

M&G Global Dividend Fund

**Interim report and unaudited financial statements
for the six months ended 30 September 2022**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Dividend Fund presents its interim report and unaudited financial statements for the six months ended 30 September 2022.

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,
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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
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(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 at www.mandg.co.uk/valueassessment

Authorised Corporate Director's Report

Important information

COVID-19 continues to bring uncertainties. The ACD continues to monitor the ongoing operational risks that are posed to the Company and its service providers.

The events in Ukraine continue to shock and bring widespread condemnation. Western nations responded to Russia's attack which started on 24 February 2022, with sweeping sanctions: the US, the UK and the European Union have imposed sanctions on Russian banks, state-owned enterprises (SOEs) and individuals with close links to President Putin.

From the perspective of financial markets, Russia's attack has sparked considerable volatility. There have been direct impacts, particularly with Russian exposed assets and indirect impacts affecting asset classes globally with oil and gas prices surging. Given the uncertainty around the continuing conflict, it is likely that financial markets will remain volatile as investors react to developments.

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 www.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.

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.

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Email: 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 Company 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
25 November 2022

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 29 July 2022 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.

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



The above number:

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

Authorised Corporate Director's Report

Investment review

For the six months ended 30 September 2022

Distribution summary

Over the six-month review period to 30 September 2022, the fund distributed income of 3.3500 pence per Sterling Class 'A' (Income) share. This is 8.1% higher than the distribution for the same period in the previous financial year. The payout represented a twelve month yield (distributed income as a percentage of the share price as at 30 September 2022) of 3.10% versus a yield of 2.46% for the MSCI ACWI Index, the fund's target benchmark.

The momentum in global dividends continued during the six months under review as corporate cashflows recovered 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.)

Against this backdrop, the fund benefited from higher dividends across a broad range of countries and sectors. The majority of holdings delivered dividend increases in the region of 5% to 15% in local currency, in line with previous years. There were no dividend cuts.

Technology provided a source of robust dividends, with KLA accelerating its pace of dividend growth. The US company specialising in process controls and yield management for the semiconductor industry raised its dividend by 24%, up from last year's 17% increase. Microsoft extended its long track record of dividend growth with a 10% hike.

Medtronic (healthcare) and PepsiCo (consumer staples) provided reliable growth among defensive sectors, with dividend increases in the core 5-15% range. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.)

In more economically sensitive sectors, Methanex reported two double-digit increases in materials. The methanol producer raised its dividend by 20% in July, on top of a 16% increase in April, boosting the year-on-year increase to 40%. Lowe's, the US home improvement retailer, raised its dividend by 31% in consumer discretionary.

It was also encouraging to see some of the dividend cutters from 2020 resume dividend growth. Treasury Wine Estates reported an 11% increase for the financial year ended 30 June 2022 after the Australian company held the dividend flat last year. Motus, the South African automotive group, raised its full-year dividend by 71%, lifting the payment 45% above pre-Covid levels in 2019.

It was not all good news, however, as companies including Keyera (energy) and Takeda Pharmaceutical (healthcare) kept their dividends unchanged. We expect both companies to return to dividend growth at the appropriate time.

That said, static dividends were the exception rather than the rule. We are encouraged that the majority of the fund's holdings delivered solid, and in many cases impressive, dividend growth, as a result of which the fund increased its distribution during the six-month review period, while maintaining a yield above that of the MSCI ACWI Index. We are conscious that the combination of a premium yield and rising income is important to many of our investors. We remain focused on meeting this objective.

The fund's distribution is 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 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 30 September 2022, the M&G Global Dividend Fund delivered a negative total return (the combination of income and growth of capital) across all its share classes and underperformed its benchmark, the MSCI

Authorised Corporate Director's Report

ACWI Index, which returned -7.1% in sterling. The fund's success in meeting its objective over this short timeframe was mixed. The fund fell short on the objective of outperforming the MSCI ACWI Index, but 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 have delivered positive total returns, albeit behind the MSCI ACWI Index, which returned 8.9% pa in sterling. Distributions have increased in each financial year during this time, and the fund's yield has been at a consistent premium to the benchmark. Consequently, the fund has 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 six months under review, as investors took fright from a heady mix of rampant inflation, rising interest rates and the prospect of a recession. Europe led the declines, with Germany bearing the brunt of the region's economic woes. Asia Pacific ex Japan and emerging markets also featured prominently among the laggards. The US and Japan outperformed the MSCI ACWI Index, but ended the review period with negative returns.

Communication services claimed the mantle of worst-performing sector, closely followed by technology. Rising bond yields took their toll on the high multiples attached to new economy stocks: Meta Platforms, formerly Facebook, and Alphabet, the owner of Google, slumped in communication services, while NVIDIA weighed on the downturn in technology stocks. Amazon.com and Tesla underperformed in consumer discretionary. Materials struggled most among the economically sensitive sectors, in contrast to industrials and financials, where the losses were limited. Real estate suffered for its perceived interest-rate sensitivity. 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 war in Ukraine.

Against this backdrop, the fund underperformed the MSCI ACWI Index, with our holdings in materials and consumer discretionary dominating the list of detractors.

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 company announced a sizeable share buyback programme, reflecting the highly cash-generative nature of the business.

Methanex, by contrast, underperformed despite 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.

Adidas led the declines in consumer discretionary after the German company issued a profit warning due to a slower recovery in China. The valuation is approaching distressed levels, we believe, with little in the price for long-term growth in China. We added to the holding on weakness.

Investors remained sceptical about Pandora's prospects despite operating results being in line with market expectations. The Danish jewellery company reiterated its guidance for the full year. The long-term investment case remains unchanged for us.

VF was another laggard in the consumer discretionary sector after cutting its guidance for fiscal 2023. While Vans continues to disappoint, the remainder of the brand portfolio, including The North Face, continues to deliver and to us the valuation remains attractive. The stock remains a core holding.

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Stock selection added value in the defensive sectors of consumer staples and healthcare. Imperial Brands made the biggest positive contribution to fund performance as investors flocked to the comfort of safety. The shares returned 18% in a falling market. The UK company reported solid results for the first six months of the financial year and reiterated its guidance for the full year. The interim dividend was raised in line with its progressive policy. The shares continue to offer compelling value, in our view, with a dividend yield of more than 7%.

The rally in Treasury Wine Estates was also backed by solid fundamentals. The Australian company reported progress in its full-year results and remains well placed to deliver growth in the year ahead.

Bristol Myers Squibb was the frontrunner in healthcare after the company's psoriasis drug won approval from US regulators, a development which could help to diversify the product pipeline. Takeda Pharmaceutical also outperformed in healthcare.

Arcor delivered a double-digit return in the materials sector. The Australian packaging company, which has defensive characteristics with a customer base dominated by healthcare and consumer goods businesses, reported continued momentum in its operating performance and raised its outlook for the full year.

Sector allocation benefited from overweight positions in consumer staples and energy, as well as an underweight stance in communication services.

Investment activities

We made three new purchases and three complete sales during the six months under review – a level of turnover consistent with our investment timeframe of three to five years. The number of holdings remained at 42, compared to our historic range of 40 to 50.

Kone, a world leader in elevators and escalators, was added to the portfolio in May as the market downturn presented an attractive yield opportunity for a quality business with a high proportion of recurring service

revenue. The dividend yield based on the ordinary dividend was 4.2% at the time of purchase.

We bought JPMorgan Chase in June on a starting yield of 3.6%, which we believe offers compelling value for a dividend stream where we have high conviction in its ability to grow over the long term.

Compagnie Financière Richemont, which we bought in July, was the final purchase during the review period after a sharp, indiscriminate selloff in the consumer discretionary sector. The luxury goods company reported first-quarter results which exceeded market expectations, but sentiment remained under pressure due to lockdowns in China. Richemont's financial strength remains unrivalled with net cash on the balance sheet, and the valuation is undemanding for a long-term growth company. We think the business remains well placed for a resumption in Chinese travel and spending.

We took advantage of the weakness in the technology sector to add to our semiconductor holdings including Broadcom, ASML and KLA, as well as Microsoft in quality tech. The fund's technology weighting increased from 17.9% to 20.6%.

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

Authorised Corporate Director's Report

Outlook

Fears of a recession have led to indiscriminate selling, with valuations in some areas of the stockmarket approaching distressed levels. The severity of the declines is creating attractive entry points, in our view. We see buying opportunities in technology, a variety of high-yield stocks and, more recently, consumer discretionary. Being selective will be paramount.

Balance sheet strength is a key consideration in an environment of rising interest rates, and we continue to scrutinise cashflow generation in our company analysis to ensure that dividends can be sustained in the current climate. Capitalising on the exceptional valuation opportunities being presented to us will ultimately determine fund performance in the years ahead. 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 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Equities	2,137,552	98.02	98.65
United Kingdom	237,388	10.89	11.94
36,616,703 abrln	51,025	2.34	
7,694,246 Imperial Brands	144,536	6.63	
1,042,148 Unilever	41,827	1.92	
Denmark	24,590	1.13	1.44
575,454 Pandora	24,590	1.13	
Finland	30,329	1.39	0.00
876,551 Kone	30,329	1.39	
Germany	88,421	4.06	4.07
436,956 adidas	45,256	2.08	
492,332 Siemens	43,165	1.98	
Netherlands	33,696	1.55	0.49
89,199 ASML	33,696	1.55	
Norway	60	0.00	0.00
3,981 Prosafe	60	0.00	
Switzerland	142,178	6.52	4.78
1,954,509 ABB	45,706	2.10	
318,655 Compagnie Financière Richemont	27,267	1.25	
993,897 Novartis	69,205	3.17	
United States	1,037,704	47.58	50.07
584,529 Analog Devices	75,741	3.47	
62,039 BlackRock	31,823	1.46	
1,093,432 Bristol Myers Squibb	71,332	3.27	
205,095 Broadcom	84,310	3.86	
226,829 Charles Schwab	15,027	0.69	
687,309 Coca-Cola	35,283	1.62	
440,779 Colgate-Palmolive	28,655	1.31	
97,711 Elevance Health	40,581	1.86	
169,768 JPMorgan Chase	16,435	0.75	
224,202 KLA	63,168	2.90	
292,439 Lowe's	50,728	2.33	
292,131 Marsh & McLennan	40,054	1.84	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
477,669 Medtronic	35,543	1.63	
5,126,066 Methanex	148,386	6.80	
551,893 Microsoft	120,085	5.51	
188,334 PepsiCo	28,550	1.31	
2,967,311 Trinseo	50,533	2.32	
679,830 VF	19,046	0.87	
229,387 Visa	37,575	1.72	
373,633 Walmart	44,849	2.06	
Canada	265,974	12.20	14.16
7,802,457 Gibson Energy	113,612	5.21	
297,760 Intact Financial	39,101	1.80	
4,223,814 Keyera	79,217	3.63	
7,449,944 Lundin Mining	34,044	1.56	
Japan	57,821	2.65	1.71
2,454,800 Takeda Pharmaceutical	57,821	2.65	
Australia	124,588	5.71	4.80
7,769,881 Amcor	75,565	3.46	
6,668,886 Treasury Wine Estates	49,023	2.25	
Hong Kong	27,733	1.27	1.68
3,679,327 AIA	27,733	1.27	
Taiwan	41,259	1.89	2.34
3,435,000 Taiwan Semiconductor Manufacturing	41,259	1.89	
South Africa	25,811	1.18	1.17
4,542,681 Motus	25,811	1.18	
Total portfolio	2,137,552	98.02	98.65
Net other assets/(liabilities)	43,286	1.98	1.35
Net assets attributable to shareholders	2,180,838	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the six months to
30 September 2022

Largest purchases	£'000
Broadcom	36,674
Kone	32,320
Compagnie Financière Richemont	29,812
ASML	29,131
adidas	22,265
Microsoft	21,330
Marsh & McLennan	20,871
JPMorgan Chase	16,053
Unilever	15,864
KLA	14,795
Other purchases	108,954
Total purchases	348,069

Largest sales	£'000
AstraZeneca	35,366
Imperial Brands	28,752
Automatic Data Processing	26,433
Keyera	21,099
Gibson Energy	20,271
Walmart	19,739
Colgate-Palmolive	19,554
Methanex	17,682
Coca-Cola	14,440
PepsiCo	10,504
Other sales	94,198
Total sales	308,038

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 www.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	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-7.6	+8.1	+7.6	+9.7
Class 'A' Accumulation	-7.6	+8.1	+7.6	+9.7
Class 'I' Income	-7.4	+8.6	+8.2	+10.4
Class 'I' Accumulation	-7.4	+8.6	+8.2	+10.4
Class 'PP' Income	-7.3	+8.7	n/a	n/a
Class 'PP' Accumulation	-7.3	+8.7	n/a	n/a
Class 'R' Income	-7.5	+8.3	+7.9	+10.1
Class 'R' Accumulation	-7.5	+8.3	+7.9	+10.1
Class 'X' Income	-7.4	+8.2	+7.7	+9.7
Class 'X' Accumulation	-7.4	+8.2	+7.7	+9.7
Benchmark	-7.1	+7.7	+8.9	+11.9

^a Not annualised.

Specific share class performance

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

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	270.84	237.19	167.32
Return before operating charges	(19.91)	43.79	79.80
Operating charges	(1.40)	(2.68)	(2.83)
Return after operating charges	(21.31)	41.11	76.97
Distributions	(3.35)	(7.46)	(7.10)
Closing NAV	246.18	270.84	237.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.11	0.16
Dilution adjustments	(0.01)	(0.02)	(0.09)
Total direct transaction costs	0.03	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	1.06	1.06	1.31
Return after charges	-7.87	+17.33	+46.00
Other information			
Closing NAV (£'000)	430,389	429,266	518,573
Number of shares	174,826,320	158,492,534	218,630,792
Highest share price (UK p)	276.55	274.37	243.07
Lowest share price (UK p)	248.52	237.68	162.79

Sterling Class 'A' Accumulation share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	422.68	359.71	245.63
Return before operating charges	(31.08)	67.08	118.20
Operating charges	(2.19)	(4.11)	(4.12)
Return after operating charges	(33.27)	62.97	114.08
Distributions	(3.22)	(7.33)	(6.41)
Retained distributions	3.22	7.33	6.41
Closing NAV	389.41	422.68	359.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.16	0.23
Dilution adjustments	(0.01)	(0.04)	(0.13)
Total direct transaction costs	0.05	0.12	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	1.06	1.06	1.32
Return after charges	-7.87	+17.51	+46.44
Other information			
Closing NAV (£'000)	197,240	192,892	222,444
Number of shares	50,651,102	45,635,516	61,839,313
Highest share price (UK p)	431.61	423.78	364.77
Lowest share price (UK p)	389.05	360.47	239.06

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	297.52	259.51	182.16
Return before operating charges	(21.91)	48.03	87.01
Operating charges	(0.96)	(1.83)	(1.91)
Return after operating charges	(22.87)	46.20	85.10
Distributions	(3.68)	(8.19)	(7.75)
Closing NAV	270.97	297.52	259.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.12	0.17
Dilution adjustments	(0.01)	(0.03)	(0.10)
Total direct transaction costs	0.03	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.66	0.66	0.84
Return after charges	-7.69	+17.80	+46.72
Other information			
Closing NAV (£'000)	419,776	504,632	664,485
Number of shares	154,915,427	169,614,957	256,056,095
Highest share price (UK p)	304.00	301.39	265.90
Lowest share price (UK p)	273.55	260.05	177.24

Sterling Class 'I' Accumulation share performance

The share class was launched on 18 July 2008.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	463.62	392.98	267.04
Return before operating charges	(34.13)	73.44	128.78
Operating charges	(1.50)	(2.80)	(2.84)
Return after operating charges	(35.63)	70.64	125.94
Distributions	(4.37)	(9.72)	(8.66)
Retained distributions	4.37	9.72	8.66
Closing NAV	427.99	463.62	392.98
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.18	0.25
Dilution adjustments	(0.01)	(0.04)	(0.15)
Total direct transaction costs	0.06	0.14	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.66	0.66	0.84
Return after charges	-7.69	+17.98	+47.16
Other information			
Closing NAV (£'000)	696,708	714,797	656,252
Number of shares	162,785,792	154,175,718	166,991,748
Highest share price (UK p)	473.77	464.83	398.44
Lowest share price (UK p)	427.12	393.82	259.91

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	128.62	112.07	78.52
Return before operating charges	(9.48)	20.76	37.55
Operating charges	(0.35)	(0.67)	(0.65)
Return after operating charges	(9.83)	20.09	36.90
Distributions	(1.59)	(3.54)	(3.35)
Closing NAV	117.20	128.62	112.07
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.05	0.07
Dilution adjustments	0.00	(0.01)	(0.04)
Total direct transaction costs	0.02	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.56	0.56	0.65
Return after charges	-7.64	+17.93	+46.99
Other information			
Closing NAV (£'000)	313,908	315,711	123,346
Number of shares	267,841,737	245,468,536	110,060,619
Highest share price (UK p)	131.44	130.29	114.83
Lowest share price (UK p)	118.31	112.31	76.40

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	140.93	119.34	80.93
Return before operating charges	(10.37)	22.32	39.07
Operating charges	(0.39)	(0.73)	(0.66)
Return after operating charges	(10.76)	21.59	38.41
Distributions	(1.39)	(3.08)	(2.82)
Retained distributions	1.39	3.08	2.82
Closing NAV	130.17	140.93	119.34
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.05	0.07
Dilution adjustments	0.00	(0.01)	(0.04)
Total direct transaction costs	0.02	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.56	0.56	0.65
Return after charges	-7.63	+18.09	+47.46
Other information			
Closing NAV (£'000)	90,153	76,357	12,187
Number of shares	69,259,820	54,179,914	10,211,708
Highest share price (UK p)	144.04	141.30	120.99
Lowest share price (UK p)	129.87	119.59	78.77

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	208.44	182.27	128.27
Return before operating charges	(15.33)	33.68	61.20
Operating charges	(0.92)	(1.77)	(1.75)
Return after operating charges	(16.25)	31.91	59.45
Distributions	(2.58)	(5.74)	(5.45)
Closing NAV	189.61	208.44	182.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.08	0.12
Dilution adjustments	(0.01)	(0.02)	(0.07)
Total direct transaction costs	0.02	0.06	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.91	0.91	1.08
Return after charges	-7.80	+17.51	+46.35
Other information			
Closing NAV (£'000)	10,682	11,991	11,008
Number of shares	5,634,013	5,752,853	6,039,238
Highest share price (UK p)	212.89	211.16	186.77
Lowest share price (UK p)	191.41	182.65	124.80

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	284.07	241.39	164.44
Return before operating charges	(20.90)	45.05	79.22
Operating charges	(1.26)	(2.37)	(2.27)
Return after operating charges	(22.16)	42.68	76.95
Distributions	(2.36)	(5.31)	(4.80)
Retained distributions	2.36	5.31	4.80
Closing NAV	261.91	284.07	241.39
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.11	0.16
Dilution adjustments	(0.01)	(0.03)	(0.09)
Total direct transaction costs	0.03	0.08	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.91	0.91	1.08
Return after charges	-7.80	+17.68	+46.80
Other information			
Closing NAV (£'000)	21,982	23,754	21,301
Number of shares	8,393,282	8,362,117	8,824,199
Highest share price (UK p)	290.15	284.81	244.77
Lowest share price (UK p)	261.56	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.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 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	0.00	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.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 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	0.03	0.16	0.23
Dilution adjustments	(0.01)	(0.04)	(0.14)
Total direct transaction costs	0.02	0.12	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	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 six months to 30 September	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(208,754)		182,608
Revenue	37,672		34,670	
Expenses	(8,807)		(9,237)	
Interest payable and similar charges	(10)		(37)	
Net revenue/(expense) before taxation	28,855		25,396	
Taxation	(3,572)		(3,380)	
Net revenue/(expense) after taxation		25,283		22,016
Total return before distributions		(183,471)		204,624
Distributions		(25,796)		(25,737)
Change in net assets attributable to shareholders from investment activities		(209,267)		178,887

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		2,338,268		2,293,192
Amounts received on issue of shares	185,297		104,895	
Amounts paid on cancellation of shares	(143,419)		(291,114)	
		41,878		(186,219)
Dilution adjustments		119		256
Change in net assets attributable to shareholders from investment activities (see above)		(209,267)		178,887
Retained distributions on Accumulation shares		9,839		8,331
Unclaimed distributions		1		3
Closing net assets attributable to shareholders		2,180,838		2,294,450

Interest payable and similar charges of £10,000 (2021: £37,000) has been reclassified from 'Expenses' within the statement of total return.

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

Financial statements

Balance sheet

as at	30 September 2022 £'000	31 March 2022 £'000
Assets		
Fixed assets		
Investments	2,137,552	2,306,651
Current assets		
Debtors	17,121	21,622
Cash and bank balances	13,595	16,581
Cash equivalents	26,822	17,599
Total assets	2,195,090	2,362,453
Liabilities		
Creditors		
Distribution payable	(8,110)	(13,611)
Other creditors	(6,142)	(10,574)
Total liabilities	(14,252)	(24,185)
Net assets attributable to shareholders	2,180,838	2,338,268

Financial statements and notes

Notes to the financial statements

Accounting policies

There are no material events that have been identified that may cast significant doubt on the Company's ability to continue as a going concern for 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, following consideration of the impact of COVID-19 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 interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 March 2022. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

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.

Other regulatory disclosures

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, i.e. 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, i.e. 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.

