

# M&G Global Dividend Fund

**Annual report and audited financial statements  
for the year ended 31 March 2023**

## Contents

Authorised Corporate Director's Report.....	1
Directors' statement .....	4
Depository's Responsibilities and Report .....	5
Independent Auditor's Report .....	6
Authorised Corporate Director's Report, including the portfolio statement, financial highlights, financial statements and notes .....	9
Other regulatory disclosures .....	43
Glossary.....	44

# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Dividend Fund presents its annual report and audited financial statements for the year ended 31 March 2023.

Please note that we have included an explanation of key investment terminology in the 'Glossary' (at the back of this report).

## Company information

This Open-Ended Investment Company (OEIC) is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The Company is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA.

The Company was authorised on 9 July 2008 and the fund was launched on 18 July 2008.

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

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

## Fund manager

Stuart Rhodes is employed by M&G FA Limited which is an associate of M&G Securities Limited.

## ACD

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

## Directors of the ACD

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

## Investment manager

M&G Investment Management Limited,  
10 Fenchurch Avenue, London EC3M 5AG, UK  
Telephone: +44 (0)20 7626 4588  
(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, 175 Glasgow Road, Gogarburn,  
Edinburgh EH12 1HQ, UK  
(Authorised and regulated by the Financial Conduct Authority)

## Independent auditor

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

## 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 2022 can be found on our website at [mandg.co.uk/valueassessment](http://mandg.co.uk/valueassessment)

# Authorised Corporate Director's Report

## 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 27 April 2022, the M&G Investments Thermal Coal Investment Policy has been applied. For further information, investors should refer to the Prospectus or the 'M&G Investments Thermal Coal Investment Policy' document which is available on the M&G website at [mandgplc.com/sustainability/environment/coal](http://mandgplc.com/sustainability/environment/coal)

On 24 June 2022, the Sterling Class 'X' Income and Sterling Class 'X' Accumulation shares were merged into the equivalent Sterling Class 'A' Income and Sterling Class 'A' Accumulation shares.

As of January 2023 the operating charge figure includes the underlying charges for closed-ended funds, such as investment trusts and REITs (real estate investment trusts). There is no change to what you are currently being charged, this is a presentational change to align with the latest industry guidance issued by the Investment Association.

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

## Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, costs and charges illustration, the latest Annual or Interim Investment Report and Financial Statements as well as a list of purchases and sales are available free of charge on request from the following addresses. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depositary.

## Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

# Authorised Corporate Director's Report

## **Customer services and administration for non-UK clients:**

M&G Securities Limited,  
c/o RBC I&TS, 14, Porte de France,  
L-4360 Esch-sur-Alzette,  
Grand Duchy of Luxembourg

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: +352 2605 9944

Email: [csmang@rbc.com](mailto:csmang@rbc.com)

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.

## **Swiss paying agent and representative:**

Société Générale, Paris, Zurich Branch,  
Talacker 50, 8021 Zurich, Switzerland

# Authorised Corporate Director's Report

## Authorised Corporate Director's Responsibilities

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

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

## Directors' statement

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

M&G Securities Limited  
13 June 2023

# Depository's Responsibilities and Report

## Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Global Dividend Fund ('the Company') for the year ended 31 March 2023

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh  
13 June 2023

NatWest Trustee and  
Depository Services Limited

# Independent Auditor's Report

## Independent Auditor's Report to the shareholders of M&G Global Dividend Fund

### Opinion

We have audited the financial statements of M&G Global Dividend Fund ("the Company") for the year ended 31 March 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 March 2023, and of the net revenue and the net capital losses on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

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



# Independent Auditor's Report

We have nothing to report in this regard.

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

In our opinion:

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

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

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

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

## Responsibilities of the ACD

As explained more fully in the ACDs' responsibilities statement set out on page 4, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

# Independent Auditor's Report

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), the Investment Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists

where appropriate, to identify non-compliance with the applicable laws and regulations.

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

## Use of our report

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

Edinburgh  
13 June 2023

Ernst & Young LLP  
Statutory Auditor

# Authorised Corporate Director's Report

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

## Investment objective

The fund has three aims:

- To deliver an income stream that increases every year.
- To deliver a yield above that available from the MSCI ACWI Index over any five-year period.
- To deliver a higher total return (the combination of income and growth of capital) than that of the MSCI ACWI Index over any five-year period.

## Investment policy

At least 70% of the fund is invested in a range of global equities. The fund may invest across a wide range of geographies, sectors and market capitalisations. The fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities, warrants and derivatives. The fund's exposure to global equities may be gained through the use of derivatives. Derivatives may be used for efficient portfolio management.

## Investment approach

The fund manager employs a bottom-up stockpicking approach, driven by the fundamental analysis of individual companies. The fund manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The fund manager believes rising dividends create upward pressure on the value of shares. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a diversified portfolio with exposure to a broad range of countries and sectors. The fund manager selects stocks with different drivers of dividend growth to construct a portfolio that has the potential to cope in a variety of market conditions. The fund invests with a long-term view of typically three to five years. When attempting to grow

distributions, the fund manager's main focus is on delivering an increase in sterling terms.

## Benchmark

Benchmark: MSCI ACWI Index.

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

For unhedged share classes, the benchmark is shown in the share class currency.

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 29 to 31.

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 year ended 31 March 2023

### Distribution summary

Over the 12-month review period to 31 March 2023, the fund distributed income of 8.6668 pence per Sterling Class 'A' Income share. This is 16.1% higher than the distribution for the previous financial year. The payout represented a yield (distributed income as a percentage of the share price as at 1 April 2023) of 3.24% versus a yield of 2.24% for the MSCI ACWI Index, the fund's target benchmark.

The momentum in global dividends continued during the 12 months under review as corporate cashflows continued to recover from the dark days of the pandemic. Despite the new challenges facing the world economy, namely persistent inflation and the need for higher interest rates to keep prices in check, the corporate world has remained resilient. Dividends continue to provide a strong signal of future confidence. (Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.)

The fund benefited from this backdrop with higher dividends from a broad range of countries and sectors. The majority of holdings delivered dividend increases in the region of 5-15% in local currency, in line with previous years.

Technology continued to provide a source of robust dividend growth, with KLA, ASML, Analog Devices and Broadcom reporting double-digit increases in semiconductors. Microsoft extended its long track record of dividend growth with a 10% increase.

Healthcare delivered reliable growth among defensive sectors, with Medtronic and Bristol Myers Squibb raising their dividends by 8% and 6%, respectively. Elevance Health boosted its dividend by 16%. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.) In consumer staples, PepsiCo and Coca-Cola continued to deliver growth in the core 5-15% range.

In more economically sensitive sectors, Methanex reported two double-digit increases in materials. The methanol producer raised its dividend by 21% in July, on top of a 16% increase in April, accelerating the year-on-year growth rate to 40%. Lowe's, the US home improvement retailer, lifted its dividend by 31% in consumer discretionary. Siemens, the German industrial conglomerate, delivered a 6% increase.

It was not all good news, however, as Trinseo (materials), VF and Adidas (both consumer discretionary) cut their dividends in 2023. While the outcome is disappointing, the course of action is understandable given the need for financial flexibility in an increasingly challenging operating environment. Balance sheet strength remains a key consideration in our company research to ensure that dividends are sustainable in the current climate.

Dividend cuts were the exception rather than the rule, however, and we are pleased with the dividend progress from the majority of the fund's holdings. The solid, and in many cases impressive, dividend growth from the fund's underlying investments has allowed the fund not only to increase the distribution during the 12-month review period, in line with its objective, but to do so at the fastest pace of growth since the fund's launch in 2008. The fund delivered double-digit growth in the income stream, while maintaining a yield above that of the MSCI ACWI Index. It is important to emphasise that the magnitude of the distribution increase over the past 12 months has been exceptional and that extrapolating would be ill advised. We believe mid-single digit growth would be a more realistic expectation for the year ahead.

We are conscious that the combination of rising income and premium yield is important to many of our investors. We remain focused on meeting this objective.

The fund's distributions are shown in the 'Specific share class performance' tables in this report. The distribution is subject to a variety of influences, including changes in the market environment, movements in currency and changes in the fund's tax

# Authorised Corporate Director's Report

status. Consequently, there is no guarantee that the fund will increase the income stream in every reporting period.

## Performance against objective

Between 1 April 2022 (the start of the review period) and 31 March 2023, the M&G Global Dividend Fund delivered a positive total return (the combination of income and growth of capital) across all its share classes and outperformed its benchmark, the MSCI ACWI Index, which returned -0.9% in sterling. The fund therefore met its objective of outperforming the MSCI ACWI Index over this short timeframe. The fund also delivered on its income objectives of increasing the income stream and providing a higher yield than the MSCI ACWI Index.

Over five years, the fund's sterling share classes delivered positive total returns, but performance relative to the MSCI ACWI Index, which returned 10.2% pa in sterling, was mixed. Distributions increased in each financial year during this time and the fund's yield remained at a consistent premium to the benchmark. Consequently, the fund achieved two of its three objectives over this longer timeframe.

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 stockmarkets fell during the 12 months under review, as investors took fright from a heady mix of rampant inflation, rising interest rates and the prospect of a recession. Asia Pacific ex Japan and emerging markets led the declines, while the US was another notable laggard. Europe outperformed, driven by gains in France, Germany and the UK. Japan also bucked the trend with a positive return.

Real estate ended the review period as the worst-performing sector owing to concerns about interest-rate sensitivity. Communication services and consumer discretionary underperformed as rising bond yields took their toll on the high multiples attached to new economy stocks: Alphabet, the owner of Google, declined in communication services, while Amazon.com

and Tesla slumped in consumer discretionary. Financials came under pressure towards the end of the review period as the demise of Silicon Valley Bank and Signature Bank in the US, and the subsequent bailout of Credit Suisse in Europe, sparked fears about the health of the global banking system.

The defensive sectors of consumer staples, healthcare and utilities proved resilient as investors sought the comfort of safety, but energy was the standout performer as oil and gas prices remained elevated in the wake of Russia's ongoing military intervention in Ukraine.

Against this backdrop, the fund generated a positive return and outperformed the MSCI ACWI Index. Stock selection added value, with the strongest contribution from technology and consumer staples. Sector allocation benefited from the overweight positions relative to the benchmark in energy and consumer staples.

Semiconductor stocks featured prominently on the leaderboard as Analog Devices, Broadcom and KLA delivered double-digit returns. The gains were backed by solid fundamentals as all three companies provided positive surprises with better-than-expected results.

Imperial Brands made the biggest positive contribution to fund performance as defensive characteristics were highly prized in an environment of uncertainty. The UK company, a core holding in consumer staples, reported solid results and continued to deliver on its strategic plan. Takeda Pharmaceutical and Novartis outperformed in healthcare.

Trinseo provided the biggest drag on fund performance after the specialist in plastics and latex binders reduced its guidance for the full year. The operating environment is clearly challenging and the sale of the styrenics business has been delayed, but the share price reflects a lot of bad news, in our view. We continue to believe that the shares are significantly undervalued. The stock remains a core holding.

Methanex, by contrast, underperformed due to the weakness of the shares in the first half of the review

# Authorised Corporate Director's Report

period. Concerns about a recession weighed heavily on economically sensitive stocks at the time, but the shares rallied strongly in the second half, backed by solid fundamentals. We remain optimistic about the methanol producer and its prospects for cash generation in the current environment, and continue to believe that the shares are cheap. Lundin Mining struggled against the backdrop of a lower copper price.

VF led the declines in consumer discretionary after cutting its guidance. While Vans continues to disappoint, the remainder of the brand portfolio, including The North Face, continues to deliver and the valuation remains attractive. Adidas was another laggard in the sector as the German company bore the brunt of difficult trading conditions.

## Investment activities

We made seven new purchases and five complete sales during the 12 months under review – a level of turnover consistent with our investment timeframe of three to five years.

The new holdings were dominated by high-yield opportunities which were presented by the market downturn – opportunities for quality businesses which are market leaders in their field.

Kone, a world leader in elevators and escalators, was purchased on a starting yield of 4.2%, which is attractive, in our view, given the high proportion of recurring service revenue. JPMorgan Chase, the US bank with a robust balance sheet, and Roche, the Swiss pharmaceutical company, were purchased on similar yields.

We bought DBS in March following the turmoil in the banking industry. The Singaporean bank with a presence across Asia is conservatively managed and the valuation was compelling across a variety of measures, including a 5% dividend yield.

Richemont, the luxury goods company, was added to the portfolio after a sharp, indiscriminate selloff in the consumer discretionary sector. Richemont's financial strength remains unrivalled with net cash on the balance sheet, and the valuation is undemanding for a

long-term growth company. The business remains well placed for a resumption in Chinese travel and spending.

Volvo was the final purchase during the review period. The world leader in trucks and electric trucks benefits from the stability of service and maintenance revenue, as well as a strong balance sheet with a net cash position. The stock was purchased on a starting yield of 3.4%.

We also gained a new holding in Accelleron Industries following its spin off from ABB. We bought more stock to build a full position.

We took advantage of the weakness in the technology sector to add to our semiconductor holdings including Broadcom and ASML. The fund's technology weighting increased from 15% to 18%. We reduced Methanex into strength in the second half of the review period and trimmed KLA to manage the position size.

S&P Global (financials), AstraZeneca (healthcare), Automatic Data Processing (technology), Charles Schwab (financials) and Walmart (consumer staples) were sold as a source of cash given the better valuation opportunities we saw elsewhere.

The number of holdings increased to 44, compared to our historic range of 40 to 50.

## Outlook

We remain resolutely focused on dividend growth as a compelling strategy over the long term, without losing sight of the reality that the global economy faces challenging times ahead. Dividend cuts will be inevitable for companies not equipped with the financial armoury to withstand a cyclical downturn. Balance sheet strength is a key consideration in our company research to ensure that dividends are sustainable in the current climate. We take comfort from the fact that many of our holdings are carrying net cash.

Despite the difficult macroeconomic backdrop, valuations in some areas of the stockmarket are looking attractive. Fears of a recession, which have been exacerbated by recent concerns about the stability of the banking system, have led to indiscriminate selling.



# Authorised Corporate Director's Report

The severity of the declines is creating favourable entry points, in our view, for some world class companies with rock-solid balance sheets and excellent long-term growth potential. Being selective will be paramount. Capitalising on what we believe to be exceptional opportunities will ultimately determine fund performance in the years to come and we remain optimistic about the future.

## **Stuart Rhodes**

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 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
<b>Equities</b>	<b>2,253,312</b>	<b>96.73</b>	<b>98.65</b>
<b>United Kingdom</b>	<b>245,649</b>	<b>10.55</b>	<b>11.94</b>
35,833,513 abrdn	72,527	3.11	
7,428,966 Imperial Brands	140,853	6.05	
763,221 Unilever	32,269	1.39	
<b>Denmark</b>	<b>45,454</b>	<b>1.95</b>	<b>1.44</b>
597,960 Pandora	45,454	1.95	
<b>Finland</b>	<b>43,221</b>	<b>1.85</b>	<b>0.00</b>
1,027,244 Kone	43,221	1.85	
<b>Germany</b>	<b>91,237</b>	<b>3.92</b>	<b>4.07</b>
198,883 adidas	27,836	1.20	
485,074 Siemens	63,401	2.72	
<b>Ireland</b>	<b>48,793</b>	<b>2.09</b>	<b>0.00</b>
761,675 Medtronic	48,793	2.09	
<b>Netherlands</b>	<b>41,629</b>	<b>1.79</b>	<b>0.49</b>
76,513 ASML	41,629	1.79	
<b>Norway</b>	<b>47</b>	<b>0.00</b>	<b>0.00</b>
3,981 Prosafe	47	0.00	
<b>Sweden</b>	<b>11,870</b>	<b>0.51</b>	<b>0.00</b>
719,325 Volvo	11,870	0.51	
<b>Switzerland</b>	<b>204,639</b>	<b>8.78</b>	<b>4.78</b>
1,926,583 ABB	53,006	2.27	
733,003 Accelleron Industries	13,867	0.59	
362,588 Compagnie Financière Richemont	46,543	2.00	
914,493 Novartis	67,774	2.91	
102,109 Roche	23,449	1.01	
<b>United States</b>	<b>821,025</b>	<b>35.25</b>	<b>50.07</b>
507,219 Analog Devices	79,819	3.43	
52,319 Blackrock	27,970	1.20	
1,337,939 Bristol Myers Squibb	73,767	3.17	
215,479 Broadcom	110,511	4.74	
983,823 Coca-Cola	49,153	2.11	
409,590 Colgate-Palmolive	24,915	1.07	



# Portfolio statement

## Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
<b>Equities (continued)</b>			
<b>United States (continued)</b>			
90,668 Elevance Health	33,682	1.45	
281,277 JPMorgan Chase	29,271	1.26	
130,800 KLA	42,013	1.80	
257,395 Lowe's	40,167	1.72	
303,865 Marsh & McLennan	40,536	1.74	
474,227 Microsoft	109,159	4.69	
249,052 PepsiCo	36,443	1.56	
2,967,311 Trinseo	49,526	2.13	
1,915,235 VF	34,445	1.48	
220,327 Visa	39,648	1.70	
<b>Canada</b>	<b>410,154</b>	<b>17.61</b>	<b>14.16</b>
7,240,293 Gibson Energy	92,818	3.99	
267,065 Intact Financial	30,542	1.31	
4,078,550 Keyera	71,193	3.06	
7,914,737 Lundin Mining	42,193	1.81	
4,679,066 Methanex	173,408	7.44	
<b>Japan</b>	<b>68,746</b>	<b>2.95</b>	<b>1.71</b>
2,605,500 Takeda Pharmaceutical	68,746	2.95	
<b>Australia</b>	<b>117,632</b>	<b>5.05</b>	<b>4.80</b>
7,822,107 Amcor	70,542	3.03	
6,668,886 Treasury Wine Estates	47,090	2.02	
<b>Hong Kong</b>	<b>31,652</b>	<b>1.36</b>	<b>1.68</b>
3,714,127 AIA	31,652	1.36	
<b>Singapore</b>	<b>18,270</b>	<b>0.78</b>	<b>0.00</b>
911,700 DBS	18,270	0.78	
<b>Taiwan</b>	<b>33,326</b>	<b>1.43</b>	<b>2.34</b>
2,356,000 Taiwan Semiconductor Manufacturing	33,326	1.43	

# Portfolio statement

## Investments (continued)

Holding	as at 31.03.23 £'000	as at 31.03.23 %	as at 31.03.22 %
<b>Equities (continued)</b>			
<b>South Africa</b>	<b>19,968</b>	<b>0.86</b>	<b>1.17</b>
4,542,681 Motus	19,968	0.86	
<b>Total portfolio</b>	<b>2,253,312</b>	<b>96.73</b>	<b>98.65</b>
<b>Net other assets/(liabilities)</b>	<b>76,118</b>	<b>3.27</b>	<b>1.35</b>
<b>Net assets attributable to shareholders</b>	<b>2,329,430</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio statement

## Top ten portfolio transactions for the year to 31 March 2023

Largest purchases	£'000
Broadcom	43,576
Kone	38,106
Compagnie Financière Richemont	36,056
ASML	32,698
VF	28,448
JPMorgan Chase	28,031
Microsoft	25,934
Roche	25,696
Medtronic	25,451
adidas	24,246
Other purchases	259,206
<b>Total purchases</b>	<b>567,448</b>

Largest sales	£'000
Walmart	63,139
AstraZeneca	35,366
Methanex	34,470
Imperial Brands	34,250
adidas	33,059
KLA	32,164
Gibson Energy	28,605
Automatic Data Processing	26,433
Colgate-Palmolive	24,073
Charles Schwab	23,977
Other sales	251,152
<b>Total sales</b>	<b>586,688</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

On 24 June 2022, the Sterling Class 'X' Income and Sterling Class 'X' Accumulation shares were merged into the equivalent Sterling Class 'A' Income and Sterling Class 'A' Accumulation shares.

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+1.3	+20.3	+9.9	+8.7
Class 'A' Accumulation	+1.3	+20.3	+9.9	+8.7
Class 'I' Income	+1.7	+20.9	+10.5	+9.4
Class 'I' Accumulation	+1.7	+20.9	+10.5	+9.3
Class 'PP' Income	+1.8	+21.0	n/a	n/a
Class 'PP' Accumulation	+1.8	+21.0	n/a	n/a
Class 'R' Income	+1.4	+20.6	+10.2	+9.1
Class 'R' Accumulation	+1.4	+20.6	+10.2	+9.1
Class 'X' Income	-7.4	+23.2	+9.5	+8.4
Class 'X' Accumulation	-7.4	+23.2	+9.5	+8.4
<b>Benchmark</b>	<b>-0.9</b>	<b>+16.0</b>	<b>+10.2</b>	<b>+10.9</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 18 July 2008.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	270.84	237.19	167.32
Return before operating charges	5.07	43.79	79.80
Operating charges	(2.79)	(2.68)	(2.83)
Return after operating charges	2.28	41.11	76.97
Distributions	(8.67)	(7.46)	(7.10)
Closing NAV	264.45	270.84	237.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.11	0.16
Dilution adjustments	(0.02)	(0.02)	(0.09)
Total direct transaction costs	0.05	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	1.06	1.06	1.31
Return after charges	+0.84	+17.33	+46.00
Other information			
Closing NAV (£'000)	458,766	429,266	518,573
Number of shares	173,480,826	158,492,534	218,630,792
Highest share price (UK p)	283.86	274.37	243.07
Lowest share price (UK p)	240.78	237.68	162.79

## Sterling Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	422.68	359.71	245.63
Return before operating charges	8.55	67.08	118.20
Operating charges	(4.40)	(4.11)	(4.12)
Return after operating charges	4.15	62.97	114.08
Distributions	(9.28)	(7.33)	(6.41)
Retained distributions	9.28	7.33	6.41
Closing NAV	426.83	422.68	359.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.16	0.23
Dilution adjustments	(0.03)	(0.04)	(0.13)
Total direct transaction costs	0.07	0.12	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	1.06	1.06	1.32
Return after charges	+0.98	+17.51	+46.44
Other information			
Closing NAV (£'000)	219,009	192,892	222,444
Number of shares	51,310,735	45,635,516	61,839,313
Highest share price (UK p)	451.97	423.78	364.77
Lowest share price (UK p)	380.92	360.47	239.06

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 18 July 2008.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	297.52	259.51	182.16
Return before operating charges	5.60	48.03	87.01
Operating charges	(1.92)	(1.83)	(1.91)
Return after operating charges	3.68	46.20	85.10
Distributions	(9.54)	(8.19)	(7.75)
Closing NAV	291.66	297.52	259.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.12	0.17
Dilution adjustments	(0.02)	(0.03)	(0.10)
Total direct transaction costs	0.05	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	0.66	0.66	0.84
Return after charges	+1.24	+17.80	+46.72
Other information			
Closing NAV (£'000)	416,515	504,632	664,485
Number of shares	142,809,208	169,614,957	256,056,095
Highest share price (UK p)	312.89	301.39	265.90
Lowest share price (UK p)	265.06	260.05	177.24

## Sterling Class 'I' Accumulation share performance

The share class was launched on 18 July 2008.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	463.62	392.98	267.04
Return before operating charges	9.44	73.44	128.78
Operating charges	(3.01)	(2.80)	(2.84)
Return after operating charges	6.43	70.64	125.94
Distributions	(12.03)	(9.72)	(8.66)
Retained distributions	12.03	9.72	8.66
Closing NAV	470.05	463.62	392.98
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.18	0.25
Dilution adjustments	(0.03)	(0.04)	(0.15)
Total direct transaction costs	0.09	0.14	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	0.66	0.66	0.84
Return after charges	+1.39	+17.98	+47.16
Other information			
Closing NAV (£'000)	767,725	714,797	656,252
Number of shares	163,327,785	154,175,718	166,991,748
Highest share price (UK p)	497.46	464.83	398.44
Lowest share price (UK p)	418.72	393.82	259.91

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	128.62	112.07	78.52
Return before operating charges	2.42	20.76	37.55
Operating charges	(0.70)	(0.67)	(0.65)
Return after operating charges	1.72	20.09	36.90
Distributions	(4.13)	(3.54)	(3.35)
Closing NAV	126.21	128.62	112.07
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.05	0.07
Dilution adjustments	(0.01)	(0.01)	(0.04)
Total direct transaction costs	0.02	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	0.56	0.56	0.65
Return after charges	+1.34	+17.93	+46.99
Other information			
Closing NAV (£'000)	321,283	315,711	123,346
Number of shares	254,560,081	245,468,536	110,060,619
Highest share price (UK p)	135.38	130.29	114.83
Lowest share price (UK p)	114.65	112.31	76.40

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	140.93	119.34	80.93
Return before operating charges	2.88	22.32	39.07
Operating charges	(0.78)	(0.73)	(0.66)
Return after operating charges	2.10	21.59	38.41
Distributions	(3.80)	(3.08)	(2.82)
Retained distributions	3.80	3.08	2.82
Closing NAV	143.03	140.93	119.34
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.05	0.07
Dilution adjustments	(0.01)	(0.01)	(0.04)
Total direct transaction costs	0.03	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	0.56	0.56	0.65
Return after charges	+1.49	+18.09	+47.46
Other information			
Closing NAV (£'000)	110,538	76,357	12,187
Number of shares	77,283,568	54,179,914	10,211,708
Highest share price (UK p)	151.35	141.30	120.99
Lowest share price (UK p)	127.35	119.59	78.77

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	208.44	182.27	128.27
Return before operating charges	3.92	33.68	61.20
Operating charges	(1.85)	(1.77)	(1.75)
Return after operating charges	2.07	31.91	59.45
Distributions	(6.68)	(5.74)	(5.45)
Closing NAV	203.83	208.44	182.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.08	0.12
Dilution adjustments	(0.01)	(0.02)	(0.07)
Total direct transaction costs	0.04	0.06	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	0.91	0.91	1.08
Return after charges	+0.99	+17.51	+46.35
Other information			
Closing NAV (£'000)	11,675	11,991	11,008
Number of shares	5,728,147	5,752,853	6,039,238
Highest share price (UK p)	218.74	211.16	186.77
Lowest share price (UK p)	185.45	182.65	124.80

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 March	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	284.07	241.39	164.44
Return before operating charges	5.76	45.05	79.22
Operating charges	(2.54)	(2.37)	(2.27)
Return after operating charges	3.22	42.68	76.95
Distributions	(6.66)	(5.31)	(4.80)
Retained distributions	6.66	5.31	4.80
Closing NAV	287.29	284.07	241.39
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.11	0.16
Dilution adjustments	(0.02)	(0.03)	(0.09)
Total direct transaction costs	0.05	0.08	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	0.91	0.91	1.08
Return after charges	+1.13	+17.68	+46.80
Other information			
Closing NAV (£'000)	23,919	23,754	21,301
Number of shares	8,325,744	8,362,117	8,824,199
Highest share price (UK p)	304.15	284.81	244.77
Lowest share price (UK p)	256.21	241.90	160.04



# Financial highlights

## Sterling Class 'X' Income share performance

The share class was launched on 18 July 2008. The class was merged into Sterling Class 'A' Income on 24 June 2022.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	270.97	237.30	167.39
Return before operating charges	(19.48)	43.83	79.79
Operating charges	(0.66)	(2.69)	(2.78)
Return after operating charges	(20.14)	41.14	77.01
Distributions	n/a	(7.47)	(7.10)
NAV of in specie transfer	(250.83)	n/a	n/a
Closing NAV	0.00	270.97	237.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.11	0.16
Dilution adjustments	0.00	(0.02)	(0.09)
Total direct transaction costs	0.02	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	1.06	1.06	1.32
Return after charges	-7.43	+17.34	+46.01
Other information			
Closing NAV (£'000)	0	48,747	46,180
Number of shares	0	17,990,040	19,460,728
Highest share price (UK p)	276.67	274.50	243.18
Lowest share price (UK p)	249.39	237.79	162.86

## Sterling Class 'X' Accumulation share performance

The share class was launched on 18 July 2008. The class was merged into Sterling Class 'A' Accumulation on 24 June 2022.

for the year to 31 March Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	422.91	359.91	245.76
Return before operating charges	(30.36)	67.11	118.29
Operating charges	(1.03)	(4.11)	(4.14)
Return after operating charges	(31.39)	63.00	114.15
Distributions	n/a	(7.33)	(6.42)
Retained distributions	n/a	7.33	6.42
NAV of in specie transfer	(391.52)	n/a	n/a
Closing NAV	0.00	422.91	359.91
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.16	0.23
Dilution adjustments	(0.01)	(0.04)	(0.14)
Total direct transaction costs	0.01	0.12	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.03	0.03
Operating charges	1.06	1.06	1.32
Return after charges	-7.42	+17.50	+46.45
Other information			
Closing NAV (£'000)	0	20,121	17,416
Number of shares	0	4,757,570	4,838,854
Highest share price (UK p)	431.85	424.02	364.97
Lowest share price (UK p)	389.27	360.67	239.19

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 March	Note	2023		2022	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	5		(32,878)		329,388
Revenue	7	82,718		74,810	
Expenses	8	(17,565)		(18,012)	
Interest payable and similar charges		(10)		(60)	
Net revenue/(expense) before taxation		65,143		56,738	
Taxation	9	(6,935)		(7,490)	
Net revenue/(expense) after taxation			58,208		49,248
<b>Total return before distributions</b>			<b>25,330</b>		<b>378,636</b>
Distributions	10		(67,966)		(59,962)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(42,636)</b>		<b>318,674</b>

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

for the year to 31 March	2023		2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>2,338,268</b>		<b>2,293,192</b>
Amounts received on issue of shares	252,304		285,058	
Amounts paid on cancellation of shares	(246,332)		(580,048)	
		5,972		(294,990)
Dilution adjustments		250		427
Change in net assets attributable to shareholders from investment activities (see above)		(42,636)		318,674
Retained distributions on Accumulation shares		27,574		20,962
Unclaimed distributions		2		3
<b>Closing net assets attributable to shareholders</b>		<b>2,329,430</b>		<b>2,338,268</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 March	Note	2023 £'000	2022 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		2,253,312	2,306,651
<b>Current assets</b>			
Debtors	11	32,060	21,622
Cash and bank balances	12	11,169	16,581
Cash equivalents		71,175	17,599
<b>Total assets</b>		<b>2,367,716</b>	<b>2,362,453</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Bank overdrafts		(1,230)	0
Distribution payable		(16,520)	(13,611)
Other creditors	13	(20,536)	(10,574)
<b>Total liabilities</b>		<b>(38,286)</b>	<b>(24,185)</b>
<b>Net assets attributable to shareholders</b>		<b>2,329,430</b>	<b>2,338,268</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Statement of compliance

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017, except in relation to the separate disclosure in note 15.

### 2 Summary of significant accounting policies

#### a. Basis of preparation

There are no material events that have been identified that may cast significant doubt on the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of the fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19.

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

#### b. Functional and presentational currency

The functional and presentational currency of M&G Global Dividend Fund is UK sterling.

#### c. Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 31 March 2023 being the last business day of the accounting period.

#### d. Investments – recognition and valuation

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

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 31 March 2023, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. The methods of determining fair value for the principal classes of investment are:

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

# Financial statements and notes

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

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

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

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

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

# Financial statements and notes

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

## g. Operating charges

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

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

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

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

## h. Portfolio transaction costs

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

- **Direct portfolio transaction costs:** Broker execution commission and taxes.
- **Indirect portfolio transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

# Financial statements and notes

Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

## i. Tax

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

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

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

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

## j. Allocation of returns to share classes

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

All available net revenue accounted for in accordance with the above policies and adjusted where relevant by any specific distribution policies set out in the notes to that fund's financial statements, is distributed to holders of Income shares or retained and reinvested for holders of Accumulation shares. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the fund.

## 3 Risk management policies

The ACD is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which funds are or might be exposed.

The Company's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests; market risk, liquidity risk and counterparty credit risk.

These financial statements are designed to enable users to evaluate the nature and extent of those risks and how they are managed.

The following risk management policies are applicable to the fund, with specific risk disclosures set out in notes 19 to 21 in this report.

### a. Market risk

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

# Financial statements and notes

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

In measuring and monitoring market risk, the global exposure of a fund is calculated using a 'commitment' approach.

## b. Commitment approach

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

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

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

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

## c. Liquidity risk

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

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

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

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

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

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



# Financial statements and notes

## d. Counterparty credit risk

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

## 4 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.

## 5 Net capital gains/(losses)

for the year to 31 March	2023 £'000	2022 £'000
Non-derivative securities	(31,869)	328,954
Currency gains/(losses)	(1,009)	434
<b>Net capital gains/(losses)</b>	<b>(32,878)</b>	<b>329,388</b>

# Financial statements and notes

## 6 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 28 and 29. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 March	2023 £'000	% of transaction	2022 £'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	567,120		690,748	
Commissions	209	0.04	255	0.04
Taxes	119	0.02	376	0.05
<b>Total purchases after transaction costs</b>	<b>567,448</b>		<b>691,379</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	586,943		992,983	
Commissions	(179)	0.03	(306)	0.03
Taxes	(76)	0.01	(30)	0.00
<b>Total sales after transaction costs</b>	<b>586,688</b>		<b>992,647</b>	
	2023 £'000	% of average NAV	2022 £'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	388	0.02	561	0.02
<b>Taxes paid</b>				
Equities	195	0.01	406	0.02
<b>Total direct portfolio transaction costs</b>	<b>583</b>	<b>0.03</b>	<b>967</b>	<b>0.04</b>
		<b>%</b>		<b>%</b>
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.11		0.16

# Financial statements and notes

## 7 Revenue

for the year to 31 March	2023 £'000	2022 £'000
Bank interest	33	0
Dividends from equity investments: non-taxable	82,315	74,796
Dividends from equity investments: taxable	3	1
Interest distributions	354	8
Rebate of ongoing charges from underlying funds	13	5
<b>Total revenue</b>	<b>82,718</b>	<b>74,810</b>

## 8 Expenses

for the year to 31 March	2023 £'000	2022 £'000
<b>Payable to the ACD or associate</b>		
Annual charge	17,565	18,012
<b>Total expenses</b>	<b>17,565</b>	<b>18,012</b>

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

# Financial statements and notes

## 9 Taxation

for the year to 31 March	2023 £'000	2022 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	6,935	7,490
Deferred tax (note 9c)	0	0
<b>Total taxation</b>	<b>6,935</b>	<b>7,490</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	65,143	56,738
Corporation tax at 20%	13,029	11,348
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(16,463)	(14,959)
Current year expenses not utilised	3,434	3,611
Withholding tax	6,935	7,490
<b>Total tax charge (note 9a)</b>	<b>6,935</b>	<b>7,490</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 9a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of £141,926,000 (2022: £138,492,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

# Financial statements and notes

## 10 Distributions

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

for the year to 31 March	2023		2022	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
<b>Dividend distributions</b>				
First interim	7,946	4,586	8,621	4,081
Second interim	8,110	5,253	8,055	4,250
Third interim	7,838	5,229	7,624	4,108
Final	16,520	12,506	13,611	8,523
Total net distributions		67,988		58,873
Income deducted on cancellation of shares		1,040		1,892
Income received on issue of shares		(1,062)		(803)
<b>Distributions</b>		<b>67,966</b>		<b>59,962</b>
Net revenue/(expense) per statement of total return		58,208		49,248
Expenses offset against capital		9,757		10,714
Undistributed income carried forward		1		0
<b>Distributions</b>		<b>67,966</b>		<b>59,962</b>

## 11 Debtors

as at 31 March	2023 £'000	2022 £'000
Amounts receivable on issues of shares	3,883	871
Currency deals outstanding	10,679	3,535
Distributions receivable	68	3
Dividends receivable	7,288	5,319
Rebate of ongoing charges from underlying funds	1	0
Sales awaiting settlement	4,061	2,838
Withholding tax recoverable	6,080	9,056
<b>Total debtors</b>	<b>32,060</b>	<b>21,622</b>

## 12 Cash and bank balances

as at 31 March	2023 £'000	2022 £'000
Cash held as bank balances	11,169	16,581
<b>Total cash and bank balances</b>	<b>11,169</b>	<b>16,581</b>

# Financial statements and notes

## 13 Other creditors

as at 31 March	2023 £'000	2022 £'000
Amounts payable on cancellation of shares	1,943	2,727
Annual charge payable	516	488
Currency deals outstanding	10,680	3,535
Purchases awaiting settlement	6,984	1,184
Payable to M&G (Lux) Global Dividend Fund	413	2,640
<b>Total other creditors</b>	<b>20,536</b>	<b>10,574</b>

## 14 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

## 15 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 16.

Share class	Opening 01.04.22	Issued	Movements Cancelled	Converted	Closing 31.03.23
<b>Sterling</b>					
Class 'A' Income	158,492,534	862,587	(3,546,822)	17,672,527	173,480,826
Class 'A' Accumulation	45,635,516	3,593,465	(2,682,570)	4,764,324	51,310,735
Class 'I' Income	169,614,957	4,053,014	(30,858,763)	0	142,809,208
Class 'I' Accumulation	154,175,718	15,150,640	(5,998,573)	0	163,327,785
Class 'PP' Income	245,468,536	44,166,624	(35,075,079)	0	254,560,081
Class 'PP' Accumulation	54,179,914	23,191,181	(87,527)	0	77,283,568
Class 'R' Income	5,752,853	520,670	(545,376)	0	5,728,147
Class 'R' Accumulation	8,362,117	958,345	(994,718)	0	8,325,744
Class 'X' Income	17,990,040	110,505	(435,772)	(17,664,773)	0
Class 'X' Accumulation	4,757,570	52,909	(48,833)	(4,761,646)	0

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

# Financial statements and notes

## 16 Charging structure

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

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	1.10
Class 'I'	0.70
Class 'PP'	0.60
Class 'R'	0.95
Class 'X'	1.10

## 17 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 10. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 11 and 13 where applicable.

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 1.36% (2022: 1.74%) of the fund's shares.

## 18 Fair value analysis

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

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

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

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

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

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

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

as at 31 March	Assets 2023 £'000	Liabilities 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000
Basis of valuation				
Level 1	2,253,312	0	2,306,651	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>2,253,312</b>	<b>0</b>	<b>2,306,651</b>	<b>0</b>

## 19 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 29 to 31.

## 20 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £112,666,000 (2022: £115,333,000). A five per cent decrease would have an equal and opposite effect.



# Financial statements and notes

## 21 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by £101,363,000 (2022: £102,656,000). A five per cent decrease would have an equal and opposite effect.

as at 31 March	2023 £'000	2022 £'000
<b>Currency exposure in respect of the fund</b>		
Australian dollar	118,281	113,583
Canadian dollar	239,018	336,503
Danish krone	46,156	35,351
Euro	179,940	109,113
Hong Kong dollar	31,652	39,214
Japanese yen	70,025	40,902
Norwegian krone	47	64
Singapore dollar	17,112	0
South African rand	19,967	28,939
Sterling	302,164	285,139
Swedish krona	11,870	0
Swiss franc	212,018	121,641
Taiwan dollar	33,481	55,035
US dollar	1,047,699	1,172,784
<b>Total</b>	<b>2,329,430</b>	<b>2,338,268</b>

## 22 Dividend distribution tables

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

### Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.04.22	30.06.22	01.07.22	31.08.22
Second interim	01.07.22	30.09.22	03.10.22	30.11.22
Third interim	01.10.22	31.12.22	04.01.23	28.02.23
Final	01.01.23	31.03.23	03.04.23	31.05.23

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income

# Financial statements and notes

Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

## Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.6342	1.0158	1.6500	1.5500
Second interim	0.8402	0.8598	1.7000	1.5500
Third interim	0.1927	1.5073	1.7000	1.5500
Final	1.9424	1.6744	3.6168	2.8140

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.6128	0.8538	1.4666	1.3540
Second interim	0.9104	0.8425	1.7529	1.4664
Third interim	0.3783	1.3576	1.7359	1.3606
Final	2.8757	1.4463	4.3220	3.1454

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.9629	0.8503	1.8132	1.6965
Second interim	1.0232	0.8473	1.8705	1.6986
Third interim	0.7286	1.1432	1.8718	1.7000
Final	2.1788	1.8086	3.9874	3.0899

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.8415	1.2267	2.0682	1.8881
Second interim	1.1969	1.1088	2.3057	1.9757
Third interim	0.6025	1.6997	2.3022	1.9102
Final	3.1459	2.2060	5.3519	3.9446

# Financial statements and notes

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.3412	0.4428	0.7840	0.7320
Second interim	0.4397	0.3692	0.8089	0.7339
Third interim	0.2929	0.5168	0.8097	0.7347
Final	0.7615	0.9636	1.7251	1.3355

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.3318	0.3318	0.6636	0.6031
Second interim	0.4398	0.2903	0.7301	0.6285
Third interim	0.1945	0.5356	0.7301	0.6123
Final	0.9646	0.7088	1.6734	1.2367

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.6688	0.6012	1.2700	1.1908
Second interim	0.5070	0.8021	1.3091	1.1919
Third interim	0.4072	0.9023	1.3095	1.1922
Final	1.4302	1.3571	2.7873	2.1653

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.6426	0.4486	1.0912	1.0015
Second interim	0.6823	0.5837	1.2660	1.0701
Third interim	0.2310	1.0270	1.2580	1.0105
Final	2.0874	0.9574	3.0448	2.2276

# Financial statements and notes

## Sterling Class 'X' Income shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	n/a	n/a	n/a	1.5502
Second interim	n/a	n/a	n/a	1.5508
Third interim	n/a	n/a	n/a	1.5507
Final	n/a	n/a	n/a	2.8153

## Sterling Class 'X' Accumulation shares

Ordinary distributions for the year to 31 March	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	n/a	n/a	n/a	1.3516
Second interim	n/a	n/a	n/a	1.4674
Third interim	n/a	n/a	n/a	1.3614
Final	n/a	n/a	n/a	3.1471

## 23 Events after the balance sheet date

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

# Other regulatory disclosures

## Remuneration

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

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

The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives of the UCITS funds managed by the UCITS Management Company. Further details of the remuneration policy can be found here: [mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies](http://mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies). The remuneration policy and its implementation is reviewed on an annual basis, or more frequently where required, and is approved by the M&G plc Board Remuneration Committee. The most recent review found no fundamental issues with no material changes made to the policy.

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

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

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

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

	Fixed Remuneration £000	Variable Remuneration £000	Total £000	Beneficiaries
Senior Management	622	1,303	1,924	9
Other Identified Staff	4,578	18,758	23,336	37

## Swiss investor information

For funds registered in Switzerland we are required by FINMA to disclose the Total Expense Ratio (TER).

For this fund the TERs are the same as the operating charges disclosed in the fund’s financial highlights section under ‘Performance and charges’.

## Glossary

**Accumulation shares** A type of share where distributions are automatically reinvested and reflected in the value of the shares.

**Accumulation units** A type of unit where distributions are automatically reinvested and reflected in the value of the units.

**Asset** Anything having commercial or exchange value that is owned by a business, institution or individual.

**Asset allocation** Apportioning a portfolio's assets according to risk tolerance and investment goals.

**Asset class** Category of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

**Bond** A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

**Bond issue** A set of fixed income securities offered for sale to the public by a company or government. If the bonds are sold for the first time, it is called a 'new issue'.

**Bottom-up selection** Selecting stocks based on the attractiveness of a company.

**Bunds** Fixed income securities issued by the German government.

**Capital** Refers to the financial assets, or resources, that a company has to fund its business operations.

**Capital growth** Occurs when the current value of an investment is greater than the initial amount invested.

**Capital return** The term for the gain or loss derived from an investment over a particular period. Capital return includes capital gain or loss only and excludes income (in the form of interest or dividend payments).

**Cash equivalents** Deposits or investments with similar characteristics to cash.

**Charity Authorised Investment Fund (CAIF)** An investment entity that is both a registered charity and an authorised investment fund. The CAIF must comply with charity law as well as financial services laws and regulations, and is usually treated as a registered charity for tax purposes.

**Comparative sector** A group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the Investment Association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

**Consumer Prices Index (CPI)** An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

**Convertible bonds** Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

**Corporate bonds** Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

**Coupon** The interest paid by the government or company that has raised a loan by selling bonds.

**Credit** The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

**Credit default swaps (CDS)** Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

**Credit rating** An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Credit rating agency** A company that analyses the financial strength of issuers of fixed income securities and attaches a rating to their debt. Examples include Standard & Poor's and Moody's.

**Credit risk** Risk that a financial obligation will not be paid and a loss will result for the lender.

## Glossary

**Credit selection** The process of evaluating a fixed income security, also called a bond, in order to ascertain the ability of the borrower to meet its debt obligations. This research seeks to identify the appropriate level of default risk associated with investing in that particular bond.

**Credit spread** The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value.

**Default** When a borrower does not maintain interest payments or repay the amount borrowed when due.

**Defaulted bond** When a bond issuer does not maintain interest payments or repay the amount borrowed when due.

**Default risk** Risk that a debtholder will not receive interest and full repayment of the loan when due.

**Derivatives** Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

**Developed economy/market** Well-established economies with a high degree of industrialisation, standard of living and security.

**Dilution adjustments** The dilution adjustment is used to protect ongoing investors against the transaction charges incurred in investing or divesting in respect of creations and cancellations. The dilution adjustment is made up of the direct and indirect transaction charges. In the financial statements the direct transaction charges as a percentage of average NAV will be disclosed. This percentage will take account of those direct transaction charges that have been recovered through the dilution adjustment leaving a percentage that just represents the costs incurred in portfolio management.

**Distribution** Distributions represent a share in the income of the fund and are paid out to Income shareholders or reinvested for Accumulation shareholders at set times of the year (monthly, quarterly, half-yearly or annually). They may either be in the form of interest distributions or dividend distributions.

**Distribution yield** Expresses the amount that is expected to be distributed by the fund over the next 12 months as a percentage of the share price as at a certain date. It is based on the expected gross income less the ongoing charges.

**Diversification** The practice of investing in a variety of assets. This is a risk management technique where, in a well-diversified portfolio, any loss from an individual holding should be offset by gains in other holdings, thereby lessening the impact on the overall portfolio.

**Dividend** Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

**Duration** A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Duration risk** The longer a fixed income security, also called a bond, or bond fund's duration, the more sensitive and therefore at risk it is to changes in interest rates.

**Emerging economy or market** Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

**Equities** Shares of ownership in a company.

**Exchange traded** Usually refers to investments traded on an exchange, such as company shares on a stock exchange.

**Ex-dividend, ex-distribution or XD date** The date on which declared distributions officially belong to underlying investors.

**Exposure** The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

**Fixed income security** A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

**Floating rate notes (FRNs)** Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

**Foreign exchange** The exchange of one currency for another, or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as 'forex' and occasionally as 'FX'.

## Glossary

**Foreign exchange (FX) strategy** Currencies can be an asset class in its own right, along with company shares, fixed income securities, property and cash. Foreign exchange strategy can therefore be a source of investment returns.

**Forward contract** A contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Examples include forward currency contracts.

**Fundamentals (company)** A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

**Fundamentals (economic)** A basic principle, rule, law, or the like, that serves as the groundwork of a system. Economic fundamentals are factors such as inflation, employment, economic growth.

**Futures** A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a predetermined price at a future date. Futures are traded on a regulated exchange.

**Gilts** Fixed income securities issued by the UK government.

**Government bonds** Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

**Hedging** A method of reducing unnecessary or unintended risk.

**High water mark (HWM)** The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

**High yield bonds** Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Historic yield** The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown.

**Income yield** Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

**Index** An index represents a particular market or a portion of it, serving as a performance indicator for that market.

**Income shares** A type of share where distributions are paid out as cash on the payment date.

**Income units** A type of unit where distributions are paid out as cash on the payment date.

**Index tracking** A fund management strategy that aims to match the returns from a particular index.

**Index-linked bonds** Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

**Inflation** The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

**Inflation risk** The risk that inflation will reduce the return of an investment in real terms.

**Initial public offering (IPO)** The first sale of shares by a private company to the public.

**Interest rate risk** The risk that a fixed income investment will lose value if interest rates rise.

**Interest rate swap** An agreement between two parties to swap a fixed interest payment with a variable interest payment over a specified period of time.

**Investment Association (IA)** The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

**Investment grade bonds** Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Issuer** An entity that sells securities, such as fixed income securities and company shares.



## Glossary

**Leverage** When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

**Liquidity** A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

**Long position** Refers to ownership of a security held in the expectation that the security will rise in value.

**Macroeconomic** Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

**Maturity** The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

**Modified duration** A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

**Monetary easing** When central banks lower interest rates or buy securities on the open market to increase the money in circulation.

**Monetary policy** A central bank's regulation of money in circulation and interest rates.

**Monetary tightening** When central banks raise interest rates or sell securities on the open market to decrease the money in circulation.

**Morningstar™** A provider of independent investment research, including performance statistics and independent fund ratings.

**Near cash** Deposits or investments with similar characteristics to cash.

**Net asset value (NAV)** A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

**Ongoing Charge Figure** The ongoing charge figure represents the operating costs investors can reasonably expect to pay under normal circumstances.

**Open-ended investment company (OEIC)** A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

**Options** Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

**Over-the-counter (OTC)** Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

**Overweight** If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

**Payment date** The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

**Physical assets** An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

**Portfolio transaction cost** The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

**Preference shares** Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

**Principal** The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

**Private placement** An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

**Property Expense Ratio (PER)** Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

## Glossary

**Real yield** The return of an investment, adjusted for changes in prices in an economy.

**Retail Prices Index (RPI)** A UK inflation index that measures the rate of change in prices for a basket of goods and services in the UK, including mortgage payments and council tax.

**Risk** The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.

**Risk management** The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

**Risk premium** The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

**Risk-free asset** An asset that notionally carries no risk of non-payment by the borrower such as a high-quality fixed income security issued by a government or cash.

**Risk/reward ratio** A ratio comparing the expected returns of an investment with the amount of risk undertaken.

**Safe-haven assets** Refers to assets that investors perceive to be relatively safe from suffering a loss in times of market turmoil.

**Security** Financial term for a paper asset – usually a share in a company or a fixed income security also known as a bond.

**Share class** Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the Key Investor Information Documents.

**Share class hedging** Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

**Short position** A way for a fund manager to express his or her view that the market might fall in value.

**Short selling** This often refers to the practice whereby an investor sells an asset they do not own. The investor borrows the asset from someone who does own it and pays a fee. The investor must eventually return the borrowed asset by buying it in the open market. If the asset has fallen in price, the investor buys it for less than they sold it for, thus making a profit. The contrary may also occur.

**Short-dated corporate bonds** Fixed income securities issued by companies and repaid over relatively short periods.

**Short-dated government bonds** Fixed income securities issued by governments and repaid over relatively short periods.

**Sovereign debt** Debt of a government. Also referred to as government bonds.

**Sub-investment grade bonds** Fixed income securities issued by a company with a low rating from a recognised credit rating agency. They are considered to be at higher risk from default than those issued by companies with higher credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**Suspended** Temporarily halting the trading of a listed security on the stock exchange. It can be voluntary (requested by the issuing company) or imposed by regulators. Typically, trading suspensions are introduced ahead of important news announcements, following technical glitches, or due to regulatory concerns.

**Swing pricing** Swing pricing is a method of protecting long-term shareholders in the fund from bearing the costs of transactions carried out by shorter-term investors. When investors buy or sell shares in the fund, the fund manager has to buy or sell underlying securities to either invest the cash obtained from investors, or to provide them with cash in exchange for their shares. Swing pricing essentially adjusts the fund shares' daily price to take into account the costs of buying or selling the underlying securities held by the fund. This ensures that transaction costs such as brokerage fees and administrative charges are borne by those investors who trade shares in the fund, not by those who remain invested in the fund. (Also see dilution adjustment).

**Top-down investing** An investment approach that analyses economic factors, ie surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at which industries are likely to generate the best returns in certain economic conditions and limit the search to that area.

**Total return** The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

**Treasuries** Fixed income securities issued by the US government.

## Glossary

**Triple A or AAA rated** The highest possible rating a fixed income security, also called a bond, can be assigned by credit rating agencies. Bonds that are rated AAA are perceived to have the lowest risk of default. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

**UCITS** Stands for Undertakings for Collective Investment in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

**Unconstrained** The term used to describe the mandate of a fund whereby the manager has the freedom to invest according to his or her own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

**Underlying value** The fundamental value of a company, reflecting both tangible and intangible assets, rather than the current market value.

**Underlying yield** Refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

**Underweight** If a portfolio is 'underweight' a stock, it holds a smaller proportion of that stock than the comparable index or sector.

**Unit trust** A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

**Unit/share type** Type of units/shares held by investors in a trust or fund (unit/share types differ by features such as whether income is to be paid out as cash or reinvested on the payment date).

**Unlisted/unquoted stocks** Shares of ownership in companies that are not listed on a public exchange, known as private companies.

**Valuation** The worth of an asset or company based on its current price.

**Volatile** When the value of a particular share, market or sector swings up and down fairly frequently and/or significantly, it is considered volatile.

**Volatility** The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

**Warrant** A security issued by a company that gives the holder the right to buy shares in that company at a specified price and within a certain timeframe.

**Yield** This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

**Yield (equity)** Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

**Yield (bonds)** This refers to the interest received from a fixed income security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

**Yield (income)** Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

