

M&G Investment Funds (1)

**Interim report and unaudited financial statements
for the six months ended 28 February 2023**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (1) presents its interim report and unaudited financial statements for the six months ended 28 February 2023.

The unaudited financial statements of M&G Investment Funds (1) and the investment report and unaudited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (1) is an umbrella Open-Ended Investment Company (OEIC) and contains nine sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 6 June 2001 and was launched on 1 November 2001, following the conversion of a series of authorised unit trusts.

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

As at 28 February 2023, none of the funds held shares of the other funds within this OEIC.

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

Fund managers

The following fund managers are employed by M&G FA Limited which is an associate of M&G Securities Limited.

M&G Asian Fund

David Perrett

M&G European Index Tracker Fund

Nigel Booth

M&G European Sustain Paris Aligned Fund

John William Olsen

M&G Global Sustain Paris Aligned Fund

John William Olsen

M&G Global Themes Fund

Alex Araujo

M&G Japan Fund

Carl Vine

M&G Japan Smaller Companies Fund

Carl Vine

M&G North American Dividend Fund

John Weavers

M&G North American Value Fund

Daniel White

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

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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)

Depositary

NatWest Trustee & Depositary 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

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 commodity prices surging. Given the uncertainty around the continuing conflict, it is likely that financial markets will remain volatile as investors react to developments.

On 17 November 2022 the US dollar Class 'C' Accumulation shares was launched for the M&G Global Themes Fund.

From January 2023 the operating charge figure will include 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.

As at 28 February 2023, the distribution frequency for M&G Japan Fund changed from annual to semi-annual.

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

Authorised Corporate Director's Report

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, costs and charges illustration, the latest Annual or Interim Investment Report and Financial Statements as well as a list of purchases and sales are available free of charge on request from the following 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.

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

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.

German information agent:

M&G International Investments Limited,
mainBuilding, Taunusanlage 19, 60325 Frankfurt am
Main, Germany

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 each of the funds are prepared in accordance with the Investment Association Statement of Recommended Practice for Financial Statements of UK Authorised Funds (SORP) and UK Financial Reporting Standards, and give a true and fair view of the net revenue or expenses and net capital gains or losses for the accounting period, and the financial position at the end of that period.

The ACD is required to keep proper accounting records, and to manage the Company in accordance with the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA, the Instrument of Incorporation and the Prospectus, and to take reasonable steps for the prevention and detection of fraud or other irregularities. Additionally, the ACD is responsible for preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Company or its funds will 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
26 April 2023

Financial statements and notes

The financial statements for M&G Investment Funds (1) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

Accounting policies

There are no material events that have been identified that may cast significant doubt on the Company's ability to continue as a going concern for 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 each fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections, 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 August 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.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the MSCI AC Asia Pacific ex Japan Index over any five-year period.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business in the Asia Pacific region (excluding Japan).

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

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.

The investment approach identifies shares of Asia Pacific ex Japan companies which, in the fund manager's opinion at the time of investment, are undervalued.

When analysing a company, the fund manager focuses on three key factors: return on capital, valuations and corporate governance.

The fund manager believes that company-specific factors, in particular their profitability (which is measured in terms of return on capital), drive share prices over the long term.

Benchmark

Benchmark: MSCI AC Asia Pacific ex Japan Index.

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

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

For unhedged and hedged 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.

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Investment review

For the six months ended 28 February 2023

Performance against objective

Between 1 September 2022 (the start of the review period) and 28 February 2023, the M&G Asian Fund delivered a positive total return (the combination of income and growth of capital) across all its sterling share classes. Fund performance was comfortably ahead of the fund's benchmark, the MSCI AC Asia Pacific ex Japan Index, which fell by -4.5% over the same period.

Over five years, the fund generated an annualised positive total return across its sterling share classes and was ahead of its benchmark, which returned +3.0% pa over this period. Therefore, the fund met the objective over its specified timeframe of five years.

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

Performance review

Over the review period, the MSCI AC Asia Pacific ex Japan Index recorded a negative return in sterling terms and lagged the global MSCI ACWI Index. Performance was mainly held back by falls in the Chinese and Indian stockmarkets, which represent a little more than two-fifths of the regional index by market capitalisation.

Like many stockmarkets around the world, shares in the Asia Pacific ex Japan region began the review period on the back foot, as investors took fright from a heady mix of rampant inflation, higher interest rates and weak economic growth. Additionally, in China, investors were unsettled by the news that Xi Jinping had secured a third term as China's leader, increasing the centralisation of power.

However, towards the end of 2022, signs that Chinese authorities were prepared to ease COVID-19 quarantine rules were well received and boosted share prices not only in China and Hong Kong, but elsewhere in the region. Another key driver of the rally, in our view, was the extremely depressed starting point for sentiment and valuations. However, towards the end of the review

period, shares in Asia Pacific ex Japan suffered a broad sell-off as geopolitical and regulatory risks resurfaced in China.

Over the six months, better-performing stockmarkets included Australia and Singapore, as well as Taiwan and South Korea, the latter two benefiting from their meaningful exposure to the technology sector. India's poor performance was due to weakness in the banking sector and the perception that valuations across the market were expensive.

In terms of sectors, materials, financials and technology outperformed, whereas utilities, consumer discretionary, energy and industrials lagged.

Against this backdrop, the fund recorded a positive return and outperformed its benchmark, the MSCI AC Asia Pacific ex Japan Index, which fell in value. Outperformance was driven by strong stockpicking in general, and the fund's below-index position in India.

Key contributors to outperformance included Miniso, Brilliance China Automotive and Yangzijiang Shipbuilding.

Miniso is a discount retailer which is growing rapidly both in China and overseas markets as well. The company's advanced logistics capability offers a tremendous competitive advantage, in our view, in a sector where operating cost competitiveness is critical to success. Miniso's shares were targeted by a short seller in the middle of 2022, but have since rallied sharply.

We have followed Brilliance, which owns a stake in BMW's China operations, for more than a decade. We invested when the company was relisted in October 2022 – its shares had been suspended whilst fraud was being investigated and new audit controls were put in place. Unsurprisingly, some investors were keen to exit the stock, but we saw it as an excellent opportunity to invest at an attractive level. Brilliance's share price has rallied significantly since we invested.

In the fourth quarter of 2022, Yangzijiang received accreditation to manufacture large-scale LNG (liquid natural gas) ships and won some large-scale container

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ship orders, which boosted its share price. We believe the market is materially underestimating the scope for profit growth in 2023 and beyond, as margins rise sharply in response to better priced orders, falling steel prices and a weaker renminbi.

Conversely, holdings that held back relative returns included JD.Com, Arbe Robotics and Zai Laboratory.

Shares in Chinese e-commerce company JD.Com fell back on fears about the strength of consumer spending in China. Israel-based technology company Arbe Robotics and Hong Kong-listed biopharmaceutical company Zai Laboratory are early-stage businesses, not yet profitable, but whose revenues are growing quickly. Like many growth companies, their share prices were punished during the review period by the rise in interest rates, which has a disproportionate effect on companies whose value is based on future profits. The position in Arbe Robotics has now been closed.

Investment activities

We aim to identify significant dislocations between the price and what we consider to be the underlying value of a stock, which we can exploit and where we believe we have a greater perspective than other investors. In our opinion, our edge does not come from better forecasting, but rather from the superior pricing of risk.

Our strategy utilises independent, proprietary research to identify and extensively research opportunities across a universe of more than 400 Asia ex-Japan stocks, which has been carefully refined over many years. We deliberately concentrate our efforts around a pre-defined universe of companies.

We tend to make longer-term investments, although returns may be enhanced by opportunistic positioning where merited by the risk/reward opportunity. The desire is for portfolio returns to be driven by our stockpicking ability, rather than the portfolio's exposure to be dominated by one or two specific investment styles. We also pay close attention to the portfolio's below-benchmark positions. The performance gap between the portfolio and the benchmark index over time is affected not just by what we invest in, but also by what we do not.

Early on in the review period we initiated a new position in Samsung Electro Mechanics (SEMCO) and Brilliance China Automotive, the latter one of the fund's key contributors to outperformance over the review period. SEMCO is a technology company that we believe has a strong, structural growth runway over the medium term, but whose shares sold off ahead of our investment, on near-term cyclical fears.

At the same time we closed positions in Baidu, South Korea's Shinhan Financial, Singapore-based airports service company SATS, and real estate companies Lendlease and Kerry Properties.

Later on in 2022, we began a holding in Indonesia's Bank Rakyat. Rakyat is a micro-finance focused bank and we feel its operations have many years of profitable growth ahead of them, while at the same time expanding access to formal finance to poorer parts of Indonesian society. We also invested in Samsung Life whose underlying insurance business is set to benefit from regulatory change.

We have been active so far in 2023, making several changes to the portfolio. New positions were established in Hyundai Motor and industrials Hans Laser Technology and Jiangsu Zhongtian Technology. At the same time we exited Arbe Robotics, Hana Financial and restaurant group Yum China. The switch from Yum China to Zhongtian was in response to the sharp recovery in Chinese consumer-related stocks, which left a renewable energy company like Zhongtian attractively valued in comparison.

We also switched out of India's Axis Bank and into Bank of China (Hong Kong) and closed positions in Yuanta Financial and Hon Hai Precision.

Outlook

The year ahead will see Asian economies fully reopen from COVID. In addition, the region, albeit with a lag, should get a boost as China fully opens, in our opinion. However, there is the potential for market volatility as investors weigh near-term Chinese economic weakness versus post-COVID normalisation further out. Ultimately though, our sense is that broader market valuations, reinforced by the bottom-up stock opportunities we

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see, are offering a sufficient margin of safety to invest on the basis of a regional recovery, gradually gaining momentum through the year.

Our investment strategy is all about bottom-up, differentiated research on individual stocks within our investment universe. We do not try to forecast the future, rather, we are trying to price risk successfully in names where we have identified a meaningful divergence between the price of a business and what we think is its underlying value.

David Perrett

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 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities	221,293	97.97	102.10
Canada	1,580	0.70	0.94
49,437 Cenovus Energy	922	0.41	
49,178 Cenovus Energy Warrants 01/01/2026	658	0.29	
Australia	32,586	14.43	15.22
437,914 Amcor	4,869	2.16	
259,580 ANZ	4,305	1.91	
224,999 BHP	6,830	3.02	
179,445 BlueScope Steel	2,301	1.02	
215,599 Brambles	1,867	0.83	
7,441 CSL	1,484	0.66	
1,516,632 Mesoblast	980	0.43	
187,907 National Australia Bank	3,794	1.68	
1,091,161 Stockland REIT	2,813	1.24	
138,368 Woodside Energy	3,343	1.48	
China	54,186	23.99	24.54
443,476 Alibaba	4,884	2.16	
61,408 Autohome ADR	1,983	0.88	
7,979,000 CGN Power	1,790	0.79	
6,986,000 China Construction Bank	4,266	1.89	
1,521,000 Dongyue	1,723	0.76	
1,550,600 GF Securities	2,197	0.97	
53,282 H World ADR	2,519	1.12	
895,000 Hainan Meilan International Airport	2,211	0.98	
467,064 Han's Laser Technology Industry	1,969	0.87	
1,839,000 Huatai Securities	2,067	0.91	
187,703 JD.com	4,151	1.84	
995,300 Jiangsu Zhongtian Technology	2,301	1.02	
142,368 KE ADR	2,565	1.14	
98,980 Meituan	1,718	0.76	
211,400 MINISO	898	0.40	
189,642 MINISO ADR	3,358	1.49	
186,500 Ping An Insurance Group Company of China	1,266	0.56	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
China (continued)			
5,367,500 Sinopec Engineering	2,689	1.19	
1,010,000 TravelSky Technology	1,990	0.88	
1,780,000 Weichai Power	2,638	1.17	
3,287,000 Yangzijiang Shipbuilding	3,120	1.38	
52,577 Zai Lab ADR	1,883	0.83	
Hong Kong	28,137	12.46	11.13
500,400 AIA	5,305	2.35	
577,000 BOC Hong Kong	1,946	0.86	
5,358,000 Brilliance China Automotive	2,673	1.18	
463,850 CK Hutchison	2,773	1.23	
169,500 HutchMed ^a	552	0.25	
117,037 HutchMed ADR	1,948	0.86	
223,500 Sun Hung Kai Properties	3,055	1.35	
166,000 Techtronic Industries	1,655	0.73	
188,000 Tencent	8,230	3.65	
India	18,563	8.22	10.26
124,741 Cartrade Tech	704	0.31	
204,162 Housing Development Finance	6,446	2.85	
330,482 ICICI Bank	3,415	1.51	
103,502 Reliance Industries	2,903	1.29	
74,242 Supreme Industries	2,479	1.10	
196,759 Tech Mahindra	2,616	1.16	
Indonesia	5,921	2.62	2.08
5,861,800 Bank Mandiri	3,844	1.70	
6,784,400 Bank Rakyat Indonesia	2,077	0.92	
Singapore	11,339	5.02	6.01
189,186 DBS	4,793	2.12	
10,728,468 Ezion Warrants 16/04/2023 ^b	0	0.00	
2,687,900 Genting Singapore	2,013	0.89	
5,032,700 NetLink NBN Trust	3,209	1.42	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Singapore (continued)			
386,600 Vertex Technology Acquisition	1,316	0.58	
120,000 Vertex Technology Acquisition Warrants 31/12/2029	8	0.01	
South Korea	30,597	13.55	12.81
34,952 Hyundai Motor Preference Shares	2,435	1.08	
79,634 KB Financial	3,081	1.36	
8,558 NAVER	1,345	0.60	
18,612 Samsung Electro-Mechanics	2,026	0.90	
235,658 Samsung Electronics	10,792	4.78	
18,277 Samsung Fire & Marine Insurance	2,956	1.31	
42,987 Samsung Life Insurance	2,203	0.98	
37,967 SK Hynix	2,562	1.13	
41,828 SK Telecom	1,427	0.63	
23,892 SKC	1,770	0.78	
Taiwan	20,113	8.90	10.52
284,220 Delta Electronics	2,673	1.18	
103,000 MediaTek	2,444	1.08	
894,178 Taiwan Semiconductor Manufacturing	14,996	6.64	
Thailand	4,006	1.77	1.85
505,100 Bangkok Bank	2,337	1.03	
430,600 Kasikornbank	1,669	0.74	
Bermuda	14,265	6.31	6.30
411,500 CK Infrastructure	2,173	0.96	
5,138,255 COSCO SHIPPING Ports	3,345	1.48	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Bermuda (continued)			
14,084,000 Pacific Basin Shipping	5,133	2.27	
10,504,000 Sinopec Kantons	3,614	1.60	
Israel	0	0.00	0.44
Total portfolio	221,293	97.97	102.10
Net other assets/(liabilities)	4,591	2.03	(2.10)
Net assets attributable to shareholders	225,884	100.00	100.00

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

^a AIM quoted.

^b Suspended.

Portfolio statement

Top ten portfolio transactions for the six months to 28 February 2023

Largest purchases	\$'000
BHP	2,519
Samsung Life Insurance	2,422
Jiangsu Zhongtian Technology	2,351
Hyundai Motor Preference Shares	2,229
Bank Rakyat Indonesia	2,091
BOC Hong Kong	1,964
Han's Laser Technology Industry	1,921
Samsung Electro-Mechanics	1,885
Tencent	1,750
Taiwan Semiconductor Manufacturing	1,641
Other purchases	30,527
Total purchases	51,300

Largest sales	\$'000
Hana Financial	2,555
Axis Bank	1,509
Yum China	1,456
Kerry Properties	1,302
Yuanta Financial	1,283
SK Square	1,234
Mineral Resources	1,210
Hon Hai Precision Industry	1,202
SK Hynix	1,169
Bank Mandiri	1,127
Other sales	24,117
Total sales	38,164

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+1.4	+9.3	+4.3	+5.3
Class 'A' Accumulation	+1.4	+9.3	+4.3	+5.3
Class 'I' Income	+1.6	+9.8	+4.9	+6.0
Class 'I' Accumulation	+1.6	+9.7	+4.9	+6.0
Class 'R' Income	+1.5	+9.5	+4.6	+5.7
Class 'R' Accumulation	+1.5	+9.5	+4.6	+5.7
Benchmark	-4.5	+4.7	+3.0	+6.0

^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 14 September 1973.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	1,512.62	1,558.37	1,272.93
Return before operating charges	23.00	39.52	346.24
Operating charges	(10.18)	(20.73)	(21.15)
Return after operating charges	12.82	18.79	325.09
Distributions	n/a	(64.54)	(39.65)
Closing NAV	1,525.44	1,512.62	1,558.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.91	1.49	1.96
Dilution adjustments	(0.23)	(0.13)	(0.34)
Total direct transaction costs	0.68	1.36	1.62
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	1.36	1.35	1.39
Return after charges	+0.85	+1.21	+25.54
Other information			
Closing NAV (\$'000)	122,699	116,985	138,377
Number of shares	6,650,241	6,658,008	6,448,963
Highest share price (UK p)	1,627.02	1,592.73	1,616.52
Lowest share price (UK p)	1,291.90	1,377.45	1,257.08

Sterling Class 'A' Accumulation share performance

The share class was launched on 14 September 1973.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	2,833.79	2,800.44	2,230.99
Return before operating charges	44.62	70.57	606.50
Operating charges	(19.07)	(37.22)	(37.05)
Return after operating charges	25.55	33.35	569.45
Distributions	n/a	(74.32)	(32.81)
Retained distributions	n/a	74.32	32.81
Closing NAV	2,859.34	2,833.79	2,800.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.71	2.68	3.43
Dilution adjustments	(0.44)	(0.23)	(0.60)
Total direct transaction costs	1.27	2.45	2.83
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	1.36	1.35	1.39
Return after charges	+0.90	+1.19	+25.52
Other information			
Closing NAV (\$'000)	17,454	17,433	19,060
Number of shares	504,694	529,601	494,299
Highest share price (UK p)	3,049.72	2,861.79	2,832.85
Lowest share price (UK p)	2,421.52	2,474.97	2,202.95

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	1,770.24	1,816.37	1,476.96
Return before operating charges	27.02	46.33	402.36
Operating charges	(8.46)	(17.05)	(16.82)
Return after operating charges	18.56	29.28	385.54
Distributions	n/a	(75.41)	(46.13)
Closing NAV	1,788.80	1,770.24	1,816.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.07	1.74	2.29
Dilution adjustments	(0.27)	(0.15)	(0.40)
Total direct transaction costs	0.80	1.59	1.89
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	0.96	0.95	0.95
Return after charges	+1.05	+1.61	+26.10
Other information			
Closing NAV (\$'000)	20,415	19,006	23,443
Number of shares	943,587	924,254	937,354
Highest share price (UK p)	1,907.38	1,858.45	1,880.04
Lowest share price (UK p)	1,512.90	1,608.95	1,458.70

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	2,230.97	2,196.01	1,741.45
Return before operating charges	35.19	55.54	474.39
Operating charges	(10.73)	(20.58)	(19.83)
Return after operating charges	24.46	34.96	454.56
Distributions	n/a	(68.12)	(34.81)
Retained distributions	n/a	68.12	34.81
Closing NAV	2,255.43	2,230.97	2,196.01
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.36	2.11	2.69
Dilution adjustments	(0.35)	(0.18)	(0.47)
Total direct transaction costs	1.01	1.93	2.22
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	0.96	0.95	0.95
Return after charges	+1.10	+1.59	+26.10
Other information			
Closing NAV (\$'000)	54,564	32,575	37,531
Number of shares	2,000,204	1,257,013	1,241,243
Highest share price (UK p)	2,404.92	2,246.35	2,216.46
Lowest share price (UK p)	1,907.50	1,944.76	1,719.73

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	174.16	179.15	146.04
Return before operating charges	2.66	4.56	39.76
Operating charges	(1.05)	(2.12)	(2.10)
Return after operating charges	1.61	2.44	37.66
Distributions	n/a	(7.43)	(4.55)
Closing NAV	175.77	174.16	179.15
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.17	0.23
Dilution adjustments	(0.03)	(0.01)	(0.04)
Total direct transaction costs	0.08	0.16	0.19
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	1.21	1.20	1.20
Return after charges	+0.92	+1.36	+25.79
Other information			
Closing NAV (\$'000)	1,107	1,021	1,304
Number of shares	520,467	504,666	528,666
Highest share price (UK p)	187.44	183.18	185.68
Lowest share price (UK p)	148.78	158.48	144.23

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	217.62	214.74	170.73
Return before operating charges	3.43	5.42	46.46
Operating charges	(1.31)	(2.54)	(2.45)
Return after operating charges	2.12	2.88	44.01
Distributions	n/a	(6.06)	(2.90)
Retained distributions	n/a	6.06	2.90
Closing NAV	219.74	217.62	214.74
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.21	0.26
Dilution adjustments	(0.03)	(0.02)	(0.05)
Total direct transaction costs	0.10	0.19	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	1.21	1.20	1.20
Return after charges	+0.97	+1.34	+25.78
Other information			
Closing NAV (\$'000)	9,645	9,388	11,216
Number of shares	3,629,125	3,713,967	3,793,375
Highest share price (UK p)	234.35	219.53	217.05
Lowest share price (UK p)	186.00	189.93	168.60

Financial statements and notes

Financial statements

Statement of total return

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		7,629		(14,281)
Revenue	2,485		2,850	
Expenses	(1,220)		(1,447)	
Interest payable and similar charges	(1)		0	
Net revenue/(expense) before taxation	1,264		1,403	
Taxation	(200)		(348)	
Net revenue/(expense) after taxation		1,064		1,055
Total return before equalisation		8,693		(13,226)
Equalisation		122		(17)
Change in net assets attributable to shareholders from investment activities		8,815		(13,243)

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		196,408		241,065
Amounts received on issue of shares	23,700		2,656	
Amounts paid on cancellation of shares	(3,099)		(5,253)	
		20,601		(2,597)
Dilution adjustments		58		12
Change in net assets attributable to shareholders from investment activities (see above)		8,815		(13,243)
Unclaimed distributions		2		1
Closing net assets attributable to shareholders		225,884		225,238

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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	28 February 2023 \$'000	31 August 2022 \$'000
Assets		
Fixed assets		
Investments	221,293	200,525
Current assets		
Debtors	9,947	240
Cash and bank balances	1,189	582
Cash equivalents	2,989	3,638
Total assets	235,418	204,985
Liabilities		
Creditors		
Distribution payable	0	(5,844)
Other creditors	(9,534)	(2,141)
Deferred tax provision	0	(592)
Total liabilities	(9,534)	(8,577)
Net assets attributable to shareholders	225,884	196,408

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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

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For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund aims to track the performance of the FTSE World Europe ex UK Index, gross of the ongoing charge figure (OCF).

The return received by shareholders will be reduced by the effects of charges.

Investment policy

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

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

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

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

Investment approach

The fund uses a stratified sampling method to track the index and therefore may not hold all the index constituents.

The fund will normally hold all of the largest securities in the index, as well as a selection of the remaining smaller securities to ensure that the fund's capitalisation, sector and industry weights are in line with the Index weightings.

Using a stratified sampling method may affect the fund's ability to track the index. There are many factors which do not affect the Index, but do impact on the fund's performance, such as transaction costs, expenses and illiquidity of any security. Cash flows,

including income and distributions, into and out of the fund may also have an impact on performance as the fund rebalances, due to the dealing spreads and broker commission incurred. In addition, the Index constituents are not fixed, it rebalances quarterly, and it may take time for the fund to reflect any changes.

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

The tracking error between the performance of the fund (gross of OCF) and that of the Index is anticipated to be up to 0.5% per annum under normal circumstances.

Benchmark

Benchmark: FTSE World Europe ex UK Index.

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

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

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

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Risk profile

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

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



The above number:

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

Investment review

For the six months ended 28 February 2023

Performance against objective

The M&G European Index Tracker Fund is designed to track the FTSE World Europe ex UK Index. Between 1 September 2022 (the start of the review period) and 28 February 2023, the fund's Sterling Class 'A' shares returned +15.1%. Meanwhile, the FTSE World Europe ex UK Index returned +14.6%, in sterling terms.

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

There are several factors that can result in the fund underperforming or outperforming the index over specific periods.

Timing – This reflects the fact that the fund is priced at midday while the index is priced at close of business day.

Fund charges – The fees we charge for managing the fund, as well as the costs incurred when we buy and sell underlying investments, will mean the fund's return after charges is below that of the index (which does not reflect the costs of investing).

Price swings – This is a dilution adjustment within the share price, which aims to protect existing shareholders from a dilution in performance resulting from deals placed to buy or sell shares. This pricing method has the effect of moving the single price up or down from the mid-price.

Tracking difference – This refers to the difference in performance, positive or negative, due to the fund not fully replicating the composition of the index.

The M&G European Index Tracker Fund tracks the performance of the FTSE World Europe ex UK Index using a technique called 'stratified sampling', which is a two-part strategy. Firstly, the portfolio contains the largest European companies in the index in the same proportion as the index. Secondly, we hold shares in some of the remaining companies listed in the index in such a way as to reflect the characteristics of the index. In our opinion, using this method of tracking the index is the best way of minimising the fund's dealing costs and therefore represents good value for shareholders. As the fund is designed to track the index, its overall performance can largely be explained by market developments over the period under review.

The six months under review began on a disappointing note for European stockmarkets as stubbornly high inflation and worries about economic activity weighed on investor sentiment. Most global stockmarkets subsequently rallied strongly as investors speculated that central banks may start to moderate interest rate increases, which were aimed at bringing down inflation. Signs that inflation may have peaked also supported investor sentiment. As a result, European stockmarkets made robust gains over the six-month review period.

The European Central Bank (ECB) has faced the challenge of addressing stubbornly high inflation, while seeking not to jeopardise economic growth through excessively high interest rates. Inflation in the eurozone

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stood at 8.6% in January 2023, down from 9.2% the previous month and compared with 10.6% in October 2022. Nevertheless, this remains considerably higher than the ECB's target of 2.0%.

The central bank raised interest rates in July 2022, the first time in over a decade, taking them to 0.0%. It raised them again by 0.75 percentage points in September and by the same amount in November. Smaller hikes followed in December and February 2023, taking rates to 2.5%, with a further increase expected in future months.

Turning to economic activity, the eurozone grew by just 0.1% in the fourth quarter, compared with the previous quarter, with activity held back by higher prices and rising interest rates. Given its geographic proximity, the region has been particularly vulnerable in the wake of Russia's invasion of Ukraine, which has led to higher food and energy prices, with the latter already under pressure due to post-lockdown energy demands. These factors have led to a squeeze on household incomes and put businesses under pressure.

In a robust market, financials, industrials and consumer services were among the strongest performers over the period under review, while certain defensive stocks proved less appealing to investors. For example, consumer goods, health care and utilities lagged the broader market.

Investment activities

There were a significant number of changes to the FTSE World Europe ex UK Index in September 2022. The largest addition was Bank of Ireland. We started a holding in the fund at that time and subsequently topped it up further.

We also started positions in OCI, a Netherlands-based producer and distributor of natural gas-based fertilizers and industrial chemicals, and Polish grocery store operator Dino Polska and later trimmed both holdings.

We also began new positions in Belgian automobile distribution firm D'leteren and Norwegian fish farm company Salmar.

Other significant transactions involved ASML, a Dutch supplier of photolithography systems to the semiconductor industry, and international heating technology firm NIBE Industrier, where we increased existing positions to reflect an increase in their weightings in the index.

In terms of disposals, we sold holdings in Porsche Automobil, a holding company of Volkswagen, and Thule, a provider of active life products, which both left the index.

We also cut back positions in food and beverage firm Nestlé and electrical equipment company ABB to reflect a reduction in their weights in the index. We subsequently further reduced the position in Nestlé to raise cash.

In a corporate action, following the results of the voluntary tender offer launched by Schema Alfa Spa on all ordinary shares of Italian infrastructure firm Atlantia, the latter was deleted from the index. The fund's holding was tendered for cash.

Similarly, as a result of a tender offer by Siemens Energy Global, Siemens Gamesa Renewable Energy was deleted from the index. The fund received cash from the tender offer.

In other corporate activity, the French State issued a simplified tender offer for Electricité de France (EDF). We tendered our holding in ordinary EDF shares and the company was subsequently deleted from the index.

Elsewhere, in connection with a tender offer by Philip Morris Holland for tobacco and nicotine-free products firm Swedish Match, we sold our holding in Swedish Match, which left the index.

In December 2022, there were a large number of transactions relating to changes in the weighting of various constituents of the index. For example, we reduced our holding in Givaudan, a Swiss manufacturer of flavours and fragrances.

Outlook

As the eurozone emerges from a fairly mild winter, European gas prices have reduced from the highs of summer 2022. However, the region is likely to remain

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vulnerable in the run-up to winter 2023. Longer term, the European Union is seeking to boost its transition to renewable energy and reduce its dependency on Russian gas.

Shortly after the end of the review period, the ECB increased interest rates by 0.50 percentage points. Recent signs suggest that inflation remains stubbornly high, leading investors to reflect that interest rates may need to be higher for longer than previously expected. Higher interest rates are likely to keep pressure on European businesses and may weigh on economic activity.

In this uncertain environment, further volatility in the European stockmarket is likely at times.

Nigel Booth

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 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities	105,780	98.15	99.20
United Kingdom	41	0.04	0.00
5,000 Allfunds	41	0.04	
Austria	492	0.46	0.42
950 Andritz	55	0.05	
4,185 Erste Group Bank	154	0.14	
2,214 OMV	102	0.10	
1,956 Raiffeisen Bank International	31	0.03	
1,652 Telekom Austria	12	0.01	
800 Verbund	64	0.06	
2,113 Voestalpine	74	0.07	
Belgium	2,177	2.02	2.00
411 Ackermans & van Haaren	66	0.06	
2,708 Ageas	115	0.11	
12,277 Anheuser-Busch InBev	703	0.65	
804 Argenx	277	0.26	
500 Colruyt	13	0.01	
250 D'ieteren	46	0.04	
576 Elia	72	0.07	
1,407 Groupe Bruxelles Lambert	112	0.11	
3,983 KBC	284	0.26	
2,246 Proximus	20	0.02	
230 Sofina	54	0.05	
1,008 Solvay	110	0.10	
1,751 UCB	144	0.13	
3,078 Umicore	97	0.09	
2,230 Warehouses De Pauw REIT	64	0.06	
Czech Republic	169	0.16	0.13
2,345 CEZ	102	0.10	
1,318 Komerční banka	42	0.04	
7,000 Moneta Money Bank	25	0.02	
Denmark	5,935	5.51	5.56
117 A.P. Møller – Mærsk	261	0.24	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Denmark (continued)			
1,274 Carlsberg	170	0.16	
1,642 Chr. Hansen	108	0.10	
1,892 Coloplast	207	0.19	
9,139 Danske Bank	200	0.19	
1,500 Demant	43	0.04	
2,780 DSV	477	0.44	
912 Genmab	325	0.30	
1,900 GN Store Nord	39	0.04	
22,482 Novo Nordisk	3,022	2.80	
3,120 Novozymes	142	0.13	
2,649 Ørsted	220	0.21	
1,374 Pandora	121	0.11	
675 Royal Unibrew	45	0.04	
650 SimCorp	44	0.04	
5,054 Tryg	107	0.10	
14,990 Vestas Wind Systems	404	0.38	
Finland	2,918	2.71	2.95
2,250 Elisa	122	0.11	
6,514 Fortum	94	0.09	
1,713 Huhtamaki	57	0.05	
4,156 Kesko	85	0.08	
3,300 Kojamo	41	0.04	
5,104 Kone	249	0.23	
7,727 Metso Outotec	78	0.07	
5,850 Nestlé	263	0.24	
81,609 Nokia	358	0.33	
52,751 Nordea Bank	636	0.59	
1,554 Orion	70	0.07	
7,378 Sampo	342	0.32	
8,332 Stora Enso	109	0.10	
7,746 UPM-Kymmene	264	0.25	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Finland (continued)			
2,400 Valmet	75	0.07	
8,213 Wartsila	75	0.07	
France	24,392	22.63	21.86
3,142 Accor	100	0.09	
443 Aéroports de Paris	61	0.06	
276 Air Liquide	42	0.04	
7,079 Air Liquide (prime de fidélité 2012)	1,065	0.99	
8,033 Airbus	1,000	0.93	
3,738 Alstom	104	0.10	
800 Amundi	50	0.05	
1,006 Arkema	97	0.09	
26,901 AXA	805	0.75	
686 BioMérieux	64	0.06	
15,304 BNP Paribas	1,016	0.94	
14,798 Bolloré	78	0.07	
3,057 Bouygues	98	0.09	
3,850 Bureau Veritas	104	0.10	
2,336 Capgemini	416	0.39	
9,175 Carrefour	169	0.16	
502 Covivio REIT	30	0.03	
17,845 Crédit Agricole	207	0.19	
8,828 Danone	471	0.44	
340 Dassault Aviation	56	0.05	
9,240 Dassault Systemes	337	0.31	
3,812 Edenred	205	0.19	
3,522 EDF (prime de fidélité 2017)	42	0.04	
1,065 Eiffage	111	0.10	
149 Engie	2	0.00	
22,798 Engie (prime de fidélité regd)	319	0.30	
4,286 EssilorLuxottica	708	0.66	
627 Eurazeo	40	0.04	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
France (continued)			
1,138 Euronext	79	0.07	
2,440 Faurecia	51	0.05	
760 Gecina REIT	83	0.08	
6,041 Getlink	98	0.09	
445 Hermès International	768	0.71	
587 Ipsen	63	0.06	
1,052 Kering	586	0.54	
3,192 Klepierre REIT	76	0.07	
96 L'Oréal	36	0.03	
1,000 La Française des Jeux	37	0.03	
3,730 Legrand	327	0.30	
3,416 L'Oréal (prime de fidélité 2012)	1,290	1.20	
3,571 LVMH	2,834	2.63	
9,944 Michelin	300	0.28	
27,516 Orange	299	0.28	
2,985 Pernod Ricard	593	0.55	
3,325 Publicis	252	0.23	
392 Rémy Cointreau	65	0.06	
2,877 Renault	122	0.11	
5,263 Rexel	125	0.12	
4,935 Safran	663	0.61	
7,002 Saint-Gobain	392	0.36	
15,667 Sanofi	1,408	1.31	
340 Sartorius Stedim Biotech	107	0.10	
7,516 Schneider Electric	1,145	1.06	
1,961 SCOR	46	0.04	
353 SEB	38	0.03	
10,589 Société Générale	291	0.27	
1,500 Sodexo (prime de fidélité regd)	133	0.12	
300 SOITEC	43	0.04	
9,108 STMicroelectronics	416	0.39	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
France (continued)			
779 Teleperformance	193	0.18	
1,557 Thales	206	0.19	
33,593 TotalEnergies	1,979	1.84	
1,264 Ubisoft Entertainment	27	0.02	
3,748 Valeo	75	0.07	
9,278 Veolia Environnement	266	0.25	
7,114 Vinci	769	0.71	
11,402 Vivendi	111	0.10	
621 Wendel	65	0.06	
3,469 Worldline	138	0.13	
Germany	17,659	16.38	15.84
2,536 adidas	357	0.33	
5,887 Allianz	1,309	1.22	
20,806 Aroundtown	51	0.05	
12,850 BASF	619	0.57	
13,915 Bayer	782	0.73	
5,061 Bayerische Motoren Werke	498	0.46	
459 Bayerische Motoren Werke Preference Shares	41	0.04	
1,500 Bechtle	60	0.06	
1,509 Beiersdorf	171	0.16	
2,285 Brenntag	165	0.15	
500 Carl Zeiss Meditec	64	0.06	
17,101 Commerzbank	196	0.18	
1,614 Continental	111	0.10	
2,443 Covestro	100	0.09	
800 CTS Eventim	50	0.05	
5,761 Daimler Truck	173	0.16	
2,600 Delivery Hero	99	0.09	
28,489 Deutsche Bank	334	0.31	
2,616 Deutsche Börse	432	0.40	
8,356 Deutsche Lufthansa	82	0.08	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Germany (continued)			
13,949 Deutsche Post	560	0.52	
47,982 Deutsche Telekom	1,030	0.96	
32,307 E.ON	337	0.31	
2,417 Evonik Industries	48	0.04	
2,300 Evotec	40	0.04	
665 Fraport	34	0.03	
5,791 Fresenius	152	0.14	
3,077 Fresenius Medical Care	116	0.11	
374 FUCHS PETROLUB	12	0.01	
1,397 FUCHS PETROLUB Preference Shares	53	0.05	
2,659 GEA	109	0.10	
937 Hannover Rueck	173	0.16	
2,160 HeidelbergCement	141	0.13	
2,255 HelloFresh	48	0.04	
4,130 Henkel Preference Shares	284	0.26	
228 HOCHTIEF	15	0.01	
18,593 Infineon Technologies	625	0.58	
1,101 KION	40	0.04	
1,000 Knorr-Bremse	65	0.06	
1,244 LANXESS	55	0.05	
1,019 LEG Immobilien	71	0.07	
11,873 Mercedes-Benz	870	0.81	
1,856 Merck	336	0.31	
4,029 METRO	34	0.03	
801 MTU Aero Engines	186	0.17	
2,050 Münchener Rückversicherungs-Gesellschaft	670	0.62	
900 Nemetschek	48	0.04	
1,400 Puma	85	0.08	
3,315 QIAGEN	144	0.13	
70 Rational	44	0.04	
615 Rheinmetall	150	0.14	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Germany (continued)			
570 RTL	26	0.02	
8,772 RWE	352	0.33	
15,865 SAP	1,705	1.58	
365 Sartorius Preference Shares	150	0.14	
1,286 Scout24	67	0.06	
10,797 Siemens	1,563	1.45	
6,903 Siemens Energy	131	0.12	
4,000 Siemens Healthineers	200	0.19	
300 Sixt	36	0.03	
1,842 Symrise	178	0.17	
11,445 Telefónica Deutschland	33	0.03	
7,236 thyssenkrupp	51	0.05	
1,672 Uniper	5	0.01	
2,146 United Internet	44	0.04	
1,120 Volkswagen	184	0.17	
2,003 Volkswagen Preference Shares	259	0.24	
10,745 Vonovia	257	0.24	
220 Wacker Chemie	33	0.03	
3,067 Zalando	116	0.11	
Greece	364	0.34	0.27
26,395 Alpha Services and Holdings	39	0.04	
3,141 FF ^a	0	0.00	
4,617 Hellenic Telecommunications Organization	68	0.06	
2,568 Helleniq Energy	21	0.02	
1,807 JUMBO	34	0.03	
2,000 Mytilineos	50	0.05	
12,171 National Bank of Greece	63	0.06	
4,076 OPAP	60	0.05	
3,500 Public Power	29	0.03	
Hungary	177	0.16	0.16
5,015 MOL Hungarian Oil & Gas	36	0.03	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Hungary (continued)			
3,463 OTP Bank	99	0.09	
2,103 Richter Gedeon	42	0.04	
Ireland	576	0.53	0.43
12,064 AIB	49	0.04	
15,400 Bank of Ireland	163	0.15	
3,306 Glanbia	39	0.04	
16,490 Irish Bank Resolution ^a	0	0.00	
2,117 Kerry	191	0.18	
2,161 Kingspan	134	0.12	
Italy	5,114	4.74	4.43
25,000 A2A	35	0.03	
1,500 Amplifon	41	0.04	
19,530 Assicurazioni Generali	363	0.34	
5,215 Banca Mediolanum	48	0.04	
1,563 Buzzi Unicem	34	0.03	
13,834 CNH Industrial	214	0.20	
1,000 De' Longhi	23	0.02	
400 DiaSorin	45	0.04	
112,838 Enel	601	0.56	
33,310 Eni	447	0.42	
1,658 EXOR	128	0.12	
1,717 Ferrari	420	0.39	
9,987 FinecoBank	163	0.15	
12,000 Hera	31	0.03	
5,000 Infrastrutture Wireless Italiane	52	0.05	
1,200 Interpump	63	0.06	
233,912 Intesa Sanpaolo	604	0.56	
6,526 Italgas	35	0.03	
5,096 Leonardo	54	0.05	
10,309 Mediobanca	104	0.10	
2,934 Moncler	171	0.16	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Italy (continued)			
8,300 Nexi	64	0.06	
7,706 Pirelli	37	0.03	
5,000 Poste Italiane	51	0.05	
3,982 Prysmian	145	0.13	
1,519 Recordati Industria Chimica e Farmaceutica	61	0.06	
300 Reply	34	0.03	
32,632 Snam	154	0.14	
145,178 Telecom Italia	46	0.04	
119,508 Telecom Italia Savings Shares	37	0.03	
6,165 Tenaris	99	0.09	
22,884 Terna	165	0.15	
27,954 UniCredit	545	0.51	
Luxembourg	114	0.11	0.12
1,700 Eurofins Scientific	114	0.11	
Netherlands	10,083	9.36	9.21
1,450 Aalberts	66	0.06	
5,749 ABN AMRO Bank	97	0.09	
420 Adyen	564	0.52	
28,038 Aegon	139	0.13	
2,488 Akzo Nobel	173	0.16	
7,491 ArcelorMittal	212	0.20	
634 ASM International	208	0.19	
5,803 ASML	3,449	3.20	
1,816 ASR Nederland	78	0.07	
1,000 BE Semiconductor Industries	74	0.07	
7,000 Davide Campari-Milano	75	0.07	
2,422 DSM	285	0.27	
1,281 Heineken	104	0.10	
3,550 Heineken (Amsterdam listing)	341	0.32	
860 IMCD	130	0.12	
52,952 ING	709	0.66	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Netherlands (continued)			
1,000 JDE Peet's	28	0.03	
2,450 Just Eat Takeaway.com	51	0.05	
14,256 Koninklijke Ahold Delhaize	432	0.40	
50,352 KPN	164	0.15	
4,534 NN	175	0.16	
1,000 OCI	31	0.03	
13,256 Philips	207	0.19	
12,051 Prosus	821	0.76	
1,718 Randstad	100	0.09	
2,000 Signify	66	0.06	
29,417 Stellantis	490	0.46	
2,010 Unibail-Rodamco-Westfield REIT	120	0.11	
11,518 Universal Music	258	0.24	
1,161 Vopak	35	0.03	
3,638 Wolters Kluwer	401	0.37	
Norway	1,636	1.52	1.94
6,076 Adevinta	42	0.04	
3,829 Aker	98	0.09	
14,396 DNB Bank	272	0.25	
13,755 Equinor	402	0.37	
2,895 Gjensidige Forsikring	48	0.05	
1,000 Kongsberg	40	0.04	
3,200 Leroy Seafood	15	0.01	
6,327 Mowi	102	0.10	
2,900 Nordic Semiconductor	40	0.04	
19,352 Norsk Hydro	134	0.12	
11,741 Orkla	75	0.07	
1,500 Salmar	58	0.05	
1,051 Schibsted 'A' Shares	20	0.02	
2,013 Schibsted 'B' Shares	36	0.03	
9,431 Telenor	101	0.09	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Norway (continued)			
3,200 TOMRA Systems	49	0.05	
2,321 Yara International	104	0.10	
Poland	520	0.48	0.42
5,200 Allegro	32	0.03	
2,120 Bank Polska Kasa Opieki	41	0.04	
500 Dino Polska	39	0.03	
3,000 InPost	24	0.02	
2,335 KGHM Polska Miedź	63	0.06	
22 LPP	44	0.04	
7,895 PKN Orlen	105	0.10	
12,046 PKO Bank Polski	79	0.07	
8,031 PZU	62	0.06	
480 Santander Bank Polska	31	0.03	
Portugal	354	0.33	0.37
40,008 EDP - Energias de Portugal	191	0.18	
7,816 Galp Energia	91	0.08	
3,706 Jerónimo Martins	72	0.07	
Spain	5,629	5.22	5.03
455 Acciona	82	0.08	
3,669 ACS Actividades de Construcción y Servicios	103	0.10	
982 Aena	143	0.13	
6,429 Amadeus IT	373	0.35	
87,783 Banco Bilbao Vizcaya Argentaria	647	0.60	
236,821 Banco Santander	879	0.82	
10,644 Bankinter	71	0.07	
62,061 CaixaBank	254	0.24	
8,776 Cellnex Telecom	314	0.29	
3,000 EDP Renovaveis	59	0.05	
3,071 Enagas	53	0.05	
4,860 Endesa	91	0.08	
7,115 Ferrovial	186	0.17	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Spain (continued)			
6,553 Grifols	80	0.07	
89,428 Iberdrola	974	0.90	
15,278 Inditex	446	0.41	
4,000 Inmobiliaria Colonial Socimi REIT	27	0.03	
17,345 Mapfre	35	0.03	
6,730 Merlin Properties REIT	61	0.06	
2,556 Naturgy Energy	67	0.06	
7,697 Red Electrica	122	0.11	
18,195 Repsol	273	0.25	
74,230 Telefónica	289	0.27	
Sweden	6,644	6.16	6.60
4,229 Alfa Laval	131	0.12	
3,156 Alleima	16	0.01	
12,963 Assa Abloy	298	0.28	
54,808 Atlas Copco	613	0.57	
1,200 Axford	27	0.03	
3,400 Beijer Ref	50	0.05	
3,400 Beijer Ref	5	0.00	
3,522 Boliden	135	0.13	
3,900 Castellum	47	0.04	
3,232 Electrolux	37	0.03	
14,068 Epiroc	251	0.23	
4,800 EQT	103	0.10	
44,116 Ericsson	230	0.21	
8,821 Essity	226	0.21	
2,280 Evolution	261	0.24	
8,460 Fastighets Balder	39	0.04	
3,000 Getinge	61	0.06	
12,773 Hennes & Mauritz	152	0.14	
25,851 Hexagon	271	0.25	
1,300 Holmen	49	0.05	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Sweden (continued)			
6,957 Husqvarna	58	0.05	
4,442 Industrivarden	116	0.11	
4,000 Indutrade	81	0.08	
1,571 Investment AB Latour	32	0.03	
34,032 Investor	624	0.58	
3,580 Kinnevik	50	0.05	
1,098 L E Lundbergföretagen	48	0.04	
3,000 Lifco	58	0.05	
20,900 Nibe Industrier	209	0.19	
1,000 Saab	55	0.05	
2,000 Sagax	46	0.04	
15,783 Sandvik	305	0.28	
7,420 Securitas	60	0.06	
21,045 Skandinaviska Enskilda Banken	252	0.23	
5,626 Skanska	97	0.09	
5,877 SKF	106	0.10	
8,611 Svenska Cellulosa	113	0.10	
21,799 Svenska Handelsbanken	220	0.20	
3,046 Sweco	34	0.03	
14,053 Swedbank	276	0.26	
2,900 Swedish Orphan Biovitrum	63	0.06	
7,139 Tele2	62	0.06	
38,719 Telia	94	0.09	
3,888 Trelleborg	95	0.09	
24,495 Volvo	461	0.43	
6,000 Volvo Car	27	0.02	
Switzerland	19,915	18.48	21.03
21,716 ABB	683	0.63	
1,085 Accelleron Industries	25	0.02	
2,189 Adecco	75	0.07	
6,415 Alcon	438	0.41	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Switzerland (continued)			
676 Baloise	105	0.10	
330 Banque Cantonale Vaudoise	28	0.03	
51 Barry Callebaut	98	0.09	
150 Belimo	73	0.07	
250 BKW	34	0.03	
2,660 Clariant	42	0.04	
45,137 Credit Suisse	127	0.12	
500 DKSH	39	0.04	
101 EMS-Chemie	73	0.07	
7,350 Financière Richemont	1,053	0.98	
15,422 Financière Richemont Warrants 22/11/2023	17	0.02	
286 Flughafen Zürich	49	0.04	
515 Geberit	265	0.25	
1,200 Georg Fischer	77	0.07	
118 Givaudan	340	0.31	
480 Helvetia	58	0.05	
7,393 Holcim	432	0.40	
3,014 Julius Baer	191	0.18	
701 Kuehne + Nagel International	170	0.16	
3 Lindt & Sprüngli	314	0.29	
2,128 Logitech International	110	0.10	
1,091 Lonza	623	0.58	
38,738 Nestlé	4,195	3.89	
29,384 Novartis	2,365	2.19	
317 Partners	288	0.27	
738 PSP Swiss Property	78	0.07	
10,401 Roche	2,865	2.66	
873 Schindler	175	0.16	
88 SGS	192	0.18	
4,500 SIG	100	0.09	
2,098 Sika	558	0.52	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Switzerland (continued)			
774 Sonova	180	0.17	
1,570 Straumann	199	0.18	
488 Swatch	159	0.15	
413 Swiss Life	236	0.22	
1,112 Swiss Prime Site	89	0.08	
4,159 Swiss Re	412	0.38	
359 Swisscom	211	0.20	
200 Tecan	78	0.07	
830 Temenos	58	0.05	
42,769 UBS	882	0.82	
380 VAT	108	0.10	
2,100 Zurich Insurance	948	0.88	
Türkiye	871	0.81	0.43
66,709 Akbank	58	0.05	
12,000 Aksa Enerji Uretim	22	0.02	
7,086 Anadolu Efes Biracilik Ve Malt Sanayii	19	0.02	
10,000 Aselsan Elektronik Sanayi Ve Ticaret	28	0.03	
8,110 BİM Birleşik Mağazalar	55	0.05	
13,556 Enka Insaat ve Sanayi	22	0.02	
25,696 Ereğli Demir ve Çelik Fabrikaları	57	0.05	
2,369 Ford Otomotiv Sanayi	66	0.06	
5,000 Gubre Fabrikalari	60	0.06	
24,329 Hacı Ömer Sabancı	52	0.05	
32,127 Hektas Ticaret	57	0.05	
11,764 Koç	46	0.04	
15,000 Tekfen	27	0.02	
1,105 Tofaş Türk Otomobil Fabrikası	9	0.01	
2,754 Tüpraş	83	0.08	
6,099 Türk Hava Yolları	44	0.04	
19,783 Turkcell İletişim Hizmetleri	32	0.03	
109,989 Türkiye İş Bankası	63	0.06	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Türkiye (continued)			
26,528 Türkiye Şişe ve Cam Fabrikaları	62	0.06	
18,551 Türkiye Vakıflar Bankası	9	0.01	
Equity derivatives	110	0.10	0.00
Equity futures contracts			
35 Euro Stoxx 50 March 2023	110	0.10	
Total portfolio	105,890	98.25	99.20
Net other assets/(liabilities)	1,884	1.75	0.80
Net assets attributable to shareholders	107,774	100.00	100.00

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

^a Delisted.

Portfolio statement

Top ten portfolio transactions for the six months to
28 February 2023

Largest purchases	€'000
ASML	183
Bank of Ireland	122
Hektas Ticaret	54
Salmar	49
Nibe Industrier	48
D'ieteren	44
OCI	37
Dino Polska	37
Axfood	37
Gubre Fabrikalari	34
Other purchases	991
Total purchases	1,636

Largest sales	€'000
Swedish Match	237
Atlantia	164
Porsche Automobil Preference Shares	153
Nestlé	98
EDF	80
UBS	56
ABB	54
Siemens Gamesa Renewable Energy	53
Givaudan	41
A.P. Møller – Mærsk	39
Other sales	744
Total sales	1,719

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

Index tracking

The tracking difference between the fund's investment return and that of the FTSE World Europe ex UK Index for the 12 month period ending 28 February 2023 was +0.35% (28 February 2022 was -0.32%). The investment returns are calculated gross of fees using end of day pricing in order to be comparable with the index.

The historic tracking error of the investment return of the fund relative to the FTSE World Europe ex UK Index for the period ending 28 February 2023 was 0.28% (28 February 2022 was 0.22%), which falls within the predicted tracking error range of 0.00% to 0.50%. Historic tracking error is a measure of the monthly volatility of the investment returns relative to the index over a 36 month period.

The differences are due to the fund not fully replicating the FTSE World Europe ex UK Index.

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+15.1	+10.5	+6.4	+8.1
Class 'A' Accumulation	+15.1	+10.5	+6.4	+8.1
Class 'I' Accumulation	+15.4	+10.9	n/a	n/a
Class 'R' Income	+15.2	n/a	n/a	n/a
Class 'R' Accumulation	+15.2	n/a	n/a	n/a
Benchmark	+14.6	+11.1	+7.2	+8.8

^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 31 January 2000.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	87.32	102.86	83.14
Return before operating charges	13.43	(12.26)	22.11
Operating charges	(0.23)	(0.49)	(0.47)
Return after operating charges	13.20	(12.75)	21.64
Distributions	n/a	(2.79)	(1.92)
Closing NAV	100.52	87.32	102.86
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.00
Operating charges	0.50	0.50	0.50
Return after charges	+15.12	-12.40	+26.03
Other information			
Closing NAV (€'000)	38,436	33,846	44,190
Number of shares	33,537,516	33,300,847	36,926,600
Highest share price (UK p)	103.21	106.25	105.05
Lowest share price (UK p)	82.18	84.58	78.85

Sterling Class 'A' Accumulation share performance

The share class was launched on 31 January 2000.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	142.99	163.36	129.63
Return before operating charges	22.09	(19.60)	34.46
Operating charges	(0.38)	(0.77)	(0.73)
Return after operating charges	21.71	(20.37)	33.73
Distributions	n/a	(3.66)	(2.27)
Retained distributions	n/a	3.66	2.27
Closing NAV	164.70	142.99	163.36
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.00
Operating charges	0.50	0.50	0.50
Return after charges	+15.18	-12.47	+26.02
Other information			
Closing NAV (€'000)	41,768	37,858	57,637
Number of shares	22,241,612	22,745,909	30,325,871
Highest share price (UK p)	169.23	168.72	163.78
Lowest share price (UK p)	134.75	134.31	122.44

Financial highlights

Sterling Class 'I' Accumulation share performance

The share class was launched on 6 December 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	111.81	127.09	101.37
Return before operating charges	17.32	(15.07)	26.01
Operating charges	(0.06)	(0.21)	(0.29)
Return after operating charges	17.26	(15.28)	25.72
Distributions	n/a	(3.24)	(2.05)
Retained distributions	n/a	3.24	2.05
Closing NAV	129.07	111.81	127.09
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.00	0.00
Operating charges	0.10	0.18	0.25
Return after charges	+15.44	-12.02	+25.37
Other information			
Closing NAV (€'000)	11,721	9,314	8,365
Number of shares	7,964,547	7,156,212	5,656,604
Highest share price (UK p)	132.33	131.32	127.41
Lowest share price (UK p)	105.20	104.62	95.05

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 21 April 2022.

Change in NAV per share	Six months to 28.02.23 UK p	Period to 31.08.22 UK p
Opening NAV	91.80	100.00
Return before operating charges	14.10	(6.52)
Operating charges	(0.17)	(0.12)
Return after operating charges	13.93	(6.64)
Distributions	n/a	(1.56)
Closing NAV	105.73	91.80
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.00	0.00
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.00	0.00
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.00
Operating charges	0.35	0.35
Return after charges	+15.17	-6.64
Other information		
Closing NAV (€'000)	3,197	2,599
Number of shares	2,652,375	2,432,010
Highest share price (UK p)	108.17	100.00
Lowest share price (UK p)	86.08	89.60

Sterling Class 'R' Accumulation share performance

The share class was launched on 21 April 2022.

Change in NAV per share	Six months to 28.02.23 UK p	Period to 31.08.22 UK p
Opening NAV	93.35	100.00
Return before operating charges	14.38	(6.53)
Operating charges	(0.17)	(0.12)
Return after operating charges	14.21	(6.65)
Distributions	n/a	(1.44)
Retained distributions	n/a	1.44
Closing NAV	107.56	93.35
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.00	0.00
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.00	0.00
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.00
Operating charges	0.35	0.35
Return after charges	+15.22	-6.65
Other information		
Closing NAV (€'000)	12,652	11,457
Number of shares	10,316,295	10,543,486
Highest share price (UK p)	110.05	100.00
Lowest share price (UK p)	87.57	89.59

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Statement of total return

for the six months to 28 February	2023		2022	
	€'000	€'000	€'000	€'000
Income				
Net capital gains/(losses)		11,945		(8,343)
Revenue	532		609	
Expenses	(215)		(262)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	317		347	
Taxation	(8)		(47)	
Net revenue/(expense) after taxation		309		300
Total return before equalisation		12,254		(8,043)
Equalisation		2		0
Change in net assets attributable to shareholders from investment activities		12,256		(8,043)

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	€'000	€'000	€'000	€'000
Opening net assets attributable to shareholders		95,074		110,192
Amounts received on issue of shares	2,872		3,152	
Amounts paid on cancellation of shares	(2,430)		(3,093)	
		442		59
Dilution adjustments		2		3
Change in net assets attributable to shareholders from investment activities (see above)		12,256		(8,043)
Closing net assets attributable to shareholders		107,774		102,211

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Financial statements and notes

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Balance sheet

as at	28 February 2023 €'000	31 August 2022 €'000
Assets		
Fixed assets		
Investments	105,890	94,318
Current assets		
Debtors	578	847
Cash and bank balances	188	283
Cash equivalents	1,203	807
Total assets	107,859	96,255
Liabilities		
Investment liabilities	0	(1)
Creditors		
Distribution payable	0	(1,127)
Other creditors	(85)	(53)
Total liabilities	(85)	(1,181)
Net assets attributable to shareholders	107,774	95,074

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund has two aims:

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

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or listed in Europe, excluding the UK. The fund has a concentrated portfolio and usually holds fewer than 35 companies.

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

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

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

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

Criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the fund can be found in this document.

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

Derivatives may be used for efficient portfolio management and hedging.

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

Investment approach

The fund is a focused Europe ex UK equity fund, investing over the long term in sustainable companies which contribute to the long-term global warming objectives of the Paris Agreement, by either having a Low Carbon Intensity and/or a Reducing Carbon Intensity. Low Carbon Intensity means a carbon intensity lower than 50% of the weighted average carbon intensity of the fund's benchmark, the MSCI Europe ex UK Index. Reducing Carbon Intensity companies mean companies that have Science Based Targets aligned with the Paris Agreement or have committed to have them in place within a defined time period. The fund manager considers that active engagement with these companies is key to sustain positive change.

In addition, these companies need to demonstrate business models competitively positioned to protect their profitability as well as an ongoing commitment to decarbonisation. Importantly, the fund invests in businesses where short-term issues have provided a clear valuation opportunity. The fund employs a bottom-up stock picking approach, driven by the

Authorised Corporate Director’s Report

fundamental analysis of individual companies. The fund manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company’s share price when a short-term issue has been resolved.

Sustainability considerations encompassing ESG factors are fully integrated into the investment process through ongoing engagement with investee companies. In particular, climate considerations, including investing in Low and/or Reducing Carbon Intensity companies and non-mandatory factors such as whether companies are providing direct solutions to the climate challenge via their products and services, play an important role in determining the investment universe, stock selection, and portfolio construction, alongside other sustainability considerations. The fund will typically have a weighted average carbon intensity of less than half that of the MSCI Europe ex UK Index.

ESG Information

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

- ESG Criteria and Sustainability Criteria: in the document titled “M&G European Sustain Paris Aligned Fund – ESG Criteria and Sustainability Criteria” which includes the fund’s exclusions approach.
- An Annual ESG and Sustainability Report providing an assessment of the sustainable objective of the fund will also be published when available.
- Any other periodic reporting against the sustainable objective of the fund.

Benchmark

Benchmark: MSCI Europe ex UK Index.

The benchmark is the target for the fund’s financial objective and is used to measure the fund’s financial performance. The index has been chosen as the fund’s

benchmark as it best reflects the financial aspects of the fund’s investment policy.

The benchmark is also used to define what a Low Carbon Intensity company is and to measure the fund’s weighted average carbon intensity but does not otherwise constrain the fund’s portfolio construction.

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

For unhedged and hedged 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.

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Investment review

For the six months ended 28 February 2023

Performance against objective

Between 1 September 2022 and 28 February 2023 (the period under review), the fund delivered positive returns across all share classes, outperforming its benchmark.

Over five years, the fund has achieved its financial objective to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than that of the MSCI Europe ex UK Index. The index delivered an annualised return of +6.2% over the period.

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

With regard to the fund's non-financial objective to invest in companies that contribute towards the Paris Agreement climate change goal (ie, companies that have a low and/or reducing carbon intensity), data at the end of the period showed the fund's weighted average carbon intensity (WACI) was more than 50% lower than the WACI of the fund's benchmark. We use the WACI metric to report a fund's carbon emissions. It is a calculation of the tonnes of CO₂ emitted per US\$1 million of company sales. It then aggregates them using the percentage weight of the holding within the fund. It measures the carbon intensity of businesses rather than total carbon emissions, enabling customers and clients to compare the weighted average carbon efficiency or intensity of a fund with that of its benchmark.

Performance review

The period under review was volatile for stockmarkets in Europe and globally, as concerns over inflation, interest rates and growth persisted. The war in Ukraine continued, exacerbating high energy and food prices, and central banks hiked interest rates further in a bid to control inflation. Fears of recession grew in Europe, as

well as the UK and US, although this appears to have been narrowly avoided – in part due to strong labour markets.

There were some brighter spots: October, November and January all saw equity markets rally on expectations that inflation may be peaking, raising hopes that the cycle of central bank rate rises was nearing an end. China's post-COVID reopening also boosted sentiment. But gains from these rallies were short-lived; markets fell again at the end of the period as data showed inflation was reducing more slowly than anticipated, making further monetary tightening likely.

Against this backdrop, financials was the top performing sector, with consumer discretionary also a notable outperformer. Conversely, real estate and consumer staples were among the weaker performers. Energy stocks also underperformed, as oil and gas prices moderated during the period, on the back of a mild European winter.

Turning to the fund itself, relative outperformance was driven by stockpicking in financials. Our above-index position in industrials was also positive for relative performance, as was the fund's lack of exposure to energy companies. The healthcare sector remained resilient and stock selection helped fund performance. By contrast, the fund's below-benchmark exposure to the consumer discretionary sector detracted.

The top individual contributors included several banks – Allied Irish Bank (AIB), Dutch-based ING, and Italy's FincoBank – and German reinsurer Hannover Rück. Pharmaceuticals company Novo Nordisk, the fund's largest holding, is a consistently strong performer that raised its earnings guidance in November as demand for its obesity and diabetes treatments grows. French energy management specialist Schneider Electric and Finnish mining group Metso Outotech also contributed positively.

The weakest performers included Danish allergy specialist ALK-Abello, whose shares lagged the healthcare sector, and Swiss freight forwarding specialist Kuehne and Nagel. German online property

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platform Scout24 and multinational conglomerate Siemens also detracted.

Engagement activities

As part of the fund's environmental, social and governance (ESG) commitments, we engaged with a number of portfolio companies during the review period.

We met with Bank of Georgia about measuring its societal impact, asking the company for increased disclosure on the number of underserved or unbanked people it reaches.

We also followed up on an earlier meeting with UK retailer WHSmith around elements of employee remuneration, including the Living Wage.

Finally, we spoke with food company Nestlé about supply-chain issues and environmental initiatives, recognising its efforts on plastic packaging and recycling.

Investment activities

We opened a new position in Universal Music. The company's main strength is the breadth of its music catalogue. This is particularly important in the streaming world, where content owners such as UMG are rewarded based on their share of listening. We also added to our holdings in the aforementioned Scout24.

We sold our position in Georgia Capital, and trimmed our holding in Novo Nordisk.

In line with the fund's Paris Agreement aligned objective, over 80% is invested in companies with climate targets or providing solutions to the climate challenge, with the remainder in low-emitting companies.

Outlook

While we may have escaped a Europe-wide recession, the battle against inflation isn't over and equity markets still look volatile. We remain alert to the challenges and confident in our approach: we continue to run a concentrated portfolio of 25 to 35 holdings, with an extended watchlist that we monitor to identify further buying opportunities when the time is right.

The fund invests in companies that make a positive contribution to the Paris Agreement climate change goals, and we will continue to engage with portfolio companies to drive change. The COP27 conference in November 2022 put the 1.5°C temperature increase limit back in the spotlight, and we expect this to be a focus for investment as companies step up their net zero carbon emissions efforts, working to minimise the impact on the environment and provide solutions to the climate emergency.

Ultimately, we believe sustainable companies that mitigate climate risks and achieve real-world outcomes will perform better over the long-term.

John William Olsen

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 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities	381,380	97.60	98.27
Chemicals	24,958	6.39	6.96
212,063 Akzo Nobel	14,756	3.78	
31,498 Linde	10,202	2.61	
Electrical equipment	45,360	11.61	11.94
189,999 Legrand	16,632	4.26	
135,761 Schneider Electric	20,682	5.29	
298,232 Vestas Wind Systems	8,046	2.06	
Machinery	27,964	7.15	6.51
231,622 Andritz	13,503	3.45	
1,436,720 Metso Outotec	14,461	3.70	
Commercial services & supplies	15,935	4.08	4.13
565,503 ISS	11,727	3.00	
69,263 Société BIC	4,208	1.08	
Air freight & logistics	17,098	4.37	4.33
99,539 DSV	17,098	4.37	
Marine	14,229	3.64	4.01
58,848 Kuehne + Nagel International	14,229	3.64	
Textiles, apparel & luxury goods	7,729	1.98	1.56
87,606 Pandora	7,729	1.98	
Specialty retail	8,712	2.23	2.41
482,970 WH Smith	8,712	2.23	
Food products	16,999	4.35	5.45
156,972 Nestlé	16,999	4.35	
Personal products	8,957	2.29	2.61
190,047 Unilever	8,957	2.29	
Health care providers & services	7,769	1.99	2.09
206,415 Fresenius Medical Care	7,769	1.99	
Biotechnology	7,958	2.04	2.23
969,280 Grifols Preference Shares	7,958	2.04	
Pharmaceuticals	37,759	9.66	12.07
744,645 ALK-Abelló	10,605	2.71	
201,979 Novo Nordisk	27,154	6.95	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 €'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Banks	55,445	14.19	10.90
4,740,429 AIB	19,445	4.97	
212,318 Bank of Georgia	6,718	1.72	
759,548 FincoBank	12,373	3.17	
1,263,596 ING	16,909	4.33	
Capital markets	0	0.00	1.00
Insurance	15,514	3.97	3.66
83,882 Hannover Rueck	15,514	3.97	
IT services	12,973	3.32	3.47
223,363 Amadeus IT	12,973	3.32	
Software	14,964	3.83	3.53
139,201 SAP	14,964	3.83	
Entertainment	24,267	6.21	4.54
235,715 CTS Eventim	14,756	3.78	
424,403 Universal Music	9,511	2.43	
Interactive media & services	16,790	4.30	4.87
324,266 Scout24	16,790	4.30	
Total portfolio	381,380	97.60	98.27
Net other assets/(liabilities)	9,394	2.40	1.73
Net assets attributable to shareholders	390,774	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
28 February 2023

Largest purchases	€'000
Universal Music	8,751
Scout24	2,114
Akzo Nobel	1,174
Schneider Electric	304
Nestlé	287
Hannover Rueck	262
DSV	250
Legrand	243
Metso Outotec	235
SAP	227
Other purchases	1,934
Total purchases	15,781

Largest sales	€'000
Novo Nordisk	6,951
Schneider Electric	3,755
CTS Eventim	3,698
Georgia Capital	3,112
AIB	2,789
Linde	2,549
Nestlé	1,024
DSV	998
Scout24	992
Legrand	972
Other sales	13,033
Total sales	39,873

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+19.4	+12.0	+6.4	+7.6
Class 'A' Accumulation	+19.4	+12.0	+6.4	+7.6
Class 'I' Income	+19.6	+12.5	+7.0	+8.3
Class 'I' Accumulation	+19.6	+12.5	+7.0	+8.3
Class 'PP' Income	+19.7	n/a	n/a	n/a
Class 'PP' Accumulation	+19.7	n/a	n/a	n/a
Class 'R' Income	+19.5	+12.2	+6.7	+8.0
Class 'R' Accumulation	+19.5	+12.2	+6.7	+8.1
Benchmark	+14.5	+9.6	+6.2	+7.7

^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 29 September 1989.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	226.16	270.13	211.57
Return before operating charges	44.90	(36.50)	65.09
Operating charges	(1.15)	(2.34)	(2.56)
Return after operating charges	43.75	(38.84)	62.53
Distributions	(0.55)	(5.13)	(3.97)
Closing NAV	269.36	226.16	270.13
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.08	0.10
Dilution adjustments	(0.01)	(0.01)	(0.02)
Total direct transaction costs	0.00	0.07	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.95	0.95	1.06
Return after charges	+19.34	-14.38	+29.56
Other information			
Closing NAV (€'000)	155,384	136,893	82,250
Number of shares	50,594,622	52,001,854	26,169,937
Highest share price (UK p)	276.60	272.87	273.10
Lowest share price (UK p)	211.66	213.73	201.32

Sterling Class 'A' Accumulation share performance

The share class was launched on 29 September 1989.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	518.70	605.85	467.36
Return before operating charges	103.22	(81.90)	144.16
Operating charges	(2.65)	(5.25)	(5.67)
Return after operating charges	100.57	(87.15)	138.49
Distributions	0.00	(6.25)	(3.23)
Retained distributions	0.00	6.25	3.23
Closing NAV	619.27	518.70	605.85
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.18	0.23
Dilution adjustments	(0.03)	(0.02)	(0.03)
Total direct transaction costs	0.00	0.16	0.20
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.95	0.95	1.06
Return after charges	+19.39	-14.38	+29.63
Other information			
Closing NAV (€'000)	127,818	113,157	54,740
Number of shares	18,102,539	18,742,076	7,765,818
Highest share price (UK p)	634.62	611.99	605.56
Lowest share price (UK p)	485.62	481.39	444.71

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	1,830.93	2,178.15	1,698.24
Return before operating charges	363.93	(294.86)	523.85
Operating charges	(5.41)	(10.93)	(11.98)
Return after operating charges	358.52	(305.79)	511.87
Distributions	(4.47)	(41.43)	(31.96)
Closing NAV	2,184.98	1,830.93	2,178.15
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.65	0.84
Dilution adjustments	(0.10)	(0.07)	(0.13)
Total direct transaction costs	0.00	0.58	0.71
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.55	0.55	0.61
Return after charges	+19.58	-14.04	+30.14
Other information			
Closing NAV (€'000)	23,948	21,181	12,446
Number of shares	961,256	993,867	491,111
Highest share price (UK p)	2,243.44	2,201.88	2,202.04
Lowest share price (UK p)	1,714.16	1,726.94	1,617.34

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	2,339.81	2,721.99	2,090.38
Return before operating charges	466.07	(368.53)	646.39
Operating charges	(6.93)	(13.65)	(14.78)
Return after operating charges	459.14	(382.18)	631.61
Distributions	0.00	(38.21)	(24.76)
Retained distributions	0.00	38.21	24.76
Closing NAV	2,798.95	2,339.81	2,721.99
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.81	1.04
Dilution adjustments	(0.13)	(0.09)	(0.16)
Total direct transaction costs	0.00	0.72	0.88
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.55	0.55	0.61
Return after charges	+19.62	-14.04	+30.22
Other information			
Closing NAV (€'000)	54,151	55,047	18,601
Number of shares	1,696,842	2,021,174	587,343
Highest share price (UK p)	2,868.00	2,751.67	2,720.71
Lowest share price (UK p)	2,191.38	2,167.27	1,990.77

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 2 September 2021.

Change in NAV per share	Six months to 28.02.23 UK p	Period to 31.08.22 UK p
Opening NAV	84.10	100.00
Return before operating charges	16.72	(13.60)
Operating charges	(0.20)	(0.41)
Return after operating charges	16.52	(14.01)
Distributions	(0.21)	(1.89)
Closing NAV	100.41	84.10
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.00	0.03
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.00	0.03
Performance and charges	%	%
Direct portfolio transaction costs	0.00	0.03
Operating charges	0.45	0.45
Return after charges	+19.64	-14.01
Other information		
Closing NAV (€'000)	467	363
Number of shares	407,882	370,882
Highest share price (UK p)	103.09	101.05
Lowest share price (UK p)	78.75	79.29

Sterling Class 'PP' Accumulation share performance

The share class was launched on 2 September 2021.

Change in NAV per share	Six months to 28.02.23 UK p	Period to 31.08.22 UK p
Opening NAV	85.99	100.00
Return before operating charges	17.14	(13.60)
Operating charges	(0.21)	(0.41)
Return after operating charges	16.93	(14.01)
Distributions	0.00	(1.49)
Retained distributions	0.00	1.49
Closing NAV	102.92	85.99
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.00	0.03
Dilution adjustments	0.00	0.00
Total direct transaction costs	0.00	0.03
Performance and charges	%	%
Direct portfolio transaction costs	0.00	0.03
Operating charges	0.45	0.45
Return after charges	+19.69	-14.01
Other information		
Closing NAV (€'000)	609	529
Number of shares	519,126	529,126
Highest share price (UK p)	105.46	101.05
Lowest share price (UK p)	80.54	79.62

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	178.15	212.47	166.08
Return before operating charges	35.39	(28.73)	51.16
Operating charges	(0.77)	(1.55)	(1.65)
Return after operating charges	34.62	(30.28)	49.51
Distributions	(0.43)	(4.04)	(3.12)
Closing NAV	212.34	178.15	212.47
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.06	0.08
Dilution adjustments	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.00	0.05	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.80	0.80	0.86
Return after charges	+19.43	-14.25	+29.81
Other information			
Closing NAV (€'000)	4,564	3,932	2,872
Number of shares	1,885,068	1,896,149	1,161,903
Highest share price (UK p)	218.03	214.68	214.80
Lowest share price (UK p)	166.75	168.23	158.09

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	227.97	265.87	204.69
Return before operating charges	45.39	(35.96)	63.22
Operating charges	(0.98)	(1.94)	(2.04)
Return after operating charges	44.41	(37.90)	61.18
Distributions	0.00	(3.12)	(1.86)
Retained distributions	0.00	3.12	1.86
Closing NAV	272.38	227.97	265.87
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.08	0.10
Dilution adjustments	(0.01)	(0.01)	(0.02)
Total direct transaction costs	0.00	0.07	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.80	0.80	0.86
Return after charges	+19.48	-14.26	+29.89
Other information			
Closing NAV (€'000)	23,833	20,137	9,671
Number of shares	7,674,297	7,588,674	3,126,289
Highest share price (UK p)	279.11	268.64	265.75
Lowest share price (UK p)	213.46	211.41	194.86

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Statement of total return

for the six months to 28 February	2023		2022	
	€'000	€'000	€'000	€'000
Income				
Net capital gains/(losses)		60,492		(39,738)
Revenue	840		817	
Expenses	(1,559)		(1,202)	
Interest payable and similar charges	(4)		(10)	
Net revenue/(expense) before taxation	(723)		(395)	
Taxation	(3)		(60)	
Net revenue/(expense) after taxation		(726)		(455)
Total return before distributions		59,766		(40,193)
Distributions		(372)		(246)
Change in net assets attributable to shareholders from investment activities		59,394		(40,439)

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	€'000	€'000	€'000	€'000
Opening net assets attributable to shareholders		351,239		182,399
Amounts received on issue of shares	17,432		2,976	
Amounts paid on cancellation of shares	(37,357)		(11,667)	
Transfer from M&G European Select Fund & M&G Pan European Select Smaller Companies Fund	0		246,448	
		(19,925)		237,757
Dilution adjustments		55		8
Change in net assets attributable to shareholders from investment activities (see above)		59,394		(40,439)
Retained distributions on Accumulation shares		0		74
Unclaimed distributions		11		12
Closing net assets attributable to shareholders		390,774		379,811

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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	28 February 2023 €'000	31 August 2022 €'000
Assets		
Fixed assets		
Investments	381,380	345,146
Current assets		
Debtors	3,599	4,022
Cash and bank balances	943	130
Cash equivalents	6,526	5,527
Total assets	392,448	354,825
Liabilities		
Creditors		
Distribution payable	(378)	(2,973)
Other creditors	(1,296)	(613)
Total liabilities	(1,674)	(3,586)
Net assets attributable to shareholders	390,774	351,239

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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

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For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund has two aims:

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

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. The fund has a concentrated portfolio and usually holds fewer than 40 companies.

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

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

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

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

Criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the fund can be found in this document.

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

Derivatives may be used for efficient portfolio management and hedging.

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

Investment approach

The fund is a focused core global equity fund, investing over the long term in sustainable companies which contribute to the long-term global warming objectives of the Paris Agreement, by either having a Low Carbon Intensity and/or a Reducing Carbon Intensity. Low Carbon Intensity means a carbon intensity lower than 50% of the weighted average carbon intensity of the fund's benchmark, the MSCI World Index. Reducing Carbon Intensity companies means companies that have Science Based Targets aligned with the Paris Agreement or have committed to have them in place within a defined time period. The fund manager considers that active engagement with these companies is key to sustain positive change.

In addition, these companies need to demonstrate business models competitively positioned to protect their profitability as well as an ongoing commitment to decarbonisation.

Importantly, the fund invests in businesses where short-term issues have provided a clear valuation opportunity. The fund employs a bottom-up stock picking approach, driven by the fundamental analysis of

Authorised Corporate Director’s Report

individual companies. The fund manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company’s share price when a short-term issue has been resolved.

Sustainability considerations encompassing ESG factors are fully integrated into the investment process including through ongoing engagement with investee companies. In particular, climate considerations, including investing in Low and/or Reducing Carbon Intensity companies and non-mandatory factors such as whether companies are providing direct solutions to the climate challenge via their products and services, play an important role in determining the investment universe, stock selection, and portfolio construction, alongside other sustainability considerations. The fund will typically have a weighted average carbon intensity of less than half that of the MSCI World Index.

ESG Information

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

- ESG Criteria and Sustainability Criteria: in the document titled “M&G Global Sustain Paris Aligned Fund – ESG Criteria and Sustainability Criteria” which includes the fund’s exclusions approach.
- An Annual ESG and Sustainability Report providing an assessment of the sustainable objective of the fund will also be published when available.
- Any other periodic reporting against the sustainable objective of the fund.

Benchmark

Benchmark: MSCI World Index.

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

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

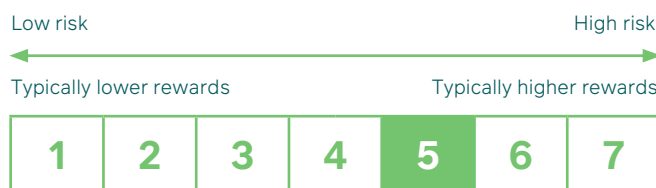
The fund is actively managed and within given constraints, the fund manager has freedom in choosing which investments to buy, hold and sell in the fund. The fund’s holdings may deviate significantly from the benchmark’s constituents, and as a result the fund’s performance may deviate materially from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

For unhedged and hedged 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 28 February 2023

Performance against objective

Between 1 September 2022 and 28 February 2023 (the period under review), the fund delivered positive returns across all share classes, marginally outperforming its benchmark.

Over five years, the fund has achieved its financial objective to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than that of the MSCI World Index. The index delivered an annualised return of +10.2% over the period.

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

With regard to the fund's non-financial objective to invest in companies that contribute towards the Paris Agreement climate change goal (ie, companies that have a low and/or reducing carbon intensity), data at the end of the period showed the fund's weighted average carbon intensity (WACI) was more than 50% lower than the WACI of the fund's benchmark. We use the WACI metric to report a fund's carbon emissions. It is a calculation of the tonnes of CO₂ emitted per US\$1 million of company sales. It then aggregates them using the percentage weight of the holding within the fund. It measures the carbon intensity of businesses rather than total carbon emissions, enabling customers and clients to compare the weighted average carbon efficiency or intensity of a fund with that of its benchmark.

Performance review

The period under review was volatile for global stockmarkets as concerns over inflation, interest rates and growth persisted. The war in Ukraine continued, exacerbating high energy and food prices, and central banks hiked interest rates further in a bid to control inflation. Fears of recession grew across the UK, US and Europe, although this appears to have been narrowly avoided – in part due to strong labour markets.

There were some brighter spots: October, November and January all saw equity markets rally on expectations that inflation may be peaking, and the cycle of central bank rate rises nearing an end. China's post-COVID reopening also boosted sentiment. But gains from these rallies were short-lived and markets fell again at the end of the period as data showed inflation reducing more slowly than anticipated, making further tightening of monetary conditions likely.

Against this backdrop, financials was the top performing sector, with materials and industrials also notable outperformers. Conversely, the real estate and communication services sectors were among the weaker performers. Energy stocks also underperformed, as oil and gas prices moderated during the period, on the back of a mild European winter.

Turning to the fund itself, relative outperformance was driven by stock selection in industrials, as well as an above-benchmark position in this area. Within consumer discretionary, our below-benchmark position and stockpicking both proved positive for relative returns. The fund's lack of exposure to energy companies was also helpful, as was the overweight position in financials, though this was offset by detractor from unfavourable stockpicking. Relative performance was also negatively affected by stock selection in healthcare and communication services.

The top individual contributor to relative performance was Danish pharmaceuticals company Novo Nordisk, which raised its earnings guidance as demand for its obesity and diabetes treatments grows. Other positive contributions to relative performance came from industrial multinationals Schneider Electric, Linde and Weir, as well as Dutch bank ING and UK retailer WHSmith, whose share price rose on upbeat sales and outlook.

US tech giants Alphabet and Microsoft languished at the bottom after posting disappointing results. UnitedHealth and Danish allergy specialist ALK-Abello also detracted from the fund's performance as their

Authorised Corporate Director's Report

shares lagged the healthcare sector, while M&T Bank dragged after missing analyst estimates.

Engagement activities

As part of the fund's environmental, social and governance (ESG) commitments, we engaged with a number of portfolio companies during the review period.

We met with UnitedHealth to discuss its sustainability and decarbonisation plans. The company confirmed it has committed to Science-Based Targets Initiative (SBTi) validation, and made progress including appointing a Chief Sustainability Officer.

We also followed up on an earlier meeting with WHSmith around elements of employee remuneration, including the Living Wage.

Finally, we spoke with Nestlé about supply-chain issues and environmental initiatives, recognising its efforts on plastic packaging and recycling.

Investment activities

During the period, we opened new positions in software company Adobe and e-commerce firm eBay, after both stocks began trading at attractive valuations. We also added to our holdings in Ansys (software) and Morningstar (financials).

We closed our positions in M&T Bank and videogames producer Electronic Arts.

In line with the fund's Paris Agreement-aligned objective, over 80% is invested in companies with climate targets or providing solutions to the climate challenge, with the remainder in low-emitting companies.

Outlook

While we may have escaped global recession, the battle against inflation isn't over and equity markets still look volatile. We remain alert to the challenges and confident in our approach: we continue to run a concentrated portfolio of usually fewer than 40 holdings, with an extended watchlist that we monitor to identify further buying opportunities when the time is right.

The fund invests in companies that make a positive contribution to the Paris Agreement climate change goals, and we will continue to engage with portfolio companies to drive change. The COP27 conference in November 2022 put the 1.5°C temperature increase limit back in the spotlight, and we expect this to be a focus for investment as companies double down on their emission reduction efforts, working to minimise the impact on the environment and provide solutions to the climate emergency.

Ultimately, we believe sustainable companies that mitigate climate risks and achieve real-world climate outcomes stand to benefit from the long-term, structural trend of decarbonisation, and can provide good returns over the long-term.

John William Olsen

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 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities	743,998	98.62	98.41
Chemicals	25,384	3.37	3.25
73,877 Linde	25,384	3.37	
Containers & packaging	14,806	1.96	2.17
263,661 Ball	14,806	1.96	
Building products	25,450	3.37	3.20
404,135 Johnson Controls International	25,450	3.37	
Electrical equipment	34,116	4.52	3.91
211,109 Schneider Electric	34,116	4.52	
Machinery	31,706	4.20	3.77
216,177 Graco	15,169	2.01	
724,743 Weir	16,537	2.19	
Commercial services & supplies	23,240	3.08	2.86
602,889 ISS	13,263	1.76	
50,743 UniFirst	9,977	1.32	
Marine	20,958	2.78	2.72
81,712 Kuehne + Nagel International	20,958	2.78	
Internet & direct marketing retail	20,490	2.72	0.00
433,654 eBay	19,924	2.64	
32,610 Meituan	566	0.08	
Specialty retail	33,421	4.43	4.25
1,746,653 WH Smith	33,421	4.43	
Food products	19,400	2.57	2.87
168,874 Nestlé	19,400	2.57	
Household products	11,332	1.50	1.80
162,439 Reckitt Benckiser	11,332	1.50	
Personal products	29,128	3.86	3.84
582,629 Unilever	29,128	3.86	
Health care equipment & supplies	25,886	3.43	4.00
109,121 Becton Dickinson	25,886	3.43	
Health care providers & services	46,579	6.18	7.83
96,226 UnitedHealth	46,579	6.18	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Pharmaceuticals			
610,125 ALK-Abelló	9,217	1.22	
315,365 Novo Nordisk	44,975	5.96	
Banks			
987,167 ING	14,014	1.86	
Diversified financial services			
478,585 Housing Development Finance	15,110	2.00	
Consumer finance			
140,983 American Express	24,435	3.24	
217,625 Discover Financial Services	24,360	3.23	
Capital markets			
267,042 Bank of New York Mellon	13,578	1.80	
83,092 Morningstar	17,372	2.30	
Insurance			
1,154,900 Tokio Marine	24,443	3.24	
IT services			
127,789 Visa	28,233	3.74	
Software			
72,815 Adobe	23,556	3.12	
64,115 ANSYS	19,041	2.53	
228,677 Manhattan Associates	33,113	4.39	
189,947 Microsoft	47,695	6.32	
Entertainment			
	0	0.00	2.10
Interactive media & services			
319,722 Alphabet	28,685	3.81	
326,100 Tencent	14,275	1.89	
Total portfolio	743,998	98.62	98.41
Net other assets/(liabilities)	10,387	1.38	1.59
Net assets attributable to shareholders	754,385	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
28 February 2023

Largest purchases	\$'000
Adobe	24,079
eBay	17,901
Morningstar	5,736
ANSYS	2,042
UnitedHealth	930
Microsoft	797
Novo Nordisk	659
Schneider Electric	557
Alphabet	535
Unilever	492
Other purchases	7,458
Total purchases	61,186

Largest sales	\$'000
Electronic Arts	16,786
UnitedHealth	10,232
M&T Bank	9,808
Novo Nordisk	7,154
Microsoft	5,808
Schneider Electric	5,758
Linde	4,960
Alphabet	3,969
Manhattan Associates	3,651
WH Smith	3,499
Other sales	48,809
Total sales	120,434

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+2.9	+13.0	+10.6	+9.9
Class 'A' Accumulation	+2.9	+13.0	+10.6	+9.9
Class 'I' Income	+3.1	+13.5	+11.2	+10.7
Class 'I' Accumulation	+3.1	+13.5	+11.2	+10.7
Class 'PP' Income	+3.2	n/a	n/a	n/a
Class 'PP' Accumulation	+3.2	n/a	n/a	n/a
Class 'R' Income	+2.9	+13.2	+10.9	+10.4
Class 'R' Accumulation	+2.9	+13.2	+10.9	+10.4
Benchmark^b	+0.2	+12.4	+10.2	+11.3

^a Not annualised.

^b The benchmark, from 1 January 2012 to 31 December 2015, was the MSCI ACWI Index. Thereafter it is the MSCI World Index.

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 19 December 1967.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	580.61	588.39	459.51
Return before operating charges	18.96	8.21	142.08
Operating charges	(3.72)	(7.58)	(6.99)
Return after operating charges	15.24	0.63	135.09
Distributions	n/a	(8.41)	(6.21)
Closing NAV	595.85	580.61	588.39
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.17	0.02
Dilution adjustments	(0.06)	(0.10)	(0.02)
Total direct transaction costs	0.00	0.07	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	1.30	1.30	1.34
Return after charges	+2.62	+0.11	+29.40
Other information			
Closing NAV (\$'000)	285,182	271,086	342,607
Number of shares	39,571,358	40,194,436	42,289,266
Highest share price (UK p)	615.69	620.80	595.09
Lowest share price (UK p)	548.24	534.43	447.88

Sterling Class 'A' Accumulation share performance

The share class was launched on 19 December 1967.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	1,232.03	1,230.67	951.04
Return before operating charges	40.54	17.26	294.08
Operating charges	(7.90)	(15.90)	(14.45)
Return after operating charges	32.64	1.36	279.63
Distributions	n/a	0.00	0.00
Retained distributions	n/a	0.00	0.00
Closing NAV	1,264.67	1,232.03	1,230.67
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.36	0.03
Dilution adjustments	(0.12)	(0.21)	(0.03)
Total direct transaction costs	0.00	0.15	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	1.30	1.30	1.34
Return after charges	+2.65	+0.11	+29.40
Other information			
Closing NAV (\$'000)	141,764	133,918	181,985
Number of shares	9,267,905	9,357,553	10,739,691
Highest share price (UK p)	1,306.79	1,298.49	1,231.67
Lowest share price (UK p)	1,163.61	1,117.85	926.99

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	2,875.10	2,901.89	2,256.05
Return before operating charges	94.08	40.69	699.53
Operating charges	(12.78)	(25.90)	(23.10)
Return after operating charges	81.30	14.79	676.43
Distributions	n/a	(41.58)	(30.59)
Closing NAV	2,956.40	2,875.10	2,901.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.29	0.84	0.07
Dilution adjustments	(0.29)	(0.50)	(0.07)
Total direct transaction costs	0.00	0.34	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	0.90	0.90	0.90
Return after charges	+2.83	+0.51	+29.98
Other information			
Closing NAV (\$'000)	46,851	40,031	48,796
Number of shares	1,310,227	1,198,645	1,221,239
Highest share price (UK p)	3,054.47	3,064.26	2,934.66
Lowest share price (UK p)	2,715.76	2,644.19	2,200.83

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	3,301.78	3,284.95	2,527.16
Return before operating charges	108.78	46.03	783.67
Operating charges	(14.59)	(29.20)	(25.88)
Return after operating charges	94.19	16.83	757.79
Distributions	n/a	(14.28)	(8.66)
Retained distributions	n/a	14.28	8.66
Closing NAV	3,395.97	3,301.78	3,284.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.33	0.94	0.08
Dilution adjustments	(0.33)	(0.56)	(0.08)
Total direct transaction costs	0.00	0.38	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	0.90	0.90	0.90
Return after charges	+2.85	+0.51	+29.99
Other information			
Closing NAV (\$'000)	256,385	297,119	279,198
Number of shares	6,242,001	7,746,859	6,172,774
Highest share price (UK p)	3,508.61	3,468.86	3,287.38
Lowest share price (UK p)	3,119.55	2,993.31	2,465.35

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 2 September 2021.

Change in NAV per share	Six months to 28.02.23 UK p	Period to 31.08.22 UK p
Opening NAV	99.70	100.00
Return before operating charges	3.26	1.71
Operating charges	(0.29)	(0.60)
Return after operating charges	2.97	1.11
Distributions	n/a	(1.41)
Closing NAV	102.67	99.70
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.03
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.00	0.01
Performance and charges	%	%
Direct portfolio transaction costs	0.00	0.03
Operating charges	0.60	0.60
Return after charges	+2.98	+1.11
Other information		
Closing NAV (\$'000)	29	70
Number of shares	23,020	60,020
Highest share price (UK p)	106.06	105.97
Lowest share price (UK p)	94.20	91.60

Sterling Class 'PP' Accumulation share performance

The share class was launched on 2 September 2021.

Change in NAV per share	Six months to 28.02.23 UK p	Period to 31.08.22 UK p
Opening NAV	101.10	100.00
Return before operating charges	3.35	1.67
Operating charges	(0.31)	(0.57)
Return after operating charges	3.04	1.10
Distributions	n/a	(0.74)
Retained distributions	n/a	0.74
Closing NAV	104.14	101.10
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.01	0.03
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.00	0.01
Performance and charges	%	%
Direct portfolio transaction costs	0.00	0.03
Operating charges	0.60	0.60
Return after charges	+3.01	+1.10
Other information		
Closing NAV (\$'000)	285	116
Number of shares	225,998	98,787
Highest share price (UK p)	107.58	105.97
Lowest share price (UK p)	95.55	91.60

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	283.20	286.56	223.34
Return before operating charges	9.25	4.02	69.15
Operating charges	(1.61)	(3.28)	(2.91)
Return after operating charges	7.64	0.74	66.24
Distributions	n/a	(4.10)	(3.02)
Closing NAV	290.84	283.20	286.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.08	0.01
Dilution adjustments	(0.03)	(0.05)	(0.01)
Total direct transaction costs	0.00	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	1.15	1.15	1.15
Return after charges	+2.70	+0.26	+29.66
Other information			
Closing NAV (\$'000)	3,893	3,564	4,836
Number of shares	1,106,697	1,083,301	1,225,646
Highest share price (UK p)	300.51	302.43	289.80
Lowest share price (UK p)	267.44	260.59	217.79

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	321.91	321.07	247.63
Return before operating charges	10.60	4.50	76.68
Operating charges	(1.83)	(3.66)	(3.24)
Return after operating charges	8.77	0.84	73.44
Distributions	n/a	(0.50)	(0.15)
Retained distributions	n/a	0.50	0.15
Closing NAV	330.68	321.91	321.07
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.09	0.01
Dilution adjustments	(0.03)	(0.06)	(0.01)
Total direct transaction costs	0.00	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	1.15	1.15	1.15
Return after charges	+2.72	+0.26	+29.66
Other information			
Closing NAV (\$'000)	19,996	19,425	22,121
Number of shares	4,999,576	5,194,945	5,003,726
Highest share price (UK p)	341.68	338.87	321.33
Lowest share price (UK p)	304.08	291.98	241.47

Financial statements and notes

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Statement of total return

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		49,726		(54,843)
Revenue	4,634		4,023	
Expenses	(4,119)		(5,011)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	515		(988)	
Taxation	(448)		(470)	
Net revenue/(expense) after taxation		67		(1,458)
Total return before equalisation		49,793		(56,301)
Equalisation		(38)		(33)
Change in net assets attributable to shareholders from investment activities		49,755		(56,334)

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		765,329		896,293
Amounts received on issue of shares	31,671		45,800	
Amounts paid on cancellation of shares	(92,480)		(45,678)	
		(60,809)		122
Dilution adjustments		103		70
Change in net assets attributable to shareholders from investment activities (see above)		49,755		(56,334)
Unclaimed distributions		7		4
Closing net assets attributable to shareholders		754,385		840,155

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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	28 February 2023 \$'000	31 August 2022 \$'000
Assets		
Fixed assets		
Investments	743,998	753,167
Current assets		
Debtors	18,807	2,184
Cash and bank balances	828	154
Cash equivalents	14,409	18,061
Total assets	778,042	773,566
Liabilities		
Creditors		
Bank overdrafts	0	(149)
Distribution payable	0	(4,559)
Other creditors	(23,657)	(3,111)
Deferred tax provision	0	(418)
Total liabilities	(23,657)	(8,237)
Net assets attributable to shareholders	754,385	765,329

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income) than that of the MSCI ACWI Index over any five-year period.

Investment policy

The fund will invest at least 80% of its net asset value in the equity securities of companies across any sectors and market capitalisations that are domiciled in any country, including emerging markets.

The fund may also invest in collective investment schemes, other transferable securities and may hold cash for liquidity purposes.

Derivatives may be used for efficient portfolio management.

Investment approach

The investment process of the fund combines top-down and bottom-up analysis. The fund manager aims to identify themes arising from long-term structural shifts, changes or trends. Stocks that can benefit from these themes are then selected on the basis of their quality, growth and valuation.

Themes are identified through the analysis of global macroeconomics, demographics, government policies and spending, and technological innovation, among other considerations.

The bottom-up stock selection process is designed to identify well-run companies which can benefit from those themes and which are trading on attractive valuations with good, sustainable growth prospects.

The fund is invested across the market-cap spectrum and is geographically diversified.

Benchmark

Benchmark: MSCI ACWI Index.

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

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

For unhedged and hedged 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 28 February 2023

Performance against objective

Between 1 September 2022 (the start of the review period) and 28 February 2023, the fund delivered a negative total return (the combination of income and growth of capital) in sterling and euros, and a positive return in US dollars. The fund's sterling share classes outperformed the benchmark, the MSCI ACWI Index, which returned -0.5% in sterling, but the euro and US dollar share classes underperformed the benchmark's return of -1.8% in euros and +3.5% in US dollars.

Consequently, over this six-month review period, the fund only partially met the objective of providing a higher total return than that of the MSCI ACWI Index.

Over five years, the fund generated a positive total return across all its share classes, but performance relative to its benchmark, which was the FTSE Global Basics Composite Index (comprising all subsectors of the FTSE World Index except media, IT, telecommunications, financials and healthcare) up until 16 November 2017 and the MSCI ACWI Index thereafter, was mixed.

The fund's sterling share classes outperformed the benchmark, which returned 9.1% pa over the period, but the performance of the euro share classes was mixed versus the benchmark return of 9.4% pa. The US dollar share class underperformed the benchmark, which returned 6.3% pa. The fund, therefore, did not meet the current objective for all share classes over the specified timeframe of five years.

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

Stockmarkets around the world experienced different fortunes during the six-month review period. The MSCI ACWI Index was lower in sterling and euros as concerns about persistent inflation, the path of interest rates and the consequences for the wider economy pegged back

any attempts at a sustained rally. The index rose in US dollars as the currency reversed its prior strength.

Regional performance varied considerably. Europe was the standout performer as Germany and France delivered double-digit returns. Japan outperformed in the Asia Pacific region, which was otherwise hampered by the weakness of China. The US was the notable laggard, with the Nasdaq Composite Index bearing the brunt of the continued pressure on new economy stocks.

From a sector perspective, areas with greater economic sensitivity delivered the strongest gains: financials, materials and industrials outperformed. Utilities and real estate led the declines as perceived interest-rate sensitivity weighed on sentiment. Technology underperformed due to the weakness in Alphabet, the owner of Google, while consumer discretionary suffered as Amazon.com and Tesla fell.

Against this backdrop, the fund's performance relative to its benchmark, the MSCI ACWI Index, was mixed. Stock selection added value, with the strongest contribution from industrials, energy and financials.

Siemens delivered a double-digit return, with the gains backed by solid fundamentals. The German industrial conglomerate reported strong results and raised its guidance for the year. Its spin-off Siemens Energy also outperformed.

PrairieSky Royalty extended its rally in the energy sector. The Canadian company, which receives royalties from oil & gas bearing lands, benefited from record results for 2022. We continue to believe that the cashflows running into perpetuity with minimal operating costs, capital commitment or environmental liabilities present a compelling opportunity for long-term investors, with the added benefit of credentials for sustainability and environmental, social and governance (ESG) factors.

Erste Group Bank and Hannover Re outperformed in financials. Erste reported strong results for 2022 and gave a positive outlook for the year ahead. The Austrian bank remains well placed for long-term growth, in our

Authorised Corporate Director's Report

view, owing to its strong market position in central Europe. Hannover Re was another beneficiary of a favourable reporting season. The reinsurer provides a less obvious exposure to the theme of climate change in contrast to the renewables and energy transition stories more commonplace in thematic investing, and acts as a climate change hedge, given the increasing incidence of weather-related events and the need to insure against environmental catastrophes.

Infineon Technologies added the most value. The German semiconductor company reported better-than-expected results and raised its outlook for the year.

Intel, by contrast, provided the biggest drag on fund performance, while Alphabet declined in line with other new economy stocks. The long-term investment case for both companies remains intact and we added to the holdings on weakness. We see Alphabet, in particular, as providing portfolio protection during growth rallies.

Crown Castle, the US communication towers company structured as a real estate investment trust (REIT), succumbed to negative sentiment as perceived interest-rate sensitivity weighed on the real estate sector. We believe the stock's weakness was at odds with fundamentals as the company reported solid results for 2022 and reiterated its optimism for the future, driven by continued 5G deployment.

First Republic Bank and Brookfield Asset Management underperformed in financials. The long-term investment case remains intact. First Republic's growth strategy is driven by the wealth creation in some of the most affluent regions in the US. We continue to believe that Brookfield is a world-class company which is benefiting from the trend of institutional investors, such as pension funds and sovereign wealth funds, increasing their allocation to alternative strategies.

Investment activities

We initiated a holding in Segro in September as concerns about interest rate sensitivity triggered an indiscriminate sell-off in the real estate sector. The UK company, which is structured as a REIT, provides exposure to the long-term growth trend in e-commerce, with its portfolio of strategically located warehouses

and fulfilment sites. We believe the company has exciting opportunities for growth in Europe, as well as a broad tenant base, including new economy businesses such as Amazon and Hello Fresh.

We also continued to build our position in the recent purchase of Alexandria Real Estate, which provides exposure to life science infrastructure – the critical assets behind the research and development of drugs to address society's ongoing medical needs.

Toray Industries was the second new purchase during the review period. The Japanese company has sustainability at its core as a market leader in carbon composites, which provide the aerospace industry with fuel efficiency benefits owing to their lighter weight compared to traditional materials. The application of composite technology has expanded into other industries including renewables for use in wind turbines as well as the development of hydrogen as a future fuel.

We gained two additional holdings by way of spin-offs: Brookfield and Meituan. Brookfield became a new holding after the successful spin-off of a partial stake in its asset management business. We thought the subsequent weakness in Brookfield Asset Management's share price presented an opportunity to add to our original holding. Meituan, China's leading food delivery platform, was spun off from internet services provider Tencent. We will determine whether Meituan merits a full position in due course.

We divested Unite, the UK's leading provider of student accommodation, and Johnson & Johnson, the US healthcare giant, as a source of cash for better ideas.

We remained active in our portfolio management, rotating capital away from strong performers and adding to weaker names where the long-term investment case remains intact. We reduced PrairieSky into strength, albeit reluctantly, to manage position size, and trimmed our holding in Vinci, the owner and operator of toll roads and airports. We bought more Microsoft, which leapfrogged PrairieSky to become the fund's largest holding.

Authorised Corporate Director's Report

Outlook

The challenges of persistent inflation, higher interest rates and a potential recession require careful consideration, but it is also important to distinguish between the economy and the discounting mechanism that the financial markets provide. We strongly believe that the increased volatility in the stockmarket is presenting buying opportunities for investors with a long-term time horizon. We are resolutely focused on the multi-decade trends that underpin our thematic approach and remain active in our quest for new ideas.

We are undeterred in our belief that the fund's chosen themes – from the 'road to zero carbon' to 'cloud and connectivity' – will persist for many years to come and that the beneficiaries of these powerful trends can generate profitable growth for a variety of stakeholders, including employees, customers, shareholders and the broader society.

The ability to generate cashflow is absolutely critical in our company analysis. We are not investing in hope alone. History is littered with examples of blue sky concepts which never turned a profit, and companies of this ilk, which commanded exorbitant multiples in the past, are now seeing their unrealistic expectations reined in. Fundamentals and value are the key determinants of long-term return, in our view.

The savage loss in value of growth stocks in the current market environment underscores the importance of valuation. Valuation is a crucial aspect of our stock selection process and we believe that the opportunities presented by the current market downturn will sow the seeds for future performance. Being selective will be paramount. We remain as optimistic as ever about the long-term prospects of the companies we are invested in and remain committed to our investment mantra: themes grounded in reality.

Alex Araujo

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 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities	2,850,325	98.83	98.93
United Kingdom	102,711	3.56	3.36
222,497 AstraZeneca	29,419	1.02	
4,504,525 Segro REIT	44,752	1.55	
570,857 Unilever	28,540	0.99	
Austria	61,518	2.13	1.46
1,578,445 Erste Group Bank	61,518	2.13	
Denmark	30,302	1.05	0.96
344,021 Ørsted	30,302	1.05	
Finland	43,221	1.50	1.53
9,294,798 Nokia	43,221	1.50	
France	72,021	2.50	3.02
106,788 L'Oréal	42,792	1.49	
254,798 Vinci	29,229	1.01	
Germany	247,556	8.58	8.06
300,790 Hannover Rueck	59,014	2.05	
2,401,537 Infineon Technologies	85,674	2.97	
382,462 Siemens	58,715	2.03	
2,199,325 Siemens Energy	44,153	1.53	
Italy	29,441	1.02	0.99
5,209,047 Enel	29,441	1.02	
Netherlands	43,241	1.50	1.48
242,059 NXP Semiconductors	43,241	1.50	
Spain	40,806	1.42	2.01
1,090,344 Acciona Energias Renovables	40,806	1.42	
Switzerland	89,431	3.10	3.55
321,961 Garmin	31,748	1.10	
197,407 Roche	57,683	2.00	
United States	1,146,419	39.75	41.64
154,390 Air Products & Chemicals	44,191	1.53	
187,160 Alexandria Real Estate Equities REIT	28,404	0.98	
985,600 Alphabet	88,428	3.07	
148,376 American Tower REIT	28,986	1.01	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
United States (continued)			
197,583 American Water Works	26,670	0.92	
223,307 Becton Dickinson	52,974	1.84	
607,061 Bristol-Myers Squibb	42,547	1.48	
196,165 Cheniere Energy	31,202	1.08	
1,535,035 Comcast	57,535	1.99	
430,838 Crown Castle International REIT	56,798	1.97	
1,363,594 CSX	42,013	1.46	
462,237 CVS Health	39,265	1.36	
61,435 Elevance Health	29,331	1.02	
42,942 Equinix	29,836	1.03	
399,759 First Republic Bank	48,826	1.69	
2,738,816 Intel	68,333	2.37	
123,367 LabCorp	29,734	1.03	
78,980 Martin Marietta Materials	28,500	0.99	
445,737 Microsoft	111,922	3.88	
112,828 Motorola Solutions	29,774	1.03	
407,634 NextEra Energy	29,342	1.02	
646,843 ONEOK	43,981	1.53	
151,567 PepsiCo	26,712	0.93	
226,407 Republic Services	29,320	1.02	
133,347 Visa	29,460	1.02	
278,259 Walt Disney	28,081	0.97	
1,429,027 Weyerhaeuser REIT	44,254	1.53	
Canada	467,683	16.22	16.46
1,129,628 Brookfield	39,087	1.36	
811,157 Brookfield Asset Management	27,158	0.94	
691,219 Franco-Nevada	87,426	3.03	
234,435 Lululemon Athletica	72,955	2.53	
1,319,985 Magna International	73,307	2.54	
3,028,361 Manulife Financial	59,401	2.06	
6,758,440 PrairieSky Royalty	108,349	3.76	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Japan	140,191	4.86	3.21
273,000 Shimano	42,492	1.47	
7,462,500 Toray Industries	42,656	1.48	
4,035,700 Toyota Motor	55,043	1.91	
Australia	37,301	1.29	1.94
326,423 Erinbar ^a	0	0.00	
21,252,161 Starpharma	7,510	0.26	
3,123,709 Transurban	29,791	1.03	
China	47,561	1.65	0.96
523,500 BYD	14,126	0.49	
177,760 Meituan	3,085	0.11	
20,476,000 Weichai Power	30,350	1.05	
Hong Kong	166,939	5.79	5.45
5,305,968 AIA	56,252	1.95	
35,934,000 Kunlun Energy	28,755	1.00	
1,871,700 Tencent	81,932	2.84	
Singapore	29,166	1.01	1.05
1,151,178 DBS	29,166	1.01	
South Korea	54,817	1.90	1.80
1,196,979 Samsung Electronics	54,817	1.90	
Total portfolio	2,850,325	98.83	98.93
Net other assets/(liabilities)	33,681	1.17	1.07
Net assets attributable to shareholders	2,884,006	100.00	100.00

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

^a Unlisted/unquoted.

Portfolio statement

Top ten portfolio transactions for the six months to 28 February 2023

Largest purchases	\$'000
Segro REIT	46,241
Toray Industries	38,329
Intel	21,501
Alphabet	21,396
Microsoft	21,335
Lululemon Athletica	19,506
Brookfield Asset Management	18,230
Magna International	18,037
Franco-Nevada	17,747
Alexandria Real Estate Equities REIT	16,609
Other purchases	269,110
Total purchases	508,041

Largest sales	\$'000
PrairieSky Royalty	50,291
Johnson & Johnson	41,326
Unilever	23,180
Vinci	23,088
Siemens Energy	21,910
Siemens	21,332
Infineon Technologies	20,483
Lululemon Athletica	19,689
Air Products & Chemicals	18,327
Hannover Rueck	18,323
Other sales	266,569
Total sales	524,518

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Euro				
Class 'A' Income	-2.7	+10.5	+9.2	n/a
Class 'A' Accumulation	-2.7	+10.5	+9.2	+7.1
Class 'C' Income	-2.2	+11.6	+10.3	n/a
Class 'C' Accumulation	-2.3	+11.6	+10.2	+8.2
Benchmark (EUR)^b	-1.8	+10.6	+9.4	+9.9
Sterling				
Class 'A' Income	-0.4	+12.1	+9.5	+7.7
Class 'A' Accumulation	-0.4	+12.1	+9.5	+7.7
Class 'I' Income	-0.2	+12.6	+10.1	+8.3
Class 'I' Accumulation	-0.2	+12.6	+10.1	+8.4
Class 'PP' Income	-0.1	+12.8	n/a	n/a
Class 'PP' Accumulation	-0.1	+12.8	n/a	n/a
Class 'R' Income	-0.4	+12.3	+9.8	+8.1
Class 'R' Accumulation	-0.3	+12.3	+9.8	+8.1
Benchmark (GBP)^b	-0.5	+11.3	+9.1	+10.1
US dollar				
Class 'A' Accumulation	+3.4	+9.2	+6.1	+4.9
Class 'C' Accumulation	n/a	n/a	n/a	n/a
Benchmark (USD)^b	+3.5	+9.3	+6.3	+7.6

^a Not annualised

^b Prior to 17 November 2017 the benchmark was the FTSE Global Basics Composite Index (comprising all subsectors of the FTSE World Index except media, IT, telecommunications, financials and healthcare). Thereafter it is the MSCI ACWI Index.

Financial highlights

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

Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

Change in NAV per share	Six months to 28.02.23 Euro ¢	Year to 31.08.22 Euro ¢	Year to 31.08.21 Euro ¢
Opening NAV	4,473.69	4,442.19	3,413.00
Return before operating charges	(67.62)	211.22	1,172.60
Operating charges	(43.33)	(84.96)	(73.31)
Return after operating charges	(110.95)	126.26	1,099.29
Distributions	n/a	(94.76)	(70.10)
Closing NAV	4,362.74	4,473.69	4,442.19
Direct transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.13	1.61	1.75
Dilution adjustments	(0.10)	(0.23)	(0.58)
Total direct transaction costs	1.03	1.38	1.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	1.93	1.86	1.86
Return after charges	-2.48	+2.84	+32.21
Other information			
Closing NAV (\$'000)	6,138	5,526	5,817
Number of shares	132,624	123,773	110,647
Highest share price (Euro ¢)	4,551.41	4,791.79	4,526.78
Lowest share price (Euro ¢)	4,052.61	4,234.52	3,281.37

Euro Class 'A' Accumulation share performance

The share class was launched on 28 November 2001.

Change in NAV per share	Six months to 28.02.23 Euro ¢	Year to 31.08.22 Euro ¢	Year to 31.08.21 Euro ¢
Opening NAV	5,048.01	4,908.76	3,713.22
Return before operating charges	(74.81)	233.11	1,276.08
Operating charges	(48.85)	(93.86)	(80.54)
Return after operating charges	(123.66)	139.25	1,195.54
Distributions	n/a	(2.32)	0.00
Retained distributions	n/a	2.32	0.00
Closing NAV	4,924.35	5,048.01	4,908.76
Direct transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.27	1.78	1.93
Dilution adjustments	(0.11)	(0.25)	(0.64)
Total direct transaction costs	1.16	1.53	1.29
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	1.93	1.86	1.86
Return after charges	-2.45	+2.84	+32.20
Other information			
Closing NAV (\$'000)	1,819,922	1,771,256	2,084,155
Number of shares	34,839,389	35,160,310	35,876,406
Highest share price (Euro ¢)	5,137.32	5,294.80	4,924.51
Lowest share price (Euro ¢)	4,578.86	4,679.03	3,569.67

Financial highlights

Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 28.02.23 Euro ¢	Year to 31.08.22 Euro ¢	Year to 31.08.21 Euro ¢
Opening NAV	5,325.02	5,234.80	3,981.39
Return before operating charges	(80.21)	249.49	1,375.87
Operating charges	(25.90)	(46.50)	(40.26)
Return after operating charges	(106.11)	202.99	1,335.61
Distributions	n/a	(112.77)	(82.20)
Closing NAV	5,218.91	5,325.02	5,234.80
Direct transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.34	1.91	2.08
Dilution adjustments	(0.12)	(0.27)	(0.69)
Total direct transaction costs	1.22	1.64	1.39
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	0.93	0.86	0.86
Return after charges	-1.99	+3.88	+33.55
Other information			
Closing NAV (\$'000)	1,888	1,812	1,995
Number of shares	34,105	34,105	32,205
Highest share price (Euro ¢)	5,441.77	5,701.24	5,331.30
Lowest share price (Euro ¢)	4,830.56	5,030.64	3,830.79

Euro Class 'C' Accumulation share performance

The share class was launched on 28 November 2001.

Change in NAV per share	Six months to 28.02.23 Euro ¢	Year to 31.08.22 Euro ¢	Year to 31.08.21 Euro ¢
Opening NAV	6,169.33	5,939.35	4,447.84
Return before operating charges	(94.05)	282.74	1,525.63
Operating charges	(29.58)	(52.76)	(34.12)
Return after operating charges	(123.63)	229.98	1,491.51
Distributions	n/a	(70.13)	(46.39)
Retained distributions	n/a	70.13	46.39
Closing NAV	6,045.70	6,169.33	5,939.35
Direct transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	1.53	2.16	1.76
Dilution adjustments	(0.14)	(0.30)	(0.58)
Total direct transaction costs	1.39	1.86	1.18
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	0.93	0.86	0.86
Return after charges	-2.00	+3.87	+33.53
Other information			
Closing NAV (\$'000)	6,929	6,715	7,593
Number of shares	108,037	109,064	108,022
Highest share price (Euro ¢)	6,303.87	6,468.22	5,955.32
Lowest share price (Euro ¢)	5,603.83	5,707.42	4,279.18

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 28 February 1973.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	1,276.07	1,259.79	1,002.02
Return before operating charges	7.01	59.09	292.57
Operating charges	(8.83)	(16.03)	(14.98)
Return after operating charges	(1.82)	43.06	277.59
Distributions	n/a	(26.78)	(19.82)
Closing NAV	1,274.25	1,276.07	1,259.79
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.33	0.45	0.51
Dilution adjustments	(0.03)	(0.06)	(0.17)
Total direct transaction costs	0.30	0.39	0.34
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	1.33	1.26	1.31
Return after charges	-0.14	+3.42	+27.70
Other information			
Closing NAV (\$'000)	185,776	180,899	167,319
Number of shares	12,054,004	12,204,358	9,645,880
Highest share price (UK p)	1,342.42	1,340.14	1,278.78
Lowest share price (UK p)	1,177.88	1,188.13	977.16

Sterling Class 'A' Accumulation share performance

The share class was launched on 28 February 1973.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	2,176.96	2,105.14	1,648.62
Return before operating charges	12.56	98.65	481.19
Operating charges	(15.07)	(26.83)	(24.67)
Return after operating charges	(2.51)	71.82	456.52
Distributions	n/a	(14.75)	(8.18)
Retained distributions	n/a	14.75	8.18
Closing NAV	2,174.45	2,176.96	2,105.14
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.56	0.75	0.84
Dilution adjustments	(0.05)	(0.11)	(0.28)
Total direct transaction costs	0.51	0.64	0.56
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	1.33	1.26	1.30
Return after charges	-0.12	+3.41	+27.69
Other information			
Closing NAV (\$'000)	370,752	362,310	355,260
Number of shares	14,097,021	14,327,902	12,256,391
Highest share price (UK p)	2,290.80	2,239.29	2,103.76
Lowest share price (UK p)	2,012.09	1,985.28	1,607.56

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	2,197.00	2,160.97	1,711.05
Return before operating charges	12.04	101.70	500.79
Operating charges	(10.89)	(18.92)	(16.94)
Return after operating charges	1.15	82.78	483.85
Distributions	n/a	(46.75)	(33.93)
Closing NAV	2,198.15	2,197.00	2,160.97
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.56	0.78	0.88
Dilution adjustments	(0.05)	(0.11)	(0.29)
Total direct transaction costs	0.51	0.67	0.59
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	0.93	0.86	0.86
Return after charges	+0.05	+3.83	+28.28
Other information			
Closing NAV (\$'000)	61,065	58,986	72,505
Number of shares	2,296,835	2,311,341	2,436,770
Highest share price (UK p)	2,315.28	2,307.64	2,193.46
Lowest share price (UK p)	2,028.98	2,042.01	1,670.01

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	2,587.97	2,492.60	1,943.31
Return before operating charges	14.98	117.12	568.53
Operating charges	(12.84)	(21.75)	(19.24)
Return after operating charges	2.14	95.37	549.29
Distributions	n/a	(29.17)	(19.47)
Retained distributions	n/a	29.17	19.47
Closing NAV	2,590.11	2,587.97	2,492.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.67	0.89	1.00
Dilution adjustments	(0.06)	(0.12)	(0.33)
Total direct transaction costs	0.61	0.77	0.67
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	0.93	0.86	0.86
Return after charges	+0.08	+3.83	+28.27
Other information			
Closing NAV (\$'000)	373,421	344,826	369,113
Number of shares	11,919,953	11,470,538	10,754,838
Highest share price (UK p)	2,728.13	2,661.63	2,490.96
Lowest share price (UK p)	2,393.20	2,355.25	1,896.51

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	131.22	128.77	101.76
Return before operating charges	0.72	6.08	29.86
Operating charges	(0.52)	(0.86)	(0.83)
Return after operating charges	0.20	5.22	29.03
Distributions	n/a	(2.77)	(2.02)
Closing NAV	131.42	131.22	128.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.05	0.06
Dilution adjustments	0.00	(0.01)	(0.02)
Total direct transaction costs	0.03	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	0.73	0.66	0.66
Return after charges	+0.15	+4.05	+28.53
Other information			
Closing NAV (\$'000)	1,917	1,686	2,422
Number of shares	1,205,939	1,106,506	1,366,092
Highest share price (UK p)	138.41	137.78	130.71
Lowest share price (UK p)	121.21	121.81	99.35

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	154.73	148.73	115.72
Return before operating charges	0.90	7.00	33.90
Operating charges	(0.62)	(1.00)	(0.89)
Return after operating charges	0.28	6.00	33.01
Distributions	n/a	(2.06)	(1.42)
Retained distributions	n/a	2.06	1.42
Closing NAV	155.01	154.73	148.73
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.05	0.06
Dilution adjustments	0.00	(0.01)	(0.02)
Total direct transaction costs	0.04	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	0.73	0.66	0.66
Return after charges	+0.18	+4.03	+28.53
Other information			
Closing NAV (\$'000)	1,123	1,014	958
Number of shares	599,722	564,411	468,034
Highest share price (UK p)	163.26	159.12	148.63
Lowest share price (UK p)	143.12	140.66	112.97

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	216.55	213.54	169.51
Return before operating charges	1.19	10.04	49.56
Operating charges	(1.34)	(2.41)	(2.17)
Return after operating charges	(0.15)	7.63	47.39
Distributions	n/a	(4.62)	(3.36)
Closing NAV	216.40	216.55	213.54
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.08	0.09
Dilution adjustments	(0.01)	(0.01)	(0.03)
Total direct transaction costs	0.05	0.07	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	1.18	1.11	1.11
Return after charges	-0.07	+3.57	+27.96
Other information			
Closing NAV (\$'000)	5,485	5,062	6,159
Number of shares	2,095,547	2,012,246	2,094,676
Highest share price (UK p)	227.95	227.48	216.75
Lowest share price (UK p)	199.92	201.54	165.37

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	252.40	243.71	190.48
Return before operating charges	1.46	11.44	55.67
Operating charges	(1.56)	(2.75)	(2.44)
Return after operating charges	(0.10)	8.69	53.23
Distributions	n/a	(2.18)	(1.36)
Retained distributions	n/a	2.18	1.36
Closing NAV	252.30	252.40	243.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.09	0.10
Dilution adjustments	(0.01)	(0.01)	(0.03)
Total direct transaction costs	0.05	0.08	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	1.18	1.11	1.11
Return after charges	-0.04	+3.57	+27.95
Other information			
Closing NAV (\$'000)	25,538	25,701	29,568
Number of shares	8,368,629	8,765,926	8,811,115
Highest share price (UK p)	265.78	259.62	243.55
Lowest share price (UK p)	233.34	230.00	185.82

Financial highlights

US dollar Class 'A' Accumulation share performance

The share class was launched on 9 March 2007.

Change in NAV per share	Six months to 28.02.23 US ¢	Year to 31.08.22 US ¢	Year to 31.08.21 US ¢
Opening NAV	1,786.45	2,060.07	1,567.50
Return before operating charges	83.88	(237.10)	526.92
Operating charges	(17.86)	(36.52)	(34.35)
Return after operating charges	66.02	(273.62)	492.57
Distributions	n/a	(0.65)	0.00
Retained distributions	n/a	0.65	0.00
Closing NAV	1,852.47	1,786.45	2,060.07
Direct transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.46	0.69	0.82
Dilution adjustments	(0.04)	(0.10)	(0.27)
Total direct transaction costs	0.42	0.59	0.55
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.03	0.03
Operating charges	1.93	1.86	1.86
Return after charges	+3.70	-13.28	+31.42
Other information			
Closing NAV (\$'000)	24,031	24,463	26,590
Number of shares	1,297,233	1,369,355	1,290,733
Highest share price (US ¢)	1,978.85	2,103.79	2,058.72
Lowest share price (US ¢)	1,583.41	1,730.45	1,473.79

US dollar Class 'C' Accumulation share performance

The share class was launched on 17 November 2022.

Change in NAV per share	Six months to 28.02.23 US ¢
Opening NAV	1,000.00
Return before operating charges	29.16
Operating charges	(3.38)
Return after operating charges	25.78
Distributions	n/a
Retained distributions	n/a
Closing NAV	1,025.78
Direct transaction costs	US ¢
Costs before dilution adjustments	0.16
Dilution adjustments	(0.01)
Total direct transaction costs	0.15
Performance and charges	%
Direct portfolio transaction costs	0.05
Operating charges	0.94
Return after charges	+2.58
Other information	
Closing NAV (\$'000)	21
Number of shares	2,000
Highest share price (US ¢)	1,094.98
Lowest share price (US ¢)	992.98

Financial statements and notes

Financial statements

Statement of total return

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		106,621		(150,584)
Revenue	28,447		31,900	
Expenses	(22,050)		(25,515)	
Interest payable and similar charges	(4)		(19)	
Net revenue/(expense) before taxation	6,393		6,366	
Taxation	(3,826)		(4,181)	
Net revenue/(expense) after taxation		2,567		2,185
Total return before equalisation		109,188		(148,399)
Equalisation		(55)		(115)
Change in net assets attributable to shareholders from investment activities		109,133		(148,514)

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		2,790,256		3,289,801
Amounts received on issue of shares	58,923		27,919	
Amounts paid on cancellation of shares	(74,436)		(112,721)	
		(15,513)		(84,802)
Dilution adjustments		120		144
Change in net assets attributable to shareholders from investment activities (see above)		109,133		(148,514)
Unclaimed distributions		10		7
Closing net assets attributable to shareholders		2,884,006		3,056,636

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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	28 February 2023 \$'000	31 August 2022 \$'000
Assets		
Fixed assets		
Investments	2,850,325	2,760,399
Current assets		
Debtors	115,620	8,536
Cash and bank balances	2,535	28,529
Cash equivalents	39,567	0
Total assets	3,008,047	2,797,464
Liabilities		
Creditors		
Bank overdrafts	(3,305)	0
Distribution payable	0	(5,350)
Other creditors	(120,736)	(1,858)
Total liabilities	(124,041)	(7,208)
Net assets attributable to shareholders	2,884,006	2,790,256

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the MSCI Japan Index over any five-year period.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business in Japan. The fund usually holds a concentrated portfolio of fewer than 50 companies.

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

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.

The investment approach aims to exploit price volatility.

The fund manager believes that stockmarket mispricing can and often does occur because psychological factors (ie behavioural biases) prevent investors from always assessing investments rationally. As a result, market prices do not always reflect the fundamental value of companies. The fund seeks to profit from such behavioural biases.

The investment approach filters the fund's investment universe down to a focused list of companies whose shares trade on low valuations relative to their history

and the market. These companies are then subject to rigorous fundamental analysis to attain an understanding of a company's sustainable earnings. This fundamental analysis leads to a high level of conviction for each of the companies held in the fund.

The fund manager expects stock selection to be the main driver of performance.

Benchmark

Benchmark: MSCI Japan Index.

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

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

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

Authorised Corporate Director's Report

Risk profile

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

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



The above number:

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

Investment review

For the six months ended 28 February 2023

Performance against objective

Between 1 September 2022 and 28 February 2023 (the period under review), the fund delivered positive returns across all share classes, comfortably outperforming its benchmark, which returned -0.2% over the period.

Over five years, the fund generated an annualised positive return across its share classes but lagged its benchmark, the MSCI Japan Index, which returned 3.1% pa over the period. Therefore, the fund did not achieve its objective to provide a combination of capital growth and income, net of the ongoing charge figure, higher than that of the MSCI Japan Index over any five-year period.

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

Performance review

The period under review was a volatile one for global equity markets, as Western economies grappled with high inflation (exacerbated by the war in Ukraine), rising interest rates and recession fears.

Despite the weak growth seen in most developed economies, Japanese companies have been able to deliver earnings growth over the past year, partly due to the weakness of the currency.

The yen fell against sterling over the review period, meaning returns for sterling-based investors were somewhat eroded. This was largely due to the Bank of Japan's (BoJ) policy of keeping interest rates ultra low to stimulate growth, in sharp contrast with the approach of the US (and other countries), of continued monetary tightening. However, the currency strengthened toward the end of the review period as policy adjustment from the BoJ in December was seen as the first step to narrowing the rate differential between Japan and other Western economies. We view this as a positive move.

At the start of the review period, Japanese markets got off to a shaky start, as global growth concerns weighed on market sentiment.

In October and November, however, markets rallied globally on hopes that inflation may be peaking, and interest rates were set to fall in the US and Europe. News of China's post-COVID reopening, which benefits Japan as its nearest trading partner, contributed to a January rally, but markets fell again at the end of the period as it emerged global inflation was falling more slowly than anticipated, dampening investor sentiment.

Over the review period, the fund outperformed its benchmark. Stock selection was the main driver of outperformance, particularly our choices in the technology and industrials sectors. As a result, the fund was able to outperform the wider market regardless of style bias.

At individual contributor level, the top performer was Socionext, a "system-on-a-chip" design company that plays to Japan's strength in the auto sector and is

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benefiting from growing demand for semiconductors. Mitsubishi UFJ Financial (our second-largest holding by weight) also fared well, having benefited along with other banks from December's monetary policy change.

Renesas, an electronics company which has unique intellectual property and presents an undervalued growth opportunity in our view, was another key contributor, while the fund's holdings in Mitsui and Nintendo also added value.

Mitsui, one of Japan's main trading companies, rose strongly in 2022 as it continued to drive portfolio improvements. We originally invested in video gaming company Nintendo, as we believed the company was poorly understood by the market and looked undervalued to us. However, we have now closed the position, as data points suggest the growth of its new client base has slowed, which has subsequently been confirmed by Nintendo's results.

Nikon was one of the main detractors, amid concerns about the semiconductor cycle, which we believe has been overplayed by the market. Lack of exposure to financial groups Sumitomo Mitsui and Mizuho, which performed strongly, also contributed negatively (although this was partly offset by other holdings in the financials sector).

Human resources technology provider Recruit, where we are now slightly above-benchmark in terms of exposure, also detracted, as did REE Automotive, whose value fell significantly in 2022.

In the main, we feel the fall in REE's share price reflects exceptional market conditions around pre-revenue growth stocks. We remain invested and we are actively engaged with the company, with the aim of improving shareholder returns.

Investment activities

We aim to identify significant dislocations between the price and what we consider to be the risk of ownership, which we can exploit and where we believe we have earned a greater perspective through our long-term

research. In our opinion, our edge does not come from better forecasting, but rather from the superior pricing of risk.

In addition, we actively engage with companies in which we invest as we seek to add value in a range of areas. We believe this differentiates us as investment professionals and delivers to us unique investment opportunities.

Early on in the review period, we sold our positions in drinks brand Asahi, construction group Haseko and Isuzu Motors, using the profits to add Fujifilm, semiconductor specialist Tokyo Electron and advertising agency Dentsu, all of which we feel look globally relevant and attractively priced.

Having watched the transformation that has happened to Dentsu over the past two years, we have been forced to reconsider the risk/reward characteristics of the company, in view of significant improvements in both governance and corporate strategy. Governance and transparency have improved meaningfully, as has capital allocation. Meanwhile, the company's high growth technology division, now around one third of total revenue, has seen significant investment and is growing quickly.

We also began positions in Ushio and Socionext. Mid-cap Ushio manufactures specialised lighting equipment used in three areas: industrial processes, visual imaging and life sciences. Ushio is an operationally well-run company that needs help to optimise its heavily over-capitalised balance sheet. We are actively engaging with the company and thanks to a new chief executive, we believe change is now likely.

We followed Socionext when it was a private business, meeting the company on numerous occasions. Socionext listed in December 2022 (we were an anchor investor), but didn't attract much investor attention, despite its attractive valuation, in our opinion. Part of the reason is that the company's operating model is not well understood by the Japanese market. Its growth pathway plays to Japan's strength in the auto sector, which we believe could grow by 15-20% per year. The company should be a beneficiary of the increase in

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semiconductor content per car, partly to do with electrification. As Socionext outsources its manufacturing, it shouldn't need to invest heavily, which helps cashflow.

In December 2022, we established new positions in Oriental Land (owner of Tokyo Disneyland) and newly-listed local airline Skymark.

We believe the reopening of the economy post-COVID-19 provides a strong tailwind for Oriental Land's profits and feel the market has missed a meaningful increase in gate-entry prices. Whilst valuations remain full, the market has yet to fully factor in the company's earnings potential in our view.

Skymark is a good business, in our view, and has a niche franchise, but the business suffered because management lost discipline in the past. We believe management has learnt from its mistake. Its shares were very attractively priced at the time of its listing, in our view, given the demand for travel in Japan is back.

Towards the end of the review period, we exited TBS (Tokyo Broadcasting System) and machinery company Minebea and began a position in Toray. While still on an attractive valuation compared to its peers, materials company Toray has a top market share globally in certain segments and we believe it is a likely beneficiary of China's recovery.

Outlook

The Bank of Japan finally announced a change in its Yield Curve Control (YCC) policy in December 2022. Whilst the initial change was itself modest, the move signals something more meaningful; a long-awaited normalisation of Japanese monetary policy. We do not make it our business to forecast macro policy, but we had believed that Japan's monetary policy was at odds with the prevailing growth, inflation and wage backdrop in Japan, which is now as constructive as we have seen it this century. Something had to give.

Earnings in 2022 were favourable in Japan, albeit with much of the growth having been fuelled by a weak yen. However, the big picture is clear – Japan has exited its affair with structural deflation. This will likely provide a

supportive environment going forward to nominal GDP and equities. We believe policy normalisation reflects healthier economic fundamentals and should be celebrated.

Our view throughout 2022 was that Japanese equities represented a compelling, long-term investment opportunity. That view has not changed. Structural earnings growth, principally derived from corporate self-help, is at the core of our thesis.

We expect more evidence of self-help in 2023 and another year of solid underlying profit growth. The corporate change agenda bodes well for stockpickers like ourselves, while the more constructive outlook for prices and wages adds to our long-term optimism. Looking further out, the stage seems set for another decade of high, single-digit earnings growth, double-digit dividend growth and around three percentage points worth of annual buybacks. We believe Japan could plausibly return mid-teen compound returns in the decade ahead, even before any uplift from its current low valuations. Add to that the stockpicking alpha on offer from this poorly covered market, and we remain upbeat about the long-term opportunity set.

Carl Vine

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 28.02.23 ¥'000	as at 28.02.23 %	as at 31.08.22 %
Equities	101,721,162	97.60	99.60
Chemicals	3,204,166	3.07	2.21
954,500 Resonac	2,144,109	2.06	
1,355,700 Toray Industries	1,060,057	1.01	
Construction & engineering	1,533,997	1.47	1.67
345,300 Taisei	1,533,997	1.47	
Electrical equipment	1,637,017	1.57	0.00
1,048,400 Ushio	1,637,017	1.57	
Industrial conglomerates	3,658,490	3.51	3.66
530,800 Hitachi	3,658,490	3.51	
Machinery	5,477,106	5.26	8.28
2,153,500 Hitachi Zosen	1,954,269	1.88	
335,500 Kawasaki Heavy Industries	1,001,232	0.96	
315,200 Toyota Industries	2,521,605	2.42	
Trading companies & distributors	3,501,495	3.36	3.17
915,200 Mitsui	3,501,495	3.36	
Professional services	5,843,836	5.61	6.17
416,500 dip	1,469,316	1.41	
1,298,000 Open Up	2,427,242	2.33	
524,300 Recruit	1,947,278	1.87	
Air freight & logistics	766,725	0.74	1.38
332,800 Yamato	766,725	0.74	
Road & rail	1,383,884	1.33	1.46
350,700 Keisei Electric Railway	1,383,884	1.33	
Transportation infrastructure	1,493,514	1.43	2.17
554,000 Kamigumi	1,493,514	1.43	
Auto components	74,069	0.07	0.39
1,353,653 REE Automotive	74,069	0.07	
Automobiles	6,921,296	6.64	7.80
702,700 Honda Motor	2,502,652	2.40	
1,746,600 Toyota Motor	3,258,735	3.13	
331,600 Yamaha Motor	1,159,909	1.11	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 ¥'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Household durables	8,424,331	8.08	8.34
2,111,800 Nikon	2,859,539	2.74	
304,300 Sony	3,492,006	3.35	
792,200 Sumitomo Forestry	2,072,786	1.99	
Hotels, restaurants & leisure	2,061,186	1.98	0.00
47,100 Oriental Land	1,026,932	0.99	
843,699 Skymark Airlines	1,034,254	0.99	
Specialty retail	1,702,602	1.63	2.85
411,700 Sanrio	1,702,602	1.63	
Food & staples retailing	5,313,335	5.10	2.81
870,700 Seven & i	5,313,335	5.10	
Beverages	2,551,062	2.45	3.69
1,250,800 Kirin	2,551,062	2.45	
Household products	1,289,237	1.24	1.70
268,900 Earth	1,289,237	1.24	
Biotechnology	828,442	0.79	0.81
446,800 PeptiDream	828,442	0.79	
Pharmaceuticals	3,753,367	3.60	3.35
923,700 Astellas Pharma	1,773,912	1.70	
470,100 Takeda Pharmaceutical	1,979,455	1.90	
Banks	6,762,528	6.49	4.31
1,366,400 Japan Post Bank	1,609,953	1.55	
5,297,100 Mitsubishi UFJ Financial	5,152,575	4.94	
Diversified financial services	3,632,292	3.48	3.15
1,477,400 ORIX	3,632,292	3.48	
Consumer finance	3,237,160	3.11	3.46
1,740,300 Credit Saison	3,237,160	3.11	
Capital markets	1,915,195	1.84	2.91
1,198,880 Sparx	1,915,195	1.84	
IT services	5,427,882	5.21	6.06
582,100 BIPROGY	1,760,195	1.69	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 ¥'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
IT services (continued)			
384,000 NEC	1,876,281	1.80	
945,000 NTT Data	1,791,406	1.72	
Technology hardware, storage & peripherals	1,279,007	1.23	0.00
200,800 FUJIFILM	1,279,007	1.23	
Electronic equipment, instruments & components	2,078,971	1.99	1.99
162,300 Hamamatsu Photonics	1,086,033	1.04	
16,800 Keyence	992,938	0.95	
Semiconductors & semiconductor equipment	7,247,914	6.95	4.91
1,533,200 Renesas Electronics	2,711,156	2.60	
197,600 Rohm	2,078,510	1.99	
133,357 Socionext	1,289,490	1.24	
25,000 Tokyo Electron	1,168,758	1.12	
Diversified telecommunication services	2,935,031	2.82	2.96
743,200 Nippon Telegraph & Telephone	2,935,031	2.82	
Wireless telecommunication services	880,932	0.85	1.04
159,200 SoftBank	880,932	0.85	
Media	2,033,805	1.95	1.15
464,700 Dentsu	2,033,805	1.95	
Entertainment	0	0.00	3.23
Real estate management & development	2,871,288	2.75	2.52
1,103,400 Mitsui Fudosan	2,871,288	2.75	
Total portfolio	101,721,162	97.60	99.60
Net other assets/(liabilities)	2,499,857	2.40	0.40
Net assets attributable to shareholders	104,221,019	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 28 February 2023

Largest purchases	¥'000
Seven & i	4,156,408
Mitsubishi UFJ Financial	3,118,853
Toyota Motor	2,206,749
Sony	2,094,093
Dentsu	2,026,029
Hitachi	1,974,519
ORIX	1,939,712
Mitsui	1,804,134
Ushio	1,764,825
Nikon	1,749,591
Other purchases	39,005,981
Total purchases	61,840,894

Largest sales	¥'000
Nintendo	1,712,943
Socionext	1,597,887
MinebeaMitsumi	781,441
Kawasaki Heavy Industries	705,807
Sanrio	590,861
TBS	577,204
Rohm	536,252
Haseko	496,237
Asahi	471,580
Seven & i	372,982
Other sales	3,073,797
Total sales	10,916,991

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+3.5	+11.7	+2.5	+9.1
Class 'A' Accumulation	+3.5	+11.7	+2.5	+9.1
Class 'I' Income	+3.7	+12.2	+3.0	+9.8
Class 'I' Accumulation	+3.7	+12.2	+3.0	+9.8
Class 'PP' Income	+3.8	+12.4	n/a	n/a
Class 'PP' Accumulation	+3.8	+12.4	n/a	n/a
Class 'R' Income	+3.6	+12.0	+2.8	+9.5
Class 'R' Accumulation	+3.6	+11.9	+2.8	+9.5
Benchmark	-0.2	+5.7	+3.1	+7.9

^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 9 May 1977.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	61.52	60.12	48.79
Return before operating charges	2.47	3.64	13.35
Operating charges	(0.29)	(0.73)	(0.77)
Return after operating charges	2.18	2.91	12.58
Distributions	(0.63)	(1.51)	(1.25)
Closing NAV	63.07	61.52	60.12
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.02
Dilution adjustments	(0.02)	(0.03)	(0.01)
Total direct transaction costs	0.00	0.00	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.95	1.19	1.34
Return after charges	+3.54	+4.84	+25.78
Other information			
Closing NAV (¥'000)	14,320,179	14,515,768	16,031,935
Number of shares	137,227,478	146,451,136	176,157,464
Highest share price (UK p)	66.19	64.65	62.46
Lowest share price (UK p)	57.57	57.01	47.78

Sterling Class 'A' Accumulation share performance

The share class was launched on 6 April 1971.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	77.72	74.15	58.94
Return before operating charges	3.15	4.47	16.14
Operating charges	(0.37)	(0.90)	(0.93)
Return after operating charges	2.78	3.57	15.21
Distributions	(0.44)	(0.99)	(0.62)
Retained distributions	0.44	0.99	0.62
Closing NAV	80.50	77.72	74.15
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.04	0.03
Dilution adjustments	(0.03)	(0.03)	(0.01)
Total direct transaction costs	0.00	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.95	1.18	1.34
Return after charges	+3.58	+4.81	+25.81
Other information			
Closing NAV (¥'000)	1,208,237	1,194,472	988,027
Number of shares	9,071,809	9,538,946	8,801,728
Highest share price (UK p)	83.64	79.73	75.48
Lowest share price (UK p)	72.74	70.31	57.74

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	2,513.17	2,445.79	1,975.85
Return before operating charges	101.19	147.22	541.75
Operating charges	(6.95)	(18.37)	(20.97)
Return after operating charges	94.24	128.85	520.78
Distributions	(25.81)	(61.47)	(50.84)
Closing NAV	2,581.60	2,513.17	2,445.79
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.87	1.24	0.91
Dilution adjustments	(0.87)	(1.13)	(0.37)
Total direct transaction costs	0.00	0.11	0.54
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.55	0.72	0.90
Return after charges	+3.75	+5.27	+26.36
Other information			
Closing NAV (¥'000)	3,175,801	2,320,591	231,255
Number of shares	743,511	573,139	62,456
Highest share price (UK p)	2,708.57	2,631.19	2,539.95
Lowest share price (UK p)	2,352.88	2,324.33	1,935.27

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	3,001.04	2,851.62	2,256.65
Return before operating charges	121.72	171.12	618.92
Operating charges	(8.32)	(21.70)	(23.95)
Return after operating charges	113.40	149.42	594.97
Distributions	(22.72)	(49.66)	(34.92)
Retained distributions	22.72	49.66	34.92
Closing NAV	3,114.44	3,001.04	2,851.62
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.04	1.42	1.04
Dilution adjustments	(1.04)	(1.29)	(0.42)
Total direct transaction costs	0.00	0.13	0.62
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.55	0.74	0.90
Return after charges	+3.78	+5.24	+26.37
Other information			
Closing NAV (¥'000)	25,115,902	21,718,714	8,475,819
Number of shares	4,874,075	4,492,054	1,963,326
Highest share price (UK p)	3,235.15	3,066.97	2,901.09
Lowest share price (UK p)	2,810.31	2,709.29	2,210.43

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	115.83	112.49	90.69
Return before operating charges	4.66	6.71	24.89
Operating charges	(0.26)	(0.54)	(0.75)
Return after operating charges	4.40	6.17	24.14
Distributions	(1.19)	(2.83)	(2.34)
Closing NAV	119.04	115.83	112.49
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.06	0.04
Dilution adjustments	(0.04)	(0.05)	(0.02)
Total direct transaction costs	0.00	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.45	0.45	0.70
Return after charges	+3.80	+5.48	+26.62
Other information			
Closing NAV (¥'000)	19,779,316	5,669,845	8,175
Number of shares	100,425,431	30,383,634	48,000
Highest share price (UK p)	124.89	121.03	116.79
Lowest share price (UK p)	108.46	107.02	88.83

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	129.84	123.13	97.24
Return before operating charges	5.27	7.30	26.69
Operating charges	(0.30)	(0.59)	(0.80)
Return after operating charges	4.97	6.71	25.89
Distributions	(1.05)	(2.39)	(1.73)
Retained distributions	1.05	2.39	1.73
Closing NAV	134.81	129.84	123.13
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.06	0.04
Dilution adjustments	(0.05)	(0.06)	(0.02)
Total direct transaction costs	0.00	0.00	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.45	0.46	0.70
Return after charges	+3.83	+5.45	+26.62
Other information			
Closing NAV (¥'000)	40,264,548	1,504,705	15,150
Number of shares	180,521,251	7,193,276	81,274
Highest share price (UK p)	140.03	132.45	125.23
Lowest share price (UK p)	121.60	117.10	95.25

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	247.12	241.10	195.27
Return before operating charges	9.94	14.59	53.50
Operating charges	(0.99)	(2.52)	(2.65)
Return after operating charges	8.95	12.07	50.85
Distributions	(2.54)	(6.05)	(5.02)
Closing NAV	253.53	247.12	241.10
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.12	0.09
Dilution adjustments	(0.09)	(0.11)	(0.04)
Total direct transaction costs	0.00	0.01	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.80	1.02	1.15
Return after charges	+3.62	+5.01	+26.04
Other information			
Closing NAV (¥'000)	51,016	43,256	38,582
Number of shares	121,618	108,648	105,703
Highest share price (UK p)	266.04	259.34	250.48
Lowest share price (UK p)	231.28	228.83	191.26

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	292.79	278.90	221.27
Return before operating charges	11.85	16.81	60.65
Operating charges	(1.18)	(2.92)	(3.02)
Return after operating charges	10.67	13.89	57.63
Distributions	(1.86)	(4.16)	(2.79)
Retained distributions	1.86	4.16	2.79
Closing NAV	303.46	292.79	278.90
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.14	0.10
Dilution adjustments	(0.10)	(0.13)	(0.04)
Total direct transaction costs	0.00	0.01	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.80	1.03	1.15
Return after charges	+3.64	+4.98	+26.05
Other information			
Closing NAV (¥'000)	306,020	282,987	276,358
Number of shares	609,495	599,927	654,513
Highest share price (UK p)	315.28	299.92	283.84
Lowest share price (UK p)	274.08	264.64	216.73

Financial statements and notes

Financial statements

Statement of total return

for the six months to 28 February	2023		2022	
	¥'000	¥'000	¥'000	¥'000
Income				
Net capital gains/(losses)		3,754,797		270,793
Revenue	613,427		343,438	
Expenses	(182,304)		(169,511)	
Interest payable and similar charges	(1,623)		(913)	
Net revenue/(expense) before taxation	429,500		173,014	
Taxation	(61,332)		(33,526)	
Net revenue/(expense) after taxation		368,168		139,488
Total return before distributions		4,122,965		410,281
Distributions/equalisation		(464,745)		32,835
Change in net assets attributable to shareholders from investment activities		3,658,220		443,116

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	¥'000	¥'000	¥'000	¥'000
Opening net assets attributable to shareholders		47,250,338		26,228,547
Amounts received on issue of shares	61,776,482		6,811,529	
Amounts paid on cancellation of shares	(9,052,934)		(2,992,379)	
		52,723,548		3,819,150
Dilution adjustments		84,547		14,718
Change in net assets attributable to shareholders from investment activities (see above)		3,658,220		443,116
Retained distributions on Accumulation shares		504,222		0
Unclaimed distributions		144		6
Closing net assets attributable to shareholders		104,221,019		30,505,537

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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	28 February 2023 ¥'000	31 August 2022 ¥'000
Assets		
Fixed assets		
Investments	101,721,162	47,059,146
Current assets		
Debtors	3,044,629	1,864,256
Cash and bank balances	1,002,741	94
Total assets	105,768,532	48,923,496
Liabilities		
Creditors		
Bank overdrafts	0	(202,846)
Distribution payable	(373,279)	(552,268)
Other creditors	(1,174,234)	(918,044)
Total liabilities	(1,547,513)	(1,673,158)
Net assets attributable to shareholders	104,221,019	47,250,338

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the Russell/Nomura Mid-Small Cap Index over any five-year period.

Investment policy

At least 80% of the fund is invested in the equity securities and equity related securities of smaller companies that are incorporated, domiciled, or do most of their business, in Japan.

Smaller companies are defined as the bottom half in terms of total market capitalisation of all publicly listed companies in Japan.

The fund usually holds a concentrated portfolio of fewer than 50 companies.

The fund may also invest in other transferable securities directly or via collective investment schemes (including funds managed by M&G).

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.

The investment approach aims to take advantage of price volatility.

The fund manager believes that stockmarket mispricing can and often does occur because psychological factors (ie behavioural biases) prevent investors from always assessing investments rationally. As a result, market prices do not always reflect the fundamental

value of companies. The fund seeks to profit from such behavioural biases.

The investment approach filters the fund's investment universe down to a focused list of companies whose shares trade on low valuations relative to their history and the market. These companies are then subject to rigorous fundamental analysis to attain an understanding of a company's sustainable earnings. This fundamental analysis leads to a high level of conviction for each of the companies held in the fund.

The fund manager expects stock selection to be the main driver of performance.

Benchmark

Benchmark: Russell/Nomura Mid-Small Cap Index.

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

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

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

Authorised Corporate Director's Report

Risk profile

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

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



The above number:

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

Investment review

For the six months ended 28 February 2023

Performance against objective

Between 1 September 2022 and 28 February 2023 (the period under review), the fund delivered positive returns across all share classes, significantly outperforming its benchmark, the Russell/Nomura Mid-Small Cap Index, which returned +0.2% over the same period.

Over five years, the fund generated an annualised positive return across its share classes and is ahead of its benchmark, which delivered a return of 1.0% pa. It has therefore achieved its objective to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than that of the Russell/Nomura Mid-Small Cap Index over any five-year period.

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

Performance review

The period under review was a volatile one for global equity markets, as Western economies grappled with high inflation (exacerbated by the war in Ukraine), rising interest rates and recession fears.

Despite the weak growth seen in most developed economies, Japanese companies have been able to deliver earnings growth over the past year, partly due to the weakness of the currency.

The yen fell against sterling over the review period, meaning returns for sterling-based investors were somewhat eroded. This was largely due to the Bank of Japan's (BoJ) policy of keeping interest rates ultra low to stimulate growth, in sharp contrast with the approach of the US (and other countries), of continued monetary tightening. However, the currency strengthened toward the end of the review period as policy adjustment from the BoJ in December was seen as the first step to narrowing the rate differential between Japan and other Western economies. We view this as a positive move.

At the start of the review period, Japanese markets got off to a shaky start, as global growth concerns weighed on market sentiment.

In October and November, however, markets rallied globally on hopes that inflation may be peaking, and interest rates were set to fall in the US and Europe. News of China's post-COVID-19 reopening, which benefits Japan as its nearest trading partner, contributed to a January rally, but markets fell again at the end of the period as it emerged global inflation was falling more slowly than anticipated, dampening investor sentiment.

Over the review period, the fund outperformed its benchmark significantly. Stock selection was the main driver of outperformance, particularly our choices in the industrials, technology and consumer staples sectors.

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At an individual contributor level, the top performer was Socionext, a “system-on-a-chip” design company that plays to Japan’s strength in the auto sector and is benefiting from growing demand for semiconductors.

Growing cosmetics company Axxzia, also outperformed, as did outsourcer Relia, which specialises in providing customer contact centre services. We have engaged with the management of Axxzia, to explore strategic opportunities with some of our other investee companies.

Nippon Pillar Packaging, the fund’s second-largest holding, added value thanks to a strong niche position in the semiconductor market. Another semiconductor manufacturer, Tazmo, also performed strongly and our above-benchmark position was positive.

Nikon was one of the main detractors, amid concerns about the semiconductor cycle, which we believe has been overplayed by the market.

REE Automotive (whose value fell significantly in 2022) delivered poor returns, and our above-benchmark position detracted. In the main, we feel the fall in REE’s share price reflects exceptional market conditions around pre-revenue growth stocks. We remain invested and we are actively engaged with the company, with the aim of improving shareholder returns.

Manufacturing holding company Noritsu Koki also gave back some gains from the previous review period.

Investment activities

We aim to identify significant dislocations between the price and what we consider to be the risk of ownership, which we can exploit and where we believe we have earned a greater perspective through our long-term research. In our opinion, our edge does not come from better forecasting, but rather from the superior pricing of risk.

In addition, we actively engage with companies in which we invest as we seek to add value in a range of areas. We believe this differentiates us as investment professionals and delivers to us unique investment opportunities.

We feel this is especially true in the small and mid-cap space, where coverage by the investment community is more limited. New investments made during the review period exemplify our approach, where we seek to add value through understanding the business like a business owner, and not simply as a passive investor.

Early on in the review period, we opened positions in advertising agency Dentsu and stockmarket newcomer Socionext.

Having watched the transformation that has happened to Dentsu over the past two years, we have been forced to reconsider the risk/reward characteristics of the company, in view of significant improvements in both governance and corporate strategy. Governance and transparency have improved meaningfully, as has capital allocation. Meanwhile, the company’s high growth technology division, now around one third of total revenue, has seen significant investment and is growing quickly.

We followed Socionext when it was a private business, meeting the company on numerous occasions. Socionext listed in December 2022 (we were an anchor investor), but didn’t attract much investor attention, despite its attractive valuation, in our opinion. Part of the reason is that the company’s operating model is not well understood by the Japanese market. Its growth pathway plays to Japan’s strength in the auto sector, which we believe could grow by 15-20% per year. The company should be a beneficiary of the increase in semiconductor content per car, partly to do with electrification. As Socionext outsources its manufacturing, it shouldn’t need to invest heavily, which helps cashflow.

December saw the addition of Japan Post Bank and newly listed airline Skymark. Japan Post Holdings plans to reduce its stake in JPB and we think this could play a role in JPB increasing distributions to shareholders substantially. Given the current market backdrop, we remain vigilant of the fund’s investments in the banking sector.

Skymark is a good business, in our view, and has a niche franchise, but the business has suffered, because

Authorised Corporate Director's Report

management lost discipline in the past. We believe management has learnt from its mistakes. Its shares were very attractively priced at the time of its listing, in our view, given the demand for travel in Japan is back.

Towards the end of the review period, we exited a position in Relia, which was taken over by its parent Mitsui, at a premium to its undisturbed share price. We have engaged with Relia for some time and this was the outcome we had hoped for. We also exited machinery company Minebea and engineering group Kyudenko.

We added globally relevant businesses Toray (a leading materials company set to benefit from Chinese reopening), Toyo Suisan (a global food business whose growth and profitability look underestimated), and underpriced bike-parts manufacturer Shimano.

While still on an attractive valuation compared to its peers, materials company Toray has a top market share globally in certain segments and we believe it is a likely beneficiary of China's recovery.

We added Megachips, a "fabless" semiconductor manufacturer. This is an area of the sector that is often overlooked, in our view, and one where we believe we have a deep understanding. We think the market is underestimating Megachips' growth potential.

Other positions closed over the period included Kadokawa and TBS (Tokyo Broadcasting) as we felt there were better risk/return opportunities elsewhere.

Outlook

The Bank of Japan finally announced a change in its Yield Curve Control policy in December 2022. Whilst the initial change was itself modest, the move signals something more meaningful; a long-awaited normalisation of Japanese monetary policy. We do not make it our business to forecast macro policy, but we had believed that Japan's monetary policy was at odds with the prevailing growth, inflation and wage backdrop in Japan, which is now as constructive as we have seen it this century. Something had to give.

Earnings in 2022 were favourable in Japan, albeit with much of the growth having been fuelled by a weak yen. However, the big picture is clear – Japan has exited its

affair with structural deflation. This will likely provide a supportive environment going forward to nominal GDP and equities. We believe policy normalisation reflects healthier economic fundamentals and should be celebrated.

Our view throughout 2022 was that Japanese equities represented a compelling, long-term investment opportunity. That view has not changed. Structural earnings growth, principally derived from corporate self-help, is at the core of our thesis.

We expect more evidence of self-help in 2023 and another year of solid underlying profit growth. The corporate change agenda bodes well for stockpickers like ourselves, while the more constructive outlook for prices and wages adds to our long-term optimism. Looking further out, the stage seems set for another decade of high, single-digit earnings growth, double-digit dividend growth and around three percentage points worth of annual buybacks. We believe Japan could plausibly return mid-teen compound returns in the decade ahead, even before any uplift from its current low valuations. Add to that the stockpicking alpha on offer from this poorly covered market, and we remain upbeat about the long-term opportunity set.

Carl Vine

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 28.02.23 ¥'000	as at 28.02.23 %	as at 31.08.22 %
Equities	25,411,461	97.26	97.74
Software & computer services	990,439	3.79	4.04
170,000 BIPROGY	514,058	1.97	
251,300 NTT Data	476,381	1.82	
Technology hardware & equipment	2,708,367	10.37	7.84
95,700 Megachips	275,139	1.06	
109,700 NEC	536,010	2.05	
446,000 QD Laser	237,719	0.91	
55,700 Rohm	585,896	2.24	
34,664 Socionext	335,182	1.28	
392,400 Tazmo	738,421	2.83	
Pharmaceuticals & biotechnology	281,648	1.08	1.01
151,900 PeptiDream	281,648	1.08	
Banks	282,897	1.08	0.00
240,100 Japan Post Bank	282,897	1.08	
Investment banking & brokerage services	979,596	3.75	5.36
434,155 Sparx	693,557	2.65	
406,648 YCP	286,039	1.10	
Automobiles & parts	2,227,968	8.53	8.30
169,200 Honda Motor	602,603	2.31	
230,900 KYB	869,437	3.33	
641,966 REE Automotive	35,127	0.13	
90,100 Toyota Industries	720,801	2.76	
Household goods & home construction	1,015,534	3.89	3.70
156,400 ST	243,407	0.93	
295,100 Sumitomo Forestry	772,127	2.96	
Leisure goods	2,458,298	9.41	8.18
622,200 Nikon	842,506	3.23	
114,400 Sanrio	473,106	1.81	
20,400 Shimano	434,358	1.66	
202,500 Yamaha Motor	708,328	2.71	
Media	525,192	2.01	2.65
120,000 Dentsu	525,192	2.01	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 ¥'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Travel & leisure			
400,630 Skymark Airlines	491,115	1.88	0.00
Beverages			
211,700 Kirin	431,772	1.65	1.57
Food producers			
51,900 Toyo Suisan Kaisha	285,900	1.09	1.40
324,286 Yukiguni Maitake	334,041	1.28	
Personal care, drug & grocery stores			
520,100 Axxzia	688,392	2.63	2.36
Construction & materials			
594,500 Hitachi Zosen	539,500	2.07	3.75
Electronic & electrical equipment			
64,900 Hamamatsu Photonics	434,279	1.66	8.37
255,200 Nippon Pillar Packing	882,981	3.38	
425,200 Ushio	663,926	2.54	
General industrials			
246,000 Noritsu Koki	549,104	2.10	2.52
Industrial engineering			
98,400 Nabtesco	347,484	1.33	3.33
876,600 Nippon Thompson	519,023	1.99	
Industrial support services			
157,200 Central Security Patrols	396,030	1.51	11.72
516,300 Credit Saison	960,378	3.68	
119,100 dip	420,157	1.61	
449,100 Open Up	839,811	3.21	
Industrial transportation			
148,600 Kamigumi	400,607	1.54	12.84
81,700 Kawasaki Heavy Industries	243,817	0.93	
73,400 Keisei Electric Railway	289,641	1.11	
597,700 Nippon Signal	617,179	2.36	
121,700 Sakai Moving Service	543,369	2.08	
161,400 Yamato	371,844	1.42	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 ¥'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Chemicals	2,691,172	10.30	8.80
94,800 Earth	454,517	1.74	
193,200 Resonac	433,989	1.66	
155,500 Sumitomo Bakelite	742,393	2.84	
202,500 T Hasegawa	595,653	2.28	
594,200 Toray Industries	464,620	1.78	
Total portfolio	25,411,461	97.26	97.74
Net other assets/(liabilities)	715,650	2.74	2.26
Net assets attributable to shareholders	26,127,111	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
28 February 2023

Largest purchases	¥'000
Dentsu	534,100
Skymark Airlines	483,243
Socionext	460,538
Shimano	452,682
Toray Industries	452,373
Sumitomo Bakelite	362,929
Ushio	353,522
Nikon	348,344
Credit Saison	341,768
Yamaha Motor	308,880
Other purchases	5,581,034
Total purchases	9,679,413

Largest sales	¥'000
Relia	695,063
Socionext	606,624
Sanrio	388,242
Kadokawa	355,181
Kawasaki Heavy Industries	327,462
MinebeaMitsumi	327,417
Kyudenko	325,840
Axxia	300,730
Namura Shipbuilding	239,228
Sparx	238,358
Other sales	2,543,709
Total sales	6,347,854

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+6.4	+18.9	+5.5	+12.2
Class 'A' Accumulation	+6.4	+18.9	+5.5	+12.2
Class 'I' Income	+6.6	+19.4	+6.0	+13.0
Class 'I' Accumulation	+6.6	+19.4	+6.0	+13.0
Class 'PP' Income	+6.6	n/a	n/a	n/a
Class 'PP' Accumulation	+6.6	n/a	n/a	n/a
Class 'R' Income	+6.4	+19.1	+5.8	+12.7
Class 'R' Accumulation	+6.4	+19.1	+5.8	+12.7
Benchmark	+0.2	+5.4	+1.0	+8.2

^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 15 May 1984.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	629.61	620.45	443.42
Return before operating charges	43.89	31.28	194.72
Operating charges	(3.56)	(7.84)	(7.53)
Return after operating charges	40.33	23.44	187.19
Distributions	n/a	(14.28)	(10.16)
Closing NAV	669.94	629.61	620.45
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.34	0.35
Dilution adjustments	(0.10)	(0.23)	(0.16)
Total direct transaction costs	0.06	0.11	0.19
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.02	0.03
Operating charges	1.10	1.28	1.34
Return after charges	+6.41	+3.78	+42.22
Other information			
Closing NAV (¥'000)	655,841	616,884	3,066,026
Number of shares	591,677	608,155	3,264,134
Highest share price (UK p)	701.64	677.49	646.95
Lowest share price (UK p)	595.66	570.71	435.12

Sterling Class 'A' Accumulation share performance

The share class was launched on 15 May 1984.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	750.93	723.73	508.90
Return before operating charges	52.52	36.03	223.62
Operating charges	(4.24)	(8.83)	(8.79)
Return after operating charges	48.28	27.20	214.83
Distributions	n/a	(8.00)	(3.21)
Retained distributions	n/a	8.00	3.21
Closing NAV	799.21	750.93	723.73
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.19	0.40	0.42
Dilution adjustments	(0.12)	(0.27)	(0.19)
Total direct transaction costs	0.07	0.13	0.23
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.02	0.03
Operating charges	1.10	1.22	1.34
Return after charges	+6.43	+3.76	+42.21
Other information			
Closing NAV (¥'000)	1,785,104	1,706,313	1,139,686
Number of shares	1,349,975	1,410,395	1,040,180
Highest share price (UK p)	837.03	790.12	742.48
Lowest share price (UK p)	710.59	665.59	499.37

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	3,192.88	3,133.69	2,229.42
Return before operating charges	222.66	156.99	981.84
Operating charges	(11.50)	(25.55)	(26.38)
Return after operating charges	211.16	131.44	955.46
Distributions	n/a	(72.25)	(51.19)
Closing NAV	3,404.04	3,192.88	3,133.69
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.82	1.75	1.85
Dilution adjustments	(0.50)	(1.20)	(0.83)
Total direct transaction costs	0.32	0.55	1.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.02	0.03
Operating charges	0.70	0.81	0.90
Return after charges	+6.61	+4.19	+42.86
Other information			
Closing NAV (¥'000)	2,572,459	2,248,538	847,789
Number of shares	456,749	437,120	178,704
Highest share price (UK p)	3,564.21	3,422.32	3,265.63
Lowest share price (UK p)	3,022.35	2,891.71	2,187.85

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	3,754.88	3,604.44	2,523.14
Return before operating charges	262.85	180.26	1,111.07
Operating charges	(13.54)	(29.82)	(29.77)
Return after operating charges	249.31	150.44	1,081.30
Distributions	n/a	(53.97)	(29.68)
Retained distributions	n/a	53.97	29.68
Closing NAV	4,004.19	3,754.88	3,604.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.97	2.00	2.09
Dilution adjustments	(0.58)	(1.37)	(0.94)
Total direct transaction costs	0.39	0.63	1.15
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.02	0.03
Operating charges	0.70	0.83	0.90
Return after charges	+6.64	+4.17	+42.86
Other information			
Closing NAV (¥'000)	16,008,383	11,539,074	8,916,204
Number of shares	2,416,333	1,907,470	1,633,973
Highest share price (UK p)	4,192.51	3,935.69	3,695.82
Lowest share price (UK p)	3,555.13	3,325.49	2,476.06

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 28 June 2021.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	101.84	99.74	100.00
Return before operating charges	7.10	5.00	(0.05)
Operating charges	(0.31)	(0.60)	(0.11)
Return after operating charges	6.79	4.40	(0.16)
Distributions	n/a	(2.30)	(0.10)
Closing NAV	108.63	101.84	99.74
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.06	0.07
Dilution adjustments	(0.02)	(0.04)	(0.01)
Total direct transaction costs	0.01	0.02	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.02	0.03
Operating charges	0.60	0.60	0.60
Return after charges	+6.67	+4.41	-0.16
Other information			
Closing NAV (¥'000)	1,640,686	1,363,384	3,022
Number of shares	9,128,132	8,309,530	20,010
Highest share price (UK p)	113.74	108.93	102.33
Lowest share price (UK p)	96.42	92.22	96.67

Sterling Class 'PP' Accumulation share performance

The share class was launched on 28 June 2021.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	104.25	99.84	100.00
Return before operating charges	7.30	5.02	(0.05)
Operating charges	(0.32)	(0.61)	(0.11)
Return after operating charges	6.98	4.41	(0.16)
Distributions	n/a	(1.72)	0.00
Retained distributions	n/a	1.72	0.00
Closing NAV	111.23	104.25	99.84
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.06	0.07
Dilution adjustments	(0.02)	(0.04)	(0.01)
Total direct transaction costs	0.01	0.02	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.02	0.03
Operating charges	0.60	0.60	0.60
Return after charges	+6.70	+4.42	-0.16
Other information			
Closing NAV (¥'000)	2,951,190	2,719,343	3,023
Number of shares	16,036,818	16,191,195	20,000
Highest share price (UK p)	116.45	109.03	102.33
Lowest share price (UK p)	98.72	92.31	96.67

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	314.37	309.33	220.63
Return before operating charges	21.92	15.49	97.05
Operating charges	(1.53)	(3.33)	(3.29)
Return after operating charges	20.39	12.16	93.76
Distributions	n/a	(7.12)	(5.06)
Closing NAV	334.76	314.37	309.33
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.17	0.18
Dilution adjustments	(0.05)	(0.12)	(0.08)
Total direct transaction costs	0.03	0.05	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.02	0.03
Operating charges	0.95	1.08	1.15
Return after charges	+6.49	+3.93	+42.50
Other information			
Closing NAV (¥'000)	54,149	54,566	46,529
Number of shares	97,765	107,735	99,358
Highest share price (UK p)	350.56	337.79	322.47
Lowest share price (UK p)	297.48	284.87	216.51

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	366.06	352.27	247.21
Return before operating charges	25.61	17.59	108.75
Operating charges	(1.79)	(3.80)	(3.69)
Return after operating charges	23.82	13.79	105.06
Distributions	n/a	(4.41)	(2.14)
Retained distributions	n/a	4.41	2.14
Closing NAV	389.88	366.06	352.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.20	0.20
Dilution adjustments	(0.06)	(0.13)	(0.09)
Total direct transaction costs	0.03	0.07	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs	0.02	0.02	0.03
Operating charges	0.95	1.08	1.15
Return after charges	+6.51	+3.91	+42.50
Other information			
Closing NAV (¥'000)	459,299	407,247	388,371
Number of shares	712,009	690,533	728,228
Highest share price (UK p)	408.29	384.61	361.33
Lowest share price (UK p)	346.47	324.36	242.60

Financial statements and notes

Financial statements

Statement of total return

for the six months to 28 February	2023		2022	
	¥'000	¥'000	¥'000	¥'000
Income				
Net capital gains/(losses)		1,896,251		(381,333)
Revenue	253,092		205,202	
Expenses	(78,885)		(88,331)	
Interest payable and similar charges	(712)		(789)	
Net revenue/(expense) before taxation	173,495		116,082	
Taxation	(25,306)		(19,216)	
Net revenue/(expense) after taxation		148,189		96,866
Total return before equalisation		2,044,440		(284,467)
Equalisation		28,283		15,889
Change in net assets attributable to shareholders from investment activities		2,072,723		(268,578)

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	¥'000	¥'000	¥'000	¥'000
Opening net assets attributable to shareholders		20,655,349		15,259,157
Amounts received on issue of shares	5,132,962		4,138,746	
Amounts paid on cancellation of shares	(1,745,493)		(1,163,356)	
		3,387,469		2,975,390
Dilution adjustments		11,565		9,168
Change in net assets attributable to shareholders from investment activities (see above)		2,072,723		(268,578)
Unclaimed distributions		5		0
Closing net assets attributable to shareholders		26,127,111		17,975,137

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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	28 February 2023 ¥'000	31 August 2022 ¥'000
Assets		
Fixed assets		
Investments	25,411,461	20,188,710
Current assets		
Debtors	124,053	161,252
Cash and bank balances	631,380	453,145
Total assets	26,166,894	20,803,107
Liabilities		
Creditors		
Distribution payable	0	(96,934)
Other creditors	(39,783)	(50,824)
Total liabilities	(39,783)	(147,758)
Net assets attributable to shareholders	26,127,111	20,655,349

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the S&P 500 Index over any five-year period; and
- To provide an income stream that increases every year in USD terms.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or do most of their business in the US and Canada. The fund usually holds a concentrated portfolio of fewer than 50 companies.

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

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.

The fund manager aims to create a diversified portfolio with exposure to a broad range of sectors.

Companies with different drivers of dividend growth are selected to construct a portfolio that has the potential to cope in a variety of market conditions.

Benchmark

Benchmark: S&P 500 Index.

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

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

For unhedged and hedged 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 28 February 2023

Distribution summary

Over the six-month review period, the fund distributed income of 20.4919 pence per Sterling Class 'A' Income share. This represents a 16.2% increase from the equivalent period last year. The Sterling Class 'I' Income share distributed 25.3327 pence, which is 17.0% higher than the payment made at this stage a year ago. In US dollars, the currency in which the fund's income objective is determined, the distribution rose 5.8% from last year for the Sterling Class 'A' Income share and 6.5% for the Sterling Class 'I' Income share.

Despite concerns about a looming recession, the momentum in US dividends continued during the six months under review as corporate America remained resolute in its optimism. (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 sectors. In contrast to previous years when the majority of holdings delivered dividend increases in the region of 5% to 15%, we continued to see an unusually high number of companies raising their dividends by 15% or more. There were no dividend cuts across the companies held by the fund.

We have been encouraged by the robust dividend growth from the fund's largest holdings, many of which are technology companies. Microsoft extended its long sequence of dividend growth with a 10% increase, while Visa and MasterCard reported growth of 20% and 16%, respectively, in digital payments. Broadcom raised its dividend by 12% in semiconductors, while NXP Semiconductors boosted its payment by 20%.

Healthcare was another source of reliable growth, with Elevance Health reporting a 16% dividend increase, up from 13% in the previous year. Thermo Fisher Scientific and Zoetis also delivered double-digit growth in healthcare. Estee Lauder and NextEra Energy raised their dividends by 10% in the defensive sectors of

consumer staples and utilities, respectively. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.)

Strong dividend growth was also apparent in more economically sensitive sectors. Schlumberger accounted for the biggest dividend hike during the review period as the oil services company raised its dividend by 43%. ONEOK, a midstream energy company, increased its dividend for the first time in three years. Tractor Supply and Nike reported double-digit growth in the consumer discretionary sector, while Charles Schwab raised its dividend by 14% in financials.

We are pleased that the majority of the fund's holdings continued to deliver solid, and in many cases impressive, dividend growth. We remain vigilant about the dividend outlook, particularly in light of the tougher times ahead for the US economy. Balance sheet strength is a key consideration in our company research to ensure that dividends can be sustained in the current climate. We take comfort from the fact that many of our holdings are carrying net cash. While caution is prudent, we continue to believe that the fund is well placed to deliver on its objective of providing a rising income stream.

Performance against objective

Between 1 September 2022 (the start of the review period) and 28 February 2023, the fund delivered a negative total return (the combination of income and growth of capital) across its unhedged share classes and outperformed its benchmark, the S&P 500 Index, which returned -2.7% in sterling over the same period. The hedged share classes generated a positive return and outperformed the benchmark index.

Over five years, the fund generated positive returns across all its share classes, but lagged behind the S&P 500 Index, which delivered an annualised return of +12.7% in sterling. Therefore the fund did not meet the objective of providing a higher total return, net of the ongoing charge figure, than that of the S&P 500 Index over any five-year period.

Authorised Corporate Director's Report

The fund is on track to deliver on the objective of growing the distribution every year in US dollars.

The growth in distributed income for the Sterling Class 'A' Income share and the Sterling Class 'I' Income share was 5.8% and 6.5% in US dollars, respectively, during the first six months of the financial year.

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

Performance review

The US stockmarket fell in sterling terms during the six-month review period as the US dollar reversed its prior strength. The S&P 500 Index was marginally higher in US dollars as concerns about persistent inflation, the path of interest rates and the consequences for the wider economy pegged back any attempts at a sustained rally. Utilities led the laggards as perceived interest rate sensitivity weighed on sentiment. Real estate underperformed by the same token. Consumer discretionary declined, led by the new economy bellwethers of Amazon.com and Tesla, while communication services suffered from the weakness in Alphabet, the owner of Google. Sectors with greater economic sensitivity proved most resilient: materials, industrials, financials and energy delivered solid gains.

Against this backdrop, the fund outperformed its benchmark, the S&P 500 Index. Stock selection was the key driver of excess return, with the strongest contribution from technology. Broadcom and Lam Research outperformed in semiconductors, while Mastercard and Visa added value in digital payments.

Cogent Communications delivered double-digit gains in communication services. Methanex was the standout performer in a strong materials sector, with the shares rising more than 40% in US dollars.

Fidelity National Information Services (FIS) led the detractors after the provider of technology solutions cut its guidance, citing deteriorating economic conditions. We have confidence in the company's strategic direction under the new chief executive and continue to

believe that the core business is well placed to benefit from the structural trends in digital payments.

American Tower succumbed to negative sentiment in a weak real estate sector. The wireless communication towers company is structured as a real estate investment trust (REIT), but should not be treated as a bond proxy, in our view. We continue to believe that the company is well placed for the structural growth in digital infrastructure spending, including the rollout of 5G networks, and we added to the holding on weakness.

The fund's zero exposure to NVIDIA and Exxon Mobil also held back performance relative to the S&P 500 Index. NVIDIA is a potential investment candidate because the semiconductor company has a dividend track record, but we see better opportunities for growth which are more attractively priced elsewhere. Exxon Mobil has a long history of dividend growth across economic cycles, but we have long-term concerns about the oil majors, both from a fundamental perspective as well as a sustainability perspective.

Investment activities

There were six new purchases matched by six complete sales during the six-month review period, a level of turnover consistent with our long-term investment horizon of three to five years. The number of holdings remained at 43.

Vulcan Materials, the leading producer of construction aggregates in the US, was added to the portfolio in October as a potential beneficiary of government spending, namely the infrastructure bill designed to modernise America's infrastructure networks. The stock was sold in February after the shares rallied strongly. Although the holding period for this particular investment was considerably shorter than usual, we saw better opportunities elsewhere.

In November, we initiated a holding in Schlumberger, which we think is well placed not only for the current investment cycle in global energy, but for long-term growth through the combination of innovation and strong capital discipline.

Authorised Corporate Director's Report

The market downturn in December presented a buying opportunity for Zoetis and Pool, among market leaders in long-term growth industries. Drugmaker Zoetis is exposed to the long-term growth in animal health, while Pool is a beneficiary of the structural trend in outdoor living.

Arthur J Gallagher, the insurance brokerage, and Rexford Industrial Realty, a REIT with a focus on southern California, were the final purchases during the review period. We invested in these companies in February in the belief that they will be providers of reliable growth.

Caterpillar and WW Grainger were sold as a source of cash in industrials, while the holding in TransUnion was consolidated into its peer Equifax. Abbott Laboratories, the medical devices company, and Crown Castle, the wireless communications towers company, also provided a source of cash for better ideas.

We also reduced ONEOK (energy) and Lowe's (consumer discretionary) into strength, and added to Broadcom (technology). We also bought more NextEra Energy (utilities) and UnitedHealth (healthcare) following the relative weakness of defensive stocks in the new calendar year.

Outlook

The threat of a recession is real and requires careful consideration, but we are encouraged by the investment opportunities available to us in the current climate. We have a preference for growth businesses with limited economic sensitivity and remain confident about the spending habits of the high-end consumer in the US, as well as about the prospects for beneficiaries of government spending programmes including healthcare, security and infrastructure.

It is also important, in our view, to distinguish between the economy and the discounting mechanism that the financial markets provide. We strongly believe that the increased volatility in the stockmarket is presenting attractive entry points for investors with a long-term time horizon. We remain steadfast in our belief that company fundamentals drive share prices in the long

run and remain focused on our task of seeking to identify potential long-term winners.

Our positive view on digital payments remains as strong as ever. Visa and Mastercard continued to beat expectations in the latest reporting season and remain well placed to benefit from a further recovery in international travel, in our view, with the added impetus of China's reopening.

We also retain our conviction in our semiconductor holdings, which we believe are attractively valued. Valuation remains a critical aspect of our company analysis to ensure that we do not overpay for the growth we seek.

The savage loss in value of growth stocks underscores the importance of valuation. 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 to ensure that dividends can be sustained in the years ahead. We take comfort from the fact that many of our holdings are carrying net cash.

We continue to believe that the majority of our holdings can deliver dividend growth in the core 5-15% range over the long term, while offering an attractive yield. We are undeterred in our pursuit of dividend growth and remain resolutely committed to its viability, not only as a source of rising income, but also as a total return strategy in the US market over the long-term.

John Weavers

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 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities	802,633	99.02	98.09
Energy equipment & services	10,617	1.31	0.00
195,232 Schlumberger	10,617	1.31	
Oil, gas & consumable fuels	15,668	1.93	3.14
789,952 Gibson Energy	13,785	1.70	
27,694 ONEOK	1,883	0.23	
Chemicals	40,485	4.99	3.85
97,412 Air Products & Chemicals	27,882	3.44	
252,335 Methanex	12,603	1.55	
Machinery	0	0.00	1.21
Trading companies & distributors	2,273	0.28	0.85
6,333 Pool	2,273	0.28	
Professional services	16,120	1.99	3.55
80,476 Equifax	16,120	1.99	
Textiles, apparel & luxury goods	15,202	1.88	1.97
70,108 NIKE	8,335	1.03	
281,923 VF	6,867	0.85	
Specialty retail	31,530	3.89	4.18
102,128 Lowe's	20,939	2.58	
45,019 Tractor Supply	10,591	1.31	
Food & staples retailing	31,527	3.89	4.01
17,199 Costco Wholesale	8,394	1.04	
304,945 Sysco	23,133	2.85	
Food products	4,720	0.58	0.63
71,743 Mondelēz International	4,720	0.58	
Personal products	5,133	0.63	0.57
21,135 Estee Lauder	5,133	0.63	
Health care equipment & supplies	0	0.00	0.44
Health care providers & services	50,481	6.23	6.04
39,118 Elevance Health	18,676	2.31	
65,704 UnitedHealth	31,805	3.92	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Pharmaceuticals			
175,803 Merck	19,265	2.38	
18,313 Zoetis	3,040	0.37	
Life sciences tools & services			
25,668 Thermo Fisher Scientific	13,927	1.72	
Banks			
33,226 First Republic Bank	4,058	0.50	
160,661 JPMorgan Chase	22,912	2.83	
Consumer finance			
107,108 American Express	18,564	2.29	
Capital markets			
50,675 Blackrock	34,712	4.28	
147,196 Charles Schwab	11,499	1.42	
32,098 S&P Global	10,986	1.36	
Insurance			
21,828 Arthur J Gallagher	4,049	0.50	
IT services			
375,952 FIS	24,301	2.99	
191,167 MasterCard	68,157	8.41	
210,174 Visa	46,434	5.73	
Software			
20,838 Intuit	8,657	1.07	
277,884 Microsoft	69,775	8.61	
Communications equipment			
24,603 Motorola Solutions	6,492	0.80	
Semiconductors & semiconductor equipment			
88,492 Broadcom	52,012	6.42	
37,353 KLA	14,243	1.76	
68,466 Lam Research	33,247	4.10	
57,912 NXP Semiconductors	10,345	1.27	
143,148 QUALCOMM	17,684	2.18	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Diversified telecommunication services			
445,614 Cogent Communications	28,926	3.57	2.90
Electric utilities			
184,710 NextEra Energy	13,295	1.64	0.76
Equity real estate investment trusts (REITs)			
131,359 American Tower REIT	25,662	3.17	
18,081 Equinix	12,562	1.55	
66,871 Rexford Industrial Realty	4,073	0.50	
Portfolio of investments	802,633	99.02	98.09
Share class hedging			
Forward currency contracts for share class hedging			
£6,129,962 Bought for \$7,403,232 (expires 15.03.23)	13	0.00	(0.01)
CA\$(315,703) Sold for £194,817 (expires 15.03.23)	1	0.00	
US\$485,575 Bought for £402,593 (expires 15.03.23)	(1)	0.00	
Total portfolio	802,646	99.02	98.08
Net other assets/(liabilities)	7,913	0.98	1.92
Net assets attributable to shareholders	810,559	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
28 February 2023

Largest purchases	\$'000
Schlumberger	10,477
NextEra Energy	8,785
Broadcom	8,354
UnitedHealth	7,078
American Tower	5,864
Air Products & Chemicals	4,328
Equinix	4,267
Rexford Industrial Realty	4,076
Arthur J Gallagher	4,055
Tractor Supply	3,938
Other purchases	52,308
Total purchases	113,530

Largest sales	\$'000
Caterpillar	9,199
ONEOK	9,092
Crown Castle	8,109
Lowe's	8,016
WW Grainger	7,745
TransUnion	6,697
FIS	5,655
MasterCard	5,619
Equifax	4,935
Vulcan Materials	4,321
Other sales	32,232
Total sales	101,620

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-1.7	+13.6	+11.7	+13.1
Class 'A' Accumulation	-1.7	+13.6	+11.7	+13.1
Class 'I' Income	-1.5	+14.1	+12.3	+13.8
Class 'I' Accumulation	-1.5	+14.1	+12.3	+13.8
Class 'I-H' Income	+0.8	+10.2	n/a	n/a
Class 'I-H' Accumulation	+0.8	+10.3	n/a	n/a
Class 'PP' Income	-1.5	+14.2	n/a	n/a
Class 'PP' Accumulation	-1.5	+14.2	n/a	n/a
Class 'PP-H' Income	+0.9	+10.5	n/a	n/a
Class 'PP-H' Accumulation	+0.9	+10.4	n/a	n/a
Class 'R' Income	-1.7	+13.8	+12.0	+13.4
Class 'R' Accumulation	-1.7	+13.8	+12.0	+13.5
Benchmark	-2.7	+14.2	+12.7	+14.8

^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 28 March 1977.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	3,020.34	2,809.30	2,286.43
Return before operating charges	(36.73)	285.86	590.93
Operating charges	(15.31)	(27.88)	(27.02)
Return after operating charges	(52.04)	257.98	563.91
Distributions	(20.49)	(46.94)	(41.04)
Closing NAV	2,947.81	3,020.34	2,809.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.24	0.60	0.61
Dilution adjustments	(0.11)	(0.38)	(0.44)
Total direct transaction costs	0.13	0.22	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	1.00	0.95	1.06
Return after charges	-1.72	+9.18	+24.66
Other information			
Closing NAV (\$'000)	100,783	103,018	114,146
Number of shares	2,826,706	2,936,311	2,950,929
Highest share price (UK p)	3,110.16	3,182.50	2,825.02
Lowest share price (UK p)	2,731.87	2,691.01	2,221.36

Sterling Class 'A' Accumulation share performance

The share class was launched on 18 December 1972.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	4,461.06	4,083.98	3,272.35
Return before operating charges	(53.49)	417.58	850.50
Operating charges	(22.65)	(40.50)	(38.87)
Return after operating charges	(76.14)	377.08	811.63
Distributions	(13.66)	(26.17)	(20.77)
Retained distributions	13.66	26.17	20.77
Closing NAV	4,384.92	4,461.06	4,083.98
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.36	0.88	0.88
Dilution adjustments	(0.16)	(0.55)	(0.63)
Total direct transaction costs	0.20	0.33	0.25
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	1.00	0.95	1.06
Return after charges	-1.71	+9.23	+24.80
Other information			
Closing NAV (\$'000)	135,668	134,662	119,714
Number of shares	2,558,064	2,598,674	2,128,919
Highest share price (UK p)	4,610.04	4,669.69	4,081.92
Lowest share price (UK p)	4,035.57	3,923.81	3,179.21

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	3,714.05	3,440.82	2,787.80
Return before operating charges	(45.23)	350.74	722.37
Operating charges	(11.68)	(19.79)	(19.22)
Return after operating charges	(56.91)	330.95	703.15
Distributions	(25.33)	(57.72)	(50.13)
Closing NAV	3,631.81	3,714.05	3,440.82
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.30	0.74	0.74
Dilution adjustments	(0.13)	(0.47)	(0.53)
Total direct transaction costs	0.17	0.27	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.60	0.55	0.62
Return after charges	-1.53	+9.62	+25.22
Other information			
Closing NAV (\$'000)	181,115	175,906	211,496
Number of shares	4,123,136	4,077,324	4,464,144
Highest share price (UK p)	3,831.22	3,913.03	3,460.02
Lowest share price (UK p)	3,360.96	3,302.38	2,710.77

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	4,352.28	3,968.50	3,165.54
Return before operating charges	(52.59)	406.71	824.86
Operating charges	(13.70)	(22.93)	(21.90)
Return after operating charges	(66.29)	383.78	802.96
Distributions	(20.21)	(42.99)	(35.59)
Retained distributions	20.21	42.99	35.59
Closing NAV	4,285.99	4,352.28	3,968.50
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.35	0.86	0.85
Dilution adjustments	(0.16)	(0.54)	(0.60)
Total direct transaction costs	0.19	0.32	0.25
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.60	0.55	0.62
Return after charges	-1.52	+9.67	+25.37
Other information			
Closing NAV (\$'000)	311,295	299,227	328,810
Number of shares	6,005,028	5,918,724	6,017,503
Highest share price (UK p)	4,505.53	4,555.25	3,966.50
Lowest share price (UK p)	3,939.04	3,820.27	3,078.07

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 6 December 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	120.57	133.48	105.02
Return before operating charges	1.40	(10.12)	31.19
Operating charges	(0.40)	(0.76)	(0.77)
Return after operating charges	1.00	(10.88)	30.42
Distributions	(0.83)	(2.03)	(1.96)
Closing NAV	120.74	120.57	133.48
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.03
Dilution adjustments	0.00	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.63	0.58	0.65
Return after charges	+0.83	-8.15	+28.97
Other information			
Closing NAV (\$'000)	62	57	68
Number of shares	42,244	40,956	37,166
Highest share price (UK p)	128.40	144.68	134.23
Lowest share price (UK p)	104.10	114.28	98.86

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 6 December 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	126.63	137.90	106.77
Return before operating charges	1.47	(10.48)	31.92
Operating charges	(0.43)	(0.79)	(0.79)
Return after operating charges	1.04	(11.27)	31.13
Distributions	(0.58)	(1.31)	(1.24)
Retained distributions	0.58	1.31	1.24
Closing NAV	127.67	126.63	137.90
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.03
Dilution adjustments	0.00	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.63	0.58	0.63
Return after charges	+0.82	-8.17	+29.16
Other information			
Closing NAV (\$'000)	3,619	2,068	1,434
Number of shares	2,343,400	1,406,052	755,452
Highest share price (UK p)	135.31	149.94	137.83
Lowest share price (UK p)	109.34	119.22	100.50

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	136.40	126.25	102.15
Return before operating charges	(1.66)	12.88	26.51
Operating charges	(0.36)	(0.60)	(0.57)
Return after operating charges	(2.02)	12.28	25.94
Distributions	(0.91)	(2.13)	(1.84)
Closing NAV	133.47	136.40	126.25
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.03
Dilution adjustments	0.00	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.50	0.45	0.47
Return after charges	-1.48	+9.73	+25.39
Other information			
Closing NAV (\$'000)	44,052	43,168	76,888
Number of shares	27,289,235	27,245,938	44,230,835
Highest share price (UK p)	140.76	143.72	126.95
Lowest share price (UK p)	123.45	121.22	99.36

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	155.09	141.27	112.55
Return before operating charges	(1.87)	14.49	29.34
Operating charges	(0.41)	(0.67)	(0.62)
Return after operating charges	(2.28)	13.82	28.72
Distributions	(0.78)	(1.69)	(1.28)
Retained distributions	0.78	1.69	1.28
Closing NAV	152.81	155.09	141.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.03
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.50	0.45	0.51
Return after charges	-1.47	+9.78	+25.52
Other information			
Closing NAV (\$'000)	14,056	14,757	19,438
Number of shares	7,605,610	8,191,130	9,992,567
Highest share price (UK p)	160.63	162.32	141.20
Lowest share price (UK p)	140.39	136.07	109.47

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 6 December 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	121.36	134.23	105.42
Return before operating charges	1.42	(10.18)	31.41
Operating charges	(0.34)	(0.64)	(0.63)
Return after operating charges	1.08	(10.82)	30.78
Distributions	(0.84)	(2.05)	(1.97)
Closing NAV	121.60	121.36	134.23
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.03
Dilution adjustments	0.00	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.53	0.48	0.52
Return after charges	+0.89	-8.06	+29.20
Other information			
Closing NAV (\$'000)	30	28	37
Number of shares	20,150	20,150	20,150
Highest share price (UK p)	129.29	145.54	134.98
Lowest share price (UK p)	104.79	115.02	99.25

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 6 December 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	127.01	138.26	106.89
Return before operating charges	1.50	(10.62)	32.01
Operating charges	(0.37)	(0.63)	(0.64)
Return after operating charges	1.13	(11.25)	31.37
Distributions	(0.62)	(1.43)	(1.36)
Retained distributions	0.62	1.43	1.36
Closing NAV	128.14	127.01	138.26
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.03
Dilution adjustments	0.00	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.53	0.48	0.52
Return after charges	+0.89	-8.14	+29.35
Other information			
Closing NAV (\$'000)	3,349	863	38
Number of shares	2,160,751	584,937	20,100
Highest share price (UK p)	135.81	150.32	138.19
Lowest share price (UK p)	109.70	119.58	100.64

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	364.63	338.64	275.07
Return before operating charges	(4.45)	34.49	71.17
Operating charges	(1.59)	(2.83)	(2.66)
Return after operating charges	(6.04)	31.66	68.51
Distributions	(2.47)	(5.67)	(4.94)
Closing NAV	356.12	364.63	338.64
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.07	0.07
Dilution adjustments	(0.01)	(0.05)	(0.05)
Total direct transaction costs	0.02	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.85	0.80	0.86
Return after charges	-1.66	+9.35	+24.91
Other information			
Closing NAV (\$'000)	2,410	2,233	2,721
Number of shares	559,528	527,221	583,512
Highest share price (UK p)	375.72	384.19	340.53
Lowest share price (UK p)	329.86	324.62	267.35

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	424.30	387.86	310.16
Return before operating charges	(5.13)	39.69	80.71
Operating charges	(1.85)	(3.25)	(3.01)
Return after operating charges	(6.98)	36.44	77.70
Distributions	(1.54)	(3.14)	(2.62)
Retained distributions	1.54	3.14	2.62
Closing NAV	417.32	424.30	387.86
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.08	0.08
Dilution adjustments	(0.02)	(0.05)	(0.06)
Total direct transaction costs	0.01	0.03	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.85	0.80	0.86
Return after charges	-1.65	+9.40	+25.05
Other information			
Closing NAV (\$'000)	14,120	13,673	14,065
Number of shares	2,797,413	2,774,189	2,633,752
Highest share price (UK p)	438.76	444.12	387.66
Lowest share price (UK p)	383.90	372.92	301.46

Financial statements and notes

Financial statements

Statement of total return

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		16,391		(22,245)
Revenue	7,683		7,670	
Expenses	(2,588)		(3,144)	
Interest payable and similar charges	0		(1)	
Net revenue/(expense) before taxation	5,095		4,525	
Taxation	(1,142)		(1,130)	
Net revenue/(expense) after taxation		3,953		3,395
Total return before distributions		20,344		(18,850)
Distributions		(4,309)		(4,183)
Change in net assets attributable to shareholders from investment activities		16,035		(23,033)

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		789,660		951,147
Amounts received on issue of shares	44,298		40,016	
Amounts paid on cancellation of shares	(41,538)		(91,969)	
		2,760		(51,953)
Dilution adjustments		38		74
Change in net assets attributable to shareholders from investment activities (see above)		16,035		(23,033)
Retained distributions on Accumulation shares		2,045		1,677
Unclaimed distributions		21		6
Closing net assets attributable to shareholders		810,559		877,918

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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	28 February 2023 \$'000	31 August 2022 \$'000
Assets		
Fixed assets		
Investments	802,647	774,534
Current assets		
Debtors	8,757	3,907
Cash and bank balances	3,106	2,475
Cash equivalents	6,102	17,517
Total assets	820,612	798,433
Liabilities		
Investment liabilities	(1)	(50)
Creditors		
Distribution payable	(1,141)	(2,151)
Other creditors	(8,911)	(6,572)
Total liabilities	(10,053)	(8,773)
Net assets attributable to shareholders	810,559	789,660

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 31 October 2022 has been used.

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the S&P 500 Index, over any five-year period.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business activity in the United States of America and Canada.

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

The fund may also hold cash and near cash for liquidity purposes.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies.

The investment approach identifies shares of North American companies which, in the fund manager's opinion at the time of investment, are undervalued.

When analysing companies, the fund manager seeks to identify companies that are mispriced, while trying to avoid companies that are cheap for a reason and whose share prices are unlikely to improve over time.

The investment approach combines strict value-focused screening with rigorous qualitative analysis to ensure the fund has a consistent and disciplined value bias without compromising on the robustness of the companies in the portfolio.

The fund manager expects the overall stock selection and value style to be the main drivers of performance rather than any individual sector or stock.

Benchmark

Benchmark: S&P 500 Index.

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

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

For unhedged and hedged 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 28 February 2023

Performance against objective

Between 1 September 2022 and 28 February 2023, the fund delivered a positive total return (the combination of income and growth of capital) across all its share classes. The return was ahead of its benchmark S&P 500 Index, which fell 2.7% in the review period.

Over five years, the fund generated a positive return, but trailed its benchmark, which returned 12.7% pa over this period. Therefore, the fund did not meet the objective of providing a higher total return, net of the ongoing charge figure, than the S&P 500 Index over any five-year period.

For much of the past decade, the 'value' investment style (investing in mispriced, out-of-favour stocks) has struggled to keep pace with the broader market. The fund's underperformance over the past five years was largely due to the significant headwind from its value investing approach.

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

US stockmarkets were volatile over the review period as concerns over persistently high inflation rates (especially in wages and services) once again dampened investors' appetite for risk assets. Although the corporate earnings season was mixed, the prospect of a slowing US economy was evident in the massive layoffs and job cuts in recent months (predominantly in the technology sector).

After reaching lows in September, US stockmarkets have recovered slightly but underperformed other developed markets. The S&P 500 increased 1.3% (in dollar terms) during the review period. However, the appreciation of sterling relative to the dollar detracted from returns for sterling-based investors.

From a style perspective, value stocks outperformed the broader market over the past six months. For much

of the period, investors rotated out of growth stocks, particularly large technology companies, towards cheaper companies.

Against this background, the fund delivered a positive return ahead of its benchmark index, with both sector allocation and stock selection supporting relative performance. Stock selection in technology was a leading contributor. Not holding large growth stocks such as Apple, Tesla, and Amazon.com added significant value to our portfolio as these stocks underperformed the broader market significantly.

Stock selection in healthcare also added value, with medical devices firm Stryker and pharmaceutical company Merck & Co among the notable contributors. Stryker rebounded strongly following a return of elective medical procedures, which had been put on hold in previous years due to COVID-19. Merck & Co continued to beat market expectations with significant increases in the sales of its vaccines and cancer treatment drugs, despite the fall in demand for its COVID-19 antiviral pill Lagevrio.

Further value was added through holdings in the communication services area. Our above-benchmark position in Meta Platforms (which owns Facebook and Instagram) contributed to performance, as its share price recovered later in the review period.

By contrast, the above-benchmark exposure to the utilities sector detracted from relative performance slightly. Not holding graphic chipmaker Nvidia also weighed on returns as the stock outperformed the benchmark by a wide margin.

Other notable detractors include food processing company Tyson Foods, packaging company Westrock and retail company Kroger. These stocks have been impacted by slower consumer spending in the US.

Investment activities

During the period, we added several new stocks to the portfolio. Lundin Mining was purchased at what we believe was an attractive valuation as we felt investors were overly pessimistic about the Canadian copper producer's operations.

Authorised Corporate Director's Report

Medtronic, a medical device manufacturer, was another addition to the portfolio as the stock underperformed because of a slower-than-expected recovery from the COVID-19 pandemic. Like other medical device makers, the company faced supply-chain shortages and rising input costs. However, we believe that Medtronic will unlock greater value from its divestment plans.

Global snack manufacturer Mondelez International, data storage company Seagate Technology and GE Healthcare Technologies were also added to the portfolio – the latter after General Electric had spun off its medical diagnostics unit in January 2023 to streamline business operations.

We added to our existing positions in Alphabet (parent company of Google), Meta Platforms, Intel and Western Digital over the review period.

In terms of sales, we exited our position in Columbia Sportswear after the stock outperformed a weaker consumer discretionary sector in 2022. Other completed sales included Cognizant Technology Solutions and Hewlett Packard Enterprise. Telecommunications firm AT&T also left the portfolio after the company decided to spin off its entertainment assets such as HBO.

Outlook

Looking ahead, equity markets are likely to remain volatile in the near term, as there is still much uncertainty over the trajectory of inflation and interest rates. Although the post-COVID reopening of China and fall in energy prices bode well for US markets, the threat of further earnings downgrades could send equity valuations in certain sectors even lower in 2023.

However, corporates in general are in better shape than they were going into the Global Financial Crisis (GFC), and the indiscriminate market sell-off is providing attractive opportunities on a selective basis.

Despite a good outcome for the value style in 2022, we still think the recent value rebound has further to go. In our view, the decade-long underperformance of value has not yet come close to fully unwinding. The valuation spreads between the cheapest stocks in the market

and the most expensive remain wide and we see a broad opportunity set of companies with attractive valuation characteristics combined with decent fundamentals. Against this background, we remain optimistic about the prospects for value investing.

Daniel White

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 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities	389,276	96.70	97.27
Oil, gas & consumable fuels	23,610	5.86	7.83
57,168 Chevron	9,285	2.31	
41,594 Cobalt International Energy ^a	0	0.00	
58,219 ConocoPhillips	6,181	1.53	
132,537 Euronav	2,425	0.60	
21,575 Hess	3,007	0.75	
317,951 Kosmos Energy	2,712	0.67	
Chemicals	6,291	1.56	1.51
48,571 FMC	6,291	1.56	
Construction materials	4,990	1.24	1.07
35,509 Eagle Materials	4,990	1.24	
Containers & packaging	3,045	0.76	0.81
95,935 Westrock	3,045	0.76	
Metals & mining	12,513	3.11	1.58
878,335 Lundin Mining	5,330	1.32	
50,170 Newmont	2,174	0.54	
41,048 Steel Dynamics	5,009	1.25	
Building products	4,664	1.16	1.00
47,360 Owens Corning	4,664	1.16	
Industrial conglomerates	3,393	0.84	0.71
40,417 General Electric	3,393	0.84	
Machinery	7,560	1.88	1.99
24,422 Caterpillar	5,883	1.46	
18,892 Oshkosh	1,677	0.42	
Professional services	2,798	0.69	0.48
32,979 ManpowerGroup	2,798	0.69	
Air freight & logistics	3,530	0.88	0.93
17,262 FedEx	3,530	0.88	
Airlines	3,892	0.97	1.03
115,622 Southwest Airlines	3,892	0.97	
Road & rail	5,542	1.38	1.44
179,874 CSX	5,542	1.38	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Auto components	2,806	0.70	0.79
50,523 Magna International	2,806	0.70	
Automobiles	4,104	1.02	1.10
104,007 General Motors	4,104	1.02	
Leisure products	2,358	0.59	0.57
26,809 Brunswick	2,358	0.59	
Textiles, apparel & luxury goods	3,092	0.77	1.46
71,278 Tapestry	3,092	0.77	
Internet & direct marketing retail	5,022	1.25	1.31
109,315 eBay	5,022	1.25	
Food & staples retailing	6,365	1.58	2.18
146,444 Kroger	6,365	1.58	
Beverages	13,773	3.42	3.83
139,267 Coca-Cola Europacific Partners	7,798	1.94	
110,931 Molson Coors Beverage	5,975	1.48	
Food products	9,854	2.45	1.08
78,057 Mondelez International	5,136	1.28	
77,690 Tyson Foods	4,718	1.17	
Tobacco	4,925	1.22	1.85
105,655 Altria	4,925	1.22	
Household products	2,237	0.55	0.50
62,149 Energizer	2,237	0.55	
Personal products	3,288	0.82	0.72
291,423 Coty	3,288	0.82	
Health care equipment & supplies	19,570	4.86	1.70
74,441 GE Healthcare	5,702	1.42	
74,775 Medtronic	6,240	1.55	
28,975 Stryker	7,628	1.89	
Health care providers & services	9,832	2.44	2.63
16,278 Elevance Health	7,772	1.93	
8,547 LabCorp	2,060	0.51	

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Biotechnology			
30,495 AbbVie	4,712	1.17	1.96
Pharmaceuticals			
97,928 Bristol-Myers Squibb	6,864	1.71	
73,506 Johnson & Johnson	11,451	2.85	
50,380 Merck	5,521	1.37	
106,485 Organon	2,673	0.66	
181,344 Pfizer	7,373	1.83	
Banks			
94,267 Citigroup	4,762	1.18	
82,093 JPMorgan Chase	11,707	2.91	
22,217 PNC Financial Services	3,512	0.87	
72,246 Truist Financial	3,413	0.85	
137,723 Wells Fargo	6,443	1.60	
Thriffs & mortgage finance			
252,442 New York Community Bancorp	2,257	0.56	0.68
Diversified financial services			
52,961 Voya Financial	3,931	0.98	0.83
Insurance			
75,526 Hartford Financial Services	5,766	1.43	
30,728 Reinsurance Group of America	4,435	1.10	
25,057 Willis Towers Watson	5,945	1.48	
IT services			
139,982 DXC Technology	3,935	0.98	
65,301 Fiserv	7,515	1.86	
Software			
47,345 Check Point Software Technologies	5,894	1.47	
86,820 Oracle	7,658	1.90	
Communications equipment			
183,775 Cisco Systems	8,984	2.23	2.14

Portfolio statement

Investments (continued)

Holding	as at 28.02.23 \$'000	as at 28.02.23 %	as at 31.08.22 %
Equities (continued)			
Technology hardware, storage & peripherals			
77,039 Seagate Technology	4,963	1.23	
107,807 Western Digital	4,165	1.04	
Electronic equipment, instruments & components			
109,988 Vishay Intertechnology	2,349	0.58	
Semiconductors & semiconductor equipment			
197,057 Intel	4,916	1.22	
8,498 KLA	3,240	0.80	
87,426 Micron Technology	5,065	1.26	
Diversified telecommunication services			
105,945 Verizon Communications	4,117	1.02	
Media			
180,636 Comcast	6,771	1.68	
Entertainment			
279,762 Warner Bros Discovery	4,395	1.09	
Interactive media & services			
177,150 Alphabet	15,894	3.95	
79,046 Meta	13,371	3.32	
Electric utilities			
70,622 Constellation Energy	5,548	1.38	
169,166 Exelon	7,000	1.74	
Independent power and renewable electricity producers			
267,960 AES	6,686	1.66	
Equity real estate investment trusts (REITs)			
106,450 Highwoods Properties	2,842	0.71	
91,173 National Retail Properties	4,149	1.03	
Total portfolio	389,276	96.70	97.27
Net other assets/(liabilities)	13,301	3.30	2.73
Net assets attributable to shareholders	402,577	100.00	100.00

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

^a Delisted.

Portfolio statement

Top ten portfolio transactions for the six months to
28 February 2023

Largest purchases	\$'000
Alphabet	12,779
Medtronic	6,145
Lundin Mining	5,939
Meta	5,605
Mondelēz International	5,119
Seagate Technology	4,625
GE Healthcare	4,454
Intel	3,587
Johnson & Johnson	2,857
Elevance Health	2,774
Other purchases	78,960
Total purchases	132,844

Largest sales	\$'000
KLA	5,317
Merck	4,615
Chevron	3,327
AbbVie	3,126
Verizon Communications	2,923
Hewlett Packard Enterprise	2,425
ConocoPhillips	2,071
Altria	2,026
Cognizant Technology Solutions	1,968
Columbia Sportswear	1,840
Other sales	37,408
Total sales	67,046

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+3.1	+13.9	+7.8	+11.8
Class 'A' Accumulation	+3.1	+13.9	+7.8	+11.8
Class 'I' Income	+3.3	+14.4	+8.4	+12.5
Class 'I' Accumulation	+3.3	+14.4	+8.4	+12.5
Class 'PP' Income	+3.3	+14.6	n/a	n/a
Class 'PP' Accumulation	+3.3	+14.6	n/a	n/a
Class 'R' Income	+3.1	+14.1	+8.1	+12.3
Class 'R' Accumulation	+3.1	+14.1	+8.1	+12.3
Benchmark	-2.7	+14.2	+12.7	+14.8

^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 1 July 2005.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	164.77	152.71	116.40
Return before operating charges	5.79	17.22	40.53
Operating charges	(0.82)	(1.53)	(1.47)
Return after operating charges	4.97	15.69	39.06
Distributions	n/a	(3.63)	(2.75)
Closing NAV	169.74	164.77	152.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.03
Dilution adjustments	(0.02)	(0.03)	(0.03)
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.97	0.95	1.06
Return after charges	+3.02	+10.27	+33.56
Other information			
Closing NAV (\$'000)	96,226	90,880	111,513
Number of shares	46,869,880	47,481,084	53,033,068
Highest share price (UK p)	176.66	172.68	156.12
Lowest share price (UK p)	154.88	146.33	114.17

Sterling Class 'A' Accumulation share performance

The share class was launched on 1 July 2005.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	191.00	173.19	129.67
Return before operating charges	6.78	19.53	45.15
Operating charges	(0.95)	(1.72)	(1.63)
Return after operating charges	5.83	17.81	43.52
Distributions	n/a	(2.17)	(1.45)
Retained distributions	n/a	2.17	1.45
Closing NAV	196.83	191.00	173.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.03	0.03
Dilution adjustments	(0.03)	(0.03)	(0.03)
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.97	0.95	1.06
Return after charges	+3.05	+10.28	+33.56
Other information			
Closing NAV (\$'000)	4,125	3,764	2,210
Number of shares	1,732,611	1,696,354	926,592
Highest share price (UK p)	204.84	195.84	173.93
Lowest share price (UK p)	179.62	165.96	127.19

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	3,194.10	2,948.04	2,236.83
Return before operating charges	112.28	333.10	780.61
Operating charges	(9.49)	(17.01)	(16.38)
Return after operating charges	102.79	316.09	764.23
Distributions	n/a	(70.03)	(53.02)
Closing NAV	3,296.89	3,194.10	2,948.04
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.45	0.58	0.51
Dilution adjustments	(0.45)	(0.58)	(0.51)
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.57	0.55	0.61
Return after charges	+3.22	+10.72	+34.17
Other information			
Closing NAV (\$'000)	41,387	36,320	30,114
Number of shares	1,037,908	978,911	741,872
Highest share price (UK p)	3,430.42	3,346.35	3,013.61
Lowest share price (UK p)	3,003.40	2,825.54	2,195.94

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	3,754.22	3,390.67	2,527.31
Return before operating charges	133.18	383.18	881.91
Operating charges	(11.10)	(19.63)	(18.55)
Return after operating charges	122.08	363.55	863.36
Distributions	n/a	(58.84)	(41.57)
Retained distributions	n/a	58.84	41.57
Closing NAV	3,876.30	3,754.22	3,390.67
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.53	0.67	0.58
Dilution adjustments	(0.53)	(0.67)	(0.58)
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.57	0.55	0.61
Return after charges	+3.25	+10.72	+34.16
Other information			
Closing NAV (\$'000)	136,143	124,615	148,487
Number of shares	2,903,843	2,857,554	3,180,554
Highest share price (UK p)	4,033.30	3,848.83	3,404.84
Lowest share price (UK p)	3,531.76	3,249.82	2,481.01

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	124.29	114.58	86.84
Return before operating charges	4.37	12.97	30.32
Operating charges	(0.31)	(0.55)	(0.52)
Return after operating charges	4.06	12.42	29.80
Distributions	n/a	(2.71)	(2.06)
Closing NAV	128.35	124.29	114.58
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.02	0.02
Dilution adjustments	(0.02)	(0.02)	(0.02)
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.47	0.45	0.47
Return after charges	+3.27	+10.84	+34.32
Other information			
Closing NAV (\$'000)	89,520	52,175	589
Number of shares	57,663,911	36,138,186	373,595
Highest share price (UK p)	133.54	130.20	117.13
Lowest share price (UK p)	116.88	109.83	85.27

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	136.82	123.44	91.89
Return before operating charges	4.86	13.97	32.05
Operating charges	(0.35)	(0.59)	(0.50)
Return after operating charges	4.51	13.38	31.55
Distributions	n/a	(2.28)	(1.64)
Retained distributions	n/a	2.28	1.64
Closing NAV	141.33	136.82	123.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.02	0.02
Dilution adjustments	(0.02)	(0.02)	(0.02)
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.47	0.45	0.55
Return after charges	+3.30	+10.84	+34.33
Other information			
Closing NAV (\$'000)	30,575	433	268
Number of shares	17,886,535	272,438	157,391
Highest share price (UK p)	147.04	140.26	123.96
Lowest share price (UK p)	128.72	118.32	90.23

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 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	314.47	291.00	221.36
Return before operating charges	11.05	32.84	77.17
Operating charges	(1.33)	(2.45)	(2.29)
Return after operating charges	9.72	30.39	74.88
Distributions	n/a	(6.92)	(5.24)
Closing NAV	324.19	314.47	291.00
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.06	0.05
Dilution adjustments	(0.04)	(0.06)	(0.05)
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.82	0.80	0.86
Return after charges	+3.09	+10.44	+33.83
Other information			
Closing NAV (\$'000)	516	476	503
Number of shares	131,667	130,197	125,448
Highest share price (UK p)	337.37	329.52	297.49
Lowest share price (UK p)	295.63	278.87	217.22

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 28.02.23 UK p	Year to 31.08.22 UK p	Year to 31.08.21 UK p
Opening NAV	365.86	331.26	247.53
Return before operating charges	12.97	37.39	86.28
Operating charges	(1.54)	(2.79)	(2.55)
Return after operating charges	11.43	34.60	83.73
Distributions	n/a	(4.76)	(3.33)
Retained distributions	n/a	4.76	3.33
Closing NAV	377.29	365.86	331.26
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.07	0.06
Dilution adjustments	(0.05)	(0.07)	(0.06)
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.82	0.80	0.86
Return after charges	+3.12	+10.44	+33.83
Other information			
Closing NAV (\$'000)	4,085	3,940	3,834
Number of shares	895,164	927,037	840,499
Highest share price (UK p)	392.63	375.11	332.65
Lowest share price (UK p)	344.10	317.45	242.89

Financial statements and notes

Financial statements

Statement of total return

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		19,424		(1,249)
Revenue	3,976		3,525	
Expenses	(1,045)		(1,053)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	2,931		2,472	
Taxation	(534)		(457)	
Net revenue/(expense) after taxation		2,397		2,015
Total return before equalisation		21,821		766
Equalisation		562		691
Change in net assets attributable to shareholders from investment activities		22,383		1,457

Statement of change in net assets attributable to shareholders

for the six months to 28 February	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		312,603		300,687
Amounts received on issue of shares	142,868		101,764	
Amounts paid on cancellation of shares	(75,402)		(36,407)	
		67,466		65,357
Dilution adjustments		125		82
Change in net assets attributable to shareholders from investment activities (see above)		22,383		1,457
Closing net assets attributable to shareholders		402,577		367,583

The opening net assets attributable to shareholders for 2023 differs to the closing position in 2022 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	28 February 2023 \$'000	31 August 2022 \$'000
Assets		
Fixed assets		
Investments	389,276	304,062
Current assets		
Debtors	4,136	5,144
Cash and bank balances	404	393
Cash equivalents	14,593	10,814
Total assets	408,409	320,413
Liabilities		
Creditors		
Bank overdrafts	(4,037)	0
Distribution payable	0	(3,948)
Other creditors	(1,795)	(3,862)
Total liabilities	(5,832)	(7,810)
Net assets attributable to shareholders	402,577	312,603

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

In determining the amount available for distribution, ordinary stock dividends have been transferred to capital, reducing the amount available.

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 these funds the TERs are the same as the operating charges disclosed in each funds financial highlights section under 'Performance and charges'.

EU Sustainable Finance Disclosure Regulation

SFDR

The M&G Global Themes Fund is categorised as an Article 6 fund under SFDR.

Taxonomy Regulation

The M&G Global Themes Fund's underlying investments do not take into account the EU criteria for environmental sustainable economic activities.

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.

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