BlackRock

Fund manager

Employees of BlackRock Investment Management (UK) Limited.

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

Portfolio statement

Investments

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities	574,485	100.30	99.87
Software & computer services	7,339	1.28	1.26
33,790 Alfa Financial Software Holdings PLC	76	0.01	
10,560 Aptitude Software Group PLC	35	0.01	
18,673 Auction Technology Group PLC	98	0.02	
213,729 Auto Trader Group PLC	1,798	0.31	
95,288 Baltic Classifieds Group PLC	329	0.06	
56,090 Bytes Technology Group PLC	254	0.04	
16,500 Computacenter PLC	367	0.06	
22,075 Kainos Group PLC	173	0.03	
126,220 MONY Group PLC	249	0.04	
67,864 NCC Group PLC	109	0.02	
239,245 Sage Group PLC	3,128	0.55	
31,257 Softcat PLC	493	0.09	
78,086 Trustpilot Group PLC	230	0.04	
Technology hardware & equipment	48	0.01	0.01
41,480 TT Electronics PLC	48	0.01	
Telecommunications equipment	224	0.04	0.05
130,999 Spirent Communications PLC	224	0.04	
Telecommunication service providers	6,932	1.21	1.16
285,447 Airtel Africa PLC	303	0.05	
1,518,454 BT Group PLC	2,418	0.42	
218,939 Helios Towers PLC	217	0.04	
16,594 Telecom Plus PLC	301	0.05	
5,139,497 Vodafone Group PLC	3,693	0.65	
Health care providers	160	0.03	0.03
19,068 NMC Health PLC ^a	0	0.00	
67,572 Spire Healthcare Group PLC	160	0.03	
Medical equipment & services	3,031	0.53	0.52
392,603 ConvaTec Group PLC	931	0.16	
210,227 Smith & Nephew PLC	2,100	0.37	
Pharmaceuticals & biotechnology	58,540	10.22	11.48
358,042 AstraZeneca PLC	37,931	6.62	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Pharmaceuticals & biotechnology (continued)			
15,281 Genus PLC	262	0.05	
955,610 GSK PLC	12,781	2.23	
1,800,592 Haleon PLC	6,745	1.18	
38,893 Hikma Pharmaceuticals PLC	754	0.13	
15,654 Oxford Biomedica PLC	67	0.01	
Banks	62,583	10.93	10.09
8,490 Bank of Georgia Group PLC	398	0.07	
3,517,104 Barclays PLC	9,285	1.62	
36,934 Close Brothers Group PLC	82	0.01	
4,426,268 HSBC Holdings PLC	32,431	5.66	
148,137 Investec PLC	846	0.15	
14,897,510 Lloyds Banking Group PLC	7,940	1.39	
36,424 Metro Bank Holdings PLC	37	0.01	
1,585,968 NatWest Group PLC	6,326	1.10	
4,568 Secure Trust Bank PLC	17	0.00	
502,835 Standard Chartered PLC	4,903	0.86	
10,494 TBC Bank Group PLC	318	0.06	
Finance & credit services	14,321	2.50	2.00
48,866 Funding Circle Holdings PLC	68	0.01	
64,601 International Personal Finance PLC	85	0.01	
118,748 London Stock Exchange Group PLC	13,377	2.34	
93,418 OSB Group PLC	374	0.07	
51,966 Paragon Banking Group PLC	389	0.07	
60,515 Vanquis Banking Group PLC	28	0.00	
Investment banking & brokerage services	19,938	3.48	3.02
221,608 3i Group PLC	8,164	1.43	
429,177 abrdn PLC	610	0.11	
76,331 AJ Bell PLC	362	0.06	
8,811 Alpha Group International PLC	193	0.03	
110,447 Ashmore Group PLC	194	0.03	
10,204 Bioscience Investment Trust ^a	0	0.00	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Investment banking & brokerage services (continued)			
77,124 Bridgepoint Group PLC	266	0.05	
22,361 Cab Payments Holdings PLC	16	0.00	
25,535 CMC Markets PLC	70	0.01	
19,164 Foresight Group Holdings Ltd.	81	0.01	
91,174 Hargreaves Lansdown PLC	995	0.17	
88,942 IG Group Holdings PLC	848	0.15	
71,223 IntegraFin Holdings PLC	279	0.05	
62,916 Intermediate Capital Group PLC	1,330	0.23	
272,017 IP Group PLC	119	0.02	
37,483 JTC PLC	380	0.07	
106,841 Jupiter Fund Management PLC	90	0.02	
13,768 Liontrust Asset Management PLC	61	0.01	
4,177 London Investment Group PLC	16	0.00	
519,043 M&G PLC ^b	1,031	0.18	
283,730 Man Group PLC	594	0.10	
42,001 Molten Ventures PLC	133	0.02	
81,817 Ninety One PLC	132	0.02	
28,950 Pensionbee Group PLC	43	0.01	
56,522 Petershill Partners PLC	139	0.03	
16,848 Plus500 Ltd.	433	0.08	
62,144 PureTech Health PLC	103	0.02	
325,062 Quilter PLC	482	0.09	
15,270 Rathbones Group PLC	255	0.05	
55,294 Real Estate Credit Investments Ltd.	70	0.01	
204,592 Schroders PLC	650	0.11	
130,279 St. James's Place PLC	1,167	0.20	
182,579 TP ICAP Group PLC	479	0.08	
42,587 XPS Pensions Group PLC	153	0.03	
Closed-ended investments	35,110	6.13	6.19
147,847 3i Infrastructure PLC	479	0.08	
38,396 Aberforth Geared Value & Income Trust PLC	30	0.00	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Closed-ended investments (continued)			
20,462	Aberforth Smaller Companies Trust PLC	295	0.05
33,205	abrdrn Asia Focus PLC	93	0.02
34,217	abrdrn Asian Income Fund Ltd.	74	0.01
72,889	abrdrn Diversified Income & Growth PLC	31	0.01
13,252	abrdrn Equity Income Trust PLC	43	0.01
90,765	abrdrn European Logistics Income PLC	53	0.01
12,063	abrdrn New India Investment Trust PLC	95	0.02
17,171	abrdrn U.K. Smaller Cos Growth Trust PLC	86	0.01
97,060	Alliance Witan PLC	1,237	0.22
90,386	Allianz Technology Trust PLC	359	0.06
100,390	Apax Global Alpha Ltd.	142	0.02
4,089	Artemis Alpha Trust PLC	15	0.00
33,002	Ashoka India Equity Investment Trust PLC	97	0.02
37,641	Asia Dragon Trust PLC	157	0.03
42,134	Atrato Onsite Energy PLC	32	0.01
39,544	Augmentum Fintech PLC	38	0.01
16,934	Aurora Investment Trust PLC	39	0.01
102,883	Avi Global Trust PLC	244	0.04
33,744	AVI Japan Opportunity Trust PLC	50	0.01
16,577	Baillie Gifford China Growth Trust PLC	36	0.01
86,525	Baillie Gifford European Growth Trust PLC	73	0.01
18,573	Baillie Gifford Japan Trust PLC	131	0.02
61,050	Baillie Gifford Shin Nippon PLC	69	0.01
32,722	Baillie Gifford U.K. Growth Trust PLC	58	0.01
61,762	Baillie Gifford U.S. Growth Trust PLC	165	0.03
284,349	Bankers Investment Trust PLC	328	0.06
160,178	BBGI Global Infrastructure SA	203	0.04
111,564	Bellevue Healthcare Trust PLC	157	0.03
85,486	BH Macro Ltd.	347	0.06
8,246	Biotech Growth Trust PLC	79	0.01
19,109	Blackrock American Income Trust PLC	40	0.01

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Closed-ended investments (continued)			
31,072 BlackRock Energy & Resources Income Trust PLC	38	0.01	
40,533 BlackRock Frontiers Investment Trust PLC	61	0.01	
24,828 BlackRock Greater Europe Investment Trust PLC	135	0.02	
9,332 BlackRock Latin American Investment Trust PLC	28	0.00	
11,171 BlackRock Smaller Cos Trust PLC	151	0.03	
20,566 BlackRock Throgmorton Trust PLC	122	0.02	
45,781 BlackRock World Mining Trust PLC	231	0.04	
146,427 Bluefield Solar Income Fund Ltd.	140	0.02	
2,368 Brown Advisory U.S. Smaller Companies PLC	36	0.01	
8,088 Brunner Investment Trust PLC	119	0.02	
7,673 Caledonia Investments PLC	259	0.04	
5,239 Capital Gearing Trust PLC	251	0.04	
32,524 CC Japan Income & Growth Trust PLC	59	0.01	
127,813 Chrysalis Investments Ltd.	122	0.02	
117,311 City of London Investment Trust PLC	506	0.09	
17,731 CQS Natural Resources Growth & Income PLC	35	0.01	
127,372 CQS New City High Yield Fund Ltd.	65	0.01	
17,577 CT Private Equity Trust PLC	79	0.01	
22,404 CT U.K. Capital & Income Investment Trust PLC	71	0.01	
31,455 CVC INCOME & GROWTH Ltd.	37	0.01	
208,935 Digital 9 Infrastructure PLC	31	0.01	
42,157 Diverse Income Trust PLC	39	0.01	
37,297 Downing Renewables & Infrastructure Trust PLC	29	0.00	
37,376 Dunedin Income Growth Investment Trust PLC	102	0.02	
27,820 Ecofin Global Utilities & Infrastructure Trust PLC	53	0.01	
37,051 Edinburgh Investment Trust PLC	277	0.05	
93,590 Edinburgh Worldwide Investment Trust PLC	167	0.03	
12,707 Electric & General Investment ^a	0	0.00	
86,792 European Assets Trust PLC	70	0.01	
16,724 European Opportunities Trust PLC	134	0.02	
104,000 European Smaller Companies	171	0.03	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Closed-ended investments (continued)			
119,274 F&C Investment Trust PLC	1,338	0.23	
16,301 Fidelity Asian Values PLC	80	0.01	
104,973 Fidelity China Special Situations PLC	220	0.04	
17,727 Fidelity Emerging Markets Ltd.	119	0.02	
98,683 Fidelity European Trust PLC	344	0.06	
30,247 Fidelity Japan Trust PLC	50	0.01	
53,616 Fidelity Special Values PLC	165	0.03	
41,776 Finsbury Growth & Income Trust PLC	366	0.06	
134,173 Foresight Environmental Infrastructure Ltd.	100	0.02	
141,367 Foresight Solar Fund Ltd.	113	0.02	
52,209 GCP Asset-Backed Income Fund Ltd.	40	0.01	
217,999 GCP Infrastructure Investments Ltd.	157	0.03	
11,497 Global Opportunities Trust PLC	32	0.01	
115,620 Global Smaller Companies Trust PLC	190	0.03	
110,027 Gore Street Energy Storage Fund PLC	56	0.01	
540,479 Greencoat U.K. Wind PLC	686	0.12	
18,931 HarbourVest Global Private Equity Ltd.	471	0.08	
12,144 Henderson Alternative Strategies Trust PLC ^a	0	0.00	
88,457 Henderson European Focus Trust PLC	151	0.03	
31,505 Henderson Far East Income Ltd.	71	0.01	
41,511 Henderson High Income Trust PLC	68	0.01	
46,712 Henderson International Income Trust PLC	78	0.01	
17,496 Henderson Smaller Companies Investment Trust PLC	143	0.02	
13,365 Herald Investment Trust PLC	311	0.05	
99,089 HgCapital Trust PLC	531	0.09	
492,230 Hicl Infrastructure PLC	586	0.10	
10,540 ICG Enterprise Trust PLC	136	0.02	
61,938 Impax Environmental Markets PLC	232	0.04	
21,304 India Capital Growth Fund Ltd.	40	0.01	
8,496 International Biotechnology Trust PLC	59	0.01	
445,552 International Public Partnerships Ltd.	558	0.10	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Closed-ended investments (continued)			
15,383 Invesco Asia Trust PLC	52	0.01	
49,586 Invesco Bond Income Plus Ltd.	83	0.01	
8,442 Invesco Global Equity Income Trust PLC	26	0.00	
8,145 Invesco Perpetual U.K. Smaller Cos Investment Trust PLC	32	0.01	
44,169 JPMorgan American Investment Trust PLC	503	0.09	
17,825 JPMorgan Asia Growth & Income PLC	66	0.01	
19,626 JPMorgan China Growth & Income	42	0.01	
14,812 JPMorgan Claverhouse Investment Trust PLC	104	0.02	
275,725 JPMorgan Emerging Markets Investment Trust PLC	297	0.05	
30,454 JPMorgan European Discovery Trust PLC	132	0.02	
92,996 JPMorgan European Growth & Income PLC	89	0.02	
51,491 JPMorgan Global Core Real Assets Ltd. Fund	39	0.01	
72,655 JPMorgan Global Emerging Markets Income Trust PLC	94	0.02	
118,015 JPMorgan Global Growth & Income PLC	693	0.12	
17,386 JPMorgan Indian Investment Trust PLC	179	0.03	
38,787 JPMorgan Japanese Investment Trust PLC	214	0.04	
33,237 JPMorgan U.K. Small CAP Growth & Income PLC	99	0.02	
15,295 JPMorgan U.S. Smaller Cos Investment Trust PLC	80	0.01	
10,531 Keystone Positive Change Investment Trust PLC	26	0.00	
29,552 Law Debenture Corp. PLC	263	0.05	
41 Lindsell Train Investment Trust PLC	29	0.00	
63,943 Lowland Investment Company PLC	80	0.01	
36,238 M&G Credit Income Investment Trust PLC ^b	34	0.01	
6,893 Majedie Investments PLC	16	0.00	
4,313 Manchester & London Investment	31	0.01	
17,181 Martin Currie Global Portfolio Trust PLC	62	0.01	
186,470 Mercantile Investment Trust PLC	439	0.08	
36,115 Merchants Trust PLC	203	0.04	
13,104 Mid Wynd International Investment Trust PLC	106	0.02	
18,237 Middlefield Canadian Income PC	23	0.00	
21,422 Mobius Investment Trust PLC	30	0.01	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Closed-ended investments (continued)			
49,416 Monks Investment Trust PLC	624	0.11	
45,372 Montanaro European Smaller Cos Trust PLC	61	0.01	
45,360 Montanaro U.K. Smaller Companies Investment Trust PLC	45	0.01	
25,937 Murray Income Trust PLC	211	0.04	
139,497 Murray International Trust PLC	355	0.06	
10,564 NB Private Equity Partners Ltd.	164	0.03	
126,363 NextEnergy Solar Fund Ltd.	90	0.02	
45,532 Nippon Active Value Fund PLC	84	0.01	
30,724 North American Income Trust PLC	103	0.02	
2,177 North Atlantic Smaller Cos Investment Trust PLC	82	0.01	
126,729 Octopus Renewables Infrastructure Trust PLC	88	0.02	
21,857 Odyssean Investment Trust PLC	33	0.01	
2,062 Oryx International Growth Fund Ltd.	23	0.00	
29,616 Pacific Assets Trust PLC	111	0.02	
23,668 Pacific Horizon Investment Trust PLC	134	0.02	
114,226 Pantheon Infrastructure PLC	101	0.02	
113,808 Pantheon International PLC	370	0.06	
19,334 Patria Private Equity Trust PLC	102	0.02	
36,059 Pershing Square Holdings Ltd.	1,353	0.24	
76,706 Personal Assets Trust PLC	381	0.07	
79,445 Polar Capital Global Financials Trust PLC	154	0.03	
24,706 Polar Capital Global Healthcare Trust PLC	90	0.02	
296,550 Polar Capital Technology Trust PLC	989	0.17	
8,339 Pollen Street Group Ltd.	59	0.01	
13,731 Raspberry PI Holdings PLC	49	0.01	
585,720 Renewables Infrastructure Group Ltd.	529	0.09	
1,209 Rights & Issues Investment Trust PLC	29	0.00	
27,161 RIT Capital Partners PLC	519	0.09	
6,534 Riverstone Energy Ltd.	51	0.01	
89,598 Ruffer Investment Co. Ltd. Preference Shares	242	0.04	
37,895 Schroder Asia Pacific Fund PLC	203	0.04	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Closed-ended investments (continued)			
23,198 Schroder Asian Total Return Investment Co. PLC	109	0.02	
18,810 Schroder Income Growth Fund PLC	53	0.01	
32,320 Schroder Japan Trust PLC	81	0.01	
60,681 Schroder Oriental Income Fund Ltd.	164	0.03	
7,670 Schroder U.K. Mid Cap Fund PLC	46	0.01	
193,141 Schroders Capital Global Innovation Trust	18	0.00	
42,129 Scottish American Investment Co. PLC	214	0.04	
316,425 Scottish Mortgage Investment Trust PLC	2,991	0.52	
5,788 Scottish Oriental Smaller Companies Trust PLC	83	0.01	
266,854 Sdcl Energy Efficiency Income Trust PLC	133	0.02	
368,235 Sequoia Economic Infrastructure Income Fund Ltd.	290	0.05	
34,249 Smithson Investment Trust PLC	510	0.09	
46,825 Starwood European Real Estate Finance Ltd.	42	0.01	
11,213 Strategic Equity Capital PLC	37	0.01	
35,142 STS Global Income & Growth Trust PLC	83	0.01	
111,755 Syncona Ltd.	114	0.02	
50,000 Taylor Maritime Investments Ltd.	36	0.01	
71,297 Temple Bar Investment Trust PLC	191	0.03	
236,272 Templeton Emerging Markets Investment Trust PLC	389	0.07	
75,556 TR Property Investment Trust PLC - Ordinary Shares	241	0.04	
166,494 TwentyFour Income Fund Ltd.	176	0.03	
58,970 TwentyFour Select Monthly Income Fund Ltd.	50	0.01	
5,282 Unbound Group PLC ^a	0	0.00	
42,646 Utilico Emerging Markets Trust PLC	86	0.01	
1,279 Value & Indexed Property Income Trust PLC	2	0.00	
101,826 VH Global Sustainable Energy Opportunities PLC	68	0.01	
37,996 Vietnam Enterprise Investments Ltd.	219	0.04	
7,498 Vietnam Holding Ltd.	30	0.01	
37,283 VinaCapital Vietnam Opportunity Fund Ltd.	163	0.03	
125,502 Worldwide Healthcare Trust PLC	412	0.07	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Life insurance	11,889	2.08	2.22
648,073 Aviva PLC	3,120	0.55	
39,560 Chesnara PLC	99	0.02	
241,517 Just Group PLC	344	0.06	
1,424,018 Legal & General Group PLC	3,167	0.55	
179,975 Phoenix Group Holdings PLC	929	0.16	
656,077 Prudential PLC	4,230	0.74	
Non-life insurance	4,945	0.86	0.88
69,290 Admiral Group PLC	1,773	0.31	
155,884 Beazley PLC	1,206	0.21	
316,709 Direct Line Insurance Group PLC	735	0.13	
74,497 Hiscox Ltd.	779	0.13	
60,371 Lancashire Holdings Ltd.	381	0.07	
54,622 Sabre Insurance Group PLC	71	0.01	
Real estate investment & services	2,486	0.43	0.40
52,662 CLS Holdings PLC	43	0.01	
47,277 Foxtons Group PLC	28	0.01	
178,446 Grainger PLC	422	0.07	
46,504 Harworth Group PLC	81	0.01	
29,479 Henry Boot PLC	62	0.01	
24,615 LSL Property Services PLC	64	0.01	
20,984 Luceco PLC	27	0.00	
25,308 Phoenix Spree Deutschland Ltd.	44	0.01	
189,959 Rightmove PLC	1,230	0.22	
32,972 Savills PLC	355	0.06	
188,604 Tritax EuroBox PLC	130	0.02	
Real estate investment trusts	12,277	2.14	2.18
93,866 abrdn Property Income Trust Ltd.	57	0.01	
38,188 AEW U.K. REIT PLC	37	0.01	
684,900 Assura PLC	271	0.05	
45,669 Big Yellow Group PLC	494	0.09	
240,454 British Land Co. PLC	942	0.16	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Real estate investment trusts (continued)			
21,084 Capital & Regional PLC	13	0.00	
76,937 Care Reit PLC	64	0.01	
102,236 Custodian Property Income REIT PLC	81	0.01	
26,918 Derwent London PLC	571	0.10	
133,865 Empiric Student Property PLC	118	0.02	
82,320 Great Portland Estates PLC	247	0.04	
105,064 Hammerson PLC	306	0.05	
30,125 Helical PLC	60	0.01	
180,998 Home REIT PLC ^a	26	0.01	
179,458 Land Securities Group PLC	1,092	0.19	
101,886 Life Science REIT PLC	38	0.01	
474,877 LondonMetric Property PLC	921	0.16	
86,449 NewRiver REIT PLC	67	0.01	
132,308 Picton Property Income Ltd.	90	0.02	
314,344 Primary Health Properties PLC	300	0.05	
121,403 PRS REIT PLC	126	0.02	
54,531 Regional REIT Ltd.	68	0.01	
54,413 Residential Secure Income PLC	32	0.01	
51,122 Safestore Holdings PLC	385	0.07	
120,865 Schroder Real Estate Investment Trust Ltd.	61	0.01	
321,890 Segro PLC	2,522	0.44	
357,756 Shaftesbury Capital PLC	489	0.09	
360,677 Sirius Real Estate Ltd.	312	0.05	
321,929 Supermarket Income REIT PLC	230	0.04	
145,721 Target Healthcare REIT PLC	123	0.02	
85,816 Triple Point Social Housing REIT PLC	52	0.01	
586,709 Tritax Big Box REIT PLC	817	0.14	
96,202 UNITE Group PLC	850	0.15	
125,060 Urban Logistics REIT PLC	137	0.02	
93,567 Warehouse REIT PLC	79	0.01	
35,429 Workspace Group PLC	199	0.04	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Automobiles & parts			
59,040 Aston Martin Lagonda Global Holdings PLC	62	0.01	
335,357 Dowlais Group PLC	199	0.03	
87,692 TI Fluid Systems PLC	169	0.03	
Consumer services			
406,886 Compass Group PLC	10,970	1.92	1.54
Household goods & home construction			
329,349 Barratt Redrow PLC	1,401	0.25	
27,972 Bellway PLC	699	0.12	
23,615 Berkeley Group Holdings PLC	991	0.17	
59,663 Crest Nicholson Holdings PLC	98	0.02	
18,991 Headlam Group PLC	25	0.00	
10,012 MJ Gleeson PLC	51	0.01	
76,518 Persimmon PLC	958	0.17	
846,307 Taylor Wimpey PLC	1,099	0.19	
74,122 Vistry Group PLC	484	0.08	
Leisure goods			
7,768 Games Workshop Group PLC	1,078	0.19	
57,662 Me Group International PLC	128	0.02	
Personal goods			
85,965 Burberry Group PLC	776	0.14	
116,558 Dr. Martens PLC	79	0.01	
54,387 Watches of Switzerland Group PLC	254	0.04	
Media			
6,509 4imprint Group PLC	333	0.06	
18,840 Bloomsbury Publishing PLC	126	0.02	
26,555 Future PLC	239	0.04	
316,668 Informa PLC	2,698	0.47	
954,587 ITV PLC	696	0.12	
158,550 Pearson PLC	1,956	0.34	
60,376 Reach PLC	54	0.01	
446,706 RELX PLC	16,501	2.88	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Media (continued)			
10,775 STV Group PLC	23	0.01	
255,906 WPP PLC	2,221	0.39	
Retailers			
	10,325	1.80	1.82
67,406 AO World PLC	71	0.01	
16,255 ASOS PLC	61	0.01	
222,032 B&M European Value Retail SA	764	0.13	
85,545 Card Factory PLC	75	0.01	
239,662 Currys PLC	190	0.03	
53,038 DFS Furniture PLC	74	0.01	
30,117 Dunelm Group PLC	345	0.06	
24,778 Frasers Group PLC	182	0.03	
55,839 Halfords Group PLC	84	0.01	
130,714 Howden Joinery Group PLC	1,072	0.19	
600,562 JD Sports Fashion PLC	622	0.11	
441,325 Kingfisher PLC	1,107	0.19	
485,848 Marks & Spencer Group PLC	1,864	0.33	
81,789 Moonpig Group PLC	204	0.04	
28,399 Next PLC	2,819	0.49	
114,370 Pets at Home Group PLC	269	0.05	
12,322 Pinewood Technologies Group PLC	42	0.01	
34,479 Topps Tiles PLC	13	0.00	
30,491 WH Smith PLC	379	0.07	
59,763 Wickes Group PLC	88	0.02	
Travel & leisure			
	12,939	2.26	2.02
33,863 Carnival PLC	613	0.11	
94,935 Domino's Pizza Group PLC	324	0.06	
151,332 easyJet PLC	844	0.15	
145,892 Entain PLC	1,177	0.21	
39,208 Evoke PLC	24	0.00	
156,150 Firstgroup PLC	239	0.04	
10,916 Fuller Smith & Turner PLC	73	0.01	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Travel & leisure (continued)			
40,189 Gym Group PLC	64	0.01	
38,708 Hollywood Bowl Group PLC	125	0.02	
24,879 Hostelworld Group PLC	33	0.01	
38,348 InterContinental Hotels Group PLC	3,760	0.66	
876,615 International Consolidated Airlines Group SA	2,277	0.40	
18,716 J D Wetherspoon PLC	119	0.02	
145,563 Marston's PLC	56	0.01	
60,338 Mitchells & Butlers PLC	150	0.03	
123,973 Mobico Group PLC	107	0.02	
38,150 On the Beach Group PLC	63	0.01	
73,254 Playtech PLC	537	0.09	
4,784 PPHE Hotel Group Ltd.	56	0.01	
42,564 Rank Group PLC	37	0.01	
23,187 Saga PLC	26	0.00	
192,306 SSP Group PLC	312	0.05	
114,090 Trainline PLC	465	0.08	
43,003 Whitbread PLC	1,217	0.21	
18,531 Wizz Air Holdings PLC	241	0.04	
Beverages	14,943	2.61	2.74
26,030 AG Barr PLC	162	0.03	
59,199 Britvic PLC	761	0.13	
79,143 C&C Group PLC	118	0.02	
48,984 Coca-Cola HBC AG	1,368	0.24	
531,190 Diageo PLC	12,534	2.19	
Food producers	3,771	0.66	0.68
4,261 Anglo-Eastern Plantations PLC	29	0.01	
76,260 Associated British Foods PLC	1,667	0.29	
34,806 Bakkavor Group PLC	49	0.01	
12,749 Cranswick PLC	630	0.11	
108,960 Greencore Group PLC	215	0.04	
20,047 Hilton Food Group PLC	183	0.03	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Food producers (continued)			
151,815 Premier Foods PLC	298	0.05	
94,917 Tate & Lyle PLC	700	0.12	
Tobacco	19,514	3.41	2.69
477,375 British American Tobacco PLC	14,250	2.49	
204,517 Imperial Brands PLC	5,264	0.92	
Personal care, drug & grocery stores	44,378	7.75	6.98
24,520 Greggs PLC	664	0.11	
458,186 J Sainsbury PLC	1,204	0.21	
41,920 McBride PLC	46	0.01	
141,991 Ocado Group PLC	453	0.08	
55,594 PZ Cussons PLC	44	0.01	
166,794 Reckitt Benckiser Group PLC	8,081	1.41	
1,651,420 Tesco PLC	6,059	1.06	
588,932 Unilever PLC	27,827	4.86	
Construction & materials	2,889	0.50	0.46
123,166 Balfour Beatty PLC	556	0.10	
66,790 Breedon Group PLC	310	0.05	
25,191 Eurocell PLC	45	0.01	
51,353 Forterra PLC	92	0.02	
24,525 Galliford Try Holdings PLC	91	0.02	
58,379 Genuit Group PLC	236	0.04	
92,204 Ibstock PLC	174	0.03	
18,375 Keller Group PLC	276	0.05	
99,014 Kier Group PLC	146	0.02	
57,421 Marshalls PLC	183	0.03	
9,724 Morgan Sindall Group PLC	370	0.06	
25,649 Norcros PLC	65	0.01	
14,218 Ricardo PLC	56	0.01	
69,710 Severfield PLC	35	0.01	
45,482 Volution Group PLC	254	0.04	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Aerospace & defence			
6,821 Avon Technologies PLC	97	0.02	
122,624 Babcock International Group PLC	629	0.11	
725,509 BAE Systems PLC	8,971	1.56	
63,406 Chemring Group PLC	227	0.04	
309,231 Melrose Industries PLC	1,769	0.31	
122,527 QinetiQ Group PLC	502	0.09	
2,032,792 Rolls-Royce Holdings PLC	11,209	1.96	
104,855 Senior PLC	152	0.02	
Electronic & electrical equipment			
21,441 DiscoverIE Group PLC	134	0.02	
90,044 Halma PLC	2,428	0.42	
61,303 IMI PLC	1,112	0.20	
72,076 Morgan Advanced Materials PLC	190	0.03	
13,214 Oxford Instruments PLC	270	0.05	
9,183 Porvair PLC	60	0.01	
8,415 Renishaw PLC	265	0.05	
200,622 Rotork PLC	667	0.12	
24,383 Spectris PLC	622	0.11	
6,058 XP Power Ltd.	78	0.01	
General industrials			
80,405 Bunzl PLC	2,834	0.49	
388,523 Coats Group PLC	372	0.07	
327,622 DS Smith PLC	1,904	0.33	
850 Goodwin PLC	58	0.01	
36,887 Macfarlane Group PLC	38	0.01	
106,080 Mondi PLC	1,262	0.22	
83,368 Smiths Group PLC	1,475	0.26	
Industrial engineering			
44,459 Bodycote PLC	276	0.05	
17,714 Spirax Group PLC	1,255	0.22	
52,352 Vesuvius PLC	220	0.04	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Industrial engineering (continued)			
23,636 Videndum PLC	59	0.01	
62,304 Weir Group PLC	1,374	0.24	
Industrial support services	19,866	3.47	3.53
403,759 Capita PLC	70	0.01	
43,848 Costain Group PLC	45	0.01	
23,695 DCC PLC	1,362	0.24	
33,902 De La Rue PLC	34	0.00	
32,198 Diploma PLC	1,423	0.25	
61,828 Essentra PLC	91	0.01	
219,981 Experian PLC	8,205	1.43	
23,194 FDM Group Holdings PLC	74	0.01	
41,652 Grafton Group PLC CDI	392	0.07	
361,064 Hays PLC	286	0.05	
89,264 Inchcape PLC	690	0.12	
181,778 International Workplace Group PLC	305	0.05	
38,716 Intertek Group PLC	1,823	0.32	
26,489 Mears Group PLC	97	0.02	
326,851 Mitie Group PLC	356	0.06	
73,749 Pagegroup PLC	268	0.05	
11,316 PayPoint PLC	94	0.02	
599,377 Rentokil Initial PLC	2,353	0.41	
16,755 Robert Walters PLC	58	0.01	
114,089 RS Group PLC	817	0.14	
261,718 Serco Group PLC	414	0.07	
198,118 SIG PLC	38	0.01	
58,248 Smiths News PLC	36	0.01	
134,162 Speedy Hire PLC	42	0.01	
30,455 SThree PLC	110	0.02	
49,798 Travis Perkins PLC	383	0.07	
Industrial transportation	7,691	1.34	1.22
104,493 Ashtead Group PLC	6,566	1.15	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Industrial transportation (continued)			
6,787 Clarkson PLC	270	0.05	
162,481 International Distribution Services PLC	579	0.10	
9,975 James Fisher & Sons PLC	29	0.00	
4,151 Ocean Wilsons Holdings Ltd.	51	0.01	
51,369 Zigup PLC	196	0.03	
Industrial materials	41	0.01	0.01
11,569 Zotefoams PLC	41	0.01	
Industrial metals & mining	32,765	5.72	6.53
297,506 Anglo American PLC	7,322	1.28	
83,454 Antofagasta PLC	1,410	0.25	
37,229 Capital Ltd.	30	0.00	
123,608 Evraz PLC ^a	0	0.00	
69,550 Ferrexpo PLC	55	0.01	
2,904,510 Glencore PLC	10,943	1.91	
19,541 Hill & Smith PLC	405	0.07	
16,668 Kenmare Resources PLC	57	0.01	
255,451 Rio Tinto PLC	12,543	2.19	
Precious metals & mining	1,173	0.20	0.25
47,654 Endeavour Mining PLC	743	0.13	
43,432 Fresnillo PLC	282	0.05	
68,377 Hochschild Mining PLC	148	0.02	
Chemicals	2,379	0.42	0.52
33,407 Croda International PLC	1,152	0.20	
141,601 Elementis PLC	188	0.03	
44,513 Johnson Matthey PLC	609	0.11	
4,496 RHI Magnesita NV	139	0.03	
34,076 Synthomer PLC	57	0.01	
14,173 Treatt PLC	56	0.01	
20,481 Victrex PLC	178	0.03	
Oil & gas	54,460	9.51	11.22
3,940,689 BP PLC	15,166	2.65	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Oil & gas (continued)			
16,506 Capricorn Energy PLC	38	0.01	
12,384 Diversified Energy Co. PLC	158	0.03	
33,824 Energean PLC	339	0.06	
317,966 EnQuest PLC	35	0.01	
147,032 Harbour Energy PLC	378	0.06	
34,754 Hunting PLC	105	0.02	
160,413 John Wood Group PLC	86	0.01	
74,304 Petrofac Ltd. ^a	8	0.00	
57,952 Pharos Energy PLC	13	0.00	
1,504,248 Shell PLC	38,080	6.65	
259,884 Tullow Oil PLC	54	0.01	
Electricity	5,236	0.91	0.87
91,163 Drax Group PLC	611	0.10	
260,515 SSE PLC	4,625	0.81	
Gas, water & multi-utilities	17,149	2.99	2.36
1,259,376 Centrica PLC	1,613	0.28	
1,167,485 National Grid PLC	11,616	2.03	
60,948 Pennon Group PLC	369	0.06	
63,152 Severn Trent PLC	1,711	0.30	
164,001 United Utilities Group PLC	1,840	0.32	
Waste & disposal services	164	0.03	0.02
20,431 Renewi PLC	164	0.03	
Oil & gas producers	54	0.01	0.01
144,179 Gulf Marine Services PLC	23	0.00	
30,095 Ithaca Energy PLC	31	0.01	
Alternative energy	48	0.01	0.01
29,072 Ceres Power Holdings PLC	48	0.01	
Equity derivatives	48	0.01	0.00
Equity futures contracts	48	0.01	0.00
54 FTSE 100 Index Futures Dec 2024	48	0.01	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Currency	(10)	0.00	0.01
Forward currency contracts	(10)	0.00	0.01
US\$(316,000) Sold for £245,177 (expires 20.12.24)	(4)	0.00	
US\$(963,000) Sold for £752,451 (expires 02.01.25)	(6)	0.00	
Total portfolio	574,523	100.31	99.88
Net other assets/(liabilities)	(1,773)	(0.31)	0.12
Net assets attributable to shareholders	572,750	100.00	100.00

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

^a Suspended/delisted.

^b Related party.

Portfolio statement

Top ten portfolio transactions for the six months to
30 November 2024

Largest purchases	£'000
National Grid PLC	1,670
AstraZeneca PLC	1,088
NatWest Group PLC	1,026
Haleon PLC	665
Shell PLC	416
London Stock Exchange Group PLC	415
BP PLC	393
Unilever PLC	336
National Grid PLC	317
Anglo American PLC	310
Other purchases	7,149
Total purchases	13,785

Largest sales	£'000
Smurfit Kappa Group PLC	2,296
Shell PLC	2,066
HSBC Holdings PLC	1,536
AstraZeneca PLC	833
Unilever PLC	739
BP PLC	696
Darktrace PLC	631
Virgin Money U.K. PLC	596
RELX PLC	563
TUI AG	559
Other sales	13,766
Total sales	24,281

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+1.8	+7.3	+5.2	+5.8
Class 'A' Accumulation	+1.8	+7.3	+5.2	+5.8
Class 'C' Income	+2.0	+7.8	+5.7	+6.2
Class 'I' Income	+2.0	n/a	n/a	n/a
Class 'I' Accumulation	+2.0	+7.7	n/a	n/a
Class 'R' Income	+1.9	n/a	n/a	n/a
Class 'R' Accumulation	+1.9	n/a	n/a	n/a
Benchmark	+1.9	+7.9	+5.7	+6.1

^a Not annualised.

Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 27 February 1998.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	266,288	270,626	243,112
Number of shares	327,873,634	333,184,962	328,370,911
Closing NAV per share (UK p)	81.22	81.22	74.04
Operating charges (%)	0.45	0.55	0.53

Sterling Class 'A' Accumulation shares

The share class was launched on 27 February 1998.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	99,386	104,151	109,691
Number of shares	53,611,712	57,145,352	68,617,622
Closing NAV per share (UK p)	185.38	182.26	159.86
Operating charges (%)	0.45	0.55	0.53

Sterling Class 'C' Income shares

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

The share class was launched on 16 February 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	41,688	43,303	39,586
Number of shares	49,462,399	51,489,509	51,874,731
Closing NAV per share (UK p)	84.28	84.10	76.31
Operating charges (%)	0.00	0.10	0.08

Sterling Class 'I' Income shares

The share class was launched on 4 May 2023.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	12,826	12,592	9,925
Number of shares	12,020,034	11,820,695	10,258,197
Closing NAV per share (UK p)	106.71	106.53	96.75
Operating charges (%)	0.10	0.20	0.18

Sterling Class 'I' Accumulation shares

The share class was launched on 6 December 2019.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	74,958	76,277	51,694
Number of shares	56,011,828	58,075,324	45,030,254
Closing NAV per share (UK p)	133.82	131.34	114.80
Operating charges (%)	0.10	0.20	0.18

Sterling Class 'R' Income shares

The share class was launched on 21 April 2022.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	8,755	8,262	8,281
Number of shares	8,287,859	7,825,139	8,612,887
Closing NAV per share (UK p)	105.63	105.59	96.14
Operating charges (%)	0.35	0.45	0.43

Sterling Class 'R' Accumulation shares

The share class was launched on 21 April 2022.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	68,849	69,457	67,684
Number of shares	59,123,726	60,698,297	67,503,111
Closing NAV per share (UK p)	116.45	114.43	100.27
Operating charges (%)	0.35	0.45	0.43

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		1,005		(5,021)
Revenue	10,015		10,958	
Expenses	(1,015)		(973)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	9,000		9,985	
Taxation	(8)		(12)	
Net revenue/(expense) after taxation		8,992		9,973
Total return before distributions		9,997		4,952
Distributions		(9,618)		(10,572)
Change in net assets attributable to shareholders from investment activities		379		(5,620)

Statement of change in net assets attributable to shareholders

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		584,668		529,973
Amounts received on issue of shares	13,818		44,853	
Amounts paid on cancellation of shares	(29,897)		(32,457)	
		(16,079)		12,396
Dilution adjustments		23		142
Change in net assets attributable to shareholders from investment activities (see above)		379		(5,620)
Retained distributions on Accumulation shares		3,758		4,213
Unclaimed distributions		1		1
Closing net assets attributable to shareholders		572,750		541,105

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

as at	30 November 2024 £'000	31 May 2024 £'000
Assets		
Fixed assets		
Investments	574,533	583,955
Current assets		
Debtors	2,603	11,232
Cash and bank balances	1,728	454
Cash equivalents	579	1,982
Total assets	579,443	597,623
Liabilities		
Investment liabilities	(10)	(5)
Creditors		
Bank overdrafts	0	(475)
Distribution payable	(5,701)	(6,251)
Other creditors	(982)	(6,224)
Total liabilities	(6,693)	(12,955)
Net assets attributable to shareholders	572,750	584,668

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

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.

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 that of the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged) over any five-year period.

Investment policy

At least 80% of the fund is invested, directly or indirectly through derivatives, in short-dated investment grade fixed and floating rate corporate debt securities and in asset-backed securities. These securities can be issued by companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

Other investments may include:

- below investment grade and unrated corporate debt securities; and
- other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

The fund aims to hedge any non-sterling assets back to sterling.

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

Investment approach

The fund is diversified across a range of investment grade debt securities from a variety of sectors and geographies. The fund's investment approach is based on the principle that returns from corporate bond markets are driven by a combination of macroeconomic, asset class, sector, geographic and stock-level factors. As different factors dominate returns at different stages of the economic cycle, the fund manager applies a flexible investment approach, changing the blend of

duration and credit exposure in the portfolio to weight them appropriately. The fund manager also maintains a low duration profile through the fund's bias towards short-dated corporate bonds, in order to limit the effect of interest rate movements on the fund's capital value.

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

Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged)

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

The fund is actively managed.

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

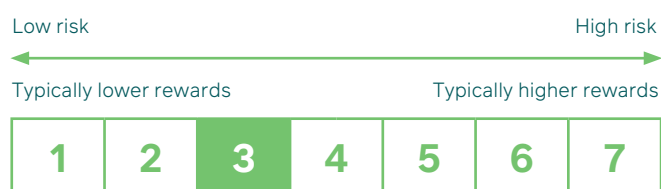
For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

Authorised Corporate Director's Report

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 six months ended 30 November 2024

Performance against objective

The M&G Short Dated Corporate Bond Fund delivered a positive total return (the combination of income and growth of capital) across all its share classes. The fund underperformed its benchmark, the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged), which increased by 4.4% over the same period.

Over five years, the fund's share classes met the objective of providing a total return (the combination of capital growth and income), net of the ongoing charge figure, higher than the average return of the benchmark, which was 2.1% pa over this period.

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

Performance review

The six-month review period experienced volatility in global bond markets, driven by slowing macroeconomic indicators, political events, and evolving expectations around global monetary policy. The global monetary easing cycle commenced. The US Federal Reserve (Fed) was the last central bank to start its cutting cycle, but did so with a 50 basis point interest rate cut in September. As a result of monetary policy easing, most fixed income assets posted positive returns during this time. The US presidential election, which concluded with Donald Trump's victory and a Republican sweep of both the House of Representatives and the Senate, led to a stronger US Dollar. Among various asset classes, high yield bonds, especially in developed markets, emerged as the top performers. Investment grade (IG) corporate bonds also saw positive returns, with the European market outperforming those in the US and UK. Additionally, short-dated IG bonds, with maturities of less than three years, recorded positive returns due to their lower duration, making them less sensitive to interest rate changes.

Against this backdrop, the fund achieved a positive return over the review period, although it underperformed its benchmark. The primary factor behind this underperformance was the fund's rates positioning. Allocations to GBP and USD rates contributed to underperformance given that EUR rates outperformed over the period. Asset allocation was a drag on performance. Within this, our underweight position in Euro-denominated bonds was a detractor. Stock selection was a positive contributor, leaving total contribution from credit flat. At the sector level, our off-benchmark allocations to securitised debt, such as Asset-Backed Securities (ABS), positively contributed to performance, as did our positions in credit default swaps (CDS). ABS plays a crucial role in our short-dated corporate bond strategy, with our exposure primarily focused on AAA rated covered bonds, residential mortgage backed securities and financially strong companies. However, our underweight positions in the industrial and utility sectors negatively impacted relative returns. At the end of the review period, the fund

Authorised Corporate Director's Report

recorded a duration (sensitivity to changes in the interest rate) positioning of 1.73 years, while its credit spread duration (sensitivity to changes in creditworthiness) was 2.71 years.

Investment activities

In response to the selloff in French assets triggered by the elections, we increased our exposure to French government bonds and sold CDS protection on the Euro senior financials index. This strategy allowed us to capitalise on the market weakness and use inflows into the fund to invest in new issues from JPMorgan, Motability Operations, DCC, and NDFT (NewDay Funding). We participated in several new issues, focusing on defensive names at the front end of the curve, such as American Express and Morgan Stanley with 2028 maturities. Although we were priced out of many deals, we successfully secured positions in some, including BMW and Kroger. Additionally, we took part in new issues from Comcast, MTU Aero Engines, Canadian Imperial Bank of Commerce, Jyske Bank, Mortimer (ABS), Worldline, and Volkswagen. Overall, we maintained a light stance on credit risk and a neutral position in duration (duration is a measure of a bond's sensitivity to movements in interest rates). As the duration of the fund drifted slightly lower during the review period, we adjusted our government bond holdings by switching into slightly longer issues. For example, we moved from UK Gilt 2025 maturity to 2028 maturity, and from German bund 2024 maturity to 2025 and 2029 maturities, to bring our duration position back to a neutral stance against the benchmark. We also closed our exposure to the water sector, selling the small amount of Southern Water remaining in the fund due to the deteriorating credit situation associated with the company.

Outlook

Focusing particularly on the labour market, a key economic indicator for policy decisions, the market's interpretation of economic data fluctuates between two perspectives. Any strong economic data outputs support a bullish outlook, while any weak data fuels a bearish sentiment. This dichotomy contributes to volatility in interest rates as the economic outlook

remains uncertain. Looking ahead, Scott Bessent, nominated by Trump for the role of US Treasury Secretary, could play a significant role in shaping US monetary policy. One of Bessent's proposed policies aims to increase oil production to keep inflation down, potentially allowing the Fed to continue lowering rates. This, combined with extending tax cuts, could boost demand and consumption, though it might raise concerns among bond investors. If tariffs are implemented smoothly without harming growth, it could alleviate some worries about bond market issuance and deficits. The sequencing and details of these policies will be crucial. If tariffs are introduced first and alone, inflation could rise and growth could fall, creating uncertainty about the Fed's response. The divergence between economies is also noteworthy. Doubts about US exceptionalism are diminishing, while the eurozone, particularly Germany, appears to be weakening significantly. There is a strong possibility that the European Central Bank (ECB) might shift from a restrictive stance aimed at reducing service inflation to a more accommodative stance. This could happen even before any announcements from Trump about European tariff policy, which might further worsen the outlook. In the UK, there are increasing signs of a labour market slowdown, though the reliability of the data remains in question. The budget revealed another 'let's aim to grow into our debt' announcement, but there doesn't seem to be much growth policy yet, other than a significant tax increase to fund higher government spending. We need to see what shape the investment will take to gain more clarity.

Matthew Russell and Ben Lord

Co-fund managers

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

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

Portfolio statement

Investments

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income	473,272	97.04	97.08
Debt securities	472,567	96.90	96.87
'AAA' credit rated bonds	125,626	25.76	27.88
€1,151,000 Avoca CLO XXV DAC FRN 4.139% 15/10/2034	954	0.20	
£4,900,000 Bank of Nova Scotia FRN 5.5305% 09/03/2027	4,910	1.01	
€1,350,000 Cairn CLO XIV DAC FRN 4.072% 29/10/2034	1,120	0.23	
£1,089,454 Canada Square Funding PLC FRN 5.8382% 17/06/2058	1,091	0.22	
£5,600,000 Canadian Imperial Bank of Commerce FRN 5.3821% 30/06/2025	5,606	1.15	
£739,788 Castell PLC FRN 5.5591% 25/11/2053	740	0.15	
£9,000,000 Clydesdale Bank PLC FRN 5.4716% 22/09/2028	9,023	1.85	
£2,700,000 Commonwealth Bank of Australia FRN 5.7629% 01/11/2028	2,739	0.56	
£2,095,000 Coventry Building Society FRN 5.3910% 14/03/2028	2,097	0.43	
£1,600,000 Holmes Master Issuer PLC FRN 5.3898% 15/10/2072	1,603	0.33	
£3,805,654 Hops Hill No. 3 PLC FRN 5.7091% 21/12/2055	3,826	0.78	
€660,596 Jubilee Place BV FRN 4.045% 17/07/2058	550	0.11	
£688,535 Lanebrook Mortgage Transaction PLC FRN 5.4437% 20/07/2058	688	0.14	
£2,519,000 Leeds Building Society FRN 5.3200% 04/04/2029	2,519	0.52	
£1,099,491 Mortimer BTL PLC FRN 5.5716% 23/06/2053	1,099	0.23	
£998,113 Mortimer BTL PLC FRN 5.9216% 23/03/2054	1,000	0.20	
£2,540,163 Mortimer BTL PLC FRN 6.0416% 22/12/2056	2,554	0.52	
£2,600,000 Mortimer PLC FRN 5.7821% 22/09/2067	2,600	0.53	
£4,937,000 National Australia Bank Ltd. FRN 5.4883% 17/06/2026	4,948	1.01	
£2,300,000 National Westminster Bank PLC FRN 5.3021% 28/03/2029	2,298	0.47	
£3,400,000 Nationwide Building Society FRN 5.127% 24/02/2031	3,360	0.69	
£4,500,000 New York Life Global Funding 1.5% 15/07/2027	4,146	0.85	
£2,417,000 Newday Funding Master Issuer - Series 2024-2 FRN 5.6088% 15/07/2032	2,415	0.50	
£2,049,620 Pierpont BTL PLC FRN 5.9716% 21/09/2054	2,059	0.42	
US\$1,821,828 RIN II Ltd. FRN 6.8502% 10/09/2030	1,435	0.29	
£5,400,000 Royal Bank of Canada FRN 5.5506% 18/01/2028	5,426	1.11	
£4,700,000 Santander U.K. PLC FRN 5.2829% 12/02/2027	4,713	0.97	
£1,643,069 Satus 2024-1 FRN 5.6082% 17/01/2031	1,646	0.34	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'AAA' credit rated bonds (continued)			
£5,000,000 Skipton Building Society FRN 5.3944% 22/06/2028	5,007	1.03	
£1,718,329 Together Asset-Backed Securitisation PLC FRN 5.5132% 12/07/2063	1,718	0.35	
£2,086,839 Together Asset-Backed Securitisation PLC FRN 5.6588% 15/08/2064	2,094	0.43	
£3,590,949 Together Asset-Backed Securitisation PLC FRN 5.6853% 12/10/2065	3,597	0.74	
£3,330,442 Together Asset-Backed Securitisation PLC FRN 5.9585% 20/01/2067	3,357	0.69	
£10,200,000 Toronto-Dominion Bank FRN 5.6021% 12/06/2028	10,230	2.10	
£619,318 Tower Bridge Funding PLC FRN 5.5073% 20/11/2063	620	0.13	
£1,540,047 Tower Bridge Funding PLC FRN 5.5999% 20/12/2063	1,541	0.32	
£1,333,000 Tower Bridge Funding PLC FRN 5.7582% 20/12/2066	1,334	0.27	
£436,046 Tower Bridge Funding PLC FRN 6.2937% 20/10/2064	438	0.09	
£5,600,000 TSB Bank PLC FRN 5.3273% 14/02/2027	5,613	1.15	
£1,308,558 Tudor Rose Mortgages FRN 5.4799% 20/06/2048	1,308	0.27	
£3,258,264 Twin Bridges PLC FRN 5.6721% 12/12/2055	3,257	0.67	
£1,975,170 Twin Bridges PLC FRN 5.7521% 12/03/2055	1,977	0.41	
€2,255,000 Voya Euro CLO III DAC FRN 4.104% 15/04/2033	1,874	0.38	
£4,500,000 Yorkshire Building Society FRN 5.1770% 24/05/2029	4,496	0.92	
'AA' credit rated bonds	83,720	17.17	14.23
€1,400,000 Allianz Finance II BV 3.25% 04/12/2029	1,198	0.25	
£5,400,000 Banque Federative du Credit Mutuel SA 4.875% 25/09/2025	5,389	1.10	
£4,196,000 Canadian Imperial Bank of Commerce FRN 5.4435% 10/10/2029	4,194	0.86	
€4,300,000 Credit Agricole SA 3.375% 28/07/2027	3,637	0.75	
€2,500,000 French Republic Government Bonds OAT 2.5% 24/09/2027	2,089	0.43	
€3,200,000 LVMH Moet Hennessy Louis Vuitton SE 3.375% 05/02/2030	2,749	0.56	
£3,272,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	2,927	0.60	
£1,943,000 Metropolitan Life Global Funding I 4.125% 02/09/2025	1,931	0.40	
US\$5,000,000 Morgan Stanley Bank NA FRN 5.6220% 14/07/2028	3,947	0.81	
€2,875,000 Red & Black Auto Italy Srl FRN 3.812% 28/07/2036	2,394	0.49	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
US\$5,000,000 John Deere Capital Corp. FRN 5.7003% 08/06/2026	3,958	0.81	
€2,800,000 JPMorgan Chase & Co. FRN 4.059% 06/06/2028	2,338	0.48	
US\$5,600,000 JPMorgan Chase & Co. FRN 5.5797% 22/04/2028	4,420	0.91	
€2,147,000 Jyske Bank AS Var 2.875% 05/05/2029	1,787	0.37	
£3,400,000 KBC Group NV Var 1.25% 21/09/2027	3,180	0.65	
£3,400,000 Leeds Building Society 1.375% 06/10/2027	3,082	0.63	
£4,771,000 Lloyds Banking Group PLC Var 1.875% 15/01/2026	4,751	0.97	
US\$2,300,000 Lloyds Banking Group PLC Var 3.511% 18/03/2026	1,802	0.37	
US\$3,900,000 Mercedes-Benz Finance North America LLC 5.1% 03/08/2028	3,099	0.64	
€2,700,000 Morgan Stanley FRN 4.13% 19/03/2027	2,252	0.46	
€1,791,000 Motability Operations Group PLC 3.625% 24/07/2029	1,532	0.31	
€2,390,000 Motability Operations Group PLC 4% 17/01/2030	2,067	0.42	
€1,080,000 Nationwide Building Society 4.5% 01/11/2026	928	0.19	
US\$5,200,000 Nationwide Building Society FRN 5.8861% 16/02/2028	4,117	0.84	
£2,550,000 NatWest Group PLC Var 2.875% 19/09/2026	2,502	0.51	
US\$1,776,000 NatWest Markets PLC FRN 6.1990% 22/03/2025	1,401	0.29	
US\$4,900,000 Pfizer Investment Enterprises Pte. Ltd. 4.45% 19/05/2026	3,854	0.79	
US\$2,071,641 Slam Ltd. 2.434% 15/06/2046	1,488	0.31	
US\$1,428,000 Standard Chartered PLC Var 6.301% 09/01/2029	1,164	0.24	
US\$1,089,000 Swedbank AB 6.136% 12/09/2026	873	0.18	
€1,875,000 Swisscom Finance BV 3.5% 29/08/2028	1,608	0.33	
£1,000,000 Toyota Motor Credit Corp. 0.75% 19/11/2026	925	0.19	
£4,500,000 UBS Group AG Var 7% 30/09/2027	4,636	0.95	
€1,000,000 Volkswagen Financial Services AG 3.875% 19/11/2031	839	0.17	
£2,800,000 Volkswagen Financial Services NV 2.125% 18/01/2028	2,529	0.52	
US\$5,500,000 Wells Fargo & Co. Var 2.188% 30/04/2026	4,283	0.88	
£2,300,000 Wells Fargo & Co. Var 3.473% 26/04/2028	2,216	0.45	
£2,394,000 Yorkshire Building Society Var 7.375% 12/09/2027	2,476	0.51	
'BBB' credit rated bonds	138,377	28.37	39.11
£700,000 AA Bond Co. Ltd. 3.25% 31/07/2050	629	0.13	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£4,600,000 AA Bond Co. Ltd. 5.5% 31/07/2050	4,544	0.93	
US\$2,264,000 AerCap Ireland Capital DAC/AerCap Global Aviation Trust 2.45% 29/10/2026	1,703	0.35	
€3,520,000 AIB Group PLC Var 5.75% 16/02/2029	3,171	0.65	
€779,000 ASR Nederland NV 3.625% 12/12/2028	664	0.14	
€722,000 Autostrade per l'Italia SpA 4.25% 28/06/2032	622	0.13	
US\$4,600,000 Banco Bilbao Vizcaya Argentaria SA Var 5.862% 14/09/2026	3,639	0.75	
€2,700,000 Banco de Sabadell SA Var 5.5% 08/09/2029	2,420	0.50	
€1,978,000 Bank of Ireland Group PLC Var 4.625% 13/11/2029	1,740	0.36	
€1,197,000 Bank of Ireland Group PLC Var 4.875% 16/07/2028	1,046	0.21	
£5,600,000 BAT International Finance PLC 2.25% 26/06/2028	5,090	1.04	
US\$2,800,000 Bimbo Bakeries USA, Inc. 6.05% 15/01/2029	2,272	0.47	
£1,600,000 CaixaBank SA Var 3.5% 06/04/2028	1,548	0.32	
US\$1,910,000 CaixaBank SA Var 6.208% 18/01/2029	1,550	0.32	
US\$4,500,000 Celanese U.S. Holdings LLC 6.165% 15/07/2027	3,605	0.74	
US\$1,259,000 CNH Industrial Capital LLC 3.95% 23/05/2025	986	0.20	
€2,300,000 Coca-Cola HBC Finance BV 1% 14/05/2027	1,840	0.38	
€1,995,000 Coca-Cola HBC Finance BV 3.125% 20/11/2032	1,670	0.34	
€3,480,000 Corning, Inc. 3.875% 15/05/2026	2,933	0.60	
£4,000,000 CPMK Finance Ltd. 3.588% 28/02/2042	3,963	0.81	
€1,800,000 Crelan SA Var 5.25% 23/01/2032	1,630	0.33	
€2,700,000 Danone SA 3.481% 03/05/2030	2,318	0.47	
€2,752,000 DCC Group Finance Ireland DAC 4.375% 27/06/2031	2,370	0.49	
€2,800,000 Deutsche Bank AG Var 1.75% 19/11/2030	2,154	0.44	
£4,300,000 Deutsche Pfandbriefbank AG 7.625% 08/12/2025	4,310	0.88	
€2,342,000 E.ON SE 2.875% 26/08/2028	1,965	0.40	
€3,205,000 Eurobank SA Var 4.875% 30/04/2031	2,844	0.58	
€1,708,000 Eurofins Scientific SE 4.75% 06/09/2030	1,483	0.30	
€2,678,000 Ford Motor Credit Co. LLC 4.867% 03/08/2027	2,311	0.47	
US\$3,400,000 Ford Motor Credit Co. LLC FRN 6.0688% 05/11/2026	2,680	0.55	
€1,429,000 General Mills, Inc. 3.65% 23/10/2030	1,229	0.25	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$4,500,000 General Motors Financial Co., Inc. 5.4% 08/05/2027	3,589	0.74	
€1,300,000 Grand City Properties SA 4.375% 09/01/2030	1,116	0.23	
€2,300,000 Hamburg Commercial Bank AG 4.5% 24/07/2028	1,954	0.40	
£1,281,000 Hiscox Ltd. 6% 22/09/2027	1,305	0.27	
€1,224,000 IHG Finance LLC 4.375% 28/11/2029	1,070	0.22	
£3,400,000 Informa PLC 3.125% 05/07/2026	3,293	0.67	
€5,600,000 Intesa Sanpaolo SpA 5.25% 13/01/2030	5,155	1.06	
US\$5,100,000 Kroger Co. 4.9% 15/09/2031	4,032	0.83	
€2,412,000 Mexico Government International Bonds 4.4899% 25/05/2032	2,031	0.42	
€1,090,000 MTU Aero Engines AG 3.875% 18/09/2031	939	0.19	
US\$1,529,000 NextEra Energy Capital Holdings, Inc. 6.051% 01/03/2025	1,206	0.25	
US\$1,758,000 Pacific Gas & Electric Co. 4.95% 08/06/2025	1,382	0.28	
€4,100,000 Pernod Ricard SA 3.375% 07/11/2030	3,478	0.71	
€1,000,000 Raiffeisen Bank International AG Var 4.625% 21/08/2029	861	0.18	
€5,400,000 RWE AG 2.75% 24/05/2030	4,447	0.91	
£3,700,000 Telereal Securitisation PLC Var 7.9687% 10/12/2033	3,404	0.70	
£1,200,000 Tesco PLC FRN 6.5896% 05/11/2025	2,357	0.48	
US\$6,200,000 T-Mobile USA, Inc. 4.95% 15/03/2028	4,916	1.01	
€5,025,000 UniCredit SpA Var 4.6% 14/02/2030	4,432	0.91	
€1,200,000 Vier Gas Transport GmbH 4% 26/09/2027	1,026	0.21	
€1,200,000 Vonovia SE 0.375% 16/06/2027	939	0.19	
€5,616,000 Warnermedia Holdings, Inc. 4.302% 17/01/2030	4,759	0.98	
£5,150,000 Whitbread Group PLC 3.375% 16/10/2025	5,060	1.04	
€1,100,000 Worldline SA 4.125% 12/09/2028	900	0.18	
€2,200,000 Worldline SA 5.25% 27/11/2029	1,863	0.38	
€2,270,000 WPP Finance 2013 3.625% 12/09/2029	1,934	0.40	
'BB' credit rated bonds	0	0.00	1.16
Debt derivatives	705	0.14	0.21
Credit default swaps	705	0.14	0.21
€(10,000,000) iTraxx Europe S38 20/12/2027	154	0.03	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt derivatives (continued)			
Credit default swaps (continued)			
€(12,000,000) iTraxx Europe S39 20/06/2028	195	0.04	
€(20,000,000) iTraxx Europe S41 20/06/2029	356	0.07	
Currency	(1,813)	(0.37)	(0.10)
Forward currency contracts	(1,813)	(0.37)	(0.10)
€(151,571,235) Sold for £125,705,764 (expires 11.12.24)	(399)	(0.08)	
US\$(122,961,499) Sold for £95,418,893 (expires 11.12.24)	(1,414)	(0.29)	
Total portfolio	471,459	96.67	96.98
Net other assets/(liabilities)	16,234	3.33	3.02
Net assets attributable to shareholders	487,693	100.00	100.00

Portfolio statement

Top ten portfolio transactions for the six months to
30 November 2024

Largest purchases	£'000
U.K. Gilts 4.5% 07/06/2028	38,377
BAT International Finance PLC 2.25% 26/06/2028	5,082
U.S. Treasury Inflation-Indexed Bonds 2% 15/01/2026	4,915
American Express Co. FRN 5.5721% 26/07/2028	4,318
Canadian Imperial Bank of Commerce FRN 5.4435% 10/10/2029	4,196
Kroger Co. 4.9% 15/09/2031	3,914
Together Asset-Backed Securitisation PLC FRN 5.6853% 12/10/2065	3,838
Morgan Stanley Bank NA FRN 5.6220% 14/07/2028	3,836
Warnermedia Holdings, Inc. 4.302% 17/01/2030	3,553
Twin Bridges PLC FRN 5.6721% 12/12/2055	3,309
Other purchases	70,220
Total purchases	145,558

Largest sales	£'000
U.K. Gilts 3.5% 22/10/2025	26,215
U.K. Gilts 4.5% 07/06/2028	15,369
Marks & Spencer PLC 3.75% 19/05/2026	4,649
BAT Capital Corp. 6.343% 02/08/2030	4,129
Hewlett Packard Enterprise Co. 5.9% 01/10/2024	4,117
International Bank for Reconstruction & Development FRN 5.6554% 22/11/2028	3,122
Stratton Mortgage Funding PLC FRN 5.9294% 12/12/2043	2,142
Deutsche Bank AG Var 4.125% 04/04/2030	2,069
Southern Water Services Finance Ltd. 1.625% 30/03/2027	1,680
UBS AG FRN 5.8131% 09/08/2024	1,424
Other sales	2,238
Total sales	67,154

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+3.4	+3.2	+2.6	+2.2
Class 'A' Accumulation	+3.4	n/a	n/a	n/a
Class 'I' Income	+3.6	+3.5	+2.9	+2.4
Class 'I' Accumulation	+3.6	+3.5	n/a	n/a
Class 'PP' Income	+3.6	+3.6	+3.0	n/a
Class 'PP' Accumulation	+3.6	+3.6	+3.0	n/a
Benchmark^b	+4.4	+2.8	+2.1	+1.9

^a Not annualised.

^b The comparator benchmark was introduced on 13 March 2018. Before this date, the fund was not managed with reference to the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged).

Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 29 January 1993.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	26,520	27,389	36,358
Number of shares	105,448,104	110,002,845	147,861,659
Closing NAV per share (UK p)	25.15	24.90	24.59
Operating charges (%)	0.50	0.50	0.50

Sterling Class 'I' Income shares

The share class was launched on 9 November 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	281,245	282,044	301,298
Number of shares	27,506,224	27,897,997	30,253,066
Closing NAV per share (UK p)	1,022.48	1,010.98	995.93
Operating charges (%)	0.25	0.25	0.25

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	20,423	15,227	14,725
Number of shares	20,581,463	15,526,811	15,256,798
Closing NAV per share (UK p)	99.23	98.07	96.51
Operating charges (%)	0.15	0.15	0.15

Sterling Class 'A' Accumulation shares

The share class was launched on 27 April 2023.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	1,861	1,588	186
Number of shares	1,689,154	1,493,523	186,523
Closing NAV per share (UK p)	110.17	106.36	99.71
Operating charges (%)	0.50	0.50	0.50

Sterling Class 'I' Accumulation shares

The share class was launched on 15 May 2020.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	68,504	45,732	22,356
Number of shares	59,421,940	41,138,258	21,502,385
Closing NAV per share (UK p)	115.28	111.17	103.97
Operating charges (%)	0.25	0.25	0.25

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	89,140	39,039	35,647
Number of shares	75,761,277	34,425,843	33,645,998
Closing NAV per share (UK p)	117.66	113.40	105.95
Operating charges (%)	0.15	0.15	0.15

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		5,192		4,758
Revenue	11,285		11,380	
Expenses	(556)		(594)	
Interest payable and similar charges	(6)		(1)	
Net revenue/(expense) before taxation	10,723		10,785	
Taxation	0		(13)	
Net revenue/(expense) after taxation		10,723		10,772
Total return before distributions		15,915		15,530
Distributions		(11,154)		(11,305)
Change in net assets attributable to shareholders from investment activities		4,761		4,225

Statement of change in net assets attributable to shareholders

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		411,019		410,570
Amounts received on issue of shares	106,377		166,763	
Amounts paid on cancellation of shares	(37,711)		(115,998)	
		68,666		50,765
Dilution adjustments		89		265
Change in net assets attributable to shareholders from investment activities (see above)		4,761		4,225
Retained distributions on Accumulation shares		3,157		1,597
Unclaimed distributions		1		2
Closing net assets attributable to shareholders		487,693		467,424

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

as at	30 November 2024 £'000	31 May 2024 £'000
Assets		
Fixed assets		
Investments	473,272	399,016
Current assets		
Debtors	6,070	4,688
Cash and bank balances	5,972	5,207
Cash equivalents	9,297	14,120
Total assets	494,611	423,031
Liabilities		
Investment liabilities	(1,813)	(400)
Creditors		
Overdrawn positions at futures clearing houses and collateral manager	(771)	(941)
Distribution payable	(4,080)	(4,394)
Other creditors	(254)	(6,277)
Total liabilities	(6,918)	(12,012)
Net assets attributable to shareholders	487,693	411,019

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

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.

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

* 70% FTSE All-Share Index and 30% FTSE Actuaries UK Conventional Gilts All Stocks Index.

Investment policy

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

The fund may invest in other transferable securities, including equities and equity-related instruments of non-UK companies, investment grade debt securities, and cash and near cash, directly or via funds (including funds managed by M&G). Debt securities are issued by companies, or issued or guaranteed by government or public issuers, located anywhere in the world, and will be denominated in GBP.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment, concentrating on analysis and selection of individual companies.

The fund typically invests in a diversified portfolio of high-yielding UK stocks. This means that there is generally a bias towards out-of-favour, undervalued stocks. From the universe of high-yielding stocks, the

fund manager identifies good-quality companies that are competitive, with a strong business franchise, healthy cashflows and that have attractive dividend growth prospects.

The fund manager also allocates part of the portfolio to debt securities. Investments in debt securities primarily aim to reduce the volatility of the fund, whilst providing an alternative stable source of income.

Benchmark

Yield – FTSE All-Share Index

Total return – a composite index comprising:

- 70% FTSE All-Share Index
- 30% FTSE Actuaries UK Conventional Gilts All Stocks Index

The benchmarks are targets which the fund seeks to outperform, and have been chosen as they best reflect the scope of the fund's investment policy. The benchmarks are used solely to measure the fund's performance and do not constrain the fund's portfolio construction.

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

The total return benchmark is shown in the share class currency.

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.

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Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 six months ended 30 November 2024

Performance against objective

Over the reporting period, the M&G UK Income Distribution Fund delivered positive total returns (the combination of income and growth of capital) across all its sterling share classes. The fund's 'A' Share class was broadly in line with its composite benchmark, consisting of 70% FTSE All-Share Index and 30% FTSE Actuaries UK Conventional Gilts All Stocks Index, which posted 2.2% over the same period. However, the fund's 'I' and 'R' share classes marginally outperformed the benchmark for the reporting period.

Over five years, the fund delivered positive annualised total returns across all its share classes. The fund's 'I' and 'R' share classes met its objective of delivering a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than its composite benchmark, which returned 3.0% pa over this period. However, the fund's 'A' share class was

fractionally below that of the benchmark so the fund did not meet its objective.

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.

The fund also aims to provide a higher total yield (level of income returned) than the FTSE All-Share Index, as well as an income stream that increases every year. As of 30 November 2024, it yielded between 5.67% (Sterling Class 'I' Income shares) and 5.72% (Sterling Class 'A' Income shares). This represents a premium of around 60% relative to the FTSE All-Share Index at 3.54%, meeting the objective to outperform the benchmark yield. Income distributed for the Sterling Class 'I' shares and the Sterling Class 'A' shares was broadly flat compared to the same period last year. Two quarterly distributions of 6.60p per Sterling Class 'A' Income shares were declared in respect of the review period, making a total distribution of 13.20p per Income share. This was unchanged from the corresponding period last year for Sterling Class 'A' shares but changed for Sterling Class 'I' shares.

Performance review

The global economy has shown signs of stabilisation, driven largely by easing inflation, which has prompted major central banks, including the US Federal Reserve (Fed) and the Bank of England (BoE), to reduce interest rates for the first time in over four years. In August, the BoE cut its key rate by 0.25 percentage points to 5%, followed by a further reduction in November. Similarly, the Fed lowered its rate by 50 basis points to a range of 4.75%-5% in September, with another cut occurring in December (shortly after the end of this reporting period), bringing it down to 4.25%-4.5%. The UK equity market has responded positively to these monetary policy changes. The FTSE 100 index reached an all-time high in May 2024 and has shown a year-to-date increase of approximately 11%, while the more domestically focused FTSE 250 returned approximately 9% to the end of November 2024.

The UK equity markets demonstrated robust performance over the six-month period ending in

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November 2024, particularly against the backdrop of global market volatility. Notably, the UK market outperformed all other major developed markets in November, buoyed by a sense of relief following the government's budget announcement and a stabilising economic environment. The third quarter had been tumultuous for equity markets, with significant fluctuations driven by external factors such as disappointing manufacturing data and declining payrolls in the US, which sparked recession fears. This uncertainty intensified when the Bank of Japan unexpectedly raised interest rates, leading many investors to quickly unwind their yen carry trades – a change in the relative levels of interest rates in Japan and the US caused a sudden mass exodus of investors from a once-profitable strategy. Despite these challenges, the UK market showed remarkable resilience; from July 16 to August 5, it fell only 2.5%, while the global index dropped approximately 7.9% during the same peak-to-trough period of the S&P 500. As a result, the UK equity market has proven to be a valuable diversifier during times of market turbulence, highlighting its strength and stability in a shifting global landscape.

Against this backdrop, the fund's equity portion marginally underperformed the FTSE All-Share index. Overall sector allocation positively impacted relative performance, this was more than offset by security selection. The fund's above-market exposure to the financial sector was beneficial, although stock selection within this sector detracted from overall performance. Our above benchmark (overweight) positions in telecommunications and utilities boosted relative returns, particularly due to favourable stock choices in these sectors. Conversely, our below benchmark (underweight) position in consumer discretionary and overweight exposure to the energy sector negatively impacted performance.

At the individual stock level, some of our best contributors were our overweight holdings in Imperial Brands and BAT (British American Tobacco), which outperformed the FTSE All-Share in absolute terms. Both Imperial Brands and BAT continue to engage in

significant share buybacks and have plans to buy back a significant portion of their equity in financial year 2024. This combined with an 8-10% yield continues to provide an attractive opportunity for the fund, in our view. On the other hand, our overweight position in BP, amid lower oil prices and the pressure to transition to renewable energy, detracted from performance. Our overweight to BP was partially offset by an underweight position to Shell over the reporting period. However, BP's share price has been weak compared to Shell where we hold an underweight. Shell's management execution has been rewarded with strong share price performance while BP has struggled to garner momentum. We do not believe this to be reflective of underlying business value and expect the relative performance to reverse over the longer term.

The fund's fixed income and equity allocation comfortably outperformed the FTSE Actuaries UK Conventional Gilts All Stocks Index. This outperformance was driven by the portfolio's preference for corporate debt, which outperformed government bonds.

Investment activities

In terms of portfolio activity, we initiated several new positions where we found yields particularly compelling. Specifically, we invested in the consumer staples sector via Reckitt Benckiser, as the opportunity to own a high quality business with an attractive yield became available. We also initiated positions in the industrials sector (RWS), consumer discretionary sector (Dowlais) and infrastructure (HicL Infrastructure) as excessive weakness in the shares drove the dividend yield to attractive levels. Conversely, we divested from certain companies in the communications and media sectors (Vodafone, WPP), the financial sector (Hargreaves Lansdown, Direct Line Insurance, Middlefield Canadian Income Trust, Close Brothers), the industrials sector (PageGroup, International Distribution Services, Atrato Onsite Energy), and real estate (abrdn Property Income Trust). A number of exits on the fund were related to mergers and acquisitions (M&A) activity – Hargreaves Lansdown, International Distribution Services, Atrato Onsite Energy and abrdn Property Income Trust Ltd.

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As of the end of November 2024, the fund was approximately 72% invested in equities and 28% in bonds. The fund has maintained a slight overweight exposure to equities at the expense of bonds, relative to the benchmark index. Within equities, the fund has an overweight exposure to financials and utilities, along with a small above-market position in telecommunication companies. Meanwhile, we remain underweight in industrials and consumer discretionary sectors on yield grounds.

Within bonds, we made new purchases while maintaining the fund's high-quality, defensive tilt. Additionally, we tactically invested in short-dated UK bonds (gilts), which were offering higher yields than those with longer maturities. These purchases increased the fund's duration, or sensitivity to interest rate changes. Our fixed income purchases included Yorkshire Building Society, European Investment Bank, Great Portland Estates, Heathrow Funding, Comcast, and Southern Gas Networks. We also sold our fixed income exposure in Thames Water Utilities, which further added to our duration exposure. Furthermore, we increased our exposure to financial sector bonds, including those from Morgan Stanley, Royal Bank of Canada, Aareal Bank, Cadent Finance, Comcast, and E.ON International Finance.

Outlook

The fund delivered a one year income growth of c. 1.8% to its May 2024 financial year end. We continue to target the income growth objective but given the considerable increase in income in the prior two years this may prove to be a more challenging task this financial year.

We believe the outlook for UK equities remains positive, particularly in the income space, as the market continues to offer attractive dividend yields. The UK remains, in our view, one of the highest dividend yielding markets on offer with many multinational companies in sectors expected to benefit from stabilising interest rates and strong demand, providing reliable income streams for investors. An attractive dividend market is not the only reason we remain happy investors, buybacks and M&A activity continue to be a

key feature of the UK market. Corporate buyers (through M&A) and UK plc (through buybacks) remain significant buyers of UK equities. We think this reflects a UK discount that won't last forever. Today, our investors have the opportunity to invest in UK companies that are growing earnings and dividends whilst also buying back shares at a large discount to global competitors. In our view, this is an opportunity for investors to hold these companies and allow the market to realise their intrinsic value over time. After an extended period of significant outflows from the UK market, the importance of the prospect of a period of political stability should not be underestimated, particularly in the context of global markets. If sentiment towards the UK continues to improve as we anticipate, there's ample room for the market to be re-rated, making this an exciting time for the UK equity market.

Elina Symon

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities	306,377	72.43	74.73
Software & computer services	2,386	0.56	0.76
1,210,000 MONY Group PLC	2,386	0.56	
Telecommunication service providers	7,721	1.83	2.44
4,850,000 BT Group PLC	7,721	1.83	
Pharmaceuticals & biotechnology	24,856	5.88	7.78
121,000 AstraZeneca PLC	12,819	3.03	
900,000 GSK PLC	12,037	2.85	
Banks	39,392	9.31	8.76
3,140,000 HSBC Holdings PLC	23,007	5.44	
12,000,000 Lloyds Banking Group PLC	6,396	1.51	
6,250 Nationwide Building Society 10.25% CCD Non-cum. Irrd. Pref.	819	0.19	
2,030,000 NatWest Group PLC	8,097	1.92	
900,000 Standard Chartered PLC 8.25% Non-cum. Irrd. Pref.	1,073	0.25	
Finance & credit services	2,806	0.66	0.54
700,000 OSB Group PLC	2,806	0.66	
Investment banking & brokerage services	18,876	4.46	4.95
2,500,000 abrdrn PLC	3,550	0.84	
1,400,000 Ashmore Group PLC	2,464	0.58	
7,100,000 Duke Capital Ltd. ^a	1,988	0.47	
396,429 EF Realisation Co. Ltd. ^b	0	0.00	
295,000 IG Group Holdings PLC	2,813	0.66	
80,000 Intermediate Capital Group PLC	1,691	0.40	
3,000,000 Lloyds Banking Group PLC 9.25% Non-cum. Irrd. Pref.	4,134	0.98	
500,000 Petershill Partners PLC	1,228	0.29	
280,000 XPS Pensions Group PLC	1,008	0.24	
Closed-ended investments	6,484	1.53	1.49
1,015,000 BBGI Global Infrastructure SA	1,287	0.30	
1,250,000 Hicli Infrastructure PLC	1,488	0.35	
1,150,000 International Public Partnerships Ltd.	1,440	0.34	
3,132,267 Taylor Maritime Investments Ltd.	2,269	0.54	
Life insurance	26,683	6.31	6.24
1,460,000 Aviva PLC	7,030	1.66	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Life insurance (continued)			
1,500,000 Aviva PLC 8.375% Cum. Irrd. Pref.	1,957	0.46	
1,700,000 Chesnara PLC	4,250	1.01	
2,670,000 Legal & General Group PLC	5,938	1.40	
1,455,000 Phoenix Group Holdings PLC	7,508	1.78	
Non-life insurance	12,176	2.88	2.76
485,000 Conduit Holdings Ltd.	2,347	0.56	
2,600,000 General Accident PLC 7.875% Cum. Irrd. Pref.	3,120	0.74	
1,400,000 General Accident PLC 8.875% Cum. Irrd. Pref.	1,904	0.45	
450,000 Lancashire Holdings Ltd.	2,840	0.67	
1,500,000 Sabre Insurance Group PLC	1,965	0.46	
Real estate investment & services	840	0.20	0.36
8,403,680 Grit Real Estate Income Group Ltd.	840	0.20	
Real estate investment trusts	9,249	2.19	2.01
613,713 British Land Co. PLC	2,403	0.57	
2,000,000 Channel Islands Property Fund Ltd.	1,600	0.38	
1,870,260 Home REIT PLC ^b	266	0.06	
400,000 Land Securities Group PLC	2,434	0.58	
2,787,413 NewRiver REIT PLC	2,155	0.51	
314,285 Regional REIT Ltd.	391	0.09	
Automobiles & parts	1,485	0.35	0.00
2,500,000 Dowlais Group PLC	1,485	0.35	
Household goods & home construction	4,453	1.05	1.31
3,385,000 Taylor Wimpey PLC	4,396	1.04	
269,116 Watkin Jones PLC ^a	57	0.01	
Personal goods	2,709	0.64	0.44
300,000 Burberry Group PLC	2,709	0.64	
Media	6,899	1.63	2.19
4,400,000 ITV PLC	3,207	0.76	
3,650,465 Reach PLC	3,260	0.77	
200,000 STV Group PLC	432	0.10	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Retailers			
185,000 Dunelm Group PLC	2,117	0.50	
1,300,000 Wickes Group PLC	1,908	0.45	
Travel & leisure			
270,000 Entain PLC	2,178	0.51	
Tobacco			
610,000 British American Tobacco PLC	18,209	4.31	
610,000 Imperial Brands PLC	15,701	3.71	
Personal care, drug & grocery stores			
55,000 Reckitt Benckiser Group PLC	2,665	0.63	
88,500 Unilever PLC	4,181	0.99	
Construction & materials			
350,000 Kier Group PLC	517	0.12	
300,000 Marshalls PLC	959	0.23	
3,800,000 Severfield PLC	1,900	0.45	
General industrials			
645,000 DS Smith PLC	3,747	0.89	
Industrial engineering			
530,000 Vesuvius PLC	2,231	0.53	
Industrial support services			
300,000 FDM Group Holdings PLC	961	0.23	
200,000 Inchcape PLC	1,546	0.37	
186,350 PayPoint PLC	1,543	0.36	
557,802 RWS Holdings PLC	857	0.20	
2,640,000 Smiths News PLC	1,653	0.39	
Industrial transportation			
	0	0.00	0.62
Industrial metals & mining			
34,000 Anglo American PLC	837	0.20	
600,000 Central Asia Metals PLC ^a	977	0.23	
830,000 Kenmare Resources PLC	2,826	0.67	
280,000 Rio Tinto PLC	13,748	3.25	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Chemicals			
215,000 Victrex PLC	1,870	0.44	0.33
Oil & gas			
4,880,000 BP PLC	18,781	4.44	
310,206 Diversified Energy Co. PLC	3,961	0.94	
380,000 Shell PLC	9,620	2.27	
Electricity			
545,000 Drax Group PLC	3,651	0.86	
160,000 SSE PLC	2,841	0.67	
Gas, water & multi-utilities			
1,260,000 National Grid PLC	12,537	2.96	
614,000 Pennon Group PLC	3,718	0.88	
100,000 United Utilities Group PLC	1,122	0.27	
Fixed income			
Debt securities			
'AAA' credit rated bonds			
£1,500,000 Aareal Bank AG 5% 10/03/2028	1,510	0.36	
£1,300,000 African Development Bank 0.875% 16/12/2024	1,298	0.31	
£647,000 Commonwealth Bank of Australia FRN 5.3570% 16/01/2025	647	0.15	
£1,300,000 European Investment Bank 1.375% 07/03/2025	1,289	0.30	
£1,500,000 European Investment Bank 3.625% 22/10/2029	1,462	0.35	
£2,000,000 Inter-American Development Bank 4% 17/12/2029	1,979	0.47	
£1,300,000 International Bank for Reconstruction & Development 0.875% 13/12/2024	1,298	0.31	
£1,500,000 Kreditanstalt fuer Wiederaufbau 0.75% 07/12/2027	1,352	0.32	
£295,000 Leeds Building Society FRN 5.3498% 15/01/2025	295	0.07	
£607,000 New York Life Global Funding 1.25% 17/12/2026	567	0.13	
£700,000 New York Life Global Funding 4.35% 16/09/2025	697	0.16	
£1,000,000 Yorkshire Building Society FRN 5.1770% 24/05/2029	999	0.24	
'AA' credit rated bonds			
£1,500,000 Banque Federative du Credit Mutuel SA 1.875% 26/10/2028	1,343	0.32	
£1,258,000 Canadian Imperial Bank of Commerce FRN 5.4435% 10/10/2029	1,257	0.30	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'AA' credit rated bonds (continued)			
£1,286,000 DNB Bank ASA Var 2.625% 10/06/2026	1,269	0.30	
£933,000 MassMutual Global Funding II 1.375% 15/12/2026	871	0.21	
£971,000 Metropolitan Life Global Funding I 5% 10/01/2030	981	0.23	
£730,000 Nestle Capital Corp. 4.5% 22/03/2029	731	0.17	
£627,000 Nestle Holdings, Inc. 0.625% 18/12/2025	601	0.14	
£3,000,000 Procter & Gamble Co. 1.375% 03/05/2025	2,957	0.70	
£1,221,000 Protective Life Global Funding 5.248% 13/01/2028	1,238	0.29	
£89,437 Telereal Securitisation PLC 1.3657% 10/12/2033	79	0.02	
£2,500,000 U.K. Gilts 0.375% 22/10/2026	2,333	0.55	
£4,000,000 U.K. Gilts 0.5% 31/01/2029	3,473	0.82	
£2,000,000 U.K. Gilts 1.125% 31/01/2039	1,311	0.31	
£1,900,000 U.K. Gilts 3.5% 22/10/2025	1,883	0.45	
'A' credit rated bonds	41,645	9.84	7.01
£742,000 American Honda Finance Corp. 5.6% 06/09/2030	766	0.18	
£1,000,000 Bank of America Corp. Var 1.667% 02/06/2029	899	0.21	
£999,000 Bank of America Corp. Var 3.584% 27/04/2031	937	0.22	
£1,500,000 Bank of Nova Scotia 1.25% 17/12/2025	1,443	0.34	
£800,000 Barclays PLC Var 6.369% 31/01/2031	833	0.20	
£484,000 Barclays PLC Var 7.09% 06/11/2029	513	0.12	
£1,300,000 BNP Paribas SA 1.875% 14/12/2027	1,186	0.28	
£700,000 BPCE SA 1.375% 23/12/2026	651	0.15	
£700,000 BPCE SA 6.125% 24/05/2029	719	0.17	
£874,000 Canadian Imperial Bank of Commerce 1.625% 25/09/2025	850	0.20	
£807,000 Caterpillar Financial Services Corp. 5.72% 17/08/2026	819	0.19	
£430,000 CK Hutchison Group Telecom Finance SA 2% 17/10/2027	393	0.09	
£600,000 Comcast Corp. 5.5% 23/11/2029	620	0.15	
£523,000 Coventry Building Society Var 5.875% 12/03/2030	533	0.13	
£644,000 Coventry Building Society Var 7% 07/11/2027	665	0.16	
£1,116,000 Equitable Financial Life Global Funding 6.375% 02/06/2028	1,165	0.28	
£459,000 Experian Finance PLC 0.739% 29/10/2025	442	0.10	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
£1,500,000 Goldman Sachs Group, Inc. 3.125% 25/07/2029	1,397	0.33	
£1,360,000 Heathrow Funding Ltd. 2.75% 13/10/2031	1,232	0.29	
£1,100,000 Henkel AG & Co. KGaA 1.25% 30/09/2026	1,037	0.25	
£2,000,000 HSBC Holdings PLC Var 2.256% 13/11/2026	1,946	0.46	
£421,000 HSBC Holdings PLC Var 3% 22/07/2028	399	0.09	
£500,000 HSBC Holdings PLC Var 3% 29/05/2030	457	0.11	
£1,300,000 ING Groep NV 3% 18/02/2026	1,270	0.30	
£1,000,000 John Deere Bank SA 5.125% 18/10/2028	1,019	0.24	
£1,275,000 JPMorgan Chase & Co. Var 0.991% 28/04/2026	1,253	0.30	
£500,000 Landesbank Baden-Wuerttemberg 1.5% 03/02/2025	497	0.12	
£500,000 Lloyds Banking Group PLC Var 2% 12/04/2028	467	0.11	
£1,525,000 London Merchant Securities Ltd. 6.5% 16/03/2026	1,540	0.36	
£369,000 McKesson Corp. 3.125% 17/02/2029	346	0.08	
£1,500,000 Mercedes-Benz International Finance BV 5.625% 17/08/2026	1,518	0.36	
£1,500,000 Morgan Stanley Var 5.213% 24/10/2035	1,489	0.35	
£712,000 Nationwide Building Society Var 6.178% 07/12/2027	728	0.17	
£406,000 NatWest Group PLC Var 2.057% 09/11/2028	374	0.09	
£619,000 NatWest Group PLC Var 3.125% 28/03/2027	603	0.14	
£918,000 Notting Hill Genesis 3.25% 12/10/2048	617	0.15	
£1,242,000 Realty Income Corp. 1.125% 13/07/2027	1,124	0.27	
£1,493,000 Royal Bank of Canada 4.875% 01/11/2030	1,489	0.35	
£1,503,000 TotalEnergies Capital International SA 1.75% 07/07/2025	1,475	0.35	
£1,343,000 Toyota Motor Credit Corp. 0.75% 19/11/2026	1,242	0.29	
£1,231,000 UBS Group AG Var 1.875% 03/11/2029	1,095	0.26	
£2,000,000 Volkswagen Financial Services NV 6.5% 18/09/2027	2,046	0.48	
£1,500,000 Yorkshire Building Society Var 7.375% 12/09/2027	1,551	0.37	
'BBB' credit rated bonds	41,307	9.76	12.10
£2,000,000 ABN AMRO Bank NV 5.125% 22/02/2028	2,014	0.48	
£794,000 Akelius Residential Property AB 2.375% 15/08/2025	777	0.18	
£1,750,000 Amgen, Inc. 5.5% 07/12/2026	1,772	0.42	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£326,000 Annington Funding PLC 4.75% 09/08/2033	299	0.07	
£1,214,000 Arountown SA 3% 16/10/2029	1,043	0.25	
£800,000 Babcock International Group PLC 1.875% 05/10/2026	754	0.18	
£880,000 Cadent Finance PLC 2.25% 10/10/2035	645	0.15	
£1,125,000 Cadent Finance PLC 5.75% 14/03/2034	1,147	0.27	
£700,000 CaixaBank SA Var 3.5% 06/04/2028	677	0.16	
£846,000 Channel Link Enterprises Finance PLC Var 3.043% 30/06/2050	755	0.18	
£1,500,000 Deutsche Bank AG Var 6.125% 12/12/2030	1,541	0.36	
£2,000,000 Deutsche Pfandbriefbank AG 7.625% 08/12/2025	2,005	0.47	
£208,000 Deutsche Telekom AG 3.125% 06/02/2034	181	0.04	
£1,000,000 Digital Stout Holding LLC 3.75% 17/10/2030	928	0.22	
£513,000 DP World Ltd. 4.25% 25/09/2030	489	0.12	
£600,000 E.ON International Finance BV 6.375% 07/06/2032	641	0.15	
£950,000 Electricite de France SA 6.125% 02/06/2034	974	0.23	
£734,000 Ford Motor Credit Co. LLC 4.535% 06/03/2025	731	0.17	
£228,000 Great Portland Estates PLC 5.375% 25/09/2031	225	0.05	
£1,859,000 Hammerson PLC 3.5% 27/10/2025	1,830	0.43	
£926,000 Holcim Sterling Finance Netherlands BV 3% 12/05/2032	803	0.19	
£1,007,000 Informa PLC 3.125% 05/07/2026	975	0.23	
£658,000 Lloyds Banking Group PLC Var 1.985% 15/12/2031	617	0.15	
£492,000 Lloyds Banking Group PLC Var 2.707% 03/12/2035	414	0.10	
£1,034,000 Logicor Financing SARL 2.75% 15/01/2030	897	0.21	
£205,000 Next Group PLC 3% 26/08/2025	202	0.05	
£874,000 Rentokil Initial PLC 5% 27/06/2032	850	0.20	
£1,390,000 Rolls-Royce PLC 3.375% 18/06/2026	1,355	0.32	
£1,340,000 Santander U.K. Group Holdings PLC Var 7.098% 16/11/2027	1,383	0.33	
£201,000 Severn Trent Utilities Finance PLC 2.625% 22/02/2033	165	0.04	
£368,000 Severn Trent Utilities Finance PLC 4.625% 30/11/2034	346	0.08	
£353,000 Severn Trent Utilities Finance PLC 5.25% 04/04/2036	345	0.08	
£1,400,000 Societe Generale SA 1.25% 07/12/2027	1,254	0.30	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£800,000 Southern Gas Networks PLC 3.1% 15/09/2036	624	0.15	
£1,422,000 SP Transmission PLC 2% 13/11/2031	1,186	0.28	
£1,384,000 Swedbank AB Var 7.272% 15/11/2032	1,445	0.34	
£1,000,000 Telefonica Emisiones SA 5.375% 02/02/2026	1,003	0.24	
£1,500,000 Tesco Corporate Treasury Services PLC 1.875% 02/11/2028	1,339	0.32	
£101,000 Tesco Corporate Treasury Services PLC 2.5% 02/05/2025	100	0.02	
£1,005,000 UNITE Group PLC 3.5% 15/10/2028	951	0.23	
£998,000 Virgin Money U.K. PLC Var 3.375% 24/04/2026	990	0.23	
£220,000 Wessex Water Services Finance PLC 5.125% 31/10/2032	209	0.05	
£2,530,000 Westfield America Management Ltd. 2.125% 30/03/2025	2,504	0.59	
£2,000,000 Yorkshire Water Finance PLC 5.25% 28/04/2030	1,922	0.45	
'BB' credit rated bonds	0	0.00	0.47
Total portfolio	423,049	100.01	101.42
Net other assets/(liabilities)	(50)	(0.01)	(1.42)
Net assets attributable to shareholders	422,999	100.00	100.00

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

^a AIM quoted.

^b Suspended/delisted.

Portfolio statement

Top ten portfolio transactions for the six months to 30 November 2024

Largest purchases	£'000
Reckitt Benckiser Group PLC	2,503
U.K. Treasury Bills 0% 11/11/2024	2,480
National Grid PLC	1,966
U.K. Gilts 3.5% 22/10/2025	1,883
Lloyds Banking Group PLC	1,818
Dowlais Group PLC	1,557
Hicl Infrastructure PLC	1,550
Morgan Stanley Var 5.213% 24/10/2035	1,499
Aareal Bank AG 5% 10/03/2028	1,498
European Investment Bank 3.625% 22/10/2029	1,493
Other purchases	25,043
Total purchases	43,290

Largest sales	£'000
Vodafone Group PLC	4,471
Hargreaves Lansdown PLC	3,730
SSE PLC	2,568
U.K. Treasury Bills 0% 19/08/2024	2,500
U.K. Treasury Bills 0% 09/09/2024	2,500
U.K. Treasury Bills 0% 11/11/2024	2,500
DS Smith PLC	2,459
HSBC Holdings PLC	2,349
International Distribution Services PLC	1,969
AstraZeneca PLC	1,873
Other sales	36,395
Total sales	63,314

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+2.2	+4.9	+3.0	+4.3
Class 'A' Accumulation	+2.2	+4.9	+3.0	+4.3
Class 'C' Income	+2.5	+5.8	+3.9	+5.3
Class 'I' Income	+2.3	+5.3	+3.4	+4.7
Class 'I' Accumulation	+2.3	+5.2	+3.4	+4.7
Class 'R' Income	+2.2	+5.0	+3.1	+4.5
Class 'R' Accumulation	+2.2	+5.0	+3.1	+4.5
Benchmark	+2.2	+2.9	+3.0	+4.6

^a Not annualised.

Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 19 November 1973.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	107,217	111,140	117,952
Number of shares	15,629,436	16,207,931	17,995,072
Closing NAV per share (UK p)	686.00	685.71	655.47
Operating charges (%)	1.10	1.17	1.14

Sterling Class 'A' Accumulation shares

The share class was launched on 19 November 1973.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	21,665	22,486	22,346
Number of shares	246,212	260,480	287,008
Closing NAV per share (UK p)	8,799.25	8,632.35	7,785.89
Operating charges (%)	1.10	1.17	1.14

Sterling Class 'C' Income shares

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

The share class was launched on 1 December 2005.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	47,386	50,019	50,418
Number of shares	5,625,866	5,967,500	6,358,396
Closing NAV per share (UK p)	842.29	838.19	792.93
Operating charges (%)	0.00	0.07	0.04

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	65,888	70,676	62,990
Number of shares	5,720,087	6,145,775	5,749,297
Closing NAV per share (UK p)	1,151.87	1,149.99	1,095.60
Operating charges (%)	0.70	0.77	0.74

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	20,881	21,793	20,522
Number of shares	1,013,546	1,079,421	1,130,792
Closing NAV per share (UK p)	2,060.21	2,019.04	1,814.83
Operating charges (%)	0.70	0.77	0.74

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	137,740	139,657	144,964
Number of shares	123,204,577	125,002,578	135,877,048
Closing NAV per share (UK p)	111.80	111.72	106.69
Operating charges (%)	0.95	1.02	0.99

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	22,222	22,721	22,245
Number of shares	11,102,146	11,575,457	12,578,303
Closing NAV per share (UK p)	200.16	196.29	176.86
Operating charges (%)	0.95	1.02	0.99

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(1,813)		(5,765)
Revenue	12,177		13,529	
Expenses	(1,809)		(1,824)	
Interest payable and similar charges	(2)		(12)	
Net revenue/(expense) before taxation	10,366		11,693	
Taxation	0		(73)	
Net revenue/(expense) after taxation		10,366		11,620
Total return before distributions		8,553		5,855
Distributions		(8,124)		(8,668)
Change in net assets attributable to shareholders from investment activities		429		(2,813)

Statement of change in net assets attributable to shareholders

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		438,492		441,437
Amounts received on issue of shares	10,288		21,622	
Amounts paid on cancellation of shares	(27,420)		(28,801)	
		(17,132)		(7,179)
Dilution adjustments		41		89
Change in net assets attributable to shareholders from investment activities (see above)		429		(2,813)
Retained distributions on Accumulation shares		1,047		1,090
Unclaimed distributions		122		78
Closing net assets attributable to shareholders		422,999		432,702

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

as at	30 November 2024 £'000	31 May 2024 £'000
Assets		
Fixed assets		
Investments	423,049	444,719
Current assets		
Debtors	6,042	4,448
Cash and bank balances	0	326
Cash equivalents	0	470
Total assets	429,091	449,963
Liabilities		
Creditors		
Bank overdrafts	(437)	0
Distribution payable	(3,415)	(10,522)
Other creditors	(2,240)	(949)
Total liabilities	(6,092)	(11,471)
Net assets attributable to shareholders	422,999	438,492

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

Distribution policy

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

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

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

Investment objective

The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the FTSE All-Share Index over any five-year period; and
- To invest in companies that contribute towards the Paris Agreement climate change goal.

Investment policy

At least 80% of the fund is invested directly in equities and equity related securities of companies, across any sector and of any size, that are incorporated, domiciled or do most of their business, in the United Kingdom. The fund is concentrated and usually holds shares in fewer than 50 companies.

The fund invests in securities that meet the ESG Criteria and Sustainability Criteria.

The following types of exclusions apply to the fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the fund's sector-based and/or values-based criteria.
- Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria document.

References to 'assessed' above mean assessment in accordance with the ESG Criteria and Sustainability

Criteria document as referenced in the ESG information section below. Further information on the exclusions applicable to the fund can be found in the Prospectus for M&G Investment Funds (2).

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

Derivatives may be used for efficient portfolio management and hedging.

As explained in the ESG Criteria and Sustainability Criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The fund manager will assess the suitability of such instruments relative to the fund's investment objective.

Investment approach

The fund employs a disciplined bottom up stock picking approach to analyse companies for their potential to deliver sustainable growth. Relevant factors include high returns, robust competitive advantages, balanced capital allocation and an ESG aligned culture. The fund also looks for favourable exposure to sustainable growth themes that are aligned to a lower carbon, healthier, more equal and connected future.

The fund invests in companies which contribute towards the long-term global warming objectives of the Paris Agreement by their low carbon intensity and/or a reducing carbon intensity or (typically up to a cumulative limit of 10% of NAV) delivering solutions to the challenge of climate change (as further described in the ESG Criteria and Sustainability Criteria). Low carbon intensity means a carbon intensity lower than 50% of the FTSE All-Share Index. Reducing carbon intensity means having science based targets aligned with the Paris Agreement or a commitment to have them in place within a defined time period. The fund will

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typically have a weighted average carbon intensity of less than half that of the FTSE All-Share index.

Sustainability and ESG considerations are fully integrated into the investment process.

ESG Information

Additional information is available to investors on the fund page of our M&G website:

- ESG Criteria and Sustainability Criteria: in the document titled 'M&G UK Sustain Paris Aligned Fund – ESG Criteria and Sustainability Criteria' which includes the fund's exclusions approach.
- An annual ESG review providing an assessment of the non-financial objective of the fund will also be published when available.

Benchmark

FTSE All-Share Index

The benchmark is the target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the scope of the fund's investment policy.

The benchmark is also used to define a low Carbon Intensity Company. The fund manager considers the fund's weighted average carbon intensity against the benchmark when constructing the portfolio, but the benchmark does not otherwise constrain portfolio construction.

The fund is actively managed and within given constraints, the fund manager has freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents and as a result the fund's performance may deviate materially from the benchmark.

For each share class the benchmark will be denominated or hedged into the relevant share class

currency. The benchmark for each share class will be shown in its respective KIID.

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus.

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 six months ended 30 November 2024

Performance against objective

Over the reporting period, the M&G UK Sustain Paris Aligned Fund delivered negative total returns (the combination of income and growth of capital) across a majority of its share classes. The fund underperformed its benchmark, the FTSE All-Share Index, which posted 1.9% over the same period.

Over five years, the fund had a positive annualised total return across all its share classes but did not meet its objective of delivering a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the FTSE All-Share Index, which returned 5.7% pa over this period.

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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

2024 was called 'The Year of Elections' with more than 4 billion people from 50 countries heading to the ballot box. Within the review period, most importantly for the M&G UK Sustain Paris Aligned Fund, were the electoral results of the UK and US.

In the UK there was a short-lived sense of optimism either side of Labour's win. Sterling and the UK market saw a brief spell of strength from April to September. That bullishness rapidly deflated in the run-up to the October budget. Negative rhetoric preceding the event was met with a budget that dramatically increased taxation, spending and borrowing without having much forecast impact on the UK GDP growth it was trying to stimulate, at least according to the OBR (Office for Budget Responsibility). UK government bonds have sold off progressively since, with yields on 10-year gilt yields now sitting at 4.6% (as at 31 December 2024) versus 3.8% in September. To put this sell-off into context, yields only hit 4.5% post the disastrous Kwarteng/Truss 2022 budget.

Across the pond they voted to bring back Donald Trump after a term out of office. US consumers' dissatisfaction with the handling of the economy and high headline prices saw the Democrats punished. Trump's growth-oriented promises of tax cuts, trade tariffs and cutting regulation won through. The market sees incumbent president Trump's policies as inflationary. This has spooked bond markets. The US 10-year Treasury bond yield has spiked from 3.6% in September to 4.5% (as at 31 December 2024).

These electoral results coincided with unhelpfully stubborn inflation data in the US. Up until September inflation had been steadily decreasing towards UK and US central bank targets of 2%. However, progress started to plateau in the autumn, with US core CPI stuck at around 3.3%. This resistance level evidences the difficulty in achieving 'the last mile' in getting down to target. The US Federal Reserve (Fed) has been able to

implement three rate cuts totalling 100bps since September to 4.5%, but many fear the US central bank has moved too fast too soon. These Fed cuts in the face of persistent inflation and a strong economy have given way to a material re-pricing of rate cuts for 2025. In September the median 'Fed Dot Plot' forecast a 2.875% interest rate at the end of 2025. By the December meeting that had moved up to 3.375%.

The consequence of the above dynamics is higher bond yields and less conviction in bringing inflation down to target. In the UK this has led to 'value' as an investment style continuing its run of outperformance. This has been an enduring headwind for the M&G UK Sustain Paris Aligned Fund which invests in companies that are high quality compounders. Our sustainability framework excludes many of the 'value sectors' which have performed so well in recent years. Companies in the tobacco and defence sectors hurt us the most in 2024.

Despite the difficult backdrop, we still had some notable stock level wins. Ascential was bought by Informa having already done a highly accretive restructuring of its portfolio of assets. Warhammer owner, Games Workshop, performed strongly due to its success in deepening and expanding its hobbyist fanbase whilst the TV/film partnership with Amazon starts taking shape. On the negative side, IQE, the Welsh compound semiconductor company, performed poorly given the industry inventory overhang, stagnant smartphone market and difficulty in signing long-awaited outsourcing contracts.

Investment activities

We initiated three new positions on the fund during the six-month period. We built a holding in Unite, the UK's largest owner and developer of purpose-built student accommodation. We think this is a sub-sector with compelling structural growth opportunities given the shortage of quality student accommodation. Secondly, we diversified and increased our banking exposure by taking a stake in NatWest. We like the structural hedge characteristics versus other banks in terms of earnings growth despite a backdrop of lower interest rates. Lastly, we initiated a position in Moonpig, the dominant online card and gift platform. We think this is a market

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with plenty of growth as card purchases transition to online. Moonpig is the 1000lb gorilla in the space and it has an impressive culture of innovation in terms of integrating data, AI and value-add features. If/when UK consumer savings rates fall as confidence returns then we think Moonpig's gifting business will help drive growth well above what is being priced in to the share price.

During the period, Ascential was acquired. Rotork has been a long-standing position on the fund but we have lost faith in its ability to grow organically at above mid-single-digit rates and took the decision to sell. We think there are industrial companies with superior growth characteristics at more attractive valuations. Lastly, we decided to sell Asos after a volatile four-year period. Management changes, consumer habits, competition, inflation and an overly dispersed geographic footprint has hurt its profitability. The company is in a deep-recovery phase and we felt that Moonpig offered us better fundamentals with greater downside protection.

Outlook

Within the UK Equity team at M&G we were hoping that the UK election would be a clearing event for UK equities. Ever since the Brexit referendum, UK equity markets have sold off, and now offer generationally cheap valuations versus other global markets. Companies we speak to were begging for a regime change with less bureaucracy, more action and a clearer strategy to extract growth. Unfortunately, the budget has quashed the reversion in prospects we were hoping for, at least for now. The UK equity market remains unloved, and it will likely stay that way unless we can find a catalyst for positive change. Although the OBR growth projections are little-changed post the budget, we think there could be room for improvement 'if' the Labour government can execute some of the supply-side reforms in easing planning, removing red-tape and facilitating closer alignment to the EU. It's no secret that the UK's economic performance has been hurt since we left the EU. Moving into greater alignment and a softer form of Brexit which allows more frictionless trade is the most powerful lever for growth that we could pull on.

The period from April to September offers us a glimpse of what can happen when the UK's relative economic perception improves. In that period, the more domestically sensitive FTSE 250 finally started to outperform its more internationally exposed sibling, the FTSE 100. Sterling strengthened, yields compressed and outflows slowed. However, we need that on a sustained basis for life to be breathed back into UK equity markets in which liquidity flows back into the mid- and small-cap space. It won't take much to ignite the spark given the depressed sentiment and valuation we're starting from. If it can be sustained, then it has multiple years of outperformance on offer. I can't promise that spark will fire tomorrow, next week or next month, but when it does it will be compelling.

Whilst we wait, the M&G UK Sustain Paris Aligned team retain our conviction in investing in high-quality sustainable growth businesses that understand and can prosper from society's journey to net zero.

Rory Alexander

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities	427,023	97.65	97.35
Software & computer services	8,598	1.97	4.76
1,899,637 Bytes Technology Group PLC	8,598	1.97	
Technology hardware & equipment	4,587	1.05	2.13
38,159,663 IQE PLC ^a	4,587	1.05	
Medical equipment & services	7,678	1.76	1.85
25,085 Stryker Corp.	7,678	1.76	
Pharmaceuticals & biotechnology	54,322	12.42	14.69
248,383 AstraZeneca PLC	26,314	6.02	
1,245,021 GSK PLC	16,652	3.81	
7,535,730 Oxford Nanopore Technologies PLC	11,356	2.59	
Banks	52,407	11.98	9.50
3,905,255 HSBC Holdings PLC	28,614	6.54	
3,469,932 NatWest Group PLC	13,841	3.16	
1,020,724 Standard Chartered PLC	9,952	2.28	
Finance & credit services	28,139	6.43	4.65
197,479 London Stock Exchange Group PLC	22,246	5.08	
947,477 Mortgage Advice Bureau Holdings Ltd. ^a	5,893	1.35	
Investment banking & brokerage services	29,343	6.71	6.77
1,005,634 Burford Capital Ltd. ^a	10,630	2.43	
2,449,054 IntegraFin Holdings PLC	9,600	2.20	
4,351,997 Man Group PLC	9,113	2.08	
Life insurance	7,388	1.69	1.65
1,249,800 AIA Group Ltd.	7,388	1.69	
Non-life insurance	6,156	1.41	1.20
795,815 Beazley PLC	6,156	1.41	
Real estate investment & services	2,145	0.49	0.48
199,318 Savills PLC	2,145	0.49	
Real estate investment trusts	17,343	3.97	2.60
1,304,084 Segro PLC	10,216	2.34	
806,266 UNITE Group PLC	7,127	1.63	
Household goods & home construction	3,076	0.70	0.75
2,368,589 Taylor Wimpey PLC	3,076	0.70	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Leisure goods	9,605	2.20	1.97
69,198 Games Workshop Group PLC	9,605	2.20	
Retailers	17,116	3.91	2.22
552,586 ASOS PLC	2,088	0.48	
2,232,501 Moonpig Group PLC	5,559	1.27	
8,234,120 Victorian Plumbing Group PLC ^a	9,469	2.16	
Travel & leisure	8,515	1.95	1.87
2,636,237 Hollywood Bowl Group PLC	8,515	1.95	
Beverages	26,489	6.06	5.88
771,099 Diageo PLC	18,194	4.16	
1,196,906 Fevertree Drinks PLC ^a	8,295	1.90	
Food producers	9,742	2.23	2.18
197,004 Cranswick PLC	9,742	2.23	
Personal care, drug & grocery stores	41,725	9.54	9.06
295,043 Reckitt Benckiser Group PLC	14,295	3.27	
580,542 Unilever PLC	27,430	6.27	
Construction & materials	6,645	1.52	1.60
1,642,812 Genuit Group PLC	6,645	1.52	
Electronic & electrical equipment	6,166	1.41	2.59
985,056 DiscoverIE Group PLC	6,166	1.41	
General industrials	8,376	1.91	2.17
8,742,878 Coats Group PLC	8,376	1.91	
Industrial engineering	18,756	4.29	4.47
111,642 Spirax Group PLC	7,910	1.81	
491,691 Weir Group PLC	10,846	2.48	
Industrial support services	32,177	7.36	7.66
463,185 Experian PLC	17,277	3.95	
1,335,071 FDM Group Holdings PLC	4,279	0.98	
120,584 Intertek Group PLC	5,677	1.30	
1,361,949 Pagegroup PLC	4,944	1.13	
Industrial transportation	8,984	2.05	2.00
226,295 Clarkson PLC	8,984	2.05	

Portfolio statement

Investments (continued)

Holding	as at 30.11.24 £'000	as at 30.11.24 %	as at 31.05.24 %
Equities (continued)			
Chemicals			
817,873 Victrex PLC	7,115	1.63	1.22
Alternative energy			
2,448,228 Ceres Power Holdings PLC	4,057	0.93	1.43
1,095,646 ITM Power PLC ^a	373	0.08	
Total portfolio	427,023	97.65	97.35
Net other assets/(liabilities)	10,283	2.35	2.65
Net assets attributable to shareholders	437,306	100.00	100.00

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

^a AIM quoted.

Portfolio statement

Top ten portfolio transactions for the six months to
30 November 2024

Largest purchases	£'000
NatWest Group PLC	11,282
UNITE Group PLC	7,376
Moonpig Group PLC	4,832
Mortgage Advice Bureau Holdings Ltd. ^a	4,537
Pagegroup PLC	3,944
Oxford Nanopore Technologies PLC	3,606
Victrex PLC	3,599
Fevertree Drinks PLC ^a	3,157
IQE PLC ^a	2,110
Ascential PLC	1,365
Other purchases	5,805
Total purchases	51,613

Largest sales	£'000
Ascential PLC	12,482
AstraZeneca PLC	11,164
Darktrace PLC	6,561
Rotork PLC	6,199
HSBC Holdings PLC	6,152
Intertek Group PLC	4,535
Unilever PLC	4,486
Games Workshop Group PLC	2,921
Coats Group PLC	2,866
Standard Chartered PLC	2,161
Other sales	7,189
Total sales	66,716

^a AIM quoted.

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

Financial highlights

Fund performance

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

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

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

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 'Comparative tables' for the share class launch dates.

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-0.2	-0.1	+2.0	+3.4
Class 'A' Accumulation	-0.2	-0.1	+2.0	+3.4
Class 'C' Income	+0.3	+1.2	+3.8	+5.7
Class 'I' Income	+0.0	+0.3	+2.4	+4.0
Class 'I' Accumulation	+0.0	+0.3	+2.4	+4.0
Class 'PP' Income	+0.0	+0.5	n/a	n/a
Class 'PP' Accumulation	+0.0	+0.5	n/a	n/a
Class 'R' Income	-0.2	+0.1	+2.2	+3.8
Class 'R' Accumulation	-0.2	+0.1	+2.2	+3.8
Benchmark	+1.9	+7.9	+5.7	+6.1

^a Not annualised.

Comparative tables

'Operating charges' is calculated as a percentage of average net asset value and represents an annual rate. Where there is a change in the charging structure, you may see variances in the 'operating charges' between the comparative and current period figures.

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 19 October 1982.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	210,240	217,961	196,533
Number of shares	7,256,813	7,441,822	7,233,658
Closing NAV per share (UK p)	2,897.14	2,928.86	2,716.93
Operating charges (%)	1.10	1.14	1.10

Sterling Class 'C' Income shares

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

The share class was launched on 13 March 2013.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	10,615	11,049	11,158
Number of shares	330,106	341,752	376,202
Closing NAV per share (UK p)	3,215.60	3,232.96	2,965.92
Operating charges (%)	0.00	0.04	0.00

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	19,824	21,885	19,505
Number of shares	1,343,736	1,470,271	1,418,283
Closing NAV per share (UK p)	1,475.33	1,488.50	1,375.23
Operating charges (%)	0.70	0.74	0.70

Sterling Class 'PP' Income shares

The share class was launched on 19 February 2021.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	1,747	1,794	1,819
Number of shares	1,838,193	1,872,010	2,057,010
Closing NAV per share (UK p)	95.07	95.85	88.42
Operating charges (%)	0.55	0.59	0.55

Sterling Class 'A' Accumulation shares

The share class was launched on 17 December 1968.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	134,641	142,794	139,216
Number of shares	2,522,342	2,664,433	2,883,240
Closing NAV per share (UK p)	5,337.92	5,359.28	4,828.45
Operating charges (%)	1.10	1.14	1.10

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	32,522	34,691	31,245
Number of shares	1,637,873	1,743,620	1,750,034
Closing NAV per share (UK p)	1,985.62	1,989.60	1,785.37
Operating charges (%)	0.70	0.74	0.70

Sterling Class 'PP' Accumulation shares

The share class was launched on 19 February 2021.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	2,341	2,650	2,564
Number of shares	2,242,609	2,534,517	2,737,474
Closing NAV per share (UK p)	104.41	104.54	93.67
Operating charges (%)	0.55	0.59	0.55

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	4,534	4,695	5,125
Number of shares	3,137,819	3,216,732	3,790,880
Closing NAV per share (UK p)	144.49	145.96	135.20
Operating charges (%)	0.95	0.99	0.95

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

	30.11.24	31.05.24	31.05.23
Closing NAV (£'000)	20,842	21,911	21,717
Number of shares	10,828,436	11,347,018	12,501,707
Closing NAV per share (UK p)	192.47	193.10	173.71
Operating charges (%)	0.95	0.99	0.95

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(5,121)		(14,706)
Revenue	5,624		5,391	
Expenses	(2,257)		(2,097)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	3,367		3,294	
Taxation	(6)		(7)	
Net revenue/(expense) after taxation		3,361		3,287
Total return before distributions		(1,760)		(11,419)
Distributions		(2,593)		(2,526)
Change in net assets attributable to shareholders from investment activities		(4,353)		(13,945)

Statement of change in net assets attributable to shareholders

for the six months to 30 November	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		459,430		428,882
Amounts received on issue of shares	4,083		28,868	
Amounts paid on cancellation of shares	(22,695)		(23,440)	
		(18,612)		5,428
Dilution adjustments		12		142
Change in net assets attributable to shareholders from investment activities (see above)		(4,353)		(13,945)
Retained distributions on Accumulation shares		784		843
Unclaimed distributions		45		33
Closing net assets attributable to shareholders		437,306		421,383

The opening net assets attributable to shareholders for 2024 differs to the closing position in 2023 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

as at	30 November 2024 £'000	31 May 2024 £'000
Assets		
Fixed assets		
Investments	427,023	447,258
Current assets		
Debtors	1,162	6,317
Cash and bank balances	885	251
Cash equivalents	10,460	11,890
Total assets	439,530	465,716
Liabilities		
Creditors		
Distribution payable	(1,704)	(5,614)
Other creditors	(520)	(672)
Total liabilities	(2,224)	(6,286)
Net assets attributable to shareholders	437,306	459,430

Financial statements and notes

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the 'Accounting policies' set out on page 5.

Distribution policy

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

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

